



Final Report

Operating deficits and community housing: policy options for reversing the trend

authored by

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ACRONYMS

AHO	Affordable Housing Organisation
AIHW	(Australian Institute of Health and Welfare
BHC	Brisbane Housing Company
BHP	Boarding House Program
CBB	Community Business Bureau
CCHOACT	Coalition of Community Housing Organisations of the ACT
CEHL	Common Equity Housing Limited
CEO's	Chief Executive Officers
CERC	Common Equity Rental Cooperatives
CGAH	Capital Grants for Affordable Housing
CHA	Community Housing Authority of South Australia
CHAP	Community Housing Assistance Program
CHAS	Community Housing Application System
CHC	Community Housing Canberra
CHCA	Community Housing in Country Areas
CHCP	Community Housing Capital Program
CHFA	Community Housing Federation of Australia
CHLP	Community Housing Leasing Program
CHOs	Community Housing Organisations
CHP	Community Housing Program
CHRGP	Community Housing Resourcing Grants Program
CHRWP	Community Housing Resource Worker Program
CHSP	Community Housing Strategic Plan
CPI	Consumer Price Index for all capital cities in Australia
CRA	Commonwealth Rent Assistance
CSHA	Commonwealth State Housing Agreement
DDHCS	ACT Department of Disability, Housing and Community Services
DHW	Department of Housing and Works
DOH	New South Wales Department of Housing
FaCSIA	Australian Department of Families, Community Services and Indigenous Affairs
HASI	Housing and Accommodation Support Initiative
HIRS	Housing Information and Referral Service
HPF	Housing Provider Framework

HSA	Housing South Australia
HT	Housing Tasmania
JVHP	Joint Venture Housing Program
LTCHP	Long Term Community Housing Program
NCHF	National Community Housing Forum
NPGPP	Not For Profit Growth Program
NSWFHA	New South Wales Federation of Housing Associations
OCF	Office of Community Housing New South Wales
OoH	Office of Housing Victoria
PC	Productivity Commission of Australia
PICH	Partnerships In Community Housing
QH	Queensland Department of Housing
RHC	Rental Housing Cooperatives
RHP	Rooming House Program
SAAHT	South Australian Affordable Housing Trust
SAAP	Supported Accommodation Program
SACHA	South Australian Community Housing Authority
SWISH	South West Inner City Housing Cooperation
VCBGP	Viability and Capacity Building Grants Program

EXECUTIVE SUMMARY

What is community housing?

The Productivity Commission (2006) describes community housing as

....generally managed by not for profit organisations or local governments, which perform asset and tenancy management functions. A major objective of community housing is to increase social capital by encouraging local communities to take a more active role in planning and managing appropriate and affordable transitional and long term rental accommodation. Community housing is also intended to provide a choice of housing location, physical type and management arrangements. Some forms of community housing also allow tenants to participate in the management of their housing.¹

For reasons of major differences in rent setting and financial practices, community housing in this research project is defined as long stay, non-denominational, non ethnic, not for profit housing. The stock is managed and/or owned by a non-government community housing organisation, whether a company, association, cooperative or some other form of management structure.

Therefore the research did not include emergency, transitional, disabled, aged, denominational (religious group-provided), and ethnic group-provided housing. Neither did it include student and other shorter stay (less than one year maximum) housing.

Aims of the research

The original aims of this project were to:

- clarify the impact of Community Housing Organisation operating deficits on the potential growth and development of an expanded community housing sector
- develop suitable policy options for returning community housing to operational surpluses; and by so doing
- provide a context for the development and growth of the community housing sector.

Research method

The main project components as outlined in the project plan were to:

- define community housing operating deficit/surplus
- design the project questionnaire
- resolve the project spreadsheets
- decide on a representative sample of community housing organisations
- approach the specific organisations electronically and advise the peak organisations of the sample material and organisations contacted
- analyse and comment upon the returns, including calculating operating deficit or surplus in the community housing sector.

Due to some difficulties in obtaining appropriate data returns from sampled community housing organisations, the project scope was varied by AHURI on the 26th April 2007.

The scope of the work was varied by AHURI Ltd as follows, to:

- change from a random sampling method to a purposive sampling method

¹ Productivity Commission of Australia, 2006. Report on Government Services, p.16.14

- change from a 'complete data set' to a 'best available data set' approach. Difficulties were encountered in obtaining full disaggregated data from each organisation in the sample.

In accordance with the project variation the peak community housing organisations in Queensland, New South Wales and South Australia provided the researchers with a list of organisations that indicated their willingness to participate.

Amended spreadsheets were prepared for Community Housing Organisations (CHOs) in each state, which closely paralleled the financial returns required in that state. In addition, a Powerpoint spreadsheet aid was prepared for each of the CHOs to assist completion of the spreadsheet.

The sample that has finally been obtained is only representative in Queensland and South Australia so the analysis is confined to these States and the averages for Australia as a whole. The total number of organisations responding was 18: six from South Australia, five from Queensland, four from NSW, two from Victoria and one from Tasmania.

However the data can be compared to the 2005/06 results for public housing, and this comparison is set out in Chapter 5.

Using this data we have been able to:

- identify the similarities and the differences between the activities of community and public housing and the implications for the revenues and costs in each sector
- set out various effects causing variations in revenues and costs.

Findings and conclusions

In many parts of Australia community housing in Australia is characterised by its small scale (88% of all organisations have less than 50 dwellings under management), high levels of voluntarism, insufficient resources for professional housing management, and in many places, ageing stock.

In these areas the short and medium term prospect of community housing becoming a significant provider of lower income and affordable rental housing is remote.

In four states community housing has been the subject of recent substantial revitalisation and additional resourcing.

The impact of state government reforms on client targeting and revenue.

In Queensland the One Social Housing System was introduced in 2006, providing clients with one access point to public and community housing, as well as common rent charging policies between the two systems (i.e. a common income definition and proportion of income charged in rent).

