

PANDEMIC EMERGENCY COMMUNITY HOUSING LEASING (PECHL) PROGRAM

1. Introduction

This proposal for a Pandemic Emergency Community Housing Leasing (PECHL) program will ensure

- that individuals and families impacted by loss of income can quickly transfer to a social housing rent model without moving, providing a public health outcome (ensuring self-isolation for families and individuals when required)
- an immediate response to protecting private rental tenancies, a necessary part of the 'bridging' process for the Australian economy, that can be supported financially by the Commonwealth through grants to Community Housing Providers (CHPs).
- a utilisation of existing successful community housing models delivered by the CHP sector across Australia (Community Rent Scheme - Queensland) and (Community Housing Lease Program - NSW)
- protection to investors by means of a six-month rent guarantee, and commensurate certainty in the real estate and banking sectors, providing continuation in payment of real estate rental fees and investor loan repayments
- maximum utilisation of tried and tested legal instruments, expertise, local contacts and infrastructure of CHPs to deliver an almost unlimited scaling up of the current community housing model across Australia
- potential to create significant employment opportunities if the implementation of PECHL exceeds the existing human resource capacity of CHPs in a national large-scale mobilisation

2. Priority Public Health Outcome

PECHL provides a strong public health outcome, ensuring private market tenants remain in their homes despite loss of income, allowing them to be secure and able to deal with any family health issues for at least 6 months.

3. Transitional Housing – A bridging Process

PECHL will ensure that where private market tenants are in hardship through loss of income CHPs can offer to take over an existing tenancy by means of offering a headlease and rent guarantee to the investor directly or through the appointed real estate agent for six-months. The headlease will provide the legal instrument to offer a general tenancy agreement (GTA) to the existing tenants at social housing rents (25% of income plus CRA). Rents will be collected through the Centrepay system, removing the risk and burden for tenants in making rent payments.

4. Switch On / Switch Off Model

PECHL will ensure that switching a tenancy is applied without the need for a tenant to exit or for a landlord to suffer loss. The transfer of bond, other obligations plus the exchanging of entry condition and routine inspection reports as well as rental ledgers is a fairly straightforward process, that can largely be affected electronically. When an individual or family can return to a private rental arrangement and their income returns the tenancy can revert back to an ordinary private tenancy and the switch is reversed. CHPs are again skilled in continually reviewing eligibility and can do so with the PECHL program.

5. Commonwealth – Bridging the Gap

The Commonwealth will be required to provide the additional funding to the CHP to bridge the gap between the social housing rent and CRA collected and the market rent guarantee, offered plus the operating costs of the CHP. A distinct advantage of the currently regulatory system is when the need

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for PECHL ends, any generated excess of grant funds can be returned to the Commonwealth, or utilised by the CHP for further stimulus packages. Tax payer funds will not leak out of the housing system but be preserved in the regulated community housing models.

6. Legal instruments, Process and Infrastructure

PECHL will fully utilise the capacity and expertise of the CHPs through the legal instruments (headlease documents) specific to each state. Existing processes and IT infrastructure along with software can be quickly deployed for PECHL to operate and be scaled up as a program to meet future demand.

7. Community Contracts / Reputation

PECHL can build upon the CHPs local knowledge and community contracts with the real estate sector, and build upon the strong reputation of the sector in the community at large. This will make negotiating the rent guarantees and delivery of the program as seamless and timely as possible

8. Eligibility

Eligibility for PECHL can easily be shaped to be in synergy with other stimulus criteria such as access to the new Jobseeker Payment.

9. Job Creation

Where increased demand for PECHL equates to a deficit in existing human resources of a CHP, new temporary employment can be created to meet demand quickly and easily. Priority can be made for workers with the necessary administration skills made redundant through the pandemic or currently stood down from an employer.

10. Protecting the Private Investor Market, Real Estate Industry and Bank Lending

PECHL has distinct advantages in keeping the integrity of the private market rental intact in Australia, ensuring investor income, real estate management fees, and debt repayments for investor loans with banks in place for six-months and beyond, if required.

11. Conclusion

CHPs are in a unique position to deliver a scaled up transitional housing model that can deliver a strong 'bridging' program, providing both an effective public health and stabilising economic outcome by facilitating a mechanism for private rental tenancies in distress to continue and in so doing underpin the wider Australian economy.

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23 March 2020



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BACKGROUND

1. Existing Community Rent Scheme / Community Leasing Models

These provide a temporary housing solution for households facing sudden hardship by utilising a headlease offered to investment property owners by a CHP and operates in most Australian States. It provides a rent guarantee to investors without property management fees. A sublease is then given through a general tenancy agreement (GTA) to individuals and families under the social housing rent model of 25% of income plus Commonwealth Rent Assistance.

State Governments 'top up' the CHP to cover the gap between the social housing rent and market rent as well as operating costs. In some cases, real estate agents continue to oversee the headleases and charge their property management fees. CHPs are uniquely placed to deliver this temporary housing/accommodation model with most having strong links to local real estate agencies and or investors.

2. CHPs

The not for profit community housing industry provides one in five of Australia's social rental properties, complementing public housing. CHPs manage a \$40 billion-plus portfolio of more than 100,000 homes, housing people on low and moderate incomes who find it hard to access affordable and appropriate tenancies in the private market.

The sector is regulated through one of three systems – the National Regulatory System for Community Housing (NRSCH), the Victorian Registrar of Housing and the WA Community Housing Registration Scheme. Registered housing providers are required to meet performance standards on (for example) financial viability, governance and asset and tenancy management to give assurance to investors, government and tenants they are well managed organisations.

The Community Housing Industry Association, CHIA represents the sector. Our 170 plus members include the largest (managing over 10,000 dwellings) to those with less than 100 homes. Our members provide a diverse range of housing for Aboriginal people, people with disabilities and the formerly homeless.