



March / April 2003

## DHW Presents Questionable Model

**In an apparent attempt to better provide affordable housing to West Australians, the Department of Housing and Works has been researching the relatively new concept in Australia of establishing not-for-profit housing companies to achieve this aim. The results of their research so far were presented to community housing providers by Robert Heaton on Friday 4<sup>th</sup> April 2003.**

Robert Heaton and Bob Thomas answered a number of questions from the audience after the presentation. Those responses together with the questions that were not asked that day have left CHCWA concerned that the proposals under consideration are not the best way to meet the ever increasing demand for affordable housing in this State. The presentation was given at the request of CHCWA as we are concerned that the Department is considering such radical change to existing housing provision in the State without having consulted non-government housing groups.

Not-for-profit housing companies currently operate in some form in Brisbane, Sydney, Melbourne and Canberra. The overall aim of these companies is to provide affordable housing to low and moderate income earners in the "near and inner city" by creating a business partnership between private development companies and the government. Initial funding is usually from the State Government and may, in addition, include developer's contributions and proceeds from the sale of government land. An issue to be raised is the source of this Government funding. Is it new money that would not otherwise be available to community housing providers? The intention is that these companies become self-sustaining as a result of a number of financial mechanisms working together - debt can be leveraged against the initial start up funding, the rents from

the accommodation is used to service debt as well as maintain the properties and the companies are eligible for tax benefits including GST exemption. Additionally, unlike public housing tenants, tenants in company housing can access Commonwealth Rent Assistance (CRA) and this enables a rent higher than that of public housing to be charged.

On the surface the concept appears beneficial both to tenants as well as the government. After an initial input of funds to set up the company, the State Government will no longer be required to directly fund affordable housing, instead leaving it to the Commonwealth Government through CRA, GST and other tax benefits. In addition, these companies seek additional tax concessions from local governments through exemption from property tax or rating concessions and from the State Government via exemptions from land tax and stamp duty.

In practice, if the Brisbane Housing Company (BHC) is to be used as a benchmark, the government appears to reap the benefits while the low income tenant is no better off. The aims of affordable housing companies are already met by community housing providers. Providers already house low to moderate income tenants and receive the same

benefits from tax concessions and Commonwealth Rent Assistance without being an ongoing drain on the public purse. Why does the Government seek to spend considerable sums of money establishing an entity that will duplicate work already being done by the community housing sector?

The main aim of these housing companies is to provide good quality affordable housing in the near and inner city to low and moderate income earners. The generally acknowledged definition of "Affordable Housing" and that used both in Robert Heaton's presentation and to justify the BHC's establishment is "housing that is available to households in the lowest two income quintiles without having to pay more than 30% of household income in housing costs." This however does not appear to be achieved by the BHC model. To ensure tenants can capture CRA and that the company can maintain its GST free status, rents cannot be set above 75% of the market value of supply. To also ensure that tenants are not suffering housing stress rents must not be higher than 30% of a tenant's household income. In its funding prospectus and business plan, the BHC provides tables indicating affordability of its housing available in near and inner city Brisbane. The table for the

**Continued on page 3**

## Events Calendar

23 April 2003

**Lotteries Commission Furniture Policy**

Next meeting of the working party CHCWA offices  
2pm -4pm.

22 May 2003

**Joint Venture Forum - Panel Discussion 9.30am - 1.00pm** Derbral Yerrigan, Wittenoon Street, East Perth. This is to be confirmed

28 May 2003

**CDHP Working Party meeting**

*Please ring CHCWA on 9221 7933 for further information*

## CHCWA MEMBER PROFILE

### The Butterly Cottages Association, and Butterly House

It all started in 1976 when a small group of Toodyay locals got together to discuss the feasibility of building affordable rental accommodation for local seniors. It took six years of fundraising, dealing with the Shire and searching for a suitable landsite before the units were built in September 1981. Local support for the project was strong with one local, Shirley Patten, actually opening an Op Shop specifically to raise funds for the cottages – she raised \$8000 in three years.

