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I’m forever blowing bubbles: Has the Sydney apartment market finally burst?

Professor Bill Randolph, Director of the City Futures Research Centre, UNSW

Much speculation in the property press in recent months has centred on the question of the supposed ‘housing bubble’ (is there one?) and if so, what is its likely trajectory (will it burst if there is one?). Pundits have vied for position on this, presenting copious charts and tables to divine the truth in the entrails – sceptics denying the very idea of a property bubble while others anticipate its imminent demise.

The impact on property prices – if not affordability – is an over-riding concern. And it’s the high density apartment market that is the focus of most concern; particularly central city locations in Brisbane, Melbourne and Sydney. So has the development industry overshot in its ‘dash for density’, and if so, how far would the market fall? And will this have an impact on affordability?

That property markets have cycles of boom and bust is hardly news. It’s the nature of the beast. In many respects, we should expect there to be a down turn if supply over-reaches demand or economic or political circumstance change to the detriment of profitability. Successful developers, like successful surfers, have to judge when to get into and out of the property wave – the trick is to judge when to take the drop and then when to bail.

However, in the case of the Australian apartment market, we may be in uncharted territory. Once upon a time, building and selling homes was pretty straightforward. You found a field, got a development approval, cleared the cows away, built a line of houses and sold them to local buyers. The market was susceptible to the vagaries of interest rates, employment trends or policy interventions by government. But it was a market which responded to local and national demand and supply factors.

The problem is that the contemporary high density apartment market in Australia simply does not work like the old style suburban house market. The overwhelming impact of investor buying has re-written the rulebook, which means that it is becoming more difficult to spot the obvious movements in demand and supply patterns.

So has the development industry overshot in its ‘dash for density’, and if so, how far would the market fall?
In fact, the apartment market has always been dominated by investors – the strata laws brought in during the early 1960s were explicitly tailored to allow investors to buy single apartments, rather than having to buy a whole block. But the contemporary apartment market has now entered an altogether different phase.

Why is this? Well, apartments have become the new Krugerrands – objects of pure speculative desire. With the yields on competing investments at historic lows, property, and the capital gains that can be made from owning it, has become an accepted form of personal wealth creation.

There is no need to rehearse the debates about why this is – forests have been felled rehashing the argument for and against the current tax and subsidy incentives for investors and the financial circumstances driving their behaviour. But importantly, this is no longer a solely domestic matter. The conditions driving investment in rental property are now global, drawing in increasing amounts of money from overseas to take advantage of the spectacular property price values that have become the norm in Australia cities.

But here’s where it gets interesting. Usually in speculative bubbles, the investment frenzy feeds on itself and then, eventually, something triggers a reverse with an inevitable price correction (think tulips in C18th Holland). But the signs of a price reversal in the Sydney apartment market are not altogether evident just yet, despite the record breaking supply levels.

When the Federal Reserve Bank moved to restrict funding to domestic investors and developers in mid-2015, the apartment market paused a little, but then continued apace, at least in the twin epicentres of the market – Sydney and Melbourne. Someone, or something, was pushing it forward.

While evidence as to exactly who/what is responsible is hotly contested, all the data point to the residential investor, especially given the historic low proportion of first homebuyers now entering the market. Traditional ‘mums and dads’ as well as self-managed pension funds – the Boomers who are stealing their children’s housing – have played their part. On the other side of the equation, finance for apartment development, once dominated by the big banks, has now become highly fluid, with a wide range of secondary banks and private equity funders now putting money into the sector.

But arguably, the big kicker in recent years has been the rise of the overseas investment. This has powered the Australian apartment market on both the consumer and the developer sides. The entry into the Australian housing market by the overseas development sector seeking more stable conditions to undertake their business, supported by a relaxed foreign investment policies and our increasingly permissive planning framework, is a new addition to our housing market. They come already cashed up and with access to substantial funds able to outbid even local developers. This further bids up land values and final costs.

While the Chinese government has moved to control the transfer of funds overseas for property speculation, this is a growing source of new funding on the development side. One estimate puts Chinese companies buying 75% of all development sites in Melbourne.

Well, apartments have become the new Krugerrands – objects of pure speculative desire.
in the last half of 2016. But the Chinese are joined by a roster of other nationalities – Malaysia, Singapore and others – all cashing in on our property markets.

On the demand side, the imposition of higher stamp duties and other restrictions on overseas buyers may have lessened the immediate appeal of Australian property, but there are few signs yet that this demand is faltering. With foreign buyers accounting for 11 percent of all homes purchased in NSW between July and September last year, the majority from Asia and the sub-continent, this is clearly a very active market.

In the process, they raised $115 million in stamp duty. With this kind of pay-off, there is little reason to believe State Treasuries will want to turn off this particular revenue tap too quickly. And with Alibaba, the Chinese owned global e-commerce platform, now talking about marketing Australian apartments, there is likely to be no let-up in the pressure from this quarter.

There is little doubt, however, that demand from investors from all directions – home and abroad – is at an unprecedented high in the Sydney apartment market. By the 4th quarter 2016, NSW alone accounted for half of all national investor finance for housing consumption, the vast majority focused on Sydney.

Everyone, it seems, wants a slice of the action. The extent to which this market is also driven by ‘hot’ money – property is as good, if not better, a way of laundering illicit money than gambling – is, of course another matter. Interestingly, the Mayor of London, Sadiq Khan, has just announced a major enquiry into the foreign speculative apartment market in London in order to get to the bottom of where all this money is coming from. But this will be a difficult task. With multiple global influences, the financial flows coming into our apartment market are becoming too complex to be easily identified, shielded by convoluted company structures and off-shore tax havens. No one can be entirely sure where the money is coming from.

So is there an oversupply of apartments in Sydney? Probably not, so long as off-the-plan overseas investors sales can be maintained, although what contribution these are making to meet domestic housing demand is another matter. As for local investors, the data suggest the party is still in full swing (Figure 2). While investor lending dipped for existing property after the Reserve Bank tightened controls in mid-2015, lending for new build powered ahead.

But there are signs the market itself is starting to pull back from the brink. Latest data from the Housing Industry Association suggest we are approaching peak supply of apartments in NSW (Figure 2). Why there will be a downturn is difficult to say, given the continued strength of the investment market.

Capacity issues may be part of the answer – just how many flats can the Sydney housing industry build when output is already at an all-time high? There may well be a shortage of sites – unless major releases are about to happen on the fringe or the large renewal areas. But then there’s the...
age-old way the development industry carefully manages the development of their land banks or sites on which they have development options to better control prices. Or the figures could reflect the need for the industry to make out that supply will fall off in order to maintain pressure on government not to act on the tax and other arrangements that have created the boom in the first place.

Given the almost complete disregard that property prices have paid to housing supply trends in the recent past (see Figure 3), there is no easy way to predict the outcome of a falling apartment supply pipeline in this market. Perhaps the least likely outcome is a widespread return for more affordable homes – the market simply does not seem to have a capacity to do this on current settings.

So, is the Sydney apartment boom – or bubble – about to burst? The Australian housing market has been almost alone among comparable economies in not witnessing a major residential property price correction over the last twenty years. But given historically high – and some say unsustainable – personal debt levels and an unquestionably unaffordable housing market that is eating away at domestic demand, can the investors keep the party going? After you with the crystal ball!


The view from the new housing minister

When our new Premier, Gladys Berejiklian announced her cabinet, there was a new portfolio. As well as the Minister for Social Housing, there was a Minister for Housing with broader responsibilities for housing affordability. Here the new Minister, Anthony Roberts, outlines the issues he sees for the new role.

Let me state clearly from the outset that giving our citizens the ability to put a roof over their heads is one of the NSW Government’s top priorities.

In order to meet the housing needs of present and future generations we need a greater variety in dwelling sizes and types as well to cater for different needs and desires.

Older people, families with children, singles and couples all need and deserve greater choice in housing.

The NSW Government is undertaking work to explore, facilitate and promote a range of housing types, including:

- Streamlining the delivery of low-rise, medium density homes by expanding complying development and supporting development with a new design guide
- Reviewing the three State Environment Planning Policies that relate to specialised and diverse housing, to consider how these might better facilitate the supply of affordable rental housing, housing for seniors and people with disabilities.

The NSW Government is also looking for ways to cut red tape when it comes to the planning system. This will help deliver homes and other developments to the community faster and easier.

