

Commissioner Malcolm Roberts
Commissioner Romlie Mokak
Productivity Commission
4 National Circuit, Barton, ACT 2600

Dear Commissioner Roberts and Commissioner Mokak

RE: Submission to Housing and Homelessness Agreement Review – Bridge Housing Limited

Bridge Housing Limited (Bridge Housing) welcomes the opportunity to provide comment on the Productivity Commission's Housing and Homelessness Agreement Review.

If you require any further information please do not hesitate to contact me

Kind regards

Rebecca Pinkstone
Chief Executive Officer

About Bridge Housing

Bridge Housing is a Tier 1 Community Housing Provider registered under the National Regulatory System for Community Housing (NRSCH). Our mission is to improve lives through affordable homes and quality services, which we provide to people on low to moderate incomes. Our vision is to be a dynamic organisation, recognised for excellence in meeting housing need, improving resident wellbeing and governing responsibly. We operate in areas most in need across Greater Sydney, which are characterised by high demand for social housing and private rental markets that are increasingly unaffordable.

Bridge Housing has been delivering high quality social and affordable housing services in Sydney for over 30 years. We provide safe and secure housing for 5,600 people through the 3,500 properties we own or manage across 20 LGAs in Greater Sydney – from Waverley in the east to Blacktown in the West and through the Northern Beaches.

Further information on Bridge Housing's scope, expertise and approach to the management and delivery of social and affordable housing can be found in our [2021 Annual Report](#).

Introduction

The National Housing and Homelessness Agreement (NHHA) facilitates cooperation between Commonwealth and State Governments. It aims to improve housing outcomes, in particular access to social and affordable housing as a strategy to prevent and address homelessness and support broader social and economic participation for some of the most vulnerable in our community. The funding and outcomes sought from the NHHA must be contextualised within the broader housing system.

Our housing system is broken, particularly for those on low incomes. It is now characterised by a critical lack affordable housing. At the same time as the number of households renting through the private market is increasing, rents are increasing, [vacancy rates](#) are declining and [security of tenure](#) remains a concern in many jurisdictions. The lack of affordable housing is also driving [greater rates of homelessness](#) – increasing by almost 30% between 2006 and 2016.

The scale of the problem is daunting. The Review of the National Housing Finance and Investment Corporation (NHFIC) [estimates](#) that an additional 891,000 social and affordable housing dwellings are required over the next 20 years to meet the current and growing demand. This will take investment of \$293 billion and significant coordination to ensure the right housing is built in the right locations.

Further, as Australia continues to face climate change and increases in extreme weather events the role of a safe, secure and affordable home becomes even more critical. Climate change will continue to have serious implications for the design and delivery of climate resilient housing and our efforts to reduce energy poverty in our community. We need a plan for the nation's housing – both existing homes and new – to respond effectively.

Given the broader challenges facing our housing system, we see a [National Housing Strategy](#) as a fundamental platform for housing system reform. A Strategy that is underpinned by a robust housing-need assessment, housing stock condition assessment and a plan to boost new supply that is affordable.

In this absence of a National Housing Strategy, the NHHA becomes even more critical in setting a framework for Commonwealth and State action to address the housing crisis. The key objective of the NHHA *'is to contribute to improving access to affordable, safe and sustainable housing across the housing spectrum, including to prevent and address homelessness, and to support social and economic participation'*. We believe there are a number of reforms that could be embedded in the NHHA that would build on previous NHHA reforms and deliver more housing for Australians in need.

Clear, measurable targets to drive better housing outcomes

Investment in social housing has not kept up with population growth with the proportion of the total housing stock available as social housing [declining](#) from 7.1% in 1991 to 4.2% in 2016.

It is clear that our housing affordability problem, is compounded by a critical shortage of social housing. Almost 155,000 Australians are languishing on social housing [waiting lists](#). Of these, around 40% meet priority housing criteria and require an urgent housing due to homelessness or risk of homelessness. Social housing is one of the only social policy areas where Australians can be fully eligible for a service, yet not receive one.

Over the period of the latest NHHA, the net increase in social housing has been minimal. This is largely due to the overall lack of investment in social housing, with many State Housing Authorities required to sell existing properties to fund their redevelopment programs. For example in NSW while there has been investment under Future Directions initiatives to deliver 9,368 new social housing properties, this has resulted in a net gain of 4,309 properties between 2016 and 2020 when the [sale and redevelopment](#) of existing social housing stock is taken into consideration. On balance, the stock of social housing in NSW has dropped from 4.92% of the total housing stock in 2016 to 4.71% in 2020.

