

Community Housing – Challenge and Opportunity

Extract from Chair's Report CHIA Qld AGM 2020

As 2020 comes to a close and CHIA Queensland's Board and members plan for the future, one thing is clear; demand for affordable housing in Queensland continues to grow and the community housing industry is well-placed to respond.

One of the biggest challenges over the next few years is the progressive wind-down of the **National Rental Affordability Scheme** (NRAS). This could see 10,000 affordable rentals withdrawn from the Queensland market by the end of 2026. The NRAS wind-down will place many lower income households under financial stress at a time when vacancy rates are shrinking and affordable rentals are harder and harder to find. The sector will need to work with government to develop sustainable models of affordable housing supply that can fill the gap left by NRAS.

Even before the advent of **COVID-19**, it was clear that substantial additional investment in Queensland's social housing portfolio is urgently needed. Rental affordability pressure across the State has driven up the number of people on Queensland's One Social Housing Register from 17,000 to 25,000 over the 2019-2020 year.¹ Unfortunately, we can expect to see many more Queensland households in rental stress once the Federal Government COVID-19 support via Jobkeeper and the Jobseeker Supplement is withdrawn in 2020-2021.

COVID-19 has dampened down international travel and rents in the inner city are likely to stay deflated for another year or two. But COVID-19 has also created an influx of new residents from interstate and overseas that has exacerbated demand for affordable housing to buy or rent. What pressures will be placed on community housing organisations if tenants are simply unable to move from community housing into the private rental market?

One of the other things on the horizon is **build-to-rent**. The Queensland Government has announced two pilot projects offering a mix of market and affordable rentals but it remains unclear exactly what incentives or subsidies are attached to the affordable rentals and what the impact of build-to-rent on community housing might be.

There are also opportunities ahead for the community housing sector.

We should remember that this sector is **economically significant**. Over 140 community housing organisations in Queensland between them own or manage a portfolio of 16,000 rental properties valued at around \$3 billion. Over the past decade, the mainstream community housing portfolio in Queensland expanded by 52 per cent and the Indigenous community housing portfolio has expanded by almost 18 per cent.

It is disappointing that over the past few years, expansion has slowed and portfolio growth in 2019-2020 was negligible, despite strong demand for affordable housing. However, the expansion of the **NHFIC** lending cap from \$2 Billion to \$3 Billion represents a significant opportunity.

¹ At 30 June 2020, there were 25,000 applications on the OSH Register

In Queensland, while government expenditure on social housing has lifted by 8.7% over the past 5 years, the extra expenditure has not delivered more social housing – in fact, the number of social housing dwellings in Queensland fell by 0.24% over that time.²

The current Queensland Housing strategy 2017-2027 is still gathering steam, and there is a lot of work to do in the next term of Government to remedy the significant gap between the State's own population projections and the Strategy's current targets for social housing.

In addition to keeping Queenslanders safe and supporting the economy, there are other challenges: mounting debt, ensuring that infrastructure keeps up with population growth without compromising lifestyle, regional identity and development, climate change, and so on.

Some of these challenges may present both threat and opportunity for this sector. For instance, mounting State debt may reduce the prospect of significant investment in affordable housing but it may open the way for investment in measures to lift efficiency across the sector – such as red tape reduction or digital strategies.

CHIA Queensland aims to ensure that at least 10 per cent of all new homes built in Queensland over the next decade will be affordable for people on low and moderate incomes.

Planning system reform and infrastructure investment will be needed both in the South East of the State and in regional centres where housing affordability is a long-standing problem. To make a real difference to housing affordability, we will need a five-way partnership between the community housing sector, State and local governments, developers, and financiers.

² Productivity Commission. Report on Government Services, 2020.