The supply of low cost rental accommodation through the provisions of the Affordable Housing SEPP will remain at the forefront of social housing delivery.

Boarding houses play a vital role in providing low cost accommodation across NSW. They are a form of affordable accommodation that is in demand, and through the Affordable Housing SEPP, the government is both facilitating supply and ensuring that development is mindful of communities’ views and concerns about boarding houses.

As well as boosting housing supply and diversity we are working hard to directly support those most in need, including key workers and low income earners, by facilitating social housing and affordable rental housing through a number of initiatives.

A Plan for Growing Sydney commits to the delivery of affordable housing on government-owned land and in government led projects. The Greater Sydney Commissions District Plans outline Affordable Housing Targets for each of the six districts. The government is working with councils in achieving these targets.

The Government’s $1 billion Social and Affordable Housing Fund will help address the social and affordable housing shortage in NSW by delivering up to 3000 new social and affordable...
houses through innovative partnerships between community housing providers, non-government organisations and the private sector.

Family and Community Services are implementing Communities Plus, which forms part of the Future Directions for Social Housing policy. Communities Plus will use private developers and not-for-profit housing providers to help deliver private and social housing in integrated communities. The program will deliver up to 23,000 new and replacement social housing homes along with 500 affordable housing dwellings and up to 40,000 private dwellings.

The Department is currently reviewing a number of Housing SEPPs, as part our review and streamlining of all SEPPs, including:
- Affordable Rental Housing,
- Housing for Seniors and People with Disability, and
- SEPP 70 - Affordable Housing (Revised Schemes).

During the course of the review we are examining ways to help increase the amount of social and affordable housing across the State.

We will also continue to work with industry, local and federal governments and communities on ways to make owning a home closer to every person’s reality.

We will make homes more affordable through:
- land releases
- faster housing approvals
- innovative medium density designs
- funding the infrastructure to support more housing, and
- enabling first home buyers to more easily enter the market place.

I can assure the people of NSW that the whole of this Government is deeply committed to providing social housing as well as making housing affordable and delivering the infrastructure to assist in that goal.

This will become evident as we soon announce our plans to do just that. 🏡

Is it housing’s time in the sun?

Adam Farrar, Senior Policy Officer, Shelter NSW

Suddenly housing seems to have broken through. For years it seemed that the warnings about unsustainable affordability problems fell on deaf ears. Then, in the last year – maybe more – the media took up the banner. The housing crisis has now become daily fare. And now it seems that government policy has started to emerge.

In fact, almost too much has caught the media and policy attention. Just what is the crisis we are trying to solve? At the barbecue, it’s first home buyers – the exclusion of a whole generation struggling to bridge the deposit gap, let alone afford the mortgage payments. In economic circles it’s increasing concern that the seriously over-valued housing market is heading for a crash – one that could have dire consequences for the economy as a whole.

There seems to be less attention to the unaffordability of the private rental market for lower income households. Nonetheless, the media and social media response to the report on National Shelter and Choice’s national survey of tenants was huge.

Then there are the policy responses. They too seem to be a mixed bag.

The risk of a housing bubble and possible crash has seen the financial regulator, APRA, step in to limit excessive lending for speculative housing investment that has been steadily fueling the problem for over 20 years. The Reserve Bank, on the other hand, has been forced to grapple with the dilemma of wanting to cut interest rates to kick along a sluggish economy, but knowing that this would lead to more borrowing, more demand and push house prices into even more dangerous territory.
Meanwhile, the Commonwealth government has steadfastly refused to accept that the root cause of the problem is their tax policy – particularly the discount on capital gains, supported by negative gearing that allows investors to carry losses as they chase capital gains. At the last election, Labor finally committed to changing this. And now, despite insisting that they are not the problem, there are even signs that the government is considering some limits to negative gearing.

We will have to wait until the federal budget to see what else is planned. The Treasurer has talked approvingly of some shared equity approaches to allow first home owners to bridge the deposit gap. And it does seem clear that the proposal put forward by researchers at the Australian Housing and Urban Research Institute (AHURI) for a mechanism to efficiently raise debt finance, with government underwriting, to provide lower cost funds to community housing organisations to develop new social and affordable housing, is very likely to get up. An Affordable Housing Implementation taskforce has been established to pursue it.

This is an important building block – but it still needs to be placed in the context of a wider affordable housing policy – preferably agreed between the Commonwealth and the states. And this makes the other straw in the wind even more worrying. The future of the National Affordable Housing Agreement (NAHA) has been thrown into doubt, as the Treasurer – like so many Commonwealth minister before him – has professed to be shocked to discover that it isn’t delivering more social housing (in fact, it’s being lost) and that homelessness is increasing.

Now it is true that the promise held out by the NAHA when it was first being crafted was to provide what its name suggests: reach agreement between the states and the Commonwealth about the co-ordinated action that would make a difference to housing affordability. It’s objectives are bold and include: ‘people who are homeless or at risk of homelessness achieve sustainable housing and social inclusion’; ‘people are able to rent housing that meets their needs’; ‘people can purchase affordable housing’.

But from the start, it never provided any measures to achieve these objectives. And the real Commonwealth levers were never in scope. What it is is simply a funding stream for social housing, some housing assistance products and the core funding for homelessness services. There was no expectation that it would provide capital funding to increase supply. By that time, social housing had been so residualised that this agreement could only provide funding to support its operations.

In NSW this was worth $430 million in 2016-17. NSW receives a further $72 million from the Commonwealth through two partnership agreements, and spends a further $428 million of state grants and $867 million of tenant rents and charges on housing and homelessness. On the face of it, cutting the NAHA would reduce the funds available to run our housing and homelessness system by nearly a quarter. Suggestions that a more efficient use of Commonwealth funds could be to divert NAHA into the ‘bond aggregator’, would mean the near collapse of social housing.

So that possible measure must go squarely in the negative basket.

At the same time, there have been moves at the state level. In NSW, the new Premier has made housing affordability her top priority. But again, the attachment to the view that more supply of housing will solve the problem seems hard to loosen. Similarly, the idea that access to home ownership is the most pressing problem seems rusted on.

Still, we await a package of measures that should appear in the state budget. And significantly, the decision of the Greater Sydney Commission to include inclusionary zoning in its proposed approach to significant sites may have started to pries open the door to using the planning system more comprehensively across the state to deliver affordable housing. In addition, contracts have just been awarded to deliver 2,200 new social housing properties funded through the Social and Affordable Housing Fund – a billion dollar sovereign wealth fund established by the state to provide the earnings that will fund these contracts over 20 years. Although a small start it puts social housing growth back in the mix.

But Victoria has stolen a march on everyone, with a broad package. ‘Homes for Victoria’ and ‘A Plan for Melbourne’ include: waiving stamp duty for first home buyers on homes worth up to $600,000 and tapering stamp duty concessions on homes above that price. It also proposes a shared equity program, which like programs in other states, will effectively allow some households to bridge the deposit gap. For low income renters, the Victorian government has set up a $1 billion fund to support new social housing. And a separate fund offering low interest loans and loan guarantees to community housing providers. A Plan for Melbourne identified a policy direction to use surplus government land to develop social and affordable housing.

Some of this – particularly the stamp duty reduction – have sparked fierce debate. There have been clear warnings against demand-side measures like this that are most likely to simply flow into increased house prices. But in all of the proposals and discussions, we are beginning to see the emergence of packages of measures to attack, what is now, at last, recognised as probably our most pressing problem.

Pretty soon we might just see whether we get bits and pieces or the co-ordinated approach across government and across the housing system that we need to make housing affordable.
Unsettled: the experience of Australia’s renters

Adrian Pisarski, Executive Officer, National Shelter

On February 16, 2017 National Shelter with CHOICE and the National Association of Tenant Organisations (NATO) launched UNSETTLED: Life in Australia’s private rental market. The story touched a raw nerve and became the top trending story that day, reaching an audience of over 5.7 million.

The social media hashtag #RentInOz was the top trending hashtag on twitter, across Australia for twenty-four hours reached more than 1.7 million people. The media report listing stories across the nation was more than one hundred pages long, evidence that the story was picked up across urban and rural mainstream media outlets including television, radio, in print and on line.

Housing affordability has become the number one issue in Australia at the beginning of 2017 but even we were surprised that the story ran so strongly. Maybe it’s because many journalists are renters and the story resonated with them; but it may be more to do with the desperate situation of renters and the poor quality of housing many in our rental markets endure.

