

# Social and affordable housing shortages

## Key issues for the 58th Parliament

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## Key points

- Social and affordable rental housing provides an important safety net for people who cannot afford housing in the general market.
- In recent years, demand for social and affordable housing has increased as the cost of renting in the general market has risen significantly.
- In June 2022 there were 154,600 social housing dwellings in NSW; and in the previous year there were 10,441 affordable housing tenancies.
- On 30 June 2022, the social housing waitlist in NSW consisted of 57,558 applicants, an increase of 15% from June 2021.
- A 2022 study by the UNSW City Futures Research Centre estimated that there were 221,500 low-income households in NSW with unmet housing need.
- The NSW Government has several programs to grow social and affordable housing including Communities Plus, and the \$1.1 billion Social and Affordable Housing Fund.
- The Australian Government recently announced two new initiatives that aim to deliver 40,000 new social and affordable homes across Australia.
- Recent NSW inquiries have made various recommendations to the NSW Government including proposing an increased investment in social and affordable housing.
- In contrast, the Australian Productivity Commission has recommended trialling rental assistance that is portable across social and private rental housing.
- Some stakeholders such as NCOSS are calling for the NSW Government to build 5,000 additional social housing dwellings every year for the next 10 years.

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# 1. Introduction

Social and affordable housing provides an important safety net for those who cannot afford housing in the general market. In 2014 a parliamentary committee noted evidence suggesting that NSW was in 'a social housing crisis, with insufficient social housing properties to match the level of current demand and future need.'<sup>1</sup> It is likely that the situation has worsened since then. Demand for this type of housing has increased as the cost of renting in the general market has risen significantly.<sup>2</sup> Natural disasters and the pandemic have contributed to housing stress, particularly in regional areas.<sup>3</sup> This paper provides an overview of social and affordable housing in NSW including estimates of shortages, NSW and Australian government policy, and recent recommendations.<sup>4</sup> The paper does not examine other aspects of social housing such as concerns about maintenance.<sup>5</sup> It also does not discuss government interventions to address housing affordability in the general market such as rental assistance.<sup>6</sup>

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<sup>1</sup> Legislative Council Select Committee on Social, Public and Affordable Housing, [Social, public and affordable housing](#), NSW Parliament, September 2014, p xv.

<sup>2</sup> See NSW Government, [NSW Government submission Productivity Commission review of the National Housing and Homelessness Agreement](#), 18 March 2022, p 9.

<sup>3</sup> See NCOSS and Impact Economics and Policy, [Aftershock Addressing the Economic and Social Costs of the Pandemic and Natural Disasters: Report Three – Housing Security](#), October 2022.

<sup>4</sup> For previous Parliamentary Research Service papers, see A Haylen, [Affordable rental housing: current policies and options](#), Briefing Paper 11/2015, October 2015; and L O'Flynn, [Social housing](#), e-brief 8/2011, July 2011.

<sup>5</sup> See Legislative Council Select Committee on Social, Public and Affordable Housing, [Social, public and affordable housing](#), NSW Parliament, September 2014, p xvi - xvii.

<sup>6</sup> See AIHW, [Housing Assistance in Australia](#), last updated 29 June 2022.

## 2. What is social and affordable housing?

### 2.1 The housing continuum

Social and affordable rental housing is broadly defined as rental housing for members of the community who may not be able to afford to rent in the general market.<sup>7</sup> It occupies two parts of the housing continuum, which ranges from homelessness at one end to home ownership at the other end (Figure 1). People ‘move back and forth along the continuum depending on life events or their aspirations or capacity’.<sup>8</sup>

Figure 1: Housing continuum



Source: Based on NSW Government, [Discussion Paper: A Housing Strategy for NSW](#), May 2020, p 3.

<sup>7</sup> NSW Department of Planning and Environment, [Social and affordable housing](#), last updated 16 January 2023, accessed 10 March 2023.

<sup>8</sup> NSW Government, [Discussion Paper: A Housing Strategy for NSW](#), May 2020, p 81.

## 2.2 Social housing

Social housing has a long history in NSW.<sup>9</sup> Over time it 'has evolved from supporting mostly working class families to now supporting very low income and pension-dependent households.'<sup>10</sup> Social housing includes:

- **Public housing:** Tenancies are managed by the Department of Communities and Justice (DCJ). Dwellings are owned or leased by the Land and Housing Corporation.
- **Community housing:** Tenancies are managed by not-for-profit community housing providers. Dwellings are owned or leased by the Land and Housing Corporation or by community housing providers.
- **Aboriginal housing:** Tenancies are managed by DCJ or Aboriginal community housing providers. Dwellings are owned by the Aboriginal Housing Office or by Aboriginal community housing providers.<sup>11</sup>

Social housing tenants are required to pay between 25% and 30% of their income in rent.<sup>12</sup>

To be eligible for social housing, a person must meet household income eligibility limits, not own any assets which could reasonably be expected to resolve their housing need, and be able to sustain a successful tenancy, either with or without support in place.<sup>13</sup>

Priority for social housing is given to those with an urgent housing need including unstable housing circumstances such as homelessness, risk factors such as domestic violence, and where existing accommodation does not meet basic housing requirements (this might be because the person has a severe medical condition or a disability).<sup>14</sup> There are very large waiting lists for social housing in NSW (see section 4 on page 14).

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<sup>9</sup> See L Flynn, [Social Housing](#), NSW Parliamentary Research Service, e-brief 8/2011, July 2011.

<sup>10</sup> NSW Government, [Discussion Paper: A Housing Strategy for NSW](#), May 2020, p 62)

<sup>11</sup> Department of Communities and Justice, [Social housing](#), last updated 30 October 2019, accessed 8 February 2023; and Department of Communities and Justice, [Housing Assistance Options Policy](#), 10 September 2021, accessed 8 February 2023.

<sup>12</sup> Department of Communities and Justice, [Tenancy Charges and Account Management Policy Supplement](#), 30 June 2022, accessed 8 February 2023. For further reading on the social housing system, see NSW Government, [Discussion Paper: A Housing Strategy for NSW](#), May 2020, p 62; and IPART, [Review of rent models for social and affordable housing](#), July 2017, Appendix C.

<sup>13</sup> Department of Communities and Justice, [Eligibility for Social Housing Policy](#), 25 May 2021, accessed 8 February 2023.

<sup>14</sup> Department of Communities and Justice, [Eligibility for Social Housing Policy](#), last published 25 May 2021, accessed 8 February 2023. See also Department of Communities and Justice, [Social Housing Eligibility and Allocations Policy Supplement](#), last updated 30 June 2022.

As at June 2022, there were 154,600 social housing dwellings in NSW: 63% were public housing, 31% were community housing, and 6% were Aboriginal housing.<sup>15</sup>

### **2.3 Affordable rental housing**

Affordable rental housing is housing built with some form of government assistance or planning incentives to be rented by low to moderate income households.<sup>16</sup> This housing is mainly managed by community housing providers and private investors.

Eligibility and rents vary depending on the affordable housing scheme involved.<sup>17</sup> Where rent is set as a discount from the market rent, the discount is usually 20%–25% of the market rent for a similar property in the area.

According to the Community Housing Industry Association NSW (CHIA NSW) in June 2021 there were 10,441 affordable housing tenancies in NSW, including 5,598 managed by community housing providers and 4,581 managed by private investors.<sup>18</sup>

### **2.4 Comparing social and affordable housing**

The Productivity Commission has noted that social housing and affordable housing share some similarities but differ in their target population and level of assistance (Table 1).

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<sup>15</sup> Department of Communities and Justice, [Social Housing Residential Dwellings Dashboard](#), n.d., accessed 8 February 2023.

<sup>16</sup> A Haylen, [Affordable rental housing: current policies and options](#), NSW Parliamentary Research Service, Briefing Paper 11/2015, October 2015, p 2.

<sup>17</sup> A Haylen, [Affordable rental housing: current policies and options](#), NSW Parliamentary Research Service, Briefing Paper 11/2015, October 2015, p 2.

<sup>18</sup> Community Housing Industry Association NSW, [NSW Community Housing Data Dashboard](#), n.d., accessed 8 February 2023. This appears to be the latest data that is available.



**Table 1: Comparison of social housing and affordable rental housing**

	Social housing	Affordable rental housing
<b>Target population</b>	Safety net for people on low incomes who cannot access housing in the private market. Tenants often have complex needs	Varies by scheme – generally low- and middle-income households
<b>Allocation process</b>	Access to properties is managed by waiting list. Most are allocated to priority applicants in greatest need. Eligibility and priority criteria are set by state and territory governments	No systematic allocation process – properties are advertised when available
<b>Providers</b>	Public housing authorities and community housing providers	Community housing providers and some private investors
<b>Rent setting</b>	Linked to tenant income – typically 25% of income	Linked to market rent – tenant pays fixed proportion of market rent
<b>Funding</b>	Australian, state and territory government funding, including via the National Housing and Homelessness Agreement, which amounted to \$6.6 billion in 2020-21	Various Australian, state and territory government subsidies, at a much smaller scale than social housing

Source: Productivity Commission, [In need of repair: The National Housing and Homelessness Agreement](#), Study Report, Australian Government, August 2022, p 276.

