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Section Manager
National Rental Affordability Scheme
Department of Families, Housing, Community Services
and Indigenous Affairs
PO Box 7576
Canberra Business Centre ACT 2610

cc: Pia van der Zant, Senior Adviser, Minister for Housing

Dear Sir/Madam

Anglicare Australia welcomes the opportunity to comment on the proposed structure of the National Rental Affordability Scheme. We do not intend to comment on all elements of the Scheme, but to direct our attention to those elements that have most impact on the primary beneficiaries, and those of greatest concern to us – low to moderate income renters experiencing difficulty in the rental market.

Nature of the incentives

Anglicare Australia is concerned that a flat rate incentive of \$6000 from the Commonwealth and \$2000 from state/territory governments may not be sufficient to attract investment in high cost areas, including inner mainland capital city and high growth regional locations. We would suggest more flexible approaches, such as scaled incentives or other government contributions to offset higher locational costs and keep rents affordable for low and moderate income renters.

Disposal of properties

Anglicare Australia supports the capacity of incentive recipients to sell the property (including to tenants) within 10 years, provided that an equivalent property is offered in its place. We further suggest that tenants who purchase (and who are still low to moderate income earners) be assisted through a government funded or backed shared equity or low interest scheme and through other measures such as waived, reduced or deferred stamp duty to help them achieve the Australian dream of *affordable* home ownership.



Tenants

Anglicare Australia supports the Rudd government's aim to provide 'a stimulus for a[n affordable rental] market to be created' for low to moderate income Australians. We are, however, concerned that tenant managers may 'cream' eligible tenants, favouring those with higher incomes (and perceived fewer problems).

Creaming has the potential of undermining the government's stated aim of 'ensuring projects comprise a suitable social mix of households'. We suggest that projects that attract incentives comprise a balance between moderate and low income households (say, for example an 80:20 split). Anglicare Australia is also concerned that if a range of income levels and household types are not actively recruited into accommodation provided under the Scheme, this could result in social housing, and public housing in particular, being further marginalised as residual 'welfare' housing.

The capacity of single low income earners without dependants (including retired seniors) to afford rental housing is particularly compromised, as they are not eligible for rent or other assistance to offset the high proportion of their income used for housing costs. Anglicare Australia would welcome the government sourcing innovative projects that respond to this growing group's needs, particularly in inner city areas where there is strong demand for low paid service workers.

Anglicare Australia considers it would meet the government's stated aims for the Scheme to 'provide tenants with stronger security of tenure' to require projects to offer a mix of longer term (say, from 3 to 10 years) and standard term leases, depending on the circumstances and life stages of tenants. As the technical paper points out, the benefits from such an approach flow to property owners as well as tenants.

Referral paths

Anglicare Australia notes that the only referral mechanism raised in the technical paper is state or territory housing authorities. As the potential tenancy managers include private and not-for-profit sector organisations which potential tenants would normally approach directly, this would appear to impose an unnecessary layer of interaction on both tenants and tenancy managers.

Anglicare Australia suggests that current pathways be maintained. Community and other not-for-profit housing managers have existing criteria that include potential tenants' income. Any private lease application contains details of potential tenants' income. If the issue of concern is tenants' eligibility on income grounds, given that other than some low income earners receiving low income or senior Australians tax offsets, most would be in receipt of a payment or benefit from Centrelink or the Family Assistance Office, tenancy managers could require tenants to provide confirmation of income from either of those agencies (or in the case of tax offsets from the Australian Taxation Office).

While Anglicare Australia would not advocate that Centrelink or the Family Assistance Office have a formal referral role, both agencies are well placed (given their access to potential NRAS tenants' income and housing status) to

identify and suggest to potential tenants that they apply for NRAS accommodation with a local NRAS tenancy manager.

Tenancy managers

Anglicare Australia considers that in addition to tenancy management, the Scheme should provide for tenancy support to help tenants maintain their tenancies. Providing such assistance would protect the interests of both the tenants and the investors.

Tenancy support helps tenants who may have difficulty in attaining and maintaining their tenancies due to a range of issues, such as difficulty managing bills and debt on a low income, lack of living skills, drug and alcohol issues, disability and mental health issues. Tenancy support would not be needed by all tenants, and by those who do need support, would not be required all of the time (it could be just help with establishing a tenancy, or episodic support to deal with issues that arise).

It would not be necessary (or even desirable) for each project to have on-site tenancy support, but tenants who need extra help to maintain their tenancy should have access to that help. For example, a group of closely located projects could share funding of tenancy support services, community services that provide tenancy support could be invited to contribute to a consortium, or projects could enter into agreements with local community service providers to provide support to tenants on an as-needs basis.

In their tenancy management role, non-profit housing managers and registered or licensed private property managers are bound by existing guidelines and/or codes of practice. Rather than instituting new regulatory arrangements with the introduction of the Scheme, Anglicare Australia suggests that the existing regulatory environment be tested over the initial 12 months of the Scheme and new regulations developed if there is evidence that low to moderate income tenants (or particular groups, such as young people, people with disability or larger families) experience poor outcomes or harsh or discriminatory treatment by tenancy managers.

Rents

Anglicare Australia supports a minimum of 20% below market value in rents, benchmarked against similar properties in a specified location. We note that a 20% reduction on market rent will not deliver affordable rental accommodation in some locations, where the market is particularly tight such as inner city areas. We recommend that project proposals are targeted that deliver better benefits for lower income tenants in such areas or a more flexible range of incentives and/or co-contributions from governments be made available.

Yours sincerely



Kasy Chambers
Executive Director