A growing number of Australians are private renters who are dissatisfied with the affordability of housing available to them. Many of these are looking to our federal politicians to ease their financial difficulties.

I will get to the findings in the report, but consider this. The Australian government puts some $1.313b into social housing per year1. This maintains some 405,000 social housing properties and a further 35,000 National Rental Affordability Scheme (NRAS) properties, in total 440,000 dwellings rented at either 25% of income or up to 75-80% of market rents. A total subsidy of $2,984 per property on average. Tenants of public and community housing generally have very high satisfaction2.

There are 8.82 million properties3 in Australia, and approximately 31% are rented (this may be higher when 2016 census data is available) – some 2.54 million rental properties. To maintain this, the government pays tax concessions to investors of some $11.7b4 (Capital Gains Tax Discount and Negative Gearing) or an average of $4,279 per property. In return for these Federal subsidies, Australians rent some of the most expensive rental housing in the world; where low income households pay up to 85% of their income to attain housing5. The Unsettled Report shows that the experience of private renters is of insecurity, expensive housing and discrimination.

These figures are approximate; and I am not arguing all rental properties (or their owners) receive tax deductions. Some rented properties will be owned outright and so don’t receive tax deductions. Nonetheless the broad point may be made that we are subsidising private rental investors to a higher level (74% more) than we are social housing; with little public good resulting and without ensuring a high-quality rental market or security of experience for tenants.

The government criticises the performance of the National Affordable Housing Agreement (NAHA) which has delivered increased affordable housing across the country, while continuing its exposure to negative gearing and capital gains tax discounts that have no performance measures to show how they support private rental, and come at a much higher cost to the Commonwealth.

So National Shelter wanted to have a good look at the experience of renters. It approached CHOICE and NATO to partner around this critical issue – CHOICE for their history and expertise as a consumer voice and protector of consumer value and product performance and NATO because they represent tenants in the private rental market and advocate for proper legal and regulatory protections.
National Shelter increasingly looks at the performance of our rental markets in terms of affordability and it was about time we also looked at the experience of renters as users of tenancy products. Most housing stress in Australia is in the rental market and issues of security and amenity are important along with cost and confidence.

More Australians rent than ever, approaching a third of all households. And housing affordability is becoming the issue for 2017, as Sydney and Melbourne house prices show no sign of easing and most other markets follow in their wake, albeit at a different pace. Perth, WA and mining regions are the exceptions.

Investors now make up close to half of all the dwelling purchases in Australia. Home ownership is in decline because new home owners just can’t afford to break into the market or save the deposit and stamp duty required. And many existing mortgage holders may find it more difficult to sustain ownership if interest rates or underemployment rise.

Our basic findings showed:

- 83% of renters in Australia have no fixed-term lease or are on a lease less than 12 months long
- 62% of people say they feel like they can’t ask for changes
- 50% of renters report experiencing discrimination when applying for a rental property
- 50% of renters worried about being listed on a residential tenancy database
- 20% renters experiencing leaking, flooding and issues with mould
- 8% of renters are living in a property in need of urgent repairs
- Renters are renting for longer, with 43% having rented for 10 or more years and renters in regional areas are renting for longer than people in metro areas. Compared to a range of other countries, Australia has very short lease terms, generally 6-12 months. Australia has not learned from other countries, particularly in Europe, where there are leases without an end date (indefinite) or, as in Ireland, where tenants roll onto 6 year leases after 6 months.

Perhaps most surprisingly, the Unsettled survey respondents reported that the longer they had rented the less likely they were to make a complaint. My interpretation of this finding is that previous experiences have worked against long term tenants making complaints due to the fear of rent rises, evictions, blacklisting or leases not being renewed. Nearly double the percentage of people (21%) who rented for over 10 years, or who had moved more than three times (23%), held off making complaints compared to those who have rented for 5 years (11%) or moved 2-3 times.

One of the major contributing issues for rental insecurity is the fact that at the end of any lease period in Australia tenants may be evicted without grounds or leases are simply not renewed. This contributes to the fear renters experience and the lack of complaint or bringing maintenance issues to the attention of owners and agents. It seems counter-intuitive that owners would tolerate delays in maintaining properties; but the Unsettled survey results indicated a range of maintenance and condition issues.

While a minority of renters report these issues, there isn’t another product area we can think of where products received such high proportions of complaint as rental housing.

As CHOICE CEO, Alan Kirkland said, “It’s hard to imagine a product or service this poor in any other sector. As consumers of rental properties, tenants have to deal with major quality issues like mould or flooding and are systematically denied access to a timely remedy”.

83% of renters in Australia have no fixed-term lease or are on a lease less than 12 months long

8% of renters are living in a property in need of urgent repairs
One of the areas of greatest concern is the level of discrimination experienced by renters in applying for rental housing. Renters feel that having government payments, pets, children, or their age, have been reasons for discrimination.

Renters also reported problems at the end of tenancies. While most renters end tenancies for their own reasons and on their own terms, 11% left due to an inability to afford the property, 9% due to conflicts with neighbours or sharers, 5% due to conflict with lessors and 6% due to an unbearable state of the property.

A staggering 40% of renters reported having had disputes with lessors over their bond – mainly over cleanliness.

Although most renters did not report issues, the level of complaint with our renting system raises more questions about the level of financial support for investors and value for this money, the nature of our rental markets and tenancy legislation, and the regulatory framework around the rental industry.

National Shelter is unsurprised by these results but we are still shocked by them. We know that the nature of our rental market, almost uniquely made up of small investors, supported by tax subsidies and investing for a host of reasons, produces an irrational rental market investment culture.

We see a need to shift investment in residential rental housing to a greater institutional basis where scale investors hold large portfolios over long periods of time. It could still mean housing investment is a high value choice by individual investors, but it should shift away from individuals owning individual properties, to scale investors owning portfolios and individuals invest in the financial product rather than a property.

This will require reshaping our tax and housing culture. We are encouraged by discussion around an affordable housing bond with aggregators which could assemble capital and distribute it to community housing providers, backed by scale institutional investment. This will require a reshaping of how Australia arranges housing assistance but could result in a major improvement for renters.

At this point National Shelter has argued for lowering the discount on Capital Gains Tax for housing investors, perhaps along lines proposed by the Henry Review of. We also favour ‘quarantining’ the tax deductibility of housing losses and expenses to the same source of income.

We are encouraged by the ALP policy of halving CGT discounts and only allowing negative gearing for new housing rather than existing, but we see a case for a broader discussion of taxation at both commonwealth and state levels. This would include states moving away from stamp duties to a land tax while reforming the CGT discount and negative gearing. In this mix needs to be a way to level the treatment for institutional and individual investors or even shift the balance to institutional investment to attract the scale investment required.

We also need to reform our tenancy law to international standards, especially ending no cause evictions, and lift our game on regulation to ensure our rental markets provide high quality, secure and affordable rental housing into the future.

In the middle of preparing this article the Andrews Government in Victoria announced that a new standard lease will be for 5 years. It has always been possible for leases to stretch over longer periods in most jurisdictions but it hasn’t been common practice. Of course there are risks in any attempt to rebalance the interests of renters and landlords, and there are concerns that this will be traded off for easier evictions or more responsibility for tenants to undertake repairs, which would not be an acceptable exchange.

But if there’s one thing the Unsettled survey shows, it’s that it’s time for serious discussion – and political will – to deliver reforms to the rental market to make it a better experience and a secure place for renters to make a home.

2 Total payments to the National Affordable Housing Agreement (NAHA) amount to $1.343b but some $275m of this goes into homelessness so I am not counting that as social or affordable housing.
3 Average of ABS SIH data for 2013/14 aligns with proportion of rental market data @31%
The Victorian Government has recently announced a host of new housing initiatives, including an intention to provide “long term security for tenants and landlords”.

They claim they will do this by extending coverage of their Residential Tenancies Act to tenancy agreements that are for a fixed term of five years or more. They will also produce a “tailored” standard form agreement for these tenancies, and set up a website where interested parties might bump into one another when looking to establish a new agreement.

There has been an enthusiastic reaction to this announcement from tenants and commentators alike, because a long fixed term tenancy is often seen as the antidote to an insecure and unpredictable private rental market.

