

# Tenant Support and Education

A collaborative partnership between



**Mid Lachlan Aboriginal Housing  
Management Co-operative**



**Murdi Paaki Regional  
Housing Corporation Ltd**



**Coonamble Local Aboriginal  
Land Council**

**Submission: IPART Review of rent models for  
social and affordable housing**

## Summary

The Tenancy Support and Education Project (TSEP) is a collaborative partnership between three organisations with similar functions and ideals to support Aboriginal housing tenants to strengthen and sustain their tenancies through the provision of education, case management, service collaboration and community engagement.

The TSEP consortium partners are as follows:

- Mid Lachlan Aboriginal Housing Management Cooperative Ltd,
- Murdi Paaki Regional Housing Corporation Ltd, and
- Coonamble Local Aboriginal Land Council.

As a partnership collectively we manage in excess of eleven hundred (1100) Aboriginal housing tenancies from cities to the most disadvantaged and remotest towns in NSW. In general, though it has been around in various forms for decades, the Aboriginal housing sector is an emerging sector which can learn from the wider social housing sector and utilise best practices.

The Partnership is pleased to make a submission to the *“IPART Review of rent models for social and affordable housing”* (the review). Our submission is centred, but not limited to Section 7 Aboriginal Social Housing.

For a sustainable Aboriginal housing sector with viable Aboriginal Community Housing Providers (ACHPs) we see the benefit of transitioning ACHPs from current rent models to same rent models as others, through the efforts of Build and Grow Aboriginal Community Housing Strategy (the strategy), but stress this will take time. As quoted *“Aboriginal households often have distinctive needs and characteristics that are more effectively met through ACHPs”* this is particularly more relevant in regional and remote areas of NSW including former reserves. The strategy requires a full review to reflect on the performance and to signify the gaps in capacity to sufficiently manage the Aboriginal housing sector. To achieve sustainability and comparative choice for applicants the rent settings would need to be aligned with the rent models and funding arrangements mentioned in the draft recommendations to reduce the difference in standards in particular capacity of resources from the managing provider to the rent settings from Community Housing Providers (CHPs) to ACHPs.

As indicated this alignment would also give wider access to housing options for applicants where both types of management (CHPs and ACHPs) manage within the same township with similar tenant contributions to be paid.

## Tenant contribution

The Partnership, in principle, agree with the recommendation to continue to use income based tenant rent contributions for those eligible for rent subsidies of between 25% to 30% which will now include FTB parts A & B inclusion also at the same rate raising from the concessional 15% and for those whom are not eligible for rent subsidies to pay market rent plus 5% for security of tenure.

The Partnership however does not agree with the tenant contribution to include the pension supplement. This should remain exempt given its purpose affects two main areas of concern for the Partnership being the Pharmaceutical and Utilities components within this supplement. With medical expenses and the rising costs of Electricity it could be argued this would impose extra burden on one of our most vulnerable demographics. In worst case scenario it could have pensioners choosing which medicines they can purchase and which ones they'll have to try and live without. Utility costs in particular Electricity has increased at a greater rate than the payments received which means they are already utilising more of their benefits on this cost. With estimated collection of \$40 million extra costs to tenants yearly this should also be considered in the gap subsidy making the gap closer to \$1 billion extra funded by the government.

Tenants who aren't eligible for the rent subsidies again the Partnership agree with the approach to charge market rent plus 5% premium for the security of tenure however the wording needs to be edited given its presumption seems to be misleading as it is proposed a review will be conducted possibly every 3 – 5 years to see whether they are still suitable to the property? If they are paying a security of tenure premium how is this security? Maybe a possible compromise could be 5% social housing levy which has no hint of a perceived security which doesn't exist?

#### **Disadvantage of gap subsidy for remote/low market rent areas**

Agreement on a rent gap subsidy but how does this give housing providers in low market rent areas including remote/outer regional areas viability? The Gap subsidy favours the areas of high market rents and doesn't solve the problem of sustainability for ACHPs/CHPs of social housing in the remote areas/low market rent areas. The operating costs will still be similar if not more expensive in these areas. The difference CHPs/LAHC in the higher market rent areas will have more income to leverage where the other areas will still be in the same predicament with the rents only covering operating costs but limiting capital development.

With the lead from FACS and the development of the Social Housing Strategy this may be able to take into consideration the areas deemed to be lower market rents or worst areas where there is no deemed market rents again similar to the strategy a property rent may need to be used.

#### **Draft Recommendations 23; That the Build and Grow Aboriginal Community Housing Strategy continues to be implemented to transition this housing to the same funding and rent model as other social housing.**

As already indicated for a sustainable Aboriginal housing sector with viable ACHPs we see the benefit of transitioning from the current rent model to adopting the same rent model as other social housing. This will be achieved through the efforts of the strategy, but the Partnership would like to stress this will take time to transition and must take into consideration the funding requirements unique to ACHPs. The Aboriginal housing sector needs to be supported until implementation is complete.

ACHPs play a pivotal role and moving forward should play a larger role in the delivery of social housing, with both similar rent models and capacity building should deliver with the confidence of government.

**Draft Recommendations 24; That the AHO monitor and publicly report on rents charged by Aboriginal Community Housing Providers (ACHPs) under Build and Grow and this data on rents and financial sustainability contribute to an independent review of the ongoing implementation of Build and Grow.**

The Partnership agrees with the recommendation including, for transparency, publicly reporting on rents charged by ACHPs and an independent review of Build and Grow.

Agreeing this is necessary to gauge the financial sustainability currently existing within ACHPs and the need for draft financial modelling with emphasis on the introduction of the proposed income based rents moving forward. It is important that as ACHPs we have policy framework with sufficient monitoring and evaluation that supports the strategic direction and allows growth towards financial viability. The complex crossovers of cultural financial viability of housing stock are at the head of most strategies ACHPs are challenged with and transitions from cost recovery rent settings (usually set to low) to a more sustainable rents require a collaborative approach from policy developers – in this case FACS to educate and promote the transition to ACHPs.

Aligning with the earlier point in the submission of the disadvantage of gap subsidy for remote/low market rent areas reviewing of the strategy should take into consideration ACHPs abilities to leverage for capital development and long term sustainability. Again though this may not be viable with the low market rents for the some areas ACHPs manage stock within.

**Draft Recommendations 25; That FACS/AHO consult with Aboriginal Representatives and Housing Providers on additional criteria relevant to Aboriginal clients to be included when matching Aboriginal applicants to Aboriginal housing under our recommended allocation process (see recommendation 21)**

The Partnership agrees that ongoing consultation with the Aboriginal housing sector needs to occur. Redesigning the waiting list prioritisation and allocation processes to better match applicants to tenancies definitely has merit and would work in stock owned by the government specific for Aboriginal tenancies. But with stock owned by the Aboriginal Corporations and Local Aboriginal Land Council this will create an extra level of criteria when matching applicants especially around cultural sensitivity which may apply.

**In Closing**

On behalf of the partnership we would like to praise IPART on the recommendations that have emerged from this review. The results that are formed from these discussions will play an important part in longevity to enable the provision of affordable and sustainable living for some of the most vulnerable people within our jurisdictions both indigenous and non indigenous.