

Chapter 15

Community housing

15.1 Community housing, along with the public housing estate, is part of the social housing sector. The community housing sector in each state and territory has developed under its own unique conditions, over different timeframes and with its own particular policy and funding arrangements. Thus, the community housing sector in each state and territory varies in size and structure.¹

15.2 In this chapter, the committee considers the community housing sector, the particular attributes of the sector, the transfer of public housing to community housing providers, the contribution that community housing makes to affordable housing and the potential for it to increase the supply of affordable houses.

Role of community housing sector

15.3 The primary role of community housing is to deliver housing to people on low- to moderate-incomes with a housing need. Community housing may cover short, medium and long-term tenancies. Providers of community houses are not-for-profit organisations that manage the provision of housing assistance and include:

- housing cooperatives;
- housing associations; and
- other community service organisations.

15.4 Community housing providers seek to encourage local communities to be more active in managing and providing affordable housing. The Community Housing Federation of Australia described in greater detail its role as a provider of community houses:

We provide affordable and appropriate housing for low- and moderate-income people and for those people whose housing needs are not adequately met in other forms of housing, particularly, for example, people with disability. Our models, organisational structures, funding, financing arrangements and the degree to which we either manage and/or own our dwellings vary in scale.²

1 National Regulatory System for Community Housing Directorate, Charter, p. 10, http://www.nrsch.gov.au/data/assets/file/0011/288218/D_Charter.pdf (accessed 12 January 2015).

2 Ms Croce, *Proof Committee Hansard*, 10 November 2014, p. 9.

15.5 It gave the example of a project run by Common Equity in Melbourne which has a mix of both private and social housing, including some housing for people with a disability. It was built on an old boot factory.³

Growth of community housing sector

15.6 The community housing sector has grown rapidly over the past 15 years or so. This expansion was due to increased capital funding, the transfer of public housing dwellings from the state and territory housing authorities and by provider leverage. More specifically, from 2000 to 2010 mainstream community housing had more than doubled but has done so from a relatively low base of 6.7 per cent to 13.7 per cent of social housing stock.⁴ In 2013, the proportion of social housing dwellings managed by community housing providers had increased further and stood at 16 per cent of total social housing or 65,000 dwellings.⁵ This figure does not include NRAS properties or other properties owned by community housing providers. According to the Community Housing Federation of Australia, the number of dwellings for this broader sector was estimated in 2008 to be closer to 77,000 which would likely be significantly higher now.⁶

15.7 According to the Australian Institute of Health and Welfare (AIHW), the increasing numbers of community houses reflected 'a gradual but steady shift of focus from the public to the community-managed sector'. It stated:

A decrease in the number of public rental dwellings was offset by an increase in mainstream community housing. The increasing contribution of the community sector reflects housing policy at both the Australian Government and state and territory government levels.⁷

15.8 The community housing sector, however, emphasised in hearings that while a significant amount of housing has been transferred, the process has not been 'steady', and has come in 'fits and starts', and varies widely across jurisdictions.⁸

3 *Proof Committee Hansard*, 10 November 2014, p. 9.

4 See National Regulatory System for Community Housing Providers, a Joint Initiative of Commonwealth, State and Territory Governments, Decision Regulation Impact Statement, p. 5, <http://ris.dpmc.gov.au/files/2013/05/NRS-Community-Housing-DRIS.pdf> (accessed 19 January 2015).

5 Australian Institute of Health and Welfare, *Housing assistance in Australia 2014*, Canberra, 2014, pp 27–28, <http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129549033> (accessed 18 January 2015).

6 Community Housing Federation of Australia, *Submission 171*, p. 7.

7 Australian Institute of Health and Welfare, *Housing assistance in Australia 2014*, Canberra, 2014, p. 28, <http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129549033> (accessed 18 January 2015).

8 See paragraphs 15.65–15.66.

15.9 The NSW Federation of Housing Associations noted that community housing providers draw income from a range of sources—grant funding, transfer of public housing property management and/or ownership, concessions on taxes and levies, eligibility of tenants for rent assistance, and other forms of subsidy.⁹ In this regard, the Productivity Commission noted that community housing organisations generally received some form of government assistance, including direct funding or the provision of land and property. A number of community housing organisations, however, are entirely self-funded. According to the 2015 Productivity Commission report on government services, community housing organisations were increasingly seeking funding through alternative, non-government means, such as leveraging and partnership arrangements.¹⁰

15.10 Based on unpublished information from Australian, state and territory governments, the Productivity Commission listed some of the community housing models:

- housing cooperatives, providing tenancy management and maintenance of housing that is owned by government, a central finance company or an individual cooperative;
- local government housing associations, providing low cost housing within a particular municipality, closely involved in policy, planning, funding and/or monitoring roles and able to manage directly the housing stock;
- regional or local housing associations, providing property and tenancy management services, and support services to tenants;
- specialist providers—organisations with a specific purpose or function, such as tenancy management, housing development, or for specific target groups;
- broad service delivery—organisations providing housing and other welfare services, such as aged care and disability services;
- vertically integrated providers of affordable housing—involved in all stages of providing affordable housing, from construction to property and tenancy management;
- community ownership and/or management, where housing is owned and/or managed by not-for-profit or community housing associations;
- joint ventures and housing partnerships, where church and welfare entities, local government, private sector and other organisations provide resources in cooperation with state and territory governments; or where groups of

9 *Submission 80*, p. 2.

