



Human Services  
Housing NSW

# State Budget 2010–11 Housing NSW Budget Commentary

June 2010



# Introduction

The work of Housing NSW is driven by its purpose to help build a stronger community by providing housing solutions for people in need.

2010-11 will continue the program of significant growth and reform in the NSW social housing sector that provided our main focus last year.

Housing NSW is the largest provider of social housing in Australia, delivering a range of housing options to people in need in the community. Housing NSW:

- manages NSW's public housing portfolio;
- works with other departments, agencies and other organisations to address homelessness in New South Wales;
- funds and regulates community housing and crisis accommodation;
- manages Aboriginal public housing for the Aboriginal Housing Office;
- plays a key role in developing policy and supporting relationships to increase access to the supply of affordable housing across NSW;
- provides policy advice to government and manages the Housing Act and associated legislation; and
- provides a range of products and services to assist people into the private rental market and home ownership.

Housing NSW is classed as a Public Trading Enterprise. The sources of funds that finance the Housing NSW budget include:

- contributions from the State and the Australian Governments through the National Affordable Housing Agreement and associated National Partnership Agreements;

- additional state and national funding and internal agency funds such as rent revenue, asset sales and interest; and
- funds from grants from various sources.

Housing NSW is now positioned within the Department of Human Services. This will strengthen the link between shelter and non-shelter outcomes and address some of the structural barriers to linking the housing with other human services. The new structure builds on the previous extensive collaboration of Housing NSW with human service and justice agencies.

Housing NSW provides staff and grants to the NSW Land and Housing Corporation, which holds land, buildings and other assets required for the provision of housing services. The Land and Housing Corporation receives grants to deliver State Plan priorities on reducing homelessness and improving housing affordability for households on low and moderate incomes, and also deliver State obligations under the National Affordable Housing Agreement, a Special Purpose Payment, and a number of National Partnership Agreements with the Commonwealth.



# Strategic directions

The work of Housing NSW is driven by its purpose to help build a stronger community by providing housing solutions for people in need.

Housing NSW is concentrating on growing and reforming the New South Wales social and affordable housing sector in NSW, in line with our commitments to the Commonwealth under the National Affordable Housing Agreement.

## Commonwealth Funding

This includes:

- **National Affordable Housing Agreement** (NAHA) funding for NSW which provides a total of \$1.9 billion to NSW over five years from 2008-09 (\$321.4 million in 2010-11) to provide affordable, safe and sustainable housing that contributes to social and economic participation.
- **The National Partnership Agreement on Homelessness** which provides a total of \$146.8 million to NSW over five years to help people who are homeless or at risk of homelessness achieve sustainable housing and social inclusion, including funding for the A Place to Call Home initiative (\$15.5 million in 2010-11).
- **The National Partnership Agreement on Social Housing** which provides \$130.4 million to NSW over two years to increase the supply of social housing through new construction and enable more disadvantaged households to access safe and secure housing that meets their needs. This is designed to leverage additional funds from other sources, including state and local governments, private investors and community or other non-government organisations.
- **The National Partnership Agreement on Remote Indigenous Housing** which aims to reduce disadvantage largely by funding the construction of new houses for Aboriginal people, the repair and maintenance of houses in remote

Aboriginal communities, and tenancy management and support in remote areas. Under this Partnership New South Wales will receive a total of \$396.7 million over 10 years (\$47.5 million in 2010-11).

- **Nation Building and Economic Stimulus Plan (NBESP)** which provides a total of \$1.89 billion to NSW over four years to help stimulate the economy and minimise the impact of the global financial crisis by significantly increasing the supply of social housing in Australia through new construction and refurbishment of existing stock. It is estimated that 1,099 new dwellings will have been completed in 2008-09 and 2009-10 and over 25,000 social housing dwellings upgraded. In total this program will see the construction of over 6,000 new dwellings. In 2010-11, \$538.3 million will be spent to build and complete new social housing and \$26.2 million to upgrade social housing including converting bed-sitter accommodation. Housing NSW will deliver 4,700 new social housing properties and continue investing in property maintenance.

## Social Housing Reform in NSW

The development and implementation of social housing reforms will continue to be a major focus of Housing NSW in 2010-11, in particular facilitating the development of an integrated social housing system.