## 2.5 Benefits of social and affordable housing

Several reports have discussed the potential social and economic benefits of social and affordable housing. A 2019 literature review by the Centre for Urban Transitions at Swinburne University of Technology for the national Community Housing Industry Association concluded:

Australian and international evidence shows that the provision of social and affordable housing has a clear potential in materially improving national productivity by addressing problems that otherwise imposes [sic] economic, social and/or environmental costs or by realising economic, social and environmental benefits...<sup>19</sup>

It cautioned that evidence on causality and incidence of these benefits was more limited.<sup>20</sup>

A 2020 report by the Australian Housing and Urban Research Institute (AHURI) for ACT Shelter presented this summary of the evidence in relation to social housing:

<sup>19</sup> C Nygaard, [Social and Affordable Housing as Social Infrastructure: A literature review for the Community Housing Industry Association](#), Centre for Urban Transitions Swinburne University of Technology, 7 November 2019, p2.

<sup>20</sup> C Nygaard, [Social and Affordable Housing as Social Infrastructure: A literature review for the Community Housing Industry Association](#), Centre for Urban Transitions Swinburne University of Technology, 7 November 2019, p 2.

Social housing confers a number of benefits to those who receive it, through its improved affordability, security of tenure, dwelling quality and neighbourhood dimensions. These could be expected to have wider social benefits, provided the housing is well maintained and its location does not lead to concentrations of social disadvantage. Potential benefits include improved social inclusion, education and employment, health, safety, and empowerment.<sup>21</sup>

A 2022 Productivity Commission report observed that people in social housing report improved health and better access to services, and that social housing reduces homelessness.<sup>22</sup> On the other hand, the commission also commented:

...the evidence is mixed, or thin, about whether outcomes for social housing tenants are better (when compared with similar people in other tenures) in terms of employment, education, physical and mental health, and incarceration.<sup>23</sup>

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<sup>21</sup> J Davison, N Brackertz and T Alves, [Scoping the costs and benefits of affordable housing in the ACT: Stage 1 report](#), Australian Urban Housing Research Institute and ACT Shelter, September 2020, p 21.

<sup>22</sup> Productivity Commission, [In need of repair: The National Housing and Homelessness Agreement](#), Study Report, Australian Government, August 2022, p 239.

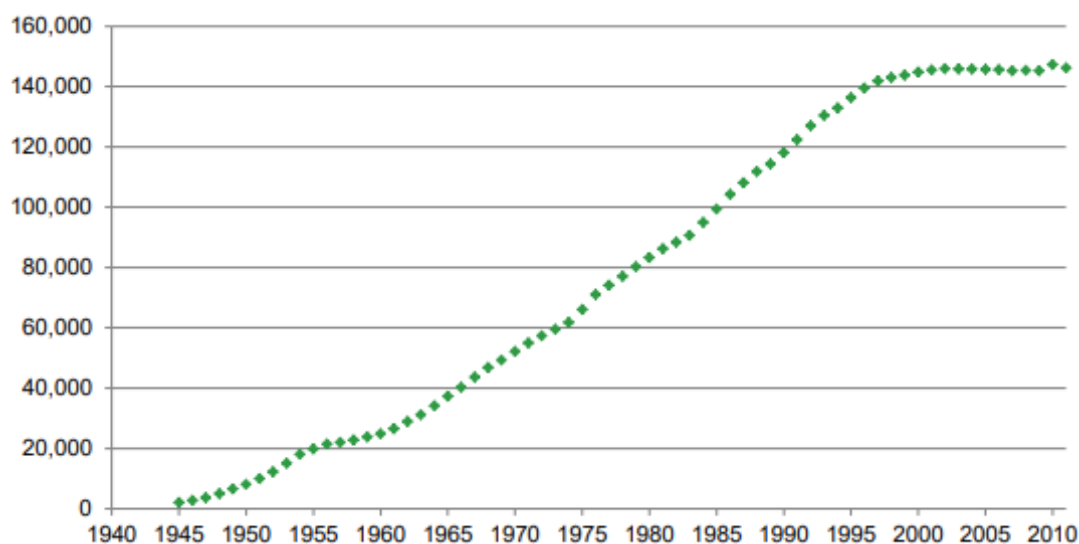
<sup>23</sup> Productivity Commission, [In need of repair: The National Housing and Homelessness Agreement](#), Study Report, Australian Government, August 2022, p 244.

## 3. How many social and affordable dwellings are there?

### 3.1 Social housing dwellings

A 2013 report noted that from 1945 to 1995 the number of social housing dwellings in NSW increased steadily but between 1995 and 2010 they levelled out (Figure 2).<sup>24</sup>

**Figure 2: Growth in social housing dwellings in NSW: 1945 to 2010**

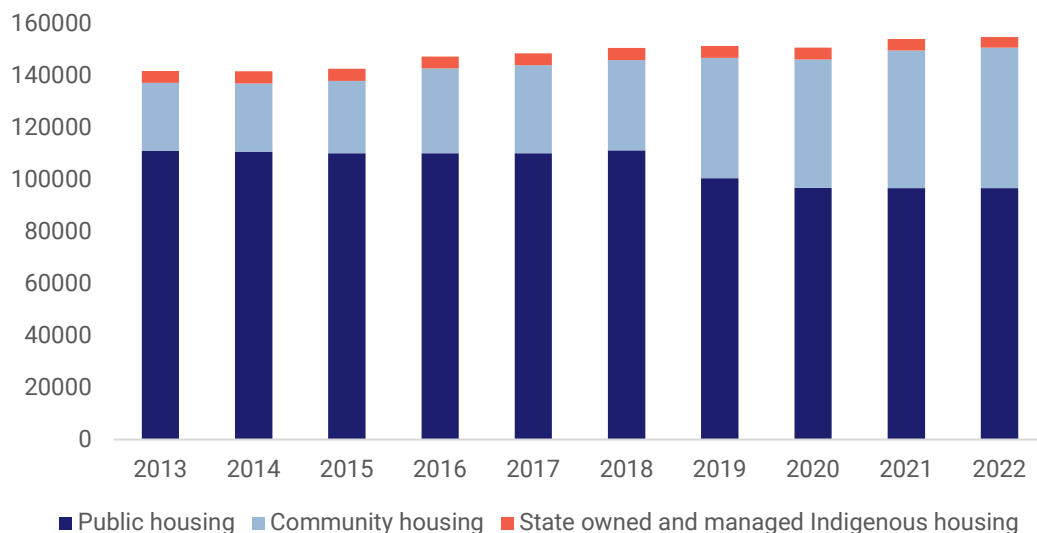


Source: NSW Audit Office, [Making the best use of public housing](#), Performance Audit Report, July 2013, Appendix 1.

Between 2013 and 2022, social housing dwellings in NSW increased by 9% from 141,782 dwellings to 154,930 dwellings (Figure 3). The decrease in public housing and increase in community housing after 2018 was due to government policy to expand the role of community housing providers in social housing (see section 5 on page 19).

<sup>24</sup> NSW Audit Office, [Making the best use of public housing](#), Performance Audit Report, July 2013, p 11.

**Figure 3: Growth in social housing dwellings in NSW: 2013 to 2022 (30 June)**



Source: Productivity Commission, [Report on Government Services 2023 – Part G, Section 18, Housing](#), Data Table 18A.3, accessed 1 April 2023.

DCJ breaks down the number of social housing dwellings by district for 2021 (Table 2). The DCJ districts with the highest number of social housing dwellings are South Western Sydney (26,798 or 17.6% of social housing dwellings in NSW), Western Sydney (21,585 or 14.1%) and Hunter New England (19,453 or 12.7%).