10 Productivity Commission, *Report on Government Services 2015*, Volume G: Housing and homelessness p. 17.8, <http://www.pc.gov.au/research/recurring/report-on-government-services/2015/housing-and-homelessness/download-the-volume/rogs-2015-volume-g-housing-and-homelessness.pdf> (accessed 27 February 2015).

community housing providers form partnerships to maximise growth opportunities, share resources and/or manage risk; and

- equity share rental housing, where housing cooperatives wholly own the housing stock and lease it to tenants (who are shareholders in the cooperative).¹¹

15.11 In its submission, AHURI referred to data collected by the Productivity Commission (2014), which appeared to show that in 2013 only 0.5 per cent of public housing residents paid more than 30 per cent of their gross income in rent (as discussed earlier, a typical benchmark of housing affordability). However, about 10 per cent of people in community housing (and up to 60 per cent in jurisdictions such as Western Australia) were paying more than 30 per cent of their gross income in rent.¹²

Transfer of public housing to community housing sector

15.12 The committee has referred to the considerable asset base of public housing in the states and territories. In May 2009, Australian Housing Ministers agreed that jurisdictions and the Commonwealth should develop a large scale community housing sector comprising up to 35 per cent of social housing by 2014.¹³ This objective would be achieved by transferring management (and some ownership) of public housing dwellings to not-for-profit (NFP) housing associations.¹⁴ Indeed, over time, there has been a gradual transfer of affordable housing properties from the public to the community-managed sector.

15.13 As noted earlier, while there has been a fall in the number of public rental dwellings, an increase in community housing has, to a degree, offset this decrease.¹⁵ Professor Beer used South Australia as an example, where:

We have seen some replacement of public housing with social housing, with growth of social housing providers; but they too raise some significant challenges, which we need to acknowledge. The growth is unlikely to

11 Productivity Commission, *Report on Government Services 2015*, Volume G: Housing and homelessness p. 17.10, <http://www.pc.gov.au/research/recurring/report-on-government-services/2015/housing-and-homelessness/download-the-volume/rogs-2015-volume-g-housing-and-homelessness.pdf> (accessed 27 February 2015).

12 *Submission 93*, p. 12.

13 *Implementing the National Housing Reforms*, A Progress Report to the Council of Australian Governments from Commonwealth, State and Territory Housing Ministers, November 2009, p. 26, <https://www.coag.gov.au/node/91> (accessed 5 March 2015) and AHURI, *Submission 93*, p. 30.

14 AHURI, *Submission 93*, p. 30.

15 Australian Institute of Health and Welfare, *Housing assistance in Australia 2014*, Canberra, 2014, p. 28, <http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129549033> (accessed 18 January 2015).

completely replace the public housing that has been lost since the period of, say, 1993.¹⁶

15.14 Many witnesses advocated accelerating the transfer of public housing to the community housing sector. For example, Mr Pisarski, National Shelter, recognised that Australia had not been building sufficient public housing for a very long time and argued that increasingly this stock should be transferred across to the not-for-profit sector.¹⁷ Mr Langford, Junction and Women's Housing, argued that the existing supply of social housing had 'to be reconfigured, through social and economic renewal'. In his view, this change needed to involve a shift away from 'a dominant monopoly model of public housing authorities being the primary holder and manager of that stock'. He acknowledged the trend towards transfers to the community housing sector, which he saw as a key mechanism that would enable the reinvestment in partnership with the private sector. He noted further:

There are numerous examples emerging now, around the country, where transfers of public housing stock to community housing providers are fostering opportunities for private sector investment in a way that can never happen whilst that stock is owned, controlled and managed by state housing authorities.¹⁸

15.15 AHURI spelt out the various advantages of transferring public housing to community housing providers for governments. They included a reduced need for governments to borrow money in order to buy or maintain dwellings, and a greater borrowing capacity for not-for-profit housing associations from improved rent flows and more property titles.¹⁹

15.16 Importantly, community providers would be able to increase stock through redevelopment of old properties, thereby contributing to the supply side of the affordable housing equation. In this context, the National Affordable Housing Consortium was of the view that not only could new stock of public housing replace the old but more community houses could be added 'at no cost to the state'.²⁰ As an example, while referring to the 'fantastic' pool of public housing assets, Mr Cant noted that some public housing properties had too few dwellings on them and houses that were too old. He spoke of the scope for expanding the stock of community houses:

In a lot of public housing purchased at a realistic valuation there is latent equity that can be realised by someone with development capacity, because you are then creating more housing assets and selling some and there is a bit of cross-subsidisation.²¹

16 *Proof Committee Hansard*, 28 July 2014, p. 10.

17 *Proof Committee Hansard*, 10 September 2014, p. 37.

