

Shelter NSW Pre Budget Submission

NSW Department of Treasury

(February 12, 2021)

About Shelter NSW

Shelter NSW has been operating since 1975 as the state's peak housing policy and advocacy body. Our vision is to create a sustainable housing system that provides secure homes for all.

We pursue our vision through critical engagement with policy and practice and thought leadership. We provide systemic advocacy and advice on policy and legislation for the whole NSW housing system to resolve housing inequality.

We are especially concerned for low-income households which struggle to afford good-quality and well-located housing in the private market.

Our approach involves engaging, collaborating and connecting with Government, the private and not-for-profit sectors, stakeholders and consumers.

We have an established interest in the development of social and affordable housing, including policies and practice around public housing estate renewal and associated property development.

Shelter NSW is concerned about the housing crisis in NSW and the rising trends in homelessness; housing rental stress as well as the impacts of poor-quality housing, particularly on low-income households. Lower-cost properties are being steadily replaced with new ones at higher rents, and new concentrations of disadvantage have been created across our major cities and towns as low-income households are displaced.

Of course, this was the case well before the economic impact of the Covid-19 pandemic took its toll on large sections of the workforce and across a wide section of industry.

Shelter NSW welcomes the opportunity to make a pre-budget submission and thanks the Department of Treasury for the opportunity. We understand that other peaks including NCOSS representing the community and homelessness sector will also make a submission. We support their considerable efforts and commend their submissions.



Executive Summary

Shelter NSW commends the NSW Government for its action in 2020. Substantial initiatives such as the [Together Home](#) program and expanded 'assertive outreach' transitioned people 'sleeping rough' into stable and supported accommodation. These were and remain important programs, preventing a potential catastrophic spread of the Covid-19 virus within vulnerable communities in NSW (and into the wider community).

These initiatives also signalled a breakthrough of sorts - demonstrating the almost self-evident maxim - that the best way to help someone to not be homeless is to provide them with housing; first temporarily and then longer-term.

In 2021-22, NSW faces:

- **a decade-high rate of overall unemployment** with some towns, regions and demographic groups experiencing differentially high rates
- **withdrawal of a substantial Commonwealth COVID-19-income support**
- **dramatically tightening private rental markets in multiple regional centres**
- **deferred, accrued residential rental debts being called in**

The NSW Government is making good progress towards the [NSW Premier's Priority](#) of reducing street homelessness by 50% by 2025. At Shelter NSW however, we believe this achievement is in jeopardy. Within a deteriorating economic environment, it is likely that new and persistently larger cohorts of rough sleepers and other homeless people will emerge across NSW. With this comes the ancillary markers of disadvantage: increased domestic violence, mental distress and child safety concerns; and the stalling of improving academic performance for disadvantaged children.

Responding to homelessness in a crisis mode is expensive and inefficient for Government and the community sector. Preventing homelessness and chronic housing stress is smarter and fairer. But this requires a stock of appropriate and secure social and transitional housing where and when it is required. The large and growing waiting list for social housing suggests that NSW is not well-placed to respond to the precarious economic conditions.

NSW requires an urgent and large increase in the stock of social housing; increased funding to the already stretched Specialist Homeless Sector (SHS); and expansion of rental assistance to support low-income private tenancies. Without this, we fear a worsening of damaging homelessness, in all its forms across NSW – a trend that will eventually demand a significant response and more generally, may undermine the potential recovery of the state.



Shelter NSW – priorities for the NSW Budget 2021-2022

1. Fast track investment in social and affordable housing to prevent homelessness, support economic development and employment across the state including in regional towns

- Build or acquire 5,000 additional units of social housing each year for the next ten years to address the current backlog and enable an effective response to the growing demand
- Invest \$500 million in an expanded repairs and maintenance program for existing social housing stock to support jobs in the construction industry
- Increase funding to specialist homeless services by 20%

2. Expand rental assistance to support low-income private renters to access and sustain tenancies

- Expand investment in rental assistance support to tenants in private rental markets (where appropriate and available properties exist)
- Establish a genuine rental hardship fund to address COVID-19 rental deferrals debts and prevent homelessness

3. Ensure the ongoing financial viability of the social and community services sector (supporting NCOSS PBS)



Shelter NSW Budget Priorities Contributing to State Outcomes & Premier's Priorities

<i>Budget Priorities</i>	<i>></i> <i>State Outcomes</i>	<i>Premier's Priorities</i>
<p>Build or acquire 5,000 additional units of social housing each year for the next ten years to address the current social housing backlog and support employment</p> <p>Increase funding to specialist homeless services by 20%</p> <p>Invest \$500 million in an expanded and repair and maintenance program for existing social housing stock to support jobs in the construction industry.</p> <p>Expand rental assistance to support low-income private renters to access and sustain tenancies</p> <p>Establish a genuine rental hardship fund to address COVID-19 rental deferrals debts and prevent homelessness</p>	<p>Stronger Communities People have a safe and affordable place to live</p> <p>Children and families thrive</p> <p>Planning, Industry & Environment Maximise community benefit from government land and property</p> <p>Create a strong and liveable NSW</p> <p>Regional NSW Stronger and cohesive regional communities and economies</p> <p>Education Skilled and employable workforce</p> <p>Treasury A strong, resilient and diverse economy</p>	<p><i>Reducing Homelessness</i></p> <p>As well as other outcomes that require safe, secure & affordable housing:</p> <p><i>Lifting education standards</i></p> <p><i>Keeping children safe</i></p> <p><i>Breaking the cycle</i></p>



1. Fast track investment in social and affordable housing to prevent homelessness and support economic development and employment across the state including in regional towns

Even before the pandemic, the NSW Government was challenged in keeping pace with the demand for crisis, transitional and longer-term housing for homeless and low-income people. According to the Land and Housing Corporations (LAHC)'s website¹ the *demand for social and affordable housing is increasing, with more than 59,000 households now on the NSW social housing waiting list. The private market is increasingly unaffordable for people on low incomes...*

There is a risk that entrenched unemployment coinciding with reduced Commonwealth income support may drive a dramatic and widespread rise in actual or threatened homelessness with parts of NSW more deeply impacted than others. Economic researchers Equity Economics have described this as an impending destructive 'wave of disadvantage'².

As it currently stands NSW is not well-placed to prevent or respond to a further wave of homelessness.

Homelessness and Housing Stress 'Red Flags' - Shelter NSW is particularly concerned about:

- **the rising numbers of Social Housing Priority applications - 5,308 at June 30, 2020** (up from 4,484 in June 2019), especially given the high eligibility threshold required for an application to be approved³ (standard income eligibility requirements as well as demonstrated urgent need for housing which cannot be resolved in the private rental market). (Refer Appendix A for further detail).
- **the large and growing proportion, nearly 50%, of people seeking Specialist Homelessness Services (SHS) accommodation who do not have these needs met⁴.** In NSW during 2019-20, 21,790 people did not have their needs for accommodation met. (Refer Appendix A - Table 3 for key trends).

