

NATIONAL RENTAL AFFORDABILITY SCHEME

Submission to the Senate Community Affairs Committee

The Benevolent Society

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About The Benevolent Society

The Benevolent Society (the Society) is Australia's oldest charity. Since 1813, we have identified major social challenges and worked to meet them head on. A secular organisation, we aim to tackle social inequality by building caring and inclusive communities. We deliver leading edge programs and services, find innovative solutions to complex social challenges and call for a more just society. Our strength lies in our expertise across the lifespan, delivering services for children and families, older people and in women's health, community based and respite care, community development and social leadership programs.

The Benevolent Society provides a wide range of high quality services to older people and their family members. We aim to help older people live independently for as long as possible as active members of the community, with dignity and respect.

As part of those services, we operate three small retirement housing complexes in Sydney for older people on low incomes who are able to care for themselves. Each of the villages has self contained bed-sit units and a village manager who can help residents arrange community care services if they become necessary. Most residents are people in their late 70s and above who previously lived in insecure housing. Capital funding under the *Aged and Disabled Homes Act* made it possible for the Society to build those units (often called 'independent living units' or ILUs) in the 1960s and 1970s.

We are also working on an innovative project (Apartments for Life at Ocean Street) in Bondi, NSW. We are currently seeking development approval for a complex of apartments specifically designed for older people, plus public space and other community facilities for use by the surrounding community as well as residents. We want it to be a place where older people can live for the rest of their lives in the same apartment with the support of health, community and other services when needed.

The Society is a member of Aged and Community Services Australia (ACSA), the national peak body for non-profit providers of services, care and accommodation for older Australians. Our submission will not repeat the points made in ACSA's submission to the enquiry, as we fully support the contents of that submission, but we wish to build on it by referring to our own experience and plans.

Comments on the NRAS

We welcome the NRAS, but our experience to date means we believe it may need some adjustment (hopefully through the Regulations) to make it possible for organisations like the Society to make use of it and therefore increase the supply of housing that is affordable to more older Australians.

Shared equity and loan/licence schemes

We are concerned about the ten year limit on the NRAS subsidy and how that may impact on older people. We are about to do detailed financial modeling on how the NRAS may assist us to provide affordable apartments in our 'Apartments for Life at Ocean Street' project. The Society is committed to providing 40% of the 130 apartments as affordable housing for older people on lower and middle incomes who may not otherwise be able to afford to stay in a rapidly gentrifying area.

Of that 40%, 10% will be social housing, available for rent by people on very low incomes, who would be eligible for public housing. We are in discussion with Housing NSW about a capital contribution in return for nomination rights for the social housing apartments.

We want to provide 30% of apartments below market rates for older people with modest incomes and assets, and we are currently doing detailed financial modelling to see how the NRAS may assist us to do that. Our financial modelling to date has been based on those apartments, as well as the remaining 60% of apartments, being made available at market rates, and offered on a loan-licence basis.

A loan-licence is the most common legal arrangement in not-for-profit retirement housing. Residents pay an upfront capital entry payment and a weekly service fee. The capital payment is refunded (in full, or minus a percentage agreed at the time of signing the contract) when the resident leaves or dies.

Paying a lump sum capital contribution may suit older people, because of the operation of the pension means test on their assets and income. We believe we will need to develop a 'shared equity' model, where some capital contribution is made and there is also a rental payment to enable participation in NRAS.

Ten year limit

We are concerned about the impact of the 10 year limit of the NRAS subsidy on older people. Our intention is to provide suitably designed apartments, in combination with service support and community interaction, that will enable 95% of residents to stay in that apartment to the end of their life, regardless of physical frailty or disability. It would defeat the purpose of the project if rents had to be raised substantially after 10 years. That time limit makes sense for projects targeted at working age people, but not for those who have retired from the workforce and are unable to increase their incomes.

Refurbishment of older retirement village stock

As previously noted, capital funding under the *Aged and Disabled Homes Act* made it possible for the Society to build retirement village housing (often called 'independent living units' or ILUs) in the 1960s or 1970s. We have deliberately targeted those to low income older people, most of whom have not been able to make any capital contribution, or at the most, a modest one.

We have kept our ILU stock in good repair, but it is nearly all small bedsits. To bring them up to more modern standards, we could renovate by e.g. combining two bedsits into a one bedroom unit. This would not require a lot of capital expenditure, but would not fit the NRAS guidelines, as it lead to a decrease in total dwelling numbers. Another issue is that the bedsits may not be highly desirable, but they are not technically 'uninhabitable'. The refurbishment of ILU stock nation wide may not be able to be done through NRAS, but it is important that another means of assisting voluntary sector providers be found, so this valuable housing stock is not lost to low income older people.