



Ideas for Financing Models to Stimulate a Supply of Affordable Housing

Response to The Affordable Housing Working Group

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1. INTRODUCTION

As agencies at the forefront of housing and/or service provision to those at risk of homelessness we are of the view that sustainable and affordable housing is essential for those who live on the margins and experience multiple forms of disadvantage and deprivation. Safe, secure and affordable housing is the foundation for the well-being of both individuals and communities.

We affirm the establishment of The Affordable Housing Working Group ('the Working Group') by the Australian Government under the Council on Federal Financial Relations (CFFR) and appreciate the opportunity to respond to its call for submissions.

This submission endeavours to inform policy development and suggest various models and opportunities to maximise investment in social and affordable housing. We have focused our paper on these broad questions as listed in the Issues Paper:

1. What are the key policies, funding, regulatory or legislative changes that government(s) should consider to implement new financing models for affordable housing in Australia?
2. How can governments ensure sustainable improvements in the housing outcomes of current affordable housing tenants within the current fiscal environment?
3. How can the cost base of new affordable housing assets be minimised? How can the return generated from affordable housing assets be maximised?
4. What would governments need to do to ensure that assets targeted to low income tenants, for example social housing, are not lost to higher income earners?
5. What role can the community housing sector play in implementation of new financing models to increase the supply of affordable housing?

We have also focused on these questions from the Issues Paper:

BARRIERS TO LARGE SCALE INVESTMENT:

1. How can the cost base of new affordable housing assets be minimised? How can the return generated from affordable housing assets be maximised?

We note the value of each of the models proposed in the Issues Paper and in particular the opportunity for Government to leverage Social Impact Bonds. The benefits of Social impact Investing to offset lower market returns are things like better health comes, training opportunities, job creation (through social enterprises), etc. which can all be facilitated by good Place Management principles. This will not, however, be the focus of this submission. The focus here will be on Housing Cooperatives.

HOUSING COOPERATIVES:

2. To what extent could a housing cooperative model advance the objective of providing sustainable large-scale finance for social and affordable rental housing in Australia?
3. What are the policies, funding and regulatory settings required to support any expansion of housing cooperatives?

This submission focuses on ideas and examples to aid the Federal Government's working group in developing affordable solutions to the affordable housing crisis. We encourage the government to consider:

- Working with not-for-profits and the church sector to deliver cost effective contributions of land and other services.
- Providing incentives for State and Local governments to implement inclusionary zoning of social and affordable housing in all large scale developments.
- Consider new delivery and ownership models, such as Community Land Trusts and Shared Equity Housing to enable ownership among low-moderate income key workers.
- To use existing frameworks and institutions to deliver new and affordable housing solutions.
- Work with the existing aged care sector in developing sustainable models in the care of the aged who have not previously owned a home.

The not-for-profit sector, including the church sector, has enormous resources that can be utilised and leveraged for affordable solutions to our increasingly unaffordable housing market. The Church and church care agencies are committed to being part of the solution and look forward to working with government to serve our communities and those most in need.

2. WHO WE ARE

2.1 Churches Housing

Churches Housing Inc. is the peak body for the ecumenical church and its faith based community housing providers in the area of affordable community housing. Churches Housing sees the church ministering to their communities through the development of affordable community housing. We do this by:

- **Providing consultation, information, inspiration and education** in the area of affordable housing to churches of all denominations
- **Brokering partnerships** between churches, government and businesses to facilitate the development of affordable housing
- **Networking faith based Community Housing Providers** with one another, the sector and the church
- **Advocating for affordable housing** as a representative of the ecumenical church to government at all levels.

Initially begun as Churches Community Housing in 1996, Churches Housing continues to represent the major Christian denominations engaged in the construction, supply, management and ministry of affordable housing across a broad spectrum of needy and disadvantaged people including low income earners, refugees, the aged and elderly, the disabled and many other vulnerable groups. Churches Housing represents the Catholic, Anglican, Uniting, Baptist, Pentecostal and Orthodox churches. Churches Housing attracts most of its funding from a grant from the Department of Family and Community Services NSW.

This paper has been written as a joint project between Churches Housing and BaptistCare Australia.