Australian tenants can be asked to move without a good reason. But even where there is a good reason – such as the sale of the property or the landlord needing to move back in – the loss of one’s home can cause great upheaval, if not major inconvenience and expense, for a sitting tenant. Contrast this to what we might think of as the “European way of doing things”, where long-term and secure tenancies are considered the norm.

Will long term tenancies deliver for tenants?

Ned Cutcher, Senior Policy Officer, Tenants’ Union of NSW

There are a couple of clues in the Andrews Government announcement that tell us a European inspired model is not really what’s being considered for Victoria. The first, and most telling, is that long fixed terms will not seek to replace the current model, but offer a new option. They will only be taken up where a landlord and their prospective tenant can agree to terms.

The second flows directly from the first. In order to encourage landlords to offer these long fixed term tenancies a standard form of agreement will be produced and incorporated into the law. These will establish a lower standard of rights for long-term tenants, with the most likely trade-off seeing them take on repairs and maintenance obligations during the tenancy.

The Victorian example also gives us a big clue about the value of law reform to promote long fixed term tenancy agreements. It is not the regulatory environment that is holding long fixed term agreements back.

Right now, since their renting laws do not currently apply to agreements of five years or more, if the landlords and tenants of Victoria want a more flexible agreement than their renting laws allow, they can opt out by entering into a long term residential lease subject to the common law.

Indeed, a long fixed term tenancy could be established on very similar terms to those required by Victoria’s current renting laws – by agreement. But if the parties felt such terms were ill-suited to their needs they’d be free to explore a range of other options. This should provide roughly the same “encouragement”, if not more, to enter into long fixed term tenancies as any new standard form agreement brought into the Residential Tenancies Act might do. But such tenancies are rare.

We’ve been having a similar discussion in New South Wales, albeit from a slightly different starting point. Long fixed term tenancies are not excluded from our Residential Tenancies Act.
Tenancies Act, and we already allow some mandatory terms to be waived where there is a fixed term of 20 years or more. Still, such agreements are rare in New South Wales too, if there are any at all.

The ability to contract out of the Residential Tenancies Act for long fixed term tenancies was an initiative brought into the law in 2010, following a comprehensive review and redrafting of our renting laws. Now, seven years on, it is clear that it has not encouraged the establishment of long fixed term tenancies in New South Wales. Nevertheless, our Government appears as enamoured with the idea of delivering housing security for tenants through long fixed term agreements as their Victorian counterparts seem to be. They have been considering a similar proposal following the recent review of the Residential Tenancies Act 2010 (NSW).

Late in 2015 Fair Trading NSW commenced a statutory five-year review of the Act with a discussion paper raising a series of targeted questions about the legislation and how it has been working. It included an inquiry about security of tenure, asking whether landlords should be required to give a reason to end a tenancy, and seeking an indication of what barriers might prevent landlords from offering long fixed term tenancy agreements.

Fair Trading received and published around 190 responses to their discussion paper. These came from around 75 individual tenants, 40 community groups and organisations such as the Tenants Union of NSW, Tenants Advice and Advocacy Services, Shelter NSW and our sector colleagues, several Members of the NSW Parliament, local governments, Family and Community Services, flatmates.com.au, the NSW Civil and Administrative Tribunal, Legal Aid NSW and the NSW Law Society.

It also included responses from around 30 individual landlords, and 10 real estate agents and industry associations such as the Real Estate Institute of NSW and the NSW Property Owners Association. There were half-a-dozen responses from individuals who identified as both a tenant and a landlord at the same time.

Of these responses, 55 (almost 30%) made no reference to the security of tenure questions raised by Fair Trading’s discussion paper. A handful did not respond to these questions directly but did speak of the need to improve security of tenure – and some of these were in favour of long fixed term agreements. 93 responses (almost 50%) said landlords should be required to have a reason to end a tenancy. This mostly came from individual tenants, advocacy groups and community organisations, as well as some Members of Parliament. A very small number of landlords also said this.

40 responses (just over 20%) said that landlords should not be required to have a reason to end a tenancy. This included industry associations such as the Real Estate Institute and the Property Owners’ Association, but also a small number of tenants said this. The Tribunal offered no preference either way, but noted they might expect their workload to increase if landlords were required to give a reason to end a tenancy.

Fair Trading released their report from this review in mid-2016. Among its 27 recommendations were two that suggested the use of long fixed term tenancies should be encouraged as a way of promoting more secure tenure for renters. In particular, it recommended:

That the Government give further consideration to other changes that could be made to the Act to further incentivise the use of longer fixed term tenancies (recommendation #16).

… and …

The Act’s provisions in relation to no grounds terminations should remain unchanged. The Government should consider other ways of improving security of tenure in the rental market, including through facilitating the use of longer fixed term leases (recommendation #17).

To date, the NSW Government has made no public commitment to these suggestions. However, in November last year the then Minister for Innovation and Better Regulation, the Hon. Victor Dominello MP, convened a round table to discuss long fixed term tenancies. The Tenants’ Union of NSW, Homelessness NSW and UNSW CityFutures were invited, along with others such as the Real Estate Institute of NSW, NSW Property Owners Association, other interested industry groups, Family and Community Services, academics and researchers.

This discussion quickly steered away from how long fixed term tenancies could improve security of tenure for renters, focusing instead on the value landlords might see in such agreements and how that value could best be unlocked. What financial incentives could shift landlords from the status quo? What rights should tenants be prepared to trade away for a long fixed term tenancy? How could a tenant’s liabilities be kept within a reasonable limit if they need to break a long fixed term agreement early?

At its conclusion, it was suggested that a five-year fixed term tenancy agreement with a number of negotiable terms might be prescribed in a standard form, to be included in the
legislation. Such an agreement would be optional, so that landlords could elect to offer them to tenants but could not be compelled to do so. An appropriate break-fee would also need to be considered.

Despite the potential for an erosion of tenants’ rights in such agreements, long fixed term tenancies may still not be all that attractive to the majority of landlords. Many would not want to tie themselves to a particular tenancy for more than six or twelve months at a time – that is, landlords who reserve the right to sell into an open market, with vacant possession, whenever conditions suit them.

Landlords employing a different strategy might appreciate whatever comfort a long fixed term agreement could bring, but the ability for tenants to end the agreement with a simple break-fee could be a strong disincentive to offer one. A long fixed term would tie landlords to a tenant, but not necessarily a tenant to a landlord. These landlords might continue to prefer the status quo, and retain their access to eviction without grounds after all.

Those remaining landlords who are attracted to long fixed term tenancies may have an expectation that they’ll be able contract out of repairs and maintenance obligations. They might offer such agreements on a take-it-or-leave it basis to low-income renters who have little choice but to accept them, and are then unable to afford the property upkeep. This could give rise to disputes about who is liable to pay for repairs or restorations at the end of the tenancy, and in the long run these tenants might end up much the worse for wear.

The Real Estate Institute of NSW is similarly circumspect about demand for long fixed term tenancies. As part of this discussion, they’ve published some remarks on their website:¹

“Property management industry experts comprising REISNW’s Property Management Chapter committee have advised REISNW that the current practise of entering into leases with a term of 6 or 12 months does not need to change as it is acceptable in the market and works well for all parties. These experts have also confirmed that the majority of tenants are not seeking nor do they wish to enter into longer term leases because their primary focus is on the flexibility, mobility and spontaneity associated with shorter term tenancies. Further, with interest rates at an all time low, tenants are more interested in buying their own property rather than locking themselves into a long-term lease. Having said that, REISNW recognises that there is a very small cohort that do want longer term tenancies…”

It goes on to suggest tenancies with a fixed term of five years could be encouraged by allowing landlords “to stipulate terms or conditions that are prohibited or not included in the current standard form residential tenancy agreement.” They propose a framework of “set terms that may be negotiated by the parties including, without limitation, provisions about maintenance and repair, bonds, carpet cleaning, rent increases and rent reviews.”

Despite suggestions of “long-term security for landlords and tenants”, the long fixed term tenancy agreements currently under consideration in New South Wales will not deliver the improvement to our renting laws that tenants need. Greater security of tenure for renters is an absolute necessity, but it won’t come through elusive long fixed term agreements that erode tenants’ rights.

Insisting that landlords stand by their reason when ending a tenancy, and doing away with “no grounds” evictions, is the best way forward.

Craig Johnston is leaving Shelter NSW for retirement. For 14 years as our Principal Policy Officer he has made a serious contribution to the intellectual work involved in advocating for a fairer housing system. We can’t thank him enough. Some highlights of his work are described below.

