A REVIEW OF COMMUNITY HOUSING IN AUSTRALIA

Bill Randolph

Urban Research Program
Working Paper No.40
November 1993
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SERIES EDITOR:
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ABSTRACT*

The paper has a simple objective: to review the current state of community housing in Australia. It was written at a time of major change for the sector, following the announcement in August 1992 of a new Community Housing Program with a doubling of funding for the sector. More generally, it comes at a time when the traditional public rented sector is under intense and critical scrutiny. Consequently, much of the discussion about the future role of community housing is set within the context of a changing perception of the need for and structure of social rented housing in Australia.

Reflecting this, Section 1 of the paper explores some of these broader issues, including the definitional debate which emerged recently - what is social housing; how do you define community housing? This sets the scene for Section 2 which presents a review of the development and characteristics of community housing as of mid-1992. Section 3 presents case studies of four selected community housing programs in order to explore in more detail how the relationship between rents, funding, subsidies and affordability relate together. These four case studies provide the context for a discussion of a number of issues concerning the funding and subsidy of the sector in the concluding section of the report.

* N.B. This monograph was written in mid-1992 and updated in January 1993. It therefore reflects the situation prevailing at that time. Policy developments since then may have had a bearing on the contents.
Acknowledgement

To Peter Williams, Chris Paris, Judith Yates and Pat Troy for advice, comments and encouragement.

To Rita Coles, Coralie Cullen, Heather Grant, Glenys Harding and Penny Hanley at the Urban Research Program for assistance in preparing the report.

To Mick Cook and Roz Lucas (Commonwealth Department of Health Housing and Community Services), Karin Shelshear (ARCH), Sally Edwards (Queensland Department of Housing and Local Government), David Kilner (South Australian Housing Trust), Ken Brown (CEH Ltd) and Joan Fergusson and Leslie Wyatt (New South Wales CTS) for the detailed information used in the paper. A large number of other individuals in the Federal Government, the community sector and State Housing Authorities in South Australia, Victoria, New South Wales and Queensland also gave time and help in this research. Unfortunately, space precludes mentioning them all.

To the Urban Research Program at the Australian National University and the Joseph Rowntree Foundation, York, UK, for the resources to undertake the research.
A REVIEW OF COMMUNITY HOUSING IN AUSTRALIA

BILL RANDOLPH

1. Social Housing: The Current Debate and the Rise of Community Housing

Recently there has been considerable debate in Australia concerning the nature of social housing and the relative merits and problems surrounding its provision. This debate has intensified as a result of a number of policy related initiatives.

Principal among these has been the National Housing Strategy (NHS) which was set up by the Commonwealth Government in 1990 to review the structure of housing provision in Australia and develop a program of policy reform to meet predicted housing needs. The Strategy presented its final report at the end of 1992, which itself followed on from the National Housing Policy Review which reported in 1989 (Department of Community Services and Health (DCSH), 1989).

A related exercise has been a series of nationwide consultations carried out during 1992 by the Australian Council of Social Service (ACOSS) at the behest of the Commonwealth Government on the possible future structure of social housing management. Together, these two major initiatives have stimulated an unprecedented and wide ranging debate on the current and future role of social housing in Australia.

However, they have taken place against a background in which the existing structures of social housing provision through State Housing Authorities (SHAs) have been increasingly called into doubt. The criticisms of public housing in Australia are familiar and parallel a similar debate in the UK concerning the role and function of Local Authorities (LAs) in the direct provision of housing services. Australian SHAs have been accused of failing to offer tenants any control over their housing or choice in provision; a lack of locally responsive management or an effective linkage of housing and support services where needed; or recognition of the need for appropriate location and design. High needs groups have found it hard to enter the sector (ACOSS 1992a; McNelis, 1992a). While SHAs have been changing in response to these criticisms in recent years, the image of a poorly managed, inappropriate, inflexible and increasingly stigmatised housing sector has grown (Williams, 1992).

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1 This work was completed during a visiting fellowship at the Urban Research Program, Research School of Social Sciences, Australian National University and was supported by The Joseph Rowntree Foundation, York, UK.
Whether the criticisms of social housing could be met through a restructuring of SHA provision, rather than through the development of alternative structures of provision will not be pursued here (see Paris, 1992). However, it could be argued that the recent development of community housing has been part of the response by SHAs to the increasing recognition of the need for a more sensitive and flexible consumer oriented approach to the management of their own public housing stock. But there has been a fear on the part of public housing proponents that the shift towards community housing is simply part of an underlying strategy to reduce overall levels of expenditure on social housing. This has been stimulated by the on-off debate on the future of the Commonwealth-State Housing Agreement which is the principal housing policy framework within which social housing is funded and promoted by the Commonwealth Government. It has also been fuelled by the experience of New Zealand, the UK and elsewhere of the impact of housing policies introduced over the last decade or so by right-of-centre administrations. The changing nature of State political leadership only adds to this uncertainty.

The future of Australian social housing in general and community-based non-government social housing in particular is therefore open to speculation. It is in this context of uncertainty that the recent debate over what form social housing provision should take in the future and the problems it faces in best delivering a cost efficient and appropriate service, has taken place.

Towards a definition of social housing
Before proceeding, it is worth briefly reviewing the current debate on the definition of social housing in Australia. The term 'Social Housing' is relatively new to Australia and part of the debate on the development of the sector as a whole has centred on reaching a clear and agreed definition of what the term means.

The Australian Council of Social Services has offered a general definition of social housing: ‘Social housing is rental accommodation managed on a non-profit basis and provided or subsidised by government in order to meet social aims. It is provided primarily for low-income earners and other groups in special needs.’ (ACOSS, 1992b, Section 1).

The NHS (1992) reviews a range of definitions before proposing that the term 'social housing' should be used to describe the delivery of housing that normally does not have a profit element in it. The term encompasses public housing...and other housing, such as community or co-operative housing, where the dwelling is funded or subsidised by governments but managed by a non-government or local government organisation’ (NHS, 1992, p77).
Others have proposed more or less widely drawn definitions, with some emphasising preferred objectives (such as affordability, security, adequacy, choice, efficiency, appropriateness) or the current characteristics of the sector (Holloway, 1992; Victorian Department of Planning and Housing 1991; Paris, 1992; Van Leeuwen, 1991; The Ecumenical Housing Unit, 1991; McNelis, 1992). Generally these definitions incorporate a dual 'model' for the sector including both 'traditional' public rental, supplied by the eight State Housing Authorities (SHAs), and the more recently developed community housing sector. The latter comprises a diverse mix of co-operatives, rental housing associations and other non-government forms of rental housing provided on a non-profit basis and usually for low to middle income groups or those in particular housing need. It also encompasses the small local government housing sector. Community housing may be owned by a SHA and leased to or managed by a community agency or owned outright by the agency itself. There is usually a large capital subsidy provided via the States for acquisition and recurrent subsidies of some form (usually rent rebates) are also commonly paid.

Interestingly, these definitions tend to leave out special needs housing on the basis that as this often involves supported accommodation, then it more properly falls into the area of social services provision. Shared ownership also causes problems for some commentators on the grounds of the home ownership element.

However, the aim here is not to present a further definition of social housing or to offer any penetrating critique of those reviewed above. Rather, the point to note is that the debate on social housing in Australia has prompted fundamental questions over the nature of social housing provision. As ACOSS has pointed out: 'The term “social housing” is being used to draw attention to a view that we need a wider range of housing models if we are to find ways to increase the supply of appropriate, accessible and affordable housing' (ACOSS 1992a, p.1). This is also the line promoted by the National Housing Strategy in its original formulation of the need for policy innovation to stimulate change in the present system of housing provision (National Housing Strategy, 1991b).

Calls for the development of a community housing sector as a more flexible alternative to public rental housing are also set against the need for a much wider range of social housing than in the past. In particular, changes in demographic structure—smaller households, the growth of single parent families, more older people—and greater emphasis on provision for special needs groups, linked to de-institutionalisation of people in long-term care needing schemes with support services (often in partnership with the community/voluntary sector), together with the greater demand from a growing low income/benefit dependent population,
have all significantly changed the role of social housing in recent years. In effect, the demand for social housing in Australia has become much more volatile.

In this context, it is worth stressing that community housing has been as much a product of SHA initiatives as community or Federal government activity. Despite being posed as an 'alternative' to mainstream public housing, the community sector in Australia is largely sponsored by and funded through the SHAs. There is no direct equivalent to, for example, the UK model of housing associations and co-ops as centrally funded independent agencies.

Towards a definition of community housing
Given the debate surrounding what might or might not be social housing, recent attempts to define what community housing is have been equally as disparate.

Following the National Housing Policy Review (1989) we can define community housing as: ‘non-profit rental housing owned and/or managed by community groups and organisations whose main aim is providing housing, principally for people who are inadequately housed or homeless.’ (NHPR, 989, p.154). In addition, it is possible to add in the role of local government which plays a small but growing part of the provision of non-SHA social housing, often in partnership with community groups.

In contrast, the South Australian Office of Housing (SAOH) have proposed a tighter definition, characterising the sector in terms of two ‘streams’ (SAOH, 1991). Stream A comprises co-operative housing providing long-term, affordable, tenant managed, not-for-profit housing for a mix of low and higher income households. Stream B is described as not-for-profit housing managed by voluntary organisations, and typified as being small scale, specialist provision for special needs with an ability to attract additional resources. Both streams share basic characteristics of small scale, low income focus and relative autonomy.

The most important common elements of the SAOH definition of community housing include its non-profit nature, non-government management, protection of public investment from privatisation, but with the possibility of using private resources and partnership arrangements between government and community organisations.

The SAOH definition specifically excludes crisis and short-term accommodation, for example for homeless people, and more surprisingly, projects funded under the Commonwealth funded Local Government and Community Housing Program (see below) on the grounds that agencies funded under this program are too diverse. It also excludes community based housing for Aboriginal people and the elderly. This definition therefore leaves out significant parts of what in the UK would be included within the remit of community housing.
The Victorian Department of Planning and Housing (1991) has proposed a broader four-way typology of Australian non-public social housing as comprising:

- Local government housing associations—community housing agencies sponsored and funded through local government;
- Non-profit and community housing associations—dependent organisations, often under the auspices of local church or voluntary agencies and in Australia more related to special needs provision;
- Housing co-operatives—in effect housing associations self-managed by tenants;
- Equity share rental housing—co-operatives in which ownership is shared between tenants who also self-manage.

Again, the main point to be drawn from this brief review is that at present, the concept of what constitutes community housing is still being developed in Australia. It may be some years before this definitional issue is resolved. To a great extent, this will depend on how the funding programs are developed and the form the sector takes on the ground.

1.2 Funding for community housing in Australia

We turn now to a brief review of the development of funding for social housing in Australia and the position of community housing within this development, before moving on to look at the development of the community housing sector in greater depth.

The funding of social housing in Australia is essentially conducted through a two-tier system in which Federal (Commonwealth) funds are channelled into housing on the ground through the States and Territories who administer and allocate funds to specific programs. As a consequence, one of the key features of the social housing sector is the variability in implementation of housing policy initiatives as a result of the influence of individual States (Howe, 1988).

The main housing initiative at the national level is the Commonwealth-State Housing Agreement (CSHA) introduced in 1945 and periodically reviewed and amended. The current Agreement, which is now subject to renegotiation, was implemented in 1989 with funding levels agreed for the initial four years of the new Agreement. In 1991/92 Commonwealth CSHA allocations totalled $1050.8m distributed on a per capita basis between the States and Territories. Of this, $792.9m was in the form of unspecified grants to be paid into the State's Rental Capital Accounts to be used for a range of housing assistance purposes (including repaying earlier loan debt). Of the remainder, $257.8m was provided in the form of 'tied' grants for specifically defined housing programs on which the money has
to be spent. The balance was made up in unspecified program spending. For their part, States are required to make parallel contributions in the form of ‘matching’ funds for a proportion of the untied Commonwealth money. Overall spending on social rented housing has tended to slow down in recent years, especially in real terms. Real funds have fallen back by 16 per cent since the mid-1980s (Figure 1.1). However, the total social rented stock continues to grow, accounting for 360,000 units in 1991, some 5 - 6 per cent of total Australian stock, although it is unclear how far this figure includes stock developed under the various community managed programs.

To a great extent, the development of the community housing sector has been closely linked to tied grants introduced through the CSHA by the Commonwealth Government. There are currently five main tied programs: rental housing provision for pensioners; rental housing assistance for Aboriginals; mortgage and rent relief; crisis accommodation; and community housing. Table 1.1 sets out the levels of funding under each of these tied programs together with total Commonwealth funding for each State for 1991/92.

In addition, the Supported Accommodation Assistance Program, which is funded by the Department of Health, Housing and Community Services outside the CSHA framework to meet the recurrent costs and other support work in Crisis Accommodation Program funded projects, contributed $140.5m in 1990/91, of which $80.98 came from Commonwealth sources, the remainder being contributed by the States and Territories. (These and other relevant funding programs are reviewed in more detail in section 3.)

In theory, States have the ability to use up to 20% (25% in some cases) of the annual funds available to them for a range of housing assistance, including ‘to provide funds to such non-profit, charitable bodies, rental housing co-operatives, voluntary bodies, local government bodies and other housing management bodies or groups as are approved by the State Minister’ (Housing Assistance Act 1989, Schedule 1, 23 (2) (c)). Funds can also be used to allow leasing of housing and to provide rental subsidies generally to households unable to buy their own home. In 1990/91, the amount of cash allocated to 'funds for housing groups' under this heading amounted to $37m (Housing Assistance Act Annual Report, 1991).

This system gives the States considerable discretion to fund both the capital and, to a lesser extent, the recurrent costs of a wide range of community housing schemes, including the provision of rental rebates or assistance. However, no State has used more than a small proportion of available funds for these purposes. The bulk of the cash available is directed to development of new public housing and the repayment of earlier loan debt.

Note: Base year 1980 - 81
TABLE 1.1: 1991/92 COMMONWEALTH-STATE HOUSING AGREEMENT ALLOCATIONS ($'000)

<table>
<thead>
<tr>
<th>STATE</th>
<th>UNITED FUNDS</th>
<th>RENTAL ASSISTANCE</th>
<th>RENTAL ASSISTANCE ABORIGINALS</th>
<th>MORTGAGE AND RENT ASSISTANCE</th>
<th>CRISIS ACCOMM. PROGRAM</th>
<th>LOCAL GOV &amp; COMMUNITY HOUSING</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>258,913</td>
<td>18,520</td>
<td>17,777</td>
<td>18,231</td>
<td>13,511</td>
<td>8,314</td>
<td>335,266</td>
</tr>
<tr>
<td>VIC</td>
<td>196,797</td>
<td>10,882</td>
<td>3,638</td>
<td>13,703</td>
<td>10,156</td>
<td>6,250</td>
<td>241,426</td>
</tr>
<tr>
<td>QLD</td>
<td>121,681</td>
<td>9,644</td>
<td>25,227</td>
<td>9,139</td>
<td>6,772</td>
<td>4,168</td>
<td>176,631</td>
</tr>
<tr>
<td>WA</td>
<td>72,405</td>
<td>4,153</td>
<td>15,862</td>
<td>5,131</td>
<td>3,802</td>
<td>2,340</td>
<td>103,693</td>
</tr>
<tr>
<td>SA</td>
<td>69,977</td>
<td>3,849</td>
<td>8,342</td>
<td>4,502</td>
<td>3,337</td>
<td>2,053</td>
<td>92,060</td>
</tr>
<tr>
<td>TAS</td>
<td>30,760</td>
<td>1,179</td>
<td>696</td>
<td>1,426</td>
<td>1,057</td>
<td>650</td>
<td>35,768</td>
</tr>
<tr>
<td>ACT</td>
<td>15,681</td>
<td>523</td>
<td>0</td>
<td>889</td>
<td>655</td>
<td>403</td>
<td>18,151</td>
</tr>
<tr>
<td>NT</td>
<td>26,717</td>
<td>523</td>
<td>19,458</td>
<td>493</td>
<td>365</td>
<td>225</td>
<td>47,781</td>
</tr>
<tr>
<td>TOTAL</td>
<td>792,931</td>
<td>49,273</td>
<td>91,000</td>
<td>53,514</td>
<td>39,655</td>
<td>24,403</td>
<td>1,050,776</td>
</tr>
</tbody>
</table>

Source: Department of Health Housing and Community Services [unpublished data]

The history of funding for community housing per se starts in 1954 when the Aged and Disabled Persons Act first provided Federal Government funding to assist community groups to provide independent accommodation for older people and people with disabilities. This Act largely defined the characteristics of the sector in subsequent years, with an emphasis on elderly and special needs provision. It was over twenty years before the next major development. The 1978 CSHA gave discretionary powers to the States for the first time to use Federal funds for community housing. This made cash available to a wider range of community based initiatives, including the development of a co-operative sector.

The CSHA has therefore given States the capacity to fund community housing for some time. But until the specific tied grants were introduced, and, in particular, the Local Government and Community Housing Program in the 1984 CSHA, funding of non-public sector rental housing by the States was negligible. In general, the tied programs were introduced in an attempt to increase the input of local government and community based organisations in social housing provision. In this sense, the main impetus to promote community housing has come from the Commonwealth, despite the lead taken by some States during the 1970s. This pattern of Commonwealth sponsorship of community housing to stimulate greater
efforts by State Housing Authorities is now being repeated through the latest Community Housing Program.

The process is not one-way, however. In recent years, the States have proved themselves much more open to the development of alternatives to public rental housing, albeit largely on the back of CSHA funded tied programs. Moreover, the experience of the variety of initiatives in community housing, in which individual States have had considerable discretionary influence, is likely to be reflected in the form of community housing program now being considered by the Commonwealth Government. The recent development of community housing policy has been one whereby Federal led initiatives have been implemented by the States and the evaluations of these have fed back into the evolution of further Federal policy in a recursive and iterative manner. Nevertheless, at the present time community housing is still in its embryonic stages.

2. Community Housing in Australia
This section presents a more detailed review of the community housing sector in Australia. It begins with a description of the development of the sector, followed by an analysis of its characteristics, a detailed review of funding methods and a summary of current initiatives.

2.1 A brief history of community housing in Australia
Despite the small size of the community housing sector in Australia and its relatively recent expansion, there has been a long, if limited history of community and voluntary social housing provision. These include a number of early philanthropic housing initiatives, such as the Church of England's Glebe Estate in Sydney and the Melbourne Family Care Organisation's estate in Melbourne, and the later post-First World War development of several thousand homes from local voluntary subscription schemes to provide homes to returning servicemen and their families.

These developments were essentially limited in scope and impact, however. And while the 1945 CSHA did not exclude the possibility of States developing community based forms of social housing, the development of a community housing sector did not really begin to evolve until the 1970s.

During that decade, a number of small-scale co-operative and rental housing association initiatives were stimulated as a result of the dissatisfaction with existing State provision. In part, these developments were related to the short lived Australian Housing Corporation, introduced by the Labor Commonwealth Government in 1975 (Uren, 1975; Pugh 1976). Its main role was the management
of the long standing Defense Services Homes Scheme. However, it did have a wider remit in the provision of housing finance for lower income persons and direct provision of housing in the Federal Territories. It was also likely to have been used to sponsor the development of cost rent community housing. However, its potential was never realised as the Corporation was abolished by the incoming Liberal Party Government in 1976. A revamped Australian Housing Corporation could well form a model for the future delivery of community housing on a national basis, or at least play a role as a national coordinator, promoter, funder and regulator of a Commonwealth community housing program.