The reforms are designed to:

- reduce homelessness and integrate homelessness and mainstream services;
- grow the community housing sector;
- reduce concentrations of disadvantage through redevelopment of public housing estates to create mixed communities that improve social inclusion;
- improve housing services and conditions for Aboriginal people, including in remote NSW;

- improve housing market efficiency;
- increase the supply of affordable rental housing;
- improve the environmental sustainability of social housing.

The revised NSW State Plan now incorporates specific targets for increasing the supply of affordable housing and the reduction of homelessness.

## Corporate Priorities

These reforms are consistent with the six corporate priorities reflected in the Housing NSW Corporate Plan:

1. Homeless people have access to housing and support services to sustain a tenancy
2. Appropriate and sustainable social housing
3. Integration of social housing in communities
4. Access to affordable housing
5. Quality customer service
6. Sustainable business.

# 2010–11 Budget funding and expenditure

## Total Budget

The total Housing NSW Budget in 2010-11 is \$2,525.2 million. It consists of:

\$1,426.1 million in recurrent expenditure;

\$1,099.1 million capital expenditure.

Table 1 - Housing NSW - Total Budget 2010-11

Application of Funds (expenditure)	(\$ million)
Repairs & Maintenance	173.7
Residential and Tenancy Expenses	31.6
Other Property Expenses	249.2
Rental & other Assistance	209.2
Personnel Services - DHS <sup>1</sup>	212.7
Other Operating Expenses <sup>2</sup>	91.2
Interest on Loans	89.1
Depreciation & other items (non-cash)	369.4
Capital Expenses (included in HPAP) <sup>3</sup>	1,069.3
Other Capital (Admin Assets)	29.8
<b>Total</b>	<b>2,525.2</b>

## Housing Policy and Assistance Program

In 2010-11, payments through the Housing Policy and Assistance Program will assist around 430,000 people in housing need. Housing NSW, which operates under the auspices of the *Housing Act 2001*, and the Aboriginal Housing Office, which operates under the auspices of the *Aboriginal Housing Act 1998*, will use these payments and internal funding sources to provide:

- Government-subsidised social housing managed by public, community and Aboriginal housing providers to approximately 315,000 people;
- approximately 4,700 crisis accommodation places for nearly 40,000 people; and
- financial assistance to approximately 75,000 private renters.

The Housing Policy and Assistance Program \$1,652.0 million (recurrent and capital components) consists of:

- \$1,564.5 million for Housing NSW; and
- \$87.5 million for the Aboriginal Housing Office

The Program comprises \$795.7 million from the Commonwealth Government and \$154.6 million from the NSW Government. A further \$701.7 million will be contributed from Housing NSW and AHO internal sources.

The Housing Policy and Assistance Program budget will be applied across the areas of housing supply, asset management for existing dwellings and other housing programs for people in housing need.

Footnote:

<sup>1</sup> Department of Human Services

<sup>2</sup> Includes Businesslink fees \$33.8 million

<sup>3</sup> Excluding Administrative Assets

# 2010–11 Budget funding and expenditure

Table 2 – Application of Housing Policy and Assistance Program Funding 2010-11 (\$ million)

Budget Program Area	Total Program (B) 2010-11 (\$ million)
Social Housing Supply	785.9
Social Housing Asset Management <sup>4</sup>	456
Other Housing Programs	322.6
Housing Policy and Assistance Program – HNSW	1,564.5
Housing Policy and Assistance Program - AHO	87.5
<b>Total Housing Policy and Assistance Program</b>	<b>1,652.0</b>

## Commonwealth Funding

The Commonwealth Government funding for NSW in 2010-11 includes:

- \$321.4 million from the *National Affordable Housing Agreement* (NAHA);
- \$418.4 million under the *Nation Building Economic Stimulus Plan – Stage 2*; to build new social housing homes, and \$26.8 million for upgrading existing social housing homes by converting bed-sitter accommodation; and
- \$8.4 million under the *National Partnership Agreement on Homelessness for A Place to Call Home*; and
- \$47.5 million under the *Remote Indigenous Housing National Partnership Agreement*.