It is Craig’s work analyzing public documents that enables us to hold governments to account for their promises – especially on that tricky question of numbers of properties owned by the Land and Housing Corporation!

Craig also developed the knowledge and expertise that enabled Shelter to keep advocating on the ways the planning system can contribute to the supply of housing affordable to households on very-low, low, and moderate incomes. Craig’s work has enabled us to not only advocate to government but also to support local councils, NGOs and resident groups advocating for affordable housing. And it’s worth noting that whilst this issue is currently having its day in the sun, and is in the forefront of public attention, this hasn’t always been the case. It is Craig’s work that enabled Shelter to keep this option alive against significant opposition.

Craig pioneered the early community education work of Shelter which was designed to enable public tenants, resident groups and community organisations to better understand the housing policy issues and advocate more strongly for their needs, their community’s needs or their clients needs.

Craig is the person who produces the policy discussion documents which has given us, in a relatively succinct form, the evidence we need to back advocacy for the housing needs of those “doing it tough”. The detail matters! Well thought through and considered discussion is needed to back our advocacy for change; without it, it’s a case of “careful what you might wish for”!

It has been a pleasure to work with Craig. He is hard working and generous, willing to assist colleagues and share in order to make the whole work and has a fine sense of humor.

We sincerely thank Craig and wish him the very best for his retirement and whatever happens next!

We will miss him!
Since 2010 the City of Sydney has organised twice yearly a street count to collect accurate and up-to-date data on the number of people sleeping rough in the local government area. The count is done in February and August to get information for summer and winter. Traditionally the summer figures are higher for a number of reasons.

This is a major logistical exercise involving close to 200 volunteers as well as advisors who are people who have experienced homelessness. On the night, the number of people staying in the service system is also ascertained. This is extremely useful as it shows that the service system is close to capacity, with over 90% hostel beds occupied, clearly putting an end to the line that people should find a bed for the night.

As a policy person, I have always appreciated this data. It gives me something far more concrete to work on rather than ‘the most recent Census data’ from 2011 or the ‘anecdotal evidence from our members strongly show’. Mind you the anecdotal evidence from our members has shown itself to be provident; from 2008 they knew there was a tsunami of people reaching out for assistance. This was vindicated in the 2011 Census which showed a 20% increase in homelessness across NSW from the 2006 Census.

In February 2010, the number of people counted who were sleeping rough in the City of Sydney was 418; and over the next few years this figure fell, till in February 2013 it was 274. Since then we have seen the numbers steadily climb to a peak in 2016 of 486. This year saw a decrease to 433, but this was still the second highest count on record.

What caused the numbers to drop and why have they increased since?

Many of the same systemic drivers continue, and in many cases, have worsened. Housing unaffordability has increased markedly. People are still leaving gaol and hospitals with little regard for their housing options. We still have a lack of joined up service delivery across many homelessness and mental health and AOD services. Far too many people fall through the gaping holes. But still we did see a
marked decrease in the level of rough sleeping in Sydney for a few years.

What we did see was a number of programs come to fruition in 2011. Among these were the Common Ground in Camperdown and Platform 70.

What were these programs? Platform 70 was a project of the National Partnership Agreement on Homelessness and commenced in 2011. The project had some main objectives; to place 70 rough sleepers in the Woolloomooloo (NSW) area into long term housing by 2012-13; and to enhance the sustainability of private rental tenancies for rough sleepers in the Woolloomooloo area by linking housing assistance with support services.

Common Ground Sydney provides housing for long term homeless people and people on low to moderate incomes in the inner-city of Sydney. It is based on the Common Ground model from New York, providing permanent homes and on-site support services to help people achieve health and stability and to maximise their ability to live independently.

At their heart, both of these programs are housing first supported accommodation approaches which is about providing people experiencing homelessness with immediate access to long-term, sustainable accommodation, rather than a shelter, followed by transitional accommodation and finally a place to call home.

Unlike other programs that seek to address issues such as alcohol and drug abuse or mental health problems prior to placing participants in housing, this approach provides secure long-term housing as the very first step. Once the person has the foundation of a home they then receive intensive support to address their issues and maintain their tenancy. Does this theory work in practice?

Common Ground has been successful in providing secure, permanent housing and support to people who had been homeless for many years. Formerly homeless tenants had been homeless for an average of 12 years before entering Common Ground. As at March 2014 there had been a 63% retention rate among the formerly homeless tenants over 28 months. The vast majority (84%) were satisfied or very satisfied with their housing and the majority reported that the services provided to them had been useful. The vast majority of participants also reported noticing improvements in their lives since obtaining their accommodation and support.¹

Platform 70 housing has been seen to provide consumers with the stability needed to focus on other issues, such as health care and reconnecting with family, which were typically neglected when rough sleeping in favour of addressing fundamental needs, such as accessing shelter and food.

Strengths of the Platform 70 program are the immediacy of private rental market properties allowing rapid access to secure, permanent housing, and the wrap-around support services that maximised the capacity of tenants to maintain tenancies. Most importantly there has been a 94% tenancy retention rate.

So, what we can see is that housing first supported accommodation programs can be extremely successful in housing people who had previously been existing on the street. It is not surprising that the numbers of people sleeping on the streets of Sydney fell when these programs were initiated. But these programs are now full of people maintaining safe & affordable housing with community support. If we want to see the numbers of rough sleepers fall significantly we need two things to occur.

The first of these is for all government agencies to take responsibility for their clients. That will turn off the tap; to end the homelessness of those on the street today we need a recommitment from Federal and State Governments to fully fund a housing first model that we know ends homelessness. 🏡

housing residents, all of whom live in the Redfern Waterloo area.

This year, #WeLiveHere2017 will illuminate Waterloo’s iconic twin towers – Matavai and Turanga – from inside the homes of residents. Participating residents will each be offered a light that changes colour for their window. As colour means and holds meaning, residents will be in control of the colour on display from their homes.

The act of lighting up the towers signals that lives are lived here, illuminating the often overlooked human dimension of Sydney’s housing debate. As Matavai resident Catherine Skipper notes, the buildings are symbolic of a kinder era, the estate is ‘a socially important build’ and remains ‘a robust visual statement of socio-political commitment to housing the vulnerable’.

The colourful lights invite residents to play and participate in a performance of individual subjectivity, and collective solidarity. The project may offer space for reflection and celebration, opportunities for new conversations and

The lights are on, somebody’s home.

Dr Jenna Condie and Clare Lewis

People react to the political decisions made about the places where they live in ways that can be seen, heard, felt, and sensed. In Waterloo, a place with a history of large-scale redevelopments, community responses to the most recent state government announcement for ‘renewal’ are creative, risky, and political.

From news articles, radio programmes and Facebook posts, to documentaries and arts-based projects, creative forms of cultural production take up an important position in social action and the politics of belonging. Not all of the community’s activism is against the state government decision to redevelop Waterloo, but much of it aims to influence and shape what Waterloo becomes.

#WeLiveHere2017 is a social action project that commenced before the state government’s announcement, with an initial aim to celebrate the diverse communities and people of Waterloo. That project aim quickly went from one to many as the complexities of the changes ahead came to the fore. The collective is comprised of both private and public

Waterloo resident Catherine Skipper testing her light installation from her unit with #WeLiveHere2017
Photo: Jacqui Stanton
connections between people, place and the city. In the grand scheme of civic participation, ‘playful protest’ does not ask for much and can generate longer-term commitment to social action for the cause.

Engagement and participation are often at the core of arts-based initiatives to encourage communities to be heard and seen; to dream and imagine; to exert greater influence within the decision-making processes of urban governance that affect their lives. We do not know yet how people will engage and participate in this activism, nor do we know how it will make them feel. Elements of risk and unpredictability add to this performance: the project has to be big, bright and bold.

Based on the interactions that the #WeLiveHere2017 trailer generated on Facebook, we do know that responses to the project are varied and animated, perhaps even polarised. Many comments on the trailer were positive about the lighting sculpture, the buildings and the people of Waterloo. Other comments reflected widely held stereotypes and the widespread stigmatisation of social housing.