2.2 Baptist Care Australia

Baptist Care Australia is the peak body for Baptist care organisations around Australia. Baptist Care Australia adopts a public policy position that access to safe, secure, appropriate and affordable housing is a basic human right of all Australians, and foundational to an individual's or family's long-term participation in a local community. The members of BCA have an annual turnover of around \$0.6 billion, employ around 7,000 staff, and engage with almost 2,000 volunteers annually. BCA members are actively involved in the provision of a wide range of social welfare services including Home Services and Residential Aged Care, with more than 300 villages and Residential Aged Care facilities as well as an ever increasing number of social and affordable housing units, providing homes to over 6000 older and vulnerable Australians.

Homelessness and Affordable Housing Services – Baptist Care Australia Network

Baptcare (Victoria)

Baptcare provides 72 rooms and community facilities over two buildings to asylum seekers and 1

family apartment (2 bedrooms, self-contained).

Baptcare Affordable Housing provides 11 x 2 bedroom units, 5 x 1 bedroom units and is opening a further project comprising 14 x 2 bedroom units and 2 x 3 bedroom units in April 2016.

Homeless project - <http://www.baptcare.org.au/community-projects/Pages/Homeless-Project.aspx>

Baptist Care (South Australia)

Baptist Care SA operates approximately 150 properties. These are used across homelessness, alternative care and disability services.

Homelessness Services:

- [Aboriginal - Eastern Adelaide Aboriginal Specific Homelessness Service \(EAASHS\)](#)
- [Community Transition Worker Program](#)
- [Youth Homelessness](#)
- [Art Centre](#)
- [Emergency Relief](#)
- [WestCare Centre](#)

Carinity (Queensland)

Carinity has two youth homelessness shelters, one in Brisbane and one in Cairns and an on-track service in Yeppoon.

<http://www.carinity.org.au/youth/haralds-house>

<http://www.carinity.org.au/youth/on-track>

<http://www.carinity.org.au/youth/orana>

BaptistCare (New South Wales & ACT)

Current scale of housing activity:

- 174 total units currently under management
- 1 leased from Housing NSW – ATSI supported housing
- 173 owned by BaptistCare

Comprising of:

- 15 units for women and children escaping domestic violence: supported accommodation, 4 crisis and 11 transitional
- 128 social housing for older people
- 31 affordable housing units for older people

The above housing utilises a Service Integrated Housing Model to support people's wellbeing, meet care and support requirements and this enable them to maintain their tenancy.

In addition there are 12 BaptistCare Centres (including HopeStreet) which provide a caring hub where a range of services are delivered, including food provision, meals, safe drop-in spaces, client referral and advocacy, relationship counselling, microfinance loans and the opportunity to connect

with others in the local community.

<https://baptistcare.org.au/our-services/community-services/centres/>

3. AFFORDABLE HOME OWNERSHIP

Although our agencies are primarily concerned with vulnerable people and groups living on the margins, our current affordability crisis is seeing this group expanded, with housing stress pressure increasing right through from the poorest segments of our communities to the middle class. Schemes that seek to assist working couples and families in purchasing their own homes will assist in relieving some of the pressure on both these families as well as families that remain in the private rental market. Our agencies encourage and recommend implementing schemes which provide opportunities for working families to purchase their own affordable home. The benefit of schemes that encourage and facilitate home ownership by low-moderate income workers include:

- Workers purchasing affordable housing that are currently occupying public, community housing will find a pathway out and also free up these properties for other, more needy, people. The present situation does not provide an effective pathway, with the differences in public to private housing being too significant in the major capitals to be considered a pathway, unless tenants are supported by expensive rental support schemes. Affordable purchase schemes may unblock the pipe and provide a genuine pathway to independence.
- Tenants will often have a higher level of care for properties in which they share equity.
- It is an opportunity to create future pathways and develop aspirations for those workers feeling priced out of the current market.
- With shared equity it takes the pressure of government support and services.
- Many shared equity and affordable housing schemes can be effectively managed by existing Community Housing Providers (CHPs).
- Cities depend greatly on low-moderate income workers to be truly effective in delivering products and services that the population demands. One can best describe a city which does not provide for affordable accommodation for its lower income workers as a city engaged in a long and slow process of self-asphyxiation, where employers are finding it increasingly difficult to attract and retain workers who are unable to live within a realistic commute.
- It may provide clear and aspirational pathways out of public/community housing or private market rental for lower income workers.