**Table 2: Social housing dwellings by DCJ district (30 June 2021)**

DCJ district	Public housing	Community housing	Aboriginal housing	Total social housing
Sydney	12,849	4,010	300	17,159
South Eastern Sydney	11,968	2,599	236	14,803
Northern Sydney	135	5,874	14	6,023
South Western Sydney	20,532	5,899	547	26,978
Western Sydney	17,873	3,254	458	21,585
Nepean Blue Mountains	3,350	2,501	167	6,018
Hunter New England	7,033	10,382	2,038	19,453
Central Coast	3,661	1,690	159	5,510
Mid North Coast	16	3,402	403	3,821
Northern NSW	2,604	1,258	1,030	4,892
Southern NSW	1,968	781	502	3,251
Illawarra Shoalhaven	8,004	3,020	557	11,581
Western NSW	3,552	1,347	2,073	6,972
Murrumbidgee	3,199	1,023	684	4,906
Far West	0	0	563	563

Source: NSW Department of Communities and Justice, [Annual Statistical Report 2020-21](#), Social housing residential dwellings, accessed 1 March 2023.<sup>25</sup>

### 3.2 Households in social housing

In 2021 there were 147,710 households living in social housing in NSW, representing 4.7% of all NSW households. NSW has a higher proportion of households living in social housing than Victoria (2.9%), Queensland (3.6%) and Western Australia (4.1%), but a lower proportion than South Australia (6.0%), Tasmania (6.0%) and the ACT (6.5%).<sup>26</sup>

### 3.3 Affordable housing tenancies

As noted earlier, according to CHIA NSW, in June 2021, there were 10,441 affordable housing tenancies in NSW.<sup>27</sup> The website of CHIA NSW shows affordable housing tenancies by local government area (LGA) in NSW.<sup>28</sup> The Sydney LGA had the highest

<sup>25</sup> See also Department of Communities and Justice, [Social Housing Residential Dwellings Dashboard](#), 30 June 2022, accessed 15 March 2023. The dashboard shows dwelling numbers by district by tenancy management as at 30 June 2022 but does not show a total for all social housing by district.

<sup>26</sup> AIHW, [Housing Assistance in Australia](#), last updated 29 June 2022, accessed 1 March 2023.

<sup>27</sup> Community Housing Industry Association NSW, [NSW Community Housing Data Dashboard](#), n.d., accessed 8 February 2023.

<sup>28</sup> Community Housing Industry Association NSW, [NSW Community Housing Data Dashboard](#), n.d., accessed 8 February 2023.

number of affordable housing tenancies (2,239 or 21% of all affordable tenancies) (Table 3). This high number of tenancies could be due to the operation of affordable housing schemes in the Sydney LGA since the 1990s.<sup>29</sup>

**Table 3: LGAs with highest number of affordable housing tenancies**

LGA	Number of tenancies
Sydney	2,239
Penrith	787
Parramatta	824
Newcastle	588
Cumberland	462
Canterbury-Bankstown	444
Inner West	426
Blacktown	357
Central Coast	338
Liverpool	255

Source: Community Housing Industry Association NSW, [NSW Community Housing Data Dashboard](#), accessed 8 February 2023.

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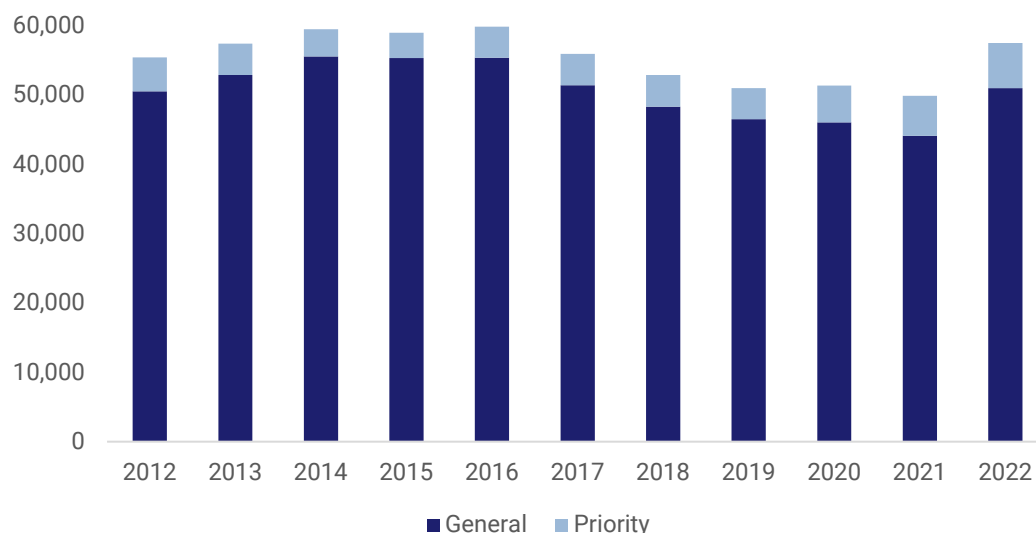
<sup>29</sup> A Haylen, [Affordable rental housing: current policies and options](#), NSW Parliamentary Research Service, Briefing Paper 11/2015, October 2015, p 31.

## 4. What data is there about dwelling shortages?

### 4.1 Waiting list for social housing

On 30 June 2022, the social housing waitlist in NSW consisted of 51,031 general housing applicants and 6,519 priority housing applicants, or 57,558 in total.<sup>30</sup> It is important to note that applicants are households that include both individuals and families. Figure 4 shows the trends in the waiting list since 2012.<sup>31</sup> Between 2021 and 2022 there was a significant increase in the waiting list: 7,622 applicants, an increase of 15%.

**Figure 4: Applicants on the social housing waiting list: 2012 to 2022 (30 June)<sup>32</sup>**



Source: The 2012 to 2021 figures are from Department of Communities and Justice, [Annual Statistical Report 2020-21](#), Social housing applicants on the NSW Housing Register. The 2022 figures are from Department of Communities and Justice, [Expected waiting times](#), accessed 1 March 2023.

The DCJ districts with the highest number of total waiting list applicants as at 30 June 2021 were South Western Sydney (9,945 or 19.9% of applicants in NSW), Hunter New

<sup>30</sup> Department of Communities and Justice, [Expected waiting times](#), NSW Government, n.d., accessed 1 March 2023.

<sup>31</sup> For a recent article discussing trends in the waiting list, see RMIT Fact Check, [The NSW Coalition said it 'slashed' the social housing waitlist. Is that correct?](#), ABC News, 9 March 2023, accessed 10 March 2023.

<sup>32</sup> The 2012 to 2021 figures are from NSW Department of Communities and Justice, [Annual Statistical Report 2020-21](#), Social housing applicants on the NSW Housing Register, accessed 1 March 2023. The 2022 figures are from NSW Department of Communities and Justice, [Expected waiting times](#), accessed 1 March 2023.

England (5,901 or 11.8%), and Western Sydney (4,746 or 9.5%) (Table 4). These correspond to the districts with the greatest number of social housing dwellings.

**Table 4: Social housing waiting list by category and DCJ District (30 June 2021)**

DCJ district	General housing applicants	Priority housing applicants	Total social housing applicants
Sydney	3,098	739	3,837
South Eastern Sydney	3,527	922	4,449
Northern Sydney	1,904	614	2,518
South Western Sydney	9,262	683	9,945
Western Sydney	4,363	383	4,746
Nepean Blue Mountains	2,067	387	2,454
Hunter New England	5,460	441	5,901
Central Coast	2,817	161	2,978
Mid North Coast	1,999	297	2,296
Northern NSW	2,558	383	2,951
Southern NSW	1,150	172	1,322
Illawarra Shoalhaven	3,052	322	3,374
Western NSW	1,369	189	1,558
Murrumbidgee	1,406	87	1,493
Far West	95	11	106

Source: DCJ, [Annual Statistical Report 2020-2021](#), Granular results, accessed 22 March 2021.<sup>33</sup>

In 2019-20 priority applicants had median wait times of 2.5 to 3.6 months.<sup>34</sup> Applicants housed through the general list had to wait 7 to 14 times longer.<sup>35</sup> The DCJ's waiting times data reveals variations in waiting times by allocation zone and type of property required. General housing applicants in metropolitan Sydney can have waits of 5–10 years, or even more than 10 years depending on the location and nature of the dwelling. Some regional NSW areas have shorter wait times (such as up to 2 years, or 2–5 years).

<sup>33</sup> See also Department of Communities and Justice, [Expected waiting times dashboard](#), which shows data by 'allocation zone' as at 30 June 2022 (allocation zones are smaller than districts).

<sup>34</sup> H Pawson and D Lilley, UNSW City Futures Research Centre, [Waithood – The experience of waiting for social housing: working paper under ARC research project](#), May 2022.

<sup>35</sup> H Pawson and D Lilley, UNSW City Futures Research Centre, [Waithood – The experience of waiting for social housing: working paper under ARC research project](#), May 2022.



