

Inner West Council  
[planning@innerwest.nsw.gov.au](mailto:planning@innerwest.nsw.gov.au)

7th July 2025

Re: Fairer Future Plan

Dear Sir/Madam

The Tenants' Union of NSW welcomes the opportunity to provide feedback on Inner West Council's housing plan - Fairer Future Plan.

## About the Tenants' Union of NSW

The Tenants' Union of NSW is the peak body representing the interests of renters in New South Wales. We are a Community Legal Centre specialising in residential tenancy law and policy, and the main resourcing body for the state-wide network of Tenants Advice and Advocacy Services (TAASs) in New South Wales.

The TAAS network assists more than 35,000 renters, land lease community residents, and other renters each year. We have long-standing expertise in renting law, policy and practice. The Tenants' Union NSW is a member of the National Association of Renters' Organisations (NARO), an unfunded federation of State and Territory-based Tenants' Unions and Tenant Advice Services across Australia. We are also a member of the International Union of Tenants.

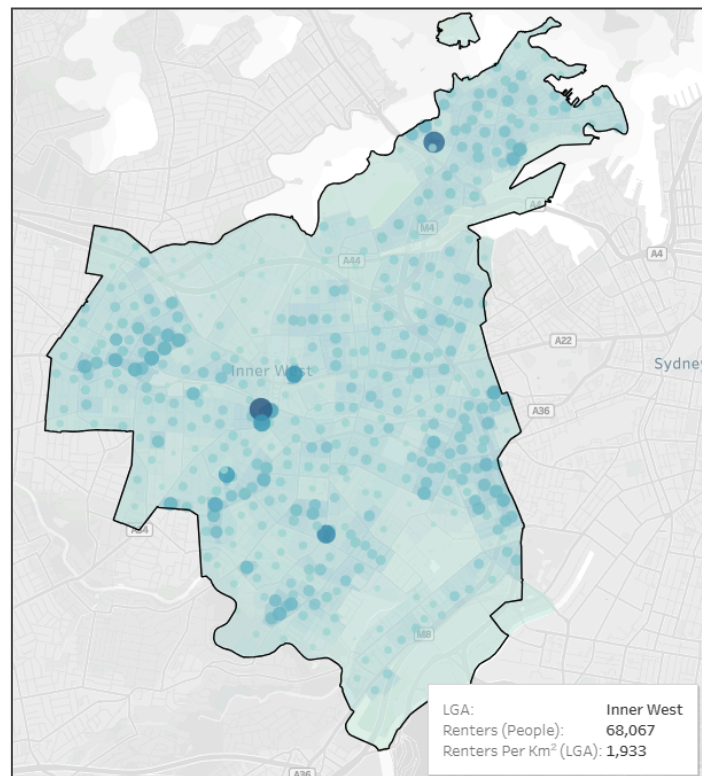
Contributors to this response include current and former renters in the Inner West LGA and it is informed by the experiences of renters in the area and across the state.

For more information, please contact Leo Patterson Ross, CEO, or Eloise Parrab, A/Policy and Advocacy Manager, by emails provided or [contact@tenantsunion.org.au](mailto:contact@tenantsunion.org.au).

## Feedback

The Inner West is home to 35,000 renting households, including private and social housing, with a relatively high proportion of 40% of homes being rented, and approximately 1933 renters per sq km at the last Census, with higher proportions of renting homes in particular precincts around the LGA.

