



New Housing Delivery Models

Alternative for whom?
Alternative to what?

*An Analysis from
the 'housing citizens'*

1. Introduction

The idea for this paper was generated post a forum that was organised by the Queensland Department of Housing, where a number of State Housing Authorities and peak bodies discussed some of the models of ‘Alternate Housing Delivery’. It raised a number of issues in terms of governance, citizenship and housing assistance for people on low-incomes.

At this forum several basic points were missing such as background, rationale and logic for the ventures. This Discussion Paper is an opportunity that presents:

- Some of the possible arguments and rationale for alternative housing delivery models;
- Situates the model in the wider housing assistance scene provided by the various levels of government;
- Discusses some of the positive aspects and negative features of alternative housing delivery models; and
- Presents a view of citizens through the relationship of government and citizens through their housing.

The main objective of this paper is to open debate about this new mechanism of housing delivery. It appears that most of the debate to date has focused on micro issues about the amount of rent charged and meeting affordability based on a narrow definition of affordability. However, discussion is needed around the rationale, some analysis on the costs and benefits and exactly who will benefit from this new product.

2. Purpose Of This Paper

Firstly, this discussion paper as stated earlier, is a broad discussion about some of the more important issues underpinning the development and possible delivery of housing through an ‘alternative’ means. While many States and Territory Housing Authorities are engaged in the process of developing such models, fundamental questions about:

- Who is set to benefit from their establishment?
- What sort of an alternative is it?
- What is changing as a result of their development?

Secondly, this paper will attempt to tease some of these unanswered questions and consider the implication for tenants and citizens. It is interesting to note that at the earlier forum little discussion occurred about the nature of tenant outcomes from these new housing products. The models propose that the management of these new housing models will be at an 'arms-length' from government. This arms-length from government has implication for citizens.

Thirdly, the paper strives to place such new models of housing delivery in the context of housing need, housing assistance and the relationship of citizens and government.

This paper will not focus on intricate models of income, who gets in, who gets out etc for two reasons:

- Advocates of these models are already doing so, such as the Brisbane Housing Company, where intricate modeling convinces the punters about how some low-income families will achieve a better affordability than renting in the private rental market.
- Secondly the attempt here is to fill the gap in the broad rationale for this type of delivery, whose housing need is being met and present some of the policy questions for debate.

Therefore, in the context of this broader discussion, it is not appropriate to get immersed in the various modeling of possible individual circumstances. To date this later discussion has restricted the broader social and housing policy discussion on the topic.

The paper will also not discuss the relationship, interlink, and possible conflict of these models with the established long-term community housing sector. The interlink of these suggested models to the long-term community-housing establishment raises many questions. This justifies a separate discussion paper. The scope of the current paper does not allow this. However, the fit between long-term community housing and the new models of delivery will be included in different parts of the paper.

In concluding the paper will argue that:

- The needs of people who require some form of housing assistance should remain the focus of any attempts to develop and implement alternative mechanisms.
- One of the strengths of the Community Housing sector is the diverse range of management practices that it supports, which provides tenants with a degree of choice, security and stability - we must ensure that new models and approaches of housing management build upon this feature.
- All parties need to address the issue of “who is to be housed” as a fundamental question as this will determine the characteristics of any approach to a large extent.

3. Housing Assistance Show – *situating alternative housing delivery models*

The housing system in Australia is changing. For many years, high rates of home ownership underpinned by high employment levels and an adequate income support system ensured that most Australians were well housed. In the past two decades, however, the scene has changed significantly. What has not changed is that adequate and affordable housing still provides an essential stable base from which people may focus on issues other than accommodation, including seeking and maintaining employment. Further, housing costs are a significant factor in people's assessment of employment and other life opportunities.

The Australian housing system today is quite distinctive, both in physical terms and in its tenure composition. The development of the Australian tenure system has reflected both the changing economic fortunes and government policies and priorities. Commonwealth government policies enabled sustainable growth in the level of home ownership. In comparison to many other developed nations Australia enjoys very high levels of homeownership, extremely low levels of social rental housing and a sizeable private rental sector. Government intervention remains the highest in the small social rental sector. On the other hand housing investment continues to be encouraged, largely at the higher end of the market, through negative gearing provisions for housing investors. It is estimated that this concession is worth nearly \$1 billion per year in foregone taxation revenue (Senate Community Affairs References Committee, 1997).

