



Community Housing

INDUSTRY ASSOCIATION

ACT

**COMMUNITY HOUSING
INDUSTRY
ASSOCIATION ACT
REGION**

**POLICY
STATEMENT
2021**

About CHIA

About Us

CHIA is the peak industry body for the Australian community housing industry, which provides one in five of Australia's social housing properties, complementing public housing.

Community housing providers (CHPs) manage a \$30 billion- plus portfolio of more than 100,000 rental properties, which are home to people who are on low and moderate incomes who find it hard to access affordable or appropriate housing in the private market. At least 25,000 new affordable homes have been built by CHPs since 2008.

On behalf of our members, CHIA undertakes research, policy development and advocacy in relation to social and affordable housing issues.

Based on national and international evidence, CHIA's core argument is that the much-needed growth and development of the Australian affordable housing system can only be achieved if the community housing industry is empowered to play a significantly expanded role.

Our Origins

The clear need for a single independent voice for the community housing industry on national issues led to the establishment of the Community Housing Industry Association in 2015.

CHIA's founders wanted to create a member-funded organisation that could leverage the expertise and resources of the network of state and territory peak bodies to support the sector and improve the quality of housing and other services provided to community housing tenants throughout Australia.

Our Ethos

Our vision is to foster a world-class community housing industry in Australia.

Our purpose is to lead, represent and advocate for the Australian community housing industry at a national level.

Working Together

CHIA's Board comprises 12 senior executives from housing organisations covering every jurisdiction throughout Australia and with extensive experience in affordable housing.

CHIA works closely with peak community housing bodies throughout Australia, creating a united voice to advocate on behalf of the industry. CHIA works together with state community housing peaks CHIA NSW, CHIA VIC, CHIA WA, CHIA QLD and its regional committees in the ACT, Northern Territories, South Australia and Tasmania.

Priorities

In 2021-2022 CHIA will continue to pursue the proposals in its Federal [pre-budget submission](#) for increasing investment in social and affordable housing and responding to whatever initiatives come forward from Government.

Priorities include:

- Continuing our work with the [National Affordable Housing Alliance \(NAHA\)](#) and the [Constellation Project](#);
- Working with state and territory colleagues developing a strong community housing value proposition;
- Working with states and territories to produce a national industry development / growth strategy;
- Developing a standard to allow CHPs to demonstrate their excellence at responding to Domestic and Family Violence;
- Continuing to take a lead role in the Housing and Productivity Research Consortium; and,
- Continuing to assess the impact of the COVID-19 pandemic on our sector's services and ensuring the role we can play in a strong recovery are recognised.

We will also input into important ongoing business whether it is national regulation, proposed changes to charitable status, veterans housing and domestic and family violence.

CHIA ACT

The CHIA ACT Regional Committee (CHIA ACT) is a network of diverse ACT-registered community housing providers.

CHIA ACT aims to develop and communicate a shared vision for Community Housing in the ACT and to ensure the ACT has a diverse range of community housing options (both social housing and affordable rental housing) contributing to affordable, appropriate and accessible housing in the ACT and region.

The eleven community housing providers together provide a total of over 1,300 social and affordable rental tenancies across the ACT.

CHIA ACT has eleven Member organisations:

- *Argyle Housing*
- *Catholic Care Canberra and Goulburn*
- *Community Housing Canberra (CHC)*
- *Environmental Collective Housing Organisation (ECHO)*
- *Focus ACT*
- *Havelock Housing Association*
- *United Vietnamese Buddhist Congregation of Canberra and Surrounding Districts Inc*
- *Project Independence*
- *Tamil Senior Citizens Association (ACT) Inc*
- *Toora Women Inc*
- *YWCA Canberra*

The CHIA ACT approach involves:

- *Developing policy and program priorities based on the evidence- base and experience of members;*
- *Working with the ACT Government to progress these reforms;*
- *Working collaboratively with like-minded stakeholders; and,*
- *Communicating information about affordable community housing with the ACT community.*

CHIA ACT's eleven members work together to shape social and affordable housing policy and programs. CHIA ACT works collaboratively with like-minded stakeholders, including but not limited to ACTCOSS, ACT Shelter, the Property Council of Australia (ACT) and the Master Builders Association (ACT). CHIA ACT also collaborates with the ACT Government to advocate for improved housing support from the Commonwealth Government.

Our understanding of the scale of the problem, based on independent research, is that there is currently a large and growing shortfall of over 5000 social (quintile 1) and affordable (quintile 2) rental dwellings within the ACT, which is projected to grow by a further 6000 over the next 15 years unless urgent action is taken by all levels of Government¹.