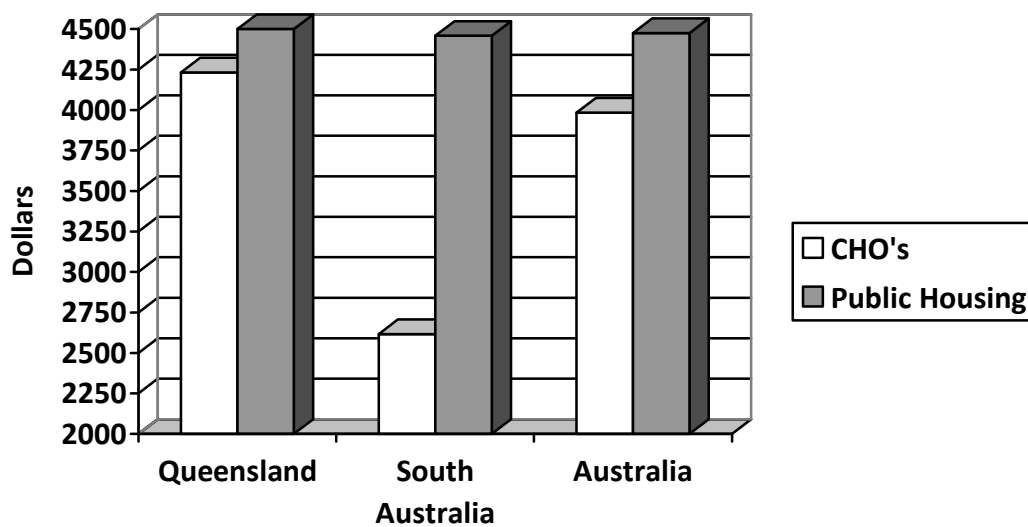
In NSW, the size of the sector doubled in the last decade to 13,000 dwellings under management, and the state government plans to more than double the sector again within the next decade. As in Queensland, access to community housing depends on potential clients being registered on the public housing waiting list. Rent charging policies for community housing are identical to those for public housing, except that Commonwealth Rent Assistance (CRA) is included in income assessment. New South Wales also introduced a new regulatory and management framework.

In South Australia, a new funding agreement and other reforms resulted in one access point for clients of community housing and public housing, and rent charging policies are almost identical.

In Victoria, a new regulatory framework has been introduced and substantial additional capital funding for growth has been provided.

Figure 1 sets out the average rents per dwelling from the sample of Community Housing Organisations (CHOs) in two states and for Australia and a comparison with public housing in these jurisdictions. The impact of common targeting and rent setting policies is that, notwithstanding the ability to capture CRA through income assessment and other rent policies, average rents per dwelling for the sample of community housing in Queensland, South Australia and for Australia are 12% less, 70% less and 12% less than the respective public housing averages in 2005/06. These lower rent receipts are likely to partly reflect community housing providing for a greater proportion of low income, single and special needs households than is the norm for public housing.

Figure 1: Net average rents per dwelling, 2005/06—community housing organisations and state public housing authorities (June 2006 Dollars)



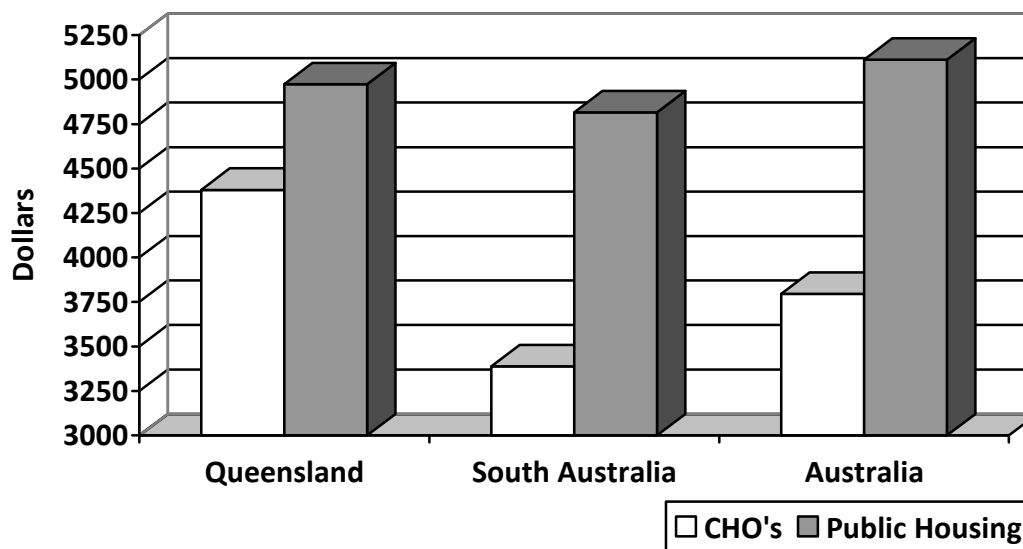
Source: Special spreadsheet returns—state public housing authorities, 2005, and Community Housing Organisations, 2008 n=18 (CHO) n=8 (SPHA)

Overall, average total operating revenues (rent plus other income) reflect the move to similar targeting and rent charging policies, with average operating revenues for the sample of community housing organisations being 15% less in Queensland, 5% less in South Australia and approximately 3% less across Australia, respectively, than those for public housing.

How do operating expenditures in community housing compare with public housing?

Figure 2 presents a comparison of operating expenditures for the sample of Community Housing Organisations in the two states and Australia with the same information for public housing for 2005/06.

Figure 2: Net average total operating expenditure per dwelling before net interest and depreciation, 2005/06—Community Housing Organisations and state public housing (June 2006 Dollars)



Source: Special spreadsheet returns—state public housing authorities, 2005, and Community Housing Organisations, 2008

Figure 2 shows that average operating costs per dwelling (before net interest and depreciation) in community housing are 13.5%, 42% and 34.7% lower than public housing operating costs in Queensland, South Australia and Australia respectively.

Community housing operating costs severely understate the real costs of providing community housing

The analysis above might give the impression that cost structures for community housing organisations are more efficient than public housing. However it should be noted that the operating costs in community housing are severely understated for a number of reasons. These are outlined below.

Voluntarism

The research found that use of voluntary labour is still extensive for both cooperatives and associations in a range of states. Whilst the extent of the saving to CHOs is difficult to quantify, it is extensive: for example one CHO estimated that use of volunteers may be responsible for saving up to 20% of total maintenance expenditure. Moreover, volunteers are used not only in maintenance but also in housing management functions.