## 4.2 Estimates of unmet housing need

A 2022 study by the UNSW City Futures Research Centre, for CHIA NSW, used 2021 Census data to estimate unmet housing need in Australia.<sup>36</sup> Unmet housing need was defined as people who were homeless or living in overcrowded homes, and low-income households paying more than 30% of their income in rent in the private rental market. The report estimated that there were 221,500 households in NSW with current unmet housing need. Based on household growth projections, it estimated that there would be 320,700 households in NSW with unmet housing need by 2041 (940,000 in Australia).<sup>37</sup> The report stated that a 'steady supply of non-market housing, including social and affordable housing, would make an important contribution to meeting the needs of these households.'<sup>38</sup>

Based on the 2022 study, the Sydney region with the highest unmet current (2021) and future (2041) housing need was Inner South West (which, for example, includes the Canterbury-Bankstown LGA); the regional NSW region with the highest unmet current and future housing need was Newcastle & Lake Macquarie (Table 5).

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<sup>36</sup> UNSW City Futures Research Centre, [Social and affordable housing: needs, costs and subsidy gaps by region](#), December 2022, accessed 27 February 2023. See also L Troy et al, [Estimating need and costs of social and affordable housing delivery](#), City Futures Research Centre UNSW Built Environment, UNSW Sydney, 2019.

<sup>37</sup> See also UNSW City Futures Research Centre, [Housing Need Dashboard](#), accessed 17 March 2023, which shows unmet housing need by state electorates. For another report with estimates of housing need in NSW, see National Housing Finance and Investment Corporation, [State of the Nation's Housing 2022–23](#), 2023, p 101.

<sup>38</sup> UNSW City Futures Research Centre, [Quantifying Australia's unmet housing need: a national snapshot](#), November 2022, p 8.

**Table 5: Unmet housing need in NSW (households), 2021 and 2041**

Sydney			Regional NSW		
Region	2021	2041	Region	2021	2041
Inner South West	21,500	33,200	Newcastle & Lake Macquarie	9,600	12,200
South West	18,600	28,600	Richmond Tweed	9,100	10,900
Parramatta	18,100	28,500	Mid North Coast	8,100	9,800
Central Coast	11,600	17,500	Illawarra	7,900	10,300
City & Inner South	10,700	18,000	Hunter Valley	7,700	9,500
Blacktown	9,700	16,100	Coffs Harbour – Grafton	5,400	6,500
Inner West	8,900	13,300	New England & North West	5,400	6,600
Outer West & Blue Mountains	8,800	13,600	Capital Region	5,200	6,400
Northern Sydney & Hornsby	8,200	12,000	Central West	4,800	6,100
Outer South West	6,800	11,400	Southern Highlands & Shoalhaven	4,300	5,300
Eastern Suburbs	5,600	9,100	Riverina	3,600	4,500
Ryde	5,200	7,800	Murray	3,200	3,900
Northern Beaches	4,200	6,200	Far West & Orana	2,500	3,300
Baulkham Hills & Hawkesbury	3,400	4,700			
Sutherland	3,400	5,400			

Source: UNSW City Futures Research Centre, [Social and affordable housing: needs, costs and subsidy gaps by region](#), December 2022, accessed 28 February 2023.

### 4.3 Cost of addressing shortages

A 2021 report estimated the net present value of the capital cost of meeting the shortfall of social and affordable housing dwellings in Australia over the next 20 years to be around \$290 billion.<sup>39</sup> This estimate was based on building an additional 891,000 social and affordable housing dwellings, and was not broken down by state and territory.

<sup>39</sup> C Leptos, [Statutory Review of the Operation of the National Housing Finance and Investment Corporation Act 2018: Final Report](#), Australian Government, August 2021, p 30 and Appendix 1.

#### 4.4 Social and economic costs of shortages

A 2022 report by the Centre for Urban Transitions at Swinburne University of Technology estimated the current and future social and economic costs of the shortages in social and affordable housing in Australia.<sup>40</sup> These included public and private sector costs related to:

- Homelessness, stress and depression
- Domestic violence
- Reduced educational achievement
- Reduced disposable income
- Lower wellbeing.

The report estimated that the total current social and economic costs in NSW of social and affordable housing shortages was \$256 million per year (\$677 million per year in Australia), rising to \$445 million per year by 2036 (\$1.3 billion per year in Australia).<sup>41</sup> The regions with the highest social and economic costs in NSW were Inner South West (\$28.2 million per year), Parramatta (\$21.8 million per year), and Richmond-Tweed (\$19.6 million per year).<sup>42</sup>

A 2022 report by SGS Economics for Housing All Australians also estimated the long-term costs of underproviding social and affordable housing in Australia.<sup>43</sup> These costs included health, education, labour market productivity, and crime costs. The report estimated these costs would reach \$25 billion per year in Australia by 2051 (in 2021 dollars).<sup>44</sup> The much higher cost estimate in this report may be due to its inclusion of productivity costs. The cost estimates were not broken down by state and territory.<sup>45</sup>

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<sup>40</sup> C Nygaard, [Cost of Inaction: Social and economic losses due to the social and affordable housing shortage](#), Centre for Urban Transitions Swinburne University of Technology, March 2022.

<sup>41</sup> C Nygaard, [Cost of Inaction: Social and economic losses due to the social and affordable housing shortage](#), Centre for Urban Transitions Swinburne University of Technology, March 2022, p5.

<sup>42</sup> C Nygaard, [Cost of Inaction: Social and economic losses due to the social and affordable housing shortage](#), Centre for Urban Transitions Swinburne University of Technology, March 2022, p 6.

<sup>43</sup> SGS Economics and Planning, [Give Me Shelter: The long-term costs of underproviding public, social and affordable housing: Cost-benefit analysis report](#), June 2022.

<sup>44</sup> SGS Economics and Planning, [Give Me Shelter: The long-term costs of underproviding public, social and affordable housing: Cost-benefit analysis report](#), June 2022, p 6.

<sup>45</sup> The report does provide results of a cost-benefit analysis by state and territory at p 38, and estimated budget savings by state and territory at p 42.

## 5. What are the NSW Government's policies?

### 5.1 Key strategies

The NSW Government has released several strategies relating to social and affordable housing. In January 2016, it published a new 10-year strategy *Future Directions for Social Housing in NSW*.<sup>46</sup> The strategy was underpinned by three strategic priorities:

- More social housing
- More opportunities, support and incentives to avoid and/or leave social housing
- A better social housing experience.

There were four actions supporting the first strategic priority of more social housing:

- Increase redevelopment of Land and Housing Corporation properties to renew and grow supply – including ensuring large redevelopments target a 70:30 ratio of private to social housing to enable more integrated communities
- Increase the capacity of community housing providers and other non-government organisations to manage properties – property transfers would enable the community housing sector to manage 35% of all social housing within 10 years
- Use innovative financing and social impact investment models
- Ensure there is better utilisation of social housing properties.

The second strategic priority also had several supporting actions. One of these was to grow affordable housing, which 'is an ideal stepping stone for people in social housing who, with the right support, may have the capacity to enter the private rental market.'<sup>47</sup>

In 2019, DCJ commissioned an evaluation of the *Future Directions* strategy. The final reports are expected to be completed in mid-2023.<sup>48</sup>

In 2018, the NSW Government released *Strong Family, Strong Communities: A strategic framework for Aboriginal social housing in NSW 2018–2028*.<sup>49</sup> The strategy was supported

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<sup>46</sup> NSW Government, [Future Directions for Social Housing in NSW](#), 2016.

<sup>47</sup> NSW Government, [Future Directions for Social Housing in NSW](#), 2016.

<sup>48</sup> NSW Government, [Standing Committee on Social Issues - Homelessness amongst older people aged over 55 in New South Wales, NSW Government response to recommendations](#), 30 January 2023, p 9.

<sup>49</sup> NSW Government, [Strong Family, Strong Communities: A strategic framework for Aboriginal social housing in NSW 2018-2028](#), 2018.

by two implementation plans.<sup>50</sup> The Aboriginal Housing Office has published a snapshot of achievements under the first four years of the strategy.<sup>51</sup>

In May 2021, the NSW Government released *Housing 2041: NSW Housing Strategy*.<sup>52</sup> It aimed to achieve several objectives across the housing spectrum including 'increased support for those most in need by rejuvenating the social housing portfolio, supporting growth in the community housing sector and increasing the supply of affordable housing'.<sup>53</sup> The strategy was accompanied by an initial two-year action plan.<sup>54</sup>

## 5.2 Key programs

NSW Government programs to grow social and affordable housing include:

- **Communities Plus program:** introduced in 2016 as a key initiative under the *Future Directions* strategy, this is a \$22 billion program, which engages the non-government and private sectors to redevelop Land and Housing Corporation sites to deliver up to 23,000 new and replacement social housing dwellings, 500 affordable housing dwellings, and 40,000 private dwellings over 10 years.<sup>55</sup>
- **Social and Affordable Housing Fund (SAHF):** also introduced in 2016 as a key initiative under the *Future Directions* strategy, this is a \$1.1 billion program to deliver over 3,400 social and affordable homes across NSW, with a target of 30% of all homes to be delivered in regional NSW.<sup>56</sup>
- **Community Housing Innovation Fund (CHIF):** introduced in 2018, this is a \$225 million program to deliver around 1,000 social and affordable housing dwellings in collaboration with community housing providers across NSW.<sup>57</sup>
- **Community Housing Leasing Program (CHLP):** running since 2000, this program funds community housing providers to head-lease properties from the private

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<sup>50</sup> NSW Government, [Strong Family, Strong Communities 2018–2028 Implementation Plan 2019–2022](#), 2019; and NSW Government, [Strong Family, Strong Communities, Phase Two Implementation Plan 2022–2026](#), 2022.