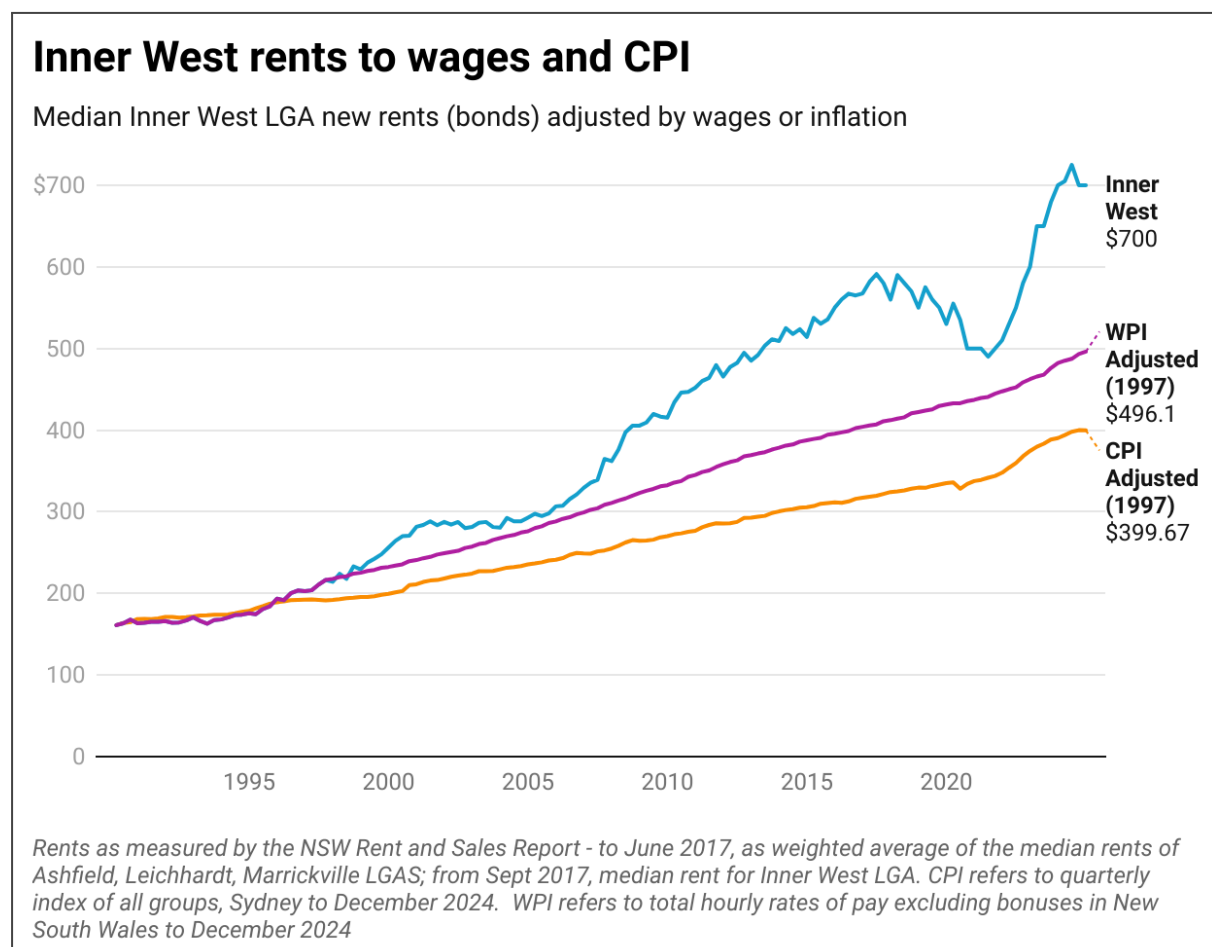
Chart 1: Density of renters across the Inner West LGA



ABS Census 2021, SA1 level

We note that rents in the Inner West have far exceeded existing tenants ability to pay. If rents increased in line with wages or inflation generally, the median rent in the Inner West would be between \$300-\$400 a week cheaper, saving the median renters between \$10,000-\$15,000 a year. Applied across all private renting households, this currently amounts to approximately \$300m pa that may be better spent at least in part in the local economy, and supporting cultural and other community activities.

