



Pru Goward MP

Minister for Family and Community Services

Minister for Women

MEDIA RELEASE

Wednesday 19 March 2014

HIGH COST HARBOURSIDE ASSETS TO BE SOLD FOR A FAIRER SOCIAL HOUSING SYSTEM

Minister for Family and Community Services Pru Goward announced today high value public housing property assets on the Sydney Harbour foreshore will be sold with the proceeds to be reinvested into the social housing system across NSW.

293 properties in Millers Point, Gloucester Street and the Sirius building in The Rocks will be sold, due to the high cost of maintenance, significant investment required to improve properties to an acceptable standard, and high potential sale values.

"Maintenance on properties in Millers Point costs more than four times the average for public housing dwellings in NSW. In the last 2 years alone, nearly \$7 million has been spent maintaining this small number of properties. That money could have been better spent on building more social housing, or investing in the maintenance of public housing properties across the state," Ms Goward said.

"When the previous Government began selling off public housing in Millers Point in 2008 it let other properties here fall into disrepair. That has now left us with repair bills as high as \$800,000 to restore some of these terrace houses to heritage standard.

"The community expects us to invest in a sustainable social housing system which supports disadvantaged people across the whole state. Our ability to do that is severely limited if we sink millions of dollars into a small number of properties," Ms Goward said.

"Subsidies to tenants in the last year alone reached \$8.89 million, with individual tenants receiving subsidies as high as \$44,000 per annum. This compares to subsidies of \$8,000 per year in Campbelltown, \$7,000 in Gosford, and \$11,000 in Wollongong. For every subsidised tenancy in Millers Point, the Government could assist 5 tenants in Warrawong, or 3.5 tenants in Newcastle or Minto.

"I recognise some tenants have lived in public housing in Millers Point for decades, and moving to a new location may be difficult. This decision was not taken lightly, but it is the right decision in the interest of a sustainable, fair social housing system which currently has more than 57,000 families on the waiting list.

"A team of more than 40 Housing NSW staff is already on the ground talking to tenants. Over the next three months a specialist relocations team will work with each and every tenant individually to understand their needs and work with them through their relocation. Every tenant will be offered reasonable alternative accommodation. All reasonable costs of moving, including reconnecting utilities will be covered," Ms Goward said.

The project will be driven by former Public Service Commissioner Lynelle Briggs AO GAICD, and is expected to run for two years. Ms Briggs will report directly to the Secretary of the Department of Family and Community Services, Michael Coutts-Trotter.

#Media pack attached

Media Contact: Nick Tyrrell 0467 733 876

Millers Point

Media Pack

The NSW Liberal and Nationals Government has undertaken a review of the Millers Point assets held by the Land and Housing Corporation (LAHC). The Government has determined due to the high cost of maintenance, the significant investment required to improve properties to modern social housing standards, and high potential sale values, its assets in Millers Point will be sold over a two year period, and public housing tenants relocated to more suitable accommodation.

Background - Appendix A

The NSW LAHC owns 206 heritage listed properties in Millers Point, 8 heritage listed properties in Gloucester Street on land owned by the Sydney Harbour Foreshore Authority (SHFA) and 79 dwellings in the "Sirius" building in Cumberland Street on land also owned by SHFA. Of the properties owned by LAHC in Millers Point, 121 are terrace houses with the balance being apartments, bedsits and other types of dwellings.

In the 293 properties in Millers Point, there are 543 tenancies, of which only 410 are occupied.

In 2008, under the former Labor Government, a 99 year leasehold sales program was undertaken. 29 properties were sold, generating approximately \$28 million in gross revenue. The average sale price was \$1.3m, with an average property repair cost of \$345,000.

Maintenance - Appendix B

Between 1987 and 2007 more than \$30 million was spent on maintenance and conservation works in Millers Point. Since 2011 approximately \$6.8 million has been spent on responsive and programmed maintenance and it is estimated that approximately \$90 - \$100 million is required to restore and maintain the heritage fabric of the entire Millers point portfolio, just in the short term.

