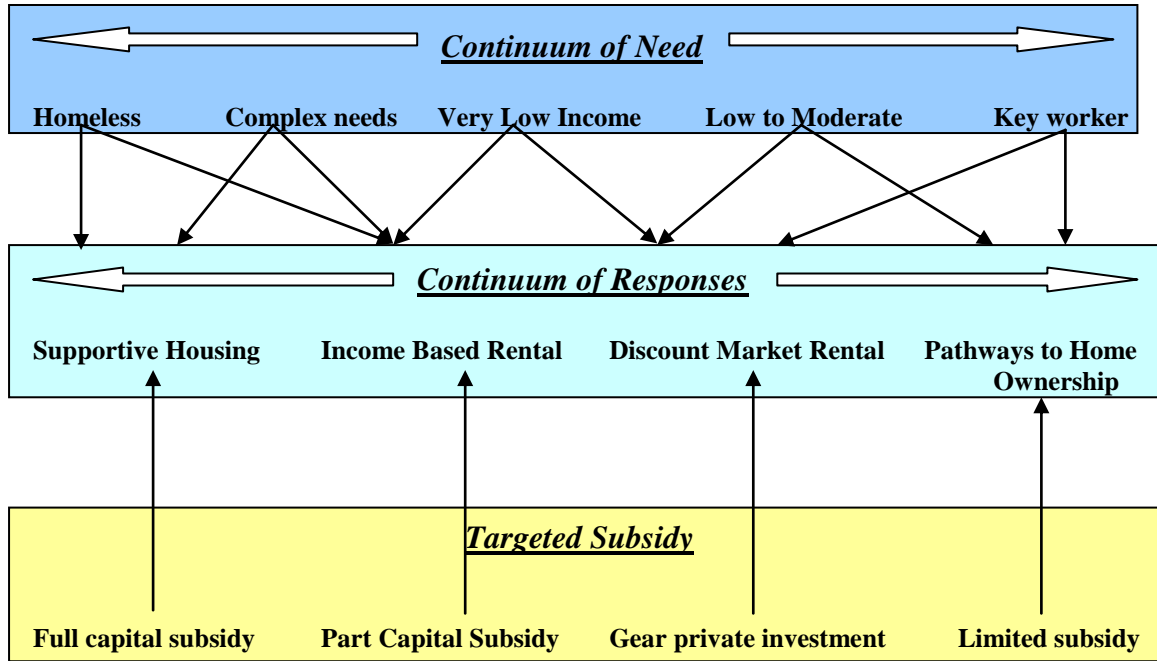


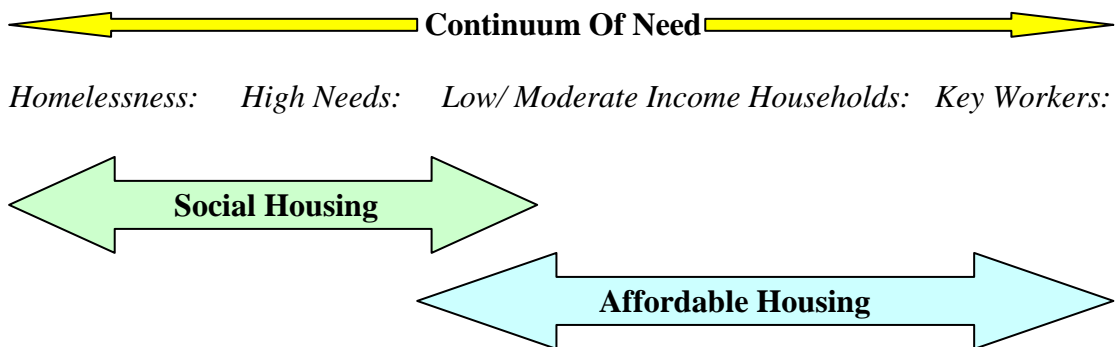
Understanding Affordable Housing

The social and affordable housing continuum



* Model copywrite to QCHC ltd

Affordable Housing Target Groups*



Mike Myers Presentation to LGAQ Conference 2007

1. Affordable Housing Principles

a. Creates mixed income, mixed tenure neighbourhoods

Each housing project will be based on evidence of local needs, market responses and gaps.

Site-specific planning will aim to ensure a range of housing that is affordable to low and moderate income households and, where possible, offer a mixture of home ownership and rental products.