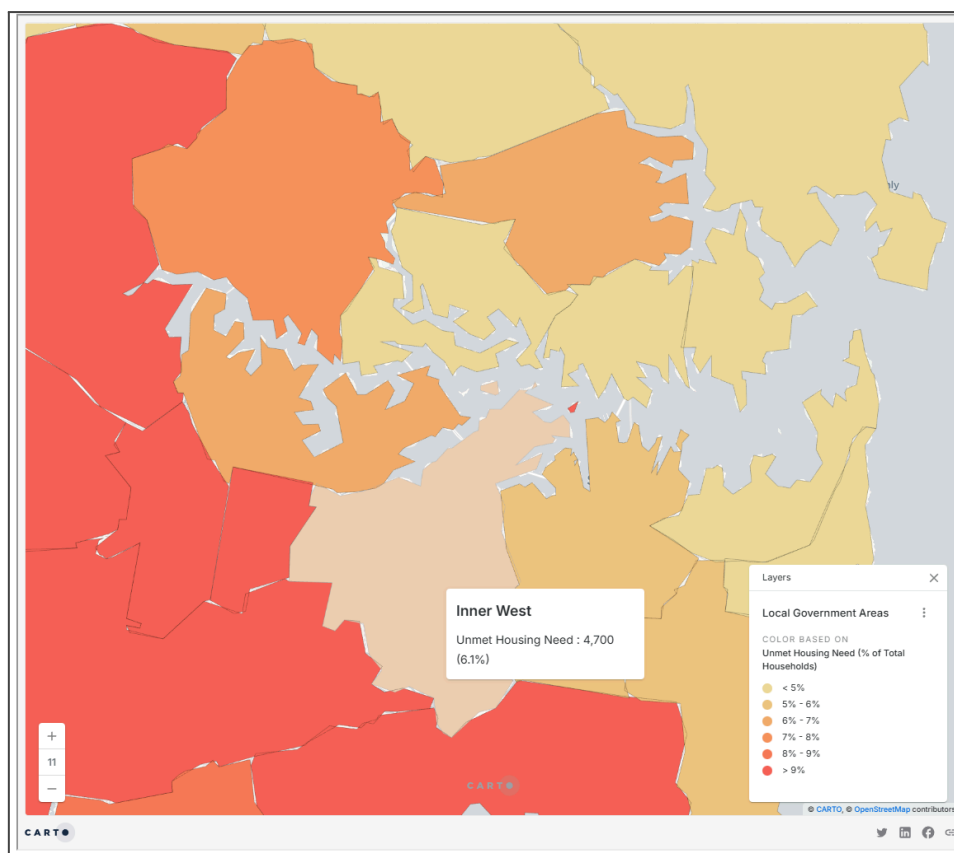
Chart 2: Inner West rents to wages and CPI



Authors own

Using 2021 Census data, UNSW City Futures estimated that there was unmet need for affordable housing to very low and low income households of 4,700. However, this analysis only measures the housing needs of people already living in the area. As Chart 3 below shows, this method results in very low estimates of need for higher income areas around coastal and inner metropolitan areas because people who would want or need to live in those areas have already been priced out. A fairer strategy is to facilitate the return to a diverse range of community residents - a value that the Inner West Fairer Future document represents.

Chart 3: Unmet housing needs in Sydney, 2021



UNSW City Futures 2023<sup>1</sup>

This can be achieved through ensuring that the Inner West can be a vibrant and welcoming home to more people, by delivering more homes alongside community facilities, green spaces and infrastructure and especially including more homes that are genuinely affordable to the full range of people who make up communities.

We encourage the Council to continue its advocacy to improve the experience of renters, including through reforms to rental regulation.

#### Affordable Housing - more than the rent

We welcome the Plan's proposal to increase the provision of housing that is affordable to very low to moderate households. We strongly support the Council's requirements for such housing to be held in perpetuity. Long term tenure is essential to ensure that affordability outcomes are long term and not temporary.

<sup>1</sup>UNSW City Futures Research Centre (2023) *Housing Needs Dashboard*, <https://cityfutures.adu.unsw.edu.au/cityviz/housing-need-dashboard/> accessed 4th July 2025

## Affordability

The intended outcomes of Affordable Housing is to ensure it is appropriate for the needs of a range of very low, low to moderate income households, an intent we strongly support. To achieve that aim rent must be affordable for all those households in allowing them to meet other essential costs. Currently constituted Affordable Housing does not necessarily deliver housing that is genuinely affordable for those households who need it most. As a general rule Affordable Housing sets rents as a discount of current market rent, somewhere between 20 – 25% below market rent.