One of the more interesting features of the development of the community housing sector in Australia at this time was the promotion of the rental co-operative form of community housing as a preferred approach. The reason for this appears to be twofold. Firstly, there was little in the way of an existing community housing sector on which to build. Those that were active tended to concentrate on special needs and elderly provision.

Secondly was the influence of a small number of key sponsors of the co-operative ideal during the 1970s, including the Brotherhood of St Lawrence (a church based charitable foundation), National Shelter and a number of young academics. These initiatives owed much to an imported version of prevailing community based social and political movements active in other parts of the world, especially North America and Europe, in the late 1960s and early 1970s. Co-ops were actively promoted as an alternative to traditional public and private housing tenures.

For example, the then newly created National Shelter in 1975 strongly supported co-ops as a preferred alternative tenure form, drawing on overseas inspiration. The Australian Housing Corporation was promoted by Shelter as the suitable funding vehicle for an expansion of the sector, using government subsidised loans as well as private funding, albeit underwritten by government guarantees.

In the same year, a periodical produced by the then Commonwealth Department of Housing and Construction, rather confusingly called 'Shelter', devoted one issue to the role of co-operatives as the 'Third Sector'. (A similar term, the 'Third Arm', used to be applied to community housing in the UK.) It was clear that those involved in promoting the co-op concept had access to the central government policy process.

The co-op model adopted in Australia reflected the community activist roots of many of those active in its promotion. It was developed largely in response to both private and public redevelopment of inner city rental neighbourhoods at the time.
As such, it was seen as a replacement for the private rental sector and as an important antidote to area clearances as the answer to the problems of run down inner cities and had much in common with the inner city based co-op and housing association sector which developed in the UK after the 1974 Housing Act.

A vigorous co-op lobby developed around a Shelter - Brotherhood of St Lawrence axis which contributed to a number of pilot projects being set up, mainly in Melbourne and Sydney. This activity finally bore fruit in 1977 in what has been claimed to have been the first rental co-operative in Australia - the Fitzroy-Collingwood Rental Housing Association in Melbourne (Carter, 1988, Burke 1988, also Dalton, 1975). Despite its name, the Fitzroy-Collingwood Rental Housing Association was a tenant managed co-operative, using spot purchased property leased from the Victorian Housing Commission. Evaluation of this scheme led to the development of more co-ops in the early 1980s in Victoria.

This co-op lobby maintained influence on the course of community housing policy throughout the early 1980s. National Shelter again called for a nationally funded system to develop rental co-ops as part of their submission for the 1984 CSHA renegotiations (National Shelter 1984).

Together, the promotion of co-operatives and other related developments in the funding and promotion of alternative forms of social housing provision through the community sector resulted in a small, but growing number of non-government social rental projects through the late 1970s and into the 1980s. Victoria and South Australia and New South Wales were initial leaders in this. The provision in the 1978 CSHA to allow States to use Federal funds for community housing acted as a stimulant to this activity.

Thus, through a combination of both community pressure as a reaction against slum clearance programs and gentrification together with a recognition that demographic changes were changing the demand for social housing, there was a growing realisation that traditional public housing was becoming less appropriate for many low income households. The development of a community housing sector as a distinctive arm of social housing now looked distinctly feasible.

The outcome of these pressures led to the Labor Party making a commitment to a $50m, three year Community Housing Expansion Program (CHEP) in its pre-1983 election housing platform (Burke, 1988). This would be used to establish community housing trusts to develop low-cost rental housing using private sector funds. A separate Local Government Housing Assistance Program was also proposed.
In the event, the new Labor administration introduced a combined Local Government and Community Housing Program (LGCHP) in the new 1984 CSHA. This was a new tied program to direct funds into the local government and community housing sector via the States. Some $7m was committed in the first year and $10m a year thereafter. Victoria received a quarter of the total alone. In the event, as Dalton points out, LGCHP represented a less focussed program than the CHEP proposal, with individual States given considerable discretion to decide how the program would be implemented on the ground (see Dalton, 1988, for a discussion of how LGCHP was implemented in Victoria).

Broadly, the program aimed to encourage local government and community participation in social housing provision, to encourage tenant involvement, to respond to new/overlooked housing needs and to attract additional resources and funds into social housing provision. LGCHP underwent a major review in 1988/89 (Purdon Associates/National Shelter, 1989) but remained essentially a capital funding program although participating groups were encouraged to contribute resources in the form of land, capital, resourcing costs or management. The 1989 Review found that in the first three years of the program, $7.6m of additional funding was provided by community groups, representing approximately 20 per cent of total project costs. This excluded the unquantified contribution of time and other voluntary resources provided by these groups to establish the individual projects. In addition, some funds are used to fund resource workers and project development work in the field. This has given considerable help to the development of a small but important resourcing infrastructure for the sector.

The LGCHP initiative has been used for a wide variety of community housing, ranging from co-ops to special needs housing associations and local government initiated joint ventures with community groups. As such, it represents the most developed community housing program in Australia and also marks a deliberate move to involve local level actors in direct housing provision, breaking down the traditional State dominated forms of social housing provision. More detail on the LGCHP program is given in section 2.4 below.

At the present time, the current system of Commonwealth funded and coordinated tied programs under the CSHA holds the key to the development of community housing. But as Kendig and Paris have remarked: ‘The Australian federal system provides many opportunities for innovation but it has few mechanisms for diffusing them through the nation’ (1989, p.95). Given the difficulty for the Federal Government in influencing how the untied component of the CSHA is spent, then tied programs like LGCHP offer the main mechanism by
which a community housing sector can be encouraged at the national level. However, it would also be true to say that, to date, the amount of funding support has been limited, imposing an effective break on the development of the sector. The doubling of funding for community housing through the new Community Housing Program announced in the August 1992 Budget Statement represents a significant boost for the sector (see below).

Despite this, there have been recent calls to abolish some of the tied programs and replace them with a system of broad program guidelines within a renegotiated and ‘untied’ CSHA (Special Premiers Conference, 1991). The longer term funding basis of community housing in Australia is therefore far from secure at the present time.

2.2 Models of community housing in Australia
So exactly what does the community housing sector in Australia comprise? Systematic information on the sector as a whole is remarkably difficult to obtain, although there have been a number of recent attempts to summarise and quantify the extent of community housing provision. The analysis presented in this section draws heavily on summary information contained in reports by the South Australian Office of Housing (1991) and the Victorian Department of Planning and Housing (1991).

There are three basic community housing models, summarised in Table 2.1, currently in operation in Australia:

**Joint ventures**
These types of scheme are characterised by a mix of SHA, local government and community group involvement. In many ways, these are similar to the UK housing association model in terms of management structure and general objectives. Typically the community/local government input is via land and often reflects between 20-30% of capital cost. Remainder of capital costs are met through state government grants. Rents tend to be set to cover recurrent costs and tenants may have access to rent assistance.

This form of provision has the advantage of reflecting locally determined needs and has tended to concentrate on housing for elderly people. Typically, projects are managed through a management committee although some of the community agencies and local government partners provide staff input, while some are State managed. Tenants usually have to be eligible for public housing.

Joint ventures also include schemes leasing dwellings from private sector and government organisations. Property acquisition includes both spot
purchasing as well as new build. The main advantage of this form of
provision is the level of community resources that it brings into the sector.
However, administrative and support costs can be high.

**Rental Housing Co-ops**

These can be either fully public funded or involve a mixture of private and
public funds. Again, rents aim to cover recurrent costs. In most States rental
assistance and/or rebates are available. Rents are usually set within public
rental guidelines (typically taking 20-27% of income).

The co-op sector has tended to be State driven as programs need seeding
and support which are funded through grants. They are only well established
in two States, Victoria and South Australia, although the sector is expanding
elsewhere, especially in Queensland, West Australia and New South Wales.
There are a range of equity forms: some are entirely co-op owned, some
owned by State and leased by the co-op, some are owned by a financing body
and leased.

Co-ops are being promoted vigorously in a number of States. The
perceived benefits of the sector, apart from tenant participation and
flexibility of provision, lie in the supposed financial efficiencies to be gained
through low management and maintenance costs, as these are largely met
through voluntary tenant effort. In addition, some models use mixed funding
with indexed repayment costs to be met by predicted improvements in tenants
incomes over time.

**Rental Housing Associations**

This is a very heterogeneous sub-sector. There are two main types. The first
involves community and/or local authority input (often through buildings or
land) and is targeted more on supported accommodation for special needs
provision, such as elderly people, people with learning difficulties and those
with physical handicaps, as well as schemes providing crisis accommodation
for homeless people and women escaping domestic violence. They are often
Church or voluntary organisation based. There have been a limited number
of experiments along the UK housing association general needs model.
Properties may be owned by the association or are often leased from the SHA.

The second type includes the State funded Community Tenancy Schemes
which operate in New South Wales and South Australia in which property is
leased from private or public sectors. CTSs provide general needs
accommodation for low income households who would be eligible for public
housing. In some cases tenants are eligible for rent rebates comparable to
public tenants or rental assistance for private tenants. Funds are provided from State and Commonwealth programs.

2.3 The diversity of community housing provision
Within these three broad groups of community housing, there is a large variety of specific models and formats. A number of reviews of community housing initiatives in Australia have recently been completed which have attempted to make sense of the sector as it currently stands (National Housing Policy Review, 1989; South Australian Office of Housing, 1991; Victorian Housing and Residential Development Plan, 1991; Edwards, 1992b). However, accurate and comprehensive information on the size and nature of the community housing sector in Australia is notable by its absence.

Table 2.2, prepared by the South Australian Office of Housing (SAOH), presents one of the few systematic attempts to quantify the main co-operative and community housing programs as of mid-1990. From this it can be seen that all the States now have some form of community housing program. But the range of sub-programs is considerable. In all, the table identifies 20 separate programs. ‘Other’ community housing programs account for the largest proportion of units recorded, but planned expansion of these types of scheme was limited. In contrast, the co-operative sub-sector accounted for the smallest number of existing units but had the largest planned expansion.

The total of units covered in programs included in the table is a little over 12,000, including planned growth in 1990/91. These units were being provided by an estimated 1073 groups, at an average of 11.3 units. In addition, approximately 800 other units were identified in other projects by the SAOH report but not included in this summary table. In all, planned growth in 1990/91 represented an additional 14 per cent in terms of units, a rapid rate of expansion.

Table 2.3 summarises the data in Table 2.2 by State and Territory, and illustrates clearly the very disparate range of community housing provision at the sub-national level. From this it can be seen that the sector is dominated by three States—South Australia (32 per cent of units), New South Wales (28 per cent) and Victoria (25 per cent). More significantly, Victoria alone accounted for almost half (49 per cent) of all planned expansion in 1990/91, reflecting the strong support for the community housing sector in this State at the time. However, the election in late-1992 of a free market orientated Liberal/National Party Government in Victoria may result in a lower level of support for the sector here. In contrast, planned growth in New South Wales was zero, despite the large number of existing units, a reflection of the antipathy towards community housing
<table>
<thead>
<tr>
<th>MODEL</th>
<th>CO-OPERATIVES</th>
<th>JOINT VENTURES</th>
<th>COMMUNITY TENANCY SCHEMES/HOUSING ASSOCIATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOUND IN</td>
<td>• Queensland</td>
<td>• Victoria</td>
<td>• New South Wales</td>
</tr>
<tr>
<td></td>
<td>• New South Wales</td>
<td>• South Australia</td>
<td>• Victoria</td>
</tr>
<tr>
<td></td>
<td>• Victoria</td>
<td>• Western Australia</td>
<td>• South Australia</td>
</tr>
<tr>
<td></td>
<td>• South Australia</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Western Australia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KEY PRINCIPLES</td>
<td>Tenant Management</td>
<td>• Mix of public and private monies to provide low cost rental accommodation to households in need.</td>
<td>• Community based management of rental housing stock.</td>
</tr>
<tr>
<td></td>
<td>• Small Localised</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROGRAM FEATURES</td>
<td>• High level of tenant satisfaction</td>
<td>• Draws in private money into low income rental housing sector.</td>
<td>• Involves and exposes community to housing issues</td>
</tr>
<tr>
<td></td>
<td>• Cost comparable with public housing</td>
<td>• Involves and exposes community and housing issues</td>
<td>• Identifies and responds to areas of need not necessarily picked up through public housing.</td>
</tr>
<tr>
<td></td>
<td>• Provides skill development opportunities for tenants with associated personal and social benefits</td>
<td>• Resource of community sector to provide housing management roles.</td>
<td></td>
</tr>
<tr>
<td>CURRENT ISSUES</td>
<td>• Enshrining tenant management principles throughout all program structures.</td>
<td>• Establishment of more flexible and attractive arrangements.</td>
<td>• Linkage with public housing tenant participation programs.</td>
</tr>
<tr>
<td></td>
<td>• Appropriate and sustainable legal and financial base.</td>
<td>• Establishment of service quality principles and processes.</td>
<td>• Establishment of service quality principles and processes.</td>
</tr>
</tbody>
</table>

by the current State Government. These examples illustrate the crucial role played by State governments in promoting or hindering the expansion of the sector.

But as argued below, the data in Table 2.1 certainly underestimate the amount of housing produced and/or managed by community based housing groups in Australia. In particular, these data exclude community managed housing run by Aboriginal people and much of the crisis accommodation sector.

Moreover, the summary data presented in Table 2.2 hide the much greater variety of community housing provision within each State. A typical example of the complexity of community housing provision at the State level is illustrated by Figure 2.1, taken from Edwards (1992b). It shows the administrative organisation of community housing in Queensland (note that it excludes co-operative housing for Aboriginal people, a significant sector in this State). Funding for all the five programs in the sector comes via the State Housing Authority (the Queensland Department of Housing and Local Government). Of note in this structure is the lack of horizontal linkages between the various programs and the lack of ‘peak’ bodies for four of the programs. Only the co-ops program has a peak body (the Community Housing Coalition) which acts as a coordinating resource and support body for projects in the program. Although not shown on the diagram, funding for the Community Housing Coalition itself comes from the Department. In addition, a State Advisory Committee, comprised of States, Commonwealth and community representatives, controls the Local Government and Community Housing Program (LGCHP). There is also a similar State Advisory Committee for the crisis accommodation program.

The complexity of the programs which this organisational structure supports is illustrated in Table 2.4, which identifies nine different forms (models) of provision in Queensland. Table 2.5 shows an equally complex capital funding structure, including funding for short-term housing and resourcing agencies (Edwards, 1992a). The total capital funding in the State amounted to $101m between 1984/85 and 1991/92, a not insignificant amount. This total includes both Commonwealth tied funding and State funded initiatives. Of the total, almost half came from State funded initiatives, a third from Commonwealth funds and just over a quarter from joint Commonwealth and State matched funding.

Note that the numbers of units in this detailed estimate are double the numbers for Queensland shown in Table 2.2, confirming a significant degree of undercounting in the SAOH estimates of the sector nationally. Table 2.5 also excludes revenue funding support for crisis accommodation programs. Total funding for community housing in Queensland is therefore higher than these figures suggest.
### TABLE 2.2 SUMMARY OF CO-OPERATIVE AND COMMUNITY HOUSING PROGRAMS AS AT 30/6/90

#### CO-OPERATIVE HOUSING PROGRAMS

<table>
<thead>
<tr>
<th>STATE</th>
<th>PROGRAM</th>
<th>CO-OPS</th>
<th>TOTAL</th>
<th>DWELLINGS</th>
<th>ESTIMATED GROWTH 90/91</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>METRO</td>
<td>OTHER</td>
<td></td>
</tr>
<tr>
<td>SA</td>
<td>CO-OPS</td>
<td>32</td>
<td>625</td>
<td>554</td>
<td>71</td>
</tr>
<tr>
<td>VIC</td>
<td>REHC</td>
<td>21</td>
<td>663</td>
<td>564</td>
<td>99</td>
</tr>
<tr>
<td>VIC</td>
<td>CERC</td>
<td>62</td>
<td>302</td>
<td>181</td>
<td>121</td>
</tr>
<tr>
<td>QLD</td>
<td>CO-OPS</td>
<td>17</td>
<td>87</td>
<td>65</td>
<td>22</td>
</tr>
<tr>
<td>WA</td>
<td>CO-OPS</td>
<td>4</td>
<td>21</td>
<td>20</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>136</td>
<td>1698</td>
<td>1384</td>
<td>314</td>
</tr>
</tbody>
</table>

#### JOINT VENTURES

<table>
<thead>
<tr>
<th>STATE</th>
<th>PROGRAM</th>
<th>GROUPS</th>
<th>TOTAL</th>
<th>DWELLINGS</th>
<th>ESTIMATED GROWTH 90/91</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>METRO</td>
<td>OTHER</td>
<td></td>
</tr>
<tr>
<td>SA</td>
<td>JV</td>
<td>165</td>
<td>1676</td>
<td>764</td>
<td>912</td>
</tr>
<tr>
<td>VIC</td>
<td>PP</td>
<td>16</td>
<td>159</td>
<td>113</td>
<td>46</td>
</tr>
<tr>
<td>QLD</td>
<td>HAAS</td>
<td>185</td>
<td>716</td>
<td>148</td>
<td>566</td>
</tr>
<tr>
<td>WA</td>
<td>JV</td>
<td>55</td>
<td>652</td>
<td>453</td>
<td>199</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>421</td>
<td>3203</td>
<td>1478</td>
<td>1725</td>
</tr>
</tbody>
</table>

*Key:* RHC - Rental Housing co-operative; CERC - Common Equity Rental Co-operatives; JV - Joint Ventures; PP - Project Partnership; HAAS - Housing Accommodation Assistance program.

#### OTHER COMMUNITY HOUSING PROGRAMS

<table>
<thead>
<tr>
<th>STATE</th>
<th>PROGRAM</th>
<th>GROUPS</th>
<th>TOTAL</th>
<th>ESTIMATED GROWTH 90/91</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>METRO</td>
<td>OTHER</td>
</tr>
<tr>
<td>SA</td>
<td>CHA</td>
<td>19</td>
<td>533</td>
<td>505</td>
</tr>
<tr>
<td>SA</td>
<td>CTS</td>
<td>124</td>
<td>539</td>
<td>443</td>
</tr>
<tr>
<td>WA</td>
<td>CRTP</td>
<td>18</td>
<td>23</td>
<td>18</td>
</tr>
<tr>
<td>WA</td>
<td>CFAP</td>
<td>16</td>
<td>16</td>
<td>3</td>
</tr>
<tr>
<td>VIC</td>
<td>RHP</td>
<td>72</td>
<td>1253</td>
<td>1151</td>
</tr>
<tr>
<td>VIC</td>
<td>YHP</td>
<td>88</td>
<td>167</td>
<td>89</td>
</tr>
<tr>
<td>VIC</td>
<td>GHP</td>
<td>76</td>
<td>123</td>
<td>72</td>
</tr>
<tr>
<td>ACT</td>
<td>CORHAP</td>
<td>40</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>NT</td>
<td>CTS</td>
<td>1</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>TAS</td>
<td>CTS</td>
<td>?</td>
<td>87</td>
<td>44</td>
</tr>
<tr>
<td>NSW</td>
<td>CTS</td>
<td>62</td>
<td>2955</td>
<td>1503</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>516+</td>
<td>5801</td>
<td>3933</td>
</tr>
</tbody>
</table>

*Key:* CHA - Community Housing Association; CTS - Community Tenancy Scheme; CRTP - Community Residential Tenancies Program; CFAP - Community Facilities Accommodation Program; RHP - Rooming Housing Program; YHP - Youth Housing Program; GHP - Group Housing Program; CORHAP - Community Organisations Rental Housing Assistance Program.