¹ NSW Government, Land and Housing Corporation (LAHC) website, [Future directions - vision for social housing over the next 10 years](#)

² Equity Economics (November 2020), [A wave of disadvantage across NSW; impact of the Covid-19 recession Wave of Disadvantage report](#)

³ NSW Government, DCJ, website [Eligibility for Social Housing policy](#)

⁴ Australian Government, Commonwealth Productivity Commission (2020) [Annual Report on Housing and Homelessness - Report on Government Services - Housing & Homelessness Services \(2020\) - Tables 19A.7 and 19A.16 Homelessness Services](#)



- **Success of program like *Together Home* being hampered by the lack of access to appropriate crisis, short-term and longer-term housing.** This is been especially felt in the regional and rural cities and towns where private rental markets and even hotel accommodation has reduced capacity due to temporary or short-term population changes in response to the pandemic.
- **Rent deferral debts accrued during 2020 being ‘called in’ by landlords** ⁵ with many low-income renters likely to be unable to repay them risking termination proceedings and homelessness
- **Rising unemployment, large and entrenched in some localities that will drive housing stress and homelessness** – especially in locations where a tight private rental market has removed what little ‘buffer existed for low-income households.

Equity Economics in its 2020 research on the impact of the ‘Covid-19 recession’ ⁶ forecast rising unemployment in 2021, with significant geographic variation across NSW. They further forecast that unemployment will drive increased rates of ‘housing stress’ and homelessness with associated increases in mental distress, domestic violence and child neglect. (*refer Appendix C for further information*).

The research identifies several regions (ABS SA4) where there will be differentially higher unemployment rates compared to the state average: Newcastle and Lake Macquarie; Coffs Harbour – Grafton; Sydney – City and Inner south; Sydney – Parramatta and Sydney – Blacktown.

Shelter NSW has overlaid these forecasts with information about the state of local rental markets – reflecting on the capacity of the private rental market to supply any housing at all. In many cases, it is hard to see how current local priority housing demands let alone forecasted increased homelessness will be resolved by the private market. Coffs Harbour for example, had at June 30, 2020, a general social housing waiting list of 794 approved applications and a further 38 priority applications. With a private rental vacancy rate at the end of January 2021, of just 0.2%, local communities are already describing significant stresses in the region. (*Refer to Appendix B for more information across regarding multiple NSW regions*)

⁵ Pawson, H., Martin, C., Sisson, A., Thompson, S., Fitzpatrick, S. and Marsh, A. (2021) ‘COVID-19: Rental housing and homelessness impacts – an initial analysis’; ACOSS/UNSW Poverty and Inequality Partnership Report No. 7, Sydney

⁶ Equity Economics, (2020) *A wave of disadvantage across NSW: impact of the Covid-19 Recession*



NSW’s track record on delivering (net) increases in Social and Affordable Housing when and where it’s needed

According to Professor Hal Pawson in a very recent [UNSW City Futures Blog](#)⁷ summarising the equally recent annual *Report on Government Services, Housing and Homelessness* by the Commonwealth Government Productivity Commission:

...collectively, Australian governments have been woefully failing to grow social housing to keep pace with growing need (assuming that such need has remained at a steady per capita level – a possible understatement). The statistical result of this divergence will have been continuation in the decline of social housing as a proportion of overall national dwelling stock. During the 2020s it will likely fall below 4%...

Even in NSW, where social housing has been expanded most notably over the period (from 143,520 to 154,530 between 2011-2020), this has fallen substantially short of overall population increase (8% compared with 13%)

Social housing stock changes over time reflect the net impact of new construction, sales and demolitions... All we can definitely say about the recent stock decline is that it shows sales and demolitions exceeded new construction over the past year.

(Refer Appendix C Figures 1 and 2 and Table 4 shows a very modest increases in NSW in the total number of social housing dwellings and households accommodated between 2011 to 2020. Tables 5 provide further insight into the specifics of the NSW Government program of social (and public housing) building/acquisition as well as its divestment program)

Shelter NSW notes that urban planning experts⁸ have projected that in order to even just prevent a further deepening of the social housing shortfall, there is a need for a national program producing just over 290,000 additional homes for low-income households up until 2026 (numbering almost nearly 15,000 per year). This has prompted cross-sector calls for a social and affordable housing building and/or acquisition programs in NSW that would deliver 5,000 (net) dwellings per year over the same timeframe⁹

⁷ Pawson, H (2021), *Social Housing production continues to languish, while demand has soared*, [UNSW City Futures blog](#)

⁸ Lawson, J et al, (November 2018) *Social Housing as Infrastructure*, Australian Housing and Urban Research Institute [AHURI Final-Report-306-Social-housing-as-infrastructure-an-investment-pathway.pdf](#)

⁹ Equity Economics (2020) [Supporting-Economic-Recovery-in-NSW-Investment-in-Social-and-Affordable-2020.pdf](#)



The case for a large-scale social housing construction and/or acquisition program - 5,000 additional dwellings per year for ten years

- **A social housing construction, repair and maintenance program can be directed by Government to specific areas of need across the state.** In doing so it can also support significant employment in the construction industry which is set to decline as falling population reduces overall demand across the state.
- **Social housing investment is the most effective way to prevent and reduce homelessness.** With rising unemployment, more people will become homeless and fewer people will leave that pool. According to a 2019 study ¹⁰ a one percentage point increase in unemployment within a local area increased the probability of people already at risk of homelessness becoming homeless, by 0.9% to 8.9%. In a related sense, *financially vulnerable people in social housing are less than half as likely to become homeless as a similar group renting privately. Over one third of new tenants in social housing were previously homeless*, ACOSS notes ¹¹.
- **Avoid the expensive costs of responding to acute homelessness** – Equity Economics in its report ¹² cites one study ¹³ which estimates the whole-of-government costs of homelessness to be between \$29,450 per year per homeless person (2013 dollars - \$35,000 in 2020 dollars). Another study estimates the savings from reducing homelessness at \$25,615 per year in 2017 dollars ¹⁴. These savings are in the health and justice systems.
- **Speed: an acquisition program (of already or nearly- built properties) represents an efficient way to add to the social housing stock** and may provide support to an emerging pool of ‘distressed sellers’, especially in the unit market.

¹⁰ Johnson, G, Scutella, R, Tseng, Y.P and Wood, G (2019), How do housing and labour markets affect individual homelessness?