This does not necessarily ensure it is genuinely affordable for those households eligible to apply for such housing. The 30% benchmark which is currently used to determine whether housing costs are affordable is poorly calibrated for the majority of people who the policy intends to assist. It is narrowly useful for moderate income households, but in general is too high for very low and low income households. Comparing the rent to the market rent does not then automatically follow that the rent is affordable.

A better model to adopt for measuring affordability in social and affordable housing is the residual affordability method for assessing affordability. Residual income methods calculate for different households how much is left over for housing costs after relevant expenditure as measured by a budget standard<sup>2</sup> is considered. Where a household does not have enough money left over to cover their basic expenses after paying for housing, the household is considered to have an affordability problem. The residual income method is well-suited for very low and low income households, and could be combined with income-based rents to continue to respond to affordability needs for low to moderate income households. However, it requires much deeper subsidies than are currently delivered by the social housing system, or significant increases to minimum incomes to raise above current poverty line metrics<sup>3</sup>.

Low income households could still be in housing stress as they are paying more than 30% of their income in rent yet the rent has been discounted below market rent. This also creates a disincentive to support the very low and low income households that Affordable Housing seeks to cover, especially in more expensive areas.

Below we have modelled the difference in income between income based rents and reduction to market, for a single person in an affordable housing unit in compliance with the NSW Affordable Housing Guidelines 2023/24 (the most recently released).

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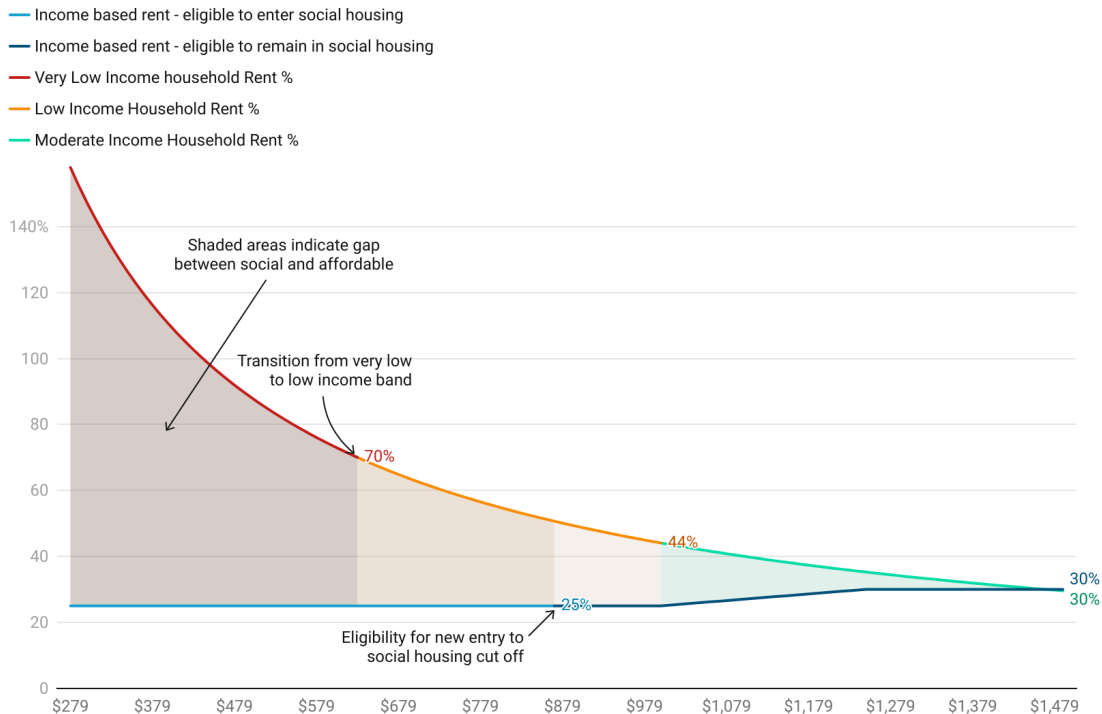
<sup>2</sup> For Australian households, the most recent comprehensive attempt to generate budget standards are those developed by the Social Policy Research Centre at the University of New South Wales. Peter Saunders, Megan Bedford (2017) *New Minimum Income for Healthy Living Budget Standards for Low Paid and Unemployed Australians*, Social Policy Research Centre, UNSW 2017

<sup>3</sup> The minimum income for a single person paying 25% of income as rent to remain out of housing stress is currently \$579 per week using the Henderson Poverty Line as determined by Melbourne Institute, an increase of almost 50% above Jobseeker rates at the time of writing.