CHIA ACT members are credible and capable deliverers of social and affordable rental housing, and are a proven low-cost and low-risk complementary solution for government, that provides long term benefits such as through reduced pressure on government services. We are tightly regulated, have efficient operations and our tenants consistently record high satisfaction levels.

The seven policy positions outlined below serve to address the problem – a problem that we acknowledge is not just the ACT Government's to solve, but one which the community housing sector is ready, willing and able to help work with and invest alongside the ACT Government to solve.

1. ***Set an annual community housing target of sufficient sites to support the development of a minimum of 200 community housing dwellings per year, across a variety of built forms, and in appropriate locations.***
2. ***Provide land transfers, reduced land cost or a co-investment mechanism that would enable Community Housing Providers to develop viable community housing dwellings, to increase social and affordable rental housing available to ACT residents.***
3. ***Provide a deconcessionalisation fee and Lease Variation Charge waiver for developments involving a registered Community Housing Provider that will deliver social or affordable rental outcomes for Government.***

4. ***Broaden definition of “supportive housing” to allow affordable rental development on CF zoned sites, and/or where a lease purpose clause restriction of “supportive housing” applies.***
5. ***Provide a rates exemption for Community Housing Provider-owned social and affordable rental properties.***
6. ***Remove the current 250 dwellings cap to the land tax exemption program for private owners of properties being managed by Community Housing Providers for social or affordable rental purposes.***
7. ***Provide top-up funding to Community Housing Providers to subsidise landlords of privately owned properties whom rent properties below market rates for people on lower incomes.***

If the ACT Government were to adopt each of the seven policy positions:

- The ACT Government's goal to deliver 600 affordable rentals would be achieved ahead of the five year target;
- It would be achieved at a total indicative cost to the ACT Government of \$60 – 90m, most being foregone revenue rather than direct costs;
- This financial contribution would precipitate and enable major investment by Community Housing Providers, and project partners, of a further \$120 - 220m, accessing concessional long term debt finance via the Commonwealth Government's National Housing Finance and Investment Corporation (NHFIC);
- With additional ACT Government contribution social housing could also be delivered within developments; and,
- The ACT Government would be left with a far stronger community housing sector, for future partnering with the ACT Government to further address the large and growing shortfall of both social and affordable rental dwellings within the ACT.

¹ UNSW City Futures Research Centre, Estimating need and costs of social and affordable housing delivery, Dr L Troy, March 2019, <https://cityfutures.be.unsw.edu.au/research/projects/filling-the-gap/>

1. Set an annual community housing target of sufficient sites to support the development of a minimum of 200 community housing dwellings per year, across a variety of built forms, and in appropriate locations.

Objective 4A of the ACT Housing Strategy outlines the need to ‘Grow and diversify the community housing sector’. This includes a commitment to ‘Set an annual community housing target to provide additional affordable rental properties managed by registered community housing providers, as part of the commitment to dedicate 15 per cent of the Indicative Land Release Program to public, community and affordable housing’.

The Parliamentary and Governing Agreement for the 10th Legislative Assembly sets a goal of an additional 600 affordable rental dwellings to be delivered by 2025-2026.

The trend over the past four years in the annual release of housing targets by EPSDD has been to focus on growing the supply of properties for affordable home purchase by eligible lower income Canberrans, at the expense of growing the supply of social or affordable rentals. This mismatch should be rebalanced, ensuring delivery of sufficient sites to support the development of a minimum of 200 community housing dwellings per year. Further, annual reporting by EPSDD should record the number of community sites offered each year, as well as the number taken up by community housing providers.

CHIA ACT is calling for an annual target of the release of sites enabling a minimum of 200 community housing dwellings per year to be developed, commencing 2021-2022. This target should be “baked-in” to the annual housing targets released by the Environment, Planning and Sustainable Development Directorate (EPSDD), and is deliberately front-loaded, noting the long lead time involved in development of new housing, and the Government’s goal to have an additional 600 affordable rental dwellings delivered by 2025-2026 – “delivered” equates to properties having been tenanted. The specific sites for which targets apply should be diversified across built forms, with a mix of standalone home sites, townhouse sites and multi-unit development sites, and all should be well located in terms of proximity to transport, shops and places of employment.

2. Provide land transfers, reduced land cost or a co-investment mechanism that would enable Community Housing Providers to develop viable community housing dwellings, to increase social and affordable rental housing available to ACT residents.

