

2 May 2017

Dr Peter Bloxall
Review Chair, IPART
PO Box K35
Haymarket Post Shop
NSW 1240

Dear Dr Bloxall,

I want to congratulate IPART on the draft report *Review of rent models for social and affordable housing*. IPART's contribution and insights are most welcome. As the CEO of BlueCHP, a Tier 1 Community Housing Provider in NSW, I wanted to lend my support to the Review's recommendations. I believe, if implemented, these measures would greatly assist the sector to provide more housing for those in need.

BlueCHP is unique in the social and affordable housing sector because we focus entirely on the development, financing and retention of assets, not tenancy management. In doing so, we have developed a deep expertise into the constraints of the existing system and how reform may provide for sustainable growth.

As IPART identifies, the current system relies on a rent model, where an implicit subsidy is paid by the NSW Government to subsidise tenants. This approach has resulted in Land and Housing Corporation collecting insufficient income to cover recurrent costs, including maintenance, and unable to finance future construction.

An explicit rent based subsidy, as IPART recommends is preferred, especially if this approach is combined with reforms to transfer government owned assets to the non-government sector. By transferring assets, the non-government sector would become the focal point of the state based subsidy and any federal support, like the existing Commonwealth Rent Assistance, which is not currently collected by the NSW Government. Coordinating subsidies would allow the non-government sector to finance new dwellings, which the NSW Government is currently unwilling to do.

In addition to the draft recommendations I would also like to bring to your attention, some related issues, which would complement an explicit rent based subsidy. In particular, I would like to highlight the predicted increase in urban populations and consequently higher demand for housing in our cities. This is important because it relates to ongoing pressure on rents and house prices, which broadly can be defined as the problem of housing affordability, which has been particularly topical recently.

AHURI research illustrates that those on low or moderate income are often unable to find affordable housing, given its limited supply, or to access appropriate and affordable housing in the private market. AHURI research shows that for many people on low to moderate incomes affordable options are extremely limited, a problem that often impacts the most vulnerable, like single parents or the elderly.

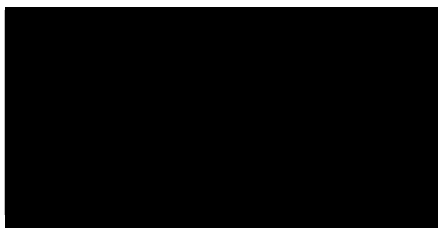
The NSW Auditor General Report 2013 noted that the latent demand for social housing was approximately 200,000 people who have given up and don't apply. This issue would have to be factored into future planning, however to do so, the provision of quality data and clear long term definition on eligibility would be required.

Additional planning about how people move through the housing system is also required. For example shared equity schemes for people in affordable housing may provide an incentive, by creating a path to home ownership, for those in social housing. Transitions between social and affordable housing are currently minimal but conceivably would be a crucial part of the system if a mix of housing was possible.

The explicit rent based subsidy, with renewal to take place in the non-government sector would create new jobs and apprenticeships. The non-government sector could also coordinate social outcomes, especially where policies like the NDIS provide funding on an individual basis. Given its extensive geographic footprint, reform of the social and affordable housing sectors, offers the ideal basis for delivering personalised support to tenants. This coordination would benefit those in need and government, who would stand to save on recurrent service based costs.

Thank you again for the opportunity to respond to IPART's Review. We sincerely hope the NSW Government is open the Reviews recommendations.

Yours sincerely



Charles Northcote
CEO, BlueCHP