18 *Proof Committee Hansard*, 28 July 2014, p. 31.

19 AHURI, *Submission 93*, p. 30.

20 Mr Myers, *Proof Committee Hansard*, 10 September 2014, p. 54.

21 *Proof Committee Hansard*, 10 September 2014, p. 64.

15.17 Making a similar observation, Dr Lucy Burgmann, NSW Federation of Housing Associations, explained that in New South Wales, if not elsewhere, there were many public housing properties dating back to the 1970s that were on blocks that had potential to sustain more properties. She noted that while there was nothing stopping the state departments of housing from redeveloping the land, they often lacked the capacity to do so. According to Dr Burgmann, on a project by project basis, one option would be:

...as part of transferring properties from public to community housing, that there was an expectation or a commitment received that the properties would be redeveloped and a capacity in some places to turn four or five houses into a medium-density dwelling that may be more like 20 properties, and not all of them would necessarily have to be retained for social housing.²²

15.18 Dr Burgmann noted that some of the dwellings might be affordable housing while others might be sold, which presented an opportunity to generate more community houses.²³ She explained that members of the NSW Federation of Housing Associations managed tenancies especially for, but not limited to, very-low-income to low-income people, vulnerable people or people who require a higher proportion of support.²⁴ According to Dr Burgmann:

Increasingly, we are also managing tenancies for key workers and for people on moderate incomes. I think the new threshold will be about finding affordable housing for young people so that they are not accidentally locked out of the employment market because of where they have to live in order to be able to afford that. Community housing providers are already doing work there and there is more that can be done.²⁵

15.19 The Women's Housing Company maintained that community housing was a 'proven model and growth industry' that had already made an 'enormous contribution to addressing the housing affordability crisis for the disadvantaged, including vulnerable women'.²⁶

Attributes of the community housing sector

15.20 The community housing sector has the potential not only to add to the stock of safe, secure and affordable housing but also provide a range of support services to enable people to access suitable housing and to remain housed.

22 *Proof Committee Hansard*, 10 November 2014, p. 17.

23 *Proof Committee Hansard*, 10 November 2014, p. 17.

24 *Proof Committee Hansard*, 10 November 2014, p. 12. The NSW Federation of Housing Associations is the industry peak body for community housing providers in NSW.

25 *Proof Committee Hansard*, 10 November 2014, p. 12.

26 *Submission 52*, p. 4.

Support services

15.21 Evidence before the committee reinforced the widely held contention that providing support services to people in social housing was a valuable way to create a favourable environment in which tenants could become productive members of the community and help prevent them getting into crisis.²⁷ In this regard, Mr Damien Walker, Department of Housing and Public Works, Queensland, referred to the particular benefits that community housing providers offer. He mentioned that Queensland and the other jurisdictions saw great value in having community housing providers closely involved in property and tenancy management because of their agility, local knowledge and ability to deliver 'a greater level of wraparound service and support'.²⁸

15.22 According to Dr Burgmann, community housing providers bring flexibility to the delivery of social and affordable housing:

Community housing providers are well able to match the subsidy, the property and the wrap-around services that tenants need to meet their needs now, and possibly their changing needs into the future.²⁹

15.23 Ms Marie Skinner, National Seniors Australia, also recognised the way in which community housing providers integrate support services with secure housing to help people remain where they are and to maintain their health and wellbeing more effectively. In her words:

It brings not just the housing but all the support services that the person might need; and, when you pull them all together, you get a comprehensive response to that person's situation and to their needs.³⁰

15.24 In its submission, the Community Housing Council of South Australia stated that community housing providers understood the communities in which they operated, had strong social missions and well developed business skills.³¹ Likewise, the Community Housing Federation of Australia stated that solid community engagement and the ability to provide very secure tenure for people were among the notable advantages of community housing.³² It also contended that the provision of community housing was as much a productivity measure as a social benefit.³³

27 See, for example, Mr Astbury, *Proof Committee Hansard*, 11 November 2014, p. 36.

28 *Proof Committee Hansard*, 10 September 2014, pp. 45–46.

29 *Proof Committee Hansard*, 10 November 2014, p. 12.

30 *Proof Committee Hansard*, 10 September 2014, p. 15.

31 *Submission 99*, p. 1.

32 Ms Croce, *Proof Committee Hansard*, 10 November 2014, p. 9.

33 *Submission 171*, p. 9.

