



T H E M C K E L L I N S T I T U T E

Security Through Social Housing

The Need for a Generational Investment in NSW's Public Housing System

March 2024

About this Report

This report has been authored by The McKell Institute in consultation with St Vincent de Paul Society NSW.

It has been submitted to the NSW Treasury in advance of the NSW 2024/25 State Budget.



St Vincent de Paul Society
NSW
good works

Acknowledgement of Country

This report was written on the lands of the Darug and the Eora Nations. The McKell Institute acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Owners of Country throughout Australia and their continuing connection to both their land and seas.

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Foreword

NSW's housing crisis is the most pressing public policy challenge facing the state. Housing affordability in NSW, and Sydney in particular, has been getting worse for decades. But in recent years, surges in rental and house prices, coupled with a sustained cost-of-living crisis, has brought many families to breaking point, driven up homelessness, and placed inordinate strain on NSW's public and community housing sector.

All forecasts show that the strain on NSW's social housing system is growing and wait lists are expanding. Homelessness is increasing and is forecast to increase further. Meanwhile, the existing social housing system is laden with issues, often related to the liveability of existing public and community housing stock, which isn't always receiving adequate maintenance.

This perfect storm demands of government a generational investment in the safety net that is the state's social housing system. The McKell Institute and the St Vincent de Paul Society NSW are calling on the NSW Government to commit to a social housing package in the 2024/25 NSW Budget that reflects the extraordinary scale of the social housing challenge in the state.

This report details that challenge and explains why such ambition is needed. It examines the status quo of the state's social housing system, focusing on the poor maintenance record in public housing in particular.

It also explains why such an investment in social housing is beneficial to not only those who directly receive housing certainty through social housing, but for every NSW resident and taxpayer. We know investment in social housing doesn't just help tenants directly — it also eases pressures elsewhere in the state budget, particularly in the areas of health and social services.

Addressing housing affordability can be complex. The determinants of house prices in a market such as NSW's are myriad – from Commonwealth tax policy and immigration, through to local planning laws and regulations and state policy preferences. There is no single lever any government can pull to comprehensively tackle housing affordability.

But where state governments do have considerable power is in the provision and maintenance of social housing. State governments can choose to make considerable differences to the lives of thousands of residents through meaningful investments in this essential safety net.

Governments have finite resources to deploy — this report recognises that.

But given the state of NSW's housing market, there has never been a greater need for a generational, surge investment into the state's social housing system.

Ed Cavanough, CEO, McKell Institute

Executive Summary

The housing crisis in NSW has reached critical levels, with soaring rental prices, dwindling affordability, and a severe shortage of social housing exacerbating the challenges faced by individuals and families who are experiencing social and economic disadvantage. This report highlights the urgent need for increased investment in social housing to address these pressing issues.

Part 1 addresses the need for more social housing, where the key findings underscore the severity of the housing shortage in NSW, with over 57,600 households awaiting social housing and a projected demand reaching as high as 221,500 households by 2041. Rising unmet demand, exacerbated by rental price surges and housing stress affecting over 35 per cent of renters, reflects the escalating challenges faced by low-income individuals and families.

In Part 2 of the report, we discuss the state of existing social housing stock in NSW. The deteriorating condition of NSW's social housing stock further compounds the crisis, with only 60 per cent meeting minimum standards and habitable public houses declining steadily. Critical investments are needed to address issues such as mould infestations and inadequate accessibility, ensuring safe and suitable accommodation for all residents.

Finally, Part 3 of the report discusses the overall benefits of an investment in social housing. Investing in social housing not only provides stable shelter but also delivers substantial economic, health, and community benefits. With homelessness projected to cost \$445 million annually by 2036, every \$1 invested in social housing yields \$2 in benefits, underscoring the potential for significant returns. Strong and stable social housing strengthens community resilience, promotes social cohesion, and reduces reliance on emergency services and healthcare interventions.

A well-funded social housing system in NSW is crucial for addressing the housing crisis, promoting economic resilience, and fostering inclusive communities. By investing in social housing initiatives, we can create a brighter and more equitable future for all residents of NSW.

Recommendations

Recommendation 1: The NSW Government should make a generational investment in public and community housing in NSW, at a scale that reflects that challenge the system is facing

The McKell Institute and The St Vincent de Paul Society NSW recommend that the NSW Government, in the 2024/25 budget, commit to a generational 'surge' investment in public and community housing in NSW that reflects that scale of the challenge. This generation investment should consider the following objectives:

Recommendation 1A: Provide wrap-around support, as it improves client outcomes and reduces system costs

Evidence indicates that providing support to individuals significantly enhances their ability to maintain social housing tenancy for extended periods, with successful sustainability demonstrated over the long term. The synergy between social housing provisions and ongoing support services has proven to yield substantial cost reductions for governments, stemming from decreased utilisation of health, justice, and social services, as well as mitigating the expenses associated with homelessness. Modelling projects a three-fold social return on investment for initiatives that prioritise safe and secure living conditions alongside wrap-around tenant support services. These findings underscore the effectiveness of wrap-around support in improving client outcomes while simultaneously alleviating financial burdens on the system.

Recommendation 1B: Significantly expand routine maintenance expenditure

A crucial step towards enhancing the social housing system in NSW is the establishment of a substantial maintenance fund. This fund would serve to address existing maintenance backlogs while also enabling the expansion of housing services to accommodate growing demand. By allocating sufficient resources to this fund, the government can ensure that public housing properties are well-maintained, safe, and habitable for tenants. Importantly, proper maintenance ensures that these dwellings have a longer 'shelf-life' and can support more individuals and families in need over

the long term. Investing in maintenance infrastructure also creates job opportunities and stimulates economic activity, benefiting both residents and their communities.

Recommendation 1C: Establish a concessional loans facility to provide capital to community housing providers

Distinct from public housing, community housing providers play a vital role in addressing housing needs in NSW. But they often face challenges in accessing capital for expansion and development projects. To support their efforts, the government should establish a concessional loans facility specifically tailored to provide affordable and accessible capital to community housing providers. These low-interest loans would enable providers to acquire, develop, and maintain properties, thereby increasing the availability of affordable housing options for families and individuals experiencing financial stress.