Recommendation 1:

The Federal Government implements a national shared equity scheme, enabling low-moderate income workers to purchase their own homes.

ROLES

FEDERAL GOVERNMENT:

- A guarantee of a minimum return on investment from institutional investors

INVESTORS:

- Superannuation funds and other institutional investors, finances go through an existing financial institution who financially administers each loan.

COMMUNITY HOUSING PROVIDERS:

- Administration of the properties and dealings with buyers/tenants. Reporting to the State Housing Registrar who administers on behalf of each state. Community Housing stock should become flexible in its ownership, allowing tenants to purchase a property they may be currently renting.

PRIVATE DEVELOPERS:

- Inclusionary zoning initiatives mandates any sizable development includes minimum targets for inclusion of social and affordable housing. Uplifts in zoning and Federal incentives help to ease the cost burden.

PRIVATE INVESTORS:

- Encouraged to purchase lower cost affordable housing investments through tax incentives of similar value to the NRAS scheme but administered by the ATO through evidence provided by CHPs.

4. COMMUNITY LAND TRUSTS

Community Land Trusts (CLTs) could be viewed by some as “new and innovative” but have been around for a long time, albeit never mainstream in Australia. CLTs may provide a framework for home ownership for those people not currently being served by the current tenure options:

- for those with stable incomes but currently being priced out of home ownership and
- for households or communities with an interest in ongoing community control of property, such as Indigenous communities.

Crabtree et al identified community land trusts as another strategy for affordable home ownership, which are reasonably prolific in the United States with over 200 trusts in operation and more recently, in the United Kingdom.¹ Under this model, land is usually held by a private, non-profit organisation, and then leased on a long-term basis to other members of the community or organisations. Buildings and services are then owned or leased by other parties. According to this report, the model has the potential to be used for not only home ownership, but also for “boarding houses, affordable rentals, cooperative housing, and mortgage home ownership”.²

5.1 WHAT ARE COMMUNITY LAND TRUSTS?

A community land trust (CLT) is an organisation that provides ongoing affordable housing and other community benefits, usually set up as a private non-profit community organisation. That definition places CLTs in the broader family of community housing providers. What makes them unique is their focus on community involvement in or ownership of the organisation, and their focus on balancing the rights of the household with the rights of the broader community or society. This is often referred to as unpacking the bundle of rights that are tied up in housing tenure; in doing so, CLTs aim to ensure that neither the household nor wider society benefits at the expense of the other. CLTs provide a range of affordable housing that includes resale-restricted home ownership, rental housing and housing cooperatives, as well as other commercial and/or community space³.

The Australian Community Land Trust Manual published by the University of Western Sydney describes a number of key characteristics, some of which are summarised here:

- **Long term leasehold or shared equity ownership models** (shared ownership between the tenant and the CLT)
- **Dwelling prices are controlled from excessive capital gain** through affordability formulas set by each CLT and spelled out in a lease or contract. When the owner sells their home, the resale price is limited and equity is shared with the CLT, locking in the benefit of subsidies or donations to the CLT while **allowing a degree of equity gain to the seller**.

¹ Crabtree, L., Phibbs, P., Milligan, V., and Blunden, H. (2012) *Principles and practices of an affordable housing Community Land Trust Model*, AHURI Research Paper, Sydney: AHURI.

² Crabtree, L., Phibbs, P., Milligan, V., and Blunden, H. (2012) *Principles and practices of an affordable housing Community Land Trust Model*, AHURI Research Paper, Sydney: AHURI, 8.

³ Crabtree, Louise; Blunden, Hazel; Phibbs, Peter; Sappideen, Carolyn; Mortimer, Derek; Shahib-Smith, Avril; Chung, Lisa, *The Australian Community Land Trust Manual*, The University of Western Sydney, Sydney NSW, 2013.

