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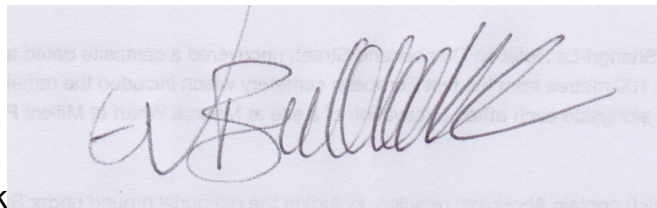
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9 March 2016

Dear Sir/Madam,

In response to your request for submissions, I have prepared the following document.

Thank you for considering these suggestions.

A handwritten signature in blue ink, appearing to read 'Emily Bullock', is centered on a white rectangular background.

Emily Bullock

## **AFFORDABLE HOUSING WORKING GROUP - INNOVATIVE FINANCING MODELS**

- *Provide a detailed outline of the proposed model, what outcomes it would deliver, and how the proposed model overcomes barriers to investment, reinforced by supporting evidence;*

**(A) To encourage state housing department to invest in more properties.** Housing is an essential service and the government should be happy and willing to provide it. The states have valuable assets which which they seems happy to sell off with no long-term commitment to future strong public housing community.

**(B) To assist tenants to move from public housing to co-operative or home ownership.** There is no clear pathway out of public housing. Make it clear and assist those willing to do it,

**(C) Allow Government housing leased to full paying tenants.** This will help DOH become profitable and make communities more diverse and richer. Wages tenants pay market rent or 30% of their net income. Private landlords make profits, Why can't the states?

**(D) Lease garages on separate tenancies and where possible at market rates.** Presently these are an under-used asset. Why should DOH provide housing for cars? Presently, Housing cannot lease excess garages at present because the law does not allow it.

- *Outline what roles would be played by investors, governments, the not-for-profit sector and others;*

(A) The federal government could easily improve the profitability of the states housing departments by raising the social security payments. As tenants pay 25% of their pensions in rent any rise in the pension benefits the state housing margins.

(B) Presently, there is no pathway of assistance for tenants to move from public housing, and this could easily be provided by providing cheap loans, and/or guaranteeing of loans. As most tenants are on limited incomes, they are unable to secure loans from banks and the like. Previously there was a method where some of the rent paid was returned/donated to assist tenant buy homes.

(C)&(D) By allowing Department of Housing to charge market rents the Departments will gain a greater income, and provide a much need diversity of tenants. The Department can become an investor and like private companies make a profit. Investing in property is a well-worn path to riches. Governments should not shy away from this and pass all the profit making ventures on to private development companies. Wilson makes money from leasing parking, why can't the department lease its garages? Why should it provide housing for cars?

- *Consider the short-term versus long-term aspects of government support when designing the operational aspects of a proposal, including how the model may become independent of government over time;*

(A) The government must look at its own history. It had great short term gain though the sale of real estate when it closed the public mental hospitals. The long-term gain is the problems we see today = homelessness, crisis housing needs, shortage of public housing etc. By investing in public housing, the short-term and long term gain will be pleasanter streets, safer communities, stable and happy work force and better education of children as a stable environment is vital to learning.

(B) The short-term gain would be the moving out from public housing of tenants, and creating vacancies. The long-term gain will be creating a more upwardly mobile group of ex-tenants.

(C)&(D) The short-term and long-term gain is more income. The government's role is to provide services to the public and that must include safe secure housing. Present private leases are short term, therefore renting at market rate from DOH will give secure, stable housing for those who need it. With the move to short-term contracts, workers move around more and so purchasing property is not ideal.

- *Outline key operational design elements and implementation options of the model, including whether the proposal can be trialled, and if successful scaled up;*

(A) There is a need for more housing. Rather than bulldozing estates and forcing public tenants to move from roomy flats to pokey studios with no support, and building slums of the future, redevelop properties so a three bedroom flat can be tenanted by three single special needs people and those people be given the extra services they need. Tenants would gain greatly from the benefits of company and extra care. This has been trialed in NSW but again look at housings history. Current housing policy does not encourage holistic care. But some people require holistic care and it is the government's duty to provide for the most needy. When one service closes the need doesn't go away. People with mental illness live amongst us now. There must be more services directed to them so they can live in a community, not alone in a single cell unit presently being built to replace the large units. This can be trialed.