TABLE 2.3: COMMUNITY HOUSING BY STATE AND TERRITORY, MID-1990

<table>
<thead>
<tr>
<th>State</th>
<th>Groups</th>
<th>Units/beds</th>
<th>Output 90/91</th>
</tr>
</thead>
<tbody>
<tr>
<td>SA</td>
<td>340</td>
<td>3373</td>
<td>399</td>
</tr>
<tr>
<td>NSW</td>
<td>62</td>
<td>2955</td>
<td>0</td>
</tr>
<tr>
<td>VIC</td>
<td>335</td>
<td>2667</td>
<td>723</td>
</tr>
<tr>
<td>QLD</td>
<td>202</td>
<td>803</td>
<td>155</td>
</tr>
<tr>
<td>WA</td>
<td>93</td>
<td>712</td>
<td>184</td>
</tr>
<tr>
<td>ACT</td>
<td>40</td>
<td>100</td>
<td>8</td>
</tr>
<tr>
<td>TAS</td>
<td>N/A</td>
<td>87</td>
<td>0</td>
</tr>
<tr>
<td>NT</td>
<td>1</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>1073</td>
<td>10702</td>
<td>1469</td>
</tr>
</tbody>
</table>

Source: Derived from Table 2.2

Queensland is far from unique in this degree of complexity. Figure 2.2 and Tables 2.6 and 2.7 represents three recent attempts to summarise the situation in Victoria (Edwards, 1992b; McNelis, 1992a; Victorian Department of Planning and Housing 1991). Note that here also, the estimates of the size of the sector in Victoria by McNelis and The Victorian Department of Planning and Housing exceed that of the SAOH by 61 per cent and 26 per cent respectively, again confirming a significant degree of undercounting in the latter's report.

The main feature to emerge from this brief review is the organisational and funding complexity and small scale of the community housing sector in Australia. This fragmentation is a key characteristic and is perhaps the biggest barrier to the effective expansion of the sector. However, it also is one of its strengths, in that the diversity of forms of provision on the ground provides a number of models from which the sector could develop to offer a wide range of housing opportunities, thereby breaking down the current monolithic image of social renting.
FIGURE 2.1 COMMUNITY HOUSING IN QUEENSLAND — ADMINISTRATION DIAGRAM

State Advisory Committee

Queensland Department of Housing & Local Government

Minister

Funding

Co-ops Program
L.G.C.H.P
C.R.S
H.R.S
Crisis Accommodation Cap
"L" Scheme

Community Housing Co-alition

Co-ops
Local Govt or Community Management
Community Management
Community Management
Community Management

Tenants
Tenants
Tenants
Tenants
Tenants

Source: Edwards 1992b
Table 2.4 Community Housing Programs, Queensland, 1992

<table>
<thead>
<tr>
<th>Name of Model</th>
<th>Initiator</th>
<th>Land Provider</th>
<th>Owner of Dwellings</th>
<th>Manager Dwellings</th>
<th>Examples</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Acquisition Co-op</td>
<td>Community</td>
<td>Community</td>
<td>Community</td>
<td>Community</td>
<td>Cairns, Spring Hill, New Farm</td>
<td>The most common co-op in Queensland</td>
</tr>
<tr>
<td>2. Design &amp; Build co-op</td>
<td>Local Govt or Community</td>
<td>Local Govt</td>
<td>Community/Local Govt. Caveat</td>
<td>Community</td>
<td>S.H.A.L.O.M Kate Street</td>
<td>Can be a combination of 1 &amp; 2</td>
</tr>
<tr>
<td>3. Local Govt Project</td>
<td>Local Govt</td>
<td>Local Govt</td>
<td>Local Govt</td>
<td>Local Govt/Community</td>
<td>Mackay City Council- Macarthur Street Mulgrave Shire - Yorkey's Knob</td>
<td>Community involvement in management to a greater or lesser degree at point of service delivery.</td>
</tr>
<tr>
<td>4. Local Govt Joint Venture</td>
<td>Community/Local Govt</td>
<td>Local Govt</td>
<td>Local Govt</td>
<td>Community</td>
<td>- Bendemere and District</td>
<td>Community involved in design and development.</td>
</tr>
<tr>
<td>5. Community Group Sponsored by Local Govt</td>
<td>Local Govt</td>
<td>Local Govt</td>
<td>Local Govt</td>
<td>Community</td>
<td>- Tablelands H.A.</td>
<td>Local group not incorporated so L.G. sponsor. Transition Model</td>
</tr>
<tr>
<td>6. Independent Community Group</td>
<td>Community</td>
<td>Community</td>
<td>Community</td>
<td>Community</td>
<td>Ipswich Youth</td>
<td>Similar autonomy to co-ops. Mainly for special needs groups.</td>
</tr>
<tr>
<td>7. Church/Charity</td>
<td>Church</td>
<td>Church</td>
<td>Church</td>
<td>Church/Community</td>
<td>Blue Nurses - Booval</td>
<td>'Definition' of Community is more narrowly drawn</td>
</tr>
<tr>
<td>8. Joint Venture with Housing Dept</td>
<td>Housing Dept</td>
<td>Land Owner eg. Church</td>
<td>Church</td>
<td>Housing Dept/Community</td>
<td>Proposed Brisbane Project</td>
<td></td>
</tr>
<tr>
<td>9. Rental Association</td>
<td>Community or Local Govt</td>
<td>Any</td>
<td>Community</td>
<td>Community</td>
<td>None as yet but Tablelands and Boulder Court are similar.</td>
<td>General needs housing. Needs further development.</td>
</tr>
</tbody>
</table>

Source: Edwards 1992a
### TABLE 2.5 FUNDING PROGRAMS FOR COMMUNITY HOUSING, QUEENSLAND 1992

#### Capital Funding - Long Term Housing

<table>
<thead>
<tr>
<th>Program</th>
<th>Number of Years</th>
<th>Totals</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>LGCHP *</td>
<td>1984/85 - 1990/91</td>
<td>13,247,529.64</td>
<td>370</td>
</tr>
<tr>
<td>ICHP</td>
<td>1990 - 1991</td>
<td>89,127,500.00</td>
<td>71</td>
</tr>
<tr>
<td>HAAS/CHP * *</td>
<td>1988/89 - 1990/91</td>
<td>38,080,792.00</td>
<td>740</td>
</tr>
<tr>
<td>Sub Total</td>
<td></td>
<td>59,455,608.64</td>
<td>1181</td>
</tr>
</tbody>
</table>

#### Capital Funding - Short Term Housing

<table>
<thead>
<tr>
<th>Program</th>
<th>Number of Years</th>
<th>Totals</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAP</td>
<td>1984/85 - 1990/91</td>
<td>20,909,140.03</td>
<td>216</td>
</tr>
<tr>
<td>EHP</td>
<td>1984/85 - 1990/91</td>
<td>16,906,365.19</td>
<td>229</td>
</tr>
<tr>
<td>Sub Total</td>
<td></td>
<td>37,815,505.19</td>
<td>445</td>
</tr>
</tbody>
</table>

#### Resourcing Funding

<table>
<thead>
<tr>
<th>Program</th>
<th>Number of Years</th>
<th>Totals</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRW</td>
<td>1989/90 - 1990/91</td>
<td>2,600,000.00</td>
<td>0</td>
</tr>
<tr>
<td>HRS</td>
<td>1991/92</td>
<td>1,941,303.90</td>
<td>0</td>
</tr>
<tr>
<td>CRS</td>
<td>1991/92</td>
<td>1,096,400.00</td>
<td>0</td>
</tr>
<tr>
<td>OTHER</td>
<td>1989 - 1991</td>
<td>166,000.00</td>
<td>0</td>
</tr>
<tr>
<td>('L' SCHEME ****)</td>
<td>1984/85 - 1990/91</td>
<td>1,817,187.21</td>
<td>436</td>
</tr>
<tr>
<td>Sub Total</td>
<td></td>
<td>2,766,000.00</td>
<td>0</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td></td>
<td>101,854,901.07</td>
<td>1,626</td>
</tr>
</tbody>
</table>

Key: LGCHP - Local Government and Community Housing Program (Commonwealth funded); ICHP - Interim Co-operative Housing Program (State funded); HAAS - Housing Advice and assistance program (State funded); CHP - Community Housing Partnership Program (state funded); CAP - Crisis Accommodation Program (Commonwealth funded); 'L' Scheme - Leased properties, rent assistance only, not purchase (MRAP joint State and Commonwealth funding); EHP - Emergency Houses Program (MRAP joint State and Commonwealth funding); HRW - Housing Referral workers (MRAP joint State and Commonwealth funding); HRS - Housing Resource workers (State funded via Rental Bond Authority); CRS - Community Rent Scheme (MRAP joint State and Commonwealth funding).

Source: Edwards 1992a

Notes: * This includes Co-op funding pre 1990/91 and some non-capital grants.
*** This includes HAAS 1988 - 1990/91 and CHP
**** Figures not available at time of writing.
FIGURE 2.2 COMMUNITY HOUSING IN VICTORIA — ADMINISTRATION DIAGRAM

Source: Edwards 1992b
## TABLE 2.6: PUBLIC AND COMMUNITY HOUSING IN VICTORIA NOW

<table>
<thead>
<tr>
<th>Public Ownership and Management</th>
<th>Public Ownership and Community Management</th>
<th>Community Ownership and Public Management</th>
<th>Community Ownership and Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Housing Authority</td>
<td>Local Government</td>
<td>Short-medium term linked to support services</td>
<td>Long term Housing</td>
</tr>
<tr>
<td>• public housing</td>
<td>• Local Govt. &amp; Community Housing Program</td>
<td>• Rental housing cooperatives (leasing co-ops)</td>
<td>• Rental housing co-operatives (leasing co-ops)</td>
</tr>
<tr>
<td>• Project Partnership</td>
<td>• Group Housing</td>
<td>• Crisis accommodation (refuges)</td>
<td>• Project Partnership</td>
</tr>
<tr>
<td>• Older Person Housing</td>
<td></td>
<td>• Aboriginal Housing</td>
<td>• Common Equity Rental Co-operatives (CERCs)</td>
</tr>
<tr>
<td>Number of dwellings by zones</td>
<td>Number of dwellings and participating Councils</td>
<td>Number of dwellings and housing groups</td>
<td>Number of Dwellings</td>
</tr>
<tr>
<td>UW = 10,300</td>
<td>LG = 242 dwellings 52 Councils</td>
<td>YH = 25 dwellings 77 groups</td>
<td>PP = 50 ?</td>
</tr>
<tr>
<td>Un = 12,200</td>
<td></td>
<td>GH = 170 dwellings 85 groups</td>
<td>CERC = 800 dwellings</td>
</tr>
<tr>
<td>UE = 9,700</td>
<td></td>
<td>EH = 180 dwellings</td>
<td>PP = 270 dwellings</td>
</tr>
<tr>
<td>W = 8,100</td>
<td></td>
<td>CA = 170 dwellings</td>
<td></td>
</tr>
<tr>
<td>N = 8,300</td>
<td></td>
<td>Total dwellings = 770</td>
<td>Total = 50 ?</td>
</tr>
<tr>
<td>E = 9,600</td>
<td></td>
<td>Total = 2450</td>
<td>Total = 1070</td>
</tr>
<tr>
<td>Total = 58,200</td>
<td></td>
<td></td>
<td>Total = 1070</td>
</tr>
</tbody>
</table>

**TOTAL COMMUNITY SECTOR MANAGED: 4,300 (APPROX.)**

**Source:** McNelis 1992
TABLE 2.7 VICTORIA, COMMUNITY MANAGED HOUSING PROGRAMS: 1992

<table>
<thead>
<tr>
<th>Program</th>
<th>Number of Services</th>
<th>Number of Staff</th>
<th>Number of Dwellings</th>
<th>Number of Service Users</th>
<th>Annual Operations Expenditure (90/91) $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAAP - Youth</td>
<td>100</td>
<td>200</td>
<td>(1)</td>
<td>1600 p.a.</td>
<td>8.8</td>
</tr>
<tr>
<td>SAAP - Domestic Violence</td>
<td>43</td>
<td>220</td>
<td>(1)</td>
<td>1760 p.a.</td>
<td>7.3</td>
</tr>
<tr>
<td>SAAP - Cross Target</td>
<td>67</td>
<td>120</td>
<td>(1)</td>
<td>960 p.a.</td>
<td>8.7</td>
</tr>
<tr>
<td>CAP - Supported</td>
<td>60</td>
<td>(2)</td>
<td>86</td>
<td>n/a</td>
<td>Combined with Unsupported: Total of 10.2</td>
</tr>
<tr>
<td>CAP - Unsupported</td>
<td>69</td>
<td>(3)</td>
<td>155(4)</td>
<td>1263 p.a.</td>
<td></td>
</tr>
<tr>
<td>EH/HISP</td>
<td>81</td>
<td>58</td>
<td>(5)</td>
<td>66595 p.a.</td>
<td>2.9</td>
</tr>
<tr>
<td>HEF</td>
<td>154(6)</td>
<td>0</td>
<td>0</td>
<td>4396 p.a.</td>
<td>1</td>
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<tr>
<td>Youth Housing Program</td>
<td>85</td>
<td>0</td>
<td>167</td>
<td>464 (beds)</td>
<td>2.2</td>
</tr>
<tr>
<td>Group Housing Program</td>
<td>76</td>
<td>0</td>
<td>111</td>
<td>318 (beds)</td>
<td>n/a</td>
</tr>
<tr>
<td>Rooming House Program</td>
<td>22</td>
<td>25</td>
<td>72</td>
<td>1253 (beds)</td>
<td>12.1</td>
</tr>
<tr>
<td>Rental Housing Groups</td>
<td>20</td>
<td>20</td>
<td>663</td>
<td>663</td>
<td>3.9</td>
</tr>
<tr>
<td>Common Equity Groups</td>
<td>40</td>
<td>21</td>
<td>500</td>
<td>n/a</td>
<td>18.9</td>
</tr>
<tr>
<td>Local Govt. &amp; Community Housing</td>
<td>50</td>
<td>2</td>
<td>390</td>
<td>n/a</td>
<td>3</td>
</tr>
<tr>
<td>Project Partnership</td>
<td>19</td>
<td>0</td>
<td>169</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Aboriginal Housing</td>
<td>n/a</td>
<td>3</td>
<td>1043</td>
<td>n/a</td>
<td>5.1</td>
</tr>
</tbody>
</table>

Source: Department of Planning and Housing, Victoria [unpublished data]

Notes:
1) Some SAAP services manage housing but its provided through the CAP (Supported) Program
   The 86 dwellings referred to under CAP does not include the many rented properties or properties owned by auspice agency
2) Properties managed under this category employ staff under SAAP
3) Some agencies under this category employ staff under EH/HISP
4) This figure includes 42 dwellings owned by the management groups
5) Dwellings managed under this program are provided by CAP (unsupported)
6) HEF funds are provided to services funded under SAAp or EH/HISP

2.4 Public funding for community housing
One of the main reasons for the considerable fragmentation of community housing sector is the program-specific nature of the funding system. Annex 1 presents a summary of the main characteristics of the Commonwealth funded programs on a State-by-State basis in mid-1991.
But while there are only a limited number of Commonwealth funded programs, the broad guidelines by which they are implemented by individual States give considerable discretion in terms of the specific housing sub-programs that are sponsored and supported at State level. Thus the federal structure in which these broad programs have been implemented results in considerable variety in the forms of community housing provision on the ground. The remainder of this section reviews the main Commonwealth programs that fund the community housing sector at present, in more detail.

**Local Government and Community Housing Program (LGCHP) - replaced by the Community Housing Program in 1992/93**

Since its introduction in 1984, LGCHP has been the main focus for the development of the community housing sector. The program funds scheme development costs via capital grants and also provides resources for some support infrastructure, particularly resource workers in the field. The initial program was reviewed after three years (Purdon Associates, 1989) and a number of guideline changes were incorporated into the 1989 CSHA.

By June 1991 some 2206 dwellings had been approved under the program. A total of $129.6m had been committed between 1984/85 and 1991/92. Current annual Commonwealth funds stood at $24.4m for 1991/92 and output at around 400 units. At the time of writing no national data exist on the numbers of projects funded or groups involved, although a survey to collect this basic data is currently in the field. The approximate average cost per dwelling was estimated to be $60,000 in 1992 (DHHCS data). Table 2.8 summarises LGCHP funding between the States and Territories since 1984/85. As the program is allocated on a per capita basis, the bulk of funding has gone to the two most populous States, New South Wales and Victoria. Queensland has also received substantial funding.

In 1990/91 this program totalled $24.6 and produced 692 dwellings in 133 projects. The main groups of projects supported included co-ops (43 per cent), local government housing projects (28 per cent) and community based housing projects (17 per cent). The main needs groups are general needs/family, youth and disabled people.

The objectives of LGCHP were laid down in a series of guidelines. The program aimed:

1. To involve local government and community groups in the provision and management of social housing;
2. To encourage the development of a non-profit rental housing co-operative sector;

3. To encourage funded organisations to contribute additional funds and other resources to housing which would not otherwise be available;

4. To promote maximum tenant involvement in decision making for the development and management of their housing.

TABLE 2.8 DISTRIBUTION OF LGCHP FUNDS BY STATE AND TERRITORY 1984/85 TO 1991/92 ($'000)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>2475</td>
<td>3533</td>
<td>3883</td>
<td>4201</td>
<td>5596</td>
<td>8404</td>
<td>8366</td>
<td>8314</td>
</tr>
<tr>
<td>VIC</td>
<td>1865</td>
<td>2662</td>
<td>2921</td>
<td>3156</td>
<td>4200</td>
<td>6284</td>
<td>6266</td>
<td>6250</td>
</tr>
<tr>
<td>QLD</td>
<td>1145</td>
<td>1640</td>
<td>1811</td>
<td>1969</td>
<td>2671</td>
<td>4060</td>
<td>4109</td>
<td>4168</td>
</tr>
<tr>
<td>WA</td>
<td>632</td>
<td>905</td>
<td>1003</td>
<td>1095</td>
<td>1494</td>
<td>2288</td>
<td>2310</td>
<td>2340</td>
</tr>
<tr>
<td>SA</td>
<td>620</td>
<td>882</td>
<td>965</td>
<td>1040</td>
<td>1391</td>
<td>2075</td>
<td>2067</td>
<td>2053</td>
</tr>
<tr>
<td>TAS</td>
<td>200</td>
<td>286</td>
<td>313</td>
<td>339</td>
<td>448</td>
<td>660</td>
<td>655</td>
<td>650</td>
</tr>
<tr>
<td>NT</td>
<td>63</td>
<td>92</td>
<td>104</td>
<td>200</td>
<td>200</td>
<td>229</td>
<td>227</td>
<td>225</td>
</tr>
<tr>
<td>ACT</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>200</td>
<td>234</td>
<td>403</td>
<td>403</td>
<td>403</td>
</tr>
<tr>
<td>TOTAL</td>
<td>7000</td>
<td>10000</td>
<td>11000</td>
<td>12200</td>
<td>16234</td>
<td>24403</td>
<td>24403</td>
<td>24403</td>
</tr>
</tbody>
</table>

Source: Commonwealth Department of Health Housing and Community Services [unpublished data]

The program was essentially an experimental one in that it sought to encourage the development of innovative models in housing provision and to test their effectiveness in order to provide vehicles for greater diversity within mainstream social housing. In this sense, LGCHP could be seen as a transitory program leading to a more consolidated community housing program.