15.25 It should be noted that, although community housing providers expressed confidence in their ability to deliver tenancy services, a recent AHURI study observed that 'direct quantitative evidence on this point' was not to be found. Even so, the study stated that 'while falling short of unanimity, tenant research participant views generally supported the managerial assertion that community housing offers a more personalised, responsive style of provision'. The study concluded that a more intensive follow up study would be required. This examination would be able to determine whether the initial findings reflected 'service standards more ambitious than those of SHAs [state housing authorities], better compliance with similar service standards, or a generally more consumerist organisational culture'.³⁴

Diversification

15.26 The Community Housing Federation of Australia suggested that the diversity of community housing models was one of the sector's principal strengths, as it allowed the sector to respond to local requirements and the needs of specific groups of tenants.³⁵ The NSW Federation of Housing Associations also noted the growth and diversification of the community housing industry, with the number of properties under community housing management in NSW doubling between 2006 and 2013.³⁶

15.27 Mr Walker informed the committee that in line with *Housing 2020*, the Queensland Government was taking an approach that sought 'to breakdown concentrations where we have existing stock and reinvesting in stock in other locations.' This policy was directed at achieving 'a pepper-potted' distribution of social housing. He explained that when the department makes decisions around where to invest, matters at the front of its mind are on proximity to existing services—hospital and/or employment networks, and whether they are serviced by good public transport. Basically, the department considered all of the things that go to providing suitable and appropriate housing with the necessary support infrastructure. He made clear that the department attempted 'to avoid providing social housing simply at the periphery of the urban boundary'.³⁷

15.28 Evidence pointed to other advantages attached to mixed housing developments, including sound financial benefits for community providers by including moderate-income earners in their blend of affordable housing. Ms Croce, Community Housing Federation of Australia, noted that community housing providers need to stay financially sustainable. She pointed to public housing authorities

34 Hal Pawson, Vivienne Milligan, Ilan Wiesel and Kath Hulse, *Public housing transfers: past, present and prospective*, AHURI Final Report No. 215, Australian Housing and Urban Research Institute, University of New South Wales and Swinburne University of Technology, October 2013, p. 5, <http://www.ahuri.edu.au/publications/projects/p71008> (accessed 5 March 2015).

35 *Submission 171*, p. 6.

36 *Submission 80*, p. 2.

37 *Proof Committee Hansard*, 10 September 2014, p. 47.

currently not being able to meet the costs of running a system. In her view, to avoid this situation and to make their business financially viable, the Community Housing Federation provided houses for people in the very lowest incomes as well as people able to pay more as they start to earn. She stated:

It would mean being able to have different types of rent setting policies that allowed the people who are able to pay more to quite simply help to cross-subsidise for those people who cannot.³⁸

15.29 Likewise, the Hobsons Bay City Council recognised the recent partnering between government and the community sector to provide social housing. In its view, this joint effort had 'broadened the delivery model and resident profile to include a mix of tenants' such as those on Centrelink allowances, pensioners, and people on moderate incomes. It regarded this development as 'a positive shift from one that has prioritised high needs and disadvantage as criteria for obtaining state owned housing'.³⁹

15.30 This range of incomes and the graduated rise in rent would, up to a point, also encourage people to seek employment and/or take on extra work without fear of being forced into the more expensive and less secure private rental market. There are, however, limits to this incentive.

High levels of satisfaction and reluctance to leave social housing

15.31 According to the Community Housing Federation of Australia, community housing tenants express high levels of satisfaction with their housing.⁴⁰ While there are very important social and welfare benefits that derive from providing longer term and secure tenure in community housing, such a situation could provide a disincentive for people to take up other options.

15.32 In this context, the committee has referred to the public housing sector, which can discourage tenants from endeavouring to improve their personal circumstances for fear of losing eligibility for public housing and the benefits that derive from such housing. The same situation can apply to community housing tenants. Mr Langford, Junction and Women's Housing, explained that there was a view that social housing, in both the public and the community housing sector, had become 'a destination rather than a point along the continuum for many people'.⁴¹ From Mr Langford's perspective, people who are in long-term, secure tenure, be it in community housing or public housing, were very reluctant to leave because of the risk of losing their security.⁴²

38 *Proof Committee Hansard*, 10 November 2014, p. 17.

39 *Submission 39*, p. 8.

40 *Submission 171*, p. 6.

41 *Proof Committee Hansard*, 28 July 2014, p. 42.

42 *Proof Committee Hansard*, 28 July 2014, p. 37.

15.33 The challenge facing community housing providers is to afford their tenants the opportunities and incentive to move from community housing to the private rental market or even home ownership. For example, Junction and Women's Housing not only endeavours to provide secure tenure but is also cognisant of the importance of helping people move out of social housing. Mr Langford noted that the vast majority of its properties were longer term tenures. He explained that while its philosophical approach was very much about supporting successful and long-term tenure, Junction and Women's Housing was increasingly trying to develop a range of programs to help people who had stabilised to look at other housing options. According to Mr Langford:

We start with the premise that we will offer, for our long-term housing programs, housing for as long as people need it. As I say, that is where we are focusing some of our attention at the moment, on trying to find and develop programs that will assist people to move out of our housing into the market, because we are in a position where we are rationing access at the point of allocation, because we simply do not have enough supply to meet the demand.⁴³

15.34 This mobility would allow those on the waiting list to take up much wanted allocations. Junction and Women's Housing was looking to its programs to 'unclog the biggest bottlenecks'.⁴⁴

15.35 Dr Petersen, University of Queensland, noted that reforms across states were directed at social housing becoming transitional rather than permanent. She noted, for instance, that in Queensland the *Housing 2020* strategy aimed to ensure 'people have access to the help and support they need to give them the skills and resilience to find and sustain tenancies in the private rental market instead of becoming reliant on social housing'.⁴⁵

Title transfer

15.36 While community housing providers may receive government assistance, they were also looking to the private sector as partners to build up the stock of community houses. Some witnesses argued that to encourage private investment, the title over public housing properties as well as the rent roll needed to be transferred to community housing providers.