Concessions

The average rate of expenditure per dwelling in the sample of Community Housing Organisations in the two States and Australia is substantially lower compared to public housing.

These expenditures are some 132%, 66% and 43% less in the sample of CHOs in Queensland, South Australia and Australia, respectively, compared to public housing.

In many states, local authorities provide substantial concessional rates to charitable and not for profit organisations, and many Community Housing Organisations are obtaining these concessions.

Non-quantified state subsidies

The analysis isolated and stripped out any subsidies received by community housing organisations for their operations. However in some jurisdictions, whilst the organisation may not have received a direct cash payment, the cost of certain expenditures may have been met by state agencies (e.g. some structural maintenance expenditures of

Community Housing Organisations in New South Wales are covered by the Department of Housing).

Cost of capital

Only a few community housing organisations have any debt related to the provision of the stock or make provision in their accounts for the capital cost of dwellings. Operating expenditures of CHOs therefore contain no servicing cost for the capital employed.

Provisioning for asset replacement

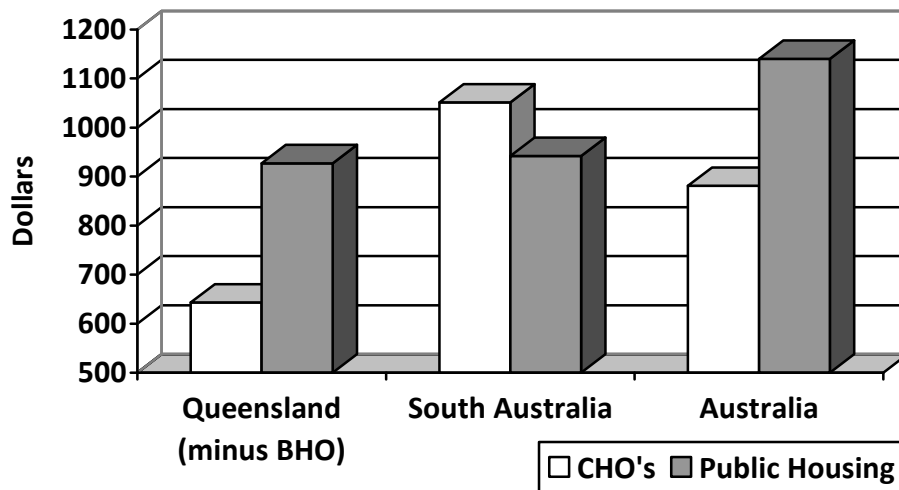
As with the cost of capital, no CHOs in this sample (with the exception of the BHC in this analysis) make any provision for asset replacement through depreciation.

For all these reasons the operating statements of CHOs substantially understate the real operating costs of providing the housing to their clients.

Are expenditures on housing management sufficient?

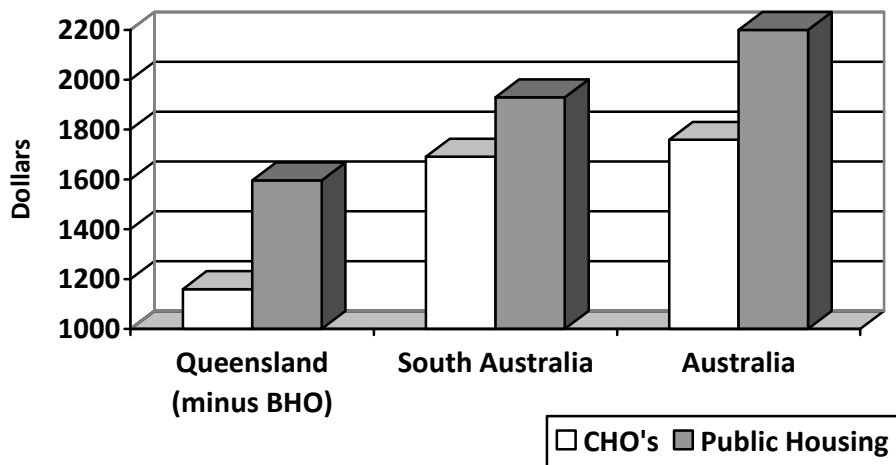
Figures 3 and 4 set out the average expenditure per dwelling on salaries and total overhead, for the sample of CHOs in the two states and Australia compared to the same averages for public housing.

Figure 3: Net average total salaries and related, expenditure per dwelling, 2005/06—Community Housing Organisations and state public housing (June 2006 Dollars)



Source: Special spreadsheet returns—state public housing authorities, 2005, and Community Housing Organisations, 2008

Figure 4: Net average total overhead (salaries and admin.), expenditure per dwelling, 2005/06—Community Housing Organisations and state public housing (June 2006 Dollars)



Source: Special spreadsheet returns—state public housing authorities, 2005, and Community Housing Organisations, 2008

In at least two jurisdictions state housing agencies concerned with community housing have introduced recurrent grant programs aimed at improving the management capacity of CHOs. This has had a clear and major impact on salaries expenditures by South Australian CHOs.

However, when the sample for expenditure on total management overhead is taken into consideration, housing management expenditures per dwelling in 2005/06 for CHOs was 42% less and 29% less than public housing, respectively, for Queensland and when compared to the averages for Australia.

In a range of situations it is probable that insufficient funds are expended on housing management to ensure a professional and appropriate level of administration, particularly where wait list and arrears management is required.