The Butterly Cottages Association provides services for a resident population of ten in 7 one bedroom units, 3 two bedroom units, 2 disabled residents are housed in two of the one bedroom units and the other 8 aged residents in the other units. Membership of the organisation is open to applicants who are aged/disabled, able to live independently and not already a property owner. Residents relatives are able to have overnight visits as the main house is set up to accommodate this option. Potential residents hear of the cottages through the local community newspaper, word of mouth, the local doctor or Silver Chain.

The Association provides full gardening and maintenance services to the residents. This includes plumbing, electrical repairs, painting and odd jobs. The residents also have access to nursing support and care through Silver Chain and they utilise the services of Share and Care for transport for shopping, medical appointments or trips to the library.

The Butterly Cottages have an historical background as they were built on the grounds of Mongers Cottage, (built in 1870). The owners of Mongers Cottage were approached by the organising committee and asked if they would be prepared to sell off a portion of the adjoining land for the senior's accommodation. The owner, Mrs Kathleen Butterly, was thrilled at the prospect of helping the community of



Toodyay and, in fact, become the very first resident of Butterly Cottages which were named in her honour.

The old Mongers Cottage was renamed Butterly House and was intended to form part of the new senior accommodation alongside the units. Progression from this point slowed somewhat with the committee getting bogged down in funding applications to build more units. Finally, in 1988 four more units were built and opened for the community.

Butterly House was by that time in dire need of restoration and preservation – at one stage there was talk of actually demolishing the house. Luckily, locals met with the Toodyay Historical Society and set up a program of restoration using a team of local volunteers.

In 1996, thanks to a Community Housing Grant, three more units were added and named Ashby-on-Avon in honour of local resident Mrs Crosby upon whose land the units were built. Finally, in 1997 the Association received a grant from the Heritage Council of WA for more repairs to Butterly House, which had by this time fallen into disrepair yet again. This restoration work was assisted by a grant from the Lotteries Commission in 1998. Butterly House was officially opened in 1999 after the Toodyay Shire donated money for furniture. The House is used by the residents for recreation and the House also acts as a living museum with collections of photographs and memorabilia of earlier times.

The Association also has a strong working relationship with Homeswest, and in the past have worked collaboratively on a Joint Venture whereby the Association had the land and Homeswest supplied the buildings. This has given Homeswest the option of housing tenants, but they have to fit the criteria set down by the Committee.

Currently, the Association has a waiting list of 40 people (although not all require accommodation immediately). Vacancies only arise if a resident moves or passes on. When a vacancy occurs the next person on the waiting list is offered the unit, although occasionally residents don't feel ready to take up the offer. For example one member on the list said "I'm 93 Jo, why would I want one yet?"

Challenges for the future include the lack of suitable land at an affordable price. Behind the current three 2 bedroom units is a block of vacant land that the Association would love to purchase, but cannot afford to do so as it is currently valued at \$70,000 and beyond the price range of the Association.

The Association is a valued community organisation in Toodyay and the entire community is involved in fundraising efforts for the residents. For 2003 and onwards the Association intends to expand the range of houses available to the community. At the moment the major project in the pipeline is the building of 2; two bedroom units which are expected to be completed before the end of 2003. The funding for this project has been achieved by a real community effort – fundraising, raffles and donations from the Op Shop and the Agricultural Society. The local community bank (which was set up by the Toodyay Community) have agreed to loan the Association the money needed for the new units and the bank is waiving all bank and establishment fees on the loan.

**Fiona Callan CHCWA**

*If you would like your organisation to be profiled in a future edition of the Housing Update, please contact Fiona at CHCWA on 9221 7933 or Freecall 1800 35 7933 (WA only)*

inner city provides rental costs and income information for 11 groups of people who are likely to be tenants of BHC. Of those 11 groups, only 4 groups will be required to pay less than 30% of their household income on rent. Explanatory information to this table clearly states that this housing will be “unaffordable for many households on base social security benefits. Target market is lower-income households that have extra income.”

In his presentation, Robert Heaton provided statistics that showed 70% of private renters in WA are in housing stress before receiving CRA. Of those, 32% are still in housing stress after CRA and 47% of single people remain in housing stress after CRA. These are alarming figures, but if the statistics produced by the BHC affordability tables are any indication, this housing stress is unlikely to be relieved by the establishment of a similar company in this State.