Table 3 – Sources of Funding for the Housing Policy and Assistance Program 2010-11 (\$ million)

Source of Funds	2010-11 (\$ million)
<b>STATE</b>	
State Funds incl. Enhancement Funding, Aboriginal Communities Development Program (ACDP), GST compensation	154.6
<b>Total State funds</b>	<b>154.6</b>
<b>COMMONWEALTH<sup>5</sup></b>	
National Affordable Housing Agreement	321.4
Nation Building Economic Stimulus Plan (NBESP) - Stage 2 Construction	418.4
Remote Indigenous Housing National Partnership	47.5
A Place to Call Home Initiative <sup>6</sup>	8.4
<b>Total Commonwealth funds</b>	<b>795.7</b>
<b>OTHER</b>	
Agency Internal Funds <sup>7</sup>	474.2
Asset sales	227.5
<b>Total Other funds</b>	<b>701.7</b>
<b>TOTAL FUNDING for the 2010-11 HOUSING POLICY AND ASSISTANCE PROGRAM</b>	<b>1,652</b>

Footnote

<sup>4</sup> includes Bedsit conversion

<sup>5</sup> Commonwealth funding under the Social Housing NP has been eliminated from this table because no additional funding is being received this year. There will be expenditure of \$43.8 million in 2010-11 but these are unspent funds carried over from 2009-10.

<sup>6</sup> In 2010-11, this funding will be applied to the Camperdown "Common Ground- style" Project

<sup>7</sup> This includes carry forward funds from prior year.

# Forecast achievements for 2010–11

1

Homeless people have access to housing and are able to sustain a tenancy

## Key initiatives

- Housing NSW is the lead agency for delivery of the five-year NSW Homelessness Action Plan which has been developed to address homelessness in NSW 2009–2013. The plan identifies NSW priorities and outlines practical actions to prevent and reduce homelessness, in particular Indigenous homelessness. Housing NSW will:
  - > coordinate delivery of all NSW led projects,
  - > coordinate delivery of regional homelessness plans
  - > lead reforms to the homelessness service system, shifting its focus from crisis to long term housing and prevention and early intervention.
  - > work with other agencies to ensure tenancies are supported.
- In 2010-11, Housing NSW will assist over 4,000 people who are homeless or at risk of homelessness to be housed and sustain their tenancies.
- Housing NSW is investing \$38.8 million over five years to build 155 new dwellings under the Commonwealth Government's 'A Place to Call Home', strategy. In 2010-11, funding of \$15.5 million under this program has been allocated to build 62 new homes in Camperdown based on the common ground model.
- Funding has been allocated to make 4,700 places available during 2010-11 in crisis and transitional accommodation to be managed by community housing providers to support people in crisis.
- \$10.9 million will provide 27,550 Temporary Accommodation (TA) assistances under Rentstart in 2010-11.
- Continue to invest \$16 million over four years in the Start Safely Program, a private rental subsidy scheme aimed at helping women with children escaping domestic violence. In 2010-

11, \$6.6 million has been allocated for this program to assist 450 households.

- The Homelessness Intervention Project (HIP) was established in 2008 to respond urgently to the needs of chronically homeless people in the inner city, as well as to homeless young people in the Nepean area. In 2010-11, Housing NSW will contribute up to 15 leases in the inner city; and 10 social housing places in the Nepean area.
- Housing NSW contributes funding to the City of Sydney Homeless Persons Brokerage Service and the Homeless Persons Information Centre.
- Housing NSW and the City of Sydney jointly fund the Outreach and Support Team component of the newly established inner city of Sydney Assertive Outreach Team.
- Expanding the provision of private rental assistance products and services to help homeless people, and people at risk of homelessness to search, apply for and sustain a tenancy in the private rental market. This includes an allocation of \$2.1 million for the provision of the Private Rental Brokerage Service and Tenancy Guarantees.