Overhead and expenditures on non-housing support services

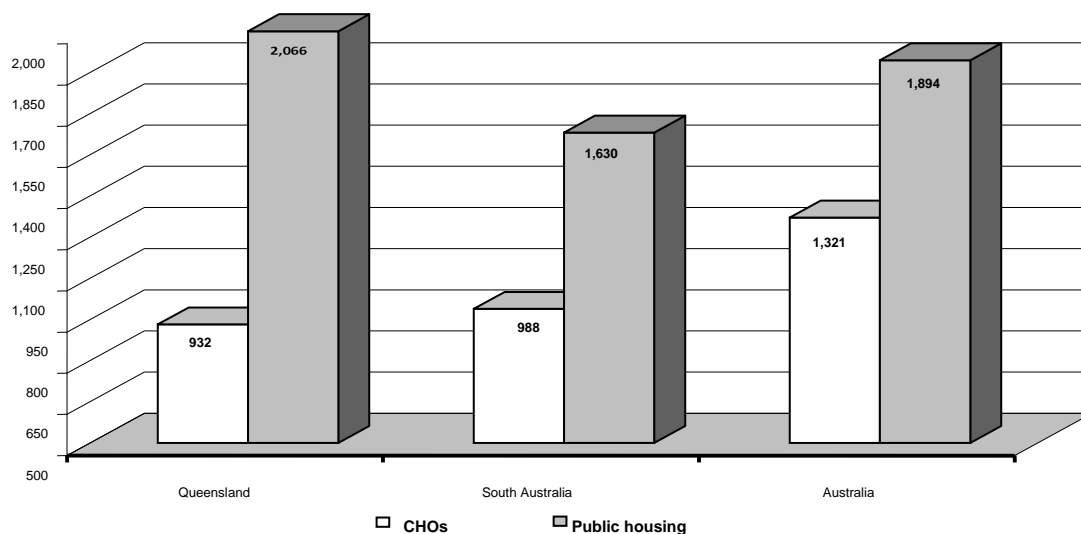
CHOs were asked to nominate the proportion of their total overhead expenditure that is applied to non-housing support services for clients. Without exception respondents indicated that expenditure on non-housing support services is minimal, absorbing between 1% and 3% of overhead costs.

Is there a maintenance backlog or could one be developing?

Over 90% of respondents indicated concerns with the age of their stock and all of them suggested upgrading was required for between 50% and 15% of their stock. One respondent commented that the Housing Authority was 'outsourcing the backlog' problem by transferring predominately aged stock to CHOs, even although policies in NSW forbid practice this from occurring. If this result is representative, then maintenance backlogs already exist in a number of jurisdictions.

Figure 5 sets out the average maintenance expenditure per dwelling for the sample of CHOs in the two states and Australia, compared to public housing.

Figure 5: Net average maintenance expenditure per dwelling, 2005/06—Community Housing Organisations and state public housing (June 2006 Dollars)



Source: Special spreadsheet returns—state public housing authorities, 2005, and Community Housing Organisations, 2008

The contribution of voluntarism and state grant and subsidy programs for stock maintenance in some jurisdictions notwithstanding, average maintenance expenditure in 2005/06 by respondents is less than half that occurring for public housing in Queensland, some 35% less than public housing in South Australia and for the total Australian sample more than 40% less than the average for Australian public housing. The numbers clearly indicate that even if public housing is an inappropriate benchmark, average expenditure per dwelling is less than 1% of the asset value—and unlikely to be able to maintain the real value of the dwellings. Combined with the absence of depreciation provisioning, for this sample at least some of the assets are degrading.

Some system options.

REVIEW OF THE COMMONWEALTH COMMUNITY HOUSING PROGRAM

The current CSHA Commonwealth Community Housing Program could be reviewed and expanded, with funding concentrated on three specific streams:

- specific purpose grants for building housing management capacity and capability
- specific purpose recurrent grants for maintenance backlogs
- a capital program focused on redevelopment and expansion.

Establishing balance between the program components could be part of tripartite negotiations between the sector, State Housing Authorities and the Commonwealth, where issues related to delivery arrangements, etc. could also be resolved.

A STOCK CONDITION ASSESSMENT OF THE COMMUNITY HOUSING SECTOR

The Commonwealth could consider funding a nationwide survey of stock condition in the community housing sector—with the aim of estimating the costs of bringing all stock to an appropriate standard. Such an investigation could be carried out under the supervision of relevant state housing and state peak Community Housing Organisations in each jurisdiction.

EXPLORING SOME GROWTH OPTIONS

Would the finances of community housing support expansion of the sector?

It has been suggested that if ownership of public housing assets were transferred to CHOs, the current revenue surpluses, when combined with higher income clients, could support a substantial expansion of the sector.

With no change to client profiles, in most jurisdictions the surpluses identified in this report could service loans enabling expansion of the sector by approximately 2% to 3%. However this presumes that there are no expenditure backlogs which should be addressed. If maintenance and housing management requirements were appropriately resourced, it is unlikely that there would be any surpluses, and hence virtually no room for expansion via this method.

Would Commonwealth Rent Assistance (CRA) maximisation—combined with appropriate increases in housing management and maintenance expenditures—enable a substantial expansion of the sector?

Another suggestion has been that if title to the assets were transferred to CHOs and all CHOs required payment of all of the CRA, and the maximum CRA permitted by current criteria was obtained, this would permit substantial servicing of capital borrowings to acquire and develop new assets.

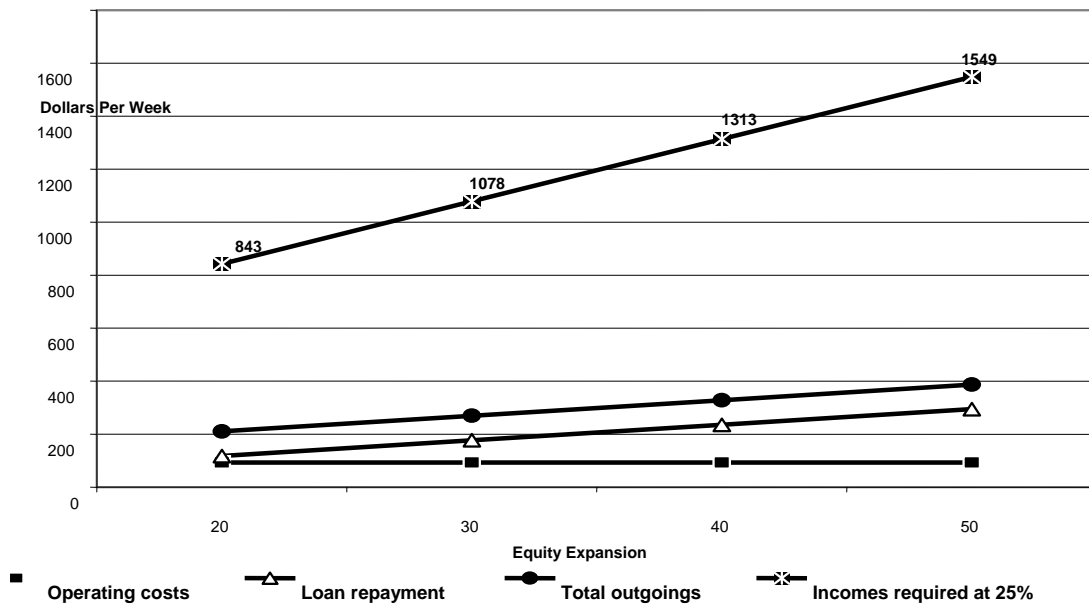
An initial calculation² suggests that even if the Commonwealth Government were to support such an approach, it would result in only a modest increase in the number of dwellings in community housing. The combination of a CRA payment, adjusted 'real' costs and provisioning, and discounting of the future surpluses by the extent of the real difference between costs and revenue growth would result in between 6% and 9% growth in existing assets. This would mean between 1,300 and 2000 new long stay dwellings would be provided across Australia. This estimate is much lower than others, because other estimates do not take account of the erosion of the value of additional revenue over time. Increases in CRA occur only according to inflation (the Consumer Price Index); whereas real housing costs increase by about 1% more than inflation, with the result that a substantial portion of the initial increase in revenue would not be available to service debt in future years.