¹¹ ACOSS (2019), How to reduce homelessness and boost incomes and jobs: social housing as infrastructure [ACOSS article on Social-Housing-Investment](#)

¹² Equity Economics, (202) A Wave of Disadvantage across NSW: impact of the Covid-19 recession

¹³ Zaretsky, K., et al. (2013) The cost of homelessness and the net benefit of homelessness programs: a national study, AHURI Final Report No.205. Melbourne: Australian Housing and Urban Research Institute. (2013)

¹⁴ Witte, E (2017) The case for investing in last resort housing, MSSI Issues Paper No.10 Melbourne Sustainable Society Institute, The University of Melbourne



- **Social housing is the only meaningful option for low-income people in towns where the private rental market is offering little to no supply of affordable dwellings** (where rental assistance products can offer little practical value).
- **The development of social housing infrastructure builds the stock of broader infrastructure to support communities, employment and economic development – in the same way that schools and roads do.** It can also create encourage greater mobility of labour especially into regional towns and cities seeking to grow industries and job opportunities.



2. Expand rental assistance to support low-income private renters to access and sustain tenancies

2.1 Assistance to Renters – the case for assisting low-income renters

While there has been significant media attention about the opportunities for renters in pockets of Sydney over the last year, this has not in the main, alleviated significant rental stress for low-income renters. If anything, surveys like the Anglicare annual *Rental Affordability Survey*¹⁵ has observed increased competition between lower income renters at the bottom or less-expensive end of the rental market.

According to a recent [Rental Affordability Index](#)¹⁶, Sydney, Greater Sydney and now, many regional centres, are critically unaffordable to significant proportions of the renting population, especially very low and low-income households. In many cases, declining rents have co-incided with larger reductions in income for people working in recession-impacted (and traditionally lower-pay) industries

Another recent report by the Australian Government National Finance and Investment Corporation (NHFIC)¹⁷ confirms this – noting that longer term trends of declining affordability, particularly for low-income households in the private rental market are likely to persist: *the proportion of private renters in the bottom two income quintiles spending more than 30 per cent of their disposable income on housing costs has increased by almost 10 percentage points since 2008*¹.

Another report¹⁸ echoed that view, also noting that receiving rental assistance products like the *Commonwealth Rental Assistance* (CRA) offered little protection from rental stress:

Of the low-income households receiving Commonwealth Rental Assistance at the end of June 2020, the Productivity Commission said 55.4 per cent would have experienced rental stress without the support, and 29.4 per cent experienced it even with support.

For more information about the extent of ‘rental stress’ please refer to Appendix C.

¹⁵ Anglicare (2020), [Rental Affordability Survey](#)

¹⁶ SGS Economics, (December 2020) [SGS Rental Affordability Index](#)

¹⁷ NHFIC, (15 December 2020) [State of the Nation's Housing - NHFIC](#)

¹⁸ Black, E (20 January, 2021), *Progress on homelessness stalled as property market booms*, [New Daily finance report on rental stress and homelessness](#)



Beyond the CRA, there are a range of rental assistance programs administered by the NSW Government. These assist a great many people, particularly in vulnerable groups.

As a snapshot this includes, according to the NSW Government:

- \$43 million to support 6,338 households to access and maintain tenancies in the private rental market through programs like *Rent Choice Assist* and *Start Safely* (2019-2020)¹⁹
- 22,296 households were provided with other forms of Private rental Assistance including brokerage services and bond loans (up from 21,000) in 2018-19)²⁰

This is a significant and commendable investment but again, given the rates of rental stress, unmet demand for homelessness services and pressures of rising unemployment and threats to private rental tenancies Shelter NSW is concerned that these products are not consistently accessible to enough people, to make a real difference. (We note for example, that the *Rent Choice* package noted above, was discontinued after 31 July, 2020 -in the middle of the pandemic)²¹.

Shelter NSW recommends that the NSW Government increase its investment in rental assistance products to enable very-low to low-income private renters at risk of homelessness, to remain in the private rental market; avoiding eviction and possible homelessness that would otherwise require an expensive response by Government and the SHS sector.

¹⁹ Department of Communities & Justice, 2019-2020 *Annual Report* at p33

²⁰ Department of Communities & Justice, 2018-2019 *Annual Statistical Report*.

²¹ Question 3787, Question to the Minister for Families and Community Services, *Rent Choice Assistance Covid-19 scheme*, answered 8 September 2020



2.2 The case for a genuine rental hardship relief fund – the Covid-19 rental debt deferral hangover

According to a very recent report ²² renters were much harder by the COVID-19 pandemic than homeowners with incomes falling at a much greater rate than their rent.

Nationally, renter incomes fell by 5% March-June 2020, while housing costs dropped by only 0.5%; mortgage holders, by contrast, saw a 0.2% decline in incomes alongside a 5% decline in housing costs.

Just a smaller minority of renters were able to negotiate a rent variation from their landlord (fewer than 20%, it found). Significantly, according to the report, at least 30% of rent variations merely deferred the rent, rather than reduced it. Tenants with mounting deferred rent debts may number at least 75,000 across Australia. The research forecasts that if the typical size of deferral is say, \$216 per week, implemented over a 6-9 month period, the accumulated debt would total some \$5,600-\$8,400 per renter. This would be a very substantial amount, on top of full ongoing rent, for a low-income renter to repay, should their landlord allow the arrangement to continue over such a period ²³. It is easy to imagine such rental debts being ‘called in’ by landlords with the threat of tenancy termination proceedings looming large.

During 2020 (May), the NSW Government established a Covid-19 rental relief program to support both residential and commercial tenancies – with a combined funding in excess of \$400 million (\$200 million allocated to the residential sector). According to the NSW Government’s website ²⁴:

Eligible (residential) landlords with tenants suffering financial distress as a result of COVID-19 can apply for a reduction of up to 25% of the land tax payable on a parcel of land in the 2020 land tax year.

Due to its poor design the program has had some but limited application. Fewer than 20% (thought to be 17%) of residential landlords pay land tax ²⁵ – so the 80% plus landlords who

²² Pawson, H., Martin, C., Sisson, A., Thompson, S., Fitzpatrick, S. and Marsh, A. (2021) 'COVID-19: Rental housing and homelessness impacts – an initial analysis'; ACOSS/UNSW Poverty and Inequality Partnership Report No. 7, Sydney

²³ Pawson et al, *ibid.* at p 43

²⁴ [Covid-19 Eviction Moratorium, Department of Fair Trading](#)

²⁵ Burke, K (13 April, 2020), Domain online, [NSW Government \\$220 million residential rent relief package 'not enough' for mum and dad investors](#)



do not pay land tax were ineligible for assistance; regardless of the financial circumstances of the landlord or the tenant.