2

Appropriate and sustainable social housing

## Key initiatives

- \$876.3 million will be provided to fund new capital works, works in progress, and existing and new leased housing in the public and community housing sectors. This includes:
  - > \$338 million for the public and community housing supply program, funding works in progress, new capital works and existing and new leased dwellings, which will enable the completion of 568 social housing units.
  - > \$538.3 million under the Nation Building Economic Stimulus Plan – Stage 2 construction involving a range of delivery options including land and multi-unit development packages and redevelopment

projects, which will provide estimated completion of 4,690 homes in 2010-11;

- In line with legislation introduced in March 2010, Housing NSW will be transferring ownership of some social housing to not-for-profit community housing providers to support the community housing growth strategy and enabling community housing providers to leverage against their assets. Over the next two years, over 6,000 properties will be transferred to the ownership of community housing providers, including 90 percent of new social housing funded through the Nation Building Economic Stimulus Plan and 500 properties currently under community housing management.
- In addition subsidies will be provided to around 9,415 existing leased homes as part of head leasing arrangements and the community housing leasing program.
- A total of \$431.5 million is available for improvements to social housing dwellings. Improvements range from planned repairs to major upgrade works and will encompass public and community (including crisis accommodation) housing.
- \$26.8 million from the NBESP funding for Repairs and Maintenance will fund the conversion of 300 bed-sitters to one bedroom homes, improving the current amenity and quality of accommodation for social housing tenants
- Funding of \$15 million for upgrading up to 5,000 properties to meet fire safety standards for multi-unit buildings is also included in the total asset management budget.

3

Integration of social housing in communities

## Key initiatives

- \$24.1 million has been allocated for capital improvements in 2010-11 towards the Building Stronger Communities program. This investment will improve the quality of life and amenity in social housing

# Forecast achievements for 2010–11

communities in seven major locations across NSW: Mt Druitt, Claymore, Macquarie Fields, Killarney Vale / Bateau Bay / Tumbi Umbi, Dubbo, Bathurst/Orange and Wagga Wagga.

- Housing NSW will invest over \$2.7million in the Tenant Participation Program during 2010-11. Some of these initiatives include:
  - > an investment of \$1.6 million for nine Tenant Participation Resource Services (TPRS) across the state.
  - > \$791,000 on the Housing Communities Program (HCP) across 10 project locations.
  - > \$180,000 on Community Greening initiatives in partnership with the Botanic Gardens Trust.
- The Dubbo Transformation Strategy involves community renewal for both social housing and the city of Dubbo. It aims to create a better social environment, build strong communities, support social housing tenants and reduce antisocial behaviour to make it a more appealing place to live, particularly for first home buyers. Approximately \$2.7 million will be invested in 2010-11.
- The Bonnyrigg Living Communities project will see the redevelopment of social housing dwellings at Bonnyrigg with a mix of private and public housing. The project is expected to take around 12 years and is a Public Private Partnership.
- Large-scale staged redevelopment is currently being undertaken in the Minto public housing area with a mix of public and private housing. The project is being done in conjunction with Campbelltown City Council and Landcom and is expected to take around 10 years.
- The Inner West Strategy is designed to provide 228 new homes in Sydney's Inner West. Key redevelopment locations are in Concord, Abbotsford, Camperdown and Lilyfield. \$27.6 million has been allocated to these projects in 2010-11.
- In Millers Point, the next phase of the 99-year lease sales program will see the continuing release of a number of properties throughout 2010-11. \$4.9 million has been allocated to upgrade these properties.

- Housing NSW will redevelop twelve workers cottages at 163-185 Parramatta Road Camperdown. This re-development will yield 27 residential units with commercial and office spaces. \$8.27 million is allocated to this project for 2010-11.
- In Seven Hills, Housing NSW has commenced a Part 3A Major Projects Concept and Project application to the Department of Planning in respect of the majority of its properties, in the context of the overarching urban renewal vision for the entire precinct. Approximately \$6.5 million has been allocated for 2010-11.
- Housing NSW will commence redevelopment in Telopea and \$30.3 million has been allocated for 2010-11.
- In Glebe, the Housing NSW redevelopment site proposes approximately 480 social, affordable dwellings. Approximately \$6 million has been allocated for 2010-11.
- Housing NSW will implement the Green Street Initiative to improve the amenity, environmental performance and reduce carbon emissions by allocating \$15.5 million in 2010-11 to a program of planting 7,500 street trees and other landscaping project initiatives.

