

Australian state government plans to privatise public housing

Terry Cook**30 January 2016**

A ten-year plan released by the New South Wales (NSW) state government last Sunday, is a major step toward ending all government responsibility for public housing. With Sydney, the state capital, already the second most expensive city in the world to live because of soaring house prices, the blueprint will further subordinate housing to the profit demands of the property developers and banks.

Future Directions for Social Housing in NSW outlines the clearing of public housing estates to provide prime land for developers, as well as the transfer of public housing to non-government “social housing providers.”

Thousands of the most disadvantaged households will be made prey to the private rental market, adding to already unbearable levels of financial stress. At the same time, the plan seeks to deliver around \$22 billion in lucrative housing construction to developers and building companies over 10 years.

By 2025, the government “will seek to transform the social housing system in NSW from one which is dominated by public sector ownership” to “a diverse system characterised by a greater involvement of private and non-government partners in financing, owning and managing a significantly expanded stock of social and affordable housing assets.”

Rather than providing “significantly expanded” social housing, the plan will allow the razing of what Social Housing Minister Brad Hazzard branded “aging” public housing estates to clear the way for the construction of private homes. Tenants on these estates will be unceremoniously uprooted.

The Urban Taskforce, which represents property developers and equity financiers, hailed the announcement, saying the plan “stacks up financially” for its industry. Urban Taskforce CEO Chris Johnson

welcomed the boost because Sydney’s property bubble, which has driven prices sky-high, could be starting to unravel. “There are signs that housing development is tapering off so the release of large parcels of government-owned land for new housing will help provide new sites for redevelopment,” he said.

On the land handed over to them, developers will only have to “ensure large developments target a 70:30 ratio of private to social housing.” In all, the plan allows for the construction of only 23,500 social dwellings, with 17,000 of these replacing current stock.

By 2025 the stock of social housing across NSW will increase by a mere 6,000, under conditions where the public housing waiting list currently stands at 60,000 and more than 150,000 families on low-to-moderate incomes are in “housing stress,” according to the state government’s own figures.

The plan expands the existing *Communities Plus* program under which public housing estates in the Sydney suburbs of Macquarie Park, Seven Hills, Telopea and Liverpool, along with Gosford, Newcastle and Tweed Heads in regional NSW, are being cleared to make way for “medium and high density development.”

The profits will be substantial. The 8.17 hectare Macquarie Park Ivanhoe Estate site, for example, is in a prime location situated close to rail transport, 19 kilometres from Sydney’s centre and a stone’s throw from Macquarie University. The medium price for a one-bedroom private apartment in this suburb is \$658,000, and for a three-bedroom apartment it is \$907,500—well out of the reach of many working class households.

The proposal for Macquarie Park, currently the site of 259 public detached houses with gardens, is for the construction of more than 1,800 private apartments

along with 556 social dwellings.

There will also be 128 “affordable” dwellings on the site. These may be owned by private developers or organisations, while being managed by not-for-profit providers. Rents are discounted, but tenants can pay up to 80 percent of market rental levels.

The provision of such dwellings is another step toward pushing people out of social housing. *Future Directions* states: “Affordable housing is an ideal stepping stone for people in social housing, who with the right support, may have the capacity to enter the private rental market.”

By 2025, non-government organisations will manage up to 35 percent of all social housing via long-term leasing arrangements. Significantly, “community housing providers will assist with relocating tenants to free up properties required for development.”

The plan’s stated target is to “support 60 percent of people into the private rental market by 2025.” Under the guise of “breaking social disadvantage,” *Future Directions* outlines a range of obligations designed to drive people out of social housing.

The document states: “Many of the new social housing units will be used to trial innovative programs that link housing assistance to participation in education, training and local employment opportunities.” Tenants will be required to sign binding agreements along these lines, designed to push them into low-paid work.

Other measures to bar people from public housing include evictions for “breaches” of a tenancy agreement. Eligibility requirements for social housing will be tightened, but no details have been made available.

For the first time, rental bonds will be required from all new social housing tenants. These will be equivalent to four weeks’ rent. Although capped at \$1,400, and payable in instalments over two years, this impost will be a further hardship for households already struggling to make ends meet.

NSW Labor opposition spokesperson for housing Tania Mihailuk postured as an opponent of the plan. “What this government is saying is ‘here is the door, out you go’,” she said. “Try your luck in the private rental market.”

Such comments are a cynical fraud. Labor supports the privatisation of public housing. In his budget reply

speech last June, NSW Labor leader Luke Foley called on the government to consider handing over the state’s entire public housing stock to the “not-for-profit” sector.

In 2008, the previous state Labor government began the process of privatising 293 publicly-owned homes in the inner-city Sydney suburb of Millers Point. Labor sold 99-year-leases on 16 heritage-listed terrace houses at the prime site.

Moreover, the dismantling of public housing has been a protracted process, pursued by Labor and Liberal-National governments alike across Australia for decades. The Hawke and Keating federal Labor governments from 1983 to 1996 presided over an historic assault on public housing, slashing spending on new construction by about 25 percent (see: “Australia: Public housing being ‘cannibalised’”).

A NSW Labor government also implemented the “Minto Renewal Project” which involved a “staged redevelopment” of 1,000 public dwellings in Minto in Sydney’s south west. The result was 360 public dwellings, including small living units for seniors, while over 850 private homes were built. The project was completed in November 2011 just after Labor’s defeat in the state election.

Large-scale public housing, introduced and developed between 1945 and the early 1980s as part of the post-war economic boom, was a social gain for the working class. Years of government under-funding left most of the houses in substandard conditions. Governments have exploited their own neglect as the pretext to sell off properties, or hand them over to developers—a process that is now accelerating.



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