Objective 4A of the ACT Housing Strategy outlines the need to ‘Grow and diversify the community housing sector’. This includes a commitment to ‘Enhance mechanisms to reduce the cost of land made available to the community housing sector including restrictions on Crown leases, land rent or sale at a fixed percentage of market rate.’

The Parliamentary and Governing Agreement for the 10th Legislative Assembly makes reference to refining land sales processes, and valuation assessment processes, to allow major sites to be released for high-quality proposals, not just to the highest financial bidder.

For Community Housing Providers to be able to develop and manage social and affordable rental housing, Government-released sites need to be made available at prices that enable development to be viable and sustainable. Some recent efforts have been made to lower the “market value” of sites offered for community housing through including restrictions on Crown Leases, such as restrictions on transfer for 3 or 5 years, and restrictions in lease purpose clauses such as limiting uses to “supportive housing”. The recent efforts with respect to imposing restrictions on transfer so as to provide assurance to Government as to project outcomes, and so as to lower the “market price”, with further refinement have the potential to enable higher take-up by the community housing sector for development. Lease purpose clause restrictions to “supportive housing”, given that the Government’s current definition excludes standard affordable rental housing, is not helpful in terms of the community housing sector’s ability to support Government to deliver their 600 affordable rental goal.

Based on modelling undertaken by some CHIA ACT members, the total “cost to Government” of the support required is approximately \$100,000 to \$150,000 per affordable rental dwelling developed by a Community Housing Provider – a figure far lower than the cost of the ACT Government developing the properties itself. This equates to a “cost to Government” of \$60 – 90m to deliver on the 600 affordable rental target if Community Housing Providers are leveraged, spread over five years. For a standalone home built-form, this may equate to for example a 50% discount being provided to the market price for the land, but for a multi-unit development such support will not alone be able to be met through provision of discounted land, with the land component per dwelling in an a multi-unit development potentially being only \$40,000 - \$75,000. A full exemption to payment of any deconcessionalisation fee and Lease Variation Charge by registered Community Housing Providers delivering social or affordable rental housing, which comes at no direct cost to the ACT Government, may be a cost effective way to contribute to the total subsidy required.

The “cost to Government” of the support required per social housing dwelling developed by a Community Housing Provider is higher than for affordable rental, especially those targeting Canberrans with incomes in the first income quintile and with high and complex needs.

Should Government be unable or unwilling to discount the price of land for sale sufficiently to enable value-accretive development by the community housing sector, or given the challenge with land for multi-unit development sites, a co-investment mechanism may provide an alternate pathway forward in terms of enabling Community Housing providers to viably and sustainably develop new community housing, whilst also protecting the ACT Government’s balance sheet.

A co-investment mechanism simplistically could comprise of an ACT Government contribution in the form of land, a Community Housing Provider contribution in the form of funding and developing a dwellings/s on the land, and each party holding an equity share in the completed development in accordance with the value of respective investments. Both parties would share in underlying land price appreciation, and the depreciation of any dwelling/s on the land. Various potential legal structures could be utilised to give effect to such a mechanism. This would ensure the long run financial sustainability of community housing providers, and is preferential to the community housing sector than the existing land rent scheme, or any potential future peppercorn long term (e.g. 49 years) ground lease model that has underpinned some recent community housing developments in NSW and Vic.

Land transfers, reduced land cost or a co-investment mechanism would also enable Community Housing Providers to:

- *leverage or better leverage the Commonwealth Government’s National Housing Finance and Investment Corporation (NHFIC) to secure construction debt finance for new developments, and secure long term project debt finance for the affordable rental take-out from such development; and,*
- *be more attractive to prospective equity partners, enabling greater leverage and increased social and affordable rental supply.*

CHIA ACT calls for further opportunities for land transfers, reduced land cost or a co-investment mechanism that enables Community Housing Providers to provide more social and affordable rental housing.

and land supply purposes.

3. Provide a deconcessionalisation fee and Lease Variation Charge waiver for developments involving a registered Community Housing Provider that will deliver social or affordable rental outcomes for Government.

Many community organisations hold concessional lease land, and to remove the concessional status of the lease to enable redevelopment, if the related Development Application is approved, requires payment of a deconcessionalisation fee. If the organisation seeks to also add new purposes to the lease, or expand existing purposes, a Lease Variation Charge is also payable.

The Planning and Development (Lease Variation Charges—Affordable Rental Development Concession) Determination 2019, DI2019-229 provides a 25 per cent remission on the LVC payable by a registered CHP in respect of the proportion of land that is developed and used for affordable rental housing.