However, there were a number of continuing implementational problems:

i) A lack of consistent support from States has meant that the implementation of the program has been very variable on the ground. Moreover, smaller states are unable to reach 'critical mass' due to the small amount of funding they receive under the program.
ii) Where additional funding is put in by the States, this has tended to be directed to the co-op sector. Consequently, the housing association and local government sectors have been in danger of losing out.

iii) A lack of coordination between different programs in each State. There were no explicit Commonwealth guidelines about program coordination and States were given considerable freedom in implementing the program. This was possibly as a result of a desire not to antagonise the States who might construe LGCHP as an attempt by the Commonwealth Government to develop a competitive nationally coordinated alternative to SHA rental housing.

iv) The lack of community infrastructure, particularly viable and effective peak bodies, has hindered implementation. Particularly in smaller states, there has been a lack of the 'demonstration effect' of existing projects on which to base expansion.

v) An inability to attract large scale community input due to limited funds and a yearly budget cycle which inhibits strategic program development. The lack of a recurrent funding system has also led to a greater reliance on rent rebates and rental assistance systems, which vary between States.

vi) Monitoring and accountability systems have been poorly developed due to few field staff and rudimentary data collection systems. States are responsible for monitoring and their practice has been very variable.

vii) There has been greater recognition that an integrated needs based planning approach is required to ensure funds are spent in the most effective way. This has been slow to develop in the States—the present system is submission-led. There is also a need for greater integration between the Commonwealth, State and local government levels to create a system of 'negotiated accountability' between the various players. Also, current administrative systems tend to be slow and cumbersome (Ministerial approval required for schemes, duplication of decision making, etc.).

Whilst additional non-LGCHP funding was encouraged, the program did not rule out 100 per cent capital funding. On the other hand, some States have a mandatory requirement for off-budget contributions from community/local government groups, although this was not a specified guideline of the program.

In general, States retained a form of 'nomination right' as the percentage of Commonwealth grant to scheme costs determines the proportion of publicly eligible tenants the project must house. Projects were free to house anyone else they choose in the remainder of the tenancies. In practice, the proportion of households in LGCHP accommodation who are publicly eligible often exceeds this base level.

Rent policies are generally in line with those prevailing in the public rental sector of the individual State. In other words, they are based on the prevailing affordability benchmark. This tends in practice to be slightly higher than the 20 per cent used in the public sector, usually around 25 per cent, reflecting the
notional higher costs of provision (including loan repayments). The rents charged to tenants, including rebated rents, effectively set the upper limit to the income the scheme generates and defines the size of any deficit that may need to be covered (usually in the form of a rent rebate payment from the SHA). Those tenants not receiving rent rebates are usually required to pay market related rents rather than cost rents per se, thereby effectively subsidising tenants who are on rebates. The advantage of mixing rebated and market rent tenants is that the project can achieve greater gearing to boost borrowing potential. However, the rebate bill could be expected to rise if the non-rebated tenants, largely those in work, left the scheme to be replaced by non-working tenants.

Tables 2.9 and 2.10 summarise the funding of the LGCHP supported sector in 1990/91. Cooperatives took the largest share of the cash in 1990/91, followed by local government projects. The ratio of rehabilitation to new build stood at nearly 50:50.

Despite its problems, LGCHP represented a major attempt on the part of the Commonwealth to stimulate the development of the community housing alternative to the public housing sector in Australia. The main issue was under-resourcing. To succeed, the program needed to grow and the ad-hoc nature of the funding system regularised to allow forward planning. Larger developments need to be delivered, but without squeezing out the smaller ones.

Partly in recognition of this, it was announced in the August 1992 Federal Budget that a new program, the Community Housing Program, would be introduced during 1992/93 to replace LGCHP. An extensive consultation round has taken place since this announcement. Program guidelines will be agreed with the States which will go some considerable way towards meeting the problems identified with LGCHP. At the same time, the aim was to double the level of funding. This new initiative is discussed in more detail in section 2.7 below.

Crisis Accommodation Program/Supported Accommodation Assistance Program (CAP/SAAP)
This dual system of support for crisis and short term accommodation was introduced in 1984/85, replacing a disparate and uncoordinated variety of small funding programs administered by a number of different ministries. As such, it provides something of a model for a future rationalisation of the present community housing sector. There are a number of sub-programs within this heading directing smaller amounts of cash to a number of specific groups such as youth, victims of domestic violence, etc. Both SAAP and CAP
are administered in each State by a joint officer State Advisory Committee (SAC) comprising Commonwealth, State and community sector representatives who make recommendations for funding in relation to a needs based assessment.

Recently, options for further rationalisation of the twin program structure and the links to the family support and other welfare support services have been under review (Functional Review Working Party, 1991). The per capita funding basis of the programs has also been questioned, as this does not necessarily result in the most appropriate targeting of resources to those States with the greatest needs. Moreover, some people in need of these types of service have been largely excluded by the program, leading to demands for new programs outside the CAP/SAAP system (Special Premiers Conference, 1991). The links with longer term housing provided by CSHA programs have also been queried, particularly in relation to the growing demand for move-on accommodation and project 'silting'.

The Crisis Accommodation Program (CAP) provides capital grants for SHAs to fund accommodation for the use of crisis accommodation projects such as women's refuges and youth homelessness. In essence, the program provides short term accommodation to families and single people who do not have access to secure and affordable housing or who are victims of domestic violence. CAP replaced the earlier Crisis Accommodation for Families in Distress Program in 1982 and the capital component of the Homeless Persons Assistance Program.

CAP funding stood at $39.655m in 1990/91 for 404 projects providing 153 new dwellings and 252 rehabilitated dwellings. An additional CAP initiative was introduced in 1989 following the Burdekin Enquiry report on youth homelessness, to provide a short term funding boost to increase the amount of accommodation for homeless young people.

The Supported Accommodation Assistance Program (SAAP) was introduced to provide recurrent cost subsidies for crisis accommodation. The program rationalised a confused range of previous funding sources and effectively drew together the contributions made by a variety of government and community agents in the provision of crisis accommodation (Chesterman, 1988). A further program, the Homeless Persons Assistance Program ran separately until 1989 when it was incorporated into the SAAP system. The SAAP provides transitional support and accommodation services for people
needing short term support. Not all the funding is directed to housing provision. SAAP also funds advice and counselling services.

SAAP funded services are provided by local government or community groups through a mixture of Commonwealth and State/Territory funding. The present split between these two sources is currently 58:42. The principal client groups using this accommodation are single men (28 per cent), homeless youth (20 per cent), families (20 per cent) and women with children escaping domestic violence (19 per cent) (Department of Health Housing and Community Services, 1991). Clients are mostly on government income support.

There were some 1183 SAAP funded accommodation projects in 1991 providing an estimated 10,000 bedspaces (a survey in 1987 had established a figure of 8382 beds nationally). Total SAAP funding in 1990/91 totalled $140.456m of which $80.98m came from the Commonwealth money, the rest from the States. Trends in SAAP funding by State are given in Table 2.11, which shows a consistent growth in funding, particularly since 1987/88.

In addition to these two programs, a number of other Commonwealth programs provide resources for housing which could broadly be considered appropriate to include in the range of housing provided by the community housing sector, including:

**Aboriginal Rental Housing Program.**
This program has been running since 1969 in various forms and aims to assist Aboriginal and Torres Strait Islander people to gain access to secure, appropriate and affordable housing. Strait Advisory Committees comprising representatives from Commonwealth, State and the Aboriginal community are responsible for allocation decisions. The program is administered by the States. Allocations to States are made on the basis of assessed need. The provision of Aboriginal housing support has been criticised for its complexity (it involves a number of cross-departmental agencies concerned with Aboriginal affairs), lack of coordination and inefficiency. There have been recent calls for the current funding via the CSHA to be discontinued with responsibilities transferring to the recently formed Aboriginal and Torres Strait Islander Commission (ASTIC) (Special Premiers Conference, 1991; Gray, 1992).

ARHP funds amounted to $91m in 1991/92. Some 15,753 dwellings had been provided under this program nationally up to mid-1991 since it was originally introduced in the late 1960s. Between 1983/84 and 1991/92, some
$872.7m had been allocated via the CSHA system to an estimated 450 Aboriginal groups.

Housing for Aboriginal people is also provided through programs outside the CSHA framework, in particular, through the Aboriginal and Torres Strait Islander Commission's (ATSIC) Rental Housing Program. This provides 100 per cent funding direct to housing co-operatives run by Aboriginal people. Current levels of funding stand at approximately $50m per year. Comprehensive data on the numbers of projects and units provided through this program are not available, although a recent survey has revealed 11,900 rental units funded by ATSIC in non-urban areas (ATSIC, 1992; data for urban areas was not collected). Some 800 groups are believed to have received ATSIC housing funding. There are over 80 ASTI co-ops in Queensland alone.

In addition, Aboriginal Hostels Ltd was set up in 1973 and runs 156 hostels with 3,110 beds nationally, mainly to provide housing for people moving for educational purposes plus some crisis accommodation (June 1990 data) and is funded from the Commonwealth via ASTIC.

**Mortgage and Rent Assistance Program (MRAP)**

MRAP replaced the Mortgage and Rent Relief Scheme in 1989 which had been operating since 1982. In essence, MRAP operates in most States as a straight rent or mortgage subsidy scheme. Rent assistance is generally limited to tenants paying more than 25 to 30 per cent of income in rent, subject to a maximum level of assistance and eligibility limits comparable to those prevailing in the State's public rental stock. This scheme is relatively small, especially compared to the public sector rent rebate system. However, it is possible for a tenant in community housing to receive both a rebated rent and rent assistance through the MRAP.

More importantly, in some States MRAP has been used to fund Community Tenancy Schemes (CTS) which lease property from private and government landlords for letting to tenants eligible for SHA housing and which are managed by voluntary agencies. Overall, upwards of 3,600 rental units are funded in this way through MRAP.

Thus a proportion of MRAP funding is channelled directly into the community housing sector through both the CTS program and rent assistance to tenants. While the precise amount of MRAP funding accruing to the community housing sector is unknown (and is certainly well under half), in 1990/91 the MRAP program totalled $37.514m of which $11.6m went to CTS projects in NSW alone.
<table>
<thead>
<tr>
<th>State</th>
<th>Local Gov. Projects $'000</th>
<th>%</th>
<th>Community Projects $'000</th>
<th>%</th>
<th>Co-operative Projects $'000</th>
<th>%</th>
<th>Joint Projects $'000</th>
<th>%</th>
<th>Other Projects $'000</th>
<th>%</th>
<th>Total Projects $'000</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>1602</td>
<td>6</td>
<td>1215</td>
<td>11</td>
<td>4746</td>
<td>51</td>
<td>1222</td>
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<td>—</td>
<td>—</td>
<td>—</td>
<td>6280</td>
<td>100</td>
</tr>
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<td>QLD</td>
<td>520</td>
<td>4</td>
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<td>11</td>
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<td>742</td>
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<td>100</td>
</tr>
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<td>621</td>
<td>6</td>
<td>693</td>
<td>31</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>2272</td>
<td>100</td>
</tr>
<tr>
<td>SA</td>
<td>960</td>
<td>7</td>
<td>974</td>
<td>47</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>159</td>
<td>7</td>
<td>2093</td>
<td>100</td>
</tr>
<tr>
<td>TAS</td>
<td>10</td>
<td>1</td>
<td>27</td>
<td>2</td>
<td>63</td>
<td>38</td>
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<td>165</td>
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<td>—</td>
</tr>
<tr>
<td>TOT</td>
<td>6770</td>
<td>26</td>
<td>4174</td>
<td>36</td>
<td>10538</td>
<td>46</td>
<td>1314</td>
<td>6</td>
<td>1803</td>
<td>19</td>
<td>24599</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: 1989 Housing Assistance Act, 1990/91 Annual Report, Table A6.1

Note: (a) includes research and development projects and/or recurrent funding of Co-operative Resource associations.
(b) 1990-91 funding carried over to 1991/92
### TABLE 2.10: DWELLINGS PROVIDED UNDER LGCHP, 1990/91

<table>
<thead>
<tr>
<th>Dwelling Units Approved in 1989-90</th>
<th>Total Dwelling Units Approved Since 1984-85</th>
<th>Total Stock of Dwelling Units at 30 June 1990/91</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Purchase/ Renovate</td>
<td>Construct</td>
</tr>
<tr>
<td>NSW</td>
<td>49</td>
<td>84</td>
</tr>
<tr>
<td>VIC</td>
<td>95</td>
<td>36</td>
</tr>
<tr>
<td>QLD</td>
<td>21</td>
<td>34</td>
</tr>
<tr>
<td>WA</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>SA</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>TAS</td>
<td>11</td>
<td>—</td>
</tr>
<tr>
<td>ACT</td>
<td>2</td>
<td>—</td>
</tr>
<tr>
<td>NT</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>TOT</td>
<td>185</td>
<td>169</td>
</tr>
</tbody>
</table>

**Source:** 1989 Housing Assistance Act, 1990/91 Annual Report, Table A6.2

**Note:**
(a) Includes extended group homes accommodating more than one family, or bedsitters for up to 10 single people.
(b) Units shown in brackets
(c) Comprehensive data not available
<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>NSW</th>
<th>VIC</th>
<th>QLD</th>
<th>WA</th>
<th>SA</th>
<th>TAS</th>
<th>NT</th>
<th>ACT</th>
<th>TOTAL</th>
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Notes: HPAP (Comm) - Homeless Person Assistance Program
It should be recognised that there are many who would not put short to medium term accommodation (e.g. CAP and SAAP) into the community housing model, despite the fact that most of these programs are administered on the ground by community based and voluntary groups and in many respects they share a common rationale and similar operational issues (e.g. scheme development, tenant management, etc.). Similarly, Aboriginal housing provision has also largely been left out of the community housing equation by most Australian observers, despite its community managed basis.

There are a number of reasons for this, but the main one appears to be the fact that the impetus for the development of the community housing sector is coming from those SHA-led programs which are funded through the ‘mainstream’ CSHA funded social housing system. SAAP/CAP and the various Aboriginal housing programs are administered either outside the SHA framework or involve government agencies with joint responsibility for program control. Consequently, they may not be perceived by SHA program officers as 'mainstream'. Aboriginal affairs are the responsibility of a quite separate government bureaucracy.

Nevertheless, these programs contribute significant amounts to the overall funding of a broadly defined community housing sector at the present time. And they share similarities in terms of the forms of provision—co-op or rental housing associations, often with voluntary sponsoring bodies—with those projects funded under 'mainstream' programs. In this sense, there is no reason why they should be left out of the community housing equation.

Table 2.12 summarises the trends in funding for these various programs over the last ten years. Total funding from these five programs grew from $130m in 1984/85 to some $333m by 1990/91. Allowing for the fact that a proportion of this funding is not directed to rental housing per se, but adding in the ATSIC RHP funds, then it is reasonable to conclude that on a broad definition, the community based rental housing sector in Australia received upwards of $350m of government funding in 1990/91.

It is also clear from these figures that LGCHP, the program most directly aimed at the community housing sector, contributed only a small part of the total funding at this time. The largest, and most rapidly growing component is SAAP, with the Aboriginal program second largest. Figure 2.3 shows trends in funding at 1990/91 prices. This illustrates the rapid rise in total funding in real terms following the 1984 CHSA and a further small jump after the 1989 CSHA.
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**Source:** 1984 and 1989 Housing Assistance Acts Annual Reports, various years.

**Note:** (1) Replaced the Mortgage and Rent Relief Scheme in 1989

But how many units does this level of funding imply? The absence of systematic data on a national basis makes estimates very difficult. We saw that the South Australian Office of Housing study made an estimate of 12,000 units nationally in just under 1,100 projects in mid-1990. A more recent estimate by ACOSS put the total at around 15,000 units (ACOSS 1992b). But adding together the figures quoted in the preceding analysis suggests upwards of 46,000 units and bedspaces in some form of community-based management in Australia. This represents between 11 per cent and 18 per cent of the total 'social' housing stock in Australia, depending on the basis of the count, a far from insignificant amount.
FIGURE 2.3 TRENDS IN PROGRAM FUNDING FOR COMMUNITY HOUSING 1980/81 - 1990/91, IN REAL TERMS (CONSTANT 1990-91 PRICES, $'000)

Source: 1984 and 1989 Housing Assistance Acts Annual Reports, various years
Moreover community housing has a highly significant impact in that part of the housing market on which it is targeted. Flood and Yates (1987) analysed the distributional impact of government support in the community and 'special purpose' sector as a whole, including crisis accommodation, aboriginal housing and provision for elderly and handicapped people (Figure 2.4). The analysis showed that at this time these programs were highly targeted on people suffering from the double disadvantage of both low income and some other type of social, cultural or medical disadvantage. However, the level of unmet need remained high due to severe rationing of the funding for these programs. It is unlikely that this situation has changed greatly since 1987, other than the pressure on the sector having intensified.
For the remainder of this paper, the 'conventional' view as to what constitutes community housing will be followed, largely due to the lack of time to pursue fully the other elements of the sector in detail. Programs for Aboriginal housing, special needs and crisis accommodation therefore will be left out. The focus will be on general needs community housing provided through 'mainstream' SHA-led programs.

However, it should be stressed that the future development of community housing in Australia must recognise the close similarities between housing agencies producing housing through these programs and those in the 'mainstream' community housing sector. They should not be overlooked in devising a more coherent framework for the sector.

2.5 The characteristics of Australian community housing

From this review of the development and funding of the community housing system it is possible to make some useful points about the characteristics of the sector:

- The sector lacks 'critical mass' - it is small scale in comparison to community housing sectors in other countries—the average size is just 11 dwellings per project.
- It is highly fragmented both within and between States. States have considerable discretion in determining the form of community housing on the ground, despite the use of Commonwealth funding for the bulk of the development of the sector.
- The sector is supported by multiple funding programs. Effectively, the sector is program-led, greatly adding to the problems of sector fragmentation.
- It is characterised by complex administrative systems, often leading to duplication of structures (multiple State Advisory Committees, for example).
- There is very little coordination between the various programs, both between and within States. Where they exist, 'peak' bodies are small, program specific and State based. There is no national level coordination of community housing agencies.
- Co-ops have been favoured by States and have offered a more coherent model to date for general needs provision.
- Co-ops are largely a creation of States. Joint ventures are more generally community generated but very fragmented.
- Outside the co-op sector, there is a focus on special needs provision.
- Community housing is largely a recent development and there has been a relatively limited history of voluntary sector involvement in general needs housing.
In addition, community housing suffers from:

- Poorly developed infrastructure and support mechanisms, including training for workers, volunteers and co-operative members;
- Ad hoc accountability;
- No standardisation of practice or procedures;
- Poorly developed legal/legislative framework;
- Limited professional expertise, with few full-time project workers.