What would be the necessary increase in average client incomes if growth of the sector is to be funded from borrowings serviced by rents?

Figure 6 shows the levels of client incomes necessary to sustain growth in the community housing sector. It assumes dwellings costing an average of \$300,000, and a 20% to 50% expansion of the sector through loans.

² This assumes a loan interest rate of 9.25% for 25 years, with an average dwelling value of \$300,000 and an average CRA per week of \$65.

Figure 6: Net weekly household incomes, 20% to 50% Community Housing Sector expansion—average dwelling value \$300,000



Assumptions: loan term 25 years, 9.25% interest, 25% of incomes in repayments, rents 98% of housing incomes

Thus, expansion of stock by 20% using this approach would require average tenant incomes in the sector to be almost \$850 per week or over \$40,000 annually. More significant rates of stock expansion would entail even higher incomes.

Clearly, any significant expansion funded by debt—even with CRA—will require a major change in the household incomes of current community housing clients.

It is our view that if affordable rents in the community sector are to be maintained, this will require any substantial expansion of the sector to be achieved through stock transfers and substantial increases in subsidies, or by significant capital injections—such as those initiatives recently committed by the Victorian government’s ‘Growth Fund’ and the Commonwealth Government’s National Affordable Rental Initiative.

1 INTRODUCTION

1.1 Background

What do we mean when we talk about community housing?

The Productivity Commission (2006) describes community housing as

...generally managed by not for profit organisations or local governments, which perform asset and tenancy management functions. A major objective of community housing is to increase social capital by encouraging local communities to take a more active role in planning and managing appropriate and affordable transitional and long term rental accommodation. Community housing is also intended to provide a choice of housing location, physical type and management arrangements. Some forms of community housing also allow tenants to participate in the management of their housing³.

There are a range of management and ownership models applying to community housing in Australia; the most common being:

- community management and ownership
- joint ventures and housing partnerships, whereby a range of church, welfare, local government agencies and other organisations provide resources along with state and territory governments
- equity share rental housing, whereby housing cooperatives wholly own the housing stock and lease it to tenants (who are shareholders in the cooperative and, therefore, have the rights and responsibilities of cooperative management)
- regional or local housing associations, whereby the associations provide property and tenancy management services;
- housing cooperatives, which are responsible for tenant management and maintenance, but do not own the stock, which is usually owned by state and territory governments;
- local government housing associations, which provide low cost housing within a particular municipality.

As there are major differences in rent setting and financial practices between these types of Community Housing Organisations, community housing in this research project refers only to long stay, non-denominational, non-ethnic, not for profit housing. The stock is either managed and/or owned by a non-government Community Housing Organisation—whether a company, an association, a cooperative or some other form of management structure.

We therefore exclude emergency, transitional, disabled, aged, denominational (religious group provided), and housing provided by ethnically based organisations. Also excluded from the scope of this project are student and other shorter stay (less than one year maximum) housing.

1.2 Research aims and objectives

1.2.1 Aims

The original aims of this project were to:

- clarify the impact of community housing organisation operating deficits on the potential growth and development of an expanded community housing sector

³ Productivity Commission of Australia, 2006. *Report on Government Services*, p.16.14

- develop suitable policy options for returning community housing to operational surpluses; and by so doing
- provide a context for the development and growth of the community housing sector.

1.2.2 Objectives

Related objectives were to:

- discuss, document, and define community housing operating deficits
- quantify trends in, and current levels of, the component line items which make up these deficits
- elaborate on the reasons for the development of these deficits
- suggest appropriate revenue and cost policy options for CHOs.

1.2.3 Research questions

The research was to develop and address a range of research questions. The five key research questions to be addressed were:

1. What is the definition of an operating deficit?
2. What are the trends in operating deficits and are they, or are they not, restricting the development and growth of the community housing sector (addressed by financial analysis of spreadsheet returns)?
3. How does the cost of providing community housing differ because of the influence of different cost factors: i.e. geography, scale, client and dwelling profiles, etc?
4. What are the reasons for the development of operating deficits in this sector and what are the influences of particular revenue and cost components? (addressed by questionnaire returns and focus group interviews)?
5. What policy options are available to arrest the development of operating deficits and which would contribute to the growth and development of the community housing sector?

1.3 Scope of the work and structure of this report

1.3.1 Scope of the work

Due to some difficulties in obtaining appropriate data returns from sampled community housing organisations, the project scope was varied by AHURI on the 26th April 2007.

This resulted in the following changes to the research method:

- A purposive sampling method rather than a random sampling method was employed. AHURI Ltd and Dr Jon Hall (contracted through the RMIT-NATSEM Research Centre) worked with the CEOs of the community housing peak organisations in Queensland (Mike Myers), New South Wales (Adam Farrar) and South Australia (Ciarran Synott) to select a number of community housing organisations that were 'best placed' to complete the finances spreadsheet. Dr Jon Hall assisted in this process by either visiting the selected organisations, or being present at a workshop if required to assist in the 'translation' of the data items. The researchers agreed to use their best endeavours to obtain a minimum sample of 30 valid returns; however if a total of 30 had not been reached by July 31st the Final Report and Research and Policy Bulletin were to be based on the returns obtained up to that date. In the end a sample of 18 was achieved.
- It was agreed to rely on a 'best available data set' rather than a 'complete data set' approach, as there had been difficulties in obtaining full disaggregated data from each organisation.