CHIA ACT calls for a deconcessionalisation fee and Lease Variation full exemption (100%) for proposals from registered Community Housing Providers, alone or as part of a consortium, that contribute to achievement of the ACT Government's 600 affordable rentals target.

4. Broaden definition of “supportive housing” to allow affordable rental development on CF zoned sites, and/or where a lease purpose clause restriction of “supportive housing” applies.

The Territory Plan definition of ‘Supportive housing’ is: “the use of land for residential accommodation for persons in need of support, which is managed by a Territory approved organisation that provides a range of support services such as counselling, domestic assistance and personal care for residents as required. Although such services must be able to be delivered on site, management and preparation may be carried out on site or elsewhere.”

Such a definition may preclude affordable rental development.

The Parliamentary and Governing Agreement for the 10th Legislative Assembly makes reference to:

- ensuring that the planning review process ensures that the planning and housing system continues to deliver affordable housing; and,
- facilitating planning and other processes to allow community clubs to diversify to other revenue-generating streams, particularly development of available land for social housing

Community clubs typically hold concessional or market leases on CF zoned sites.

Territory Plan Variation 367 introduces a new definition of “community housing” into the Dickson Precinct Map and Code, enabling affordable rental development on a CF zoned site.

CHIA ACT calls for the ACT Government to use the precedent that has been set with Dickson Section 72 to broaden the definition of “supportive housing” to enable CF zoned sites, and other sites with “supportive housing” lease purpose clause restrictions, to be used for affordable rental developments, in support of delivery against the ACT Government target of 600 affordable rentals.

5. Provide a rates exemption for Community Housing Provider-owned social and affordable rental properties.

Community Housing Providers are required to pay rates on their properties, with the exception of rates exemptions for emergency social housing that has been achieved by some members upon application. Rates are a substantial cost to Providers and as the rates in the ACT rise, this is making it increasingly difficult for Providers to ensure that properties are financially viable and sustainable.

Rates exemptions are provided by local governments in other states and territories. For example, in New South Wales (NSW), Community Housing Providers can apply to local governments to have their properties receive a rates exemption.

CHIA ACT is seeking a rates exemption for Community Housing Provider-owned social and affordable rental properties to ensure that they can continue to provide affordable housing to Canberrans. More specifically, Community Housing Providers are seeking a change to the Rates Act 2004 to:

- change Part 2, Section 9 (2) to delete: “charitable purposes does not include community housing purposes”
- replace deleted text with: “charitable purposes does include community housing purposes.”

6. Remove the current 250 dwellings cap to the land tax exemption program for private owners of properties being managed by Community Housing Providers for social or affordable rental purposes.

The existing land tax exemption program has now been in operation for just over two years, and the Government has removed the time limit for the land tax exemption (i.e. no longer a pilot, but is an ongoing program), but a cap of 250 properties remains.

Private property owners are engaging in the program through CHC's HomeGround Real Estate

Canberra and YWCA Canberra's Rentwell, with a total number of social or affordable rental dwellings capitalising on the land tax exemption approaching 50. Involvement to date has been largely limited to "mum and dad" property investors. There remains the prospect that institutional or other large-scale investors could seek to capitalise on the program, especially if other incentives were on offer, with properties managed via Community Housing Providers. With a specified Government cap of 250 properties, such investment may be deterred.

CHIA ACT is calling for the 250 dwelling cap to be removed, or a commitment to increase the cap once there are over 100 enrolled in the program.

7. Provide top-up funding to Community Housing Providers to subsidise landlords of privately owned properties whom rent properties below market rates for people on lower incomes.

In some other states and territories, Community Housing Providers are provided with a quota of private rental properties that can be leased out below market rate with the support of Government funding that covers the gap in the market rate of rent and the subsidised rent. An example of this is the New Rental Developments Program in Victoria, which has resulted in 680 rental properties being leased from the private sector by Community Housing Providers, to increase the availability of social housing rental stock and facilitate investment in new social housing for the rental market. A similar scheme is in operation in NSW. This results in more affordable rental properties being available for people on lower incomes, and being able to be implemented immediately upon funding being made available.

CHIA ACT calls for the ACT Government to consider complementing other initiatives to grow social and affordable rental supply, many of which have a long lead time and have a large capital cost, with a simple rental gap funding arrangement, not dissimilar to schemes in operation in NSW and Victoria, and the Commonwealth Government's NRAS scheme.

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