In conclusion, it would appear that there are plenty of models from which the community housing sector could develop in Australia, but the process has so far been seriously hampered by fragmentation and lack of resources. The sector is essentially program-led with relatively little coordination of activity between programs. While diverse, funding levels to date have not been sufficient to generate coherent programs. The influence of the individual States in how programs are implemented and the scope for State initiatives outside the Commonwealth programs, while stimulating diversity, militates against cohesion and the development of common approaches to best practice.

2.6 The current debate on community housing

In part, the current interest in community housing has been prompted by a disenchantment with the performance of public housing as provided by SHAs. Community housing has been promoted as a way of diversifying social housing and stimulating reform in the public sector by providing 'competition' for SHA provision. It is viewed as having the capacity to develop innovative forms of provision, providing management choice for consumers, greater community involvement, additional non-government resources for low rent accommodation, and promoting tenant participation and self-management.

The reasons why much thought is being put into the possibility of developing community housing in Australia can be summarised as:

- Increased choice for housing consumers across a range of housing services, from crisis accommodation to shared ownership, and increased local sensitivity to housing needs;
- Increased role of tenant involvement—from participation to self-management: the sector is more able to be 'consumer led' than traditional public housing;
- Increased cost efficiency through the exploitation of untapped community resources, both in terms of cash/land/property and 'sweat equity' of tenants or management input from community groups and local government;
Community housing can also play a major role in urban consolidation, helping to direct resources into low cost rental housing within existing urban areas thus making more efficient use of existing urban infrastructure;

In addition, community housing has a role to play in the provision of social housing in remote areas where SHA's find it difficult to operate effectively;

Community housing has also been promoted as a means of breaking down the rigid tenure system, allied to appropriate taxation and subsidy changes.

Interestingly, several States, including South Australia, Victoria and Western Australia, have recently developed new co-op sectors more or less explicitly based on the Canadian co-op model. It seems that this version has the attraction of relatively small scale development and a community basis, which the European co-operative models do not share (SAOH, 1991). There may also be more of a tradition of self-help in Australia than in Europe, as witnessed by the significance of self-build housing here. It therefore may be more appropriate to the Australian situation which is starting from a very low base-line. The SAOH report spells out the advantages of the Canadian co-op model unambiguously.

'Canadian co-operatives save the government C$1,000 in subsidy and operating costs per household per annum. Operating costs are 40% less than equivalent public housing operating costs. Tenants contribute an average of 95 hours of unpaid labour per annum' (South Australian Office of Housing, 1991, p.20).

Herein lies the appeal. Co-ops are seen to be a cost efficient alternative to public housing because of the implied saving on management costs and sweat equity in maintenance and repairs. Subsidy levels for recurrent costs can be kept to a minimum as no paid staff are employed. Moreover, the use of index-linked mortgages to facilitate low rents in the early years of schemes is noted in the Canadian example. These types of mortgage instrument have been incorporated into co-op programs in a number of States.

On the other hand, the housing associations are much less developed as a coherent model of provision. This is in part a result of the very fragmented and disparate nature of the association sector in Australia, and its association with special needs. Associations tend to be single projects with few organisational links between them, unlike the co-operative sector. But it is also clear that, unlike co-ops, housing associations require a more explicit organisational structure with paid staff input. Although voluntary management committees make the policy decisions, there may be a perception that associations do not offer the kinds of cost
savings that co-operatives are said to achieve. Nevertheless, the development of the association model is the next logical step in the evolution of the sector, mainly because in organisational terms, individual co-operatives have a limited growth potential.

2.7 The new Community Housing Program
Whatever the preferences on the ground within the States, it is clear that the current Commonwealth Government is intent on expanding alternatives to public housing through the community sector. Based on the recommendations of the National Housing Strategy, the 1992 Federal Budget Statement announced in August included a significant boost for community housing. A new Community Housing Program (CHP) was proposed, set explicitly within the context of the need for a broader and more viable non-public social housing sector to provide greater choice and flexibility in the social housing sector. The program will aim to promote both co-operatives and housing associations. The new program will also attempt to institute reforms to the sector to meet some of the deficiencies noted in section 2.5.

The Community Housing Program builds on and incorporates the LGCHP initiative and will remain funded as a tied program under a renegotiated CSHA, initially for a four year period. Funding for community housing under the CHP will be double the current amount under LGCHP. In 1992/93, $48.1m will be allocated to this program, rising to $52.0m in 1993/94, $56.8m in 1994/95 and $64.0m in 1995/96. With this level of funding, the 'conventional' community housing sector is expected to increase to 25,000 units by the end of the century, effectively doubling the size of the sector (Department of Health, Housing and Community Services, 1992a). However, at current average unit costs, this program is only likely to produce approximately 4,400 units over the four years to 1995/96 and less than 9,000 by the end of the decade, even assuming a 20 per cent community input. The published target may prove difficult to achieve without expanded funding after 1995/96.

Potentially of equal significance for the development of community housing, especially over the longer term, were a number of associated policy initiatives announced at the same time as the CHP. First, the Federal Government intends to consult directly with local government and community organisations to set up a number of 'pilot' schemes 'of national significance'. These schemes will be used as examples of best practice in both design and management and will act as models

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2 This section was correct as of January 1993. Data given reflect the planned funding targets as published in mid-1992.
for a future expanded sector. In addition, a proportion of total funding will be used to develop the professional and organisational infrastructure for the sector (including national and State umbrella organisations and staff development). The aim is therefore to address some of the key issues concerning the LGCHP initiative noted above and move the sector on to a more viable footing.

Second, the consultation paper issued to elicit responses to this proposal from community groups, makes it explicit that where States ‘are not supportive of CHP and community housing initiatives, the Commonwealth would reserve the right to provide this ... allocation direct to the Community and Local Government organisations’ (Department of Health, Housing and Community Services, 1992b, p 5). The intention is therefore to by-pass State Housing Authorities who do not promote the new Community Housing Program. This could be interpreted as the first step in developing a national community housing program which does not rely on SHA's for its implementation (and might represent a move towards recreating the potential of the defunct Australian Housing Corporation).

A second program announced in the Budget, again potentially of major significance to the community housing sector, is the new Social Housing Subsidy Program (SHSP). This will provide a revenue deficit subsidy towards the costs of borrowing additional private sector funds for social housing. The program is primarily for shared ownership schemes, but it will also be made available in certain circumstances for rental accommodation projects for low income households, particularly those provided through community agencies. The SHSP will meet 50 per cent of the difference between a satisfactory return to the private sector and the net rental income from the scheme and will be available for the life of the financial transaction up to a maximum of 20 years. The implication is that the States would meet the remaining 50 per cent.

Funding will begin in 1993/94 at a modest $8m, rising to $16m in 1994/95 and $24m in 1995/96. However, an estimated $450m worth of private borrowing could be raised over this three year period with SHSP support, helping to finance 20,000 new homes. Thus while the levels of funding provided will be small, a relatively large program could be supported. While the proportion of these funds expected to be directed to community rental housing is small, this program represents a possible blueprint for a revenue subsidy regime to support an expansion of the community housing sector based on mixed funding.

These new programs are based directly on the work of the National Housing Strategy which has recommended that community housing be further supported and encouraged. That the Commonwealth Government has implemented these recommendations at a time of budgetary constraint represents something of an
achievement for the Strategy. Nevertheless, despite a doubling of the funding, the output of the sector will remain small in comparison with the public sector, which will remain the dominant form of social housing provision for the foreseeable future.

It is also clear that the new programs do not represent a major policy move away from capital funding for social housing or a major switch to mixed public-private funding. While 'off-budget' funding will be encouraged, projects which cannot get extra funding will not be excluded. The Commonwealth Government's view is rather that individual States and projects can choose their own ways of pulling such funding into the sector.

It therefore still represents something of an incremental and experimental program. Indeed, central prescriptions as to the funding and management models which should be used are notable by their absence. Rather, an emphasis of the new program guidelines ratified in early 1993 is towards the development of the infrastructure and strategic integration between community housing programs within and between States.

3. Rents, subsidies and affordability in the Australian community housing sector: four case studies

3.1 Introduction
The objective of this section is to present an illustrative analysis of the funding, rent and subsidy structure of a number of community housing programs currently being developed in Australia. Given the great diversity of community housing programs and the complexity of the arrangements by which they are funded and administered in each State, time limitations have meant that it is not possible to present a comprehensive picture of the sector in any detail. Instead four case studies have been chosen to illustrate some of the mechanisms by which funding, costs, rents and affordability relate in the sector. These examples have also been selected to show a number of key features, both positive and negative, of the funding and subsidy arrangements of Australian community housing, as well as to illustrate some of the more innovative funding methods that are being developed.

To an extent, the choice of these case studies is relatively arbitrary. The examples have been limited to three States only. Moreover, there is no discussion of those programs which are not treated as ‘mainstream’ by the relevant SHAs, such as joint ventures. These tend to be more for special needs provision, however, and consequently have rather more complex funding structures. Nevertheless, the four models discussed below are meant to be reasonably
representative of the range of 'mainstream' community housing programs operating in Australia at the present time.

Note that as the three State housing authorities have somewhat differing titles, to avoid confusion, they are simply referred to as SHAs in the text.

3.2 Victoria: The Common Equity Rental Co-operative Program (CERC)

The CERC program in Victoria was built on the experience of one of the first co-op sectors to develop in Australia. Co-operative housing in Victoria dates from the late 1970's and, as Carter (1988) notes, took the Scandinavian and Canadian co-op sectors as its role model. However, autonomy issues resulting from the fact that the stock was head leased from the SHA led to a move to a more autonomous co-op model in the form of the Common Equity Rental Cooperative (CERC) in 1986. The relevance of the CERC model here is that it involves mixed public/private development funding with a substantial capital subsidy. Additional revenue subsidies are provided through rental support for individual tenants.

Organisational and operational summary

In mid-1992 some 700 properties were being managed by 62 CERC co-ops in the State, owning between 7 and 20 units each. The funding program for 1991/92 of $16.3m (about $15m in 1990/91) purchased 200 homes and funded 20 new CERCs. The funding came jointly from Commonwealth grants totalling $3.14m via the Local Government and Community Housing Program and the State in matching grants of $13.2m. The target is to achieve 2,000 units on the ground by 1997. In this respect, Victoria was unusual in committing such a large amount of matching money to this kind of community housing program.

The CERC program represented one part of the LGCHP funded program in Victoria (the other arm was the local government sub-program in which grants are given to local councils mainly for special needs provision). The program is administered through the Department of Planning and Housing and is overseen by a State Advisory Committee comprising Commonwealth, State, community and independent members.

The target size of an individual CERC is set at 20 units. The objective is to get as many of the existing co-ops up to this figure, which represents a perceived viability threshold. The overall aim of the program is to achieve a 'critical mass' target of 2,000 units in 100 CERCs by the year 2000. The limit to expansion of the program is perceived to be the number of co-ops which CEH can reasonably manage at a reasonable cost. 100 is perceived to represent a major management
task. However, a further issue yet to be addressed is how far individual CERCs can progress beyond the 20 unit target size. This is the level at which it is thought they will need paid workers. Hence management costs will begin to escalate. Whether the program can realistically develop much further than the 2000 unit, 100 CERC level without rationalisation remains to be seen.

The CERC program provides for full tenant management but the ownership of the stock is vested in a separate central company, Common Equity Housing Ltd (CEH). CEH is responsible for the funding and overall program management and is a publicly listed company independent from, but accountable to, the Victorian Ministry of Housing and Construction for any grant moneys provided. CEH's Board reflects state and community interests. CERCs are in turn accountable to CEH for co-op finance and management. As the operating decisions of the program are largely taken by CEH, the program is run largely independently of the SHA, the latter's role having been reduced to grant administration, rent rebate payments and overall guideline compliance.

In addition, there are four SHA funded Resource Cooperatives which liaise between the CEH and the CERCs on property acquisition, and give training and support for CERCs.

Properties are 'spot purchased' on the private market at market value. The SHA sets cost limits for properties within which CEH has to buy. In 1990/91, 230 properties were bought at 91 per cent of permitted cost limits. The average cost limit was approximately $112,000 per unit in 1992. CEH buys the properties on behalf of the co-op using a mixture of LGCHP grants and private loans. LGCHP grants fund an average of 64 per cent of scheme acquisition and works costs. The remaining 36 per cent of costs are met by a private loan. The funding arrangements for all the co-ops in the program are managed centrally by CEH. The SHA funded proportion sets a lower limit on the proportion of public housing eligible tenants the CERCs must accommodate.

Funding arrangements
The principal source of loans has been the State backed National Mortgage Market Corporation (NMMC) through the Home Opportunity Loans Scheme (HOLS). This is a State supported scheme primarily to provide low start loans to first-time home buyers. Loans are not government guaranteed. NMMC borrows wholesale capital on the secondary mortgage market through a range of six mortgage origination and securitisation programs. NMMC is jointly owned by three States - Victoria, South Australia, via the South Australian Financing Authority (SAFA), and the State Housing Commission of Western Australia (Homeswest) - and 50
other private sector financial organisations. It was set up in 1984 specifically to develop a secondary mortgage market in Australia for housing finance. The home ownership schemes in these three States are funded through NMMC, as are their developing co-operative sectors. As such, NMMC represents a major development in housing finance in Australia and in 1990/91 the company had $1.689bn mortgage backed securities outstanding (National Mortgage Market Corporation Corporate Profile, 1991).

The original basis of the CERC's private loans program are 25 to 30 year HOLS low start loans index linked to inflation, as measured by the Consumer Price Index (CPI). As with all low start funding, the aim is to reduce lending costs, and hence rents, in the early years of the scheme. To pay for the indexing, rents are set to increase by the CPI rate. Tenant incomes are expected to increase with inflation, and therefore cover the indexed loan repayment profile. More recently, 25 to 30 year fixed rate indexed loans have been used in an attempt to build greater certainty into financial planning. Loans are arranged on a scheme-by-scheme basis. Individual CERCs therefore have varying repayment costs to meet, depending on the loan used to fund the scheme. Repayment of the loans will eventually give CEH an equity stake in the property to the value of the non-grant proportion (currently 36 per cent). The remainder of the equity is held by the SHA.

Despite the freedom to raise rents in line with inflation, there was nevertheless an initial reluctance on the part of banks to lend to the CERC program. More recently, the escalating costs of some of the index linked loans that have been taken out over the recent past (in 1990/91 first year repayment rates reached 10.9 per cent indexed at 6 per cent per annum for the next five years) have resulted in upward pressure on rents for those projects for which they were used. This is taking place at a time of falling inflation. The experience of index linked loans has prompted CEH to take two lines of action. The first is to refinance some of the fixed rate loans with more favourable replacement loans. The second, taken in December 1991, is that the company will set an initial target of 10 per cent of the loan portfolio (i.e. 70 out of 725) to be in conventional credit foncier mortgages.

This move has been taken despite a predicted rental shortfall on such loans of about $200 per unit in the first year. The aim is to shift to this new portfolio balance quickly and 50 of the 198 loans to be taken out this year will be on credit foncier basis. The remaining 130 loans will be taken out on an index linked basis at a repayment rate of 9.05 per cent. CEH also plans to refinance $3m of the fixed rate loans to an interest only bank bill fixed facility at 10 per cent for five years through the National Bank. The current portfolio structure is shown on Table 3.1
### TABLE 3.1 CEHC LOAN PORTFOLIO, JUNE 1992

<table>
<thead>
<tr>
<th>Loan type</th>
<th>Amount</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original HOLS index-linked</td>
<td>$12m</td>
<td>260</td>
</tr>
<tr>
<td>(@ 6.7% real plus CPI)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Rate index linked</td>
<td>$6m</td>
<td>180</td>
</tr>
<tr>
<td>(@ 11.55% real plus 6% p.a. fixed for 5 years)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal and interest credit foncier</td>
<td>$2.1m</td>
<td>70</td>
</tr>
<tr>
<td>New fixed rate index linked</td>
<td>$6m</td>
<td>150</td>
</tr>
<tr>
<td>(@ 11.9% real plus 4% p.a. fixed for 5 years)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unstated loans</td>
<td>$1.9m</td>
<td>65</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$28m</strong></td>
<td><strong>725</strong></td>
</tr>
</tbody>
</table>

Source: CEH Ltd unpublished data.

The development of CEH's loan portfolio over the past few years has therefore seen a move away from variable rate index-linked instruments on grounds of their greater long-term cost (interest premiums have been in the order of 2 to 4 per cent for indexed loans) and higher risk, a switch towards conventional credit foncier instruments and a general widening of the spread of loan types and lenders to reduce exposure and to pool costs. This represents a move towards a much more sophisticated approach to financial management and is in line with the recommendations of a recent evaluation of the CERC program (Econsult, 1992). Loan portfolio management has therefore become a major concern.
The rent model

Rent setting is achieved on a straightforward cost basis. A typical example of a scheme purchased in 1992 for $104,990 with a 33 per cent loan of $34,697 had costings as follows:

<table>
<thead>
<tr>
<th>Components of rent</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Company components</td>
<td></td>
</tr>
<tr>
<td>Loan Repayment component</td>
<td>$3,853.00</td>
</tr>
<tr>
<td>Depreciation component</td>
<td>$193.00</td>
</tr>
<tr>
<td>Company component</td>
<td>$167.50</td>
</tr>
<tr>
<td>(Flat admin. fee per unit)</td>
<td></td>
</tr>
<tr>
<td>Amount payable to CEH</td>
<td>$4,213.50</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cooperative components</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>$88.00</td>
</tr>
<tr>
<td>Council Rates</td>
<td>$547.00</td>
</tr>
<tr>
<td>Water rates</td>
<td>$259.00</td>
</tr>
<tr>
<td>Cyclical maintenance</td>
<td>$534.00</td>
</tr>
<tr>
<td>Ongoing maintenance</td>
<td>$474.00</td>
</tr>
<tr>
<td>CERC admin</td>
<td>$279.00</td>
</tr>
<tr>
<td>Fees</td>
<td>$0.00</td>
</tr>
<tr>
<td>Sub-total</td>
<td>$2,181.00</td>
</tr>
<tr>
<td>Voids and bad debts</td>
<td>$352.00</td>
</tr>
<tr>
<td>Amount payable to Co-op</td>
<td>$2,533.00</td>
</tr>
</tbody>
</table>

Annual rent: $6,746.50

Source: Common Equity Housing Finance Ltd [unpublished data]

This represents a weekly rent of $129.74, which is slightly lower than the average rent for the CERC program as a whole for 1991/92 at $136.08. The rent therefore consists of two parts. The ‘Company component’ represents monies going to CEH to meet loan repayments on the non-grant funded development costs, a depreciation charge (deliberately set low to keep rents down) and a flat administration fee to meet CEH’s costs. The ‘Cooperative component’ represents those costs borne by the co-op itself. In this way the rent covers both CEH’s costs.
and liabilities as mortgagor and the co-ops' day-to-day running costs. Rent levels are not far short of market levels at the present time.