Recommendation 1D: Ensure social housing goes where it is needed, not just where it is easy

One of the key principles guiding social housing allocation should be to ensure that resources are directed to areas with the greatest need, rather than simply where it is administratively convenient. This involves conducting thorough assessments of housing demand and demographic trends across different regions of NSW. The NSW Government has committed to a target of 30 per cent development on public land being oriented to social and affordable housing. This policy is welcome but should not override the need to develop social housing in the right areas.

Part 1: The Need for Greater Investment in Social Housing

Key Findings

1. **Social Housing Shortage:** In NSW, over 57,600 households (125,000 individuals) await social housing, with a 5 to 10-year wait. Demand could be as high as 221,500 households, while social housing supply dwindles to 4.5 per cent of total dwellings, down from 5.1 per cent in 2001.
2. **Rising Unmet Demand:** St Vincent de Paul Society NSW's services saw a significant increase in unmet requests for housing assistance, with the number of cases increasing by approximately 70 per cent from 2017–18 to 2022–23. Lack of available accommodation was the primary reason, constituting 60 per cent of cases.
3. **Affordability Crisis Impact:** Rental prices surged by 10–30 per cent, surpassing inflation and wage growth. Over 35 per cent of NSW renters face housing stress, with poverty rates jumping from 10 per cent to 19.4 per cent in five years. Additionally, over 35,000 individuals lack permanent shelter, and rough sleeper numbers rose by 34 per cent in 2023.

NSW is in the midst of a housing crisis

The housing crisis is arguably the greatest policy challenge facing contemporary Australia, and New South Wales (NSW) exemplifies this challenge. The NSW private housing market, as well as the rental market, are facing levels of strain not seen in generations.

Despite the widely held belief that price growth would slow in a period of high interest rates; prices have rebounded strongly – surpassing all-time price highs seen during the pandemic. Yet even those who are lucky enough to purchase a home are confronted with eye-watering mortgage repayments which are now simply unachievable for the median worker, particularly in the Sydney area.

The reality of the private dwelling market means many Australians are now renting for longer, or even renting for life. But the rental market provides no respite for workers and families. Vacancy rates are at their lowest levels in years, and capital city rents are surging at double digit speeds. NSW simply no longer has enough homes to house its population, and through

no fault of their own, individuals and families are condemned to homelessness by a housing system in disrepair.

Long-term policy ambition is imperative to solving this crisis, but there are levers available to the NSW government *now* to provide respite to individuals, workers, and families who are locked out of both the housing and rental market. Appropriate deployment of existing public housing assets, and appropriate support for community housing providers, are two such levers.

Social housing plays a pivotal role in the housing market — but is under strain

As of January 2024, the NSW social housing register tallies over 57,600 households¹ comprising more than 125,000 individuals in dire need of affordable housing solutions.² Despite meeting eligibility criteria for NSW social housing, applicants face an excruciatingly prolonged wait time averaging between 5 to 10 years.³

This waitlist, however, likely underestimates the true scope of social housing demand, with estimates ranging from 132,600 to 221,500 households experiencing unmet housing needs in NSW,⁴ a figure expected to soar to 320,700 households by 2041 based on household growth projections.⁵

What do we mean when we talk about ‘public housing’, ‘social housing’ and ‘community housing’?

While these terms are often, incorrectly, used interchangeably, they are distinct.

Public housing refers to housing stock which is owned, operated, and let out at concessional rates by the NSW Government.

Community housing refers to affordable rental housing for people on very low to moderate incomes, who have a housing need. It is managed by registered providers that are generally not-for-profit organisations.

Social housing is an often used umbrella term for *both* public housing and community housing.

Compounding this issue, the decline in home ownership, as predicted by NSW Treasury's 2021–22 Intergenerational Report, is anticipated to escalate demand further, necessitating an additional 24,000 social housing units for seniors by 2041.⁶ Regrettably, social housing supply in NSW has dwindled to a mere 4.5 per cent of total residential dwellings,⁷ down from 5.1 per cent in 2001,⁸ substantially lower than the 7 per cent OECD average.⁹

Despite an average annual construction output of 34,000 residential dwellings, only approximately 700, or 2 per cent, are designated as social housing units, signifying a sluggish pace of progress.¹⁰ At the current rate of investment by the NSW government, it could take up to 80 years to accommodate all individuals on the housing waitlist.¹¹ Moreover, temporary visa holders or 'non-residents' are ineligible for social housing in NSW, leading to distressing situations where women and children find themselves confined to refuges for extended durations due to a dearth of viable exit options.

Unmet demand for housing and homelessness support is large and growing

Over recent years St Vincent de Paul NSW's (**the Society**) professional services have faced a significant increase in unmet requests for assistance. For instance, the Society's Housing and Homelessness services experienced a nearly 70 per cent rise in unmet requests from 2017-18 to 2022-23. The primary reason for service denial remained the unavailability of accommodation, constituting 60 per cent of cases. These trends highlight the escalating challenges in meeting the housing needs of individuals seeking assistance from the Society's services.

A lack of affordable housing is impacting the Society's clients and services

Social housing tenants are experiencing extended stays in their crisis and transitional accommodation, primarily driven by the scarcity of social housing and affordable private rentals. In 2022–23, the Society's housing and homelessness services witnessed a notable increase in the average duration of support for closed cases, rising by 21.5 per cent, and for ongoing cases, escalating by 43 per cent. In some instances, individuals are remaining in their refuges for 3 to 4 years due to limited exit options. This prolonged duration not only hinders

clients' recovery journey and exacerbates trauma but also constrains the Society's ability to assist other clients in urgent need of support.

