

Section Manager
National Rental Affordability Scheme
Department of Families, Housing, Community Services and Indigenous Affairs
nras@fahcsia.gov.au

30 May 2008

Dear Sir/Madam,

UnitingCare NSW.ACT is a Board of the NSW Synod of the Uniting Church and is responsible for the work of community services, chaplaincy and social justice advocacy. We work with commitment and compassion to assist more than 33,800 people in the community every day, providing care and support for vulnerable people of all ages.

We welcome the opportunity to provide a response to the National Rental Affordability Scheme Technical Discussion Paper. This response highlights our interest in being part of the scheme and identifies the policy and design initiatives that will contribute to the Scheme's success.

I look forward to further opportunities to contribute to the development of this important scheme and would be happy to discuss any issues raised in our response in more detail.

Yours sincerely



Rev. Harry Herbert
Executive Director
UnitingCare NSW.ACT



UnitingCare NSW.ACT Response

National Rental Affordability Scheme – technical discussion paper

1. About UnitingCare NSW.ACT

UnitingCare NSW.ACT is a Board of the NSW Synod of the Uniting Church and is responsible for the work of community services, chaplaincy and social justice advocacy. All our services are aimed at providing care and support for vulnerable people who find themselves homeless, isolated or living in less than ideal circumstances. Our work is inspired and guided by the principles of justice and compassion.

UnitingCare NSW.ACT assists and supports people throughout all stages of life. These services range from early intervention programs for children at risk of neglect and abuse, preschool education programs and services for young people and families to specialised counselling, and residential and community care services for older people. Our chaplaincy work extends to support people in hospitals, correctional facilities and police services.

Our service groups are UnitingCare Ageing, UnitingCare Children's Services and UnitingCare Children, Young People and Families, including UnitingCare Burnside, UnitingCare Unifam and Harris Centre. Other services include UnitingCare Supported Living and the Medically Supervised Injecting Centre.

As well as the provision of these services, we demonstrate a strong commitment to social justice advocacy by publicly speaking out on issues that affect the people we serve.

2. Our Interest in the National Rental Affordability Scheme

We welcome the National Rental Affordability Scheme and the Australian Government's commitment to addressing the urgent need for more available and affordable housing for low income households.

UnitingCare NSW.ACT has a strong commitment to social justice and we see this Scheme as one way forward in assisting disadvantaged individuals and families to access safe, stable and affordable housing.

Through our network of community service providers we can draw on our infrastructure to lead new developments and partner with others to contribute our assets, service provision and management expertise. Using innovative design, sound financial management and our experience in development we hope to

make a significant contribution to the roll out of this Scheme in NSW and the ACT.

UnitingCare NSW.ACT's response to the Technical Discussion paper (below) focuses on key areas of this paper and highlights areas where there is a need for further consultation and development of the Scheme to provide the most effective way forward for implementation of this important initiative.

3. Response to the National Rental Affordability Scheme Technical Discussion Paper

3.1 Overview of the Scheme

Question 2: Do the timelines provide the right amount of time for proposals to be developed?

We welcome the Government's commitment to a sustained focus on affordable housing. However, to truly maximise the potential of the Scheme to make a difference in the lives of people on low incomes, we recommend some adjustments, as outlined below. These adjustments would:

- enable organisations like UnitingCare NSW.ACT to invest in developments with a view to building and maintaining sustainable communities for people across their life span;
- provide long term stability for low income individuals and families;
- ensure fairness and transparency in the process of expressions of interest and implementation.

10 year time frame

The 10 year time frame for the subsidy may not provide the policy outcomes that underpin the Scheme. Our commitment to communities will go well beyond 10 years and this may provide a disincentive for the Scheme. A time frame of 15 – 20 years would be more reflective of the timeframes needed to effectively support and sustain communities and provide the safety of tenure as people transition through their life stages.

We have a concern that the 10 year timeframe will provide an insufficient return on investments for developers and that this timeframe might undermine developer's commitment to the Scheme.

3.2 Tenants

We welcome a focus on individuals, couples and families on low incomes. From the social justice perspective, we strongly urge the government to focus on the most disadvantaged through allocation of the majority of properties to people on low incomes.