According to the NSW Government ²⁶, as at 24 August 2020, an amount of \$27.1 million (of the funded \$220 million) had been approved in COVID-19 Land Tax Relief in relation to rent reductions for 4,888 properties.

Achievements by the NSW Government and homelessness sector in reducing homelessness are now under threat as Commonwealth income support is wound down, unemployment increases and rental deferral debts for a significant number of NSW renters are called in.

With the knowledge of the already large and growing social housing waiting list (especially priority applicants), heavy demand for Specialist Housing Services (SHS)

Shelter NSW recommends that the NSW Government:

- **Establishes a genuine rental relief hardship fund to address accrued rental debts for renters who would otherwise have met the ‘financial hardship’ requirements under its original land-tax based relief fund**
- **Establish a rental relief fund to assist individuals currently or at risk of homelessness like refugees, asylum seekers and international students** (who are technically ineligible for income or housing support from both State and Commonwealth Governments). These groups are currently being supported by NGOs, charities, community groups at some expense as time goes on.
(Refer Appendix C for more information on NSW Government support in 2020)

²⁶ Question 3597, Question to the Minister for Finance & Small Business, *Land Tax Reductions Covid-19*, answered 1 September, 2020.



Conclusion

During 2020, a major breakthrough has been achieved in tackling overt street homelessness; preventing a public health crisis and extending critical support to thousands of people who desperately needed it. The NSW Government and the broader homelessness sector is to be congratulated for their effort and investment.

With the state poised however, to experience a 'wave of disadvantage' – triggered by rising unemployment; exacerbated by the cessation of Commonwealth income support; and persistent housing unaffordability experienced by low-income earners, Shelter NSW is deeply concerned that the economic recovery and wellbeing of the people of NSW is in jeopardy.

Shelter NSW calls on the NSW Government to ramp up its investment in social and affordable housing especially, to enable a sustained, equitable and fair economic recovery right across the state and prevent a dramatic rise in homelessness that will inevitably otherwise require a large and expensive response by Government and the broader community sector.



Appendix A – demand for social housing and Specialist Homelessness Services

Table 2. NSW Social Housing register - information

Financial Year (as at June 30)	NSW Housing register - applicants	Priority	Median wait time for priority (Note 1)	Newly housed applicants (Note 2)	Total Social Housing dwellings (Note 3)
2019 - 2020	51,395	5,308	2.5 months	4,600	152,064
2018 - 2019	51,014	4,484	3.2 months	4,118	151,828
2017 - 2018	52,932	4,595	3.4 months	4,244	151,672
2016 - 2017	55,949	4,496	3.2 months	4,291	151,630
2015-2016	59,907				
2014-2015	59,035				
2013-2014	59,534				

Source: Prepared by Shelter NSW – sourced from various FACS/DCJ Annual Statistical reports & direct advice

Table 2 Notes

Note 1: median wait time for priority approved applicants housed in public housing and Aboriginal Housing Offices properties

Note 2: Applicants who were homeless or at risk of homelessness

Note 3: includes public housing, community housing, Aboriginal housing & Aboriginal Community Housing.

Source FACS Annual Statistical report 2017-18 Objective 4: Breaking disadvantage with social housing assistance as well as dashboards such as [Social Housing Residential Dwelling Dashboard](#)

Note 4: Shelter NSW has limited access to data for the period 2013-2015 but has included the general housing register data for that period for illustrative purposes.

Need for Specialist Homelessness Services (SHS) – large and growing

The NSW Government has in recent years, made considerable investments in SHS, other homelessness programs and referral services like Link2Home. However, the *Commonwealth Productivity Commission Annual Report on Housing and Homelessness*²⁷, highlights the degree to which a large proportion, almost 50% of people in need of SHS in NSW, do not receive the accommodation required.

In 2019-20 the *proportion of people with an unmet need for housing services* was highest in NSW (46.9%), followed by Victoria 35.5%, the ACT (35.6%) and Queensland (32%).

²⁷ Australian Government, Commonwealth Productivity Commission (2020) *Annual Report on Housing and Homelessness - Report on Government Services - Housing & Homelessness Services (2020)* - Tables 19A.7 and 19A.16 Homelessness Services



Over time we can see a growing number of people seeking accommodation services and, concerningly, a growing proportion of those who needs are not met. In NSW this translates to 21,790 people in 2019-2020, who did not have their needs for accommodation met.

Absolute numbers of clients in NSW consistently exceed 45,000 since 2015 are of great concern.

Table 3 - Specialist Homelessness Services (SHS) – accommodation needs met in NSW

<i>Accommodation Services in NSW</i> (notes a, b and c)				
<i>Financial Year</i>	<i>Clients with identified need for accommodation who were not provided with that service (No.)</i>	<i>Total Clients (No.)</i>	<i>% of total clients need <u>not</u> met</i>	<i>Cost per day \$m (d)</i>
2019-2020	21 790	46 437	46.9	1 055.0
2018-2019	21 552	47 652	45.2	991.9
2017-2018	19 306	46 072	41.9	952.7
2016-2017	17 354	46 643	37.2	886.2
2015-2016	15 471	45 240	34.2	833.9

Table 3 Notes (extract from Table 19A.7 and 19A.16 Productivity Commission 2020 Homelessness Services):

- a. Need for accommodation includes need for 'Short-term or emergency accommodation', 'Medium-term / transitional housing' or 'Long-term housing'.*
- b. Unmet need for accommodation and services other than accommodation is dealt with differently by different jurisdictions and data may not be comparable.*
- c. For some central intake models, the role of intake agencies is to identify and link clients to an agency well suited to the individual client's needs, rather than to provide clients with particular services. This may have an inflationary effect on the proportion of clients with unmet need for services for jurisdictions which operate such central intake models.*
- d. Recurrent cost to Government per day of support for clients, 2019-20 dollars (accommodation & other services)*



Appendix B – The Wave of Disadvantage – a geographical view

(Localities forecast to suffer increasing significant disadvantage (unemployment, housing stress and homelessness) by June 2021 compared to the NSW Government social housing waiting list & private market rental vacancy rates)

The following table has been adapted from the Equity Economics (2020) report *A wave of disadvantage across NSW: impact of the Covid-19 recession* (the Report')

The report examines the extent to which rising unemployment will combine with other demographic, geographic and complex cohort factors to produce a 'wave of disadvantage' across NSW requiring a significant Government and community sector in order to prevent its most damaging outcomes.

The report, citing multiple pieces of research, posits, that while disadvantage has many complex causes, unemployment is one of the strongest predictors and drivers.

The following table is an adapted extract from Table 2 of that report, focusing primarily on the measures of disadvantage in housing: *housing stress* and *homelessness*. The report uses 2016 Census data to estimate how an increase in unemployed people in each area will impact the number of households with either no or only one employed adult thus resulting in 'housing stress' (an inability to pay rent or meet mortgage payments).