Housing costs are rising as availability declines

The rental market in NSW has experienced significant upheaval since the onset of the pandemic, with rental prices soaring by 10–30 per cent in select areas,¹² surpassing both inflation and wages growth. This surge in prices has impacted a substantial portion of the state's population, as approximately 2.4 million individuals, constituting one third of NSW's populace, rely on rental accommodation.¹³

Concurrently, the state has witnessed a historic low in rental vacancy rates, plummeting to below 1 per cent across most regions.¹⁴ This scarcity of available rental properties has exacerbated the challenges faced by renters in securing affordable housing.

Anglicare Australia's 2023 Rental Affordability Snapshot underscores the severity of the situation, revealing that less than 1 per cent of properties are within reach for single individuals earning the minimum wage. Moreover, the report indicates an acute lack of affordability for recipients of JobSeeker, Youth Allowance, or Parenting Payment Single, with less than 0.1 per cent of properties deemed accessible to them.¹⁵

The provision of assistance to households seeking private rental accommodation has dwindled significantly in NSW, declining by over 30 per cent from 22,899 households in 2019-2020 to a mere 15 per cent in 2021-22.¹⁶ Disturbingly, even beneficiaries of the NSW 'Private Rental Subsidy' find themselves unable to effectively compete in the increasingly competitive private rental market, as highlighted by reports from the Society's housing and homelessness services.

First Nations people are significantly overrepresented in the homeless population

According to the 2021 Census, 24,930 Aboriginal and/or Torres Strait Islander people were estimated to be experiencing homelessness, up 6.4 per cent from 23,437 in 2016.¹⁷ Aboriginal and Torres Strait Islander peoples in NSW face significant disparities in housing, with approximately 30 per cent of the social housing waiting list identifying as Aboriginal, despite

Aboriginal peoples making up only 3.4 per cent of the NSW population.¹⁸ This disproportionate representation underscores the urgent need to address the housing needs of First Nations communities.

The National Agreement on Closing the Gap, a commitment made by all levels of government, emphasises the importance of Aboriginal housing under Outcome 9, striving for Indigenous peoples to secure appropriate and affordable housing aligned with their priorities and needs. Recognising the pivotal role Aboriginal Community Controlled Organisations (ACCOs) play, the agreement mandates measures to increase the proportion of services delivered by these organisations, particularly in housing initiatives (Clause 55).¹⁹

Despite these efforts, First Nations people continue to be significantly overrepresented in homelessness services, constituting one-third of individuals accessing NSW Specialist Homelessness Services, compared to comprising only around 3-5 per cent of the NSW population.²⁰ In 2022-23, one-quarter of individuals assisted by the Society's local conference members and one-fifth of those supported by the Society's professional housing and homelessness services identified as Aboriginal and Torres Strait Islander.

There is clearly more work that needs to be undertaken in partnership with First Nations communities and Aboriginal Community Housing Providers to deliver culturally appropriate, safe and affordable housing for First Nations people.

Unaffordable, unsafe, and unhealthy housing is driving poverty and homelessness

Housing stress pervades the lives of a significant portion of renters in NSW, with more than one-third (35 per cent)²¹ of all renters and half (51%) of those on low incomes grappling with the burden.²² This strain on household budgets often leaves individuals without adequate funds to cover essential expenses such as groceries, utility bills, and fuel, exacerbating financial precarity. Over the past five years, there has been a notable surge in the proportion of renters plunged into poverty, with the poverty rate escalating to 19.4 per cent in 2021, a stark increase from a mere 10 per cent in 2016.²³

The plight of individuals earning the minimum wage is compounded by the escalating cost of living, compelling many to seek accommodation in distant urban fringes or regional areas,

resulting in prolonged and arduous daily commutes, while some are left with no choice but to resort to living in their vehicles. Homelessness remains a pressing issue in NSW, with over 35,000 individuals lacking permanent shelter,²⁴ and the number of rough sleepers soaring by 34 per cent in 2023.²⁵

As aptly noted by the Productivity Commission, the primary driver of homelessness is simply the inability to afford adequate housing.²⁶ The ramifications of the housing affordability crisis extend beyond mere financial strain, permeating various aspects of individuals' lives. It impairs access to essential services such as food and healthcare, precipitates stress, and detrimentally impacts mental and physical well-being. Moreover, it undermines educational opportunities for children, strains household relationships, and fractures community cohesion. Compounding the challenges, the rental market fails to adequately cater to the needs of individuals on low incomes with accessibility requirements, with less than 0.1 per cent of homes meeting these criteria,²⁷ exacerbating inequalities and perpetuating housing insecurity.

[Providing wrap-around support improves social outcomes and reduces system costs](#)

Supporting social housing tenants not only benefits individuals but also saves society money. Research shows that providing wraparound support services (meaning a comprehensive set of ongoing assistance tailored to an individual's need) alongside social housing for at least 12 months significantly increases a tenant's chance of long-term housing success.²⁸ This success translates to cost savings for the government in several ways:

- Reduced utilisation of resources: Individuals with stable housing are less likely to require support from healthcare, justice, and social services.
- Decreased homelessness: Stable housing prevents individuals from falling into the cycle of homelessness, which is expensive to manage for the government and society.²⁹

The benefits extend beyond cost savings. Studies have shown a three-fold social return on investment (**ROI**) for programs that combine safe and secure housing with comprehensive tenant support.³⁰ This high ROI highlights the importance of a holistic approach to addressing

housing issues. Not only is it crucial to provide affordable housing, but also to ensure that individuals have the necessary tools and support to maintain their tenancy and thrive in their community.

This underscores the importance of not only providing affordable housing but also ensuring that individuals receive the necessary assistance to maintain their tenancy, ultimately benefiting both individuals and society as a whole.