However, the program also benefits from substantial revenue subsidies, as all tenants are able to apply for rent rebates in line with the prevailing SHA rebate system for public tenants. The following two examples, based on the rent charged for a 3 bed house in metropolitan Melbourne, illustrate the range of rebates given:

<table>
<thead>
<tr>
<th>Tenant Type</th>
<th>Total Weekly Rent</th>
<th>Amount Paid by Tenant</th>
<th>Amount Paid by Rebate</th>
<th>Rent-Income Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single parent with two children under 13 years of age with household income made up of supported parents benefit:</td>
<td>$127.26</td>
<td>$41.00</td>
<td>$86.26</td>
<td>15.7%</td>
</tr>
<tr>
<td>Couple with two children under 13 years of age with an earned income of $300 per week gross:</td>
<td>$127.26</td>
<td>$68.60</td>
<td>$58.66</td>
<td>22.9%</td>
</tr>
</tbody>
</table>

Source: Common Equity Housing Finance Ltd [unpublished data]

Tenants would not be expected to pay more than a maximum of 25 per cent of income in rent. In 1990/91 the total rent rebate paid out to CERCs came to $2.5m and 90 per cent of CERC tenants received rebated rents. The average paid per week came to $66.40 per rebated rent. This amounts to approximately 50 per cent of the average rents charged for CERC properties and represents a substantial revenue subsidy to the sector. In addition, CERC tenants are eligible to claim private rental assistance as well as their public rental rebate. It has not been possible to determine the amounts that were paid in rent assistance, but this represents a second layer of revenue subsidy. CERC tenants therefore benefit from a dual rental subsidy system, some of which contributes to debt servicing. The high level of rent support subsidy has led to a call either to reduce the level of imputed subsidy to the SHA's 'imputed equity' (i.e. 66 per cent) in the CERC portfolio or to increase the targeting of the program on a higher proportion of public eligible tenants (Econsult, 1992).

A major trade off in the CERC program has been between the levels of gross rent charged and the numbers of houses developed. Higher rents would mean that
a greater proportion of scheme costs could be met through loans. This would result in more units being bought for the annual grant amount. The emphasis to date has been on expansion rather than rent levels and rent levels have been set relatively high. However, as the program moves towards a consolidation phase, concern with costs, rent levels, and hence rent rebates, is growing. The aim is now to restrain rental growth, but at the same time maintain growth of the sector as a whole.

The principal disadvantage of the system is seen as the high proportion of rents taken by loan repayments. This effectively reduces the ability to keep rents affordable. CEH would like to see grant levels of 70 to 75 per cent of development costs in the longer term. This highlights the second major trade-off inherent in the system, that between capital subsidies and the rent rebates provided to keep rents within accepted affordability benchmarks. So long as the SHA is willing to meet the difference between cost rents and rebated rents, there will be little problem. But as the cost of this revenue subsidy grows, this issue may become prominent.

Comments
First, index linked low start funding has helped to keep rents down, at least initially. However, rents are heavily subsidised through the rent rebate and rent assistance systems. The level of total subsidy flowing into the sector is therefore substantial.

Second, the escalating cost of index linked funding has prompted the development of a more sophisticated approach to financial management. The loan portfolio of the program is being broadened to include conventional credit foncier loans in order to spread risk, lower exposure and reduce costs.

Third, the division of responsibilities between funding and day-to-day management allows the CERCs and CEH to concentrate on separate aspects of the business. This is beneficial in such a small sector, where individual projects could not expect to support the necessary development and financial expertise.

Fourth, the high level of organisational fragmentation is likely to set limits on the expansion of the program. Whether individual co-ops will expand beyond the 20 unit threshold, or whether there will be a rationalisation of existing co-ops into larger groupings remains to be seen. In any event, given the limits to the rate of expansion set by available funding, this is unlikely to become a major issue for the CERC program in the short term. However, it may need to be addressed in due course. In many ways, the relationship between co-op size and effective self-management - i.e. the threshold above which co-ops require paid staff - represents the basic dilemma of cooperative based community housing development. Above
this threshold, management costs begin to escalate and the perceived cost advantages of cooperative housing programs begin to be lost.

Finally, the CERC program also highlights the two basic trade-offs associated with mixed funding for community housing, namely rent levels vs numbers of homes and rent rebates vs capital subsidies. Higher rents mean that grant levels can be lower, and hence greater numbers of units can be squeezed from a given annual allocation. This allows a greater rate of expansion and means that 'critical mass' can be achieved at an earlier date. But higher rents mean higher rent rebate/assistance levels. They may also deter some households with incomes high enough to fall beyond the rebate eligibility threshold. It will take some time before the most appropriate balance between rent levels and subsidies is reached.

3.3 The South Australian Housing Cooperatives Program

The new cooperative housing program in South Australia was launched at the end of 1991. It grew from the experience of the preceding Rental Housing Cooperative Program dating from 1981. The latter included both co-ops and housing associations. A thoroughgoing review of the program in 1988 led to a severing of the program into two distinct arms. The new separate cooperative sector has subsequently been put on a formal footing with the passing of the Housing Cooperatives Act in 1991, the first legislation in Australia relating specifically to housing cooperatives. This Act sets the regulatory and administrative framework in which the sector is expected to expand, effectively creating a new cooperative housing tenure form.

Although the program had yet to develop any schemes on the ground in mid-1992, it is useful to review it for the operational and funding principals that underlay it. In many ways, the South Australian cooperative program represents the state of the art in this type of community housing in Australia. Most importantly, it represents a model based on 100 per cent private funding. There are no capital grants involved. Instead the subsidies are provided in the form of a revenue deficit subsidy to meet the short fall between net rent and the loan repayment costs, while, once again, tenants are eligible for rent rebates and/or rent assistance.

Organisational and operational summary

An entirely new organisational framework was set up for the new program. This was centred on a quasi-independent agency, the South Australian Cooperative Housing Agency (SACHA), created in January 1992 and funded by the South Australian Housing Trust (SAHT). SACHA is accountable to the State Minister of
Housing and Construction for the administration, promotion and regulation of the program. SACHA will also manage the funding arrangements for the entire program, rather like CEH Ltd in Victoria. It is run by a Board of Directors with SHA, Ministry and community representatives. An initial proposal to give SACHA total autonomy has been moderated by the staffing of the organisation by SHA employees and SHA nominees a majority on the Board. In addition, a peak body (also supported by the SHA), the Community Housing Assistance Service of South Australia (CHASSA) provides support and training for individual cooperatives.

Ownership of the properties will be held by the cooperative, but disposal of the asset will be controlled by a legal charge from SACHA who will hold the mortgages on the properties. This acts as a control on the use of the property and ensures that the asset remains in social ownership.

The program has a planned expansion target of 1,200 units which has been set for the four years from 1991/92 and 9,500 units by the year 2000 - 2 per cent of the total housing stock in SA. This implies a rapid growth. A maximum stock ceiling per cooperative has been set at 30 units in five years, this being the optimum size perceived as being manageable by voluntary effort. Once the sector is established, this ceiling may be reviewed.

Funding arrangements
The original South Australian cooperative sector set up in 1981 had been privately funded, using conventional credit foncier loans from commercial lenders. Tenants were eligible for rent rebates. However, the cost of these loans was higher than those the government could obtain, were susceptible to significant interest rate (and hence cost) fluctuations and tenant’s incomes failed to meet the interest payments. Consequently, the program was considered to be cost inefficient in terms of the high and continuing levels of recurrent subsidy required.

The 1988 review of the co-op program stressed the need for the new structure to lead to a reduction in subsidies per unit, more control over the subsidies flowing to the program, to maximise the potential for alternative funding and to provide co-op tenants the chance to invest personal equity in the sector, with a view to reducing subsidy levels.

The new funding structure adopted for the revised program aimed to address these issues. Capital funding for the program is to be financed through commercial loans taken out through the home ownership arm of the South Australian Housing Trust, Homestart, which in turn obtains funding from the
National Mortgage market Corporation via the State government's South Australian Financing Authority (SAFA). Initial modelling assumed low start, capital indexed loans, with at least some of the interest capitalised into the outstanding loan. More recent projections have used deferred interest loans. In this way the program can access funding which benefits from the favourable borrowing potential of SAFA, while the low start funding was projected to match the expected income growth profiles of tenants.

However, it is expected that rent payments will not cover loan servicing costs in the early years. Consequently, a revenue deficit subsidy will be paid by the SHA to meet any shortfall from rents. Over the longer term, loans are predicted to break even after year twelve and surpluses can then be used to cross-subsidise. The overall objective of the funding model is to remove the need for deficit subsidies earlier while keeping front-end costs down.

In addition, a one-off capital grant of $3m from the SHA will be used to 'kick-start' the program. This represents approximately 12 per cent of the planned $25.5m program of 300 homes in the first year of the scheme, leaving $22.5m to be raised through loans.

The level of subsidy per scheme is related to the level of capital contributions derived from co-op rents. The control of subsidy amounts will also be enhanced by encouraging tenant equity in the co-op. This element of the program had yet to be finalised at the time of writing, but it is assumed in the funding model that the annual equity uptake will be of the order of 3 per cent per annum. The equity will only be tradable within the cooperative. This allows for the cooperative members to build up equity in the property up to 100 per cent.

Finally, a debt:asset ratio test (debt for each scheme should not exceed 95 per cent of assets) will be used to ensure that for the program as a whole, debts do not outstrip assets. A stringent financial monitoring system will be developed to check actual subsidy levels against budget estimates.

The rent model
The agreed rent model will adopt a similar system of rental charges to that prevailing in the SHA stock. Individual charged rents will be set on a sliding scale between 21 to 25 per cent of tenant gross income (net of medical or child benefits), the percentage rising as income rises. There will be a rent limit set at 7 per cent of the capital value of the property, giving a notional market rate of return. The tenant pays the lower of the two figures. Co-ops will also be allowed a leeway on the levels of rent actually charged to encourage cost efficiencies which can be passed onto tenants.
Within the overall constraint of affordability, the rental payment comprises three components.

i) a **recurrent component** to meet administration, day-to-day maintenance, voids and bad debts, fixed at a set rate per unit;

ii) a **major maintenance/repair levy** set at 2.6 per cent of tenant income with a ceiling related to property value;

iii) a **capital component** based on tenant income and also with a ceiling based on property value and uprated by the CPI annually. This functions as a balancing item. Tenants with less than $6,500 annual income would pay no capital contribution. Tenants with incomes above this will pay at a gradually increasing proportion of income. Moreover, the capital component can be reduced in proportion to any equity investment made by the tenant.

Financial modelling for the program carried out in 1991 using capital indexed loans showed that the average charged rent was estimated to be $63.06 a week, or 24 per cent of the estimated average annual income of a typical tenant of $13,542. Of this, the fixed administrative charge took $23, the maintenance levy a further $6.73, leaving the balance, $33.33, as the capital component. However, the costs of loan servicing were stated to be $103.71 per week. This implies a weekly deficit subsidy of $70.38 per week. The switch to deferred interest loans in later modelling is thought to have significantly reduced this level of subsidy, although no figures were available for this.

As the capital component is related to tenant incomes, then it follows that a key element in the viability of the program will be the predicted level of income that can be expected and the potential for incomes to rise over time. What were the assumptions behind this?

**Income assumptions**

The underlying premise to the funding model adopted by the SAHT for the new co-op program is that the sector can expect real increases in the incomes of tenants. This assumption is based on a philosophical justification that the social benefits of the program are deemed to include ‘an overall increase in the levels of skills, confidence and security of tenants and therefore income’ (Kilner and Fagan-Schmidt, 1989 p.19). Consequently, ‘Income growth amongst tenants is inevitable’ (p. 38). This income growth is deemed to rise faster than public tenants in general and over a 20 year period is predicted to move the incomes of
cooperative members overall from under 50 per cent of average weekly earnings to around 70 per cent.

This assumption was further justified by a spreadsheet model of predicted incomes and tenancy lengths for a range of likely tenants for the program, based on data from a survey of existing co-op tenants in the State. The survey found that a larger proportion of co-op tenants entering the sector were reliant on benefits and pensions compared to those applying for SHA housing. The model used predictions of the rate at which tenants would move out of benefit into paid work to make projections about possible income growth (South Australian Office of Housing, 1981).

The main point about these assumptions is that they allow the repayment profile of the preferred funding instrument — the capital index low start loan — to be matched by tenant’s projected payment capacity.

A cost-benefit analysis of the proposed new program, comparing its financial performance with that of similar public rented stock, concluded that the two programs would incur similar levels of costs, if tenant incomes were held constant in real terms for both types of provision and the costs of management are excluded (as this is deemed to be nil for cooperatives). But if co-op tenant incomes were expected to grow at 7 per cent, then cooperatives became the most cost-effective alternative, as the predicted subsidy level would fall.

The optimistic nature of some of the income assumptions underlying this projection were noted by the consultants carrying out the cost-benefit analysis. In particular, they noted the possibility that tenants might move both into and out of employment during the lifetime of the tenancy, thus compromising the income projections (South Australian Office of Housing, 1981). The nil-costs of day-to-day management resulting from tenants self-management, which were the main source of the favourable financial comparison with public sector development, might also be questioned. Experience in other countries suggests that effective tenant participation and self-management does not come cheap.

Significantly, the rents predicted by the model compared relatively unfavourably with rebated public sector rents and very unfavourably with rents charged in existing co-ops. The former were estimated to be 80 per cent higher than the latter. Therefore the new funding regime has led to a major increase in the rents for new cooperative housing.

**Comments**

This model involves a high risk, high growth approach. The deliberate aim is to reach 'critical mass' as soon as possible in order to establish the sector and reach
the point where benefits of scale begin to be felt. As a result, the model has been developed around a number of creative modelling assumptions that leave relatively little in reserve should the model not perform as predicted in reality. This is particularly true of the assumptions on the growth of tenants incomes. Nevertheless, given the need to stimulate rapid expansion from a low base line, such a risky approach is deemed to be justified.

The new program also implies significantly higher rents compared to those in the existing one. Whether existing co-ops will be interested in using the new program for further expansion is open to doubt. However, predicted rents are likely to closely resemble those set in SHA stock at the present, which should ensure that tenants eligible for public housing will find the new co-op sector attractive.

From a consumers point of view, the model demands that tenants take a much higher share of the costs than they might in other social housing sectors. Rents will be higher than for co-ops funded under earlier arrangements and equivalent to existing public housing. The assumed equity investment by tenants, an essential element in the model to reduce subsidy levels, and the assumptions on the amount tenants will need to contribute in terms of sweat equity both imply a significant burden in cost and/or time to be borne by the tenants themselves if the program is to work.

Finally, whether a fully private funded model will be able to develop successfully without a further input of capital subsidy remains to be seen. Much depends on the fluctuating costs of finance, as well as the ability of tenant incomes to perform as predicted.

3.4 The New South Wales Community Tenancy Scheme
This program represents one of the more developed housing association models in Australia. It was introduced in 1982 and aimed to provide community managed rental housing to promote greater tenant control and participation. The scheme developed out of the Mortgage and Rent Relief Scheme (MRRS) program funded by the Commonwealth through the CHSA which initially was used to fund rent relief in the private sector. But demand for support rapidly outstripped available funding and the CTS scheme was devised instead, in which MRRS cash was committed to leasing and buying private property and reletting the stock to low income tenants (Edwards, 1992b). In this way, the MRRS funding was used to expand the pool of available low rental stock. The MRRS was replaced by the Mortgage and Rent Relief Program in 1989 (see above). CTS continues to be
funded under this new program and offers a broad range of provision from crisis accommodation to general needs.

Its significance for the purpose of this review lies in the size of the sector - the NSW CTS accounts for approximately 25 per cent of all 'conventional' community housing in Australia. It also provides an example of a predominantly revenue deficit funded system where properties are leased rather than purchased, representing something of a contrast to capital funded programs. Finally, the NSW CTS illustrates the problems that face community housing programs in an unsympathetic political environment.

Organisational and operational summary
In mid-1992 there were 61 CTSs in NSW managing 3,048 properties. Scheme sizes are set at fixed levels, from a minimum of 21 to a maximum of 128, the average being 51.

1991/92 total funding for the NSW CTS program totalled some $12.9m, of which $9.6m was paid in deficit subsidies, the remainder covered management and administration costs. However, further conditions were imposed to generate productivity increases through cost controls and funding has been substantially cut back in recent years as the SHA moved to effectively restrict the growth of the sector. As recently as 1987/88 funding amounted to $22.9m (up from $12.6m in 1985/86). At the time of writing the future of the program was therefore in doubt.

Properties have been provided through three sources. Some 18 per cent of properties have been purchased by the SHA for CTS use, using a 50:50 split between State and MRRS funding. A further 14 per cent have been leased from other NSW government departments. But the majority, 68 per cent, are leased from the private sector.

The program is controlled centrally by SHA staff with policy and funding being determined by a State Advisory Committee, which includes elected CTS representatives. However, the schemes themselves are autonomous organisations managed by a volunteer management committee drawn from the local community. There are a wide variety of schemes operating under the overall CTS program, ranging from local government sponsored schemes to broad based community organisations and special need agencies. Tenant allocations are made by management committees on the basis of housing need, consistent with public housing criteria.

The NSW CTS originally grew to fund 58 housing workers with one worker assigned to each scheme. However, the current NSW Government views social housing as a tenure to assist those in extreme need and as a transitional tenure into
home ownership. The sector exhibits a number of major problems at the present
time, in part the result of unsympathetic State government.

First, the guidelines for the sector have been substantially redrawn so that
tenancies are now only provided for an interim period until the tenant receives an
offer of SHA accommodation. All tenants must now be eligible for public housing
and be on the waiting list for public rental. They must also be prepared to accept
public housing when offered it. It has therefore become a transitory tenure
offering interim housing for tenants awaiting long-term public sector
accommodation.

Second, the program was subjected to an operational review in 1989 which led
to reforms aimed at bringing recurrent costs into line with the public sector. This
was to be achieved by a number of cost efficiency measures. A new major review
with the specific aim to increase funding accountability and ‘improve efficiency
and effectiveness’ is now under way (New South Wales Department of Housing
Annual Report, 1990-91). For several years, then, the sector has been subjected to
severe cost pressures.

Third, the sector suffers from the lack of a peak representative or resourcing
body, although there are currently efforts being made on the part of the sector to
set one up. Such a development is seriously hampered by the lack of resources
available from the sector and the refusal of the SHA to commit funds to such a
body. This means that the sector, though large in Australian community housing
terms, is weak organisationally.

Fourth, the initial experience of private sector leasing threw up a number of
problems. The stock was often of poor quality and poorly maintained and high
premiums were being charged for leases. This had repercussions on maintenance
costs and standards of provision.

Rents, costs and deficit subsidies
Rents charged to tenants follow the SHA rent rebate guidelines, although with a
higher level of 25 per cent maximum gross income contribution (compared to 20
per cent for SHA tenants). This margin acts to encourage tenants to move to SHA
housing and also to subsidise the sector. The rent system does not allow for
differences in property location, size or quality. Larger households or those on
multiple incomes effectively pay more.

The rent setting formula effectively limits the rental income for each scheme.
An annual revenue deficit subsidy system - the leasehold subsidy - is therefore
paid by the SHA to each CTS to meet the difference between rental income and the
costs of provision. The latter is made up of the rental paid to landlords (both
private and government) for the leased properties plus estimated costs for management, maintenance, repairs, etc. In practice, the leasehold subsidy functions in much the same way as the rent rebate system for public tenants.