- **All CLTs are registered non-profit organisations.** CLTs in Australia may, or should, be asked to register as a **Community Housing Provider**, providing an extra level of accountability and governance oversight. Existing CHPs, often with a wide range of expertise and experience in housing and management, could also be asked to manage any new CLTs.
- **Perpetually affordable:** each CLT holds an option to repurchase any homeownership properties on its land if an owner chooses to sell. The price is determined by a resale formula contained in the ground lease. Each CLT designs its resale formula so as to try to balance equity returns to the seller with affordability to the buyer. This is intended to maintain the affordability of the stock in perpetuity while enabling a degree of equity gain to the seller.
- **Perpetual responsibility:** as CLTs hold stock in perpetuity and hold a repurchase option, the organisations have an ongoing interest in the condition of the properties and the stability of the owners. CLTs establish maintenance responsibilities in their ground leases; typically, the CLTs will do major cyclical maintenance and residents do small and daily maintenance. CLTs also typically are notified by lenders if homeowners fall behind in mortgage payments and have the right to intervene to cure defaults and prevent foreclosures.
- **Expansionist acquisition:** CLTs aim to build and expand a mixed portfolio of properties throughout the area they serve. These are not usually physically contiguous sites – rather, CLTs aim to operate on scattered sites throughout their area and for their properties to be indistinguishable from non-CLT property.
- **Flexible development:** some CLTs focus on particular forms of housing depending on their local need, some provide a broad range of residential forms, while others mix these with non-residential development. Individual CLTs may undertake development themselves, or focus on their stewardship role and partner with non- or for-profit agencies when undertaking development. The common thread in these is an attempt to respond to local need and complement local existing housing provision by addressing gaps in this.
- **CLTs are locally driven, controlled and democratically accountable.** This is because CLTs focus on community participation in and ownership of the organisation.
- **CLTs can meet local housing need even in areas with very high house prices,** although the amount of discounting or subsidisation will increase in high cost areas. Government support and incentives may assist to bring prices further down.
- **They need to be financially sustainable** – start-up CLTs have to be able to generate enough capital to sustain themselves and indeed have the resources to grow. **Schemes that provide benefits to early participants of CLTs have to be available on an ongoing basis** – any subsidies provided at the start of a CLT need to be available to be recycled to future participants (think the opposite of First Home Owner Grants).

Recommendation 2:

The Federal Government supports the establishment and financing of community land trusts as a vehicle to provide shared equity homes for workers on low-moderate incomes.

6. UNLOCKING LAND FOR SOCIAL AND AFFORDABLE HOUSING

Land availability and expense is a crucial factor in any program or financial incentive to stimulate development of new stock of social and affordable housing, particularly in major capital cities. We would like to offer some key recommendations in this regard, to encourage both State and Local governments to implement planning controls which stipulate mandatory minimum inclusions of social and affordable housing targets.

Recommendation 3:
Federal Government mandates that the sale of any federal land for residential redevelopment include a minimum % (30%) of social and affordable housing.

6.1 INCLUSIONARY ZONING

Federal, State and Local governments own and control an enormous amount of land, some of which is sold when surplus to requirements. This selling of land often incorporates urban renewal and re-zoning for residential purposes. This generates a tremendous uplift in the value of land which often sees both the government and developers profiting. We recognise that the majority of planning policy and decisions are made by State and Local governments and so the Federal government has limited powers here. However, research demonstrates that effective use of inclusionary zoning becomes most effective when other financial incentives for social and affordable housing are added in to the equation⁴. The Federal Government may therefore consider financial incentives tied to the implementation of planning controls mandating the inclusion of social and affordable housing. The Federal Government may also lead by example and mandate that the sale or long-term lease of any of its own land for residential property purposes include a minimum percentage of social and affordable housing. Inclusionary zoning has been successfully implemented in a number of global cities around the world.

The NSW government currently has a range of urban renewal programs on former industrial land, such as the Bays Precinct and Central to Eveleigh. The value of the land in these places is multiplied many times over as the economic returns of residential housing attracts developers. By mandating inclusionary zoning on large developments on land which has received such an uplift, this will ensure that not just government and developers benefit financially from such large projects, but the community also benefits through the provision of a mandated minimum percentage of social and affordable housing. At this time the NSW government has balked at setting any target for the inclusion of social and affordable housing which may see a great opportunity missed for significant and much needed increase in supply. The Federal Government, by tying funding to the implementation of planning controls such as inclusionary zoning, may see the NSW Government (and others around the nation) decide to make such a commitment.