15.37 In some instances, however, the handover of public housing to the community housing sector involved the transfer of the rent roll only and not ownership. Ms Croce

43 *Proof Committee Hansard*, 28 July 2014, p. 42.

44 *Proof Committee Hansard*, 28 July 2014, p. 37.

45 Queensland Government, Media Release, 10 July 2013, <http://statements.qld.gov.au/Statement/2013/7/25/housing-2020-strategy-to-renew-social-housing>, quoted in *Submission 163*, p. 2.

contended that the programs were 'mostly transferring the property just for management, without the title', which would limit the ability to increase the stock.⁴⁶

15.38 In this regard, the Queensland Council of Social Service stated that the impetus behind the transfer of public housing stock to the community housing sector had been the expectation that transfer of stock would give community housing providers a means of leveraging private finance for developing new stock.⁴⁷ It suggested, however, that this leverage would only occur if stock were transferred with title. The Council indicated that, unfortunately, state and territory treasuries were reluctant to transfer the titles because of the effect on balance sheets.⁴⁸

15.39 Along similar lines, a project that examined the effect of the South Australian Government's program of public housing stock transfers to the community sector observed that:

Some commentators have argued that the community housing stock is held back by the reluctance of State Governments to transfer title deeds of stock, as well as a lack of specialist skills amongst operators.⁴⁹

15.40 The Community Housing Council of South Australia was one organisation calling for a transfer model with some degree of title transfer in order to maximise the growth potential of the housing portfolio.⁵⁰

Importance of title transfer

15.41 As noted earlier, community housing providers need to be financially viable if they are to provide affordable housing and support services to low-income earners and add to the stock of community housing. With this financial imperative in mind, many witnesses spoke of the financial benefits that would attend the transfer of title. Dr Ian Winter, AHURI, noted:

One of the key drivers here is the expectation that the housing associations will actually leverage, will borrow against the value of those assets to invest in new supply. If they do not have control of the assets they will not be able to borrow.⁵¹

46 *Proof Committee Hansard*, 10 November 2014, p. 10.

47 *Submission 175*, p. 21.

48 *Submission 175*, p. 21.

49 Andrew Beer et al, *Public Housing stock transfer—impacts and implications for local government*, CHURP, p. 19, <http://www.lga.sa.gov.au/webdata/resources/files/2013.37%20-%20Public%20housing%20stock%20transfer%20Final%20Report%2024%20June.pdf> (accessed 5 January 2015).

50 *Submission 99*, p. 2.

51 *Proof Committee Hansard*, 9 September 2014, p. 24.

15.42 Ms Croce, Community Housing Federation of Australia, informed the committee of the need for the government to commit to a transfer program nationwide. She also spoke of the ability of community housing providers who held the title to take advantage of this ownership to leverage:

Stock transfer is a major source of growth as it allows community-housing programs to leverage properties for private financing and to build more housing stock.⁵²

15.43 Research undertaken in South Australia, which looked at the first tranche of public housing transfers, supported Ms Croce's contention. According to Ms Croce, the study, which included about 600 properties, found:

...if you keep the status quo you will get no growth. If you transfer it [public housing stock] over but you are only doing it with management and just working off the income stream, you will get maybe two to three new houses per year. But if you give them the asset and the title and they can leverage off that, you are looking at 75 new houses per year. That is just a small example.⁵³

15.44 According to Ms Croce, this example provided some idea of what can be achieved with the stock transfer—that is 'still 700 properties off 600'.⁵⁴

15.45 Mr Schrapel, Uniting Communities, stated bluntly that without transferring the ownership—the title—you cannot leverage the asset, so therefore it has a limited value in that regard.⁵⁵

15.46 The Queensland Government was one of the states actively engaged in the transfer of public housing to the community housing sector. It has made no firm commitment, however, to transfer the title to its public houses to the housing associations. Mr Walker noted that *Housing 2020* had a number of recommendations of which stock transfer was certainly a key. He then went on to explain that, at a high level, the policy itself was reasonably straightforward in what it recognised, and was consistent with the COAG agreement reached a few years ago. As noted earlier, the states agreed that, primarily, 35 per cent of public stock would be transferred by December 2014. Queensland was a party to that agreement, as were all other jurisdictions.⁵⁶ Mr Walker referred to the Queensland Government's goal of 90 per cent quantum by 2020, identified as part of its *Housing 2020* plan.⁵⁷ He explained further, the approach to title transfer:

52 *Proof Committee Hansard*, 10 November 2014, p. 10.

53 *Proof Committee Hansard*, 10 November 2014, p. 16.

54 *Proof Committee Hansard*, 10 November 2014, p. 16.

55 *Proof Committee Hansard*, 28 July 2014, p. 34.