The leasehold subsidy paid to each CTS is based on imputed costs across the entire program, rather than actual costs incurred. For example, data drawn from the budget schedule of a typical CTS shows a submitted average weekly rent for 1991/92 of $50.80 compared to a submitted weekly rental outgoing of $187.44. Actual rents therefore meet 27 per cent of actual costs in this scheme. But the formula for estimating the percentage that rents should cover, produces an imputed average weekly rent of $60.17, resulting in an actual leasehold subsidy payment of $127.27 per unit per week. This leaves approximately a $10 income shortfall.

This imputed rental formula is intended to encourage cost efficient management as any shortfall will need to be made up through savings on outgoings. Moreover, under this system, no operational surpluses can be retained or used to offset other expenditure. Any surpluses are simply deducted from next years allocation. In effect, the scheme has to end the year with a zero balance sheet.

One of the key recurrent costs are the salaries of the housing workers. These are now set by a strict wage formula which relates salary levels to the number of houses managed. For example, a scheme with 30 households is funded for 21 hours work per week while 70 household schemes are funded for 41 hours per week. This system, which allows approximately 30 to 40 minutes of management per unit per week, is designed to provide resources for basic housing management only. Previously, housing workers had a much broader function, including development work and advocacy. Thus the scope of activities salaries now cover has been considerably reduced.

The costs of housing workers are met through a management subsidy paid by the SHA. Other administrative costs, including training, office costs and insurance are only partly met by additional subsidies. Schemes are expected to part fund 50 per cent of these from their own income, again aimed at encouraging cost controls.

Comments
First, the NSW CTS program illustrates the fragile nature of community housing, given its considerable reliance on pubic funds and its 'arms length' relationship to the SHAs. It is an easy target for unsympathetic administrations. The antagonism between the sector and the NSW Government illustrates that in order to expand over the long term, community housing needs to seek cross-party support and
develop arguments that achieve this aim. If it is to survive, community housing cannot afford to allow itself to be closely identified with one wing of the political spectrum or another.

Second, and more specifically, the inability of CTS projects to develop an asset base to be used for further expansion is a serious handicap. The program is tied completely to the level of annual deficit funding provided by the SHA and has little hope of an autonomous existence. This form of support does not appear to offer a model for the long term expansion of a viable and secure community housing program at the present.

At one level, however, the CTS model could offer itself as a suitable community housing sector to be funded under a housing voucher system like the one proposed by the Federal Opposition's 'Fightback' package. In effect, vouchers could substitute for the deficit funding payments and properties could continue to be obtained from the private sector on a leased basis. The main issues, of course, would be whether the value of the vouchers would be sufficient to provide quality housing services (including support and infrastructure) and cover the costs deficits this implies, as well as the lack of any long term guarantees over the level of such payments.

Third, the nature of the cost efficiency measures are almost entirely negative in nature, reflecting the dominant government perspective. A much more positive system of cost efficiencies could be devised, for example, which encouraged schemes to use any surpluses for future years or investment purposes.

3.5 The New South Wales Cooperative program
The New South Wales cooperative program is, at present, in its infancy in terms of size. However, it features a number of innovative features, particularly in the role of 'off-budget' funding. Like the Victorian CERC program, NSW co-ops are based on mixed funding with (in mid-1992) LGCHP providing up-front capital subsidies. But in addition, the program has explored the possibilities of using funding from ethical investment sources as well as standard private sector lending for the non-grant development component in an attempt to keep repayment costs to a minimum. It has also adopted a conservative approach to rents and borrowing to build in safeguards against possible escalating repayment costs in future years, especially if tenant incomes fail to keep pace with inflation. In this, it stands in contrast to the South Australian co-op model.
Organisational and operational summary
In mid-1992 there were just 22 co-ops at various stages of development and 33 units on the ground in NSW. It therefore represents one of the smaller co-operative programs. Moreover, like the CTS program described above, it has developed in the context of, at best, State Government indifference. And as with the CTS program, its survival owes much to the commitment of cooperative members and support workers. However, recent ministerial changes and the appointment of a new Director of Housing in NSW look set to improve this situation.

Despite its small size, the program has been in existence since 1985. Base funding comes from the SHA through LGCHP tied grants. In all, some $17m LGCHP money has been committed to the program over the seven years to 1992, but delays in processing funding agreements with the SHA has meant that only $5m has been spent of this total to date. The remainder is still held by the SHA and some $5.8m is now under threat of clawback from the Federal Treasury. This has presented a major obstacle to the expansion of the program. In 1991/92, the LGCHP component totalled some $3.5m, all of which is Commonwealth money as NSW does not provide matching funds.

State government antipathy has also prevented the program from accessing loans from the state sponsored First National Mortgage Acceptance Corporation which funds the low start home ownership initiatives of the SHA.

The day-to-day operational decisions for the program are coordinated through the Association to Resource Co-op Housing (ARCH), an autonomous limited company funded via LGCHP. ARCH is controlled by affiliated co-ops and acts as the central development agent for the program. It promotes good practice and plays a central training and education role for co-ops through its staff of three full-time workers.

ARCH acts as the funding arm of the program, raising loans from the private sector and mixing this with SHA money for individual projects. It also oversees the financial operation of co-ops to encourage compliance with agreed program guidelines. In this it plays a similar role to CEH in Victoria and SACHA in South Australia.

The funding model
Development funding comes from two main sources. An average of 80 per cent of costs are met through loans and grants from the SHA using LGCHP money in the ratio of 65 per cent in the form of a no interest loan and 15 per cent as an outright grant. The remaining 20 per cent is raised through direct lending by the
individual co-op or through ARCH. In practice, only the outright grant percentage is fixed; the other two components can vary and recently private loans have accounted for around 85 per cent of capital costs. The main constraint on rental income is that 65 per cent of lettings must be made to tenants who are eligible for public rental. The remaining 35 per cent can be higher income households. As in the South Australian model, there is some pressure to ensure this latter proportion remains at the limit to maximise rental income.

Initial private funding was obtained through the St Georges Building Society on the basis of 25 year credit foncier loans at 14.5 per cent interest rates. In fact, the loans were taken out at 12 per cent fixed for 5 years. This was preferred so as to build in a 5 year buffer against unfavourable interest rate fluctuations and to make financial planning in the early years of the scheme more predictable. However, the agreement was to repay at 14.5 per cent so that the 2.5 per cent excess could be used to repay the capital component at a faster rate. As tenants pay a fixed proportion of their incomes in rent, there were no direct implications for affordability.

This high cost repayment system means that there is an in-built insurance on rent repayment ability. Rather than risk low start loans which are designed to maximise tenants' purchasing potential at the start of the scheme but are always open to significant repayment problems if incomes do not keep up with the repayment schedule, the NSW approach is to adopt a conservative high cost conventional repayment scheme which ensures that tenants are not so susceptible to future repayment crises. If tenants can afford to pay on day one, then they are likely to be able to do so into the future. The program does not rely on assumptions about potential tenant income to make the funding model work.

This philosophy owes much to the recent problems that low income home purchasers have experienced in New South Wales through taking out low start home ownership loans via the First National Mortgage Acceptance Corporation. However, it has the drawback of significantly lowering the growth potential of the sector as fewer units can be purchased from any given income stream.

More recently, ARCH has explored the possibility of attracting ethical investment into the social housing sector. An ethical trust fund for low income housing - the New South Wales Community Housing Trust - has been set up to draw in ethical investment for social housing and to on-lend at below market rates to suitable projects. The Trust was established with a $1m donation from a charitable trust, Burnside, which is an arm of the Uniting Church. Mortgages from this trust are aimed at youth or single parent schemes and will lend money at 0.5 per cent above the rate of inflation. ARCH is currently negotiating with an
ethical investment trust called Money Matters for additional fixed interest funding. More recently, The Anglican Church in NSW has announced its intention to provide $1m for social housing, although at the time of writing it was unclear as to how this money might be committed.

The private mortgages are counted as a first charge on the co-op's property and are paid off first. The SHA's no interest loan represents a second charge and this can be repaid once the first mortgage is discharged. Each co-op holds the title to their property (unlike the Victorian and South Australian models) although the second mortgage held by the SHA gives it a percentage of the equity until the loan is repaid. This arrangement means that over time, the co-op has the potential of building up equity in the property. The SHA will retain a 15 per cent stake to ensure no abuses of the program.

Uniquely, ARCH acts as guarantor for the loans and holds a four month reserve paid by a monthly levy from co-ops. This gives ARCH a four month buffer to troubleshoot any repayment problems from individual schemes.

**Rents and residual loans**

Rents charged to tenants are set at 27 per cent of income or equivalent market rent (currently about $150 per week in inner Sydney), whichever is the lower. The 7 per cent premium paid over the NSW public rental benchmark of 20 per cent is designed to allow for higher costs as a result of loan repayments. This implies an implicit higher rent regime than the public sector equivalent.

The funding arrangements for the NSW CERC program clearly illustrate the residual loan basis of the system. The total pooled incomes of potential co-op tenants are taken in year one and the benchmark calculation determines how much gross rental income the scheme will generate. A first-year budget prediction is drawn up to estimate gross income and day-to-day expenditure. The balance between these two items - gross income minus running costs - represents the amount left to service a loan. In effect this is a mixed funded system but with regulated rents set at an affordable benchmark. In general, the residual loans amount to about a third to a half the gross rent figure.

The way in which costs, rents and affordability relate in the NSW CERC model can be illustrated by the following example. It is based on a typical project for sixteen households currently operating in the Sydney metropolitan area with development costs of $640,000.

Between them the 16 households generate a weekly rent of $577.95 in the first year, this being 27 per cent of their combined weekly incomes. Together with some additional income, gross rental income totals $32,933 while predicted
expenses come to $12,766. This leaves an expected surplus in year one of $20,167. Note that the expenditure items do not include the costs of management, this being carried out by co-op members at no net charge.

This surplus could be used to service a $217,880 twenty-five year conventional loan taken out through Burnside at an interest rate of inflation plus 0.5 per cent (equivalent to 8 per cent in mid-1991). A loan of this size would account for 34 per cent of the total scheme development costs. The remainder would be provided via grants and loans from the SHA.

Comments
In contrast to the South Australian cooperative model, the NSW cooperative sector represents a low risk approach. Rents are not structured to ensure the lowest possible costs and low start loans have been eschewed in favour of less risky conventional loans. The high repayment costs mean a slower growth rate for the program than has been predicted for similar schemes in other States. The positive side to this is the lower risk of scheme failure as tenants are protected from the uncertainties of low start funding.

An alternative approach to keep private loan repayments to a minimum has been sought through the use of ethical investment funds. These require lower than commercial rates of return which assists in countering the 'front-end' loading of conventional loan repayments. Whether sufficient funds can be secured from ethical sources to fund a significant expansion of the sector should the State Government become a more enthusiastic supporter, or the Commonwealth Government decides to fund schemes directly, remains to be seen.

However, one of the main problems of the program is the difficulty in making the funding stack up in the high cost Sydney housing market where cheap property is scarce. This is despite the relatively high income benchmark figure of 27 per cent and the attempt to secure favourable private funding. In effect, scheme funds are capped from two sides: rents are limited by fixed proportions of income and government funding is fixed at a maximum of 80 per cent of scheme costs. The incomes of those tenants who earn too much to be eligible for public tenancies therefore becomes a significant factor in making schemes work.

3.6 Four case studies: summary comments
Even this limited review of four models (from a potential of well over twenty nationally and numerous single projects) shows a remarkable diversity in organisational structure, funding and subsidy arrangement and financial philosophy. This is true not only between States, but also within them. Capital
funding arrangements range from fully publicly funded to fully privately funded programs. Recurrent costs subsidies range from a reliance on the rent rebate system to straight revenue deficit systems.

Public subsidies were generated through at least five main sources:

- Capital cost subsidies through outright grants from SHAs;
- Recurrent cost subsidies through low or no interest loans (both public and private);
- Recurrent cost subsidies through revenue deficit payments;
- Recurrent cost subsidies through rent rebates (paid by the SHA);
- Recurrent cost subsidies through rent assistance payments (paid through the social security benefits system).

Other non-quantified management and maintenance costs are borne by tenants in cooperative projects through their sweat equity inputs. Working tenants in cooperatives also help to subsidise those on benefits and pensions. Furthermore, other community housing schemes receive assistance from community groups and sponsoring bodies in the form of free or cheap land, free management services, voluntary workers and other forms of assistance.

This said, all these schemes share a common feature in terms of a rent setting system based on accepted affordability benchmarks. At the heart of each model lies an assumption that tenants will pay no more than a given proportion of income in rent. The variety of funding and subsidy arrangements employed are all aimed to meet the basic income shortfall between the level of rental income generated by this common rent charging regime and the costs of provision.

Despite the range of rent:income percentages paid by tenants in the schemes (in our limited examples, from 16 to 27 per cent), the rent rebate system delivers a much smaller range of affordability rates than, say, the UK Housing Benefit system, where affordability rates reach over 40 per cent in some cases but is effectively zero for others as the Benefit pays the entire rent. From a consumers point of view, the Australian system provides much greater assurances that rents paid will be held to more affordable levels. However, unlike the UK, every tenant pays at least something towards their rent.

The rents and subsidy issue is one of the key issues facing the future development of the community housing sector in Australia. As with all social housing provided for low income households, subsidies will be required to meet the income shortfall between affordable rents and the costs of provision. The question remains as to the most efficient and effective way of providing the
subsidy mix over the longer term, while at the same time guaranteeing affordable rents.

This review also suggests that there is a potentially major problem stemming from the lack of equity between the subsidies flowing to different programs. Although no systematic evidence has been presented here, it is clear that differing programs receive differing levels of total subsidy depending on the funding and subsidy model utilised. This situation will need to be rationalised in due course.

At the same time, the pressure to gear up public investment with community and private resources remains strong. This is important for two perfectly valid reasons: to make public money go further and to expand output to allow the sector to gain that elusive 'critical mass' as quickly as possible. At least the sector has not had private funding imposed as part of cost cutting, privatisation and cost efficiency policies, which has been the case in the UK.

But the experience of obtaining 'off-budget' funding has not been without its difficulties. Perhaps a major issue is the lack of an appropriate and readily available funding instrument or range of instruments for the development of long term social rented stock. Again, it means that there is considerable variation in the range of instruments available to projects and hence a significant variety in finance costs which need to be covered.

The following section briefly considers these and a number of related issues in turn.

4. Issues and policy directions
The diversity of forms of community housing provision highlights the difficulties in stimulating the sector through national policy initiatives, as any policy arrangement will need to be sufficiently flexible to allow for the wide range of existing funding and organisational models, but without losing an overall influence on the outcome. The new Community Housing Program announced in the 1992 Commonwealth Budget Statement essentially builds on the LGCHP initiative and looks set to continue this loose control in terms of output, even if greater emphasis will be placed on devising more adequate levels of accountability and greater standardisation of procedures and practices.

Clearly, a balance needs to be struck between too rigid central prescription and complete local autonomy. One of the strengths of the system as it stands is the relative freedom by which models of community housing have emerged. But this review points strongly to the conclusion that a move towards more coordinated nationally based funding and subsidy models would help to reduce inequalities
between programs. It would also help to weld the sector together more firmly, countering the current fragmentation. In particular, the rationalisation of subsidy arrangements and the promotion of appropriate nationally based private funding sources needs to be addressed. This should not preclude a variety of management styles and formats on the ground. But it would aid the comparison, and hence evaluation, of the relative costs and benefits of different models. At present, such a comparison is extremely difficult due to the complexity of the arrangements.

A number of these issues are discussed in more detail in the following section.

4.1 Innovations in housing finance for community housing

The overall aim of using private funding is to make the public subsidy go further and thus increase output. But if community housing is to use private loans and keep costs down, then it needs access to loans at the lowest possible cost and at the lowest possible risk to the projects. Experience in both Australia and abroad suggests that the commercial sector provides neither of these conditions. Commercial loans tend to carry high premiums (social housing is considered to be risky) and the sorts of low start instruments which have been favoured to reduce front end costs are inherently much riskier than conventional loans over the long term. Moreover, low start loans do not guarantee lower costs, (for the U.K. case see Randolph, 1992).

The examples of community housing programs discussed in the previous section illustrated a number of innovations in private funding which, if developed further, would help the sector achieve the twin objectives of obtaining private lending at lowest cost and least risk to the borrower.

i) A social housing bank?

As the CERC and South Australian case studies illustrated, the development of a banking sector specifically for State sponsored housing initiatives is now well established in Australia. The National Mortgage Market Corporation in Victoria, in which the South Australian and Western Australian governments also have an interest, and the First National Mortgage Acceptance Corporation in New South Wales have both developed tradable mortgage-backed securities, underwritten by state government guarantees and high quality credit enhancements. The Homefund scheme in New South Wales, Homestart in South Australia, Keystart in Western Australia, HOME in Queensland and the Home Ownership Loans Scheme in Victoria are all examples of State government backed housing finance initiatives funded through such arrangements.

Initially set up to develop a secondary mortgage market for home loan schemes for low income purchasers, these institutions have the potential to fund innovative
community housing programs in a number of States. The advantages of such initiatives stem from the benefits to tenants in the form of the relatively lower cost and greater availability of funds for community housing projects which would find it difficult to raise appropriate funding through conventional banking sources. Subsidised lending of money raised from the private sector through these State sponsored housing banks has therefore become a major feature of states’ housing activities since the late 1980s.

Although the operations of State sponsored banks in Australia have not been without their problems, the model structures they provide could also prove particularly valuable for the development of a comparable national funding institution. Support for a central funding intermediary of some sort to provide off-budget funds to community housing has been evident in the wide ranging consultations carried out by the Australian Council of Social Services (ACOSS, 1992a). This intermediary could act as a banker for the development of community housing and other social housing initiatives (including shared ownership) to borrow wholesale and on-lend to associations and co-ops on a retail basis, but at preferential rates through its ability to borrow on the best possible terms. ACOSS notes that such an intermediary should be able to insulate the 'bricks and mortar' funded through such loans by spreading the overall risk to investors.

There is also support for the notion that such a central intermediary would be able to draw in funding from both public and private sources, including government subsidies from three sources: subsidies on returns to investors, direct capital grants and rent rebate subsidies. In addition, it has also been suggested that such an intermediary could hold equity in the stock on behalf of community housing organisations.

Bisset (1992) has proposed the establishment of a National Housing Corporation to raise funds on behalf of the social housing sector on an off-budget basis via Commonwealth Government backed housing bonds tradable through a secondary mortgage market. Bisset suggests three methods to increase the yield to investors:

- Indexation of bonds to ensure that the income from rents is limited to a competitive real rate of return.
- Increased tax incentives: treating the bonds as capital for taxation purposes thereby limiting the tax liability to the real increase in value (which would be zero if the bonds were themselves indexed), reallocating negative gearing on rental property to the housing bonds, and increasing depreciation allowances for social housing investment.
Rent subsidies paid to tenants to make up the income gap between income from rent and investment returns required.

These proposals are broadly comparable to those put forward by the National Housing Strategy (1991b) with regard to the development of a national Equity Bond market through a national housing bank. The Equity Bond proposal would allow ‘arms length’ investment in social housing without the need to tie loans to particular developments. Investors would be able to trade the bonds and risks would be spread across the entire stock for which loans had been raised. The bonds would be capital gains indexed to maintain the return to investors and would offer the same risk and return characteristics currently only achieved through complex investment arrangements. The Strategy calculated the cost efficiencies of such bonds could be passed on to tenants resulting in a 10 to 20 per cent reduction in housing costs to low income tenants. However, the proposal would entail changes to the taxation system and does not appear to have met with Commonwealth Government acceptance to date.