Community housing already delivers the same outcomes as those of the proposed housing companies. In its 2001 State election housing policy, the Labor government praised community housing for its ability to provide more affordable housing per dollar spent than Homeswest. Additionally, community housing also already captures Commonwealth Rent Assistance and the tax advantages listed above. The question must be asked once more, why spend potentially large sums of money to establish a body to achieve outcomes, when those same outcomes are already being achieved by community housing groups? Why reinvent the wheel?

In relation to this point, Bob Thomas and Robert Heaton were asked whether a study has been conducted to compare the outcomes between investing in the proposed company and investing the same amount of money in key community housing providers as discussed in the Strategic Plan for Community Housing in WA. The answer was no. The idea had not even been raised before. Such a study on the BHC would likely be fruitless at present however, as the Company has only released its business plan last month and taken management of the Bowen Hills Housing on the 17th April 2003. Jennifer Clarke of the Queensland Department of Housing admits that they really should do a “post implementation

review” of the Brisbane Housing Company.

The BHC has been promised start-up funding of \$60 million from the Queensland Government and the Brisbane City Council. \$25million is from the State Treasury, with 50% of that being ‘new money’. From where this new money was sourced is still unclear. The same question was asked of Robert Heaton and Bob Thomas. The response was that this was not a matter they could discuss at present, although Bob Thomas did assure the audience that the money would not be taken from CSHA funds. So where will the money come from?

Community Housing Canberra Ltd, on the other hand, has been established as an independent company to develop, hold and manage properties that are sublet to local housing providers. It has been set up as an umbrella asset management organisation, with providers responsible for tenancy management. ACT Housing has transferred 209 properties with 20 year leases to the Company to secure its viability. When the issue of transferring properties from WA’s Department of Housing to the proposed company was raised during the presentation, Bob Thomas claimed this was not possible as the assets are State owned. The Department does however want other State Departments to transfer their assets in the form of land to the proposed company for development of accommodation.

In order to meet the ever increasing demand for accommodation in the near and inner city, the Company will require access to land for development. Perth, like Brisbane and all other Australian cities, faces a rapidly diminishing stock of affordable land for development. An issue raised by the Queensland Youth Housing Coalition is that in order to ensure the BHC’s viability, the Company will need to grow at a constant rate but without affordable land for redevelopment, the only other way to achieve growth is absorb existing housing groups or join with existing private/public housing ventures. Whether any of the parties involved would be agreeable is questionable. This is not proposed in the BHC’s business plan.

Bob Thomas claims that there is appropriate land available for use, although it is owned by other Government departments. He claims the issue of ownership will not prove problematic. Until the land is legally owned by the Department and then transferred to the proposed company, this fact cannot and should not be relied upon.

Despite a complete lack of consultation with our sector on the proposed establishment of

a not-for-profit housing company the Department has in place a time line for implementation is of immense concern. The time line offers no opportunity for wider public or sector consultation but it gives a date of 1<sup>st</sup> July 2004 for the start of the Company. The Department’s solution to the lack of consultation with the community housing sector was that the sector could tender for management of some of the properties owned by the new company.

The Department is already in consultation with the Australian Tax Office and other Government stakeholders in relation to its proposed company. To have reached this level of discussion surely indicates the Department is decided on taking this route and it is simply a matter of when, not if, the not-for-profit housing company comes into being.

The Brisbane Housing Company was created because Community Housing Providers in Queensland did not have the expertise to handle large developments. Initially Queensland Community Housing Coalition approached the Brisbane City Council in regards to creating a Trust which would lead to the provision of affordable housing in the city. The Queensland Department of Housing became involved and for twelve months the community sector was not consulted as the Brisbane Housing Company Model was developed. In November 2001 “The Foundation Meeting” was held which “allowed community groups to have a say in how the Company will be established and operated.” (Queensland Department of Housing newsletter June 02)

#### **In Western Australia we have a very different scenario:**

The Strategic Plan for Community Housing suggests that “key providers” could manage the further development of affordable housing. We have Providers with a track record of developing housing, using a range of strategies. It would be far more economic for the Government to invest in these ‘key providers’ rather than spend the extra money on infrastructure that a housing company requires. Also, the Department of Housing and Works seems unwilling to allow community groups to have a say in how the company will be established and operated. Therefore what part of the Brisbane Housing Company Model are they going to use?