A key observation of the report is that the degree of disadvantage will vary dramatically by geographical area (SA4 region) - driven by differential rates of unemployment and existing local demographics. For illustrative purposes, Shelter NSW has extracted those regions where the change (in unemployment, housing stress or homelessness) is forecast to be 20 per cent above the NSW average. Specific elements are highlighted in orange.

Shelter NSW has added further pieces of data to explore the extent to which the NSW Government social housing system is already challenged to meet the housing needs in local areas – as indicated by the [Department of Communities and Justice \(DCJ\) Social Housing Waiting Times](#) (by allocation zone, as at June 30, 2020 noted as 'general' or 'priority')

Shelter NSW has also included recent data on the state of the private rental market in those regions as indicated by rental vacancy rates as at January 2021 ([SQM Research Residential Vacancy Rates](#)). Additional data not quoted here, but worth exploring, is the rate of increase in rents which in many regions has been significant.

Refer to Appendix E for further information on entrenched and increasing rental unaffordability for low-income households.



SA4 Region	Unemployment (%) June 2021	Increase in Housing Stress (%) June 2021	Increase in Homelessness (%) June 2021	Social Housing waitlist as at 30 June 2020	Priority Social Housing waitlist as at 30 June 2020	Residential vacancy rates as at Jan 2021
Coffs Harbour - Grafton	12.2	19.4	30.1	Coffs Harbour = 794	Coffs Harbour = 38	Coffs Harbour = 0.2%
				Grafton = 283	Grafton = 11	Grafton = 0.8%
Far West & Orana	5.5	15.1	29.0	Bourke = 16	Bourke = <5	Bourke = 0.7%
				Brewarinna = 9	Brewarinna = <5	Brewarinna = 0%
				Coolah = <5	Coolah = <5	Coolah = 0%
				Dubbo = 399	Dubbo = 20	Dubbo = 0.6%
Hunter Valley exc Newcastle	9.7	23.8	36.8	Maitland = 732	Maitland = 32	Maitland = 0.5%
				Muswellbrook = 130	Muswellbrook = 6	Muswellbrook = 0.9%
				Scone = 29	Scone = <5	Scone = 0.9%
				Raymond Terrace = 136	Raymond Terrace = 9	Raymond Terrace = 0.4%
				Port Stephens = 151	Port Stephens = 14	Port Stephens = 0.5%
				Tea Gardens = 12	Tea Gardens = <5	Tea Gardens = 0.4%
				Singleton = 94	Singleton = 9	Singleton = 0.8%
				Cessnock = 264	Cessnock = 16	Cessnock = 0.5%
Newcastle & Lake Macquarie	12.3	33.8	40.5	Kurri Kurri = 102	Kurri Kurri = <5	Kurri Kurri = 0%
				Lake Macquarie = 544	Lake Macquarie = 31	Charlestown = 0.4%
				Lake Macquarie / East = 351	Lake Macquarie / East = 20	Belmont = 0.3%
Sydney - Blacktown	10.6	13.3	18.2	Newcastle = 1179	Newcastle = 98	Newcastle = 1.0%
				Blacktown = 1180	Blacktown = 80	Blacktown = 3.2%
Sydney - Mt DrUITT	10.6	15.5	22.1	Mt DrUITT = 564	Mt DrUITT = 44	Mount DrUITT = 1.1%
				Eastern Suburbs = 1065	Eastern Suburbs = 189	Randwick = 2.8%
Sydney – City & Inner South	11.0	86.2	40.5	Inner City = 792	Inner City = 335	Redfern = 2.6%
Sydney – Inner West	8.7	31.3	27.8	Inner West = 1203 Leichhardt/ Marrickville = 1020	Inner West = 257 Leichhardt/ Marrickville = 365	Strathfield = 5.1% Marrickville = 2.9%
Sydney - Parramatta	10.6	15.5	22.1	Parramatta/ Baulkham Hills = 1833	Parramatta/ Baulkham Hills = 94	Parramatta = 6.2%
				Auburn Granville = 741	Auburn Granville = 62	Granville = 5.3% Auburn = 6.8%



Appendix C – Groups at specific risk of homelessness – especially in regional and rural NSW

The NSW Government Homelessness Strategy identifies a range of groups that are at a disproportionate risk of homelessness including: older women; young people exiting Out of Home Care (OOHC); women and children leaving domestic and family violence; LGBTI people; Culturally and Linguistically Diverse (CALD) people including asylum seekers and refugees; and Aboriginal and Torres Strait Islander people. All of these groups are at additional risk of homelessness if they are living in regional and rural areas. Two in five people who access SHS are living outside of major cities ²⁸

Shelter NSW understands that peak organisations such as Homelessness NSW have already provided a significant amount of feedback to the NSW Government about programs designed to assist many of these at-risk groups.

Shelter NSW draws attention to just a few (but not all, for brevity) of these ‘at risk’ groups, echoing some observations made by *Homelessness NSW* in a recent submission to a federal parliament inquiry ²⁹:

- **Women and children victims-survivors of domestic and family violence:** this is the most common reason women and children become homeless. *NSW has a lack of safe, affordable support options... there is lack of crisis accommodation across the state with families routinely sent to temporary accommodation that is unsafe and impracticable for other support services to access and support the family*
- **Youth** – homeless young people have a higher risk of self-injury, suicide and a more likely to leave school early and be unemployed. Homelessness amongst young people is often ‘hidden’. Shelter NSW understands that on 23 October 2020, the NSW Government announced an additional \$6.1 million to expand options for homeless youth especially 16–17-year-olds leaving out-of-home care.³⁰ This builds on previous commitments to develop the ‘youth foyer’ model ³¹.

