

# 2021-22 pre-Budget submission

12 February 2021

## St Vincent de Paul Society

The St Vincent de Paul Society NSW (the Society) is a member-based lay Catholic organisation that has been assisting people experiencing poverty and disadvantage across NSW for 135 years. We seek to shape a more just and compassionate society by working to address the causes of poverty and injustice.

### Introduction

The Society contends that everyone has the right to home. Unfortunately, right now, tens of thousands of people across NSW are experiencing homelessness or housing stress. The NSW Government has a pivotal role in shaping communities in which everyone can afford a place to live. Specifically, decisions about how the budget is allocated are critical to ensuring eligible households are able to access social housing. But there is not enough social housing across NSW. This year, our pre-Budget submission calls for the NSW Government to invest in significantly more of this critical social and economic infrastructure.

### Problem

The persistent high cost of housing relative to household income means that purchasing a home is out of reach for many low-income households. For these households, very few homes across NSW – fewer than three percent – are considered affordable to purchase.<sup>1</sup> This high cost of buying a home means that more people are renting for longer periods of time. But rents too, are unaffordable for many. Three quarters of lower-income renters in NSW—and nine out of ten very low-income renters in Sydney—are experiencing housing stress.<sup>2</sup> Fewer than one per cent of rental properties are affordable for almost all families and individuals on low incomes in Sydney.<sup>3</sup>

Social housing should be the safety net that supports people who cannot otherwise buy or rent a home. Unfortunately, chronic under-investment means there are more than 51,000 applicants—or more than 110,000 adults and children<sup>4</sup>—waiting for social housing in NSW.<sup>5</sup> The recently updated *Expected Waiting Times* advised that the waiting list for social housing actually increased over the last twelve months. In parts of the state the wait time is in excess of 10 years.<sup>6</sup>

The Society sees the people behind these statistics every day. The lack of availability of social housing can mean there is not enough money to pay for other household essentials including food and electricity. It can be a catalyst for relationship breakdown, substance abuse, and mental ill-health. It can impede access to education, employment, and health and other support services.

The significant shortage of social housing also contributes to escalating homelessness. Between 2011 and 2016 homelessness in NSW increased by more than 37 per cent—a significantly greater increase than in any other state or territory—such that 37,000 people are now homeless.<sup>7</sup>

Of these, some are sleeping rough – living on the streets, sleeping in parks, squatting and living out of their cars. Many more rely on temporary arrangements like supported accommodation, boarding houses, and the generosity of friends and family. Others are forced to live in severely crowded conditions. In some circumstances, the lack of social housing can mean staying at home with a violent partner.

To reduce homelessness and housing stress across NSW and meet the demand for social housing, the Society calls on the NSW Government to invest in at least 5,000 additional social housing homes every year for the next 10 years.

## Existing policy commitments

The Society acknowledges the Government's existing commitments to increase the stock of social housing. But we submit that these plans fall short of what is required to markedly reduce homelessness and housing stress across NSW.

Presently, the most significant initiative is Communities Plus. While the Government regularly advises that this program will deliver up to 23,000 new and replacement social housing homes,<sup>8</sup> the former Minister for Social Housing, Brad Hazzard, advised that 17,000 of these properties would be demolished and replaced, from which we can conclude that Communities Plus will only deliver 6,000 additional social housing properties.<sup>9</sup>

The NSW Government also invested in the Social and Affordable Housing Fund (SAHF) which will deliver a further 2,450 social housing properties by 2023. Amélie Housing, our community housing provider, is a welcome participant in this program and recently completed the development of 350 of these social housing properties.

In the November State Budget, the Government committed to deliver 1,280 additional social housing homes. This included 580 new social housing homes at 50 identified sites in metropolitan and regional areas; 500 homes for the Communities Plus redevelopment at Airds-Bradbury and Claymore; and 200 new Aboriginal housing homes.

All told, public commitments from the NSW Government appear to total fewer than 10,000 new dwellings. While this will help many households to escape housing stress and avoid homelessness, it falls substantially short of what is required to meet existing need for social housing in the community.

Of note too, the newly released Report on Government Services shows that in the last year, the total number of public and community housing homes has actually decreased by 700 dwellings. There were 146,448 public and community housing homes in NSW as of 30 June 2020. The year before there were 147,180 dwellings.<sup>10</sup> This means there was a 0.5% reduction in public and community housing across the State. We acknowledge that some of the decline in stock may be due to large redevelopments that are underway (that is, dwellings that have been torn down and are yet to be rebuilt) but the decline is still indicative of a lack of sustained investment in social housing.