The average maintenance cost for one terrace house in Millers Point is almost \$15,000 per year, compared to the normal maintenance allowance of \$3,000 to \$3,500 for public housing properties.

Subsidies - Appendix C

Rental subsidies funded by the NSW taxpayer are excessively high in Millers Point. The gap between market rent and the subsidised rent paid by public housing tenants is as high as \$44,000 per year in Millers Point, compared to around \$10,000 per year for the average public housing tenant. For every one Millers Point tenant, the Government could cover subsidies for up to 5 tenants in suburbs around Wollongong, or more than 3 tenancies in other suburbs of Sydney.

Properties in Millers Point can have a market rent of around \$4,000 monthly, with the taxpayer subsidising as much as \$3,700 of that each month. Some long-term tenancies in Millers Point have received more than \$500,000 in subsidies over the term of their tenancy.

Relocations - Appendix D

15 relocation specialists will case-manage tenants in Millers Point to ensure they understand the process, have access to information about their options, and receive specialised attention if they have specific needs.

9% of tenants are elderly (80+), and accessibility to tenancies in Millers Point terraces has increasingly become an issue for these tenants. In the last year alone several elderly tenants have requested transfers to other areas of Sydney either to be close to relatives or to move into properties which are better suited to their needs.

Elderly tenants will be assisted by officers from Ageing, Disability and Home Care, and Aged Care Assessment Teams will provide special packages of assistance where required.

Special assistance for elderly or vulnerable tenants may include covering the cost of a packing and unpacking service. This is in addition to the assistance offered to all Millers Point tenants which includes reimbursement of costs for relocation including removalists, utilities connections, mail redirection and school uniforms.

Attachment A - Precinct plan

Attachment B - Map of properties with status

Appendix A - Background

The NSW LAHC owns 206 heritage listed properties in Millers Point, 8 heritage listed properties in Gloucester Street on land owned by the Sydney Harbour Foreshore Authority (SHFA) and 79 dwellings in the “Sirius” building in Cumberland Street on land also owned by SHFA. Of the properties owned by LAHC in Millers Point, 121 are terrace houses with the balance being apartments, bedsits and other types of dwellings.

In the 293 properties in Millers Point, there are 543 tenancies, of which only 410 are occupied.

In 2008, under the former Labor Government, a 99 year leasehold sales program was undertaken. 29 properties were sold, generating approximately \$28 million in gross revenue. The average sale price was \$1.3m, with an average property repair cost of \$345,000.

The Millers Point properties comprise of the following breakdown:

	Properties	Tenants	Tenancies	Occupied Tenancies
Millers Point	206	465	448	319
Gloucester St	8	24	16	16
Sirius	79	101	79	75
Total	293	590	543	410

Sirius building

Sirius is a twelve storey apartment building built in 1980, comprising 79 apartments and 66 basement car parking spaces. There are 4 vacant units, containing 10 bedrooms, and there are several tenancies 34 years in duration.

	Market rent pw	Rent paid pw	Subsidy p.a.
1 bedroom, tenant on disability pension	\$565	\$123	\$23,000
2 bedroom, tenant on aged pension	\$655	\$96	\$29,100
3 bedroom, tenant on Newstart	\$715	\$117	\$31,100
4 bedroom, tenant on disability pension	\$835	\$129	\$36,712

The Sirius building contains basement car parking and over recent years there have been a number of issues, including tenants dumping cars in the basement to allegations of sub-leasing car spaces for profit. LAHC had to overhaul car park and building access in July 2011 due to suspected sub-leasing of car park spaces, at a cost to LAHC of several thousand dollars.

Appendix B - Maintenance

Between 1987 and 2007 more than \$30 million was spent on maintenance and conservation works in Millers Point. Since 2011 approximately \$6.8 million has been spent on responsive and programmed maintenance and it is estimated that approximately \$90 - \$100 million is required to restore and maintain the heritage fabric of the entire Millers point portfolio, just in the short term.

