



**INNER SYDNEY VOICE**  
regional social development council

## **Independent Pricing and Regulatory Tribunal**

### **Review of Rent Models for Social and Affordable Housing**

#### **Inner Sydney Voice**

Inner Sydney Voice (Inner Sydney Regional Council for Social Development) is a regional peak community organisation that works in the Inner Sydney and Eastern Suburbs region providing Non-Government Organisations, Not-for-Profits, community groups and individuals with information, advocacy and support, and community development opportunities.

We advocate for and represent community organisations and residents to government and other relevant organisations.

We assist communities, organisations and individuals to take action to address their issues and needs. Community development philosophies underpin all of our activities. We believe in Social Justice, Social Inclusion and the participation and empowerment of local people.

#### **General Comments**

Inner Sydney Voice welcomes the opportunity to comment on the IPART's review of rent models for social and affordable housing. Inner Sydney Voice has a particular interest in Social Housing Tenancy, due to one of our key projects being the FACS funded Tenant Participation Resource Service, which endeavours to provide support to social housing tenants wishing to be involved in community activities, and in particular, discussion with their landlord, whether that be the NSW government or a community housing provider.

#### **Income-Based Tenant Rent Contribution**

As social housing targets households on low to very low incomes, it is explicitly implied that individuals and families must retain sufficient funds to cover essential living needs after rent contributions. It is acknowledged that an income-based rent model for tenant rent contribution is the most equitable method of ensuring affordability for social housing tenants. It is also recognised that tenant rent contributions of 25% to 30% of income is an appropriate amount for those eligible for a rent subsidy.

However, raising the tax contribution from 15% to 25% on the Family Tax Benefit A and B would be inequitable and therefore contradictory to the purpose and core aims of the review itself. The Family Tax Benefit A and B are supplementary payments intended to increase the financial support of parent's, guardians and carers whose income is low to very low. This payment is determined by the number of children within a household and individual circumstances. As children aged 0-15 are unable to contribute to a combined household income, a 25% tax on this supplement would greatly disadvantage these children as families rely on this payment to raise them appropriately. Failure to provide substantial support to children during this crucial point in development may result in further disadvantage of an already marginalised group, which will undoubtedly impact the demand of support services they access later in life and perpetuate a cycle of socially housed families. As the NSW Government is constantly pushing a targeted early intervention approach to social development, it is strongly advised the Family Tax Benefit A and B be excluded from an increase in tax for rentable income. This recommendation directly relates to the growing demand of social housing and how this will indisputably increase with any further reduction in financial support for disadvantaged families and children.

The same scope of equity must also be applied when considering an increase in tax from 15% to 25% on all other regular, ongoing benefits or allowances for general living expenses. Most supplementary benefits, such as the pharmaceutical supplement, are provided to assist those who are most in need and oftentimes these payments fall short in doing so. These social housing tenants include some of our state's most vulnerable people, including people with dementia, people with physical and intellectual disabilities and people with chronic health conditions. A further increase in tax of this supplement will see the health and wellbeing significantly decrease in the lives and experiences of the majority of these people. Although this capped increase of \$10 a week may not be considered an overwhelming decrease in income for most people living outside of social housing, it is substantial to the cost of essential living needs for those to be impacted. The notion of equity has been implied several times throughout the review, particularly in relation to some households only contributing 23% of rentable income and how this puts other tenants who contribute 25% at a disadvantage. While it is commendable that a core aim of the tribunal is to ensure equity, the approach taken instead describes equality. Regular, ongoing benefits or allowances for general living expenses are necessary provisions ensuring additional financial support to individuals with higher and complex needs. These are in place to assist those most in need and therefore create equity amongst tenants, rather than equality. While it has been made clear that the full list of regular allowances has not yet been analysed, it is strongly recommended that the tribunal reconsiders this increase as the shift in income support will create an inequitable experience for those with the highest of needs.

**RECOMMENDATION: The rent model of an income-based contribution of 25% to 30% be retained.**

**RECOMMENDATION: The Family Tax Benefit A and B to be excluded from an increase in taxable rent income.**

**RECOMMENDATION: All other regular, ongoing benefits or allowances for living expenses be excluded from an increase in taxable rent income.**

### **Security of Tenure for Residents Contributing Market Rent**

While it is acknowledged that there is a growing demand for social housing and while some residents sitting above the subsidy eligibility threshold may want to transition to private tenancies, for many people this will never be a reality. Considering the current lack of housing affordability, particularly in Inner Sydney, even the average person outside of social housing experiences great difficulty obtaining private tenancy. Social housing tenants come to the table with various disadvantages in the private rental market that need to be analysed before this recommendation can fully be understood. Social housing tenants have no rental history to contribute to an application and the stigma of living in social housing reducing the mass majority of rental opportunities is an unfortunate reality. Although there is an assumption that the jump between social housing market rent and private housing would be minor, their physical and social environments greatly differ and critically influence rental payments accordingly. Many residents currently paying market rent will never be able to obtain or maintain a private tenancy as their employment opportunities will not allow for it, even with initial commonwealth and state assistance. Therefore, enforcing a choice of either forfeiting an additional 5% of market rent or transitioning to the private rental market is no choice at all.

If there is an increase in market rent to meet the explicit purpose of security of tenure, these tenants should retain the right to long term fixed leases and therefore remain free from tenancy review every three years to assess household eligibility and need. In other words, it should secure their tenure. Those that are offered a choice to leave social housing should be provided with assistance to transition to affordable housing, rather than the private rental market where successful tenancy is unlikely and in most cases, inconceivable.

**RECOMMENDATION: Long term fixed leases to be retained for social housing tenants paying an additional 5% to secure tenure.**

**RECOMMENDATION: Provide pathways for social housing residents paying market rent to transition to affordable housing, rather than the private rental market.**

### **Explicit Government Subsidy to Housing Providers**

It has been a failure of consecutive governments to not have shown commitment and support in the social housing system and to affirming the belief that all Australians have the fundamental right to secure housing. As outlined within the review, there is a substantial funding gap of 39% or \$955 million after additional tenant contributions and Commonwealth Rent Assistance (CRA) are considered. It is agreed that funding this gap through an explicit subsidy from the NSW Government would allow Land and Housing Corporation and Community Housing Providers to operate on a financially sustainable basis. The most substantial impact this will have on social housing tenants is the desperate need for major maintenance that is continuously being deferred, with resident's quality of life, health and wellbeing depreciating as a direct result. Through our ongoing relationship with social housing communities and our agency's involvement in Neighbourhood Advisory Boards, we are informed of an overwhelming number of residents living in unacceptable housing conditions that are well below their value for money. Some of these reoccurring issues that have yet to be addressed include aggressive mould, leaking rooves and older estates without lifts that are inaccessible for the aged and frail or disabled individuals that occupy them.

**RECOMMENDATION: The NSW Government provide an annual explicit subsidy equivalent to the difference between market rent for the social housing system and the total tenant rent contribution (including Commonwealth Rent Assistance if applicable).**

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