²⁸ *NSW Homelessness Strategy* op cit. at p11 citing Australian Institute of Health and Welfare (AIHW), Specialist Homelessness Services data 2016/17, NSW

²⁹ Homelessness NSW (2020), Submission (1320 to the Parliament of Australia House of Representatives, Standing Committee on Social Policy and Legal Affairs

³⁰ Question 4451 to Minister of for Families, Communities and Disability Services, *Housing Sector Home Stock*, answered 24 November 2020

³¹ NSW Government, Office of Social Impact Investment [Foyer Central initiative](#)



- Aboriginal and Torres Strait Islander (ATSI):** ATSI people represent 3.5% of the population, yet 7.3% of the people who were homeless in NSW on census night in 2016. Shelter NSW understands that in 2018-19, 30% of the 73,549 people seeking SHS assistance identified as Aboriginal. In the same year, as at 30 June 2019, 6,983 of the 50,014 applicants for social housing were Aboriginal ³²
- Older women:** in NSW women represented 57.8% of those accessing homeless services (SHS) and 66% of the unmet demand. As at 30 June, 2020 7,866 of the 51,395 households on the NSW Housing Register were women over 55 years of age (where the women were listed as the main applicant)³³. Women experience particular structural barriers including low rates of home ownership and inadequate superannuation – positioning them as being vulnerable to homelessness. The NSW Government has advised that 1,414 dwellings delivered under the Social and Affordable Housing Fund is targeted at older women ³⁴ though it is unclear where and when this has/will happen
- Students, refugees and asylum seekers:** The Strategy does acknowledge³⁵ *that young refugees are six times more likely to become homeless than other young people... and that 33% of newly arrived migrants and refugees qualify as homeless at some point after arriving in Australia.* There has however, traditionally been little or no housing support for these groups – with them having ‘flown under Government’s official radar’ when it comes to homelessness. Ineligible for most Commonwealth and State Governments income and housing support, they rely on charities or community groups. In 2020, this approach has proven unsustainable and unreasonable – especially when the pool of people needing assistance was swelled by stranded international students with little or no income.

While technically ineligible for support, these individuals no doubt show up in official homelessness counts – especially Shelter NSW suspects, amongst the numbers of homeless people living in severely overcrowded dwellings.

³² Question 4471 to Minister for Families, Communities and Disability Services, *Aboriginal and Torres Strait Islander priority housing*, answered 24 November 2020

³³ Question 4432 to the Minister for Families, Communities and Disability Services, *Women on Public Housing Waiting Lists*, answered 24 November 2020

³⁴ Question 4823 to the Minister for Families, Communities and Disability Services, *Homelessness among older women*, answered 23 December 2020

³⁵ *NSW Homelessness Strategy*, op.cit at p 11



In May 2020, the NSW Government announced that it would fund temporary crisis accommodation for stranded international students as part of a \$20 million package³⁶. In July it announced a fund of \$4 million to support temporary visa holders and specialist migrant and settlement services during the COVID-19 pandemic³⁷. While the pandemic has put the spotlight on these groups it ought to be noted that these cohorts are at risk of homelessness at any time and that the heavy reliance on charities and other community organisations to bridge the gap is most probably an unsustainable model.

Besides some of these specific initiatives there are a number of programs that the NSW Government has implemented to assist people at risk of homelessness. For example, in 2018 the Government announced a \$20 million investment in the Supported Transition and Engagement Program (STEP). The program was to assist 255 people at risk of or experiencing homelessness, to be *rapidly housed for up to three years and provided with access to health, education and employment services*. The investment was to provide 90 transitional housing and support packages in inner Sydney with a further 30 transitional housing and support packages in regional NSW.³⁸ According to recent advice³⁹ the inner Sydney program and regional programs are funded until 31 May 2022.

³⁶ NSW Government Media Release (May 2020) [NSW Government support to international students through Covid-19](#)

³⁷ NSW Government Media Release (July 2020) [Funding support for temporary visa holders](#)

³⁸ NSW Government Media Release (June 2018) [Wraparound support for people at risk of homelessness](#)

³⁹ Question 4884 to the Minister for Families, Communities and Disability Services, *Supported Transition and Engagement Plan*, answered 24 December 2020



Appendix D - NSW Government track record on the delivery of social and affordable housing in response to population growth and demand

The NSW Government has committed to increasing the supply of social and affordable housing. It cites two key programs for the delivery of this:

- *Future Directions in Social Housing*⁴⁰ (announced January 2016) which is to deliver 3,400 social and affordable homes in two phases: phase 1 delivery of 2,200 dwellings in 2018-19; Phase 2 delivery of a further 1,200 dwellings in 2020-21⁴¹
- *Communities Plus*⁴², a program aimed to deliver 23,000 new and replacement social housing dwellings, 500 affordable housing dwellings and up to 40,000 private housing dwellings

According to Professor Hal Pawson in a very recent [UNSW City Futures Blog](#)⁴³ summarising the equally recent annual *Report on Government Services, Housing and Homelessness* by the Commonwealth Government Productivity Commission, the overall stock of social housing (as compared to total housing stock) in Australia and NSW has failed to keep pace with population growth even if demand was deemed to be static on a per capita basis.

Figures 1 and 2 on the following page illustrate both of these points (noting that Figure 1 highlights the actual decline of the social housing stock in 2019-20).

Further detail about the specifics of the NSW Social Housing dwelling portfolio is provided in Table 4. This table shows a very modest increases in NSW in the total number of social housing dwellings and households accommodated between 2011 to 2020.

Tables 5 provides further insight into the specifics of the NSW Government program of social (and public housing) building/acquisition as well as its divestment program (noting that this data is not easily accessible).

⁴⁰ [DCJ Future Directions in Social Housing](#) – overview

⁴¹ NSW Government, *NSW Homelessness Strategy 2018 -2023 – Implementation Plan*, p30

⁴² [DCJ Future Directions in Social Housing](#) – overview

⁴³ Pawson, H (2021), *Social Housing production continues to languish, while demand has soared*, [UNSW City Futures blog](#)