<sup>51</sup> Aboriginal Housing Office, [Strong Family, Strong Communities Dashboard](#), 2021.

<sup>52</sup> NSW Government, [Housing 2041: NSW Housing Strategy](#), 2021.

<sup>53</sup> NSW Government, [Housing 2041: NSW Housing Strategy](#), 2021, p 9.

<sup>54</sup> NSW Government, [Housing 2041: 2021–22 Action Plan](#), 2021.

<sup>55</sup> Department of Family and Community Services, [Annual Report 2018–19](#), NSW Government, 2019, p 27. Projects include Ivanhoe, Waterloo, Telopea, Redfern, Arncliffe, Riverwood and Villawood. See also Department of Communities and Justice, [Communities Plus](#), last updated 22 August 2022, accessed 1 March 2023.

<sup>56</sup> Mike Baird, [Billion Dollar Social and Affordable Housing Fund To Deliver Better Outcomes](#) [media release], NSW Government, 30 January 2016, accessed 1 March 2023; and Gladys Berejiklian, [1200 additional social and affordable homes for vulnerable people in NSW](#) [media release], NSW Government, 12 September 2017, accessed 1 March 2023. See also Department of Communities and Justice, [Social and Affordable Housing Fund](#), last updated 24 September 2019, accessed 1 March 2023.

<sup>57</sup> Department of Communities and Justice, [Community Housing Innovation Fund](#), n.d., accessed 23 January 2023.

rental market to provide social housing. In 2021–22, the program provided \$86 million to community housing providers to head lease 5,940 properties.<sup>58</sup>

In April 2022, then NSW Minister for Planning and Minister for Homes, Anthony Roberts, stated in budget estimates that 2,393 social housing properties and 101 affordable houses had been completed under the Communities Plus program between 1 July 2016 and 31 December 2021.<sup>59</sup> DCJ has reported that, as at 31 December 2022, 3,069 new social and affordable dwellings had been delivered through the Social and Affordable Housing Fund.<sup>60</sup> The Social Housing Management Transfer program transferred 14,000 government properties to community housing providers.<sup>61</sup>

### 5.3 Recent funding commitments

In the 2020–21 Budget, the NSW Government allocated \$812 million for new social housing and to undertake significant maintenance and upgrades of social and Aboriginal housing.<sup>62</sup> This included a \$400 million Fast Track Housing Construction Package to deliver almost 1,300 new social housing properties across NSW.<sup>63</sup>

In October 2021, the NSW Government's COVID-19 Economic Recovery Strategy included \$183 million to fast-track more than 1,400 new social housing dwellings.<sup>64</sup> This included \$50 million to accelerate the delivery of around 1,000 social homes to be built in Western Sydney, Wagga Wagga and Coffs Harbour through Communities Plus projects in partnership with the private sector and community housing providers.<sup>65</sup>

In the 2022–23 Budget, the NSW Government announced a \$2.8 billion housing package, which included \$554 million to fast-track the delivery of new and upgraded homes for both social and Aboriginal housing over the next four years.<sup>66</sup> This included \$300 million to

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<sup>58</sup> Department of Communities and Justice, [Annual Report 2021-22](#), NSW Government 2022, p 67. See also Department of Communities and Justice, [Community Housing Leasing Program](#), last updated 20 January 2022, accessed 1 March 2023. [Together Home](#) is an extension of the Community Housing Leasing program, which is targeted at people who are rough sleeping.

<sup>59</sup> Legislative Council Portfolio Committee No. 7 (Planning and Environment), [Budget Estimates 2021-2022: Answers to Supplementary Questions on Notice](#), NSW Parliament, April 2022. See also M McGowan, [More than \\$3bn of social housing sold by NSW government since Coalition took power](#), *The Guardian*, 6 April 2022, accessed 1 March 2023.

<sup>60</sup> Department of Communities and Justice, [SAHF Program Update](#), last updated 15 February 2023, accessed 1 March 2023.

<sup>61</sup> NSW Government, [NSW Government submission - Productivity Commission review of the National Housing and Homelessness Agreement](#), March 2022, p 48.

<sup>62</sup> NSW Land and Housing Corporation, [Almost \\$900 million investment takes total social housing budget to \\$4.4 billion](#) [media release], NSW Government, 17 November 2021, accessed 1 March 2023.

<sup>63</sup> NSW Land and Housing Corporation, [Almost \\$900 million investment takes total social housing budget to \\$4.4 billion](#) [media release], NSW Government, 17 November 2021, accessed 1 March 2023.

<sup>64</sup> NSW Department of Planning and Environment, [Social housing investment key to recovery roadmap](#) [media release], NSW Government, 16 October 2021, accessed 1 March 2023.

<sup>65</sup> NSW Department of Planning and Environment, [Social housing investment key to recovery roadmap](#) [media release], NSW Government, 16 October 2021.

<sup>66</sup> A Roberts, [\\$554.1 Million Investment for New and Improved Social and Aboriginal Housing](#) [media release], NSW Government, 21 June 2022, accessed 1 March 2023.

upgrade more than 15,800 social properties and \$150 million to deliver 200 new and 260 upgraded homes for Aboriginal families, and to install energy-saving upgrades.<sup>67</sup>

#### 5.4 Commentary on commitments

In a June 2021 report, the Centre for Social Impact estimated that since 2016 the NSW Government had committed to build 9,386 *new* social housing properties by 2026; noting that around 17,000 dwellings in the Communities Plus program were replacement stock.<sup>68</sup> In a February 2022 report, the Centre for Social Impact estimated that with current levels of investment, by 2040 the NSW Housing Register would have decreased by an average of only 371 applicants per year.<sup>69</sup> It estimated that the number of applicants on the social housing waiting list would not decrease below 45,000 until 2039.

#### 5.5 Planning mechanisms to increase affordable housing

There are various planning mechanisms in NSW to increase affordable housing.<sup>70</sup>

The [Environmental Planning and Assessment Act 1979](#) allows for the imposition of affordable housing contributions as a condition of development consent in certain circumstances.<sup>71</sup> This would require the developer to dedicate land, or make a monetary contribution, to be used for the purpose of affordable housing. Such a condition can only be imposed if a state environmental planning policy (SEPP) identifies that there is a need for affordable housing within the area, the condition is authorised to be imposed by the local environmental plan, and the condition is in accordance with an affordable housing contribution scheme adopted by the local council.<sup>72</sup> The Act also allows councils to enter into voluntary planning agreements with developers and there are examples of these agreements providing for dedicated affordable housing.<sup>73</sup>

The [State Environmental Planning Policy \(Housing\) 2021](#) ('Housing SEPP') replaced five existing SEPPs including the *State Environmental Planning Policy (Affordable Rental*

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<sup>67</sup> A Roberts, [\\$554.1 Million Investment for New and Improved Social and Aboriginal Housing](#) [media release], NSW Government, 21 June 2022. For a general statement on the government's recent funding commitments in relation to social housing, see N Maclaren-Jones, [Social and Affordable Housing](#), NSW Hansard, 18 October 2022.

<sup>68</sup> E Barnes, T Writer and C Hartley, [Social Housing in New South Wales: Report 1 Contemporary Analysis](#), Centre for Social Impact, June 2021.

<sup>69</sup> E Barnes, T Writer and C Hartley, [Social Housing in New South Wales: Report 2 Future Impact](#), Centre for Social Impact, February 2022.

<sup>70</sup> For background reading, see A Haylen, [Affordable rental housing: current policies and options](#), NSW Parliamentary Research Service, Briefing Paper 11/2015, October 2015, p 28ff.

<sup>71</sup> [Environmental Planning and Assessment Act 1979](#), s 7.32

<sup>72</sup> Department of Planning and Environment, [Explanation of Intended Effect Proposed amendments to the in-fill affordable housing, group homes, supportive accommodation and social housing provisions of the State Environmental Planning Policy \(Housing\) 2021](#), NSW Government, November 2022, p 7.