Recent research by the Affordable Housing National Research Consortium (Berry and Hall, 2001) suggests that if the rate of growth of stressed households experienced in the last 10 years continues, the number of households experiencing stress in metropolitan Australia will double in 15 years and reach nearly one million within 20 years. Incomes have fallen significantly at the bottom end, and effective shortages of low cost rental housing are even more intense in regional Australia. It further appears that housing affordability problems may be climbing the income ladder to affect the "working poor" and even middle-income households.

3.1 Housing Assistance For Low-income Earners

Transparency 1: Housing Assistance CSHA and CRA

Direct Federal housing assistance for low-income earners is provided through two mechanisms – the Commonwealth State Housing Agreement (CSHA) and the Commonwealth Rent Assistance (CRA) program.

The CSHA has been the key government policy instrument for social housing since 1945, under which the Commonwealth and States have jointly contributed funding for housing programs.

Recent CSHAs have supported a number of housing assistance activities, including:

- Capital grants to State Housing Authorities, Aboriginal and community housing organisations to provide social housing;
- Funding for crisis accommodation;
- Grants or loans to private renters to assist them with initial set-up costs; and
- Subsidised home lending products aimed at those with particular needs. In the past many States have also accessed private funds either directly or through their central borrowing authorities to debt finance their home ownership programs.

These measures, allied to the falling real value of annual capital grants and increasing maintenance and upgrading costs have caused annual additions to the public stock to fall to less than 5,000 in the last few years. In Queensland during 2000/2001 some 585 public housing dwellings were sold and a mere 300 new public housing dwellings were built in 2001/2002. The overall stock is at a net loss of 285 public housing dwellings and the sale of public housing dwellings has doubled from 1999/2000 to 2000/2001.

This under-investment has occurred despite the existence of heavy demand for social housing and clear evidence that social housing is cost-effective and the form of assistance most likely to achieve the range of objectives of housing assistance policy: accessibility, affordability, security and appropriateness.

3.2 Private Rental Market Is Changing Too!

The private rental market is changing. This is where most low-income people are housed. In the past it was seen, as a stepping stone to home ownership but now over 40% of households in the market have been renters for 10 years or more (Badcock and Beer, 2000).

With the decline in rates of home purchase and the lack of social housing, private rental is now a long term housing option for many low-income earners.

Housing affordability within the private rental market is increasingly problematic. The latest Australian Bureau of Statistics Housing Survey (1998) found that 54.7% of private tenants were living in housing that was unaffordable¹. It is now estimated that there is an absolute shortage of 50,000 low cost rental homes across Australia. If stock “misallocation” (i.e., low-cost stock occupied by higher-income families) is taken into account, this rises to 150,000 (Yates and Wulff, 1999).

Despite the increased reliance of low-income earners on the private rental market, the market is not well adjusted to meeting the requirements of specific needs groups. It is difficult to ensure the appropriateness of rental stock, particularly its adaptability for meeting the needs of people with disabilities. Moreover, the market may actively discriminate against these groups. It is significant, for example, that people with disabilities represent 17 percent of the Australian population, but are 39 percent of public housing tenants. In addition, tenants' advice services regularly report discrimination against groups such as families with young children, Indigenous people, and unemployed people.

It is clear that the private rental market is characterised by significant market failure, which is particularly reflected in inadequate supply responses at the low-cost end of the market. Given the private rental market's inability to adapt to its changing role, it is important that governments move to take a more active role in this market as those most vulnerable citizens are housed in this market.

3.3 Understanding Rent Assistance

It is important to understand the current structure of Commonwealth Rent Assistance (CRA) in terms of Alternate Housing Deliver Models because these models rely on some form of rent assistance.