- To assist in maximising the number of returns whilst obtaining sufficient data quality to support the key research questions, compromises on the full depth of sought-after data were made. This meant that not all the original research questions could be answered. It also limited the comparison with the analysis of public housing operating deficits completed in another project. As a result of this changed approach and the lower number of returns of adequate spreadsheets and questionnaires, it was not possible to address Research Question 3 or part of Research Question 4 (outlined above in Section 1.2.3). More details on this adjustment are discussed in Section 3.

This report sets out:

- a rationale, and an explicit set of working definitions for, cost and revenue components which can be used to assess operational surpluses/deficits of community housing organisations
- an analysis of the aggregate average financial position of community housing organisations and a State analysis for South Australia and Queensland.

Section 2 discusses some key developments and elements of the national policy context, focusing on

- the future supply of, and demand for, not for profit long stay community housing
- recent initiatives of Australian and State Governments
- current funding programs and arrangements.

Section 3 outlines the process established for the research, practical changes which were required to the project plan to enhance the outcomes of the research, and the scope of the analysis. It then sets out a detailed presentation of the methodology used for the research, such as:

- development of the discussion papers, including quantification method and spreadsheet development
- questionnaire development
- financial data obtained
- spreadsheet and questionnaire support.

Section 4 discusses the analysis results for all community housing organisations responding and an aggregate analysis for Queensland and South Australia.

Section 5 sets out a comparative analysis of key financial indicators for community housing, and compares them with the average for public housing in Australia as at 2005/06.

Section 6 presents the findings and conclusions and some possible areas for further development.

2 NATIONAL POLICY CONTEXT

2.1 The demand for, and supply of, not for profit long stay community housing.

2.1.1 *Community housing demand*

What is the demand for community housing? The answer lies in the client group/groups to which community housing is targeted.

In general, long stay, non denominational, non ethnic, non disability community housing is targeted to households who are experiencing some form of difficulty in meeting financial obligations in the private rental market. This target group is not normally differentiated by age or household type. Except for a small proportion of market rent tenants, most forms of community housing involve rent subsidies, of varying depths and duration. As later subsections of this chapter show, state administrations are increasingly requiring community housing providers to more closely align their allocation and tenancing policies with the eligibility range applying to mainstream public housing.

However in the past, compared with public housing, the household composition and average household income profile applying to the tenants of most long stay community housing providers have been respectively different and higher.

Consequently, long stay community housing is currently catering both to households with similar family and income characteristics to those households on public housing waiting lists, and to a range of households who may not necessarily be eligible for public housing but are still on moderate incomes and experiencing some form of 'housing stress⁴' as defined by Yates and Gabriel (2006:v): i.e. spending more than 30% of their gross household incomes on housing costs.

There are therefore two measures of demand for community housing which apply to the two predominant types of households targeted to receive long stay community housing:

- waiting lists for public housing
- the number of private renter households experiencing 'housing stress'.

According to the Department of Families, Community Services and Indigenous Affairs—FaCSIA—(2006, p.99), there were 186,900 households on waiting lists for public housing throughout Australia in 2005/06.

Meanwhile Yates and Gabriel (2006, p.3) found that in 2003 approximately 462,000 private renter households were experiencing housing stress.

There is no doubt that a substantial number of the households on public housing waiting lists will also be represented in the numbers of private renters experiencing housing stress—and so these estimates are not independent of each other. Also, some of these households will contain members with disabilities, or may be more appropriately accommodated by other housing assistance programs, such as transitional housing and housing assistance for disabled households, including the Supported Accommodation Assistance Program (SAAP).

2.1.2 *Community housing supply*

State Housing Authorities and state peak community housing agencies provided information on the number of not for profit non-denominational, non-ethnic, non-

⁴ Here housing stress is defined by the 30/40 rule, with equivalent disposable income used to determine the lowest two income quintiles with equivalent disposable incomes below \$367 per week. These numbers are robust relative to the way in which income households are defined, but are reduced by the ABS practice of discarding all observations in the first decile of the income distribution.

disability, long stay community housing organisations and the total dwellings under management. This initial information was reviewed and adjusted by the AHURI User Group representatives to produce the information on the supply of community housing outlined in Tables 1 and 2.

Table 1: Australia: number of long stay community housing organisations

<i>State</i>	<i>Dwellings under management</i>				<i>Total</i>	<i>% of total</i>
	<i>0–50</i>	<i>51–100</i>	<i>101–200</i>	<i>200+</i>		
<i>ACT</i>	5	1	0	0	6	1.1
<i>NSW</i>	30	13	3	21	67	11.9
<i>Northern Territory</i>	1	0	0	0	1	0.2
<i>Queensland</i>	175	2	0	0	177	31.3
<i>South Australia</i>	98	5	4	3	110	19.5
<i>Tasmania</i>	50	0	0	0	50	8.9
<i>Victoria</i>	61	7	4	0	72	12.8
<i>Western Australia</i>	76	3	1	0	80	14.2
<i>Totals</i>	496	31	12	24	563	-
<i>% of totals</i>	88.1	5.5	2.1	4.3	-	-

Source: State Housing Authorities and peak Community Housing Organisations, May 2006

Table 2: Australia: number of long stay dwellings under management by community housing organisations

<i>State</i>	<i>Size of organisation</i>				<i>Total</i>	<i>% of total</i>
	<i>0–50</i>	<i>51–100</i>	<i>101–200</i>	<i>200+</i>		
<i>ACT</i>	111	56	-	-	167	0.8
<i>NSW</i>	524	916	439	10,443	12,322	56.0
<i>Northern Territory</i>	11	-	-	-	11	0.1
<i>Queensland</i>	2,175	116	-	-	2,291	10.4
<i>South Australia</i>	1,616	419	603	774	3,412	15.5
<i>Tasmania</i>	1,000	-	-	-	1,000	4.5
<i>Victoria</i>	786	538	598	-	1,922	8.7
<i>Western Australia</i>	550	175	149	-	874	4.0
<i>Totals</i>	6,773	2,220	1,789	11,217	21,999	-
<i>% of totals</i>	30.8	10.1	8.1	51.0	-	-

Source: State Housing Authorities and peak Community Housing Organisations, May 2006

It should be noted that the numbers outlined in Tables 1 and 2 are substantially different from either the data on community housing contained in the FaCSIA Annual Report (2006) or Bulletin 57 (2007), produced by the Australian Institute for Health and Welfare (AIHW), because the number of dwellings and organisations reported in these publications also encompass short term, transitional, denominational and disability community housing, as well as long stay dwellings and organisations.