<sup>73</sup> A Haylen, [Affordable rental housing: current policies and options](#), NSW Parliamentary Research Service, Briefing Paper 11/2015, October 2015, p 33.



*Housing) 2009 and State Environmental Planning Policy No 70 – Affordable Housing (Revised Schemes)*. In relation to affordable housing, the Housing SEPP:

- Identifies that there is a need for affordable housing within each area of the state
- Sets out the criteria that a local council, as a consent authority, must consider before imposing an affordable housing contribution condition on a development consent
- Provides a density bonus for infill, residential developments that dedicate at least 20% of gross floor area for affordable rental housing for at least 15 years.<sup>74</sup>

The take-up of these planning mechanisms appears to have been limited. Only 5 metropolitan councils have developed an affordable housing contribution scheme under the Housing SEPP.<sup>75</sup> In addition, a 2018 report found that the density bonus provisions in the former *State Environmental Planning Policy (Affordable Rental Housing) 2009* had only contributed to the delivery of about 2,000 affordable housing dwellings in Sydney.<sup>76</sup>

In November 2022 the NSW Government consulted on proposed changes to the affordable housing provisions in the Housing SEPP.<sup>77</sup> These include increasing the density bonus provisions by 25% and introducing a new state significant development pathway for residential developments with a value over \$100 million that include a minimum 20% of gross floor area as affordable or social housing. The consultation closed in January 2023.

The 2018 Greater Sydney Region Plan recommended affordable rental housing targets as a mechanism to deliver an additional supply of affordable housing in Greater Sydney. Specifically, it recommended targets for affordable housing of 5-10% of new residential floorspace where viable in areas of new rezoning.<sup>78</sup> The Plan stated, ‘the Greater Sydney

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<sup>74</sup> Department of Planning and Environment, [Explanation of Intended Effect Proposed amendments to the in-fill affordable housing, group homes, supportive accommodation and social housing provisions of the State Environmental Planning Policy \(Housing\) 2021](#), NSW Government, November 2022, p 7-8; and Productivity Commission, [In need of repair: The National Housing and Homelessness Agreement](#), Study Report, Australian Government, August 2022, p 288.

<sup>75</sup> Department of Planning and Environment, [Explanation of Intended Effect Proposed amendments to the in-fill affordable housing, group homes, supportive accommodation and social housing provisions of the State Environmental Planning Policy \(Housing\) 2021](#), NSW Government, November 2022, p 8.

<sup>76</sup> Department of Planning and Environment, [Explanation of Intended Effect Proposed amendments to the in-fill affordable housing, group homes, supportive accommodation and social housing provisions of the State Environmental Planning Policy \(Housing\) 2021](#), NSW Government, November 2022, p 8.

<sup>77</sup> Department of Planning and Environment, [Explanation of Intended Effect Proposed amendments to the in-fill affordable housing, group homes, supportive accommodation and social housing provisions of the State Environmental Planning Policy \(Housing\) 2021](#), NSW Government, November 2022.

<sup>78</sup> Greater Sydney Commission, [Greater Sydney Region Plan: A Metropolis of Three Cities – connecting people](#), NSW Government, March 2018, p 70.



Commission will work with the NSW Department of Planning and Environment to develop the mechanisms required to implement the proposed Affordable Rental Housing Targets.<sup>79</sup>

### **5.6 New Labor government's election policies**

In the lead up to the 2023 NSW election, NSW Labor said that it would introduce a requirement for 30% of all homes built on surplus government land to be set aside for social and affordable housing. In addition, Labor said that it would merge 3 government housing agencies – the Land and Housing Corporation, Aboriginal Housing and DCJ Housing – into one social and affordable housing agency, 'Homes NSW'.<sup>80</sup>

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<sup>79</sup> Greater Sydney Commission, [Greater Sydney Region Plan: A Metropolis of Three Cities – connecting people](#), NSW Government, March 2018, p 72.

<sup>80</sup> C Minns, [Chris Minns and Labor's fresh ideas for housing in NSW](#), accessed 23 January 2023.

## 6. What are the Australian Government's policies?

### 6.1 Key strategies

The Australian Government is currently developing a National Housing and Homelessness Plan.<sup>81</sup> Through the National Housing and Homelessness Agreement (NHHA), the Australian Government provides around \$1.6 billion each year to states and territories to improve access to secure and affordable housing (including around \$120 million for homelessness services).<sup>82</sup> In 2022–23, NSW was allocated \$498 million under the NHHA.<sup>83</sup> In August 2022, the Productivity Commission published its review of the NHHA.<sup>84</sup> See section 7 on page 27 for more discussion of this review.

### 6.2 Key programs

The National Rental Affordability Scheme (NRAS) began in 2008 and closed to new applicants in 2014. It provides regular incentive payments to investors who build new dwellings and rent them to low- and middle-income households at 80% of market rents for ten years.<sup>85</sup> The Australian Government funds three-quarters of the payments, and state and territory governments fund the balance. As at 30 September 2022, 5,070 properties in NSW were subsidised under the scheme (another 1,475 properties in NSW had ceased being subsidised).<sup>86</sup> A 2021 report estimated that by the end of the NRAS in 2026, 3,360 properties in NSW would have ceased to be subsidised under the scheme.<sup>87</sup>

The Affordable Housing Bond Aggregator provides low-cost, longer term loans to registered community housing providers to support the provision of more social and affordable housing.<sup>88</sup> It was introduced in 2019 and is administered by the National Housing Finance Investment Corporation (NHFIC). The NHFIC funds loans by issuing social bonds into the wholesale capital market with the benefit of a Commonwealth guarantee. In March 2022, the Australian Government implemented a statutory review recommendation to give the

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<sup>81</sup> Australian Government, *Budget October 2022-23: Improving Housing Supply and Affordability*, Fact Sheet, October 2022.

<sup>82</sup> Department of Social Services, *National Housing and Homelessness Agreement*, Australian Government, last updated 28 January 2022, accessed 23 January 2023.

<sup>83</sup> Australian Government, *Budget 2022-23: Federal Financial Relations: Budget Paper No. 3*, October 2022, p 51.

<sup>84</sup> Productivity Commission, *In need of repair: The National Housing and Homelessness Agreement*, Study Report, Australian Government, August 2022.

<sup>85</sup> Productivity Commission, *In need of repair: The National Housing and Homelessness Agreement*, Study Report, Australian Government, August 2022, p 278. See also Department of Social Services, *National Rental Affordability Scheme*, last updated 29 November 2022, accessed 1 March 2023.

<sup>86</sup> Australian Government, *National Rental Affordability Scheme Quarterly Performance Report – As at 30 September 2022*, 2022.

<sup>87</sup> Community Housing Industry Association NSW, *What next for NRAS?: Community housing leading the transition*, April 2021.

<sup>88</sup> National Housing Finance and Investment Corporation, *Affordable Housing Bond Aggregator (AHBA) loans*, n.d., accessed 23 January 2023.

NHFIC an explicit mandate to ‘crowd in’ other financiers to increase the supply of social and affordable housing. It also increased the NHFIC’s liability cap from \$3.5 billion to \$5.5 billion to support additional loans for social and affordable housing.<sup>89</sup> In April 2023, the government announced the liability cap would be increased to \$7.5 billion from 1 July.<sup>90</sup>

In September 2022, as agreed at the national Jobs and Skills Summit, the remit of the National Housing Infrastructure Facility was widened to make up to \$575 million available to invest in new social and affordable housing projects.<sup>91</sup> The National Housing Infrastructure Facility was established in 2018 and is also administered by the NHFIC. Eligible applicants, which include community housing providers and state and local governments, can apply for finance for concessional loans and/or grants.

In October 2022, the Australian Government announced two new programs that would deliver 40,000 new social and affordable homes across Australia.<sup>92</sup> First, the government will invest \$10 billion in a new Housing Australia Future Fund to generate returns to build 30,000 new social and affordable homes in the fund’s first five years.<sup>93</sup> Second, as part of a National Housing Accord 2022, the Government committed \$350 million over five years from 2024–25 to support an additional 10,000 affordable homes.<sup>94</sup> In February 2023, the government introduced the Housing Australia Future Fund Bill into parliament.<sup>95</sup> The Bill passed through the House of Representatives but stalled in the Senate as the government had failed secure crossbench support by the end of the March 2023 sitting period. The Greens argue that the housing crisis will get worse even with this fund and are calling for the government to commit to \$5 billion per year for social and affordable housing.<sup>96</sup>

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<sup>89</sup> Australian Government, [National Housing Finance and Investment Corporation Investment Mandate Amendment \(Review Measures\) Direction 2022: Explanatory Statement](#), 2022; M Sukkar, [2022-23 Budget delivers \\$2 billion for more affordable housing](#) [media release], Australian Government, 29 March 2022, accessed 1 March 2023; and Australian Government, [Statutory Review of the Operation of the National Housing Finance and Investment Corporation](#), Final Report, August 2021.

