



20 September 2016

The Hon. Brad Hazzard MP
Minister for Family & Community Services and Minister for Social Housing
GPO Box 5341
Sydney NSW 2001

Dear Mr Hazzard,

Rental bonds for public housing tenants

Kingsford Legal Centre (KLC) understands that the Government is considering introducing a rental bonds scheme for public housing tenants. We understand this policy is aimed at “reinforcing tenant responsibility in regards to rent arrears and tenant damage, and...helping to prepare tenants for transition to the private rental market”¹. We are writing to you to raise our concerns about this policy.

About KLC

KLC is a community legal centre that has been providing legal advice and advocacy to people in the Randwick and Botany Local Government areas since 1981. KLC provides general advice on a wide range of legal issues, including housing matters, and undertakes casework for clients, many of whom live in public housing, are homeless or are at risk of becoming homeless.

KLC also has a specialist employment law service, a specialist discrimination law service (NSW wide) and an Aboriginal Access Program. In addition to this work, KLC also undertakes law reform and policy work in areas where the operation and effectiveness of the law could be improved.

There are almost 14, 000 public housing tenants living in the Randwick and Botany Local Government areas. In 2015/16 KLC provided 190 advices in relation to tenancy law, which was over 8% of all advice provided (2, 406 advices). Of the advice provided in 2015/16, over 22% lived in public housing and 1% of clients identified as homeless.

¹ NSW Government, *Future Directions for Social Housing*, available at: <http://www.socialhousing.nsw.gov.au/?a=348442> p. 23.

Insufficient public consultation

We note that FACS has not released a discussion paper on the introduction of rental bonds for public housing. KLC understands that some organisations have been provided with a confidential draft Policy and Operational Framework. We have not had access to this draft document.

We note that in line with best practice policy development, it is our view that FACS should consult widely with stakeholders, including public housing tenants, on major policy changes such as this. We would welcome the opportunity to be provided with the draft Policy and Operational Framework and to provide comments on the policy.

Recommendation

We recommend that FACS consult widely with stakeholders, including public housing tenants and Kingsford Legal Centre.

Imposing a rental bond will exacerbate financial hardship and lead to homelessness

In 2013, 77% of allocations to public rental housing went to people in the greatest financial hardship, particularly those who were homeless or at risk of homelessness². The majority of public housing tenants rely on Centrelink as their sole source of income. As a result, there is little possibility for public housing tenants to afford a bond of four weeks market rent, potentially amounting to \$1,400, without sacrificing their basic needs, such as groceries, electricity and transport costs. Many public housing tenants are already experiencing severe financial hardship, and paying a rental bond will only worsen their long-term financial situation. Paying rental bonds for public housing will be a significant barrier to vulnerable people accessing and remaining in public housing. We note that under the proposed policy, failure to make a rental bond payment may lead to eviction. Public housing tenants who are unable to make rental bond payments and are evicted will be unable to transition into the private rental market, contrary to the stated aim of the policy. We are concerned that implementing this policy will lead to public housing tenants becoming homeless.

² Australian Institute of Health and Welfare, *Housing Assistance in Australia 2014*, p. 51, available at: <http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129549033>.

Recommendation

We recommend that further research into the impact of imposing a housing bond be undertaken before deciding to impose requirement of entering into a rental bond on public housing tenants.

Public housing repair and maintenance issues

As we were not provided with the confidential draft, it is unclear to us whether condition reports will be relied upon to determine the return of the bond. However, we note that many of our clients live in public housing which is in disrepair when they move in, and that many tenants have difficulty getting Housing NSW to undertake repairs. According to the Productivity Commission, less than 80% of NSW public housing is of an 'acceptable standard'³. This means an inadequate initial assessment of the property may cause a bond forfeiture for tenants due to the damage caused by prior tenants or failure by Housing NSW to make repairs in a timely fashion. Additionally, we note that victims of domestic violence are particularly vulnerable to having their bonds withheld where they vacate a property where damage to the property was caused by the perpetrator of domestic violence. If rental bonds are partially or wholly withheld, it is unlikely that former tenants, who will likely be dealing with homelessness or financial hardship, will be able to take the legal action necessary to challenge these decisions and recover their money.

Furthermore, ordinary renting conditions are inappropriate and disadvantageous for those living in public housing. The fact that the rental bond can be paid over two to three years, seems to suggest that it is not really a 'bond' in the private market sense, but rather, an increase to the tenants' current rental payment amount. Many public housing tenants rent these properties in the long-term or indefinitely, as they are unable to transition into the private rental market due to high market rent. Presuming the bond is kept for the entirety of the rental period (as with ordinary rental arrangements), this will make it impossible for tenants to access a fund of savings if a financial emergency does occur.

³ Productivity Commission, *Report on Government Services 2016, Volume G – Housing and Homelessness*, p. 131-2, available at: <http://www.pc.gov.au/research/ongoing/report-on-government-services/2016/housing-and-homelessness/rogs-2016-volumeg-housing-and-homelessness.pdf>

Recommendation

We recommend that the potential impact on survivors of domestic violence of requiring payment of a rental bond be fully investigated before imposing a bond payment.

We recommend that if a bond is imposed, that tenants be able to access this fund for emergency payments.

Interest on bonds

We submit that FACS should not obtain the interest from the collected rental bonds. The people who will be made to pay these bonds are some of the most disadvantaged in Australia. If such a policy was adopted, the interest incurred should be returned to public housing tenants or used to fund tenants' services.

Recommendation

We recommend that interest collected from bonds be returned to public housing tenants or used to fund tenants' services.

We request that the Government reconsider the implementation of rental bonds for public housing tenants, as we believe that such a scheme is unnecessary, does not meet the stated policy objectives, and will disproportionately affect the most vulnerable persons in public housing.

Yours faithfully,
KINGSFORD LEGAL CENTRE

Anna Cody
Director

Maria Nawaz
Solicitor

Nicholas Vardanega
Student Law Clerk