Figure 1 - sourced from Pawson, H. (2021) UNSW City Futures

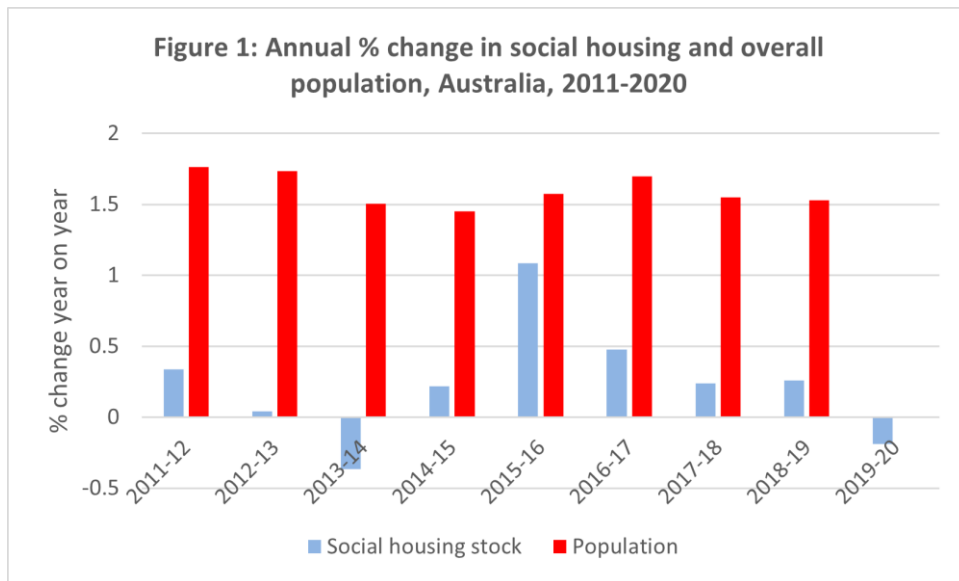


Figure 2 sourced from Pawson, H (2021) UNSW City Futures

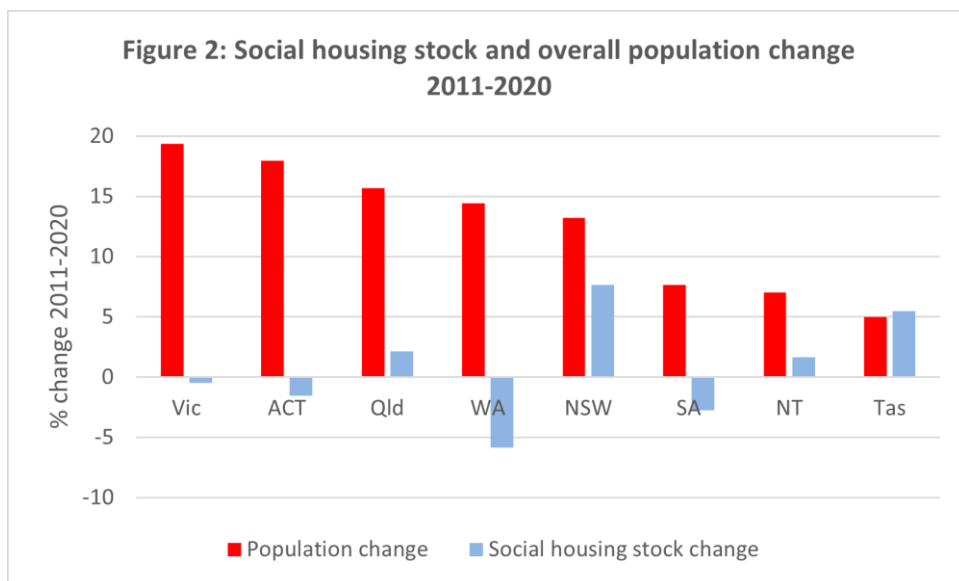


Table 4 Number of social housing dwellings & households in NSW, at 30 June, 2011- 2020

	Public housing (No)	<i>Number of households</i>	State owned & managed Indigenous housing (No.)	<i>Number of households</i>	Community housing (No.)	<i>Number of households</i>	Indigenous community housing (No.) Notes (a) (b)	Total Social Housing Dwellings	Total Households in Social Housing
2020	96 939	93 107	4 560	4 361	49 312	45 477	3 719	154 530	142 945
2019	100 623	96 695	4 591	4 413	46 250	39 621	3 719	155 183	140 729
2018	111 341	106 895	4 603	4 414	34 743	31 404	3 461	154 148	142 713
2017	110 221	108 125	4 608	4 472	33 837	29 788	3 370	152 036	142 385
2016	110 174	108 637	4 613	4 506	32 647	26 897	3 004	150 438	140 040
2015	110 214	108 732	4 641	4 530	27 858	26 220	3 055	145 768	139 482
2014	110 805	109 370	4 632	4 504	26 254	24 805	2 746	144 437	138 679
2013	111 216	110 074	4 540	4 452	26 026	25 973	2 991	144 773	140 499
2012	112 310	111 087	4 478	4 372	25 311	25 844	3 055	145 154	141 303
2011	111 547	111 448	4 238	4 233	24 090	24 298	2 445	142 320	139 979

Table Source: adapted by Shelter NSW from Productivity Commission 2020 Housing Services - Tables 18A.3 and 18A.4 which cites the original data source as: *Australian Institute of Health and Welfare* (AIHW) (unpublished) National Housing Assistance Data Repository. Notes: (a) Indigenous CHP numbers of dwelling data for 2020 unavailable - will assume 2019 figure for comparison purposes (b) - data for households in indigenous community housing unavailable

Table 5 Social Housing Portfolio (build/acquire/sell) & Funding 2011- 2020

	Social Housing built or acquired (No.)	Social Housing properties sold (No.)	Net annual impact on social housing stock (No)	Sales Proceeds from the Sale of Social Housing Dwellings (\$ millions)	LAHC Capital program (maintenance, upgrading & new supply) (\$ millions)
2020	153	302	-149	\$196.8	\$112.1
2019	390	351	39	\$269.1	\$198.8
2018	784	453	331	\$456.3	\$244.3
2017	522	282	270	\$316.4	\$273.3
2016	639	322	317	\$315.3	\$264.6
2015	486	191	295	\$111.4	\$147.3
2014	441	470	-29	\$115.9	\$120.0
2013	536	725	-189	\$162.1	\$96.2
2012	1,614	869	745	\$166.3	\$183.3
Total	5,565	3,965	1,600	\$2,197.0	\$1,640.0

Table 5: Data sourced from formal questions put to the Minister for Water, Property and Housing – all answered in December 2020. Questions 4429 *Social Housing Sales*; 4431 *Social Housing Construction*; 4603 *Public Housing Construction*



Appendix E- Structural drivers of housing unaffordability – renting in the private market

According to the [State of the Nation's Housing report \(December 2020\)](#) produced by The National Housing Finance and Investment Corporation (NHFIC), longer term trends of declining affordability, particularly for low-income households in the private rental market significant are likely to persist: *'the proportion of private renters in the bottom two income quintiles spending more than 30 per cent of their disposable income on housing costs has increased by almost 10 percentage points since 2008'*.

Improving rental affordability in parts of NSW and Sydney in particular, has attracted significant media attention over the last year. While true for pockets of Sydney and for certain parts of the rental market - the city remains critically unaffordable for many, especially very low and low-income households. This was the concerning conclusion of the latest release of the [Rental Affordability Index](#) (RAI) in December 2020 produced by SGS Economics. In many cases declining rents have co-incided with larger reductions in income for people working in recession-impacted (and traditionally lower-pay) industries

According to the RAI, lower-income households have to dedicate a much higher proportion of their income to afford a roof over their heads in Greater Sydney:

- Single person on JobSeeker: 69% of income (extremely unaffordable)
- Single pensioner: 79 % of income (extremely unaffordable)
- Pensioner couple: 53 % of income (severely unaffordable)
- Single part-time worker parent on benefits: 47% of income (severely unaffordable)
- Full-time hospitality worker: 35 % of income (unaffordable)

Of course, these figures were determined with the Commonwealth COVID-19-era 'JobSeeker' payment in place - a welcome boost to many low-income renters. Despite this however, many remained in rental stress. This shows the depth of our rental affordability problem, where even with additional support, there is not, according to the SGS report *one place in Australia where a JobSeeker recipient can rent affordably*.