⁴ Davison, Gethin; Gurran, Nicole; Van den Nouwelant, Ryan; Pinnegar, Simon; Randolph, Bill

Affordable housing, urban renewal and planning: emerging practice in Queensland, South Australia and New South Wales
 AHURI Final Report; no.195, 2012

Who pays? Along with Federal incentives, the uplift in the value of the land will be sufficient to cover the expense. State and local governments will need to be encouraged to implement inclusionary zoning in their planning controls and financial incentives will soften any opposition to such schemes. Federal financial incentives paid to developers will soften financial concerns.⁵

Recommendation 4:

The Assistant Minister to the Prime Minister for Cities and Digital Transformation is given control of a war chest of financial incentives to incentivise inclusionary zoning in key cities.

Inclusionary zoning will:

- see a large and lasting impact in the increase of supply of housing for social and affordable housing
- see social and affordable housing constructed across diverse communities, rather than in concentrated areas which causes social impact and concerns
- see communities share in the value uplift of land re-zoned for high(er) density residential development
- provide affordable housing opportunities across city and regional areas, providing choice for tenants
- provide for significant increases in housing stock managed by community housing providers, who may then be able to leverage income for future further developments
- provide housing opportunities for vulnerable groups such as the disabled, which may also be tied to other funding such as the NDIS
- enable cities to continue to grow and function by providing housing opportunities for workers on low to moderate incomes
- tie Federal financial incentives to planning reform at the State and Local government levels

Recommendation 5:

The Federal government provides financial incentives to encourage inclusionary zoning facilitate a minimum percentage (30%) of social and affordable housing be mandated on any housing development built on land which has been sold by government (Federal, State and Local) for the purposes of residential development. On land privately owned but has been rezoned for residential development, a lower % (20%) of housing be mandated as social and/or affordable, with Federal financial incentives to the developer.

⁵ For further reading we recommend NSW Shelter Factsheet "What is Inclusionary Housing", Shelter NSW, www.sheltersnsw.org.au 6 June 2014

7. NOT FOR PROFIT SECTOR INCENTIVES & PARTNERSHIPS

The Not for Profit sector operates vast residential tenancies for seniors, low income earners, the disabled, women and children escaping domestic violence, people overcoming disabilities, the homeless, refugees and other vulnerable groups. The Aged Care sector, the Church sector, the Disability sector and many other specialist areas may have land available for development of housing for vulnerable groups, but do not have the funds available to commit to development. By partnering with groups who already own land, the Federal government will get “more bang for each buck” invested. Even small incentives, such as NRAS, have shown that this may turn a marginal development into one that can be both viable and sustainable, without the need to turn a huge profit.

For seniors, retirement living has increasingly become unaffordable for many Australians who have not owned their own home. Without home ownership or other significant asset to pay for the bond, tenants are often unable to access residency and the care that comes with it using an affordable rental model. Some Aged Care/Retirement Living providers have made some properties available for affordable rental, including BaptistCare, Anglican Retirement Villages and Southern Cross Housing. Some of these providers are ready and willing to provide more affordable retirement living for seniors if a way was found to assist in also making it more affordable to the provider.

7.1 CASE STUDY: Churches of Christ (Queensland)

The Churches of Christ in QLD developed, using Federal stimulus money, 40 units of affordable retirement housing at an existing retirement village in Mitchelton Queensland. It was developed as community housing within the grounds of the village and targeted existing public housing tenants. Each unit was built to high accessibility standards and cost approximately \$230,000 per unit. However, the Churches of Christ estimates that properties vacated by these tenants averaged \$350,000 in value, leaving a potential surplus of \$4.8 million dollars as a result of this investment.

The above case study demonstrates that aged care providers may also have great capacity to provide for community housing for seniors who are unable to afford to buy into the traditional model of aged care in this country. In NSW over 66% of public tenants are either aged or disabled pensioners. Public housing authorities have also struggled with relocating singles and couples whose children have grown up and left the family home, leaving these people to occupy housing that is too large and often unsuitable for ageing in place.