The average maintenance cost for one terrace house in Millers Point is almost \$15,000 per year, compared to the normal maintenance allowance of \$3,000 to \$3,500 for public housing properties.

Case study - 54 Kent Street, Millers Point

Constructed in 1905 and consisting of 3 bedrooms this property has had \$188,000 spent on internal and external maintenance since December 2010.

Those works included roof, gutter and water goods replacement, balcony restorations and painting. In addition, the dwelling had a serious termite infestation and damage, caused by low floor space, lack of ventilation and high sub-floor moisture capture. An estimated \$8,000 to \$10,000 in mechanical ventilation to mitigate further termite and moisture damage is anticipated in the near future.

Walk-through access available at 11:30AM for a period of 2 hours. Contact on site is Pauline McCutcheon - 0418 644 794.



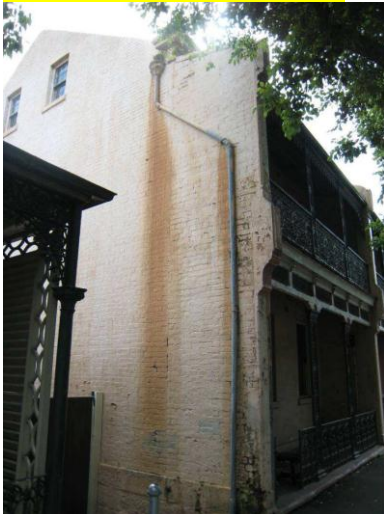
Case study - 52 Argyle Place, Millers Point

This property is a five storey terrace built between 1835 and 1850. It became vacant in October 2011 due to its condition and the extensive and expensive renovations required. Its cost to repair to liveable standard is approximately \$440,000, and the cost for complete restoration is estimated at \$800,000. Its estimated sale price is around \$2 million.

Top 10 Repair Items:

1. Repair of external walls and doors	\$146,000
2. Repair of joinery and fittings	\$145,000
3. Associated demolition and alterations	\$128,000
4. Repair of floor wall and ceiling finishes	\$107,000
5. Repair of roof	\$80,000
6. Structural work required	\$62,000
7. Repair of electrical and mechanical services	\$58,000
8. Required appliances	\$42,000
9. Required plumbing and drainage	\$36,000
10. Repair of external property works	\$17,000

Access available at 11:30AM for a period of 1 hours. Contact on site is Anthony Mitchell - 0413 599 505.



Examples of leasehold properties sold and renovated in the past

58 Argyle Place
24 Lower Fort Street

Case study - 94 Kent Street – No internal access available

In 2008, under the former Labor Government, a 99 year leasehold sales program was undertaken. 29 properties were sold, generating approximately \$38 million in gross revenue. The average sale price was \$1.3m, with an average property repair cost of \$345,000.

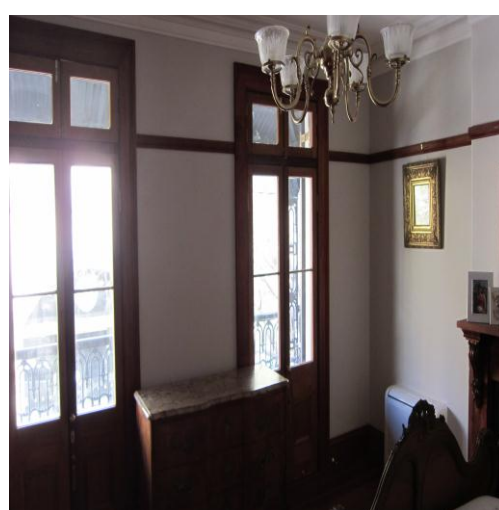
This property was one of the 99 year leaseholds sold for \$2,365,000 in September 2011.

The heritage fabric of this property was in poor condition because it had been modified into a boarding house. The lessee has undertaken major works to restore the character to the property. The LAHC estimates the lessee spent approximately \$700,000 restoring the property over more than 12 months.

Before



After



30 Argyle Place, 35 Lower Fort Street & 119 Kent Street are additional vacant properties available to view on request. Contact Nick Tyrrell - 0467 733 876.