56 *Proof Committee Hansard*, 10 September 2014, pp. 45–46.

57 *Proof Committee Hansard*, 10 September 2014, pp. 45–46.

The government's policy at this point in time, as per *Housing 2020*, is to pursue property and tenancy management transfers, and each of those transactions...it is a procurement exercise—will be bespoke. That will be something that the government makes a decision on at that particular point in time. I am not aware of any policy that precludes a transfer of the title itself, but certainly my understanding is that it is generally on a case-by-case basis, transaction by transaction.⁵⁸

15.47 Mr Walker reiterated the Queensland Government's intention for transfer transactions to be tailored: that no one transaction would necessarily be the same. He explained that each one would need 'to be responsive to the environment in which we currently have our housing'. According to Mr Walker, there certainly would be opportunities where a transfer of title was considered and times when the government deemed the transfer appropriate. He maintained:

There will be other occasions where it is simply a transfer in the rent roll, or a mix of the two...the policy on the transfer of title is not explicit.⁵⁹

15.48 In addition, his colleague, Mr Leitch, noted:

...given the scale of what we are proposing, the government has taken a risk management approach because, even when we talk about the Logan transfer, the proponent that takes that on board will become the biggest provider in Australia. The government, I think, would see that there is a fair amount of risk involved in transferring title straight up so early. It is a matter, I think, of building capacity in the sector to be able to take that up as well.⁶⁰

15.49 In South Australia, the transfer of public housing also involves some transfer of title. Ms Palumbo, Community Housing Council of South Australia, explained that the sector understood that 35 per cent of public housing needed to be transferred to community housing providers. For South Australia, this amounted to 12,000 properties. According to Ms Palumbo, these transfers included a portion of

58 *Proof Committee Hansard*, 10 September 2014, p. 48.

59 *Proof Committee Hansard*, 10 September 2014, p. 46.

60 *Proof Committee Hansard*, 10 September 2014, p. 48. The Productivity Commission noted that: 'The Logan Renewal Initiative was the first major step in the reform to achieve the large scale transfer of the management of public housing and redevelopment of housing stock in the Logan area. The intention was to enhance service delivery outcomes through local decision making, increase supply of social and affordable housing, reduce social housing concentration and better align the portfolio with housing need'. Productivity Commission, *Report on Government Services 2015*, Volume G: Housing and homelessness p. 17.55, <http://www.pc.gov.au/research/recurring/report-on-government-services/2015/housing-and-homelessness/download-the-volume/rogs-2015-volumeg-housing-and-homelessness.pdf> (accessed 27 February 2015).

ownership or titles—not all, but some.⁶¹ She referred to the Sphere report, which demonstrated that some level of title was essential for growth. Ms Palumbo elaborated:

We know that most states prefer the management model. We are saying that the report demonstrates that title can be as low as nine per cent, to a maximum of around 20 per cent, to get the optimum amount of growth you can achieve with the income sources you have. Then that growth can be further increased if you have subsidies like opportunities to partner, shared equity, mixed models, discounted or gifted land and of course NRAS-type subsidies.⁶²

15.50 In her view, South Australia needed to accelerate its current commitment of title transfers, which currently stood at 5,000. She suggested that the 5,000 would bring \$14 million per annum into the housing system, which, on its own, would increase the stock by another 220 houses.⁶³ Ms Palumbo highlighted the reasons for transferring public housing to the community housing sector:

...we want to see a more balanced system, we want to see a more sustainable system, we want to simply bring more revenue to the social housing system, and this does that. We see that the community housing business model as a more efficient model and therefore there are more resources that will come in just by doing that to meet the goals we need to meet, which are simply more supply and renewed communities.⁶⁴

15.51 Also referring to the South Australian transfer of public housing to the community housing sector, Dr Clark noted that the transfer was still in its infancy, where the management of only about 1,000 houses had been transferred to the community housing sector. She explained that there were plans for more, but not for the title to be transferred. In her view, however, it was the transfer of title that would enable community housing providers to grow and regenerate their stock. She stated further that the eastern states, particularly the larger ones, had shown more interest in the stock transfer idea allowing for thousands of properties to be transferred. According to Dr Clark, state governments would be interested in doing so because it attracts more Commonwealth rent assistance—more federal money—into the states and territories.⁶⁵

61 *Committee Hansard*, 28 July 2014, p. 38. The report cited in this quote is The Sphere Company, *Maximising growth potential of housing providers through title transfer*, 2013, [http://www.chcsa.org.au/sites/default/files/Maximising%20growth%20through%20title%20transfer%20\(Final\)%20November%202013.pdf](http://www.chcsa.org.au/sites/default/files/Maximising%20growth%20through%20title%20transfer%20(Final)%20November%202013.pdf) (accessed 20 March 2015).

62 *Committee Hansard*, 28 July 2014, p. 38. The report cited in this quote is The Sphere Company, *Maximising growth potential of housing providers through title transfer*, 2013, [http://www.chcsa.org.au/sites/default/files/Maximising%20growth%20through%20title%20transfer%20\(Final\)%20November%202013.pdf](http://www.chcsa.org.au/sites/default/files/Maximising%20growth%20through%20title%20transfer%20(Final)%20November%202013.pdf) (accessed 20 March 2015).

