



Australasian **Housing** Institute

Linking social housing workers in Australia and New Zealand

Affordable Housing – Building Capabilities

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Objectives

- **Provide an overview of definitions, concepts and policy directions**
- **Consider the professional challenges we might expect in the future**

Seminar program

9.30 – 10.30 Robin's presentation

10.30 – 11.00 Andrew's presentation

11.00 – 11.20 Morning tea

11.20 – 12.00 Small group discussions

**12.00 - 12.30 Plenary and closing
remarks**

Why this seminar?

- **AHI has an important role to play in communicating major policy issues**
- **AHI seeks to improve the knowledge of people working in housing...**
- **An issue for the future role of the AHI**
- **Even though *affordable housing* is a “crowded field”**

What is the Australasian Housing Institute?

- **The professional association for people working and volunteering in the multi-disciplinary social housing industry**
- **AHI's purpose is to:**
 - Support social housing professionals
 - Achieve excellence in social housing through the development and promotion of a skilled and professional sector

www.housinginstitute.org

Overview of Presentation

- **Defining “affordable housing”**
- **The problem affordable housing is supposed to address**
- **Where the ideas come from**
- **National policy activity**
- **Big issues in moving forward**

What is affordable housing?

- **Affordable housing is housing that is**
 - adequate and appropriate for low and moderate income households and
 - priced within their capacity to pay (so that they are not forced to go without other basic necessities)

(Yates)

What is affordable housing?

- **“Low” to “moderate” income**
- **Focus on lowest 40% paying more than 30%**
- **Not just about price and income – also about location and access**
- **Often confusion between “social housing” and “affordable housing”**
- **Not just about rental, also home ownership**

Affordable – for whom?

- **“Traditional” target groups – very low (Centrelink-dependent) incomes (esp. singles, young people), people with disabilities, older people**
- **“Battlers” – insecure or part time employment, high participation costs (transport, child care)**
- **Middle income, increasingly excluded from high cost markets**
- **Need to pitch affordability at different incomes and circumstances**

The crisis behind the issue

- **Increasing pressures on public and community housing systems**
- **Worsening housing affordability – to rent and buy – for low to moderate/middle income earners**
- **Changing household structures – smaller households, sole person households**
- **Increasing support needs – ageing population, deinstitutionalisation, inadequate funding for services**

What does affordable housing look like?

- **“Traditional” public and community housing – fully subsidised**
- **Traditional private rental low cost housing – boarding houses, caravan parks, low rent areas (eg. regional)**
- **Affordable housing companies, eg. Brisbane Housing Company, Citywest**
- **Joint ventures on high value redevelopment sites, eg. Kensington, Vic and Bonnyrigg, NSW**
- **Local government initiatives, eg. Inkerman Oasis**
- **“Cocktail” projects**

The numbers in crisis

- **Over 1,000,000 households spend more than 30 per cent of their income on housing (housing stress)**
 - represents 1 in every 7 households
 - represents approx 15 per cent of all households
- **Over 400,000 households spend more than 50 per cent (housing crisis)**
 - represents 1 in every 20 households
 - represents more than 5 per cent of all households

(Yates and Gabriel, 2006)

And...

- **More than half households in housing stress are households in the labour force**
- **Almost half are working households**
- **Most are younger households, both renters and purchasers**

(Yates and Gabriel 2006)

Where does the affordable housing push come from?

- **Declining investment in public housing – “old-fashioned model”**
- **International trend towards social service delivery by third sector**
- **Desire to attract private finance, make better use of the private market**

Trends and lessons from overseas

- **Extensive experience in other OECD countries in mixed funding of affordable housing**
- **Sophisticated affordable housing programs, policy instruments and levels of development in UK and US, for example**
- **Capital subsidies, planning policies, tax incentives**
- **Mature private financing market**

Big “P” Policy in affordable housing

- **The players, the “events”, the big policy projects**
 - National Affordable Housing Research Consortium
 - National Affordable Housing Summit (I & II)
 - National Affordable Housing Conference
 - Framework to develop a National Approach to Affordable Housing
- **Interesting alliances – HIA, ACOSS, National Shelter, ACTU, UDIA**
- **National policy processes closed and uncertain**

