



Homelessness Australia

Creating a framework for ending homelessness

**Submission on the National Rental
Affordability Scheme Technical Discussion
Paper**

Contact:

Simon Smith

Executive Officer

02 6247 7744

0418 452 830

Introduction

Homelessness Australia is the national peak body for the homelessness sector. We welcome the opportunity to comment on the implementation of the National Rental Affordability Scheme. Our submission has been prepared with reference to the questions listed in the National Rental Affordability Scheme Technical Discussion Paper.

Homelessness Australia welcomes any decision by the government to improve the affordability of housing and rental accommodation, and hopes that programs such as the National Rental Affordability Scheme will offer assistance to people and families who find themselves at risk of homelessness due to the unaffordable nature of current rental and housing markets.

However, we believe the National Rental Affordability Scheme in its current form is unlikely to generate any substantial increase in housing or accommodation for those who already find themselves experiencing homelessness. Eligibility criteria for the program are geared towards low income households in rental stress. While this is an important issue to address, there is no particular targeting in this program for people experiencing homelessness. As well, even a 20% reduction in market rent will not be sufficient to support people experiencing homelessness to maintain tenancies, especially where they are relying on Centrelink payments as their major form of income.

As the national peak body for homelessness, we hope to use this submission to draw the attention to our following concerns and suggestions for improvement of the National Rental Affordability Scheme (NRAS).

Question 1 - The aim of this Scheme is to stimulate institutional investment in affordable rental housing. Do these provisions strike the right balance between flexibility for investors and achieving long term supply of affordable rental housing?

Homelessness Australia would like to see an increase in supply of housing and accommodation targeted at people at risk of, or who are experiencing homelessness. The Green Paper on homelessness, *Which Way Home?* notes the need to increase access to the private rental market for people who have been homeless, and lists the NRAS as one of the Government's initiatives to achieve this.¹ However, at this point in time, the design of the scheme does not target people who have been homeless.

¹ Australian Government 2008, *Which Way Home? A New Approach to Homelessness*, p.38

As well, while we recognize that there may be provisions in the NRAS for organisations to charge lower rents, a 20% reduction from market rent is unlikely to be sufficient for people who have experienced homelessness and often rely on Centrelink payments as their major form of income.

Recommendation

- Explicit preference is given in the tendering process to submissions that are able to offer greater proportions of their accommodation to those who are experiencing homelessness.
- People who have experienced homelessness who access NRAS should be able to access greater discounts on market rent to better support them to maintain tenancies

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

Homelessness Australia believes that the deadlines for the implementations of the scheme are restrictive. The amount of time it would take for various groups to organize proposals and successfully implement new housing plans would likely need to be a sufficiently longer time period.

While Homelessness Australia would like to see an increase in the supply of affordable accommodation as soon as possible, the period for submissions during the establishment phase is relatively short. This time frame allows little time for organisations to arrange for realistic partnerships, consultations, draw up plans, obtain realistic locations of land or estimations, arrange permits and planning approval, etc.

A smaller time period is likely to see grants going to developments that were already well under way or likely to be undertaken before the NRAS scheme was released, but which have not yet come to fruition. If this were to happen, we would see a distinctly diminished return with regards to the goal of increasing the supply of accommodation, as these properties were already likely to bring supplied to the market.

If NRAS incentives were to go to building projects that were already underway, and which were already aiming to set their rent at 75% of market rent in order to obtain GST exemption as a non-profit organisation, we would neither see a reduction in market rents, nor would we see an increase in the supply of rental housing available at below market rents.

Recommendation

- The timelines for submissions to the NRAS should be extended to allow as much time as realistically possible. This would ensure the submission process receives more submissions, an increased quality of submissions, and would allow for a greater amount of competition in the submission process.

Question 4 - The aim of this Scheme is to increase the supply of affordable rental housing to singles and families on low and moderate incomes. Do the current eligibility criteria sufficiently allow access for this group?

Homelessness Australia would like to see more provisions in the NRAS for those who are either at risk of homelessness or who are currently homeless.

Though we appreciate that the NRAS will provide lower rents for those on low and middle income who may otherwise find themselves at risk of homelessness, the current income limits and targets of the NRAS mean it is highly unlikely to have any substantial benefit to those who already experiencing homelessness.

However, we recognize that other means of measurements of eligibility present their own problems. Income tests for instance increase the administrative workload, and may be made inappropriate if tenants are not also to undergo asset means testing.

Recommendation

-Explicit preference should be given to those schemes that are able to provide an allocation to those who have been homeless are at risk of homelessness. This could be achieved, for example, by allocating a proportion of tenancies to people on priority access lists for public housing.

-Explicit preference should be given to those schemes that are able to provide support and extra services for tenants.

Question 5 - The aim of the Scheme is to improve housing outcomes for tenants. How should tenancy managers be regulated to ensure quality outcomes for tenants in the Scheme?

If NRAS is used to provide exit points into private rental housing for people who have experienced homelessness, tenancy managers should have the ability to provide appropriate support to people who have experienced homelessness.

Community housing providers often work directly with tenants who may have been homeless, or who have ongoing support needs. Other organisations who may undertake tenancy management may need training and development to be able to work effectively with this group of clients.

Recommendation

- Tenancy managers need appropriate skills to work with people who have experienced homelessness. This should be factored into the regulation of tenancy managers.

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?

While we recognize the need for there to be a limit on how much a person earns while still being able to take be a tenant in an NRAS property, there are still potential issues relating to the possible treatment and situations tenants may find themselves in if they find themselves earning greater amounts of money.

There is concern that the limit on earnings may act as a disincentive to families taking part in increased employment once placed in an NRAS property.

It is also understood that after earning a certain percentage above the eligibility criteria, a tenant may only be allowed to continue in the tenancy for 12 months. While this may be enough time for many to find adequate accommodation, it must be understood that this will not universally be the case. Unforeseen circumstances can arise or accommodation arrangements can fall through at the last minute. If that were the case, a tenant may have no other source of immediate accommodation, and their eviction may result in homelessness.

It is also recognized that the NRAS currently calls for tenants to report any increase in income, while holding tenancy managers responsible for undertaking compulsory annual reviews of the income levels of tenants.

These two concurrent requirements may be an unnecessary burden on the NRAS system.

If a tenancy manager's annual review is capable of accurately determining the level of income for tenants, then there is arguably no need to ask tenants to undergo the requirement of reporting on their own.

Indeed it may be problematic for individuals to do so if their level of income is sporadic or uneven.

It is hard for tenants to self report their levels of income when income could differ over the course of a year.

Individuals may receive an increase in salary half way through the year, but that would not necessarily see tenants earning amounts above the eligibility criteria. However, they may then earn over the eligibility criteria for the following year if they then receive that salary for the entire 12 month period.

The reporting of one average annual level of income makes more sense than reporting income each time a tenant's income changes, which would suggest it is more efficient to only include the tenancy manager's annual review, and disregard the tenant self reporting requirement.

Recommendations

- That no tenant be evicted from an NRAS property if they are unable to find suitable comparable accommodation, regardless of whether they are now earning over the income eligibility limit, and whether they have been in that property for 12 months since earning more than the income eligibility limit.
- Tenants should not need to self report their incomes over the year. One annual review by the tenancy manager should be sufficient, given the problems already outlined above.