The models are designed to be financially viable for the provider and affordable for the consumer if the consumer brings some sort of a rent rebate. Commonwealth Rent Assistance now amounts to more than \$1.5 billion annually – more than the entire CSHA.

CRA is a non-taxable cash payment to Commonwealth beneficiaries renting in the private market. It is available to all pensioners, allowees, beneficiaries and family payment recipients who pay rent above minimum thresholds. There are, however, some inequities in the way CRA is distributed given that some groups are ineligible and others are in receipt of lower rates of assistance. For example, people on low wages and recipients of Austudy are ineligible for CRA, and individuals sharing accommodation receive a reduced rate of payment.

CRA is provided at the rate of 75 cents per dollar of rent paid above certain thresholds up to a capped amount. Both the rent thresholds and the maximum rates of assistance are indexed twice yearly, unlike the CSHA and vary with both family type and the presence of children. Other than in terms of rent thresholds and maximum rates it does not take account of regional variations in median rent levels.

In summary some of the issues in the private rental market are:

- People are staying in the private rental market longer (40% of all private rental tenants stay more than 10 years).
- Rents and housing costs are rising faster than average incomes and the consumer price index in some locations.
- There is a mismatch between people's needs and what the market is providing.
- There is a mismatch between the available low-cost stock and those occupying such dwellings.
- Between 1986 and 1996, the stock of defined low-rent dwellings actually fell by 28%.
- CRA recipients in most capital cities continue to remain in unaffordable housing.

¹ Housing is deemed to be unaffordable when a household in the bottom 40 percent of the income range

- Growth in the private rental markets is concentrated in the upper ends, while the lower end is contracting.
- There is a growing divide between income groups (rich and poor) and across regions (city and country) in affecting housing opportunities.
- Markets are not responding to demand.

4. Alternative Housing Delivery Models

Transparency 2: Situating the Models

The delivery of housing to people of low-income has been primarily by State and Territory Housing Authorities and by not-for-profit community housing providers. While funds for social housing has been largely through the commonwealth, the SHA's are the delivery arm of the product and it's management, asset and tenancy management.

Within the Alternative Housing Delivery Models, there are a number of different models. Some are models of partnerships between Local Governments and private developers, others are new partnerships of Local Governments, State Housing Authority and developer contributions or like in Victoria, which proposes a mega model, where the State Housing Authority is one of many partners and players in the delivery of low-cost housing to people on low-incomes.

4.1 Common features of the models

Whatever the shape or the size of these proposed models they seek to do a number of things in relation to the provision of affordable housing, including:

- Initial capital finance from government;
- Generating funds from the private sector;
- Establishing partnerships and joint ventures;
- Diversifying the mechanisms that State Housing Authorities use to manage their assets;

has to pay more than 30 percent of its income in housing costs (National Housing Strategy, 1991).

- Harness financing through debt and equity finance;
- Utilise tax concessions and commonwealth rent assistance;
- Outsource the management of the properties;
- Generate profits that is reinvested in the company/housing association/housing trust;
- Maximising operational efficiency in the delivery of affordable housing.
(viable models)

4.2 Two Models In Brief

Model 1: Waverly Council Affordable Housing Through Development Incentives

Waverly Council in Sydney like many Local Housing authorities face the ugly features of gentrification. The loss of affordable housing from this council area and a loss of steady loss of long-term residents.

To secure some affordable housing and local residents, the Waverly Council focused its planning strategies on creating affordable housing opportunities in new developments, through a partnership process with the private sector. In a nut-shell this has entailed granting of development incentives for the provision of affordable housing.

Council's research indicated that planning incentives, such as a floor space bonus, could be offered within a development to encourage provision of affordable housing opportunities in new developments, through a partnership process with the private sector. The underlying principle applied by this councils is that planning incentives and the provision of affordable housing within a development are to be cost neutral to the developer in terms of financial costs and to the community in terms of environmental and social costs.

In this arrangement, in return for a variation in the planning requirements, Waverly Council negotiates the following with the private developer:

- The number of affordable housing units within the development;
- The rent levels of the affordable units; and
- The number of years the units are to be maintained as affordable housing in perpetuity or rent capped.