Chart 4: Comparison of Affordable Housing to Social Housing outcome

### (Un)Affordable Housing

The proportion of rent payable on a 1 bed unit with a market rent of \$550 (the median of the Inner West LGA), either paying income based rent or an 80% reduction from the median market rent.



*Income assumes a single person in receipt of CRA in Affordable Housing, and without CRA in income-based rent. CRA eligibility is limited to people in receipt of Centrelink payments and very few single people in moderate income groups will qualify. CRA in Community Housing is collected at a rate of 100%, negating any benefit. Income based rent calculated according to Homes NSW rent setting policy.*

Chart: TUNSW • Created with Datawrapper

As can be observed, there is an insurmountable difference for very low and low income households through the 'reduction to market' approach currently required under the Affordable Housing guidelines. Without some other change to the delivery, like significantly reducing the amenity or quality of housing, or voluntarily reducing rent further, renters in these groups are often unable to access the affordable housing delivered at a discounted median market price. This also creates a gap where entry to social housing cuts off well before access to Affordable Housing is delivered.

We would like to note that income-based rents in Affordable Housing are already implemented in practice in NSW, at CityWest Housing. It should be seen as proof for the possibility of both greater responsiveness to the full range of income cohorts and the ability to provide housing. The failure of other Tier 1 Community Housing Providers to follow CityWest in this approach highlights the need for direct intervention from Inner West Council to deliver the desired outcome.

We recommend the Council mandates rent setting policy and practice for Affordable Housing, and advocates to the state government for improvements to the Affordable Housing Guidelines. We recommend that the rent setting model attempts to set rent at a level for the household, ensuring they can afford other essentials.

If a set percentage is still preferred, we recommend a reduction in the base rent to at least 20%, with the insertion of a cap on market rent of 80% calculated similarly to the Affordable Housing Guidelines.

CityWest has historically utilised financial developer contributions collected through the City of Sydney to fund whole buildings, giving them greater ability to plan for assisting the full range of people. The Inner West Council could facilitate a similar program, delivering stronger outcomes by strategically selecting and supporting particular providers who can align with the Council's priorities.

### Stability

An overlooked aspect of affordability of housing are the costs of insecure housing and possibility of frequent moves for renting households. We draw attention to financial and non-financial aspects of this cost.

The cost of moving adds more than \$2,000 a year to the typical experience of renting. Our 2022 report found costs of each move in Sydney were more than \$4,000 per move.<sup>4</sup> The median length of a tenancy ending in the Inner West in 2024 was 19 months - and one in three tenancies ended during the period.<sup>5</sup>

Growing evidence has demonstrated the impact on mental health of insecure housing, which has clear costs on a person's quality of life as well as costs for treatment.<sup>6</sup> University of Melbourne researchers found that rental conditions did cause poorer mental health outcomes but that these could be addressed.<sup>7</sup> Mental health outcomes between private renters and owner occupiers equivalised after 5-6 years of stable residence in a home. This should be a key target for rental policy, and particularly for housing and planning policies aimed at addressing affordability.

The private market, including affordable housing, has generally not been required to provide more stable housing. However, it is within local government's influence to address this even where regulation is beyond local government's scope. We have started to see the introduction of consideration of stability in affordable housing policy such as recent tax changes at Federal level to encourage Build-to-rent which includes requirements both to support reduced rents and longer and more stable leases.

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<sup>4</sup> Tenants' Union of NSW (2022) *Eviction, Hardship and the Housing Crisis*, <https://www.tenants.org.au/reports/hardship> accessed on 7th July 2025

<sup>5</sup> Tenants' Union of NSW (2025) *Bond Loss Tracker* <https://www.tenants.org.au/reports/bond-loss-tracker> accessed on 7th July 2025. Using Inner West LGA January 2024 - December 2024.