63 *Proof Committee Hansard*, 28 July 2014, p. 38.

64 *Proof Committee Hansard*, 28 July 2014, p. 38.

65 *Proof Committee Hansard*, 28 July 2014, p. 33.

15.52 In WA, the stock transfer had resulted in the community housing sector more than doubling over the last three and a half years with about 1,700 dwellings transferred, including the title. Mr Searle, Department of Housing WA, indicated that WA was head-leasing as well. He noted that it seemed the sector had two major issues for their credit worthiness to banks—one was asset backing, which the title transfer delivered; the other was income stream. He explained that head-leasing actually provided access to an income stream. Further, he noted the two components needed to get financing from the banks and that the Western Australian Government was trying to accommodate both of those.⁶⁶

Committee view

15.53 Clearly there is much merit in transferring public housing stock to the community housing sector. The committee believes, however, that the states are right to be cautious in how they go about the transfer of title. The committee is of the view that a thorough and comprehensive examination of the implications of transferring title needs to be undertaken before any large scale transfer of title takes place. Such a study, however, should in no way slow down the process of transferring the public housing stock to the community housing sector already in train. Indeed, the transfer of stock that has taken place and is currently underway would provide the basis for examination and review to determine the advantages and disadvantages of title transfer and more broadly identify ways to gain the maximum benefit from the transfer of public housing to the community housing sector.

Recommendation 23

15.54 The committee recommends that the Australian Government request the Productivity Commission undertake an inquiry into the merits of transferring public housing to the community housing sector with particular emphasis on the advantages and disadvantages of transferring property title.

Need for public housing

15.55 In its submission, the Queensland Council of Social Service stated that, while the move to transfer stock was seen as a panacea for the decline in social housing stock, faith in this approach should be tempered. It suggested further that stock transfer should coincide with ongoing and adequate investment in the construction of new public housing dwellings by state and federal governments.⁶⁷

15.56 The committee agrees with this view. The transfer of current public housing stock should not be interpreted as sanctioning the withdrawal of governments from funding public housing which should remain at the core of social housing to ensure that the most disadvantaged are adequately housed. Community housing would then be able to provide housing for low income earners and for some a stepping stone into

66 *Proof Committee Hansard*, 11 November 2014, p. 11.

67 *Submission 175*, p. 21.

the private rental market and even home ownership. In other words, community housing should not be regarded as a substitute for public housing but complementary by offering greater diversity in affordable housing, incentives for tenants to improve their circumstances without losing all the benefits of community housing and a more sustainable form of social housing.

Recommendation 24

15.57 Consistent with the recommendation for the Australian Government to increase the overall proportion of public housing as a percentage of housing stock, the committee recommends that the Australian Government together with the states and territories commit to achieving a higher proportion of overall social housing as a percentage of Australia's housing stock. This recommendation recognises that currently social housing in Australia forms only a small proportion of Australia's housing stock and is falling far short of meeting demand.

15.58 Aside from the transfer of title, a number of submitters raised other concerns about the transfer arrangements from public to community housing including protecting the rights of public housing tenants, the structure of the community housing sector and policy uncertainty.

Community housing—level of protection

15.59 The project that examined the effect of the South Australian Government's program of transferring public housing stock to the community sector on local governments referred to a 'deep-seated concern' amongst some community members that transfers represented 'the privatisation of the public housing stock'.⁶⁸ An AHURI study also noted that if mandated transfer were to become the norm:

...there is a need for good practice guidance on tenant consultation and involvement in shaping the process, and in subsequent social housing governance.⁶⁹

15.60 In its submission, the Queensland Council of Social Service made the point that tenants transferred to the community housing sector should have the same level of

68 Andrew Beer et al, *Public Housing stock transfer—impacts and implications for local government*, CHURP, p. 19, <http://www.lga.sa.gov.au/webdata/resources/files/2013.37%20-%20Public%20housing%20stock%20transfer%20Final%20Report%2024%20June.pdf> (accessed 5 January 2015).

69 Hal Pawson, Vivienne Milligan, Ilan Wiesel and Kath Hulse, *Public housing transfers: past, present and prospective*, AHURI Final Report No. 215, Australian Housing and Urban Research Institute, University of New South Wales and Swinburne University of Technology, October 2013, p. 6, <http://www.ahuri.edu.au/publications/projects/p71008> (accessed 5 March 2015).

protection from eviction as afforded under the public housing system, including a right of appeal.⁷⁰

15.61 National Shelter also highlighted the importance of managing carefully, in partnership with tenants and their representatives, the effects of transferring public housing stock to the community housing sector. It made a significant number of recommendations in this regard. One such recommendation involved the regulatory framework for such transfers including provisions for public accountability and independent review and appeal processes for all social housing tenants.⁷¹

Organisation and structure of the not-for-profit housing provider sector

15.62 A number of submitters drew attention to particular aspects of community housing that may be limiting the sector's opportunities to contribute more to the supply of affordable housing.