However, we would hope that the availability of stable, high quality rental stock will also assist people on low incomes to obtain more stable employment and opportunities through education to access higher paying jobs. Therefore there is a need for guidelines attached to the Scheme to identify how an individual's changing financial circumstances will be dealt with. Most importantly, the Scheme must not build in disincentives for education and employment.

Question 6 – The aim of the Scheme is to provide affordable rental accommodation at 20% below market rents. Do these provisions strike a balance between the need for administrative simplicity and the need to ensure benefits of the Scheme are passed on to tenants?

The focus of the Scheme on providing housing at below market rent is a positive policy initiative.

Responding to local housing markets

One area where some further discussion is needed is how the Scheme can be responsive to the varying housing markets across the country. For example, in Sydney the rental housing market is so unaffordable that in our experience in aged care, child, youth and family services, 80% of the market rent will still be unaffordable to people on low incomes (who are not eligible for public housing due to the narrowed focus of a welfare housing model). However, in some parts of regional NSW (though by no means all areas), the 80% rule may provide the outcomes the government is seeking. The Scheme therefore needs to review how it can effectively and fairly respond to local housing markets.

A review of how the Scheme might most effectively respond to local housing markets could also identify the key area of high need. There is a need for additional guidelines of the scheme that provide a clearer focus on developments in high needs areas (for example metropolitan areas), rather than lower cost but also lower need areas.

Specific issues for not for profit providers

We have identified an additional issue with the 80% of market rent rule that may have unforeseen consequences if not addressed prior to implementation. Should we seek to be a lead developer under the Scheme, we are concerned that we would not be able to charge 80% of the market rent and still retain GST tax advantages that relate to our charitable status. We understand that we would only be able to charge 74.9% of the market rent. This may impact on the viability of the project.

Adequacy of the subsidy

In order for the Scheme to deliver positive outcomes for tenants it will need to provide reasonable incentives for organisations seeking to get involved. We have some concern that the amount of the subsidy is not sufficient to make the Scheme financially viable for organisations and developers. We are concerned that the following factors undermine the incentive to participate in the Scheme:

- The subsidy has a limit of 10 years – we are concerned that this is not long enough to enable people to remain in their homes through important life transitions;
- The subsidy will not be sufficient in high cost housing markets, such as that of Sydney and Canberra and some high cost regional areas.

In order to resolve this, adequate time needs to be available for economic modeling that will identify the level of the Scheme's viability (please also see comments on the proposed timeframes).

3.4 Implementation of the Scheme

Question 2 – Do these timelines provide the right amount of time for proposals to be developed?

Timeframes for Expressions of Interest and Implementation

We support a clear, transparent process that provides opportunity for range of stakeholders to become involved in bids under the Scheme.

- ***Establishment Phase***

The timeframe for initial expressions of interest may require review as this may prevent organisations that are not already in the process of a development from making application under the Scheme. From our experience in both partnering in and leading large scale development projects, we believe that the timeframe for both proposals (July 2008) and completion (June 2010) may not be sufficient to allow for proper consultation, design and development application processes.

This may be of particular concerns in urban areas where complex planning controls and processes may undermine the capacity of organisations to meet these deadlines.

In order for the Scheme to encourage innovative housing solutions for a mixed development, some additional time will be needed to undertake meaningful consultation and design work.

- ***Expansion Phase***

It is critical that the Scheme provides sufficient opportunities for learning from the initial phase and we strongly support the intent highlighted in the discussion paper for their to be review of the process that informs the Scheme's development.

The timeframes for implementation of the second stage of the project creates some challenges as the timing may not allow for opportunities to learn from the first stage of the Scheme.

Applications for the first stage of expansion in December 2008 is an arrangement unlikely to provide sufficient opportunity for review of the success of the establishment phase. Some additional time between implementation of the establishment phase and the expansion phase would provide the opportunity for the expansion phase to be better informed by the evidence from what works in the Scheme.

4. More Information

UnitingCare NSW.ACT would welcome the opportunity to discuss the issues raised in this submission further. For more information please contact:

The Rev. Harry Herbert
Executive Director
UnitingCare NSW.ACT
T: 02 8267 4278
F: 9267 4842
E: harryh@nsw.uca.org.au