It is critical that the new NHHA includes specific targets to ensure a net increase in social and affordable housing is delivered in each jurisdiction. These targets must be transparent and take into consideration the sale and redevelopment of existing social housing as well as population growth to ensure that new supply delivers a net increase in dwellings and in turn addresses demand.

Leveraging community housing to increase supply and deliver a better customer experience

The size of the community housing sector in Australia has grown dramatically over the last decade. In NSW the sector now owns or manages 35% of all social housing across the state. During this time, community housing providers have grown into scale and capability moving into development of new social housing, introducing new business models, leveraging external support partnerships to increase the social and economic participation of residents and providing high levels of tenant satisfaction.

The introduction of the National Regulatory System for Community Housing has brought greater assurance in relation to the operation and outcomes of our service delivery. We firmly believe the community housing sector should be positioned as a key partner in the delivery and ongoing management of social and affordable housing.

As a registered charity and non-government organisation, Bridge Housing can leverage finance, tax exemptions and concessions and work with private developer partners to deliver more affordable housing on the ground.

Community housing providers offer an efficient and effective model to deliver the supply of social and affordable housing required to meet demand. Since 2012, the NSW community housing sector has [invested over \\$1.2 billion](#) to deliver new social and affordable housing across the state, demonstrating our role as key players in delivering the supply of additional social and affordable housing required over the next 20 years. This investment has delivered close to 1,700 new social and affordable homes across NSW.

Bridge Housing has been part of this success story. Since 2016 we have invested \$60 million and leveraged a further \$25 million to deliver 330 new social and affordable housing dwellings. We are deeply embedded in our community and have a strong understanding of their housing needs. This means we are well placed to deliver the much needed new supply of social and affordable housing on behalf of Government.

The reality is that even with access to incentives and innovative financing mechanisms there is a gap between the cost to deliver and manage social and affordable housing and the income generated through rent. Modelling by the [UNSW City Futures Research Centre](#) indicates that a direct capital subsidy

either in the form of land or cash is the most efficient means to deliver more housing. To ensure consistent and equitable access to funding to deliver the urgently needed social and affordable housing and to build the capacity of the sector, a national capital grant funding stream should be made available to the community housing providers under the NHHA. This could be administered by NHFIC who already work closely with the community housing sector and have a strong understanding of the capacity of providers to finance and develop new supply.

The NHHA could also support the community housing sector as key partners in the delivery of new social and affordable housing supply through setting targets for the transfer of state housing assets to the sector. The evidence is clear. Community housing providers deliver a [better tenant experience](#) than their state housing counterparts. While the social housing management transfer program in NSW has led to significant growth of the sector and improved property and tenant outcomes, title transfer would amplify this impact. It is required to ensure that this growth translates into new supply. Community housing providers must be able to leverage against larger asset bases to access the finance required to fund the development of social and affordable housing.

Case study: Layering subsidies to deliver new supply – Bunya Estate

Our development of 65 new two and three bedroom villa homes on the Bunya Estate in Bungarribee, Western Sydney is home to 250 people, including 150 children. This development layered subsidies and incentives from a range of sources to deliver new affordable housing supply.

Based on a joint venture partnership with Lindsay Bennelong Developments, the estate was financed through a mix of debt and equity, with support from state and commonwealth governments via the National Rental Affordability Scheme (NRAS), the Housing Affordability Fund, and subsidised land from Urban Growth NSW. Of the 65 properties, 34 were sold to investors as affordable rentals for 10 years – these are currently managed by [HomeGround Real Estate](#), our not for profit real estate agency. The remaining 31 were retained by Bridge Housing.

Driving positive housing outcomes through regulatory transparency

The community housing sector is covered by the National Regulatory Scheme for Community Housing (NRSCH), which provides oversight and assurance that individual providers are delivering housing services effectively and efficiently to maximise outcomes for our tenants. The NRSCH drives a consistent minimum level of service and transparency that in turn provides assurance to Government, tenants and private investors.

The regulatory scheme has been key in building the capacity of the sector to raise private finance and undertake property development by ensuring community housing providers have robust compliance and quality management processes in place to manage risk. Under the NRSCH, community housing providers make regular reports to the Regulator and compliance is assessed annually. This is on top of other contract-related reporting requirements, which providers are subject to under various government service contracts.

Consistently high rates of tenant satisfaction reinforce the important role of the regulatory framework in driving the better tenant outcomes. We believe the inclusion of all social housing providers – mainstream community housing, State Housing Authorities and Aboriginal housing providers would ensure a consistent standard and quality of social housing service delivery, no matter where tenants live.