How to develop affordable housing

- **The right policy environment – Commonwealth, state, local**
- **Subsidy support – can't be affordable (lower than market) without subsidy**
- **Sustainable – predictable rental income and subsidy stream**
- **Suitable conditions for private investors – market information, certainty, incentives (or sticks?)**
- **Ongoing management arrangements – asset management and service delivery vehicles**

Big issues for affordable housing

- **Policy leadership**
- **Clear policy framework – national, state?**
- **Supporting subsidy framework – what's in it – CRA? Tax measures? Planning gain?**
- **Capacity to deliver – sector development, regulation**

What next?

- **Australia is well positioned to move forward on affordable housing development in terms of ideas and knowledge, and support across sectors**
- **Clear consensus about definitions, scope and what to do next**
- **What is the next step? – national commitment through a new national agreement, programs, etc.**

Affordable housing – building capability

The business of affordable housing

- **Strategic and business planning**
- **Financing**
- **Property development**
- **Portfolio management**
- **Property management**
- **Tenancy management**
- **Community building**

Organisational and Professional challenges

- **Adaptability – new roles and skills**
- **New ways of working – individuals and organisations**
- **New relationships, partnerships (really?)**
- **Understanding and developing key capabilities**

Professional and organisational challenges

- **Skilling up of public and private sector players – understanding the policy environment and the needs of each party**
- **Building the capacity of community agencies, and other players, to participate in new management models**
- **Keeping the objectives clear – managing potential conflicts in objectives**

What do housing workers need to know?

- **Know the environment, the players**
- **Know the tasks**
- **Know best practice**
- **Have a commitment to community outcomes**

Future roles

- **Commonwealth government – national policy, subsidies**
- **State/Territory governments – state policies, programs, subsidies**
- **Local government – planning, partnerships**
- **Community organisations – partnerships in delivery**
- **Private sector – partnerships in financing, development**

For discussion

- **What do different players need to know about the affordable housing business?**
 - Public sector – local, state, commonwealth
 - Community sector
 - Private sector
- **What will roles and jobs look like in 10 years' time? What will we be doing more of? Less of?**
- **How do we prepare ourselves?**

Responses:

- **So much a labour market issue, the inadequacy of income**
- **Support for social needs rather than affordability for social housing clients**
- **Varied way of meeting the needs of different organisations, may need to be contracted in, public sector may need to develop centres for excellence, difficult to predict**
- **Local govt relationships very important – relationship managers within DoH/govt**
- **Partnerships - It's like a pre-nup!**

Responses:

- **Development in community sector**
- **Ability to understand business within public sector:**
- **Public service role - looking after the money issues – linking to politics**
- **Want to be practical, move things forward, make a difference**
- **Get projects on the ground now to build momentum and learn from our mistakes**
- **Pilot smaller scale work in regional areas**
- **Need to identify immediate risk management strategies**
- **Need for seed funding for development managers**

Responses:

- **Capacity of local govt to assess housing applications**
- **Develop community housing sector to manage the risks associated with raising finance**
- **Lack of awareness of “players” roles in affordable housing**
- **Developers: need for clear policy framework and realistic timeframes. Need more clarity and less red tape when the margins are tight**
- **Need for a broker – govt vs external. Whoever takes this on has to have the power the instruments and the influence**
- **Information and financial modelling available as well as policy framework**

Responses:

- **Role of govt is critical in terms of policy setting, frameworks, tools, funding, models**
- **Importance of local govt**
- **Urban vs non-metro councils**
- **What capacity do councils have to make things happen?**
- **How to influence local councils on a collective vs one-to-one basis**
- **Proceed with one-off projects or take a broader approach?**

Responses:

- **Increased emphasis on partnerships, people being informed about what's going on**
- **Knowing about the structure of housing delivery in each area**
- **May be fewer organisations in community/affordable housing, some consolidation**
- **Private sector need certainty, particularly around investments and income streams**
- **Ethical Investment Association**