

Fact sheet

April 2010

Community Housing Sector



Community housing providers have been housing people on low incomes in NSW for over 20 years. They are not for profit organisations with a long history of providing efficient and effective tenancy management services. More recently they have been the focus of a concerted effort by state and federal governments to grow the availability of housing for very low to moderate income households.

NSW has the largest community housing sector in Australia, managing over forty percent of the total national community housing stock. In 2008/09 community housing providers in NSW assisted over 80,000 people through their management of around 18,000 dwellings.

Growing the Sector

In 2007, the NSW Government released its strategy for community housing, *Planning for the Future: New directions for community housing in New South Wales* which has a target to grow community housing to 30,000 homes by 2016. Current projections are that the sector will manage or own over 30,000 properties by 2012/13.

The large community housing providers in the sector manage over 80% of the stock in NSW. Providers at this scale are managing from 500 to up to 3,000 dwellings. They have multiple office locations, specialist tenancy management and supported housing management teams, finance and asset managers. They are supported by professional Boards.

The NSW Government's strategy includes supporting community housing providers to be able to attract private sector finance to fund the delivery of additional housing for people on very low to moderate incomes. To date, through a range of programs designed to increase social and affordable housing, the community housing sector in NSW

is delivering over 1,540 new homes, of which around 50% are being funded through provider equity and borrowings of \$210 million.

In June 2009, the Minister for Housing announced the transfer of ownership of up to 7,000 properties to not for profit community housing providers. This is a significant reform as it gives community housing providers an asset base with which to secure private sector loans.

A Cost-Effective Option

Community housing providers are considered a cost-effective means for delivering housing as they can:

- borrow funds to invest in new community housing supply and deliver more housing than government could through its own investment
- access additional revenue from rent setting policies that capture Commonwealth Rent Assistance due to recent changes to community housing rent policy
- access new streams of Commonwealth funding for affordable housing supply such as the National Rental Affordability Scheme (NRAS)
- save GST on costs incurred in the acquisition and management of new housing through their charitable and PBI status
- generate savings by building new housing themselves thereby not incurring standard developer costs.

An Efficient Option

Community housing providers are efficient management organisations. They manage long and short term tenancies, for people on the lowest incomes through to those on more moderate incomes but who need affordable housing such as key workers in jobs in the areas of health, education and law enforcement. Many other organisations such as local government, churches and property trusts contract community housing providers to manage their property portfolios.

In 2008/9 community housing providers collected over \$90M in rents and had a rent collection rate of 98.3%. For 2009/10 this figure is projected to be \$112M. They also had a collective occupancy rate of 98.2% and an average turnaround time for vacant stock of under 2 weeks. Over 60% of community housing tenancies are for 2 years or more and this stability of tenancy will increase with the growth of more long term capital stock under management and ownership.

Better Outcomes for Tenants

Community housing providers have a long tradition of engaging with their tenants and their local communities. In 2007, the Community Housing National Social Housing Survey found that 85% of community housing tenants in NSW were satisfied with the services they received. This was above the national average of 80%.

The same survey also found that most community housing tenants in NSW believe that living in a community property had improved the quality of their lives. The examples they gave included:

- Feeling more settled in general 94%
- Feeling supported by the organisation 88%
- Enjoying better health 74%
- Being more able to cope 90%
- Feeling part of the local community 80%
- Being able to continue living in the area 94%
- Managing rent/money better 93%
- Starting or continue education 63%
- Seeing an improvement in job situation 49%.

Regulation

In May 2009 a new independent regulatory system for community housing was introduced in NSW. This is a key part of the NSW Government's reform agenda for community housing and is designed to give confidence to both government and the private sector about the effectiveness of the organisations that they are investing in.

Providers must be registered if they are to receive any government assistance and the *Housing Regulation 2009* outlines a Regulatory Code that they must comply with. The Code covers governance, asset

management, standards of probity, efficient and competitive delivery, protection of government investment and sustainable tenancies and communities.

All community housing providers must be assessed for a registration class by May 2011. Providers who are expected to engage in acquisition and development and leveraging of private funds are Class 1 Growth Providers and Class 2 Housing Providers.