

SELECT COMMITTEES ON ESTIMATES 2008-2009

Question on Notice

[Minister for Housing](#)

Table of Contents

<u>QoN</u>	<u>Description</u>	<u>Page</u>
	Table of Contents.....	1
341	Housing Foskey	2
	Market rent and shared equity scheme	2
439	Housing Foskey	6
	QTON - Share of market rent	6
440	Housing Burke	7
	Cash flow statements	7
441	Housing Burke	8
	QTON - 28 days turnaround of vacant properties	8
442	Housing Burke	9
	QTON - Current value of spotless maintenance contract.....	9

Market rent and shared equity scheme

DR Foskey : To ask the Minister for Housing –

Market Rent

1. Will Housing ACT become more expensive to run as more people enter into shared equity schemes or leave because their household income is above the line?
2. Will the resulting change in tenant mix result in a higher cost in terms of meeting tenant need, dealing with tenants with complex problems and community issues?

Shared equity scheme

3. Have you considered the possibility of the real value of real estate falling back?
 - a. What plans have you got in place to ensure that it isn't the (shared equity) purchaser who carries that risk?
4. What is the risk of this scheme encouraging people into an increasingly unaffordable credit market and how will that risk be managed?
5. Given upfront costs are fairly substantial don't they act as a particular barrier for people from vulnerable groups, on tight incomes, accessing the market?
 - a. Have you got a plan in place to minimise those costs?
6. How can we be sure that purchasers will access high quality and affordable financial advice?
7. What arrangements are planned to deal with the situation where people cannot continue with the purchase and, similarly, where they find themselves in stronger position economically and no longer qualify for a shared equity arrangement?
8. Will there be purchase back arrangements, and if so, what will be the process?
9. How will the value of properties being purchased on shared equity be assessed?
 - a. Will they be updated regularly (annually for example?)

Asset management

10. What is the future for public housing multi unit sites?
11. When might we see some development on the vacant part of the old Burnie Flats site in Lyons?
12. What is the status of the Spotless investigation into plumbing problems at Northbourne Flats?

Narrabundah Long Stay Caravan Park

13. Where, and how, does the Narrabundah long Stay Park fit in this budget?

14. Can you provide me with an estimate of all the income and costs for ACT in managing the park?
15. What have you done or what are you doing about putting in place a long term solution in terms of the management of this park and the legislative protection of owners and tenants in this and other parks?

Minister Hargreaves: The answers to the Member's questions is as follows:–

1. Tenants paying market rent effectively “cross-subsidise” rebated renters in the ACT as they do in other public housing jurisdictions. In that regard the movement of tenants out of public housing on the basis of household income, to the extent that it reduces the percentage of “market renters”, has the potential to have a financial impact on operations. This will be offset to some extent by those existing tenants that find employment or increase their household income.

In the case of participants in the shared equity scheme, there is a similar potential to reduce the proportion of “market renters”, although in this regard it should be noted that not all current sales to tenants are to “market renters” and a similar pattern may emerge for share equity participants.

Any changes will be long term and therefore subject to the impact of other economic trends such as housing affordability and private rental vacancy rates. They will be monitored over time.

2. The majority of tenancy support is provided when tenants move into a property, stabilising the crisis that led to them requiring public housing, or when their tenancy is at risk of failure, to re-establish a sustainable tenancy. These tenants represent a small minority of all those in public housing and do not correlate strongly with rebated renters.
3. The shared equity scheme will give some public housing tenants the benefits of home-ownership. Along with those benefits will come the responsibilities and risks of home-ownership.
4. This is a matter for decision by the purchaser. However, The provider of the mortgage finance under the scheme will be selected through a tender process with criteria for the financial performance and commercial standards of the lender.
5. There is Commonwealth and ACT Government support for first home buyers in the form of grants and stamp duty concessions. It is anticipated that the scheme will fall within the eligibility criteria for these schemes.
6. See answer to 4 above.
7. The possibility of full or partial buy-back provisions will be explored through the selection process described in 4 above. The scheme will be established with targets for

the buy-out of the Housing ACT equity by the homeowner. A similar scheme in WA has an average time to buy-out of approximately 5 years.

8. See answer to 7 above.
9. The value of properties under the scheme will be established by independent valuation on the same basis of the current “sale-to-tenant” program.
10. The recently completed review of the Public Housing Asset Management Strategy will be considered by government in the near future. A number of planning and heritage studies are underway.
11. The Joint Venture is currently waiting for the approval of a Development Application by ACTPLA. This is anticipated within a fortnight, after which construction of the first stage will commence.
12. The sewer investigation and remedial work at the Northbourne Flats is currently underway.
13. The 2007/08 Budget provides approximately \$600,000 for infrastructure works to the long-stay caravan park including, road works, fire services and hydraulics. That appropriation was rolled over due to delays in the land transfer with Dytin. Now that the Territory controls the land that work will be commenced.

14. Narrabundah Longstay Caravan Operation Summary August 2006 to April 2008

Total Rent Rev	574,925
Set up Cost	42,720
Staff Cost	119,062
Operational Expenses	286,320
Total Expenses	448,103
Net Profit	126,822

NB The above summary only captures the transactions which relate to Housing ACT.

15. An independent study of operational and management models for the Park is being initiated by the Chief Minister's Department. Housing ACT and the park residents will participate in that study.

QTON - Share of market rent

Dr Foskey: To ask the Minister for Housing

In relation to : Share of Market Rent

DR FOSKEY: Would you mind also providing a breakdown of the share of market rent that is now coming into public housing and perhaps a little bit of a comparison with the year before, the last couple of years, so that we can see how that is tracking?

Minister Hargreaves: The answer to the Member's question is as follows:—

	Rebated Renters	Market Renters
30/06/2004	85%	15%
30/06/2005	86%	14%
30/06/2006	85.50%	14.50%
30/06/2007	84.90%	15.10%
30/04/2008	86%	14%

Cash flow statements

Mrs Burke: To ask the Minister for Housing

In relation to : Budget paper 4 - page 345 – Housing ACT - Cash Flow Statements

MRS BURKE: I am looking at page 345 of budget paper 4, particularly payments. Supplies and services related to what exactly?

Minister Hargreaves: The answer to the Member's question is as follows:–

	2008/2009 Budget \$'000
Payments Related to Supplies & Services	
Repairs and Maintenance	28,636
General Rates, Sewerage Rates, Water Rates and Consumption	21,242
Professional Services	3,142
Property Services	2,553
Other Property Expenses	2,406
Systems Support	4,541
Insurance Premium	2,650
Other Operating Expenses	2,750
Communications and Office Supplies	679
Accommodation	1,815
	70,414

441 Housing Burke

QTON - 28 days turnaround of vacant properties

Mrs Burke: To ask the Minister for Housing

In relation to : 28 day turnaround of vacant properties

MRS BURKE: How many vacant properties relet within 28 days are there currently, Mr Hehir? Do you know?

Minister Hargreaves: The answer to the Member's question is as follows:—

As at 31 May 2008, there have been 443 routine allocations. Of these 383 were under 28 days giving a year to date figure of 86.23%.

442 Housing Burke

QTON - Current value of spotless maintenance contract

Mrs Burke: To ask the Minister for Housing

In relation to : Current Value of Spotless maintenance contract.

MRS BURKE: What is the current value of the Spotless maintenance contract?

Minister Hargreaves: The answer to the Member's question is as follows:—

The 2007-08 Spotless Maintenance Budget is \$33,457,090.89. Included in this figure is a Management Fee of \$4,829,263.89.