



Community Housing
Federation of Victoria
Incorporated

Community Housing 2009 State
Budget Submission

To: Minister for Housing, Hon.
Richard Wynne.

INTRODUCTION

The Community Housing Federation of Victoria (CHFV) is an active peak body working on behalf of community housing agencies in Victoria. These are not-for-profit organisations which develop, own and manage many forms of rental housing for low income Victorians. CHFV membership includes over 80 member organisations and we represent the overwhelming majority of community housing providers. CHFV regularly represents the views of members to government and other relevant bodies, as well as providing advice, resources and training to the community housing sector.

Victorian community housing agencies are in a rigorously regulated environment under the Housing Act, Schedule 7, Part V111. The agencies are required to register this year. To date eight Housing Associations constituted as growth agencies and six Housing Providers have gained registration. Included in the registration requirements are: constitutional, performance, tenancy management, probity, financial viability, housing management and maintenance, and risk management measures.

Housing Affordability Crisis

Tanya Plibersek, the Federal Minister for Housing has recently noted the following alarming statistics:

- Today the average house costs seven-and-a-half times the average annual wage, compared to four times in 1996.
- The typical home buyer now spends a third of their income on housing costs - almost double the proportion they were spending in 1996.
- Rental vacancy rates are now below two per cent in most capital cities with some cities below one per cent.
- Households in the bottom 20 per cent of earners that are lucky enough to achieve home ownership are spending two-thirds of their income to pay for the privilege.

(<http://www.tanyaplibersek.fahcsia.gov.au>, accessed 1 September 2008).

The Real Estate Institute of Australia's latest housing affordability index released on 2 September 2008 demonstrates record levels of housing stress, with

Victorian households requiring an average 38.2 per cent outlay of income to meet home loan repayments (<http://www.afr.com/home> accessed 2 September 2008).

Australians and their families are having trouble finding affordable and secure accommodation, and using up an increasing proportion of their income to keep it. Victoria and indeed the nation are subject to a well documented housing affordability crisis. Critical evidence in the Victorian context includes the Department of Human Services rental report for the 2008 March quarter, which states that, “over the year to March quarter 2008 the Metropolitan Rent Index increased by 12.7%”, and the rental vacancy rate at less than one per cent is at historically low levels (<http://www.housing.vic.gov.au> accessed 1 September 2008, p. 1, p. 7).

At a national level the Minister of Housing Tanya Plibersek notes: “New research by the National Centre for Social and Economic Modeling shows that 685,000 low and moderate income families are in rental stress’ (Australian Government, National Rental Affordability Scheme, A Technical Discussion Paper, page V).

The private home ownership and rental market has failed to meet the real and increasing needs of families in housing stress, and accordingly the supply of social housing owned and managed by the State and not for profit registered providers should increase in Victoria to address a vital part of this crisis.

Budget Recommendation One:

The 2009-2010 State budget should commit to a target to build a minimum of 2,000 more houses managed by registered community housing agencies in Victoria (in addition to all pre-existing State commitments).

CHFV submit that with appropriate funding and policy settings as proposed in this paper, this is a realistic and responsible budget position.

Community Housing is part of the Solution

The Victorian and Commonwealth Governments recognise that the community housing sector has the capacity to play an increasing role in an integrated response to the supply shortage problem in Victoria. Given the size of the structural shortfall in the short and indeed medium and longer term, increasing the supply of rental housing to lower income Victorians is effective in cost and social terms.

CHFV shares the stated aim of the Department of Human Services to, “increase the provision of affordable housing options through partnership with Registered Housing Associations (RHAs). It is expected that RHAs will leverage the

government's capital commitment through borrowings and third party contributions, resulting in increased social housing options" (DHS, Housing Sector Development October 2006, accessed 2 September 2008).

A core part of the policy mix to turn around this crisis is to ensure an emphasis on maintaining people in accommodation, which is an existing key to the success of community housing delivery. It is costly in economic and social terms for people who are homeless to churn in and out of different and sometimes inappropriate subsidised housing (Mission Australia 2008).

Increased Funding Submission

CHFV acknowledges that in the 2007 budget, that \$300 million was committed to be rolled out for the provision of 1550 new build houses. The Office of Housing figures indicate that only approximately \$20 million remains from that funding that has not been at least notionally committed to projects.

Accordingly CHFV submits that a boost in funding is required to build on the positive momentum kicked off in 2007, which sought to turn around a period of neglect in the affordable housing sector in the years of a prior administration. Moreover an outcomes based funding stream would compound the opportunities for growth in supply. This funding would provide a new source for community housing projects that could also be coupled with applications to access NRAS funding from the Commonwealth.

This new funding would be the catalyst to maximise the unique opportunity that Victoria has with our sound regulated community housing sector, to lever private funding through the innovative NRAS scheme.

This funding will have direct financial benefits particularly in the medium and longer term to other sectors directly funded in the State economy, in particular justice and health. This is the case as providing community housing will reduce homelessness. Research demonstrates that not only is there a homelessness link with mental health and illicit substance use, that in addition, "66 per cent had developed their problem after they became homeless" (Chamberlain, C. & Johnson, G. & Theobald, J. 2007, p. 6).

Budget Recommendation Two:

CHFV submits that the housing budget for the 2008-2009 financial year should be increased by \$600 million which would be in a new Office of Housing fund dedicated to new build community housing development.

This fund will also be available where appropriate to be coupled to applications for Victorian housing under the Commonwealth NRAS scheme. Given the lead times for construction the fund could be accessed for approvals of projects in 2008-2009 that may be built in a later financial period.

CONCLUSION

Prime Minister Kevin Rudd has described homelessness as an obscenity. CHFV advocates an integrated response. Effective priority targeting is critical to tackling the supply crisis. This requires real investment in community housing as our sector is an increasingly vital component in delivering growth for those in need. Now is the time for Victoria to take advantage of the regulatory and support framework the State has initiated. Victoria is uniquely placed to lever community housing growth in its own right; and to compound opportunities for the sector in partnership with the Commonwealth.

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