15.63 The committee has noted that small-scale providers make up the large proportion of community housing providers.⁷² For example, the Tamworth Regional Council suggested that most of the not-for-profit housing organisations were small and lacked 'expertise, structure and the processes to handle large volumes of affordable housing'.⁷³ Making a similar point, Stellar Living was of the view that the not-for-profit sector was in desperate need of consolidation. It stated:

The cost of capital, administration duplication and missed funding opportunities is high as far too many organisations manage far too few tenancies and properties.⁷⁴

15.64 The project that examined the effect of the South Australian Government's program of public housing stock transfers to the community sector also commented on the prevalence of small-scale providers. It observed:

Some larger providers have been the beneficiaries of title transfers and been able to finance the development of additional affordable dwellings and upgrade other facilities, but the sector remains dominated by smaller

70 *Submission 175*, p. 21.

71 *Submission 78*, p. 24.

72 Andrew Beer et al, *Public Housing stock transfer—impacts and implications for local government*, CHURP, p. 19, <http://www.lga.sa.gov.au/webdata/resources/files/2013.37%20-%20Public%20housing%20stock%20transfer%20Final%20Report%2024%20June.pdf> (accessed 5 January 2015).

73 Tamworth Regional Council, *Submission 12*, p. 3.

74 *Submission 3*, p. 1.

providers—which is argued to be the single largest constraint on growth in the sector.⁷⁵

Continuity and certainty

15.65 While the overall policy framework within which community housing providers work and forge partnerships is important for their growth and further development, some commentators were critical of the decision-making that forms the basis of this framework. For example, the Community Housing Federation of Australia complained of a 'stop and go' approach to housing policy, and the uncertainty this created for community housing providers.⁷⁶ It argued that it was really difficult to maintain a growth trajectory in an environment where community housing providers have limited capital funding from government and a 'stop-and-go or wait-and-see nature of government programs and policies'.⁷⁷ It stated emphatically:

...we need a long-term strategy that is going to provide policy certainty for the sector, clear and consistent funding commitments, a provision for investment assurances and some new growth funding mechanisms.⁷⁸

15.66 The NSW Federation of Housing Associations also underlined the importance of policy certainty for the community housing industry in order for it to continue to 'facilitate stronger partnerships with the private sector and other agencies'.⁷⁹ Likewise, the project that examined the effect of the South Australian Government's program of transferring public housing stock to the community sector referred to the negative effect of the lack of coherent government policy and the stop-start nature of stock transfers.⁸⁰

15.67 This call for continuity and consistency in policy governing the community housing sector is consistent with, and reinforces, similar appeals for overall certainty in Australia's housing policy.⁸¹

75 Andrew Beer et al, *Public Housing stock transfer—impacts and implications for local government*, CHURP, p. 19, <http://www.lga.sa.gov.au/webdata/resources/files/2013.37%20-%20Public%20housing%20stock%20transfer%20Final%20Report%2024%20June.pdf> (accessed 5 January 2015).

76 *Submission 171*, p. 12.

77 *Committee Hansard*, 10 November 2014, p. 9.

78 *Proof Committee Hansard*, 10 November 2014, p. 9.

79 *Submission 80*, p. 3.

80 Andrew Beer et al, *Public Housing stock transfer—impacts and implications for local government*, CHURP, p. 19, <http://www.lga.sa.gov.au/webdata/resources/files/2013.37%20-%20Public%20housing%20stock%20transfer%20Final%20Report%2024%20June.pdf> (accessed 5 January 2015).

81 There are numerous references throughout this report on the importance of having policy certainty around housing and homelessness. See, for example, paragraphs 15.64, 17.30–17.31, 18.63–18.65, 22.40.

Conclusion

15.68 Over recent years there has been a slow transfer of public housing to the community housing sector spurred by the agreement between Australian Housing Ministers to boost the overall proportion of community housing as a proportion of all social housing. This trend received strong support from submitters and witnesses who saw many advantages to having a larger community housing sector. Indeed, a number urged the states to accelerate this transition. While in favour of the transfer, a number of submitters raised concerns relating to ensuring that the interests and rights of tenants in public housing were preserved.

Recommendation 25

15.69 The committee recommends that the Australian Government in collaboration with the states and territories monitor carefully the transfer of public housing stock to the community sector to ensure that this transfer does not adversely affect tenants of public housing or cause them unnecessary anxiety if required to vacate their dwelling. The recommendation is intended to ensure that tenants are consulted about the changes and that their rights as tenants, including security of tenure, of rent levels, and of access to dispute resolution mechanisms is preserved.

15.70 The committee has noted the difficulties that the states have in maintaining an ageing stock of public housing and the low returns from rent due to public housing now serving the most disadvantaged in the community. The community housing sector also faces challenges in finding the finances to maintain and develop properties while being able to provide not only appropriate housing but wrap around services needed by many of its tenants. In this context, the transfer of title becomes a major concern. The committee believes that the transfer of title needs a thorough and comprehensive examination and has accordingly recommended that the Productivity Commission should undertake such a review.