Part 2: The state of Social Housing stock in NSW

Key Findings

1. **NSW Social Housing Decay:** Only 60 per cent of NSW public housing meets minimum standards, with conditions worsening over time.
2. **Deteriorating Habitability:** From 2014 to 2023, habitable public houses in NSW decreased from 74.2 per cent to 60.5 per cent, indicating declining quality. This level of decline is unique to NSW, and has not been observed in other jurisdictions.
3. **Critical Investment Needed:** With nearly 100,000 public housing units, NSW faces urgent challenges, including dwellings without functioning facilities, structural issues and mould. Proposals call for multibillion-dollar investments to increase social housing to 10 per cent of all dwellings by 2040, adhering to silver level design standards and minimum energy efficiency standards.

Given the state of the housing market in NSW, the pressure on the state's public and community housing system is mounting. Amidst a housing market characterised by soaring rental prices, dwindling affordability, worsening dwelling conditions, and a shortage of suitable accommodation, the challenges facing public and community housing in NSW have reached a critical juncture. This pressure comes at a pivotal moment, where the demand for safe, affordable housing is higher than ever, driven by a combination of factors including population growth, economic instability, and the lingering impacts of the COVID-19 pandemic.

A pressing concern within NSW is the deteriorating state of much of the existing social housing stock, which is in dire need of repair and maintenance. Shockingly, less than two-thirds (60 per cent) of NSW public housing dwellings meet the agreed minimum acceptable standards,³¹ leaving many social housing tenants living in substandard conditions.

Issues such as malfunctioning washing or cooking facilities, non-functioning toilets, and major structural problems plague these homes, with the proportion of public housing dwellings meeting acceptable standards witnessing a steady decline since 2018. Accessibility remains a critical issue, as many social homes are not designed to accommodate individuals with disabilities or limited mobility, featuring narrow doorways, stairs, and uneven surfaces that

render them unsuitable for certain tenants or impede their ability to age in place. The social housing stock's accessibility challenges are compounded by the fact that individuals with disabilities and limited mobility are understandably disproportionately more likely to require assistance from social housing system.

Adding to the challenges, a significant portion of NSW social housing stock is antiquated and of subpar quality, characterised by poor thermal performance and inefficient fixtures. Social housing tenants, already financially strained, lack the resources to undertake modifications to enhance energy efficiency or upgrade outdated appliances, exacerbating their vulnerability to high energy costs.³² This predicament is compounded by the fact that social tenants are often subjected to more extreme temperature variations due to inadequately insulated homes, resulting in adverse health and well-being outcomes.

Access to social housing is further impeded by a scarcity of suitable dwelling types and sizes that cater to the diverse needs of applicants. In regions like southwest Sydney, there is a glaring shortage of larger properties capable of accommodating larger family groups, while in other areas, there exists an oversupply of 2–3 bedroom properties, reflecting the demographic shifts towards smaller households. These mismatches between housing supply and demand underscore the urgent need for strategic interventions to address the deficiencies within the social housing sector and ensure equitable access to safe and suitable accommodation for all residents of NSW.

The number of habitable public houses is declining

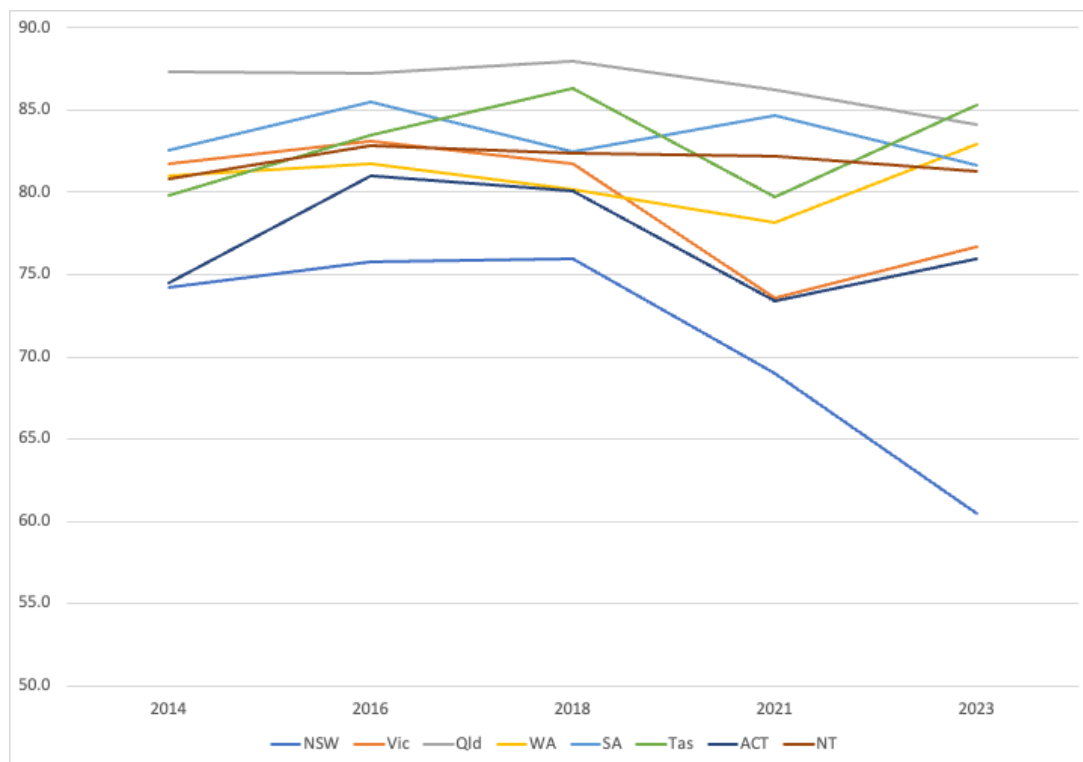
Using public housing data provided by the Productivity Commission, we can glean insights into the condition of public housing across different states and territories in Australia from 2014 to 2023.

Figure 2 presents the percentage of households in New South Wales with at least four working facilities and not more than two major structural problems, serving as an indicator of habitable housing conditions. The data indicates a downward trend over the years, with the proportion decreasing from 74.2 per cent in 2014 to 60.5 per cent in 2023. This suggests a

concerning decline in the overall condition of housing stock in New South Wales, with a higher proportion of households facing either inadequate facilities or significant structural issues.