<sup>90</sup> J Collins, [Billions to boost social and affordable rental homes](#) [media release], Australian Government, 28 April 2023, accessed 1 May 2023.

<sup>91</sup> J Collins, [Up to \\$575 million unlocked for social and affordable housing](#) [media release], Australian Government, 25 November 2022, accessed 1 March 2023. See also National Housing Finance and Investment Corporation, [National Housing Infrastructure Facility Social and Affordable Housing](#), n.d., accessed 1 March 2023.

<sup>92</sup> J Collins, [Helping more Australians into homes](#) [media release], Australian Government, 25 October 2022, accessed 1 March 2023.

<sup>93</sup> J Collins, [Helping more Australians into homes](#) [media release], Australian Government, 25 October 2022, accessed 1 March 2023. This was a key part of the Labor Party’s 2022 election policies: see J Quiggin, [Labor’s proposed \\$10 billion social housing fund isn’t big as it seems, but it could work](#), *The Conversation*, 12 January 2022.

<sup>94</sup> See also Australian Government, [National Housing Accord 2022](#), n.d.

<sup>95</sup> Australian Parliament, [Housing Australia Future Fund Bill 2023](#), accessed 15 February 2023.

<sup>96</sup> See R Clun, [Greens deliver blow to Labor’s core housing promise](#), *Sydney Morning Herald*, 28 March 2023, accessed 11 April 2023.

## 7. What do recent policy recommendations say?

### 7.1 NSW inquiry reports

In June 2021 the NSW Regional Housing Taskforce was asked to look at barriers in the planning system that affected the supply of housing, including affordable housing. In October 2021 the taskforce made 5 recommendations, with 15 supporting interventions.<sup>97</sup> One recommendation was to ‘increase the availability of affordable and diverse housing across regional NSW.’<sup>98</sup> There were 6 supporting interventions for this recommendation:

2.1 Facilitating the strategic use of government-owned land to provide improved housing outcomes through the delivery affordable, diverse housing, and key worker housing, including through identifying priority sites for housing, the removal of policy obstacles that prevent utilisation of existing government land and property assets for housing, and the maturation of the Government Property Index.

2.2 Establishing an ongoing program to deliver new and renewed social and affordable rental housing in the regions through partnership between government housing providers such as the Land and Housing Corporation and Landcom, local government, and the community housing sector.

2.3 Reviewing incentives and planning controls for affordable and social housing to ensure that these settings are effective in encouraging social and affordable housing supply in regional contexts.

2.4 Reducing barriers to Public Private Partnerships that deliver social, affordable and key worker housing, including reviewing legal and administrative barriers, providing guidance and support to local government, and reducing the financial performance requirements for government-owned corporations to enable them to deliver housing for broader community benefits.

2.5 Prioritising diverse and affordable housing through regional and local strategic plans, minimum density and housing mix requirements for new development, place-based infill housing targets, reviewing planning instruments to ensure they enable infill housing, and introducing model controls that support councils to facilitate good infill design outcomes.

2.6 Considering alternative approval avenues for social and affordable housing projects to reduce barriers within assessment processes and depoliticise decision making, including self-assessment powers for low-impact developments for groups such as the Aboriginal Housing Office.<sup>99</sup>

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<sup>97</sup> Regional Housing Taskforce, [Regional Housing Taskforce Recommendations Report](#), NSW Government, October 2021.

<sup>98</sup> Regional Housing Taskforce, [Regional Housing Taskforce Recommendations Report](#), NSW Government, October 2021, Rec 2.

<sup>99</sup> Regional Housing Taskforce, [Regional Housing Taskforce Recommendations Report](#), NSW Government, October 2021, Rec 2.2.

The NSW Government's response supported all the Taskforce's recommendations.<sup>100</sup>

In August 2022, the Legislative Assembly's Committee on Community Services reported on options to improve access to existing and alternate accommodation to address the social housing shortage in NSW.<sup>101</sup> In terms of short-term, innovative solutions, the committee supported meanwhile use (temporary use of vacant or underused buildings to meet social need), home sharing, and tiny homes.<sup>102</sup> The committee also made some broad longer-term recommendations, including that the NSW Government should continue to increase investment in the provision and maintenance of public and social housing.<sup>103</sup> The government's response supported this recommendation.<sup>104</sup>

In October 2022, the Legislative Council's Standing Committee on Social Issues reported on homelessness amongst older people aged over 55 in NSW, making 40 recommendations across a range of areas.<sup>105</sup> Some of the recommendations related to social and affordable housing, including that the NSW Government:

- consider additional funding to the Social and Affordable Housing Fund and the Community Housing Innovation Fund to build more social and affordable housing; and
- examine opportunities to better expediate the development and construction of social and affordable housing, including accelerated planning approval processes and improved funding mechanisms.<sup>106</sup>

The Government's response supported this recommendation in principle.<sup>107</sup>

## 7.2 Review of National Housing and Homelessness Agreement

In August 2022, the Productivity Commission published its review of the National Housing and Homelessness Agreement (NHHA).<sup>108</sup> The Commission made several recommendations in relation to the NHHA, including that a new agreement should have a better-defined objective, that it should cover all forms of government-funded housing

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<sup>100</sup> NSW Government, [Government response to the Regional Housing Taskforce](#), August 2022.

<sup>101</sup> Legislative Assembly, [Options to improve access to existing and alternate accommodation to address the social housing shortage](#), NSW Parliament, August 2022.

<sup>102</sup> Legislative Assembly, [Options to improve access to existing and alternate accommodation to address the social housing shortage](#), NSW Parliament, August 2022, Findings 2 and 3.

<sup>103</sup> Legislative Assembly, [Options to improve access to existing and alternate accommodation to address the social housing shortage](#), NSW Parliament, August 2022, Rec 1.

<sup>104</sup> NSW Government, [Response to Inquiry into Options to improve access to existing and alternate accommodation to address the social housing shortage](#), 21 February 2023.

<sup>105</sup> Legislative Council, Standing Committee on Social Issues, [Homelessness amongst older people aged over 55 in New South Wales](#), NSW Parliament, October 2022.

<sup>106</sup> Legislative Council, Standing Committee on Social Issues, [Homelessness amongst older people aged over 55 in New South Wales](#), NSW Parliament, October 2022, Rec 17.

<sup>107</sup> NSW Government, [Standing Committee on Social Issues - Homelessness amongst older people aged over 55 in New South Wales, NSW Government response to recommendations](#), 30 January 2023.

<sup>108</sup> Productivity Commission, [In need of repair: The National Housing and Homelessness Agreement](#), Study Report, Australian Government, August 2022.

assistance, and that it should focus on improving outcomes for people across all tenure types.<sup>109</sup> The Commission also made a range of findings and recommendations on issues across the housing system, including in relation to social housing and affordable housing.

**Social housing:** The Commission commented that while ‘social housing is an effective response to addressing and preventing homelessness’, it ‘has many shortcomings.’<sup>110</sup> For example, waiting times are long, tenants have little choice about where they live, and there are few incentives for people to leave social housing. The Commission did not recommend targets for more social housing, as some stakeholders had proposed. It concluded:

There are many estimates of the number of additional social housing dwellings required to house people on waiting lists or people eligible for social housing but who may have been discouraged from applying. However, these estimates do not provide a useful benchmark for building new social housing because:

- waiting lists are poor indicators of the need for social housing
- some eligible households could have their housing needs met in the private market with some financial support at lower cost than through social housing
- they do not take into account that support is or can be provided in other ways that may be lower cost, better targeted and have better outcomes for recipients.<sup>111</sup>

In relation to social housing, the Commission recommended that:

The Australian, State and Territory Governments should trial tenure-neutral rental assistance that is portable across social and private rental housing. This will involve extending Commonwealth Rent Assistance to public housing tenants, removing income-based rent settings in social housing and designing a high-needs based housing subsidy to ensure housing is affordable and tenancies can be sustained.<sup>112</sup>

**Affordable housing:** The Commission did not support government subsidies for affordable rental housing, concluding that these were ‘inflexible, inefficient and often unfair’. The Commission therefore recommended that governments should consider alternatives that better align with its suggested principles for housing assistance.<sup>113</sup> It noted that ‘in most situations, portable rental subsidies are more aligned with [these] principles for housing

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<sup>109</sup> Productivity Commission, *In need of repair: The National Housing and Homelessness Agreement*, Study Report, Australian Government, August 2022, Rec 5.1, p 40.