Also of concern is that the NSW Government is spending progressively *less* on social housing per capita. In 2017-18 the NSW Government invested \$180 on social housing per person. In 2018-19 this investment was \$167 per person. Last financial year it fell to just \$161 per person.<sup>11</sup>

## Economic opportunity

While the Society would have liked to have seen more investment in social housing in the recent Budget, we were heartened to read the NSW Treasurer advise that he would "monitor the situation in relation to the economy and the construction industry, and if we need to do more, we will".<sup>12</sup>

Since then, we note that the new NSW Department of Planning Annual Housing Supply Forecast shows that the number of new homes to be built in Sydney over the next five years will be significantly fewer than forecast by the NSW Government before the COVID-19 pandemic. We note too, that the Housing Industry Association has advised that such a reduction will put tens of thousands of jobs at risk.<sup>13</sup>

The Society submits that a commitment in the upcoming Budget to invest in 5,000 additional social housing homes every year for the next 10 years would not only help address community need but would sustain many of the much-needed jobs in the building and construction sector and related industries.

The recent Equity Economics report commissioned by NCOSS showed that investing in 5,000 additional social and affordable housing properties would support 18,000 construction jobs. Modelling released by the Community Housing Industry Association and National Shelter found a four-year social housing building program of 30,000 homes would create on average up to 18,000 full-time equivalent jobs each year.

KPMG also reported that, during the delivery of the Social Housing Initiative, the construction industry increased by approximately 9,000 full time equivalent jobs and there was an overall increase of approximately 14,000 FTE jobs. For every \$1 of construction activity, around \$1.30 in total turnover was generated in the economy.

Of note too, our own analysis informs that 40% of current applicants for social housing are outside the Sydney metropolitan area so substantial additional investment in social housing could generate employment not just in the Sydney metropolitan area but for local businesses and communities across regional NSW too.

### Policy opportunity

In May 2020, NSW Government advised that it was developing a new statewide, 20-year Housing Strategy to ensure NSW is responsive to changing housing needs across NSW. The Discussion Paper informed that the strategy and the first action plan would be published in 2020-21 and that implementation would begin this calendar year.

The Society understands that this strategy is still under development. We have not seen a draft of the strategy but submit that it would be the ideal vehicle through which the NSW Government could deliver 5,000 new social housing homes per year.

### Conclusion

Across NSW, there are more than 51,000 eligible applicants for social housing and this waiting list is growing in size. Many of these people are either homeless, at risk of homelessness, or struggling to pay their rent or mortgage each week.

At the same time, it has been forecast that fewer homes will be built than previously expected which will put thousands of jobs at risk.

The Society acknowledges the existing investment in social housing by the NSW Government but submits that it is not enough.

We urge the NSW Government to make a commitment in the upcoming Budget to invest in at least 5,000 new social housing homes every year for the Budget period ahead and, indeed, over the decade to come. To do so would not only meet the demand in the community but would also generate much-needed employment in the construction industry.

The Society thanks the NSW Treasury for the opportunity to make this pre-Budget submission.

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<sup>1</sup> Shelter NSW (2016) NSW housing: a fact sheet

<sup>2</sup> Australian Bureau of Statistics (2015) [Housing Occupancy and Costs 2013-14](#), Cat. No. 4130.0

<sup>3</sup> Anglicare (2019) [Snapshot: Anglicare Sydney – Greater Sydney and the Illawarra](#)

<sup>4</sup> NSW Auditor-General (2013) Making the best use of public housing

<sup>5</sup> NSW Department of Family & Community Services (2016) [Expected Waiting Times](#)

<sup>6</sup> Ibid

<sup>7</sup> Amplify Insights (2018) [Housing Affordability and Homelessness](#)

<sup>8</sup> NSW Department of Family & Community Services (2016) Future Directions for Social Housing in NSW

<sup>9</sup> Email from UNSW Professor Hal Pawson (2019)

<sup>10</sup> Report on Government Services 2021, 18 Housing, 18 Housing data tables, Table 18A.3, <https://www.pc.gov.au/research/ongoing/report-on-government-services/2021/housing-and-homelessness/housing>

<sup>11</sup> Report on Government Services 2021, 18 Housing, 18 Housing data tables, Table 18A.1, <https://www.pc.gov.au/research/ongoing/report-on-government-services/2021/housing-and-homelessness/housing>

<sup>12</sup> Sydney Morning Herald, NSW Budget deficit blows out to \$16b, Perrottet confirms, as state's economy grapples with coronavirus, <https://www.abc.net.au/news/2020-11-17/nsw-budget-reveals-likely-property-tax-and-16-billion-deficit/12890570>

<sup>13</sup> Sydney Morning Herald, New homes forecast for Sydney over next five years stuck in slow lane <https://www.smh.com.au/national/nsw/new-homes-forecast-for-sydney-over-next-five-years-stuck-in-slow-lane-20210203-p56z8n.html>