As all existing public housing in Waterloo faces imminent demolition, and the planned new world order dominated by 70% private occupants, there is an urgency to visually represent the high-rise towers in a lively, memorable way. The meanings the buildings will hold when they become a colourful light sculpture remain to be seen, but instigating out-of-the-ordinary visual representations for circulation within the public domain may help ‘move the needle’ on perceptions of these buildings and their inhabitants. The project invites people – residents, outsiders, and decision makers – to see the buildings from a different point of view, in a new light.

#WeLiveHere2017 also includes a documentary that focuses on the people central to much of the action and activism of Waterloo. The documentary holds a firm place within mainstream media for making visible and influencing the issues of contested spaces and housing inequality in contemporary cities. Waterloo’s stories of housing upheaval have been told in documentary form before – it is interesting to observe how quickly a city forgets, as tides of government reimagine a place in their image, swooping in to ‘repair’ the place they assisted in creating. Waterloo is a place rich with stories, with a past that is never far from the surface. Storytelling has the power to entwine the past and present with Waterloo’s future.

The Redfern-Waterloo area is a deeply significant site for indigenous people. Processes of gentrification and ‘renewal’ have already transformed this area, threatening the continued presence of indigenous communities here. It should be difficult to ignore the postcolonial dynamics of Waterloo, yet the redevelopment discussions so far have been ‘surprisingly
silent on the question of Aboriginal land in the city’. When “what happens in the Redfern-Waterloo area ripples across the country we have a responsibility to centre issues of indigenous land rights” within the cultural products of our activism.

Socially engaged forms of creative activism are not neutral – people’s stories have to be retold and reframed in a way that engages audiences and negotiates the increasingly neoliberal funding structures of independent filmmaking. We have to remain critically aware not to ‘fall prey’ to the pressures of ‘impact’ and stay true and respectful to the people of Waterloo, particularly to the key characters of the stories being told. Questions of ethics and appropriation abound.

For many residents, the estate is home. Although the state government promises that residents can remain in the area, the fabric of place will drastically alter in the near future along with long periods of disruption as construction work takes place. The look, feel, sound, and sense of place and community will irrevocably change. As Charles Landry emphasised, “appreciating culture is even more crucial in periods of dramatic transformation”. We have to think differently about the places we are changing through major urban redevelopment. Current planning directions of erasure and ‘rejuvenation’ neglect what the buildings and existing community stand for.

#WeLiveHere2017 is a visual shout out to the city that somebody is home. By co-creating a public spectacle, our hope is to shape dialogues around Waterloo’s public housing and the future of local residents in the inner city. Community is arguably the most pressing social justice issue of contemporary cities. Will this act of artistic activism have ‘impact’? The connections between people, place and art will show us soon.

Waterloo is a place rich with stories, with a past that is never far from the surface. Storytelling has the power to entwine the past and present with Waterloo’s future.

6 Lorna Munro, Wiradjuri, Waterloo resident at a meeting to discuss ‘The People’s Plan’ an alternative redevelopment approach with architectural collective, Future Method.

Dr Jenna Condie is a Redfern resident, urban psychology scholar at Western Sydney University, and researcher for #WeLiveHere2017.

Clare Lewis is Creative Director and Producer of #WeLiveHere2017.
Fifteen months after the announcement that the Waterloo public housing estate would be redeveloped, the Land and Housing Corporation (LAHC) is about to start the 12-18 month master planning process with tenants and local agencies. The delay has prolonged uncertainty for tenants but it has also allowed locals to prepare and push for a hopefully better process.

Uncertainty for tenants
While the planning timeline drifted, the official timetable was not adjusted. It was not until December 2016 that the government started to tell people that the first relocations would be pushed back from mid-2017 until mid-2018.

Relocations have been the only certainty for the estimated 4,500 people who live on the estate, as the initial announcement gave no clear indications of what is to happen. While some people are keen to use the redevelopment to transfer from Waterloo to be closer to family and friends, many do not want to move and are worried about losing their support and friendship networks within Waterloo.

With no redevelopment specifics to talk about, the government fuelled the uncertainty by telling people not to worry because it is really good at relocating people. Minister Hazzard even brought tenants relocated from Millers Point and other estates to a meeting to tell people “success” stories.

The anxiety for many tenants has been heightened further as they cannot find out if they will be personally impacted in 18 months or 15 years. When people seek clarity as to where the redevelopment might start they are told “this will be decided by the master planning”.

Ironically, Waterloo provides the opportunity to do things differently so the relocation problems from some other developments can be minimised. Tenants who wish to stay within the estate should be able to do so. Early on some may need to make an interim move within the estate but proper staging should allow most people to move directly into their new home.

Organising for better outcomes
The delay in starting the master planning has given time for the area’s many voices to organise to try and negotiate the best possible outcome they can to protect community interests. Tenants and agencies have been drawing on the experience of people who have been involved in estate redevelopment in other places in formulating what they will be asking for.

Waterloo, with Redfern, was subject to feasibility studies back in 2004 that leaked to the Sydney Morning Herald. In 2011, there was a large study undertaken by the Redfern Waterloo Authority (RWA) exhibited as “Built Environment Plan 2” (BEP2) and the LAHC undertook its own master planning process in parallel with the RWA. While the studies and reports from this earlier work have never been released, the experience of going through the processes means that locals have clearer ideas of what they do and do not want to see this time around.

The delay in the current master plan has provided the opportunity for a range of people to prepare and push their case.
As a large estate, Waterloo is well serviced by a range of community services that are already active in the area. Community Centres like The Factory and South Sydney Community Aid provide spaces for services, interaction and projects. Inner Sydney Voice produced an edition of its magazine mid 2016 that focussed on the redevelopment of public housing and the issues associated with it. Following on from its involvement in Millers Point, Redfern Legal Centre was allocated funding from City of Sydney Council for Waterloo relocations when they take place.

These agencies along with Shelter NSW and the Tenants Union have reformed Groundswell Redfern Waterloo and have been meeting monthly to try to understand and influence what happens. Many other agencies also deliver services into the area but are not yet involved in the redevelopment discussion. Getting these agencies across the redevelopment master plan is an early goal of Groundswell.

A Waterloo Redevelopment Group was established under the Waterloo Neighbourhood Advisory Board (NAB) that includes NAB representatives, local agencies and groups to help LAHC guide the community engagement. An experienced ex-LAHC community engagement practitioner was nominated by agencies to independently chair this group.

REDWatch put a broad range of questions about different aspects of the redevelopment to the key players (UrbanGrowth NSW, FACS Housing and LAHC) based on its earlier involvement in 2011’s planning and has been active in pushing for a better approach this time.

A new Waterloo Public Housing Action Group (WPHAG) has formed independently of the representative NAB structure and REDWatch. WPHAG has been active in lobbying the Minister and senior departmental officials and in arguing for the retention of the high-rise and improvements in maintenance in the lead up to redevelopment.

In addition, there is a film and lights project called #welivehere2017, a Milkcrate Theatre project, a photo project, and other projects will certainly follow that aim to provide a mechanism for community voices to be heard in a variety of ways.

Early in 2016, agencies requested discussions with LAHC about how it would consult with the community. After three workshops a very high level framework was all that had been achieved. In November 2016 LAHC was asked to work up the detail of their proposed consultation for further discussion with agencies. After a number of false starts, this is expected late March 2017 only weeks from when engagement is supposed to start! Discussions continue.

The planning mechanism for the master plan will be the declaration of the redevelopment area as a State
Significant Precinct. City of Sydney Council and the Department of Planning and Environment have agreed to the precinct studies that will be required and to these will be added some additional LAHC studies. While we have not yet seen the list of studies, we have negotiated that the scope of all studies will be made public and that there will be an opportunity for community groups and agencies to make input should they consider the scope inadequate.

An example of what this might mean relates to the push by the WPHAG to refurbish or re-block the existing towers. The position of Minister Hazzard was that the towers were all to come down, it is difficult to see how “the keep the towers” option could be properly considered if there were not technical studies to explore this possibility, so people will ask for this inclusion if it is not already there. One innovative proposal that has gained traction is for a Community Master Planning Process. This is envisaged as a participatory planning process conducted alongside the official one. The last master plan saw those working on the master plan working in one silo and those talking to the community in another, with LAHC as the conduit. The Community Master Planning Process is an attempt to mix input and looking at options together. The WPHAG has already negotiated for a room in the shopping centre to be available for this project and some funding has been requested from the City of Sydney. A number of architects, academics and students have offered to assist in the Community Master Planning Process. In addition to the input it makes into the official master plan it can play an important role in capacity building and giving tenants access to planning expertise.