## REMEMBER THAT PLAN?

**Since last December, the Department of Housing and Work's (DHW) 'Draft' Community Housing Strategic Plan 2003-07 has been left hanging, and the time may be running out for it to be revived.**

With the DHW's budgeting process now well underway, the opportunity for any elements of the Plan to be backed by the necessary resources, this financial year, are slipping away. The consequence of this slippage may well see the proposal to delay implementing the Plan until the 2004/05 financial year. This carries with it an inherent risk that resurrecting it will become difficult, if not impossible.

It is widely acknowledged, by both the DHW and the community sector, that the plan is short on detail. The Plan does have acceptance however, as a general road map for the future. The generalist nature of it may well prove to be its undoing.

The issues arise from a clear focus by the DHW that the strategies to meet consolidation in the number of providers, improved access, increased accountability and consistency will be implemented while additional resources for growth will not. The DHW's concern is the source of this

growth will need to come from within existing Departmental resources, and will place considerable additional strain on other programs.

What should be remembered is the Plan was developed in the context of a State Government commitment to the growth of the sector. The Government saw community housing needing to become viable, to allow it to embrace innovation, as a way of generating an increased supply of affordable and social housing.

In the four months since the Plan was produced by the steering committee, it has been caught up in the machinations of dialogue and discussion. These discussions seemingly inch closer towards an outcome, only to splutter and stall.

Three of the issues stalling the advancement of the Plan are: "The 'low' levels of indigenous people housed in community housing." According to the annual statistical survey of community housing providers sent out in July last year by the DHW, 41% of tenants in community housing are indigenous. The survey covered CAP, CHP and JV. The response rate was 78%. "Community housing doesn't reduce Homeswest's waiting list." This is difficult to establish.

The number of applicants on Homeswest's waiting list in 1990 was 15,143, in 2001 the figure was 14,276. The total number of people who are eligible for public housing in WA is around 69,000. What is clear overall is the demand is there but the supply of social housing is lacking. "Community housing needs to develop a joint waiting list." It is true that more needs to be done to address the issue of access to community housing however this needs to be placed in the context that the JV program (some 46% of CSHA community housing) agreement already has joint allocation procedures, CDHP (some 23% of CH stock is allocated through the Disability Services Commission or the Health Department), the CAP program (11% of CH stock) by its nature can't be subject to waiting lists, leaving the 647 CHP dwellings (20% of CH Stock) as needing to be opened up. A further factor is that only 375 (11% of CH stock) of the CHP dwellings are located in the metropolitan area. The question becomes: What is the cost of providing a common application system to these units?

At the end of the day the potential of community housing to address part of the shortage of social housing in WA needs to be recognized as does its capacity to adapt to the shifting agenda. The Plan needs to be finalized and embraced.

**Mike Newbigin**

**The National Awards Council** is pleased to announce that the fourth National Awards for Excellence in Community Housing will be presented in Adelaide in the evening of Wednesday 26<sup>th</sup> November 2003.

The Awards will be presented in conjunction with the third National Social Housing Conference to be held on 26-28<sup>th</sup> November 2003 at the Adelaide Convention Centre.

The Awards were established in 1998 – and first presented in 1999 – to:

- recognise the outstanding achievements in the community housing sector; and
- actively encourage the pursuit of excellence in the delivery of housing and participation in local communities.

The Awards will again be presented in six categories with the following prizes:

- overall excellence (\$5,000)
- excellence in service to tenants and communities (\$2,500)
- excellence in organisational management (\$2,500)
- excellence in asset management (\$2,500)
- excellence in corporate governance (\$2,500)
- excellence in innovation (\$2,500)

The Awards are open to all non-government and local government organisations involved in the development and delivery of community housing.

Entries for the 2003 Awards will open in June and close in September.

The Awards are made possible through the generous support of government and corporate sponsors.