In terms of uninhabitable houses, the interpretation would be the counterpart of these percentages, meaning that in 2023, approximately 39.5 per cent of households either had two or more structural problems or fewer than four working facilities, signifying a deterioration in housing quality over time. This trend underscores the importance of addressing housing maintenance and renovation needs to ensure the provision of safe and adequate living conditions for residents.

Figure 2: Public housing dwellings with at least four working facilities and not more than two major structural problems



It is important to note that this magnitude of decline in the habitability of the housing stock is unique to NSW. Other states and territories have not seen anywhere near the levels of decline observed in NSW. In fact, Western Australia, Tasmania, the ACT, and the NT have seen *increases* in the habitability of their public housing stock. Figure 3 details the extent of this comparative decline.

Table 1: Change in public housing dwelling with at least four working facilities and not more than two major structural problems, 2014–2023							
NSW	Vic	Qld	WA	SA	Tas	ACT	NT
-13.7%	-5.0%	-3.2%	+1.9%	-1.0%	+5.5%	+1.5%	-0.5%

The NSW government owns and manages nearly 100,000 public housing units.³³ Nearly 300 public housing mould complaints were registered by the NSW Land and Housing Corporation (LHC) in the last quarter of 2023 alone and 1153 complaints in the previous financial year, with the true number of dwellings experiencing severe mould issues likely much higher.

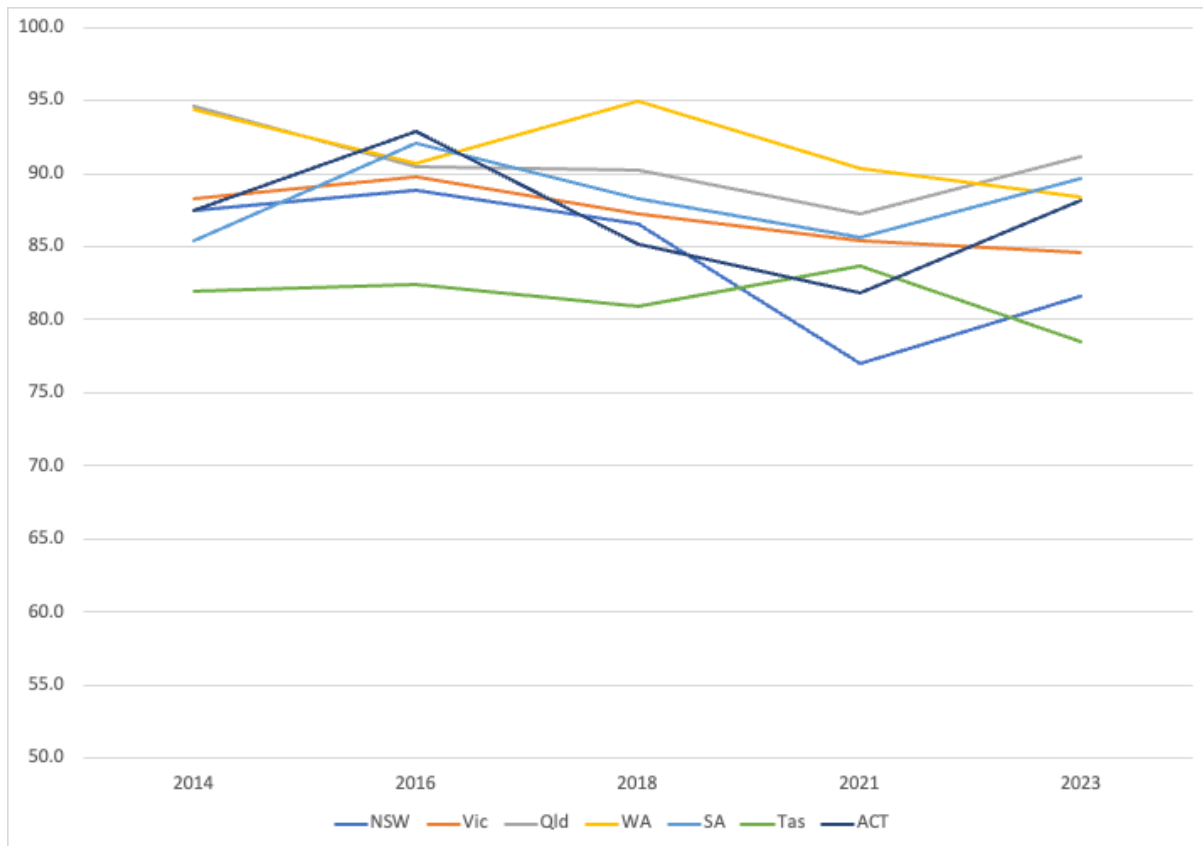
In these dwellings, the tenants suffer from respiratory issues and other health problems attributed to the mould infestation. Despite legal interventions resulting in reduced rent and compensation for damages, concerns persist regarding the long-term effectiveness of the repairs.³⁴

Community housing stock is facing similar pressures, but many are yet to eventuate

As detailed in Part 1, community housing is distinct from public housing in that it is mostly operated by not-for-profit organisations rather than the government. Registered Community Housing Providers own and manage properties, as well as manage government-owned properties and properties rented from private landlords.

In 2023 there were approximately 49,016 tenantable community housing dwellings in NSW operated by approximately 160 providers, up by almost a quarter from 40,252 in 2019.³⁵ The current stock of community housing in NSW represents approximately one-third of the number of dwellings in the social housing system. Yet data from the Australian Productivity Commission shows that the quality of this community housing stock is sliding.

Figure 4: Community housing dwellings with at least four working facilities and not more than two major structural problems



The habitability of the NSW community housing stock fell from 87.5 per cent in 2014 to 77 per cent in 2021, recovering slightly to 81.6 per cent in 2023.³⁶ This places NSW's 2023 habitability at the second lowest in the Commonwealth. The decline is nowhere as steep as that seen in public housing, but it is concerning.