One area where little progress has happened is around improving Human Services co-ordination. This is seen as key to how tenants with high and complex needs allocated housing can sustain a successful tenancy with minimal impact on the tenants around them. Improvements in this area would stand to improve the living conditions for current public tenants irrespective of the redevelopment.

If a redevelopment is to take place that increases densities by 3.5 times, then human service improvements become crucial to the long-term success of such a high-density development. The cost of long-term human service changes to make the project successful are not normally a part of the redevelopment budget so they have to be considered up front if improvements are going to eventuate.

After an initial focus by the RWA on human service co-ordination between NGOs and government departments, subsequent attempts in Redfern and Waterloo have floundered. Government Departments have been meeting together, but from the grassroots, little has changed. Attempts for local NGOs to join such discussions have been rebuffed; with one senior executive group responding that government agencies could see no obvious benefit for NGOs and government officers to specifically meet together to explore how human service integration could be improved.

The Groundswell agencies are pushing FACS and LAHC to restart practical discussions with NGOs about human services and what will be needed to make their current plans work. Dealing only with the built environment issues in a master plan will not address the complex human service issues that arise from concentrating people with high and complex needs into a new economically mixed precinct. As local housing activist, Ross Smith used to say “I haven’t met an anti-social building yet”.

Over the next few months, a thousand flowers will be allowed to bloom as the engagement and master planning process looks for input. Only when the master plan starts to take shape will we know if the work behind the scenes over the last 15 months to improve the process and the outcome has borne any fruit. If it does it might make things better for tenants facing future estate redevelopments under the Communities Plus model.
Are refugees contributing to housing stress?

Patrick Yeung, Executive Manager, SSI Housing

Global polls consistently rate Sydney as one of the least affordable cities to find a home. The problem is universal, affecting buyers and renters of all ages and backgrounds. This ongoing issue has once again attracted significant media attention in 2017. But this time, the focus is on the apparent burden that some of Australia’s newest, and most vulnerable, community members are placing on housing in the Fairfield local government area.

Newspaper headlines such as “Don’t ruin our lives” and “Help needed” fuel speculation about the effect an ‘influx’ of refugees is placing on affordable housing in Fairfield. But what are the facts?

Settlement Services International (SSI) is the largest provider of humanitarian services in NSW, currently supporting 3,700 refugees in the Fairfield area – the majority of whom have found a place to live through the private rental market.

The main reasons newly arrived refugees chose to settle in certain areas are affordability, availability of suitable housing, access to services and proximity to family and community. Fairfield certainly ticks all these boxes, but to understand why there is so much emphasis on these factors, it is important to understand the circumstances that bring people to Australia in search of safety and their experiences upon arrival.
A refugee is someone who, through no fault of their own, has been forced to leave their home country to find security in another country. They must leave behind friends, family, and most of their possessions, often with little or no notice prior to departure.

No-one chooses to become a refugee. An average of 34,000 people are forcibly displayed every day as a result of conflict or persecution. Their first port of call is transient while they await the outcome of their refugee application through the UNHCR – the UN’s refugee agency. The forcibly displaced may be living in a refugee camp or in a neighbouring city bursting with other people in the same situation. Many people live like this for decades; one estimate puts the average duration of such displacement at 17 years.

After what is often years in limbo, and a 25-hour flight, some of the world’s 65 million-plus refugees will arrive in Sydney. During 2016, SSI supported more than 16,000 refugees, humanitarian entrants and people seeking asylum.

They might be greeted at the airport by family already living here who have waited anxiously to be reunited with them.

Or they might be the first branch of their family to come here, arriving to start a new life and new generations here in Australia.

All refugees, however, are entitled to support from the government-funded Humanitarian Settlement Services (HSS) program during their initial few months in the country. SSI is one of NSW’s leading providers of this program, meaning the majority of humanitarian entrants are greeted at the airport by an SSI staff member.

If new arrivals are not staying with family, they are taken to short-term accommodation which is immediate private rentals that are head-leased by SSI.

Here they will find their feet in a new country, and orientate themselves to Sydney with its new language and new systems and services, and with the support of their housing officer, find the type of accommodation best suited for them.

Families that arrived are often larger than a typical Australian family and they therefore require a home with more bedrooms; however these homes tend to be further from amenities and harder to access on public transport.

There are also a growing number of new community members who are elderly, or who have health and mobility issues and require accessible accommodation, ground floor accommodation and homes that are in close proximity to a hospital.

During this time, humanitarian entrants also go through initial orientation, signing up kids to school, opening bank accounts and the many other things needed to start a new life in a new country.

A key part of this orientation is an introduction to housing in NSW. War and persecution don’t discriminate based on someone’s economic background or community status. Some new arrivals have come from well-established, comfortable backgrounds, while others may have never had 24-hour running water and electricity.

Regardless of a person’s background, SSI housing officers explain life as a tenant in NSW – from how to operate ovens and washing machines, safety with gas, heating and pools, and as granular as rubbish separation and collection. Importantly it also includes the responsibilities of tenants and landlords.

Each family is assigned a case manager and a housing officer to assist them to navigate the private rental market and includes assistance bond paper work and advance rent through Housing NSW Rentstart, and help to set up rental payments, complete condition reports and assist with utility connections.

Regardless of their background, one thing that is universal to all new arrivals is that they have no local rental or employment history and limited income. They most likely have limited English language skills; they may have experienced trauma or torture, have some have mental health challenges to deal with, and almost all have been separated from family or friends and are feeling anxious.

Soon after arriving, some families experience significant domestic pressure and stress. In an Australian context, there can be significant changes to traditional familial roles. This can affect relationships between husbands and wives, parents and children that can result in domestic and family violence and the separation of families.

Undoubtedly these issues contribute to the extra challenges people of refugee background face while trying to find a home.

These same factors are also experienced by people seeking asylum but are compounded by the lack of certainty surrounding their future in Australia.
An ‘asylum seeker’ is someone who is waiting for their claim for refugee status to be approved by the Australian Government. Every refugee has at some point been an asylum seeker.

People who sought asylum in Australia after 2013 are living in Nauru or Manus Island, but those who arrived earlier are living in detention centres across Australia or have been allowed to live in the community on Bridging Visas. There are more than 30,000 asylum seekers living in Australia – mostly single men – waiting for a decision regarding their application for refugee status.

Certain visa conditions can place these people at greater risk of homelessness and susceptible to unscrupulous landlords, overcrowded and sub-standard housing.

SSI’s anecdotal observations of providing humanitarian settlement services backs up research showing that housing stability is crucial to the health, well-being and long-term prospects of refugees and people seeking asylum in Australia. There is no doubt that refugees and people seeking asylum are in the same predicament as other vulnerable people in the community who are on low incomes and paying more than 30 per cent of their household income in rent. In some cases refugees are paying 50 per cent and more to secure accommodation.

There is also an overwhelming sense of resilience expressed by many new community members and a strong motivation to persevere and achieve what they aspire to in their new home country.

According to research from the Australian Housing and Urban Research Institute, a concerted policy response is required to put an end to the “housing stress” and the increase of affordable housing supply for all Australians is the long term housing solution to ensure people don’t pay more than 30 percent of their household incomes on rent.

Anglicare’s Rental Affordability Snapshot Survey for 2016 highlighted that zero percent of properties on offer in Sydney for the week the survey was conducted were found to be affordable for people on Newstart, youth allowance or disability support. Less than half a percent of properties were found to be affordable for people on other types of government income support, such as family tax benefit, and only six percent of properties were affordable for households earning a minimum wage.

Of interest however, is that these extra challenges and barriers are somewhat mitigated by the support available to recently arrived refugees through SSI case managers, housing officers and other support provided through the holistic approach of SSI to support the vulnerable communities it works with.

There is also an overwhelming sense of resilience expressed by many new community members and a strong motivation to persevere and achieve what they aspire to in their new home country.

By the time this story is published, Laith Alfatlawi will have been in Sydney just 12 months and he says it will be like celebrating his first birthday.

“I feel like I was born again when I arrived here, and like a baby I am learning everything again. “Things here in Australia are totally different – it is like night and day with Iraq, and without the help of SSI it would have been almost impossible to work out the systems here.”

Laith is happily settled in Merrylands. His choice of housing was based on being near Westmead Hospital, where he often visits to meet his daughter’s ongoing health needs.