<sup>110</sup> Productivity Commission, *In need of repair: The National Housing and Homelessness Agreement*, Study Report, Australian Government, August 2022, p 28.

<sup>111</sup> Productivity Commission, *In need of repair: The National Housing and Homelessness Agreement*, Study Report, Australian Government, August 2022, p 262.

<sup>112</sup> Productivity Commission, *In need of repair: The National Housing and Homelessness Agreement*, Study Report, Australian Government, August 2022, Rec 7.1, p 272.

<sup>113</sup> Productivity Commission, *In need of repair: The National Housing and Homelessness Agreement*, Study Report, Australian Government, August 2022, Rec 8.1, p 287.

assistance than property-based subsidies.<sup>114</sup> The Commission also did not support inclusionary zoning, where governments require or incentivise developers to set aside some dwellings in a new development as ‘affordable housing’. The Commission concluded:

...inclusionary zoning is not a good solution to rental affordability issues, for three key reasons.

- Mandatory inclusionary zoning can add extra costs to developments, potentially worsening overall affordability.
- Voluntary inclusionary zoning can add complexity and inconsistency to the planning system.
- Subsidised affordable housing is not as fair or effective as other forms of housing assistance.

The Commission’s recommendations to increase the supply of new dwellings and review [rent assistance] will tackle rental unaffordability in a fairer and more effective way.<sup>115</sup>

Some academics have criticised the Productivity Commission’s recommendations in relation to social housing.<sup>116</sup> Pawson et al argued that the Commission’s approach would ‘require a dramatic rise in rent assistance payments’, and they contended that the Commission ‘neglected the broader benefits of social housing investment that delivers good-quality, well-managed homes that low-income earners can afford.’<sup>117</sup>

### 7.3 NSW stakeholder views

In the lead up to the 2023 NSW state election, the Good Growth Alliance – an alliance of the Property Council of Australia, CHIA NSW, Shelter NSW and Homelessness NSW – released a policy platform. Its key priorities included:

- Increasing social housing to 10 per cent of the total housing stock by 2050
- Establishing a 4-year \$3 billion Social and Affordable Housing Fund to supplement funding from the Housing Australia Future Fund
- Creating the conditions for ensuring at least 30 percent of any future residential development on former government land be designated as social and affordable housing

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<sup>114</sup> Productivity Commission, [In need of repair: The National Housing and Homelessness Agreement](#), Study Report, Australian Government, August 2022, p 286

<sup>115</sup> Productivity Commission, [In need of repair: The National Housing and Homelessness Agreement](#), Study Report, Australian Government, August 2022, p 289

<sup>116</sup> H Pawson et al, [The market has failed to give Australians affordable housing, so don’t expect it to solve the crisis](#), *The Conversation*, 14 October 2022.

<sup>117</sup> H Pawson et al, [The market has failed to give Australians affordable housing, so don’t expect it to solve the crisis](#), *The Conversation*, 14 October 2022.



- Implementing incentives for private developers to create more affordable rental housing units across all parts of NSW, including density bonuses.<sup>118</sup>

NCOSS has called for the NSW Government to build 5,000 additional units of social housing every year for the next 10 years.<sup>119</sup> It cited a report by Equity Economics which stated that this would ‘cost up to \$2.6 billion [per year], with costs lower through the use of community housing providers and other innovative financing models.’<sup>120</sup> The Equity Economics report estimated that this investment would deliver economic benefits of \$4.5 billion each year.<sup>121</sup> A report by the Centre for Social Impact estimated that building 5,000 additional social homes per year would assist 1,619 people experiencing homelessness per year, decrease the social housing waiting list by 3,392 applicants per year, and assist 3,381 households experiencing private market housing stress per year.<sup>122</sup>

Local Government NSW election priorities in relation to housing and homelessness were:

1. Build 5,000 additional units of social housing each year for the next 10 years to contribute to addressing the homelessness and housing affordability crisis right across NSW.
2. Minimum targets of 5-10% social and affordable housing across NSW and 25 per cent for government-owned land.
3. Establish a ministry solely dedicated to addressing homelessness and the housing crisis.<sup>123</sup>

Regional Cities NSW – an alliance of 15 regional cities across NSW – has made recommendations relating to regional housing, including:

Continue the task of working with Local Government to increasing the supply of social and affordable housing through a process of identifying and activating unused land such as:

- Appropriate crown land activation;
- Land and Housing Corporation gifting or first right of review;

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<sup>118</sup> Community Housing Industry Association NSW, *Alliance of property and housing sectors call for bipartisan support and investment for good, affordable housing to confront the housing crisis* [media release], 14 December 2022, accessed 1 March 2023.

<sup>119</sup> NCOSS, *After the pandemic: building a more resilient and inclusive NSW Pre-Budget Submission 2022-23*, November 2021, accessed 30 January 2023. See also St Vincent’s de Paul Society, *More social housing urgently needed as waiting list rises across NSW* [media release], 23 December 2022, accessed 1 March 2023; and Homelessness NSW, *End Homelessness Together*, October 2022, accessed 14 February 2023.

<sup>120</sup> Equity Economics, *Rebuilding Women’s Economic Security – Investing in Social Housing in New South Wales*, Sydney, October 2021. See also Equity Economics, *Maximising the Returns: The Role of Community Housing In Delivering NSW’s Future Housing Needs*, June 2021.

<sup>121</sup> Equity Economics, *Rebuilding Women’s Economic Security – Investing in Social Housing in New South Wales*, Sydney, October 2021. See also Equity Economics, *Maximising the Returns: The Role of Community Housing In Delivering NSW’s Future Housing Needs*, June 2021.

<sup>122</sup> Centre for Social Impact, *Social Housing in New South Wales: Report 2 Future Impact*, 2022.

<sup>123</sup> Local Government NSW, *Election Priorities 2023*, n.d., accessed 14 February 2023.



- Land identified in First Nations agreements; and
- Improving regulation around derelict blocks in regional cities.<sup>124</sup>

In December 2022, the Committee for Sydney think-tank published a report, *Bringing Affordable Housing to Scale*.<sup>125</sup> The report makes a range of recommendations for scaling up permanently affordable rental housing as part of the community housing sector; and most of these recommendations were directed to the NSW Government (Table 6).

**Table 6: Committee for Sydney recommendations on affordable housing**

Category	Recommendation
<b>Planning</b>	<ul style="list-style-type: none"> <li>• Identify more government-owned land that can be put into affordable or mixed income housing production</li> <li>• Reform the planning system to provide a distinct approval pathway for affordable housing projects</li> <li>• Undertake strategic planning within each LGA to identify the best locations for affordable housing to be delivered</li> </ul>
<b>Funding</b>	<ul style="list-style-type: none"> <li>• Designate the NHFIC to manage the federal government’s Housing Australia Future Fund</li> <li>• Create a permanent NSW housing delivery fund that makes both capital grants and long-term rental subsidy contracts</li> </ul>
<b>Delivery</b>	<ul style="list-style-type: none"> <li>• Create a permanent NSW housing delivery fund that makes both capital grants and long-term rental subsidy contracts</li> <li>• In partnership with state agencies, particularly Land and Housing Corporation, scale up the CHP [community housing provider] sector to be responsible for delivery, ownership and management of the permanently affordable housing system</li> <li>• Develop a large-scale program of procurement for rapid expansion of the stock and to attract institutional capital</li> </ul>

Source: Committee for Sydney, [Bringing affordable housing to scale](#), December 2022.

In March 2023, the UNSW City Futures Research Centre released a *Blueprint to Tackle Queensland’s Housing Crisis*, which was commissioned by the Queensland Council of Social Service.<sup>126</sup> The blueprint’s recommendations in relation to social housing, which are equally relevant in the NSW context, included:

- Further expand the Queensland Housing Investment Fund (QHIF) and Housing Australia Future Fund (HAFF)

<sup>124</sup> Regional Cities NSW, [State Election Platform 2022-23](#), December 2022, p 11.

<sup>125</sup> Committee for Sydney, [Bringing affordable housing to scale](#), December 2022.

<sup>126</sup> H Pawson et al, [A blueprint to tackle Queensland’s housing crisis](#), Queensland Council of Social Service, March 2023.

- Phase in meaningful inclusionary zoning
- Examine scope for land value extraction via public housing estate renewal
- Mandate inclusion of social/affordable housing for non-estate public land disposal
- Build community housing capacity, with special emphasis on Indigenous community housing organisations
- Establish a permanent supportive housing funding framework.<sup>127</sup>

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<sup>127</sup> H Pawson et al, [A blueprint to tackle Queensland's housing crisis](#), Queensland Council of Social Service, March 2023, p 10.

**Social and affordable housing  
shortages**

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