Appendix C - Subsidies

Rental subsidies funded by the NSW taxpayer are excessively high in Millers Point. The gap between market rent and the subsidised rent paid by public housing tenants is as high as \$44,000 per year in Millers Point, compared to around \$10,000 per year for the average public housing tenant.

For every one Millers Point tenant, the Government could cover subsidies for up to 5 tenants in suburbs around Wollongong, or more than 3 tenancies in other suburbs of Sydney.

Properties in Millers Point can have a market rent of around \$4,000 monthly, with the taxpayer subsidising as much as \$3,700 of that each month. Some long-term tenancies in Millers Point have received more than \$500,000 in subsidies over the term of their tenancy.

Half of all public housing tenants in Millers Point are of working age (18-59), but 94% of tenants claim Centrelink benefits as their primary source of income.

Subsidies paid in other suburbs			
Suburb	# of tenants on subsidy	Subsidy value annually (\$)	Subsidy per tenant (\$)
CAMPBELLTOWN	316	2,631,709	8,328
GOSFORD	109	781,427	7,169
MINTO	385	2,803,954	7,283
MOUNT DRUITT	89	657,709	7,389
NEWCASTLE	36	255,374	7,093
NEWCASTLE WEST	30	206,063	6,868
WARRAWONG	398	2,015,832	5,064
WOLLONGONG	595	6,443,876	10,830
Total of areas	1,958	15,795,944	8,067
MILLERS POINT	358	8,890,000	24,832

For every one Miller's Point tenant, the Government could subsidize approximately the following number of tenancies in other suburbs:

Suburb	Tenancies	Suburb	Tenancies
CAMPBELLTOWN	3.0	NEWCASTLE	3.5
GOSFORD	3.5	NEWCASTLE WEST	3.5
MINTO	3.5	WARRAWONG	5.0
MOUNT DRUITT	3.5	WOLLONGONG	2.5

Case study - Mr H

Mr H is 39 years old. He lives in Argyle Place in a four bedroom house. Under the old succession of tenancy rules which have now changed, he took over the tenancy from his mother 12 years ago. He is the sole occupant of this property. Argyle Place is one of Sydney's premium locations and the market rent for this property is just under \$4,000 per month. Mr H pays \$271 per month.

Mr H has received \$320,600 in subsidies since he became a tenant. When Mr H's mother's tenancy ended after 16 years, she had received the equivalent of \$208,000 in subsidies. The total subsidy received across the two generations was \$528,000.

Maintenance costs for this property are \$36,000 since 2000.

Case study - Mrs P

Mrs P, aged 55 years, lives alone in a four bedroom property in Kent Street. She has held the tenancy since August 2003. The market rent for this property is \$3770 per month and Mrs P pays \$414 per month. This equates to a subsidy of approximately \$40,000 per annum.

Maintenance costs for this property are \$72,000 since 1999.

Appendix D - Relocations

Approach to the relocations process

Each tenant in Millers Point will be individually visited and notified that a relocations officer has been assigned to them and that an appointment will be made to discuss their relocation needs.

Specialist relocations officers are experienced staff members from the Department of Family and Community Services (FACS) who have experience of successfully relocating tenants, including older tenants and tenants with special needs. They are senior client services staff who have been selected for the role.

Initially, each tenant will be visited to undertake a housing needs assessment. This is a detailed assessment which involves understanding the individual needs of each member of the household and discussing their preferences for relocation in terms of location and the type of housing they need. Any special needs are identified in detail, including any medical needs, mental health issues, disabilities and other complex needs.

The specialist relocations officer will liaise with the family and friends of tenants if they wish for this and will also work with support services. The same officer works with the tenant throughout the process of relocation. The officer draws up a relocations plan for the tenant and their family which outlines the desired location and type of housing they will need, any adaptations they will need to their future property because of disability and the desired timing of their relocation, taking account of factors such as school term times and the availability of alternative accommodation.