Advantages of financial incentives for aged care providers include:

- seeing an effective pathway out of public housing for seniors
- providing a sustainable model of affordable aged care on a rental rather than a bond model
- many aged care providers may be content with a break even scenario in the construction, as they stand to make their profits from the provision of services to the new tenants
- larger public housing homes currently occupied by singles and couples can be vacated and tenanted by families in need or sold and/or redeveloped for other purposes
- affordable rental for seniors will be mixed with those entering the village through the

existing bond models, making for mixed and diverse communities

7.2 Public / Church Partnerships

In previous years Churches Housing has been involved in the successful negotiation and development of a number of partnerships between church and government in order to serve various needy segments in communities across Australia. These investments have seen long-term housing solutions and wrap-around services provided to many vulnerable groups such as homeless men and women escaping domestic violence. However there are many more proposals that have not proceeded, often because of lack of funding or because title and equity issues have not been able to be resolved.⁶ Churches Housing's experience in successful NSW-based projects saw churches contributing 25% and up to 90% of the equity with the public agency contributing the remainder, a considerable cost saving for the government. This is an area of potential growth and investment in social housing that has mostly vanished from the radar of government.

Recommendation 6:
The Federal Government develops, in partnership with not-for-profit organisations that can contribute land (such as the Aged Care, disability, or church sectors), financial incentives that will see the building of community housing for vulnerable groups.

7.3 Funding assistance for refurbishing existing buildings for affordable housing use

We encourage the Federal Government to consider working with the State governments to fund refurbishments of existing buildings that have the capacity to be converted to affordable housing. Churches, and their agencies, own considerable properties across NSW that are often under-utilised due to age or heritage restrictions, but have the capacity to be converted in their use to affordable housing. Developing criteria centred around the contribution of equity, an assessment of local community need and financial sustainability could see the rapid development of affordable housing in areas of high need. With properties managed by registered community housing providers and church and welfare organisations encouraged to provide community support and wrap-around services, such an initiative could clearly become a win-win situation for government, church or community organisations and, most importantly, vulnerable people in need of affordable housing. The issue of title will also need to be resolved and it is suggested that title revert back to the church or other organisation after 25-30 years. This scheme could be similar to NRAS, except criteria is developed for the refurbishment of existing properties rather than the building of new properties.

⁶ See the 2006 submission of Churches Community Housing Ltd "Submission to the Inquiry into the Allocation of Social Housing"
[http://www.parliament.nsw.gov.au/prod/parlment/committee.nsf/0/085183b8793f6c05ca2571480021d649/\\$FILE/sub17.pdf](http://www.parliament.nsw.gov.au/prod/parlment/committee.nsf/0/085183b8793f6c05ca2571480021d649/$FILE/sub17.pdf)

7.4 BaptistCare NSW & ACT and a Service Integrated Delivery Model

BaptistCare NSW & ACT's service integrated housing model recognises the current and emerging need for a diverse range of service integrated housing. BaptistCare NSW & ACT utilises its Community Services to support older people in appropriate social housing to stabilise their housing as they age, improve wellbeing and moderate their needs for higher levels of care in the future. This is especially vital at a time when accommodation in low-care age care services is disappearing from the residential care system, which leaves frailer older people without assets very few options for housing.

BaptistCare NSW & ACT aims to maximise resident client independence and choice. It's not just a matter of providing the housing and some support care services. It's about supporting the overall spiritual and the social wellbeing of the person, so that they're connected to other residents, as well as being connected to the broader community, thus reducing the incidence of social exclusion and isolation.

BaptistCare NSW & ACT's interest in service integrated housing derives from the ageing of the Australian population, and the impacts of frailty on the capacity of people to manage the tasks of daily life in the home. While the majority of those in need of assistance live in the general community with care from formal services and/or family or other informal carers, an increasing proportion are choosing to, or need to move into purpose built housing for older people that also offers accessibility and provides varying levels of support, and care services.

We refer to the AHURI paper 'Housing, support and care for older Australians: The role of service integrated housing' and highlight to the Committee the Institute's policy implications for service integrated housing outlined on page 6 of that paper.⁷ We endorse the five ways in which AHURI recommend that the government play a more hands-on role in shaping and expanding service integrated housing.