For the Council the story has just begun, that is acquiring the affordable housing. The next question is who is going to manage this housing, who is to receive this housing and who will maintain this housing.

Like most councils Waverly Council does not want to manage the housing. The solution a community-housing provider is brought in for the later part, the delivery of the affordable housing.

Over a five-year period council has acquired 17 dwellings, its target is to acquire 15 units of accommodation per year. In 2001 by midyear it had acquired 6 dwellings and hoping to acquire 9 more by the end of the year.

The units acquired by Waverly Council is targeted to:

- Moderate income earners i.e. approximately \$50,000 per annum;
- Local residents who have lived in the area for the last 5 years; and
- Those residents who are being pushed out by rising rents in the area, mainly the elderly.

Model 2: Brisbane Housing Company

The Brisbane Housing Company (BHC) is a partnership between Brisbane City Council (BCC) and the Department of Housing Queensland. The BHC was announced earlier this year in the 2001/2002 State Budget. The model is still in a developmental stage and many aspects of the model are still being teased out.

The BHC proposes management partnerships with ‘community housing providers’ and referral arrangements with public housing, community groups and agencies. The proposed tenure is interesting. There will be some “base allocations”, BHC will strive to balance between the desire for security of tenure and appropriate use of scarce housing. There will be annual reviews, tenants above the income threshold will pay market rents and BHC will enable choice, transfers etc.

The Company is asking for 60 million capital injection of funding over five years. By using other sources of contribution the Company suggests that it can at the end of five years be providing 80 million dollars worth or 600 units of housing.

These contributions are to come from:

- a) The State Government – 50m over 5 years;
- b) The Brisbane City Council – 10 m over 5 years;
- c) A range of contributions;
 - Charitable Tax status – GST exemptions, FBT, donations etc.
 - Partnership agreements – with the private sector, Churches and Community Organisations, other Government Departments.
 - Loans (equity and debt financing).
 - Developer contributions via the land use planning and building approval system.

In order to maximise these things, the Company has a range of – Governance, legal and Constitutional issues to deal with, before it ever hits the ground.

In summary both the above models have a number of features mentioned above in common. In both the above models:

- a) Affordable housing delivery is not through the bureaucracy representing government: be it local government or state government.
- b) The length of tenure is unclear.
- c) The choice of tenure is not exercised by the tenant even if they can pay market rents.

- d) It is targeted to moderate-income earners.
- e) The relationship to governments is at an arms length.

5. Is There A Case For Alternative Housing Delivery Models?

The concept of a BHC or a housing trust or association or affordable housing is not new. However, it is the first time that some real commitment to investigating and possibly realizing this concept is possible. Therefore, it is important that the modeling is right and the overall social and economic objectives of government and community are met through these initiatives.

National Shelter has long identified that low to moderate income earners are increasingly in 'housing stress'² in the housing market, particularly in the private rental market. This is now confirmed through the Affordable Housing National Research Consortium. In major capital cities alone some quarter of a million Australians are experiencing 'housing stress'. Traditional government interventions such as public housing and rent assistance are increasingly unable to meet the needs of this group for different reasons. Clearly a product such as the BHC or the Waverly Councils' initiative will meet the needs of certain people who are in housing stress.

However, the most exciting feature of the BHC model is the involvement of Brisbane City Council who has allocated \$10 million over the next four years for this proposal. Local governments do have key role to play in housing. In many other countries, it is the local authorities that have an active role in housing delivery and management.

Chris Paris³ argues, " Any analysis of ...housing issues needs to recognise the limited role of local government within Australia. Australian local government derives half of its income from property taxes (rates) and has focused its activities primarily on a narrow range of functions related to the service of properties such as: rubbish collection, sewerage and some infrastructure items." He points out that " The

² Housing Stress is conservatively defined as a benchmark which shows that households in the lower forty percent income bracket who pay more than 30% of their income in rent or mortgage are in financial stress with respect to other basic goods that the household requires.