The relocations plan outlines the financial assistance which will be available to cover costs arising from the relocation in line with existing Housing NSW policy. The same financial assistance will be offered to relocating community housing tenants.

The specialist relocations officer will help the tenant to view alternative properties if they cannot do this themselves. When an offer of alternative accommodation is accepted, the relocations officer will help the tenant to organise removalists and other aspects of the move such as dealing with utilities providers. The specialist relocations officer will help the tenant to establish support services in their new location, will provide them with information on community facilities in their new location and will visit them after their move to check how they have settled in and follow up on any outstanding issues.

Where there are tenants who wish to be relocated close to each other, for example long standing neighbours who provide support to each other, every effort will be made to accommodate this.

Where a tenant has disabilities, the specialist relocations officer will arrange for an Occupational Therapist to visit the new home with the tenant and make recommendations for adaptations to the property.

Attracting tenants to alternative locations

Under FACS policy, tenants are entitled to two offers of alternative accommodation. For the Millers Point relocations, FACS will use a new approach in addition to making offers to individual tenants.

As properties become available in locations identified by relocating tenants, these will be openly displayed in a location in Millers Point with photographs and supporting information. Open house sessions will be held in those properties.

Tenants will be able to visit several properties and several tenants will be able to visit the same property. Providing that the size of property is appropriate for the tenant's household, the first tenant to accept the property will become the new tenant.

Some properties, such as those which are fully adapted for people with disabilities will need to be excluded from this process to make sure they are allocated to people who have specific needs.

Involvement of FACS, Ageing, Disability and Home Care (ADHC) and Aged Care Assessment Teams

Where a tenant is elderly or frail or a tenant has complex needs such as mental illness, the relocations officer will be a Specialist Client Service Officer with experience in working with clients with special needs. Experienced staff from FACS-ADHC will also be engaged to work with these clients. People with mobility problems will generally be offered accommodation which has a lift or is on the ground floor.

If modifications such as grab rails are required, the Specialist Client Service officer will link with an Occupational Therapist to provide an assessment of their needs and arrange to have the necessary work completed, should elderly clients require additional supports to allow them to age in place, such as shopping assistance, FACS-ADHC staff will link these services to the new accommodation.

Elderly and vulnerable clients will also be offered a relocation package which includes the removalist packing and unpacking their belongings. Contact will also be made with family and support providers and the relocations officer will help the client to re-establish support services in their new location. In the case of Aboriginal clients, Specialist Client Service Officers will draw upon the skills of existing Aboriginal Specialist staff.

If an elderly tenant appears to be struggling to live independently, the Specialist Client Service Officer will visit them, and that officer has links to the Aged Care Assessment Team and can make a referral for a specialist assessment to be undertaken to determine whether Commonwealth funded support packages should be provided.

Reimbursement of costs

Tenants' reasonable costs of moving will be reimbursed as per FACS-Housing NSW policy. This will include removalist fees, utility connections, redirection of mail and new school uniforms where children have to change schools.

Relocating community housing tenants will also be eligible for these payments. Consistent with current policy, tenants will also be reimbursed for improvements they have made to their homes as long as those improvements were approved, subject to a reduction for fair wear and tear.

Voluntary relocations

If required, Housing NSW can use its powers under the Residential Tenancy Act 2010 to terminate a tenancy if more than two offers of alternative accommodation are refused by a tenant. However, every effort will be made to ensure that it won't be necessary to go to the Tribunal by offering well-presented and maintained accommodation wherever possible.

Case studies - More suitable seniors' properties

3 Trevor Street Lilyfield a 15 year old block of 9 units



13 Jones Street, Pyrmont



Brick veneer unit complex of 40 Units constructed in 2000 the property is 14 years old. Full market rent per one bedroom individual unit 6/13 Jones Street, Pyrmont is \$400 per week.

The cost to construct a new unit such as the above on NSW Land & Housing Corporation land is approximately \$300,000.

The average actual cost to maintain a newly-built seniors property in Pyrmont, for example, is less than \$1000 per annum, compared to \$14,500 for a Millers Point terrace.

