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Submission

ACT Legislative Assembly's Standing Committee on Estimates 2007

from

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Submission to the ACT Legislative Assembly's Standing Committee on Estimates 2007

Future of HHA in general

- Effects of budget cuts last year effectively means that HHA is not viable in the long term especially with the Ainslie Village operation being forced into a community housing funding model when it is clearly still a supported accommodation operation.

- Of even more concern is that the ACT government has simultaneously cut funding to the community housing sector per se, decimating the remaining community housing providers then channeling all funding for affordable housing in the community sector to CHC.

- The Government strategy appears to be aimed at reducing the funding of Community Housing Providers (CHPs) to the point where they are non-viable (this has now happened to a number of CHPs) which starts to 'force' private/commercial developers to provide wh(CHPs had previously done

Affordable Housing Options

- The Affordable Housing option the ACT government has decided upon has a serious deficiency in that all government funding is being channeled to what was a government controlled entity (CHC) who are now in the process of modifying its legal status to that of a community housing provider (with a $75,000 grant to amend its constitution).

- Under the affordable housing policy and the proposed delivery model, the ACT Government makes no provisions for the funding of any other community housing organisations, many of whom also have an established record of performance in the community housing sector.

- CHC will be given:

  an equity injection of $40 million (through the transfer of title of 135 properties, already under CHC's control) which CHC will leverage to increase the amount of available affordable housing;

  the provision of land at prices yet to be determined; and

  a revolving $50 million loan facility at government borrowing rates to support growth in the sector.

HHA

- Not withstanding this, HHA is seeking to provide, at limited cost to the ACT government, a real expansion of the community housing sector ie the sector that CHC will not be addressing. We are talking here about the "community controlled" community housing sector

- Our proposed way to do this is to obtain title to a small number of the properties from the stock being transferred to CHC as a part of the government's affordable housing strategy. The transfer of title to HHA will enable the properties to be used as collateral to fund the expansion of the supply of both rental and owner occupier housing stock.

- This is a relatively straight forward task as HHA already has a "real" interest in 18 properties in partnership with a number of other agencies through our various programs.

The transfer of title for the 18 properties would enable HHA to leverage the released equity into a number of projects that address that part of the affordable housing market not covered by CHC.

Other Points to be recognised

- Affordable housing needs to recognise that the core competencies of Community Housing Providers are tenancy and property management. Community Housing Providers do not generally have the skills or expertise to provide support to tenants. This should be left to those agencies with the required skills and qualified staff.

- Likewise Support agencies should concentrate on their core competencies, i.e. the provision of support to tenants. Tenancy and property management issues should be left to Community Housing Providers.

- The most successful tenancy outcomes are achieved when Community Housing providers form partnerships with support agencies to form a holistic approach to the long term sustainability of tenancies.

- Gungahlin Singles Accommodation where each tenant has their own individual self contained apartments and shares common communal areas with other tenants has proven to be very successful. It is recommended that the Gungahlin Singles Accommodation be used as a model for the provision of further community housing.

- Group shared accommodation, especially when more than three people share common areas, is problematic and its management is extremely complex and time consuming (the current HH model) and it should be gradually phased out.

- Group shared accommodation should be replaced with complexes like the Gungahlin Singles Accommodation where each tenant has their own individual self contained apartments and share common communal areas with other tenants.

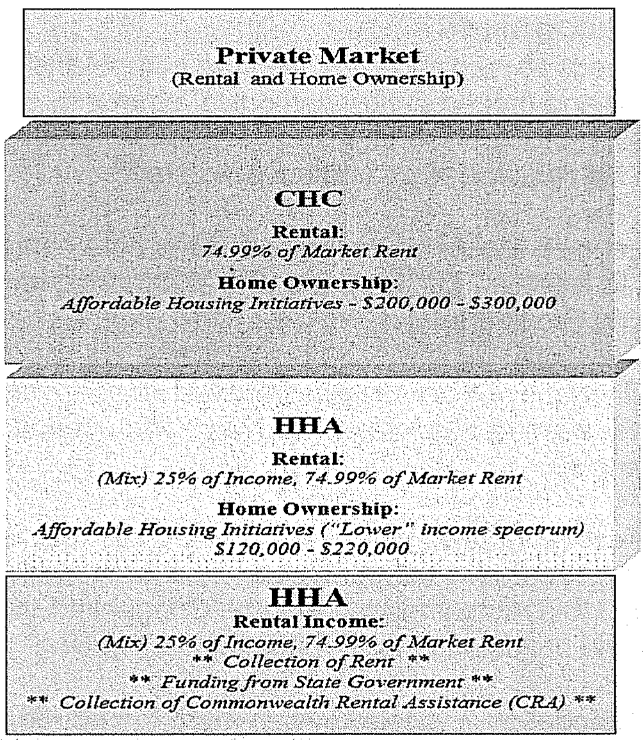
- Wherever possible Community Housing Providers should be taking advantage of Commonwealth Rental Assistance payments. Acknowledging that in general tenant in accommodation provided by Community Housing Providers pay 25 per cent of their income on rent, and if applicable to obtain CRA, should provide the CRA payment to the Community Housing Provider. If recipients retained the CRA payment they would be paying less than 25 per cent of income in rent.

- Need for long term supported accommodation for people not capable of independent living such as some residents at Ainslie Village.

- Current level of funding of Community Housing Providers is grossly inadequate. Funding does not cover costs making the provision of tenancy and property management unsustainable in the long term.

The following is a graph highlighting the different spectrum in the market place and where Havelock Housing Association (HHA) has the proven capability to address specific client needs.

The following is a graph highlighting the different spectrum in the market place and where Havelock Housing Association (HHA) wishes to part take to address the specific client needs.



Note
The proposal from HHA clearly addresses the area of needs that CCHOACT identified in the Report RAHSG[1] ie households with incomes between $30-$50K. CHC looks ata group with higher income $32 - $85K.

[1] Report of the Affordable Housing Steering Group

Notes

1 The proposal from HHA should clearly address the area of needs identified in the Report RAHSG (1) ie households with incomes between $30-$50K. CHC looks at group with higher income $32 - $85K and must be clearly targeting those at the upper end of the range.

2 The chart also shows the financial backing for the HHA Business Model, and this will be the basis for the initiation and continuation of the project.

[1] Report of the Affordable Housing Steering Group