³ Paris, C. Local Government, the State, and Housing Provision: lessons from Australia; in Government and Housing Edited by Vliet, William Van & Weesep, Jan van; Vol.36; *Urban Affairs Annual Reviews*; 1990; Sage publications.

commonwealth government.....has not tried to stimulate new local government housing roles as part of any strategic withdrawal from its housing functions.”

So far there are two good reasons for such models, one that, it is meeting the need of those people who are currently in housing stress in the private rental market and secondly, it is getting local government involved in housing more strategically.

The third case for the models is that it promises to harness a number of currently undirected potential resources and translates it into a supply –side strategy to potentially meet the investment –gap in low cost housing. While many of these models are state-based, nationally the *Affordable Housing National Research Consortium* examined ways in which government assistance along with private finance can expand the supply of affordable housing. The consortium proposes:

OPTION 1 - A Government Bond

- finance would be raised using a Government issued Affordable Housing Bond, with a minimum, after-tax return. This would be distributed to State Housing Authorities and other eligible organisations for the development of housing.

This is the preferred option of the Consortium. It provides for a direct government subsidy for private investment in affordable housing. According to the Consortium it rates highly against efficiency, equity and effectiveness. It argues that for every dollar of government subsidy, three or four private sector dollars would flow into expanding the stock of affordable housing.

Given these arguments for alternative housing delivery models, it would appear that there is a good case for such mechanisms that will possibly increase the supply of low-cost housing in the private rental market. However, needless to say, housing citizens would want to apply a few other tests before granting a tick for this new and innovative initiative.

5.1 Affordable housing or affordable rents?

Affordable rents are only one part or one dimension of affordable housing. The quality of the house, accessibility, location to other services and community infrastructure are key components of affordability.

Queensland Shelter is concerned that in the briefs to date about the BHC, for example, the model seems to have adopted a new definition of affordability. That is, affordability is not just connected to income but it is connected to a notion of 75% market rent. The BHC brief states “Affordable ...tenants pays 75% of market rent less rent assistance”.⁴ For over a decade, academics, government policy officers and non-government housing policy advocates have understood affordable housing to be *reasonable* housing costs in relation to household income. That is, housing costs that leave households with sufficient income to meet other basic needs such as food, clothing, transport, medical bills and education costs.

The recent *Affordable Housing National Research Consortium* reinstated that..’ The proportion of housing costs to gross income sits at 30%, a benchmark referenced in the 1991 National Housing Strategy.’ Further this benchmark is similar to that accepted as the maximum acceptable mortgage repayments limits by institutional mortgage providers.

Queensland Shelter believes that it is important that such shifts in definitions of core housing policy need to be negotiated with interested stakeholders. It may be that we agree about a renewed definition of *affordable housing*, however this opportunity for debate is not currently occurring.

Given this, one has to conclude that much discussion about these new models based on the icon of affordable housing needs further examination.

⁴ Brisbane Housing Company – Key Issues; Briefing for Peaks; 23 April 2001.

5.2 What are the losses? What are the Gains?

- *Do these strategies fill the gap left by public housing?*
- *Is this shifting assistance to a different population - What about those in high housing need?*

Given the proposed rent formula and the need for charging enough rents to operate as a financially viable company or trust, BHC, for instance, has to be income generating. It is quite clear that the people on very low to low-incomes or those with no income or young people are not going to be housed in these new alternative housing. In relation to the BHC, the Department of Housing Queensland acknowledges this. It is important to acknowledge this point because this new mechanism has its limitation just as the other products such as public housing and community housing. Further, Queensland Shelter believes the BHC will not be able to house the gaps left by a continually reducing public housing portfolio.

The point is that the proposed new models are addressing the housing need of another group of people i.e. a new group of people, when considering the continuum of housing need. Queensland Shelter contends that these groups of people, moderate-income earners, are in a position to trade off affordability for location that is not the position of many others such as young people, homeless people or those with no income.

It is important to also acknowledge that the eligibility criterion for rent assistance is far more stringent than that of public housing. Therefore, some of the people who miss out in the new reduced public housing system may also not be eligible for commonwealth rent assistance and will not be housed in these models of delivery. This is a group that will be the new vulnerable people along with the existing groups.