271 Balmain Rd, Lilyfield - an 88 dwelling multi-unit housing facility.



The new dwellings are located in six separate low-rise, two and three-storey buildings, which are arranged around the perimeter of the site.

The buildings consist of one, two and three-bedroom configurations with entries oriented to the street and private balconies or courtyards oriented to the large central courtyard. This layout provides a high level of engagement and good community integration. The redevelopment is wheelchair accessible and some units are designed for disabled access to ensure accommodation is also available to wheelchair users. See picture above.

Case studies - Residents recently relocated from Millers Point

Mrs N (72 years)

Mrs N held a HNSW tenancy in High Street Millers Point from September 2007 until October 2013. Due to water ingress issues and the partial collapse of her bathroom ceiling Mrs N was approached for relocation. Mrs N had always lived in the inner city area having previously been relocated to Millers Point from the Redfern East redevelopment site. Following an interview with her relocation coordinator, a vacant property was identified at Ferry Road Glebe. This property was a 2-bedroom townhouse in a complex consisting of 40 townhouses. Mrs N loved that the property was light and airy compared to her Millers Point property.

Ms B (age 68yrs)

Ms B held a HNSW tenancy at High Street Millers Point from April 2005 until March 2013. Due to a failure in the rooftop drying deck above her apartment, there was a major problem with water ingress through the ceiling of her bathroom, toilet and kitchen area. There were safety concerns with the power supply to the lighting in the bathroom, toilet and kitchen area. Mrs B was referred to the relocation coordinator by LAHC due to extent of the problem. Following an interview with her relocation coordinator, a vacant property was identified at Minogue Crescent Forest Lodge. This property was a 2-bedroom apartment in a complex consisting 86 x 2-bedroom apartments. Mrs B has been in contact with her relocation coordinator and is happy in her new home.

Mrs C (age 69yrs)

Mrs C held a HNSW tenancy at High Street Millers Point from January 1998 until June 2013. Due to a failure in the rooftop drying deck above her apartment there was a major problem with water ingress through the ceilings in the rear of her property. The wooden stairs leading up to the rooftop area had also collapsed. Mrs C was referred to the relocation coordinator by LAHC. Following an interview with her relocation coordinator, a vacant property was identified at Minogue Crescent Forest Lodge. This property was 2-bedroom apartment in a complex consisting of 86 x 2-bedroom apartments. Mrs C was visited by the relocation coordinator after her move and was happy with her new home.

Mrs M (age 80yrs)

Mrs M held a HNSW tenancy at High Street Millers Point from January 1989 until February 2013 Mrs M had been approved for a transfer on disability grounds. Due to her age she was no longer able to manage the stairs leading up to her first floor apartment. Although she was in receipt of Homecare, who took her out shopping once a fortnight, she was unable to leave her apartment unassisted at other times. Following a discussion with a relocation coordinator, a vacant one-bedroom apartment in an aged complex at Jones Street Pyrmont was referred to the local Client Service Team for earmarking. This property had level access with lift access to each floor. Mrs M viewed and accepted the offer. Mrs M has been visited by the relocation coordinator since moving and is happy in her new home.

Case studies - Residents currently waiting transfer from Millers Point

Mr L (age 60 yrs)

Mr L of Dalgety Rd Millers Point was originally approved for a transfer following a fall where he broke his leg and could not manage the 20 stairs to his first-floor apartment. Mr L suffers from a number of illnesses and requires 2-bedroom ground floor accommodation.