The Strategy's proposal for a national housing corporation which would establish a national secondary mortgage market based on the issue of these bonds and act as the on-lender to the social housing sector, would allow economies of scale to be achieved, helping to reduce margins to borrowers. Its activities could be underwritten by the assets of existing government owned banking enterprises such as the Commonwealth Bank or through government guarantees. Such guarantees are provided in the case of State initiated fundraising activities for home ownership and are not counted as part of the public sector borrowing requirement.

So far, these proposals have made little running with Treasury officials. The basic problem lies in the fear that such bonds would effectively be used to subsidise debt rather than risk. In other words, they would not represent additional investment which the private sector would otherwise not lend through other means.

Nevertheless, the case for the development of such a nationally based funding institution for social housing in general and community housing in particular remains strong. As the UK case has shown, reliance on commercial funds for the development of community housing is not only relatively more costly, but there is no guarantee that funding will be forthcoming and community housing agencies are vulnerable to variable interest rates and short term borrowing (Randolph, 1993). A specialist lending institution could help overcome some of these problems.
ii) Ethical investment for social housing

An additional innovative development has been the use of ethical investment sources for community housing. This has been on a very limited basis so far, with only the ARCH sponsored example in New South Wales having resulted in any significant level of funding. However, there may well be further scope for the development of such funding, especially from the growing ethical investment market and other socially oriented investment funds.

A proposal for a locally controlled and funded ethical investment trust system to fund community non-profit housing has been developed by the Victorian Council of Social Services. The system would involve a central management company which would oversee a number of Local Trusts which would own properties and lease them to local housing groups. The central management company, run by a voluntary community based management committee would raise funds for the Trusts. Under this system, funding, ownership and management are separated. The advantage of this model is that it allows investors to invest in the stock without the necessity of sales when they withdraw. Tenants could also invest in the stock, thereby earning a return from it. What the level of return would be, and how much funding might be raised through such a scheme is not reported.

Whether such a proposal offers a realistic means of raising significant amounts of additional funding for social housing is open to doubt. However, the notion that community housing could tap socially responsible investment is a concept that has yet to be fully explored. The use of ethical investment sources is an area worthy of much greater consideration, especially for funds seeking long term and secure returns.

iii) Loan portfolio management

Finally, the extent to which individual programs or schemes are exposed to financial risk in using private funding needs to be briefly mentioned. As we saw in the case of Victorian CERCs, concentrating lending in a limited range of loan types can lead to problems if these begin to perform poorly. The sector needs to develop methods to spread the risk inherent in different loan instruments, especially where low start and other innovative loan types are used.

The most prudent approach would be for fund raisers, be they housing agencies themselves or the funding managers, to develop a spread of loans of different types and conditions, including conventional credit foncier loans. Programs which place all their financial eggs in one loan basket may be heading for trouble. While this increases the short term costs of loan servicing, it should provide a more stable longer term basis. However, this implies a degree of scale on the part of the
borrower. This is where the financial management intermediaries (e.g. CEH, ARCH, SACHA) play a crucial role in what is still a severely underdeveloped sector. It will be some time before individual community housing agents are likely to get to the level where loan portfolio management will be possible.

4.2 Rents subsidies, affordability and off-budget funding
As we have seen, principals of rent setting are largely derived from those prevailing in the public sector, for a number of perfectly good reasons. But while the principals of affordability inherent in the public sector rent setting and rebate system must remain at the centre of any future development of the community sector, there must be a question over the appropriateness of using this rent setting model for community housing, especially where 'off-budget' funding is used.

Current rent setting approaches effectively limit the amount of loan any one project can afford to support. At present, the balance is either met through a large up-front capital subsidy or through some form of revenue subsidy which meets the shortfall between net rents and loan servicing costs. Either way, the subsidy comes from the SHA sponsoring the scheme, involving a continued high level of input and supervision.

Wood (1990) has noted the constraints the rent rebate system imposes on the opportunities to use private funding for social housing. The need for higher rent rebates to meet the higher rents which would result from interest payments effectively limits involvement of private capital:

'Moves to charge market rents would do little to facilitate joint ventures, when less than one third of tenants would be paying rents at these levels. Widespread development of joint venture solutions in public housing cannot be expected under present arrangements' (Wood, 1990, p 859).

Wood also concludes that while 'fiscal constraints remain tight and constituted as at present, the potentially large funds available from superannuation funds, pension funds, unit trusts and insurance companies will remain untapped by the public sector’. However, he notes: ‘There is considerable scope for a voluntary housing movement to realise the potential offered by wholesale finance’. (1990, p 859)

But as we have seen, community housing programs generally have the same rent setting and rent rebate system to SHAs. They are likely to suffer from constraints similar to those of the public sector in relation to raising significant amounts of private funds to expand development. Put quite simply, if rental income is tied into the current rent setting and rebate system, there is little real scope for the significant expansion of the sector through private borrowing.
This is not to suggest that rents should be set at market levels or that capital and other subsidies are not crucially important. But there must be a question over the use of a rental system for community housing which has not been devised in relation to the needs of the longer term funding requirements of the sector.

The development of a tenure neutral rental assistance system for both the public and community housing sectors, incorporating affordability concepts and possibly integrated with the social security and pensions system, would help to solve this problem by splitting the system of capital and rent subsidies into two separately administered and resourced elements.

A more autonomous rent support regime would help to reduce the limitation on rental income imposed by prevailing rent setting conventions. Rent levels could be set more flexibly by not being tied to specific affordability criteria. The ability to raise 'off-budget' funding would therefore be increased. Instead, a reformed housing assistance system would ensure that no tenant paid more than the prevailing affordability benchmark.

Moreover, this would allow a more flexible approach to desired levels of capital or recurrent cost subsidy. If rent assistance increased, these other components could be reduced, thus making existing capital resources go further. As rent assistance is administered as a Federal social security program, it would be less susceptible to SHA control (which may have positive as well as negative repercussions), helping to promote greater autonomy for the community housing sector.

4.3 Subsidy equity and subsidy efficiency
The rent setting and rent support arrangements for community housing reflect a basic ambiguity. While most tenants are eligible for rent rebates and have rents set along public sector lines, others are eligible to claim private sector rental assistance. Quite a few get both. The precise position of community housing in the subsidy system is therefore unclear - is it a public or a private sector tenure? The obvious answer is that it is something in between. But this raises a serious question of subsidy equity - should community housing tenants benefit from two sets of rental subsidy while private and public tenants are only eligible for one or the other?

To date, community housing has not developed to the size when this has become an issue. Indeed, when set against the scale of resources flowing into the rent rebate and assistance systems, rental subsidies to community housing are relatively small. Nevertheless, it can be argued strongly that this ambiguity needs to be clarified and a proper rent assistance system introduced for community housing, both on grounds of equity with other tenures and clarity of operation.
At the same time, there are also significant variations in subsidy levels between different programs within the sector. To the degree to which these subsidy inequalities exist, then tenants in different programs are treated unfairly. So far, little detailed work has been done to review the precise level of subsidies flowing into the various programs. But that there are significant variations cannot be questioned. This equity issue was identified by the 1988 review of LGCHP which noted significant differences in the level of subsidies available to cooperative tenants in different States (Purdon Associates, 1989). The review also recommended that LGCHP subsidies should be set at the same level as those of public tenants.

This issue is clearly related to the question of subsidy efficiency. Programs producing similar housing services may benefit from quite different total subsidy inputs. Whilst there will be difficulties in making fair comparisons between different programs, the question of whether public funds are being used in the most efficient manner must be a key test of the viability of individual community housing initiatives. Moves to reform the subsidy system would help to regularise this situation.

4.4 The subsidy balance: grants, loans and rebates

Discussion of subsidy levels leads to the central question of the most appropriate balance between the various subsidy elements, rent income and 'off-budget' funding. What is the most appropriate balance between grants and loans? between capital and recurrent cost subsidies? between rent subsidies and deficit subsidies? Not surprisingly, there can no hard and fast answers to this.

The basic position must be to maximise output from any given funding level (i.e. maximise cost efficiency) while maintaining affordability for tenants. Clearly, over-reliance on one subsidy or another leads to program vulnerability. Rather the aim should be to reach the balance between the various subsidy and funding alternatives that best suits a particular program, while maintaining a broad level of subsidy equality between them (although this could vary depending on needs group, location, property size, etc.).

As to the optimum split between public and private capital funding for mixed funded development, current practice seems to be based somewhere between 65:35 and 85:15 ratios. But experience in both Australia and the UK suggests that rents under mixed funding only approach affordable levels at the 85 per cent public grant level. An 80:20 split might be sustainable over the longer term, however, provided that an adequate rent assistance system was in place to guarantee affordability. The big danger of over-reliance on rent assistance, of course, is that
it pushes much greater proportions of tenants into benefits dependency. The question of the balance therefore needs careful and sensitive consideration.

Given this, it seems reasonable to support a flexible approach to the precise mix of subsidies used, as long as the overriding principles of affordability, subsidy efficiency and subsidy equity are achieved. So long as the various models were financially transparent, then the basic trade-offs between capital and/or deficit subsidies, rent levels and rental assistance on the one hand and subsidy, 'off-budget' funds and output numbers on the other, could be readily assessed.

At the time of writing, there seemed to be little in the way of detailed research and testing to evaluate the subsidy flows into various programs or the most appropriate subsidy mixes for the community housing sector. But with the impetus of the expanded Community Housing and Social Housing Subsidy Programs, these issues are likely to become the focus of a much more coordinated evaluation and appraisal of the sector over the next few years.

4.5 Concluding comments
The answers to some of the issues surrounding community housing provision will undoubtedly be resolved as the implications of currently developing initiatives become apparent and policy evaluation filters out the viable from the non-viable programs. The new programs present an opportunity for the Commonwealth Government to take a more prescriptive approach to the promotion of the sector, rather than the prevailing attitude which, while 'letting a thousand flowers bloom', has contributed to program inefficiencies and fragmentation. A thorough review of the broad range of community housing, including Aboriginal housing and crisis accommodation, to explore common good practice and stimulate cross program exchange and integration, would also be a major benefit, not least in raising the profile of the sector.

The outcome of the recent consultation over the draft guidelines for the Community Housing Program, awaiting State endorsement at the time of writing, may push the process of rationalisation and integration further, particularly within States. The new resources to support infrastructure development will also greatly assist this. Efforts to establish national links between community housing agencies for both housing associations and cooperatives will also aid the coalescing of the sector. And the recently announced move towards a national affordability benchmark for both social and private sector tenants allied to a universal rent allowance system implies that the restructuring of the subsidy model for the community housing sector may already be under way.

It would appear, then, that 1992 may mark a key transition for community housing in Australia. The doubling of funding for 'mainstream' community
housing, while remaining modest in relation to total public housing expenditure, represents a significant boost to the sector. The aim now must be to push community housing towards the level at which 'critical mass', in terms of both units and organisational structure which could propel it towards a mainstream housing alternative, is reached. There is some considerable way to go before this position is reached, and policy change, both at the Federal and State levels, could easily derail the program. Nevertheless, community housing now has an opportunity to lay the foundations for what could become a significant component of the social housing sector in Australia into the next century.

A final observation concerns the 'image' of community housing and its chances of long term viability. One of the reasons for the current success of community housing in the UK has been its traditional bi-partisan appeal—both Labour and Conservative governments have favoured the sector. Its independence from local government and the 'broad church' of support the sector has drawn on for many years as part of the UKs voluntary and philanthropic traditions, has proved a stabilising factor. Both right wingers, concerned with self-help and charity for the poor, and left wingers, with social housing ideals, have been able to lend support to the sector. Whilst there are dangers inherent in fence sitting, an 'apolitical' consensus for community housing might well be worth developing in the Australian context.
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<table>
<thead>
<tr>
<th>New South Wales</th>
<th>Victoria</th>
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<tr>
<td><strong>GROUP HOUSING AND OTHER PROGRAMS</strong></td>
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<td>Shared housing is provided and head leased to community organisations.</td>
<td>Supported accommodation facilities are specifically designed or modified for people with disabilities.</td>
<td>Departmental houses leased to community groups to provide emergency and medium term accommodation.</td>
<td>Community residential tenancies program provides accommodation which is leased to community groups to provide long-term accommodation. Lodging House program provides for purchase/renovation for lodging houses to be managed either directly or by community organisations. Community facilities for non-residential purposes leased to community groups. Short-term emergency accommodation.</td>
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<td><strong>YOUTH</strong></td>
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<td>Direct leasing with standard allocation procedures to young people over 18 years of age (and to under 18s if able to live independently). Head lease of surplus Government and specially built facilities. Funds of $8.3m through CAP have been provided under the Youth Social Justice Strategy to establish nine LGACHP and 31 CAP projects.</td>
<td>Youth Housing Program leases properties to community management groups to house young people 15-25 years. Program also provides grants to groups for management tasks.</td>
<td>Departmental houses leased to community groups to provide emergency housing. Department will pay bond and rent for community groups to rent on the private market to house youth.</td>
<td>92 purpose-built units for singles plus 50 spot-purchase units for which youth are eligible. Other housing also available i.e. conversion of suitable units for singles use. Shared housing for singles is available in rental properties. Pilot Youth Housing Scheme to accommodate 16-17 year olds (21 units).</td>
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<td><strong>AGED</strong></td>
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<td>Innovative design guidelines for aged persons housing. Mixed tenure retirement housing models being developed for joint ventures. Integration of public housing provision with private, independent and supported accommodation for aged pensioners.</td>
<td>Community-based organisations provide land (also HCV allocates some land) while the Department builds and maintains units. Organisations can also nominate eligible tenants and be involved in continuing management. Movable Unit Scheme rental and purchase. Home renovation service.</td>
<td>Local councils and community organisations are given grants to provide aged housing additional to that provided by the Department.</td>
<td>Homeswest erects units on land owned by community organisations who then manage the units. Granny flats through low interest loans up to $20,000 at 13.5% interest.</td>
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<td><strong>DISABLED</strong> (housing authorities generally modify housing for the disabled as required)</td>
<td>Dwellings are constructed, purchased and modified. Homes are head-leased to the various Departments and community organisations. Rental subsidies paid to approved applicants. Disability housing functions undertaken regionally.</td>
<td>Local council and community organisations are given grants to provide housing for the disabled.</td>
<td>Applicants permanently confined to wheelchairs are automatically eligible for priority assistance. Policy covers rental housing and home purchase assistance for disabled persons. Conversion of existing properties to suit needs.</td>
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<tr>
<td><strong>LOCAL GOVERNMENT AND COMMUNITY HOUSING PROGRAM</strong></td>
<td>Establishment of cooperative to produce educational assistance to cooperatives. Establishment of company to raise private sector funds to acquire dwellings for cooperatives. Funding (to 80%) to assist Councils to acquire dwellings for rental to low income earners.</td>
<td>Provision of accommodation for the aged, low income earners, widows, single parent families, intellectually handicapped people and students. Provision of housing for cooperatives. Research workers also funded.</td>
<td>A Cooperative Housing Program for low income earners has been established. Links developed with Local Authorities and Community Groups in the provision of housing for low income earners. Developing innovative new housing schemes for physically and mentally handicapped people. Establishing resource workers for cooperatives, local government and community sectors.</td>
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<td><strong>CRISIS ACCOMMODATION PROGRAM</strong></td>
<td>Purchases, renovates or constructs dwellings for families, youth, women and other homeless people—both supported and unsupported programs.</td>
<td>Purchases, renovates and repairs accommodation. Construction and repairs to kitchens. Drop-in centre, young women's hostel, halfway house for women and children, youth and women's shelters.</td>
<td>Developing a trend towards medium-term housing for homeless people. Short term housing for families, homeless men and women, ex-prisoners and single mothers. Purchase, renovate or construct emergency housing for people who are homeless through crisis or domestic violence.</td>
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<td>Purchase, construction and renovation of dwellings used for women's and youth refuges, homeless persons facilities and unsupported crisis programs. There are now 169 dwellings funded under CAP while 21 dwellings were provided under a previous program (CAFID).</td>
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<td><strong>GROUP HOUSING AND OTHER PROGRAMS</strong></td>
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<td>Shared or group housing provided under Community Tenancy Program.</td>
<td>Shared or group housing provided through community groups.</td>
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<td><strong>YOUTH</strong></td>
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<td>128 youth shelters under Community Tenancy Program.</td>
<td>31 houses are being leased to community groups specifically for youth plus student accommodation for the University of Tasmania.</td>
<td>Lease houses to community groups to provide accommodation for youth. Direct leasing to youth 16 years and over.</td>
<td>Generally via community organisations. Under 18 years old with necessary support or share with at least one member over 18 years of age.</td>
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<td>Youth Direct Lease Scheme.</td>
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<td>Involvement of local councils, private and community organisations.</td>
<td>Department of Community Services makes dollar for dollar contribution with councils and organisations up to $22,230 per unit.</td>
<td>Similar to general housing. Single level garden units designed for aged persons. Three-flat complexes modified to suit aged persons.</td>
<td>Similar to general housing. Joint programs with community organisations.</td>
</tr>
<tr>
<td><strong>DISABLED (Housing authorities generally modify housing for the disabled as required)</strong></td>
<td>Two dwellings, one in north and one in south are being leased to community organisations for disabled persons. Especially designed units are built for the disabled. Existing dwellings modified as required.</td>
<td>Modifications as needed. Design concepts included in new construction. Head leasing to Health Authority and community organisations.</td>
<td>Modifications as needed. Some design concepts included in new construction. Special purpose housing coordinated with provision of support services with Department of Health and Community Services.</td>
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<td>Purchase, construction and modifications of dwellings.</td>
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<td>By June 1991, 4,529 dwellings provided.</td>
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<td>Some dwellings let to organisations providing non-institutional care. Rental cooperatives.</td>
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<tr>
<td><strong>CRISIS ACCOMMODATION PROGRAM</strong>&lt;br&gt;Purchase, renovation or construction of accommodation for use by youth refuges, women's shelters and general services for the homeless.</td>
<td>Dwellings provided for women's shelters and youth refuges.</td>
<td>Purchase of premises for Young Women's Service—medium to long-term accommodation. Upgrading existing services. Five target groups—singles, women, youth, children, men.</td>
<td>Halfway houses for women, youth and rehabilitated alcoholics. Emergency housing for families and single mothers. Women's refuges. Upgrading crisis facilities. Homeless persons' shelter.</td>
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<tr>
<td><strong>LOCAL GOVERNMENT AND COMMUNITY HOUSING PROGRAM</strong>&lt;br&gt;Assistance for various groups to provide dwellings for low-cost rental housing. Limited assistance to employ project/research officers and conduct housing studies and develop innovative models. Funds provide accommodation for young persons, people with disabilities, Aboriginals, special local needs groups and single low income households. All in housing need are eligible with priority based on need.</td>
<td>Provide accommodation in a form or locality not already provided by Department of Community Services. External resources can take the form of land, cash, private borrowings or continuing management.</td>
<td>Employment of a resource worker to assist cooperative and community housing organisations. Commitment of funding to disabled and women's housing projects.</td>
<td>Construction of group homes for homeless persons and accommodation for the aged. Employment of persons to develop a model for the planning and allocation of special housing for the aged, pensioners and disabled people.</td>
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</table>
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