For copies of information sheets on any of the Awards, to have an entry form sent directly to you as soon as they are available, or with any queries at all please email the National Community Housing Forum at [claire@nchf.org.au](mailto:claire@nchf.org.au)

To see reports on organisations who won or were highly commended in each category over the past three Awards visit the Forum's website at [www.nchf.org.au](http://www.nchf.org.au)

## **NOT-FOR-PROFIT HOUSING COMPANY – COMMENT**

**There are rare moments in history when a consensus builds that its time to change. At these times change is in the air and its exciting. We are experiencing one of these moments right now. Its about finding new ways to ensure that people on the lowest incomes are adequately housed, at a cost they can afford, in locations close to where they work and the community facilities they use.**

Public housing appears to have had its day – a 20<sup>th</sup> century phenomenon with a ‘welfare tag’ that no one wants anymore. And yet the need to develop ‘non-market’ housing options is more important than ever. This is particularly the case in locations such as Subiaco where the high and rising value of property is forcing low-income households out of the area, destroying what has traditionally been a broad social mix of people.

The City of Subiaco has made a conscious decision to try and retain or redevelop housing that will enable people on low incomes to live in the area. Like others it is looking for the new and innovative ways to ensure ‘affordable’ housing is available.

The non-market resources available to house those on the lowest incomes – the bottom 40% of income earners – are limited and probably inadequate. As a community we need to identify them, free them up and use them creatively in new structures – financial, legal and organisational structures that leverage maximum contributions from other non-commercial and commercial sources. Because we cannot afford any waste, we must develop a coherent strategic approach that identifies the best possible use for the resources. We need to scour the planet for models elsewhere and do some financial modelling. In all of this the State’s stock of public housing should not be quarantined – it represents an enormous resource that could underpin the financial viability of innovative housing finance models.

To date the community housing sector has been the recognised ‘third force’ in the Western Australian housing market. It offers a ‘non-welfare’ tag in the non-market sector as well as community based commitment and enthusiasm. With reform and restructure it offers enormous potential to be the vehicle through which the innovative use of resources could be maximised in the future. As such the City of Subiaco has welcomed the development

of a DHW Community Housing Strategic Plan, including many of the innovative proposals under consideration.

The development of a ‘Not-For-Profit Housing Company’ by DHW appears to be a mechanism that will compete with the community housing sector for the scarce resources available to address the lack of housing affordability in the State – hardly a ‘coherent strategic approach’. Logically anything this company could do in the way of innovative models to finance affordable housing could be done just as well – if not better – by the community housing sector.

The City of Subiaco seeks a collaborative process that puts all the potential resources on the table with a willingness from all parties to develop the most effective models of financing affordable housing. The outcome should be an integrated strategy that maximises housing outcomes for low-income households.

**Bob Tomlins**

***Social Housing Development Officer, City of Subiaco***

## **Ciao CHSC, Welcome CASHC**

Recently, the Housing Advisory Committee (HAC - the primary advisory body to the Minister for Housing) and its Standing Committee structure were reviewed. Amongst other changes, a key outcome of the review was that the three existing Standing Committees, including the Community Housing Standing Committee (CHSC) were abolished. Instead, three new Standing Committees were created: Community Affordable and Sustainable Housing SC (CASHC), Access & Equity SC (AESC) and Homeswest Operational SC (HOSC).

For the community housing sector, the review means that its issues will now be dealt with by CASHC. The role of this Standing Committee will be broader than

that of the old CHSC: to identify strategies and barriers to expand the supply of affordable housing through home ownership and the rental market. However, while CASHC works across tenure, it has a particular role with regard to the development of community housing. Finally, strategic policy developed by CASHC will be recommended to HAC for discussion and adoption.

Shelter WA will provide the chair for CASHC, while the secretariat will be shared between the Community Housing Coalition of WA (for issues related to community housing) and the Office of Policy and Planning at the Department of Housing and Works (for all other issues). The Minister has invited representation from the Department of Housing and Works, AHURI (WA), CHCWA,

FOHCOL, the RHA Network, disabilities and housing industry peak bodies, Keystart, and the WA Local Government Association, as well as representatives of regional and Indigenous people.

Each of the standing committees of HAC are looking for a regional representative, an indigenous representative and a Cultural and Linguistically Diverse (CALD) representative. All representatives will be paid a sitting fee for attending the meetings which will be held bi monthly

Contact Karel Eringa at Shelter WA (08 9325 6660) for further information.