Mr B

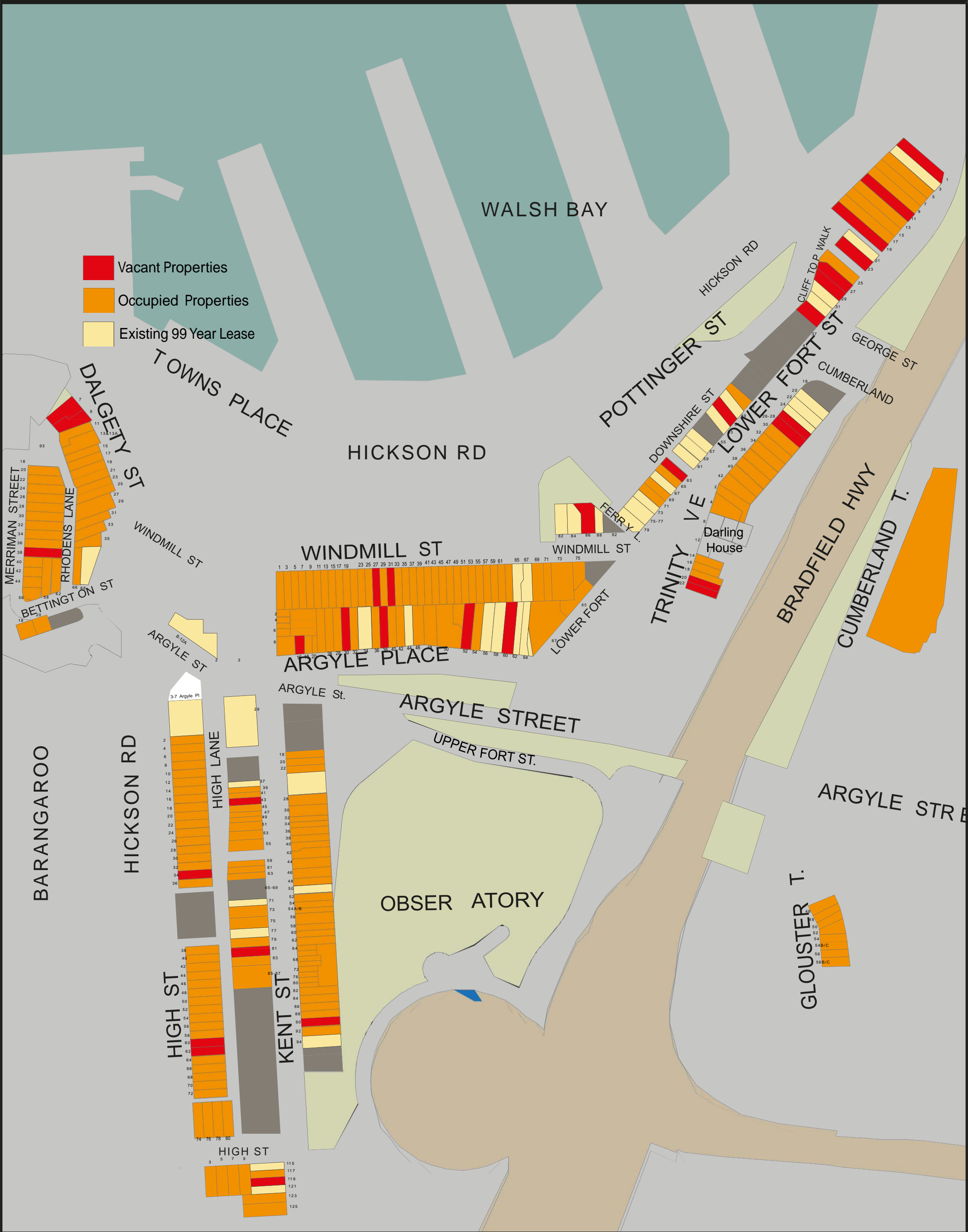
Mr B of Bettington Street Millers Point's ceiling has collapsed due to an ongoing roof leak. Mr B is unwell. He has stated that he has friends in the Pymont area and would be interested in relocating to the area due to the ongoing issues with his roof and ceiling. A vacant property which is currently under maintenance is being held with intent to offer to Mr B.

Ms R

Ms R of Windmill St Millers Point lives with her daughter (6yrs). A transfer was approved on medical grounds as the daughter suffers from a respiratory problem. The current property is a ground-floor apartment which is affected by dampness and mould. The front of the apartment is below ground-floor level.



MILLERS POINT PRECINCT



MILLERS POINT PRECINCT

Version 3 - 28 February 2014