“Without a car we need to be close to transport and to shops, so we are happy here for now until my daughter recovers.”

The HSS program offers support to refugees for the first six to 12 months in Australia, until they are able to live independently. Laith has now exited SSI’s service and he admits it is a little harder without the personal help, but luckily his competent English skills help him get through tenancy and other issues.

“I can get support from the Migrant Resource Centre (MRC) but I try by myself now.”

Through the network of SSI member MRCs, new arrivals can continue to get support if needed from organisation that provide the Settlement Grants Program (SGP), which continues the work of helping people to become self-reliant and participate in Australian society as soon as possible after their arrival.

Ninety per cent of refugees SSI supports find homes in the private rental market within three months of arrival. Wherever possible, SSI negotiates a 12 month lease to ensure some stability for its clients on exit from the HSS program.

Those who qualify may be granted immediate social housing, otherwise they will join waiting lists just like others.
in the community. Less than three per cent of new arrivals supported by SSI receive social housing within the first 12 months after arrival. A small number of clients who meet the criteria have successfully secured affordable housing tenancies through registered community housing providers.

Even if off the waiting list, SSI housing officers encourage and assist to secure acceptable rental accommodation in the interim, before they are exited from HSS.

Senan Zughbi arrived from Iraq three months ago and thanks God for his fortune. On arrival Senan and his family were placed in short-term accommodation in Smithfield. They settled well and decided to continue living in Smithfield.

“We have a house that is close to TAFE for my daughter and close to shopping and to Fairfield – we are very happy,” Senan said.

The experiences of Senan and Laith are by no means unique. Despite their vulnerability to housing insecurity and homelessness, and the complexity of the refugee experience, AHURI research found that “refugee’s experience, in the main, positive housing journeys”.

As for anyone in the community, SSI understands that a stable home plays an important role in their health and well-being.

Over the past 12 months SSI Housing has explored and initiated a range of effective housing strategies based on the experience it has gained and the close working relationships it has developed with real estate agencies and the housing. This background has placed SSI in a position that it can expand its housing initiatives to help anyone in the community who is experiencing homeless or is at risk of homelessness, not only people of refugee background or seeking asylum.

SSI Housing is helping to address the dearth of crisis accommodation in Sydney through its Emergency Housing Assistance initiative and, as a registered community housing provider, it is expanding the availability of affordable housing options for the broader community by providing property management services to landlords who are choosing, for altruistic reasons or otherwise, to lease their property through SSI.

Even though new arrival numbers are increasing – more than half of arrivals for the financial year 2015-2016 arrived in a period of just three months – SSI is still able to source housing at the same rates as before and continues to achieve the best outcomes it can for the people it supports.

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7. Source: Australian Housing and Urban Research Institute (https://www.ahuri.edu.au/research/final-reports/256)
Through 2016 Shelter NSW has been on the road, running workshops in seventeen different locations around the State. During this time we talked to over 180 people, mostly front-line housing, homelessness and community service workers. We asked them to tell us what key housing and homelessness issues they were experiencing in their communities, and what they thought should be done about them.

The story we heard was hardly a surprising one. Home ownership is out of the question for low income households, and private rental is becoming increasingly so in most locations. Meanwhile access to social housing is becoming more and more difficult as supply fails to keep up with demand. This means long waiting lists and more efforts to divert people back into the private rental market. The result for some is homelessness, but many more are just clinging to the housing market by their fingernails.

What is to be done about this? Just as the description of the issues had a familiar ring to it, the proposed solutions have all been thoroughly discussed over a number of years. These solutions are summarised in Figure 1.

One clear conclusion from our discussions is that if we are to make real improvement in this situation, we need to admit that the private rental market does not provide housing solutions for low income households. It consistently fails to provide either affordability or security and many households cannot access it at all.

This is not to say that improvements can’t be made. Laws can be strengthened to provide better protection for tenants and better oversight of landlords and Real Estate agents. While such changes would help, they would not fix the fundamental problem. Ultimately a set of serious reforms to the tax treatment of housing are needed to reorient the private rental market towards long-term investors and improved affordability. Yet even if the Commonwealth and State governments could be convinced to take on this reform agenda it would take time to show results.

In the meantime, most of our informants were clear that social and affordable rental housing remains the only realistic long-term housing choice for the majority of low-income households. Some thought that in the context of restricted supply it made some sense to encourage better-off tenants to move out of the sector. Others felt that this would just lead to more insecurity and disruption in the lives of vulnerable people. Whichever view participants took there was overwhelming support for the need for more social housing.

A number of tactics were discussed to make this happen including using stock transfers to leverage additional resources, moving towards mixed tenure to improve financial viability and attracting private investment. There was also strong support for the use of inclusionary zoning in areas of growth and redevelopment, with robust planning provisions to deliver real resources into the social and affordable housing sector.

The same squeeze that people are experiencing in social housing and in private rental is being felt in homelessness services. The increasing unaffordability of housing means
there is more demand for these services, but no extra resources.

For many, their experience of the Going Home, Staying Home reforms has been that they are expected to do more with less, while the competitive nature of the reform process has disrupted many collaborative relationships. This situation is made worse by the ongoing uncertainty surrounding Commonwealth funding.

Meanwhile, the Temporary Accommodation system run by FACS, which takes the overflow of people needing urgent accommodation, was almost universally criticised for placing people in poor quality, poorly located and often unsafe accommodation.

However, none of this has dampened the creativity of people working in the sector. Our discussions were fertile with ideas for how to improve services to homeless people.

They felt that if Temporary Accommodation was in the hands of local agencies they would be able to forge closer working relationships with providers of better quality accommodation, or even establish their own alternatives.

They cited numerous examples of new initiatives in responding to homeless people – tiny house projects, collaborations with Real Estate agents to prevent evictions, better case coordination and service co-location, collaborative efforts to identify and support the highest need homeless people, the Transitional Housing Plus program being trialled by FACS which supports young people with housing and training. There is no shortage of ideas for improvement and many of them are tried and proven – they just need the resources to make them happen.

People enjoyed the chance to get together and share ideas, but there was also a certain sense of frustration, a sense that this discussion has happened before. Most of the ideas discussed are not new, and many have been advocated by Shelter and other peak organisations for a number of years. Sometimes it might seem that that their advocacy has little to do with the day to day concerns of people working on the ground, but this project says the opposite. The peaks are very much in step with the concerns of grassroots services, and their proposed solutions are pretty much on the money.

If housing stress and homelessness were easy to solve, they would have been solved by now. Still, there are plenty of well developed, well-evidenced proposals out there for improving our current situation. We need our governments to start listening and acting on them. 

The full report, Regional Perspectives on Housing and Homelessness, can be downloaded from the Shelter NSW website.
CONFERENCE

Monday 5 June 2017 | 9.15am to 4.30pm
Ionic Room, Sydney Masonic Centre,
66 Goulburn St, Sydney

In recent years there have been many changes to policies and programs affecting access to housing and support for lower income and vulnerable households.

It’s time to reflect on what’s happening to see what’s working, what’s not and what else we need to do so that people have secure, suitable and affordable housing and the support they need to enhance their wellbeing, engagement and participation in our society.

Join Shelter NSW and a diverse group of people taking stock by sharing understanding of where we are and ideas about what is needed to get to where we need to be – housing everyone.

Registrations are open and can be made through www.trybooking.com/260070

Save on registration costs by taking advantage of our early bird rates. Early bird registration closes on the 21st April. There are also savings for NGOs for registering 3 or more people.
Shelter NSW Inc
ABN: 95 942 688 134
Suite 2, Level 4,
377–383 Sussex Street,
Sydney NSW 2000
Tel:  (02) 9267 5733
Fax:  (02) 9267 5001
Email: admin@shelternsw.org.au

Shelter NSW staff
Executive Officer:
Mary Perkins
Ext: 14
mary@shelternsw.org.au

Principal Policy Officer:
Craig Johnston
Ext: 11
craig@shelternsw.org.au

Project Manager
Alison Peters
Ext: 10
alison@shelternsw.org.au

Project Officer
Sarah Wilson
Ext: 12
sarah@shelternsw.org.au

Senior Policy Officer
Adam Farrar
Ext: 15
adam@shelternsw.org.au

Office Administrator
Yana Myronenko
Ext: 13
admin@shelternsw.org.au