



**Community Housing Council of SA Inc**  
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**Submission to the Inquiry into Affordable Housing  
Senate Standing Committee on Economics  
March 2014**

Thank you for the opportunity to make a submission to the Senate inquiry into affordable housing.

The Community Housing Council of SA (CHCSA) is the peak body for community housing providers in South Australia.

The CHCSA is a member of the Community Housing Federation of Australia (CHFA) and endorses CHFA's submission to the inquiry. This submission is submitted from a South Australian perspective.

The community housing sector in SA, as is the case nationally supports and encourages strategies and reforms to grow community housing. The sector considers the implementation of these strategies and reforms a priority as the shortage of social and affordable housing in Australia must be addressed urgently.

Community Housing Providers (CHPs) understand the communities in which they operate, have strong social missions and have well developed business skills. CHPs have the opportunity to partner with the private sector, not-for-profit agencies and government to maximise the number of new dwellings delivered or the refurbishment of poorly maintained public housing stock. A large scale well developed community housing sector will, provide more social and affordable housing, to meet the growing demand which will be unmet if the status quo is maintained.

This submission addresses the following terms of reference:

- a.(iv) the operation, effect and future of the National Rental Affordability Scheme;
- m. the role and contribution of the community housing sector in delivering social and affordable rental housing;

**a.(iv) the operation, effect and future of the National Rental Affordability Scheme;**

The community housing sector in SA unequivocally supports the growth of NRAS.

As is the case with all programs there are opportunities for refinement and change. The community housing sector in SA has in the past, worked with stakeholders to review the operations of NRAS and suggested changes and improvements. The sector would see this as an ongoing process and supports sensible changes developed through comprehensive consultation.

In SA, the NRAS program has meant significant growth in both affordable and high needs dwellings, which would not have been possible without the NRAS subsidy. CHPs have used NRAS to develop mixed models of housing that promote social inclusion and community benefit.

The delivery of NRAS dwellings by CHPs means tenants pay a maximum 74.9% of market rent. This reduced rent means tenants do not experience housing stress. NRAS properties in SA are oversubscribed indicating there continues to be unmet need for this form of affordable housing.

**m. the role and contribution of the community housing sector in delivering social and affordable rental housing.**

The SA community housing sector believes a significant plank of social housing growth, with its related economic and social benefit, is through the title transfer of South Australian Housing Trust stock to Community Housing Providers (CHPs).

Within the current policy settings, a housing portfolio managed by a government housing authority, delivers an annual deficit and growth is not possible without additional government support<sup>1</sup>. In SA there were 47,773 public housing dwellings in 2003 which fell to 40,906 in 2012; a 14.4 percent reduction in public housing dwellings over 9 years.<sup>2</sup>

The sector does not support a management only model of stock transfer as the only mechanism for creating a multi-provider system. Modelling shows a management only model will produce negligible growth; 0.4 percent or two dwellings per 500 units transferred<sup>3</sup>. This level of growth will not meet the growing demand for social and affordable housing in SA.

A transfer model with some degree of title transfer is required to maximise the growth potential of the housing portfolio.

Housing portfolios managed by community housing providers with title transfer, can deliver significant growth (typically between 5 and 10 percent), with levels of title transfer to maximise growth ranging between 10 and 20 percent<sup>4</sup>. This growth of community housing of between 10 and 20 percent is a significant improvement on the 14 percent decline in public housing described above.

The community housing sector in SA endorses the development of a large scale community housing sector in Australia and considers the proposed ratio of; 35% community housing to 65% public housing must be met as a matter of urgency. CHPs have made significant structural changes to meet this target and encourage governments to progress this strategy as a priority.

In SA the target of 35% community housing must exclude debentured properties as debentured properties have minimal growth potential. Debentured properties return a dividend to government. In 2012 – 2013 the SA community housing sector returned \$7.8M to Housing SA as capital contributions<sup>5</sup>. Losing such a significant revenue stream limits the ability of CHPs to grow their housing portfolio. Debentured properties should not count in the 35% community housing target as they offer very limited growth opportunities.

The National Affordable Housing Agreement should be reconfigured to include a growth fund. In SA that growth fund should be at least \$20M pa for the new supply of social and affordable housing.

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<sup>1</sup> Maximising growth potential of housing providers through title transfer, Sphere Company

<sup>2</sup> Report of Government Services 2013

<sup>3</sup> Maximising growth potential of housing providers through title transfer, Sphere Company

<sup>4</sup> *ibid*

<sup>5</sup> DCSI-2012-13 South Australian Housing Trust Annual Report