

RESPONSE TO AFFORDABLE HOUSING WORKING GROUP: ISSUES PAPER

PRESENTED BY: UNITED HOUSING CO-OPERATIVE LTD.

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INTRODUCTION

The United Housing Co-operative (UHC) is a vibrant and successful social housing provider operating as a rental housing co-operative in the inner western region of Melbourne. We currently managed ninety (90) properties under lease from the Department of Health and Human Services Vic. and own and manage four (4) of our own properties. Properties are rented on a long term tenure basis to low income families, key workers, older people, people living with disabilities and refugee families.

UHC provides secure and affordable housing for a range of predominately low income, but also low-to medium income households. The income mix underpins a cross subsidization financial model of Centrelink recipients by low waged households, which allows the Co-op to generate a small surplus each year, part of which has been allocated towards a development fund for additional stock. The co-operative housing model has broader benefits for tenant members and the Government in terms of in-built support networks and peer mentoring which assists property and tenancy management.

UHC SUBMISSION

UHC is a member of Community Housing Industry Association (CHIA) and endorses their response to the Affordable Housing Working Group's Issues Paper. We seek to provide a summary of key issues we are aware of in the operation of our inner city housing co-operative and to provide additional comments to Model 3: Housing cooperatives, as outlined in the Issues Paper.

In summary:

UHC is of the view that Australia urgently requires a regulatory and financial framework for the advancement of social, not for profit housing which is affordable to low income households.

The demand for affordable housing is currently high and given the projected population increases, it is obvious this may reach crisis proportions in the near future. The need for affordable housing for low income families and individuals, and key service industry workers will continue to increase as our population soars to 5 million by 2030.

The Issues Paper highlights that the increase in real dwelling prices has seen the reduction of home ownership by younger Australians, an increase in those renting and greater competition especially at the lower end of the market. As a result a low income people cannot compete in the private rental market and a high proportion of middle to low income households have been locked out of Australia's current housing market meaning key service industry workers are expected to travel long distances from outer suburbs to undertake essential employment in our city centric industries and businesses. This is unsustainable in the long term.

Low income households, older people and people living with disabilities who have established networks and supports in the inner city should be able to age in place and not forced to the suburban fringe. Social and economic diversity has proven to promote more balanced and harmonious communities and is a central component of Melbourne and Australia's unique social fabric and is supported by numerous eminent urban planners..

It is imperative that the Australian Federal Government recognizes that affordable housing provision is a key element of public infrastructure and provides support to facilitate its development. To ignore this matter will invite adverse economic, social and environmental consequences.

Housing Co-operatives

UHC is of the view that housing co-operatives have enormous potential to be part of the solution in meeting the shortage of affordable housing provision. Both the non-equity rental housing co-operative model and the shared equity housing co-operative model provide great social and economic opportunities.

Existing rental housing co-operatives' property and tenancy management record is second to none and the co-operative structure provides informal support networks to tenant members.

A number of funding models with legislative support could assist in the expansion of housing co-operatives including:

1. Ideally State Governments would embark upon joint venture arrangements with existing housing co-operatives to re-develop existing properties into medium density developments. Title transfer of a portion of the new properties to the housing provider would allow the provider to leverage against their asset for other developments.
2. Financial assistance via low interest loans from the Community Banking sector underwritten by Government, would enable co-operatives and other smaller social housing providers to borrow funds to extend the number of rental properties through new developments, in-fill and re-development of existing properties and spot purchase arrangements. Similarly, targeted taxation subsidies to private investors who contribute to co-operative housing bonds could be explored as a means of bringing new finance to the sector.

3. Adoption of mixed equity co-operative housing models would provide additional revenue streams to meet development costs for medium density developments, suitable for a range of households. Government could legislate to allow housing co-operatives to re-develop existing land and sell off a fixed portion of the development to the private sector of like minded individuals interested in some low level of co-operative or communal living, a form of housing which is very popular in many European countries. (Refer Co-housing models).
4. The incorporation of a housing co-operative model with a community lands trust model has the potential to provide a much more affordable opportunity for low income groups to purchase a long term lease on a dwelling (and agreeing to forgo any capital gains in the longer term). This would provide an affordable solution to our growing number of single person households and assist in meeting the increasing need for affordable retirement village style cluster housing.

CONCLUSION

UHC congratulates the Federal Government's AHWG on taking this initiative and wishes to register its interest in working together to promote new ideas and vehicles to increase affordable housing provision.