As with public housing, the tenancy model for community housing presents fundamental challenges to ongoing maintenance and upkeep of the community housing dwellings. Rents charged to tenants are generally well below market rate, meaning not-for-profit providers often collect insufficient rent to appropriately maintain dwellings while meeting operating expenses. It also means that community housing providers will be unlikely to raise sufficient capital to purchase new dwellings in the private housing market.

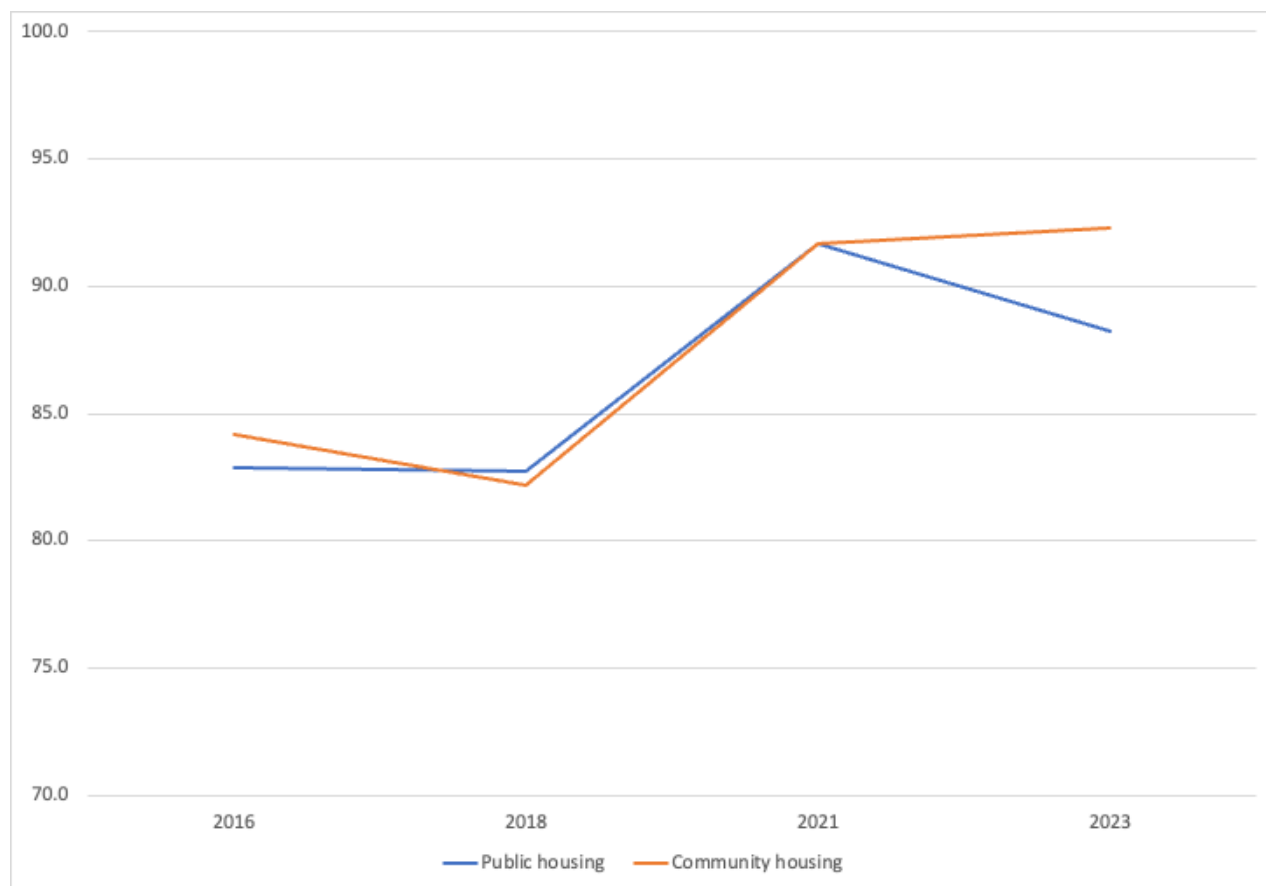
If community housing providers wish to raise capital for purchasing new dwellings or maintaining existing dwellings, they are left either to private loan providers or to simply ask the NSW Government for help. Given the current high interest rate environment, it is unlikely these not-for-profit organisations will seek to raise private capital to compete with private buyers for new/existing dwellings.

Community housing is not public housing yet has a ‘public character’. Community Housing Providers supply new homes to people on very low to moderate incomes that the private sector does not deliver because of the low rates of return. Research also demonstrates that community housing tenants have higher satisfaction with their homes and service they receive than public housing tenants. Recognising that community housing is a key pillar of NSW’s housing sector that bridges the gap between public housing and the private market is crucial to tailoring policies for community housing providers.

Location matters to social housing tenants — and efficacy

The location of social housing matters, particularly for people experiencing social and economic disadvantage. It is a crucial determinant for access to medical services, employment, education, as well as broader community participation. Despite issues with the *quality* of the dwelling, occupants of both public and community housing in NSW are increasingly satisfied with the *location of their dwellings*, although this is less so for public housing tenants.

Figure 5: Proportion of public housing and community housing residents who says location ‘meets their needs’



Based on access to shops, medical services, family and friend, transport, schools, employment and education, 92.3 per cent of residents in community housing stated that their housing location met their needs in 2023. This was an increase from 84.2 per cent in 2016. For public housing residents, the proportion increased from 82.9 per cent to 88.2 per cent over the same period.

Yet before the 2022 election, NSW Labor committed to ensuring that developments on surplus public land included a minimum of 30 per cent 'affordable, social and universal' housing.³⁷ This would, effectively, gradually transition the social housing stock into developments on surplus government land.

Developments on surplus public land for the private market are understandable. While surplus public land is sometimes situated in locations with lower access to services, those who can privately buy into or rent these dwellings will frequently be able bodied and have access to transport. This means that geographical constraints, while frustrating, will not be fatal.