This trend is also being observed in regional locations (*refer Appendix B for sample data*)

With the Commonwealth income support due to cease at the end of March 2021 (to zero in the case of JobKeeper) we can expect rental stress to escalate quickly. Predictions of a resulting dramatic and widespread rise in unemployment, homelessness, domestic violence and child neglect have been forecast by Equity Economics ⁴⁴,

⁴⁴ Equity Economics, (2020) *Wave of Disadvantage* op.cit.



Appendix F Renting in NSW during COVID-19

Covid-19 NSW Rental Relief package

During 2020, and in addition to the 'eviction moratorium', the NSW Government implemented the [NSW Government Land tax Relief package](#)

The initiative covered both commercial and residential tenancies with (\$200 million allocated to the residential sector)

According to the Government's website: *Eligible landlords with tenants suffering financial distress as a result of COVID-19 can apply for a reduction of up to 25% of the land tax payable on a parcel of land in the 2020 land tax year.*

Additional requirements included that the residential landlords:

- *have reduced the rent of affected tenants for any period between:*
 - *1 April 2020 and 30 September 2020, and/or*
 - *1 October 2020 and 31 December 2020*
- *provided the rent reduction without any requirement to be paid back at a later date*
- *have a 2020 land tax liability that can be reasonably attributed to the parcel of land where the rent reduction has been given.*

According to the NSW Government ⁴⁵, as at 24 August 2020, 6,274 property owners had applied for COVID-19 Land Tax Relief. Of these, there were 5,621 properties in metropolitan areas, and 701 properties in non-metropolitan areas. An amount of \$27.1 million (of the funded \$220 million) had been approved in COVID-19 Land Tax Relief in relation to rent reductions for 4,888 properties.

⁴⁵ Question 3597, Question to the Minister for Finance & Small Business, *Land Tax Reductions Covid-19*, answered 1 September, 2020.



References

- **ACOSS** (2019), How to reduce homelessness and boost incomes and jobs: social housing as infrastructure [ACOSS article on Social-Housing-Investment](#)
- **Anglicare** (2020), [Rental Affordability Survey](#)
- **Australian Government, Commonwealth Productivity Commission** (2020) *Annual Report on Housing and Homelessness - Report on Government Services - Housing & Homelessness Services (2020) - Tables 19A.7 and 19A.16 Homelessness Services*
- **Black, E** (20 January, 2021), *Progress on homelessness stalled as property market booms*, [New Daily finance report on rental stress and homelessness](#)
- **Burke, K** (13 April, 2020), Domain online, [NSW Government \\$220 million residential rent relief package 'not enough' for mum and dad investors](#)
- **Equity Economics** (2020) [Supporting-Economic-Recovery-in-NSW-Investment-in-Social-and-Affordable-2020.pdf](#)
- **Equity Economics** (November 2020), *A wave of disadvantage across NSW; impact of the Covid-19 recession - access* [Wave of Disadvantage Report](#)
- **Homelessness NSW** (2020), Submission (1320 to the Parliament of Australia House of Representatives, Standing Committee on Social Policy and Legal Affairs)
- **Johnson, G, Scutella, R, Tseng, Y.P and Wood, G** (2019), How do housing and labour markets affect individual homelessness? [University of Melbourne, Housing Studies, 34:7, 1089-1116,](#)
- **Lawson, J et al**, (November 2018) *Social Housing as Infrastructure*, Australian Housing and Urban Research Institute [AHURI Final-Report-306-Social-housing-as-infrastructure-an-investment-pathway.pdf](#)
- **National Housing Finance and Investment Corporation** (Australia Government) NHFIC, (15 December 2020) [State of the Nation's Housing - NHFIC](#)
- **NSW Government, Department of Communities & Justice** 2019-2020 *Annual report, Volume 1 Part 2 – Our performance* p 34



- **NSW Government, Department of Communities & Justice, 2018-2019 Annual Statistical Report**
- **NSW Government, Department of Communities & Justice, [Eligibility for Social Housing policy](#)**
- **NSW Government, Department of Fair Trading [Covid-19 Eviction Moratorium, Department of Fair Trading](#)**
- **NSW Government (September 2020 online version) [Premier's Priorities - Data Information Sheet - Reducing Homelessness](#)**
- **NSW Government, Land and Housing Corporation (LAHC) website, [Future directions - vision for social housing over the next 10 years](#)**
- **NSW Government, Office of Social Impact Investment [Foyer Central initiative](#)**
- **NSW Government Media Release (May 2020) [NSW Government support to international students through Covid-19](#)**
- **NSW Government Media Release (July 2020) [Funding support for temporary visa holders](#)**
- **NSW Government Media Release (June 2018) [Wraparound support for people at risk of homelessness](#)**
- **Pawson, H (2021), *Social Housing production continues to languish, while demand has soared*, [UNSW City Futures blog](#)**
- **Pawson, H., Martin, C., Sisson, A., Thompson, S., Fitzpatrick, S. and Marsh, A. (2021) 'COVID-19: Rental housing and homelessness impacts – an initial analysis'; [ACOSS/UNSW Poverty and Inequality Partnership Report No.7](#), Sydney**
- **Parliament of NSW – Questions on Notice to the Minister for Families, Communities & Disability Services:**
 - 3787 *Rent Choice Assistance Covid-19 scheme*, answered 8 September 2020
 - 4884 *Supported Transition and Engagement Plan*, answered December 2020
 - 4451 *Housing Sector Home Stock*, answered 24 November 2020
 - 4471 *Aboriginal and Torres Strait Islander priority housing*, answered 24 November



2020

4432 *Women on Public Housing Waiting Lists*, answered 24 November 2020

4823 *Homelessness among older women*, answered 23 December 2020

- **Parliament of NSW – Questions on Notice to the Minister for Finance & Small Business:**
Land Tax Reductions Covid-19, answered 1 September, 2020.
- **Parliament of NSW – Questions on Notice to the Minister for Water, Property and Housing** (all answered in December 2020)
4429 Social Housing Sales
4431 Social Housing Construction
4603 Public Housing Construction
- **SQM Research** [SQM Research Residential Vacancy Rates](#) (online - as at January 2021)
- **SGS Economics**, (December 2020) [SGS Rental Affordability Index](#)
- **Witte, E** (2017) *The case for investing in last resort housing*, MSSI Issues Paper No.10
 Melbourne Sustainable Society Institute, The University of Melbourne
- **Zaretsky, K., et al. (2013)** *The cost of homelessness and the net benefit of homelessness programs: a national study*, AHURI Final Report No.205. Melbourne: Australian Housing and Urban Research Institute.