The data in the tables indicate that there are three major characteristics associated with long stay community housing, that is:

- a very high proportion of total organisations managing less than 50 dwellings (88.1%)
- concentration of the management of more than half the dwellings in just 24 providers (4.3% of the total)

- concentration of the sector in NSW (56% of all dwellings) and South Australia (15.5% of total dwellings).

Despite 27,500⁵ new households having been allocated public housing in 2005/06, there is a major mismatch between the demand for, and the supply of, not for profit social housing—including community housing—and this mismatch has probably considerably worsened in the last couple of years, because of substantial real increases in both prices and rents in most capital cities of Australia.

2.2 Recent initiatives by state and territory governments

Over the last decade there has been no significant change in the Commonwealth's role in long stay non-Indigenous community housing, whereby a special purpose program provides funding via the vehicle of the Commonwealth State Housing Agreement (CSHA).

However state governments have been engaged in major reforms of their community housing sectors during the last decade. A summary of the initiatives for each state and territory is set out below. Currently, the Commonwealth Government is planning to introduce a new affordable housing program that will provide new opportunities and funding for CHOs.

2.2.1 Australian Capital Territory.

Community Housing Canberra (CHC) was established in 1998 as an independent company to develop, hold and manage properties that can be sublet to local housing providers who are responsible for tenancy management. CHC was set up to facilitate the transfer of ACT Housing properties to community housing groups.

In the early part of the decade ACT Housing adopted a Community Housing Framework⁶.

The key objectives of the Framework were to:

- expand community housing
- ensure quality of services
- engage stakeholders
- achieve tenant outcomes
- develop new housing models.

As part of the bilateral agreement under the 1999–2003 CSHA, a community housing growth target of one thousand properties by 2005 was identified. Between January 1998 when CHC was established and March 2002, the number of properties transferred from ACT housing to CHC was 209.

CHC recently finalised its first redevelopment project, City Edge. This is a mixed tenure (community, private and public) project, which involves the redevelopment of MacPherson Court, a former multi-unit public housing property. City Edge is a joint venture between CHC and the private sector (CIC Pendon Ltd.). CHCs profit from the project has enabled it to acquire ownership of 15 apartments outright (which are now occupied) and its new office. A further 15 properties are owned by ACT Housing (also occupied), with the remaining 56 properties owned by private owners/investors. In effect 25% of the site is available for low-income tenants⁷.

⁵ FaCSIA, 2006. *Housing Assistance Act 1996, Annual Report 2005-06*, p.98

⁶ http://www.dhcs.act.gov.au/hcs/services/community_housing

⁷ National Community Housing Forum, 2002. *System-wide structures for community housing, Discussion Series, Paper No 7*, NCHF, Ultimo.

CHC intends to use equity from City Edge to acquire stock independent of government contributions.

Currently CHC works with nine providers who, in turn, meet the needs of a diverse range of clients.

In implementing the various strategies outlined in the Government's Community Housing Framework, the ACT Department of Disability, Housing and Community Services (DDHCS) initiated the following series of reviews, which were conducted in consultation with the sector:

- development of a leasing program for community housing (GAPP Consulting, July 2003, consultations 2004)
- consultation on options for an external appeals system for community housing (Morgan and Disney, January 2004)
- review of the Constitution and Funding Arrangements for Community Housing Canberra (joint government and community steering committee and consultation report by RPR Consulting Government Decision October 2003, CHC membership vote April 2005)
- review of funding for community housing in the ACT (SGS Consulting, January – September 2005).

As a result of these reviews DDHCS and the community housing sector agreed on the need to develop a community housing action plan, which was released by the Department in 2007.

The main elements of this action plan (DDHCS, 2007, pp. 9–11), are as follows.

- A sector development plan should be developed by the Coalition of Community Housing Organisations of the ACT (CCHOACT) as an outcome of the two positions funded by the department for 2005–2006, to undertake strategic planning.
- Every organisation must be able to deliver consistent, high quality services to tenants.
- There is a the need for a shift in the sector to partnership arrangements, and where organisations choose to, even the amalgamation of organisations so that the grouping has a critical mass of properties which in turn can generate the resources to make the organisation or group viable, in conjunction with some level of government funding. The outcome for tenants would be that the grouping is able to provide a consistent service level.
- Where there is already an existing organisation providing housing management services to respond to a particular housing need, there would need to be a strong rationale for directing funding to another or new organisation providing the same service without clearly identified additional benefits or a basis for ensuring viability for the new organisation.
- The Department's view is that it is the quality of service and outcome for tenants, rather than type of organisation, that is important.
- The Department supports the option of a shared waiting list for public and community housing. A key issue is how to minimise the need for applicants to have to contact several organisations.
- The Department will support the sector and CCHOACT to work on ways to evaluate tenant outcomes. This will include:
 - a formal cost-benefit analysis of community housing that attempts to quantify non-shelter outcomes and broader individual and community benefits

- documentation of tenancy support provided by Community Housing Organisations to meet needs of tenants by organisations reporting time spent and emerging issues over next year.

2.2.2 *New South Wales*

In 1996, the state government released a strategy to professionalise and grow the community housing sector, creating an alternative long-term provider system for people experiencing housing stress.

Concurrently with the release of this strategy, the Office of Community Housing (OCH) was established with a charter to undertake the strategic development of the community housing sector.