- *Who will manage the housing in these new models?*

The case is already been made that the management will be by community housing providers. At surface it appears most community housing provider peaks see this as an opportunity however opportunities come with risks. The question is- is the risk worth taking? It is important to acknowledge that most community housing providers at least in Queensland only manage a small number of properties. Whether they have the skills, capacity or interest in managing a large number of housing and tenancy remains unknown. It is also important to acknowledge that all three levels of government including local government are not interested to manage tenancies so this part is being outsourced to the community.

Community housing managers who manage properties are paid community wages, they are based in the local community where such housing is delivered and often they have a personal social investment in such management. It is unclear what will the Chief Executive Officer (CEO) of say the BHC or SHIP in Victoria be earning or what links if any, they will have with the local community or what interest or personal investment they may have in managing a 600 units of accommodation? Certainly the UK experience of housing associations has some demonstrated issues that are worth noting:

- Lack of accountability of the governing bodies;
- The different statutory rights of council tenants and Housing Association (HA) Registered Social Landlord (RSL) tenants;
- The different rent regimes - although the government is trying to address this;
- The perception that many HAs/ RSLs, particularly in regeneration areas, have promised much and delivered very little;
- The lack of local control over the future operation of the community landlord eg. merging without consultation with another organisation;
- Each year the Housing Cooperation deals with a range of complaints from residents/committee members etc about the behaviour of HAs/RSLs and often these allegations are about patronage etc.

Given the above, in terms of the outsourcing management models, lessons are to be learnt from other countries.

➤ ***Where will these houses end up (in the private market?) in the short term and long-term?***

The assets are not public assets rather it is corporate assets belonging to the shareholders of the company or trust. In the model by Waverly Council there seems to be a time limit on how long the affordable housing will remain affordable or have a capped rent. In the BHC model that is based on market rent, it is subjected to the same issue of rising rents like the rest of the private rental market and the increasing problem of not enough of a rising household income particularly for those at bottom 40% of the income ladder.

The asset being no longer public in these arrangements will have an impact on the relationship between government and citizens. For example, the public, housing advocates and public housing tenants have a direct link in what happens to their public housing. Will tenants and potential tenants of these alternative housing delivery models have a voice in rent setting, managing and delivery of their housing?

The interest collected from tenants bonds by Statutory Authorities does not give much encouragement or assurance that this will be the case. Private rental tenants are at an arms length from their government. They are at an arms-length from decision-making processes about what happens to the revenue generated from their bonds. There are legitimate concerns about the changing nature of relationship between tenants and their government in a privatised scenario.

➤ ***Will it increase the supply of social housing?***

Depends on what one understands social housing to mean. If social housing means public and community housing then the answer is no. If social housing means low-cost affordable housing then the answer is yes. One of the gains is that, this mechanism will increase the supply of low cost housing. Further, it will target the low cost housing to those who will benefit from it. Unlike the current situation where the

low cost stock in the private rental market is occupied by higher income earners, or rent assistance that is not achieving affordability for the recipient, these models do have the potential to provide a mechanism for better matches of housing outcomes for people on lower incomes.

➤ *Is this just another subsidy stream to the private rental sector like Rent Assistance?*

To the extent that some capital injection and resources of local and state governments are required to start up the project, it is another form of subsidy into the private rental market. However, there is a gain in the suggested models. Unlike rent assistance where the subsidy just goes in the pocket of the private landlord with no strings attached. In the proposed models, this subsidy is captured to meet the housing needs of some, namely moderate-income earners. In addition, a set amount of government subsidy will assist in generating other incomes.

5.3 What's Changing? Transparency 3

The new housing deliver arrangements bring as a by-product some changes. There is lack of safeguards for consumers in these 'arms length' housing provision models. The fate of many private rental tenants and the limited resources that are provided for tenancy advice and limited advocacy services are a good indicator that a parallel package of arrangements are required to ensure consumer housing rights.

Some of these changes include:

- *Affordability benchmarks*
As discussed earlier, a new way of describing affordability is emerging from the suggested models of delivery. A measure that is tied to market rents that is, a discounted market rent is on offer.
- *Security of tenure and tenancy management*
In the two models presented there appears to be some new suggestions about

tenure and management. These new tenures or housing management does not replicate that in the private rental market or in public housing.