(B) One of the key aspects is the loaning of moneys from the rental bond board accounts. This is tenants money, which is presently being used for general revenue, and it should be for tenants use only. People with children could "capitalize their child allowance," i.e. get the child allowance in a lump sum, thus giving them a deposit for a home. This worked in NZ for many years. This could easily be trialed, either in a geographical area, or in an area with low vacancy rates.

(C)&(D) Presently the policy is to redevelop existing older properties by demolishing, dividing the land, selling off/giving most to the developer, some to "Not for profit organisations" in exchange the developer building slums of the future i.e. tiny cubicles, where the needy can be isolated from the community. This can be seen clearly in the Chowper/Bay St development in Glebe NSW. I should be noted that the council requires X amount of garages per unit, but people being poor and close to the city do not have cars, therefore there are surplus garages as in our block on Bay/Glebe/Franklin St. These garages have been empty for 15 years and could easily be profitable for Housing NSW if they were permitted to lease them at market rates.

- *Outline how the model minimizes capital costs and maximises income so as to reduce the need for ongoing government involvement and assistance, while continuing to provide low cost rental housing for those on low incomes;*

(A) Maintaining properties is an issue that the Housing department is unable do successfully. Public tenants could be encouraged to deal with their own maintenance problems (up to a point) and pay a lesser percentage rent. This happens in Co-op housing I believe. It will help give the tenant the feeling of ownership and they will treat the property with more respect.

(B) Tenants bonds are presently absorbed into general revenue. Stop this. This is tenants money (or will be). Instead of being swallowed by various

government uses it for tenants only. This money could be used for cheap loans.

(C)&(D) The government happily supports the private property market without question in things like capital gains taxes and lack of inheritance tax. Look into this.

- *Explain how any major barriers to implementation, such as those outlined previously, can be addressed including what funding, policy, legislative and regulatory support would be required;*

(A) The major barrier is the government feels it is a private company and needs to make a profit. It doesn't. The government job is to provide services for the community and housing is a human right.

(B) One of the major barriers is that people who have wealth do not trust poor people. Businesses (and government) seem to think the poor are a bad risk, yet there are many examples that this is not so – think of the micro loan business in Bangladesh. Governments happily give big business generous land grabs e.g. the Chowper St/Bay St. block near me, yet don't get any return on the investment, only what I see as a net loss. Re-developments by private firms demand a profit, but the profit goes into private funds and is not invested in safe secure housing for the less abled members of society.

(C)&(D) The legislation must be gained to allow Housing Departments to seek tenant who will pay full market rent. Presently, waiting lists exclude people earning over a certain level. Some people prefer renting but private rental does not allow for secure long-term leases. By including full paying tenants within housing estates – not in a neighbouring building – we gain diversity.

- *Provide an estimate of the implementation costs;*

(A) The government is always talking about saving money yet it cheerfully gives money/properties to developers in these private partnerships it is so fond of. The government must invest in its people and provide safe secure housing. Homelessness is expensive to society. Cheaply built apartments are not cheap in the long run, yet that is what is being invested in by the state. The cost of safe, durable housing is a sound investment.

(B) This is a low cost proposal. Setting up a method where limited income people can obtain loans has been done before. Support services for establishing housing co-op could be used by everyone including those on the massive waiting lists.

(C)&(D) There would be no cost, just gain!

- *Take into account the constrained overall fiscal environment across the Commonwealth and states and territories*

(A) Recent governments do not invest in infrastructure, but prefer to pass wealth over to private companies. By investing in public housing, the government gains a secure workforce and has better health and education

outcomes. It retains its wealth and doesn't move it into private hands. It is the governments businesses to protect the state's wealth not pass it over to private companies who have only profit as their motive, and as we so often see, use dubious means to maintain and protect the power they have been given by the state. As an individual, I am not given wealth by the state, unless I am already wealthy like Packer.

(B) Presently there is no inheritance tax. People have made great gains because of the rise in the cost of property, and now inheriting the family home can make you rich. This money has not been earned and should be taxed to help fund those with less wealth.

(C)&(D) Presently, DOH provide only subsidized housing. By gaining full paying tenant and working as an efficient service providing department, the government can retain its assets for the future. For example the NSW Department has/is selling off properties in Millers Point. We see them being resold at vast gains to those who resold them. These large homes could have been leased commercially long term where the tenant must maintain/renovate the building. The Department maintains its asset and can re-lease the building in the future. The retaining of public assets means all society benefits in the future, not just those who money presently and can make a quick (at public's expense) profit.

Emily Bullock