<sup>6</sup> Pappi, T. (2024) *The mental health toll of Australia's low quality rental housing*. CEDA <https://www.ceda.com.au/newsandresources/opinion/economy/the-mental-health-toll-of-australia%E2%80%99s-low-quality-rental-housing> accessed 7th July 2025

<sup>7</sup> Li, B., Baker, E., Bentley, R. (2022) *Stability and security: the keys to closing the mental health gap between renters and home owners*. The Conversation <https://theconversation.com/stability-and-security-the-keys-to-closing-the-mental-health-gap-between-renters-and-home-owners-179481> accessed 7th July 2025

Affordable housing delivered, particularly if delivered through project funding under the Fairer Future plan can and should be required to engage with stability outcomes, and barriers to doing so taken up with State or Federal government.

We note stability should not prevent the tenants mobility where a person may seek to move to engage in other opportunities, or form new family units for example. Penalties such as break fees or compensation should be removed.

### Compliance

Some properties advertised as Affordable Housing appear to inflate the market rent so they can overcharge when they state the rent is 20% below market rent, and certainly are not using the rent setting approach defined in the NSW's Affordable Housing Guidelines. These inflated prices degrade the social trust in, and support for, Affordable Housing.

We conducted a snapshot of the available Affordable Housing properties in NSW on the 8th and 9th of January 2025. The full table is available in Appendix 1.

Of the 32 properties available across WelcomeMat and tagged affordable housing on realestate.com.au, 13 or 40% were priced at a rate that was not compliant with the NSW Affordable Housing Guidelines. Of those 13, eight explicitly referred to the Guidelines in the advertisement. Non-compliant rents averaged nearly \$4,000 over compliance, with a range from \$208 to \$16,685.

Compliance mechanisms within the Council will need to monitor both the pricing and distribution of Affordable Housing across all intended recipients.

### Management

We are concerned that the proposal for Affordable Housing to be managed only by Tier 1 community housing providers limits the range of options available to renters. Diverse types of genuine affordable housing providers, including co-operatives and Aboriginal Community Housing, should be supported by this policy. The different tiers of providers do not necessarily indicate higher quality of management, nor better outcomes for renters. The main distinction of a Tier 1 provider from other tiers is that they are required to engage in development activity, including taking on greater financial risks. This has created incentives to become larger, more bureaucratic and less locally focussed entities. This distinction is not useful where the policy is focussed on management of a property, not development of it. Tier 2 and 3 providers should also be supported by Council, particularly as new entrants including new co-operatives and Aboriginal Community Housing are likely to be in these tiers. We note, without endorsement, that adopting this policy would mean that celebrated developments such as Nightingale Marrickville would not be supported under this policy as the development is managed by a Tier 3 provider.



The Fairer Future Plan can direct expenditure to a range of housing options, including co-operative housing, Aboriginal community controlled, disability-focussed or others that align with the council's priorities. These options should not be limited to the development-focussed Tier 1 CHPs.

### Treatment of Public Land

*From the Council plan - Principle 13: setting a target of 1,000 or more new public housing dwellings to be delivered on State Government and Council owned land*

*Principle 12: support for the State Government policy of 30% of all new housing on government owned land to be maintained in perpetuity as public housing*

The Tenants' Union is supportive of principle 12 and 13 but strongly recommend an accompanying principle that all current public housing on State and Council owned land be maintained and increased, not replaced. There is a chronic shortage of social and affordable housing and to meet current and future housing needs we must maintain current public housing and commit to increasing supply in all new housing that is built on State and Council land. Infill methods can often deliver similar stock of public housing without reliance on the private sector.

Where renewal of estates or significant buildings are pursued, we encourage the implementation of tenant voting processes such as have been successfully implemented in London, to gain support from residents for the plans and improve outcomes.<sup>8</sup>

### Targets for Affordable housing

Across the state we need affordable housing that's affordable to the lowest 40% of incomes. Council has a role to play to ensure that there are mechanisms in place to ensure there is sufficient affordable housing (including social housing) in the Inner West to ensure a diverse range of households can live in the area. We encourage the Council to set targets for 10% of all housing in the Inner West to be social housing in the next 10 years.