It is a mix of the two and is yet to be tested. For example, even if one has abided by all the obligations required of a tenant, a tenant can still be evicted because their income suggests that he/she can afford to pay market rent.

- *Appropriateness of the new models to high need or special need groups*
It is clear that these new models do not have the capacity to meet the need of special groups. It is also clear that these new models are not about meeting the needs of people in high needs or the homeless.
- *Role of State Housing Authorities*
A new role is being carved up for State Housing Authorities. A role that stipulates and arms length approach in the delivery and management of tenancies. A distanced relationship with citizens. The future role appears to be one of a regulator, evaluator and purchaser of services that it has paid to be delivered by the 'community sector'.
- *The civic relationship between citizens and government through housing*
The new models are set to change the current direct relationship between citizens, their elected Housing Minister and their civic participation in their community. Housing consumers in these models are removed from the direct democratic relationship with their elected representative- the Housing Minister.

6. Conclusion

This paper has presented some of the broader questions for debate surrounding the proposals for alternate housing delivery mechanisms. It has tried to situate it within the puzzle of housing assistance. The BHC or the Waverly Council's new affordable housing is an alternative to the private rental market and not public or long-term community housing.

The new alternative housing delivery models are yet another indirect intervention by governments for a market that continues not to respond to the economic theory of demand and supply. Demand for low-cost housing in the market is not delivering the supply of such dwellings. Markets are driven by profits and not social conscience; they have no social objectives or obligations. This why we have governments to ensure that those who are disadvantaged by markets also get a share of the wealth generated by them like safe, secure and affordable housing.

Role of Government in Housing – where does this alternative fit?

Despite what governments may think, housing citizens have carved a strong role for government in recent consultations by Queensland Shelter⁵. They have argued:

RESOLUTION:

That Government has a civic responsibility in direct housing provision and in intervening in the private rental market to ensure accessibility, fairness and equity.

RESOLUTION:

That the Housing Ministry be reinstated at the national level to develop a comprehensive housing policy.

RESOLUTION:

It is the Government's role to enhance housing choices for Australians, including:

- *Tenure Choices*
- *Accessibility*
- *Appropriate Design*

We must learn from others. In Netherlands⁶, for example, where social housing is primarily being delivered by housing associations: housing associations face a new dilemma with their government. The Secretary of the State, Johan Remkes, supports housing associations in strengthening their independent behavior but on the other hand he has deliberately set targets that housing association could not meet. He has created a position that will allow him to blame the associations for any and all the problems.

Is this the new form of governance – finding someone else to blame? Tenants in the private rental market blame the Real Estate Agent or their private landlord for an unfair outcome in their housing; perhaps this is the new risk management strategy by government. Most private rental tenants are in a distant relationship with their government and similarly government is distantly connected to them.

Is it an alternative or just another product?

It appears that this not really an alternative. It is certainly not an alternative to public housing and it is only marginally an alternative to long-term community housing. The Oxford dictionary defines *alternative* – *available in place of something else*. That ‘something else’ I would suggest is public and community housing.

Brisbane Housing Company or the dwellings acquired by the Waverly council is a new product responding to a new emerging need in the housing need hierarchy. This need has arisen because the rents charged are determined by the market forces and the income that households receive are not. The reality is that these initiatives are a different form of intervention for a broader group of people. It should not be justified on the basis of addressing the funding shortfall for social housing. Nor should it be financed through existing funding that are earmarked for housing construction and housing services for another target group namely those most in need. We must not rob those most in need for a secure home to assist others who are in some need of marginally better affordable rents.

⁵ *Role of Government in Housing*; 2001; A Report From Consultations In Brisbane, Barcaldine and Townsville.

⁶ Priemus H. *Social Housing a Transitional Tenure? Reflections on the Netherlands' New Housing Memorandum 2000- 2010*; in *Housing Studies*; Vol 16; No. 2; March 2001; pp243-256.

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