Karel Eringa  
Shelter WA

## Training Update:

**The new Social Housing Training Package is due to be released in April. The old Community Housing Training Package has been broadened to include public housing workers, tenant advocates, community housing workers and indigenous housing workers.**

As you may recall CHCWA was a Registered Training Organisation (RTO) until last year and was able to deliver training and qualifications to fifteen people. This may not seem like a great number, but TAFE in W.A. was unable to deliver one full qualification, and CHCWA is the only RTO in Australia to deliver this many qualifications.

As TAFE has not been successful in delivering qualifications so far, it is of concern to CHCWA that there is no opportunity for training of community housing staff, now that we are no longer an RTO.

We spoke to the Minister Tom Stephens about our concern and were directed to speak to Gail Mitchell, the Director of Resource Allocation in the Department of Education and Training.

She has referred us to Donna White the Director of the W.A. Centre for Leadership and Community Development, a division of Challenger TAFE.

Diane has been in negotiations with Donna White and Meredith Wills, her Manager of Community Services to establish a memorandum of understanding aimed at facilitating the delivery of the social housing qualifications to the sector. In addition we have been meeting with Margi Dia from the Aboriginal Housing and Infrastructure Unit and Angela Ryder from the Department of Training and Education to create a strategy for delivering training to indigenous housing workers. Phil Sykes, the Training Manager from the Department of Housing and Works has also met with Diane regarding the training of DHW staff.

Phil and Diane attended the training planning meeting at the Community Services Health and Education Industry Training Advisory Body (CSH&EITAB), where they argued the case for the

Department of Training and Education to budget for the provision of social housing training in 2004.

CHCWA is also in negotiations with Ian Andrews of the (CSH&EITAB) regarding creating Traineeships for Social Housing.

With the new social housing qualifications there are many more employees and trainees with the potential to access training and receive qualifications. We see this as a positive step towards professionalising the social housing industry in W.A.

Diane will keep you up to date with developments if you are a member. If you are not a member, consider becoming one, in order to receive weekly updates and the activities of CHCWA via the CHCpen, our electronic weekly newsletter.

If you would like more details about the new Social Housing qualifications contact **Diane Niyati at CHCWA**

## Code of Practice

The Code of Practice has been fully resourced by CHCWA for twelve months now. In that time both the code of practice handbook and the administrative protocols have been rewritten to incorporate the recommendations that resulted from the code review. Two new organizations have been registered with the code. Seven organizations have expressed interest in registering and have been sent information, One organization has been reregistered and two are in the process of re registering. Thirteen other organizations are due to be re registered by the end of June this year, and are in the process of preparing their re registration.

The Code of Practice Monitoring Committee has met four times and has provided invaluable feedback and support to Diane Niyati the resource worker for the code.

### Tenant Surveys:

As tenant participation is a key aspect of the code of practice, we have been exploring ways of researching if tenants know about the code and the complaints service that the code of practice monitoring committee offers tenants.

At the last council meeting in March, the

council suggested that organizations could be invited to include one or two questions regarding the code of practice, when they survey their tenants, in order to get feedback from tenants about their experience of the code of practice.

### The Department of Housing and Works and the Code:

At the last council meeting Jeff Mould spoke about the Code of Practice. The main points he made were that the Department is keen to work with the sector to encourage them to register with the code. Preference will be given to organizations which are registered with the Code when they apply for funding. Agencies which must comply with other standards such as health, disability or aged care should be encouraged to apply, as they may already have many aspects of complying with the Code.

### Benefits of being registered with the Code of Practice:

There are many benefits to being registered with the Code of Practice, both to the organization and the tenants. The organization is more likely to receive funding from the Department of Housing and Works. The process of registration provides the staff of an organization with an opportunity to check that their policies and procedures reflect best practice and that includes creating avenues to encourage tenant participation. It also gives guidance as to what information needs to be included in a tenant handbook. For tenants it provides them with an assurance that their housing provider is operating within the Code of Practice and that if they have any complaints that cannot be dealt with by their organization, they may make a complaint to the Code of Practice Monitoring Committee. Also, as CHCWA is resourcing the code of practice, they will assist organizations to reach best practice standards.

Diane Niyati

### Disclaimer

*The opinions expressed in Housing Update maybe attributed to the Executive Officer and do not necessarily reflect the opinions of CHCWA as a Whole*