Where site issues, like size or constraints, present barriers to mixed use, the planning focus will shift to ensuring the project achieves balance with the wider neighbourhood. [For example, this means that we would **not** add to low income rental housing in areas that are already have significant provision.]

Through its partnership with Council, the not for profit housing sector will contribute to planning outcomes and Council Officers will be able to input into the forward planning and site selection and site use.

b. Promotes quality design

The success of affordable housing depends significantly on the quality of design, both in terms of community acceptance, appropriateness for the site in question and in terms of minimising longer term costs of maintenance and management.

Not for profit housing providers are in this business for the long term and therefore are extremely sensitive to promoting community acceptance through design excellence. [Both Brisbane Housing Company and Community Housing Canberra Ltd have won design awards.]

c. Is environmentally sustainable

Affordability and sustainability are inter-dependent. It is no good saving a low income household \$2,000 per year in rent or mortgage payments if poor design and construction adds unnecessary energy, water and waste management costs.

In addition, affordable housing projects must lead by example as a ‘good corporate citizen’ and such an approach can help steer the housing market towards a new balance between commercial, social and environmental outcomes.

d. Improves choice and diversity

Low and moderate income households have faced over a decade of declining choice in housing. Reduced choice leads to social exclusion and ‘place-based’ polarisation along income lines.

Providing more choice and diversity will improve social cohesion and economic participation in our communities.

e. Supports employment and economic development

Many Award Wages are insufficient to meet current market rents or to finance a mortgage. This means that lower paid employment becomes less attractive.

Lower paid jobs in the service sector, retail sector, hospitality and welfare sectors and the ability to attract trainees are essential components of most local and regional economies.

The lack of affordable housing that is well located to jobs or transport hubs can act as a drag on current and future economic development

It can act as a disincentive to increased economic participation, particularly if it is linked to income-based rent structures that add to very high marginal tax rates for each extra dollar earned.

Planning for the provision of affordable housing linked to the economic development plans of Local and State Government can help achieve a balanced and diverse economy and minimise the demand on new infrastructure, like road and rail.

Furthermore, the more housing takes out of the incomes of households in the lower 40%, who traditionally spend all their income on necessities, the more it reduces household expenditure on other local goods and services. This impacts on local businesses.

f. Supports social inclusion and integrated communities

Social Inclusion exists where households can fully contribute to the social, economic and environmental development of their communities. It is a reflection of a community that is not dysfunctional.

The evidence on what strategies have the most success in promoting Social Inclusion is varied and therefore most studies have focussed on what contributes to a dysfunctional community and how to mitigate those negative factors.

High levels of concentration of low-income households, the predominance of rental housing for low income households and disincentives to economic participation are three strong indicators of disadvantaged and potentially dysfunctional neighbourhoods.

Affordable housing that helps create mixed income-mix tenure neighbourhood and avoids a concentration of disadvantaged renters can increase Social Inclusion. It also seeks to address disincentives to economic participation through discounted market rents that allows low-income households to retain more of each extra dollar they earn.

g. Promotes not-for-profit delivery to retain social benefits for the people of the area and the governments that support it.

By entering into an arrangement with not for profit housing providers, Council's and the State would be ensuring that the benefits of its community investment in affordable housing are retained for the community indefinitely.

All benefits and structures are transparent and all activities are directed to the social mission of the not for profit entity. If the Council were a shareholder in such not for profit entities, it would add to the already strong accountabilities through ASIC, the Charitable Tax System and Housing Act Regulation.

The Endorsed Status of the entity as a Tax Concession Charity provides a strong line of external accountability, this means that even if the entity wound up, all its net assets must be transferred to a similar charity for similar purposes.

Furthermore, because most not-for-profit housing providers are regulated under the State's 2003 Housing Act, Stakeholders will not need to establish the kind of compliance arrangements it might need if it were to seek a purely market based response.

h. Attracts external resources into the area

A Charitable housing entity is well positioned to attract the following external resources into affordable housing projects:-

- GST Charitable tax concessions on developments valued at 10% per project
- GST free supply
- Commonwealth Rent Assistance
- Private sector contributions
- National Rental Affordability Scheme subsidies
- Potential State funding

*Mike Myers
Queensland Community Housing Coalition
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