- Housing NSW will also implement projects funded under the Housing Affordability Fund (HAF) to deliver rebated sales to community housing providers or low to moderate income households. This program is designed to make housing more affordable by reducing the price of entry level housing for low to moderate income earners, stimulating the supply and reducing the burden of infrastructure charges on new housing. Housing NSW is the lead agency for implementation in NSW.
- In 2010-11, Housing NSW will continue to implement a number of affordable housing projects and programs including the St Marys Affordable Housing Program, the Affordable Housing Innovations Fund and capital grants for community housing providers under the National Rental Affordability Scheme 'A'. Over \$13 million in grant funding is anticipated to be provided in 2010-11 to deliver 83 new affordable housing dwellings.
- Housing NSW's approach to maximising yield under the Social Housing Growth Fund will deliver additional dwellings in 2010-11. Over 290 units are due for completion in 2010-11 with grant funding of over \$43 million. Community housing providers will contribute \$30 million of debt and equity to these projects.
- Housing NSW provides a range of private rental assistance products and services to help apply for and sustain a private rental tenancy. In 2010-11 this includes:
  - > \$34 million available to help about 29,400 households gain access to or remain in private rental accommodation through Rentstart, a program that provides financial assistance in the form of a rental bond and in some cases upfront rent. (This includes \$10.9 million for temporary accommodation.)
- Under the Special Assistance Subsidy program, in 2010-11 \$16.7 million will assist eligible people with disabilities and people living with HIV/AIDS to access the private rental market.

## 4

### Access to affordable housing

#### Key initiatives

- The National Rental Affordability Scheme is a partnership between the Commonwealth, State and Territory Governments that aims to increase the supply of affordable rental housing by encouraging large-scale investment in the sector from institutional investors, not-for-profit organisations and others.
  - > During 2010-11, incentives for 72 affordable housing units in NSW will be provided under NRAS-A, and under NRAS B incentives for a total of 1,069 total units will be provided, including payments for 518 additional affordable housing units expected to be completed in 2010-11.

# Forecast achievements for 2010–11

5

## Quality customer service

### Key initiatives:

- In April 2010 Housing NSW launched Housing Pathways, a significant shift in the way social housing providers manage clients seeking housing assistance.
- In 2010-11 Housing NSW and community housing providers will work together to monitor implementation of Housing Pathways and develop policies and systems that further enhance it.
- Housing NSW, together with other agencies, will contribute to ensuring that the health and wellbeing of children and young people are promoted and protected as part of the Keep them Safe program.
- As part of the Ageing Well in NSW package, the Government has introduced telephone monitoring calls to frail, older social housing residents living alone. In 2010-11 Housing NSW has allocated \$1.2 million towards this initiative.
- In 2010–11, Housing NSW will implement an action plan to support the newly launched Commitment

to Improving Service Delivery to Aboriginal People, focussing on helping Aboriginal people to sustain their tenancies, increasing employment opportunities and building relationships between mainstream social housing providers and the Aboriginal community sector.

6

## Sustainable business

### Key initiatives:

- \$5.3 million of the Climate Change Fund for energy and water savings will be allocated in 2010-11 to the replacement of 2,000 electric hot water heaters with solar systems, and installation of ceiling insulation in 300 community housing dwellings. This is included in the total asset management budget.
- This is part of a total of \$17.8 million of funding over the four years 2008-09 to 2011-12 allocated through the Climate Change Fund to replace electric storage hot water heaters with solar hot water heaters and continue the installation of water saving devices. An additional \$5.6 million is available over three years (2009-10 to 2011-12) for ceiling insulation.

- Housing NSW is providing \$1.4 million for a range of research and data management projects aimed at improving the management and monitoring of client information to support organisational performance.
- The Housing Appeals Committee (HAC) is allocated \$1.3 million to enable it to provide an independent appeal service to clients of public and community housing and work with housing providers to improve policies and decision making processes.
- Housing NSW has a loan from the Commonwealth Government used to fund public housing under Commonwealth State Housing Agreements prior to 1989. \$22 million is a contribution towards the repayment of this loan.
- \$33.8 million is allocated for the provision of corporate support services from NSW Business Link such as information technology, finance, human resources, business services and other projects.
- \$5.6 million is allocated for interest subsidy payments associated with the Bonnyrigg Living Communities project.



Human Services  
Housing NSW

State Budget 2010/11  
Housing NSW Budget Commentary  
June 2010  
[www.housing.nsw.gov.au](http://www.housing.nsw.gov.au)