

Community -- the Place for Affordable Housing

Carol Croce
Community Housing Federation of Australia

Robin Zakhorov
The Policy Practice

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About this presentation

- Deals with the current and future role of community housing to deliver affordable housing
- Based on research commissioned by CHFA in early 2003
- Draws on a recent round of national consultations with community housing providers

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The context

An all too familiar story . . .

- 250,000 households in housing stress
- Drastic losses of affordable rental housing
- Capital city housing unaffordable to purchase
- Growing public housing waiting lists
- Public housing in decline
- 'Affordable housing' viewed as the most appropriate response

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Ideas Abound

There are a plethora of ideas about how to finance affordable housing :

- Private investment vehicles
- Government investment bonds
- Tax incentives
- Volume debt finance
- Affordable housing companies
- Joint ventures

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What is “affordable housing”?

- Who are the target groups -- low income? Moderate income?
- Who might miss out -- young people? Single people? High need clients?
- What is the relationship between affordable housing and community housing?

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Provider perspective – affordable housing

- Community housing already an affordable housing provider; affordability is core business
 - ‘hijacked’ the terminology
 - New usage can be exclusionary
- How differs from ‘traditional community housing’
 - Mixed funding
 - Flexible rent structures
 - Broader, more diverse range of tenants

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Core values

A fundamental consideration in looking at the role of community housing providers in affordable housing:

- Social justice
- Responsive to locally identified needs
- Benevolent property management
- Tenant rights and participation

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Principles to underpin affordable housing

- Appropriate to households' needs
- Safe and secure
- Promotes and expands housing choice for low and moderate income people
- Provides alternative to private rental market
- Part of a continuum of housing options
- Enhances capacity of households to participate in their community
- Reflects the diversity within the broader community

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Opportunities

Community housing organisations offer many advantages as providers:

- Locally responsive
- Strong commitment and practice in tenant participation
- Strong track record coordinating housing provision with support services
- Efficient and effective tenant management
- High levels of client satisfaction

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Opportunities (continued)

- Diverse, flexible and innovative service delivery
- Tenants attract Commonwealth Rent Assistance
- Favourable tax status
- Attract resources and private investment

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Existing models

- **City Edge project** -- Community Housing Canberra Ltd.
- **CityWest Housing**, Sydney
- **Brisbane Housing Company**
- **Inkerman Oasis**, St Kilda, Victoria

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Perspective of potential private investors

Private financiers identified requirements for investment:

- Reliability of cash flow
- Continuity of relationships for the duration of the deal
- Large scale investments in some cases (5,000 to 10,000 dwellings)
- May only want tenancy managers
- Preference for working with community-based rather than government providers (flexibility)

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Experience from overseas

Lenders in the UK have required assurances about:

- Management board having adequate skills and composition
- Management capacity, financial viability
- Security -- income and expenditures, nature of assets, profile of tenants and future demand
- Rent levels
- Business activity planning

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Understanding the implications

Many issues emerge when considering how to deliver affordable housing:

- Control and use of assets
- Targeting and rent setting
- Nature of regulation
- Scaling up existing organisations
- Role of local government
- Capacity of all players to rise to the challenge

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Community housing: delivering affordable housing

- Requires operational control and asset ownership to leverage private financing
- Flexibility in setting appropriate rents
- Appropriate regulation to ensure accountability
- Supported capacity building
- Recognition and support for existing infrastructure
- Better integration of with local land planning processes

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Guiding principles

Suggested principles to underpin the role of community housing in the affordable housing market

- Maintain diversity in the sector -- expansion of some providers while others retain focus on existing business
- Continued commitment to client responsiveness, client participation and building sustainable communities
- Local control of resources and assets to maximise the effectiveness of service delivery

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Guiding principles (continued)

- Support structures and resources will need to encompass new roles
- New projects must be financially viable, efficient and responsive to the local communities

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Policy positions and recommendations

- That community housing core values, principles and standards be benchmarks for performance by *all* housing providers
- That Governments support and grow existing community housing sector to expand into affordable housing and other new housing products
- That Government support private/community partnerships as the preferred vehicle for delivering affordable housing
- That community housing have access to title and equity in the properties they manage

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Policy positions and recommendations (continued)

- That Commonwealth and States establish a National Capacity Building Initiative to include:
 - Ongoing development of nationally consistent training
 - Focus on organisational and property development and asset management
 - Implement mechanisms for community housing organisations to expand their access to private capital
- That the diversity of the sector be respected and upheld, and individual community housing organisations choose how they participate in the delivery of affordable housing

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