7.5 Anglican Retirement Villages and Thurles Castle

For Sydney inner-city dwellers, socialising at Chippendale's Thurles Castle Pub might have been a regular treat until the pub and its popular bistro closed down about 10 years ago. Little of note happened at the attractive building on Cleveland Street until its potential for providing low-cost, accessible accommodation for the many older people who find themselves at risk of homelessness in the city of Sydney was noted by Anglican Retirement Villages (ARV), who acquired it for this purpose. Through its Assistance, Care and Housing for the Aged (ACHA) programs, ARV has become increasingly aware of the burgeoning risk of homelessness faced by many over '55s, brought on by the lack of affordable housing, a shortage of public housing and the unsuitable nature of many private boarding houses to those of advanced age. ARV decided to become an active part of the solution by refurbishing Thurles Castle to provide suitable accommodation for 15 single people who would otherwise have faced an uncertain future.

As well as 15 en-suite bedrooms, Thurles Castle offers communal kitchen, laundry, dining and sitting rooms. It provides community and companionship while delivering safe, clean and affordable living,

⁷ Australian Housing and Urban Research Institute (2010), Housing, support and care for older Australians: The role of service integrated housing
<http://www.ahuri.edu.au/publications/projects/p20287>

presented unfurnished so that tenants can have their own possessions and photos around them. The presence of a coordinator from ARV HomeCare helps to maintain the safety and cleanliness of the building. Tenants live with the certainty and protection provided by a lease, a real gift for people who have been 'moved on' from temporary accommodation at the behest of landlords, friends and even family. Just as crucial as a lease is for tenure is the absence of a rental bond in order for residents to be able to move in at all. Although most are able to handle a moderate weekly rent, those with few assets to sell can find a lump sum bond unattainable. Apart from the substantially subsidised weekly rental charged, no bond is required of those referred to ARV Thurles Castle by GPs, churches, social workers or government agencies.

Recommendation 7:
The Federal Government develops financial incentives to refurbish existing buildings for use as shelter for vulnerable groups.

7.6 Rental program at ARV Villages

ARV has steadily increased the number of retirement village units that are made available to rental tenants, due to mounting demand. Rental applicants are on full aged pensions and don't have the capital needed to buy into private aged accommodation or to fund a rental bond. Through this program ARV has been able to provide stable accommodation for many people who would otherwise not be able to access the quality of care and facilities on offer. Rental tenants come from an incredible range of backgrounds and situations.

Janet's story: *Janet's husband died in 1987. Living a relatively comfortable middle class existence, she did not realize that he had racked up considerable debts throughout their marriage and was left with only \$28,000 in the estate after all the bills has been paid. Janet worked hard to support her children, but was unable to build up much in terms of savings. Upon her retirement, she was forced to move in with her daughter's parents in law, who offered her a granny flat at reduced rent. However, she had no privacy or time to herself with the demands placed upon her by the family. She was fortunate to secure a government housing unit in Wollongong after a wait of 8 months. Although the unit was sufficient, it was in a large block that was often unsafe. She felt constantly on her guard and could not bring her grandson to visit her there. It did not feel like a home to her and she knew that she needed to find an alternative, despite having almost nothing to her name.*

One day, while reading the Wollongong Advertiser, she came upon an ARV ad offering affordable rental accommodation at their nearby retirement village. She thought it was a misprint, telling the ARV employee over the telephone that 'I'm reading this ad but finding it hard to believe'. After viewing the unit at an open day, she was called and informed that she had been accepted. 'I couldn't believe it', she says, 'I was jumping for joy that I'd been accepted'. Janet has since

blossomed as an ARV rental tenant. She has become fully integrated into the village and is a much loved member of the community. The accommodation she now enjoys is tailored specifically to the needs of older Australians such as herself, and she has full access to all the facilities that the retirement village has to offer.

Recommendation 8:

The Federal Government develops, in partnership with the Aged Care sector, incentives that will lead to long-term affordable rental models within the sector.

7. RECOMMENDATIONS

- **Recommendation 1: The Federal Government implements a national shared equity scheme, enabling low-moderate income workers to purchase their own homes.**
 - This will create a pathway out of public and/or community housing rentals, freeing up more of these properties for more needy people.
 - Benefit to cities and employers seeking to retain key workers.
 - Possible partnerships with community housing providers, banks and super funds looking to invest in their members.