Currently, Victoria and Western Australia do not participate in the NRSCH. State housing authorities in each jurisdiction, who are the largest social housing providers nationally, are not covered by a regulatory scheme. Given the scale of investment required to deliver new social and affordable housing supply and the needs of our tenants, the case for a nationally consistent approach to regulation is strong. Bridge Housing would welcome the inclusion of a nationally consistent approach to regulation as a key principle in the NHHA.

Embedding housing first as a systemic response to homelessness

The headline outcome of the NHHA is *‘that people who are homeless or at risk of homelessness achieve sustainable housing and social inclusion’*. While housing is key in addressing all forms of homelessness, support is critical in enabling people to permanently sustain their tenancies. This is particularly the case for people who have experienced chronic homelessness or who have complex needs including physical and mental health disabilities, substance dependence and domestic violence, which may make it harder to sustain a tenancy.

The [Housing First model](#) – widely regarded as international best practice in working with rough sleepers and those experiencing chronic homelessness – is based on the provision of secure, affordable housing with flexible, wrap-around supports. Bridge Housing has extensive experience in the delivery of Housing First responses. We were the first housing provider in Australia to implement a housing first program. Since this time we have worked in partnership with the NSW Government and support partners to implement, Platform 70, Connect 100, Step to Home and Together Home Programs.

We have assisted almost 250 people to move from the street to a safe, secure and affordable home with wrap around support. We have an average 12 month tenancy sustainment rate of 98% across all programs. Many of our Platform 70 tenants are still with us today, over 10 years after first being housed with Bridge.

Case study: Housing First as a best practice response to homelessness – Step to Home

Step to Home is delivered in partnership with Women’s Housing Company, Metro Community Housing and Neami National, Step to Home is a four-year funded program offering support to over 90 people based on Housing First principles. The program has delivered positive housing, health, wellbeing, social and employment outcomes for participants according to an independent evaluation conducted by the [Centre for Social Impact](#). The employment outcomes are particularly impressive, with almost 25% of participants reporting some form of employment after being placed in the program compared to 3% of participants who were in employment when they commenced.

We estimate the use of the Housing First model has delivered savings to government of at least \$3,300,000 over the four year funding period*.

*This is based on an estimated saving of \$9,000 per participant per year. Parsell [estimates](#) a person experiencing chronic homelessness utilises public services at an average cost of \$48,217 p/a. The average cost to deliver a Housing First response is \$39,000 p/a based on \$22,000 for housing and \$17,000 for support.

The lack of social housing has meant many housing first programs must rely on properties head leased through the private rental market. While the private rental market can provide flexibility in securing a property that meets individual needs, Housing First tenants in head leased properties generally have to move more frequently than those housed in capital properties. The expansion of housing first programs under a head lease model also places extra strain on the private rental market, which may place pressure on low income households seeking affordable housing and in some markets potentially drive rent increases.

It is our view that a social housing capital supply program must be part of the solution to effectively support the housing first approach in Australia.

The evidence for a Housing First response is clear. What we are

lacking is a national framework, articulated in the NHHA, to embed this best practice approach in the housing and homelessness system. We need to move from short term pilot programs to a permanent stream of funding for capital and leasehold housing and ongoing support services. Together we can end street homelessness in Australia using a housing first approach.

Recommendations

Bridge Housing looks forward to the Productivity Commission's Housing and Homelessness Agreement Review Report, which will inform the next NHHA. The key recommendations we have identified in our response include:

1. Develop a National Housing Strategy to drive better housing outcomes for all Australians
2. Set clear targets for the net increase of social and affordable housing supply by jurisdiction
3. Set clear targets for the delivery of social and affordable housing supply by community housing providers linked to a clear funding stream for new supply
4. Set clear targets for the title transfer of public housing to community housing management, to maximise tenant outcomes and further enhance the sector's capacity to deliver new supply
5. Embed the National Regulatory Scheme for Community Housing across all jurisdictions for all social housing providers – Community, State Housing Authorities and Aboriginal - to drive a nationally consistent approach to the delivery of social housing
6. Embed a systemic Housing First program across all jurisdictions to end street sleeping homelessness.

Conclusion

The NHHA provides the framework to deliver more social and affordable housing for Australians facing the affordable housing challenge. Community housing providers like Bridge Housing have the capability and unharnessed potential to deliver social and affordable housing supply that meets the diverse needs of our local communities. We would welcome a clear plan for our sector's role to deliver more and better housing for those in housing need. Working with Government, we can collectively leverage the capacity and capability of the community housing sector to deliver more housing on the ground, deliver better quality housing, enhance tenant outcomes and end homelessness.