Public and community housing residents, however, would likely suffer under such a policy for several reasons:

As mentioned, access to essential services in and around government surplus land must be considered before any decision to develop. To develop public and community housing in areas without this access would condemn people already experiencing disadvantage to only more disadvantage. Further, those who access social housing should, as far as is possible and desirable, have the choice to stay and live in their local community or suburb of choice. To force those who need social housing into administratively convenient locations may often come at the cost of their existing social capital. Building in unsuitable areas for the purpose of meeting a policy target will only perpetuate the failures of the past.

Part 3: Why Everyone Benefits from Investment in Social Housing

Key Findings

1. **Economic Impact:** Social housing investment in NSW delivers substantial economic returns. Homelessness costs could reach \$445 million annually by 2036, while every \$1 invested in social and affordable housing yields \$2 in benefits.
2. **Housing Stability:** Additional social housing reduces homelessness and housing stress. Investing in 5,000 new homes yearly for a decade could slash the waiting list by 75 per cent and alleviate stress for over 33,000 households.
3. **Health and Community Well-being:** Stable housing improves employment and education outcomes, reduces social service reliance, and enhances mental and physical health. Social housing also bolsters community resilience during disasters and fosters cohesion.

Investing in and enhancing existing social housing in NSW has a multitude of benefits for various stakeholders. It goes beyond just providing shelter; it fosters stability, improves well-being, and promotes social inclusion. High-risk groups, including families on low incomes, people with a disability, First Nations people and single older women, benefit directly from improved housing options, leading to better access to education, jobs, and community services, ultimately breaking the cycle of poverty.

Increasing the availability of social housing also reduces homelessness and housing insecurity. It provides stable living arrangements, reducing reliance on emergency shelters and lowering societal costs associated with homelessness. Moreover, quality housing positively impacts health and social cohesion, leading to better health outcomes and a stronger sense of community.

Investments in social housing stimulate economic activity and employment, particularly in construction and related industries. Additionally, social housing helps stabilise the overall housing market by providing affordable rental options, reducing the number of households in the private market and ensuring housing affordability for low-income households.

People doing it toughest in NSW stand to benefit the most

Case studies collected by the St Vincent de Paul Society of NSW demonstrate the value and impact of investment in public and community housing.

CASE STUDIES: Energy Efficiency Investments Improving Lived Experience for Residents

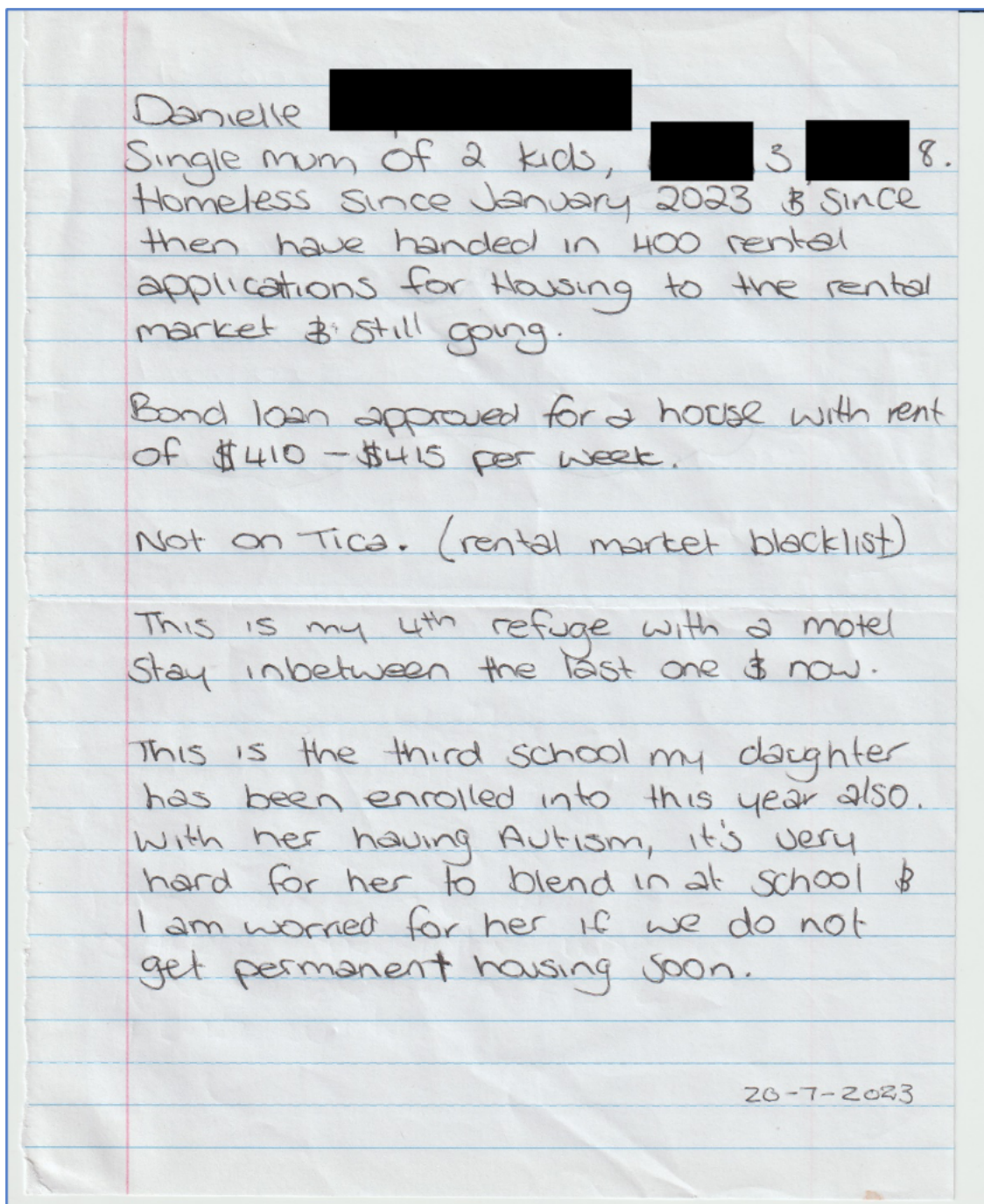
A home that is too hot, too cold, or mouldy poses a health risk to its inhabitants: they are more likely to experience health issues include respiratory disease, heart disease, stress, mental health issues, and excess deaths due to heat or cold. This disproportionately impacts children, older people, and people with chronic health conditions.