- **Recommendation 2: The Federal Government supports the financing of community land trusts as a vehicle to provide shared equity homes for workers on low-moderate incomes.**
 - CLTs may be the desired vehicle to implement Recommendation 1.
 - Fits well with existing framework of registered community housing providers.
 - Minimises but also shares risk and cost.
 - Opportunity for government to support the establishment of a new framework for housing delivery.

- **Recommendation 3: Federal Government mandates that the sale of any federal land for residential redevelopment include a minimum % (30%) of social and affordable housing.**
 - An opportunity for the federal government to lead by example prior to providing incentives for State and Local governments as well as private developers to also include minimum percentages.

- **Recommendation 4: The Assistant Minister to the Prime Minister for Cities and Digital Transformation is given control of a war chest of financial incentives to incentivise inclusionary zoning in key cities.**

- **Recommendation 5: Federal financial incentives to encourage inclusionary zoning facilitate a minimum percentage (30%) of social and affordable housing be mandated on any housing development built on land which has been sold by government (Federal, State and Local) for the purposes of residential development. On land privately owned but has been rezoned for residential development, a lower % (20%) of housing be mandated as social and/or affordable, with Federal financial incentives to the developer.**
 - Incentives to go hand in hand with inclusionary zoning requirements from State and Local governments.

- **Recommendation 6: The Federal Government develops, in partnership with not-for-profit organisations that can contribute land (such as the Aged Care, disability, or church sectors), financial incentives that will see the building of community housing for vulnerable groups.**
 - Partnership to deliver housing for needy groups, working with those not-for-profit organisations that have land assets which can be utilised for housing.

- **Recommendation 7: The Federal Government develops financial incentives to refurbish existing buildings for use as shelter for vulnerable groups.**
 - Incentive programs may see ageing properties restored and revived to be fit-for-purpose for housing vulnerable people.

- **Recommendation 8: The Federal Government develops, in partnership with the Aged Care sector, incentives that will lead to long-term affordable rental models within the sector.**
 - With an ageing population and public housing increasingly being taken up by pensioners, alternative models for affordable aged care must be explored. The sector is already exploring models and possibilities, so this provides a great opportunity for government to come alongside and provide support.

8. CONCLUSION

This submission seeks to identify innovative ways to improve the availability of affordable housing while focusing on the areas highlighted by the Issues Paper distributed by The Affordable Housing Working Group ('the Working Group') to assist in the development of viable options for consideration by Heads of Treasuries before being presented to the CFFR.

The Issues Paper outlined four financing and operational models. This submission addresses Issues Paper Model 3: Housing cooperatives. This Issue Paper also noted the potential for additional models which may support affordable housing and have substantial merit. This submission offers a range of additional proposals which we believe do just this.

Having done so, we acknowledge the potential complex social implications of any model to develop affordable housing. We recognise the importance of creating mixed and diverse communities rather than communities of entrenched disadvantage; we understand the need to avoid creating communities which restrict access to a wide range of services. We appreciate all tiers of Government will also be cognisant of these critical social implications and trust they will take them into consideration in any action taken into the future to develop affordable housing opportunities.

In summary, we encourage the government to consider:


- Working with not-for-profits and the church sector to deliver cost effective contributions of land and other services.
- Providing incentives for State and Local governments to implement inclusionary zoning of social and affordable housing in all large scale developments.
- Consider new delivery and ownership models, such as Community Land Trusts and Shared Equity Housing to enable ownership among low-moderate income key workers.
- To use existing frameworks and institutions to deliver new and affordable housing solutions.
- Work with the existing aged care sector in developing sustainable models in the care of the aged who have not previously owned a home.

As agencies at the forefront of housing and/or service provision to those at risk of homelessness we want to be part of the solution and look forward to working with government to serve our communities and those most in need. We believe these proposals will substantially contribute to the outcomes of the Working Group process to inform policy development and the implementation of a viable model(s) to support the improved supply of affordable housing by various levels of government, singularly or across multiple jurisdictions.

Thank you for the opportunity to contribute.

Magnus Linder

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