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<sup>8</sup> London City Hall. *Estate regeneration*  
<https://www.london.gov.uk/programmes-strategies/housing-and-land/mayors-priorities-londons-housing-and-land/estate-regeneration> accessed 4th July 2025.

## **Recommendations**

1. We support the Council's plan to increase the provision of Affordable Housing and encourage Affordable Housing on faith based land
2. We support the requirement that all Affordable Housing be held in perpetuity
3. Council to encourage all tiers of Community Housing providers to manage Affordable Housing but particularly encourage new cooperatives and Aboriginal Community Housing providers
4. Council consider grants programs for distribution of developer contributions that deliver genuinely affordable, stable housing.
  - a. Introduce a requirement for rent setting in all Affordable Housing on an income-based rent model with a secondary limit to 80% of market rent
5. Council to adopt a principle that all current public housing on State and Council owned land is maintained and increased

## Appendix

Snapshot from WelcomeMat.com.au and within the 'affordable housing' filter on realestate.com.au on the 8th and 9th January 2025<sup>9</sup>

Suburb	Bedrooms	Type	Advertised rent	AHG Compliant rent	Annual difference from AHG compliance	Program
Clovelly	2	Unit	\$1,000	\$680	\$16,685	AHG
Willoughby	1	Unit	\$560	\$420	\$7,300	AHG
Croydon	2	Unit	\$600	\$488	\$5,840	NRAS
Carlingford	3	Unit	\$749	\$640	\$5,683	AHG
miranda	1	Unit	\$520	\$464	\$2,920	Aware
Marrickville	1	Unit	\$544	\$496	\$2,503	AHG
Carlingford	2	Unit	\$584	\$544	\$2,086	AHG
North Kellyville	2	Unit	\$560	\$520	\$2,086	AHG
Penrith	2	Unit	\$455	\$420	\$1,825	NRAS
Marrickville	0	Unit	\$432	\$400	\$1,668	AHG
Mount Hutton	3	House	\$529	\$504	\$1,304	NRAS
epping	2	Unit	\$624	\$600	\$1,251	Aware
Sydney Olympic Park	2	Unit	\$640	\$636	\$208.56	AHG
Miranda	0	Unit	\$440	\$440	\$0	Aware
Sydney Olympic Park	2	Unit	\$635	\$636	-\$52.14	AHG
Camperdown	1	Unit	\$397	\$400	-\$156	AHG
Orange	1	Unit	\$279	\$288	-\$469	NRAS
Penrith	1	Unit	\$390	\$400	-\$521	NRAS
Penrith	1	Unit	\$390	\$400	-\$521	NRAS
Castle Hill	3	Unit	\$674	\$688	-\$730	AHG
Northmead	3	Unit	\$584	\$600	-\$834	Aware
Castle Hill	2	Unit	\$569	\$588	-\$991	AHG
Goulburn	3	Town-house	\$396	\$420	-\$1,251	NRAS

<sup>9</sup> AHG Compliant rent means calculated per the Affordable Housing Guidelines. The median rent for the size and type of property from the most recently published Rent and Sales Report. Geography is postcode unless unavailable. Property type expanded to all types. Two studio apartments were excluded as no rent data could be utilised.

Programs: AHG = Affordable Housing Guidelines referred to as defining eligibility

NRAS = property identified as an NRAS property

Aware = Aware Super's Essential Worker program.

Macquarie Fields	2	Town-house	\$367	\$392	-\$1,303	AHG
Wickham	1	Unit	\$397	\$424	-\$1,408	AHG
Castle hill	2	Unit	\$561	\$588	-\$1,408	NRAS
Castle hill	1	Unit	\$479	\$516	-\$1,929	NRAS
Rouse hill	1	Unit	\$413	\$464	-\$2,659	NRAS
Castle Hill	2	Unit	\$524	\$588	-\$3,337	NRAS
Charmhaven	2	Villa	\$250	\$336	-\$4,484	AHG
Peakhurst	3	Unit	\$512	\$600	-\$4,588	NRAS
Bondi Beach	1	Unit	\$495	\$624	-\$6,726	AHG