For instance, one of their case work clients living in public housing was forced into homelessness after her cold, damp rental property was overrun by mould. Another older client on the pension, Dorothy, contacted us after she was unable to pay her exceptionally high winter electricity bill. Her husband was terminally ill, and she had been running the heater more than usual over winter to make him comfortable. The Society assisted her with EAPA vouchers, contacted her energy provider to move her to a better plan, and set up Centrepay to assist her with meeting regular fortnightly payments.

Another client of the Society's stated that *'Before the [transitional accommodation] place I had moved about 10 times. I had a private rental back in February. I was working at the [business name], lost my job which means couldn't afford the rent with my car repayments on top let alone all the other bills that were coming in... Then ended up on the streets basically...I was sleeping in my car some nights. I was hitting her father up for his couch some nights but between that - yes. I couldn't stay there. It was just too much on me...'* (SVdP, National Housing tenant)³⁸

'It is when I moved into my home, my feeling is getting better. Believe me, because – you know why? Because no one is saying to me, "go out" and kick me out.' (Amelie, tenant)³⁹

'So, every house inspection that I went to it was just loaded with people and I thought, I'm on Centrelink, single mum, they're not going to pick me over someone who is working or a couple both working.' (Amelie tenant)⁴⁰



Everyone in NSW benefits from an adequately funded social housing system

A well-funded and maintained social housing system in NSW extends benefits far beyond its immediate occupants, playing a pivotal role in promoting economic resilience, enhancing community well-being, and fostering social cohesion.

The economic impact of social housing is significant, with homelessness projected to cost \$445 million annually by 2036,⁴¹ highlighting the urgency of investing in affordable housing

solutions. Conversely, every \$1 invested in social and affordable housing is estimated to yield \$2 in benefits,⁴² underscoring the potential for substantial returns on investment. Research shows that investing in five thousand additional social housing homes per annum over ten years would cut the social housing waiting list by 75 per cent, reduce the number of people experiencing homelessness by more than 16,000, and provide housing for more than 33,000 households experiencing housing stress.⁴³

Access to stable housing positively influences employment and educational outcomes, reducing reliance on social services and enabling individuals to engage more effectively in employment and education. Addressing housing insecurity can alleviate stressors and improve overall mental and physical health outcomes, thereby reducing healthcare costs associated with homelessness and inadequate living conditions.

In addition to economic benefits, social housing also plays a crucial role in strengthening community resilience, particularly during natural disasters. A well-funded social housing system contributes to social cohesion by reducing inequalities and providing opportunities for marginalised populations. Access to affordable and secure housing fosters a sense of belonging and stability, promoting cohesive and inclusive communities while also preventing crime and enhancing community safety.

Another benefit of investing in and maintaining public housing stock is also not the same as other government outlays. Whereas fiscal policies like energy bill relief see governments 'spend' money, the purchasing of public housing remains as an asset on the government's balance sheet. While it is not suggested that the NSW Government should begin 'speculating' on the property market, the expansion of the government's ownership and maintenance of public housing should not be seen like another other routine expense.

Investing in social housing initiatives also aligns with a preventative policy approach and long-term fiscal responsibility by reducing reliance on emergency services, healthcare, and criminal justice interventions associated with homelessness and housing insecurity.

Upgrading social housing to improve energy efficiency not only reduces tenants' energy costs but also contributes to environmental sustainability. Minor upgrades to energy efficiency are

also associated with a myriad of other tangible benefits for tenants. The Victorian ‘Healthy Homes Program’ study found that a relatively minor upgrade costing only \$2,809 over the winter period contributed to higher indoor temperatures, lower cold exposure, reductions in gas usage, health benefits including reduced breathlessness and improved subjective wellbeing. The study concluded that ‘for every \$1 saved in energy, *more than \$10 is saved in health*’.⁴⁴

Conclusion and Recommendations

The NSW housing crisis is not going anywhere. Yet in this challenge there is also an opportunity for the NSW Government to make a once-in-a-generation investment in maintaining and expanding the stock of social housing.

The need to expand maintenance and investment in social housing is beyond question. The key questions left are *what is to be done?* And *how are we to do it?*

Based on this report's analysis of demand for social housing, the current state of the social housing stock in terms of quality and location, and the widely documented benefits of social housing, the **NSW government should make a generational investment in public and community housing at a scale that reflects the challenges the system is facing.**

This investment should be underpinned by the following four objectives:

1. The NSW Government should **ensure that wrap-around services are a priority** in a major social housing spend.
2. The NSW Government should **expand routine maintenance expenditure for public housing**. NSW's public housing stock is crumbling, with almost 40 per cent being uninhabitable. The NSW Government should establish a dedicated and substantial maintenance fund to address the existing maintenance backlog and ensure that public housing properties are well maintained, safe, have a long shelf-life/
3. Some community housing stock is also in need of maintenance and upgrade, though not quite at the same rate as public housing. While most community housing is not owned by the NSW Government, it serves a public purpose by housing some of those who need it most. The NSW Government should therefore **establish a concessional loan facility to ensure that community housing providers can maintain their dwellings, and obtain new dwellings** while not suffering from high costs of private capital.
4. For social housing, location matters. Despite the falling quality of public and community housing dwellings, the vast majority of occupants are satisfied with their location. The

NSW Government should therefore only pursue their requirement that private developers on government surplus land be required to build social housing if the location and services around it are in the best interest of the community. Building in unsuitable areas for the purpose of meeting a policy target will only perpetuate the failures of the past.

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