

Community Mental Health Australia submission to the Productivity Commission inquiry into Introducing Competition and Informed User Choice into Human Services: Identifying Sectors for Reform – Draft Report

Addendum to Submission made 10 July 2017

Social Housing

The following is an addendum to the Community Mental Health Australia (CMHA) submission made on 10 July 2017 to the Draft Report. The information included in this addendum relates specifically to social housing.

CMHA emphasise that in a housing environment dominated by extreme affordability pressures and the scarcity of low cost rental housing, professional and effective relationships between community housing and the private rental market are of great importance. While community housing and real estate agents are two industries with differing interests, motivations and philosophies, community housing has been shown to effectively engage with the private rental market in a multitude of ways to deliver mutual benefits for all stakeholders involved: tenants, landlords, real estate agents and government.¹

Community housing providers leverage these relationships in innovative ways and apply locally developed solutions to access low cost rental housing for increasing numbers of households. This is particularly evident in ‘head-leasing’ arrangements, where existing long term positive relationships between community housing and the real estate industry are of utmost importance in sourcing additional properties from the private rental market to community housing tenants.²

In the competition and contestability space, CMHA draw to the Productivity Commission’s attention to a range of potential developments that can best support community housing industry engagement with the private rental market. The most commonly identified future opportunities relate to the ways in which partnerships between the government, community housing and private investors could be enhanced. Several policy implications have emerged from these potential opportunities including:³

- Exploring pathways towards greater collaboration between community housing and the real estate industry as a whole, including through formalised agreements such as memoranda of understanding

¹ NSW Federation of Housing Associations Inc 2014, *Community Housing Engagement with the Private Rental Market Research report*. Author: Maja Frölich.

² Hulse, K., Gabriel, M., Burke, T, & Ralston, L 2013, *Long Term Private Rental in a Changing Australian Private Rental Sector*, AHURI Final report 209, AHURI, Melbourne.

³ Ferrer, E 2013, “The Private Rental Market, Affordability and Homelessness,” Presentation to Shelter NSW Conference. Available: www.shelternsw.org.au/publications/conference-papers/doc_download/348-emilio-ferrer-the-private-rental-market-affordability-and-homelessness

- Enhancing the supply of private rental properties under community housing’s management through the utilisation of innovative rental models that channel private investment in low cost housing such as the UK Build to Rent model, the Home Ground Real Estate model from Victoria and Defence Housing Australia
- Exploring the possibilities for replicating and scaling up the successful examples of good communication and effective relationships between the two industries that already exist
- Enhancing the ability of community housing providers to manage and deliver private rental assistance products under the Housing Pathways and the “no wrong door” principles.⁴

We also note the growth of improved coordination of activities related to the real estate engagement conducted by Family and Community Services (FACS) funded agencies and community housing providers, in particular where this engagement is necessary to assist clients in sustaining their tenancies and breaking the cycle of homelessness. FACS are replicating these initiatives in the private rental market engagement efforts between community housing and support providers. Community housing’s advantages include the ability to access Commonwealth Rent Assistance (CRA), favourable tax policy settings, and the ability to use private finance for leverage – all of these enable community housing to play an innovative and responsive role in the delivery of quality social and affordable housing. To help people to access and maintain a tenancy in the private rental market, social housing providers can offer, or facilitate access to a number of private rental assistance products including: statements of satisfactory tenancy; private rental brokerage; brokerage funds; tenancy guarantee; private rental subsidies and subsidy tapering.⁵ CMHA urge the Productivity Commission to highlight these important policy reform initiatives as critical to improving, sustaining and meeting social housing needs in future decades in Australia.

⁴ Property Australia 2017, “Could the build-to-rent model solve our housing woes?” Available:

https://www.propertycouncil.com.au/Web/Content/News/National/2017/Could_the_build-to-rent_model_solve_our_housing_woes_.aspx

⁵ Housing Pathways 2017. Available: <http://www.housingpathways.nsw.gov.au/additional-information/policies/private-rental-assistance-policy>