Since its establishment in July 1996, OCH has developed the infrastructure and framework to deliver a range of planning, delivery and monitoring services. A streamlined reporting process and an accreditation system are two initiatives in this area.

Between 2005/06 and 2008, the New South Wales Department of Housing transferred the ownership of 2,500 dwellings to Community Housing Organisations.

In 2005/06, OCH

- managed the bulk transfer of property management from public housing to community housing (DOH, 2006, p. 31)
- evaluated seven community housing organisations seeking accreditation (DOH, 2006, p. 32)
- assessed 49 community housing providers under the performance-based registration system (DOH, 2006, p. 31).

Since 1996, the community housing sector has undergone major change. Most noticeably, the number of properties under management has more than doubled from 6,000 to over 13,000. This has been accompanied by many other changes: in operations; in programs; in tenant outcomes (DOH, 2006, p. 6)

A five year community housing strategy for the period 2007 to 2012 was published by OCH in 2007. The target of this strategy is to grow community housing from 13,000 to 30,000 homes over the next ten years. This is mostly to be achieved by transferring the management but not the title of public housing dwellings (OCH, 2007, p.9).

2.2.3 *Northern Territory*

There have been no recent changes to programs or plans for non-Indigenous community housing in the Northern Territory.

2.2.4 *Queensland*

In early 2006 Queensland Housing released a new strategy for community housing in Queensland known as the 'One Social Housing System'⁸

The key features of the One Social Housing System are:

- Eligible clients can apply for all forms of social housing through one point of entry.
- One register replaces the existing waiting lists operated by community and local government housing providers.
- Standard processes assess clients' eligibility for a range of products, and allocate clients to housing.

⁸ Queensland Housing, 2006. One social housing system: a new direction for community and local government-managed housing in the Smart State 2006 to 2011.

- Long term social housing is provided to people with the highest need for this type of assistance.
- Clients are connected to support services as needed (QH, 2006, p. 2).

The transition to One Social Housing System commenced on 1 January 2006, with elements of the system being gradually implemented. Changes introduced on 1 January 2006 largely applied to programs within the Department of Housing, with the inclusion of registered providers of community and local government-managed housing being part of a staged process.

As part of this process a new community housing rent policy was introduced effective from the 1st July, 2006.

The objective of the Community Housing rent policy is to ensure equity of outcomes for tenants of community housing, and between community housing and public housing tenants. That is, community housing and public housing tenants on similar incomes should have a similar disposable income after paying rent.

2.2.5 South Australia

In 2002 South Australia introduced a Community Housing Strategic Plan for the period 2002–2007.

Since that time the majority of the strategies and actions have been implemented.

A new funding agreement between the Community Housing Authority and CHOs was made available for signing from November 2005 and implementation of the new funding model began in January 2006. The new agreement includes a number of initiatives that aim to increase the viability of the community housing sector, such as:

- increased funding to community housing organisations
- a simpler, more rational and consistent funding calculation
- changes to rent policy that aim to improve equity for tenants.

Among the CHOs, 84.4% have signed to operate under the Funding Agreement. This represents 93.11% of all community housing properties now being administered

A new dispute resolution and appeal system has been developed for community housing members and tenants in South Australia, in line with the Act⁹.

An internal review of the social housing system (following the release of the Housing Plan for South Australia in 2005) identified gaps in the capacity of that system.

In May 2006 the Minister for Housing announced a wholesale reconfiguration of the governance of the social housing system.

This included the proposed disbandment of the South Australian Community Housing Authority and the Aboriginal Housing Authority, coupled with a changed role for the Housing Trust. These changes were implemented in late 2006.

A new body, Housing SA, has been established within the Department for Families and Communities as the new customer 'front end' for all social housing service delivery.

A new Office for Community Housing manages community housing and a new SA Affordable Housing Trust has been established. Their responsibility is to broker new joint venture housing partnerships between government, not for profit, private and philanthropic parties (SACHA, 2006, p.29).

⁹ Source: South Australia Community Housing Authority, 2006. Annual Report, p.18

In November 2006, the Minister for Housing launched the 'Vision for Community Housing'.

Projects identified for the first phase of the Vision Project include:

- assistance to the community housing sector to have stronger relationships with the new Housing SA to improve customer outcomes, such as flexible pathways between housing options which are appropriate to customers' needs
- implementation of the Community Housing Application System (CHAS)
- the formulation of new asset management plans for all CHOs based on the new funding agreement
- new joint venture models utilising alternative funding arrangements
- development of a risk management-based regulatory system that focuses on quality management.

CHAS will potentially provide a 'one stop shop' for Housing SA customers, ensuring the sector has at its fingertips a streamlined way of applying for community housing.

The system design phase of CHAS being undertaken and implementation was expected in 2006–2007.

It is intended that this system will simplify the process of applying for community housing by introducing:

- a common community housing application form
- a common contact body
- a common IT system.

Work has commenced on the development of a new regulatory system that moves away from a 'one size fits all' focus on compliance, to a tiered risk management system.

Business requirements have been finalised for the development of centralised processes that will enable 'one stop' registration for over 120 Associations and Co-operatives, and the provision of community housing related information by all Housing SA service centres (and selected non-government organisations). A tender for system build was called early in the 2007–08 financial year.

A total of 4,234 lettable properties were inspected by a pool of qualified building inspectors from May 2006, and most in the 2006–07 year, in collaboration with each of the organisations and their tenants, to identify maintenance requirements (SACHA , 2006, p.20).

2.2.6 Tasmania

In 2005–06, as part of the Tasmanian Government's Affordable Housing Strategy, a not for profit Affordable Housing Organisation (AHO) was established to increase the supply of rental accommodation for people on low incomes. The AHO head-leases new affordable housing from private investors for sub-leasing to low income Tasmanians.

In 2006–07, Housing Tasmania is committed to work with the AHO to develop head-leasing arrangements to provide affordable rental dwellings for up to 700 Tasmanians over the next four years.

A Memorandum of Understanding was signed with six 'not for profit' organisations to contribute to the establishment of an Affordable Housing Organisation (AHO).

A number of projects which formed part of the Affordable Housing Strategy continued into 2006–07, including:

- assisting more than 1,500 households through private rental support, social enterprise and community capacity building initiatives
- acquiring a further two supported residential facilities for people with low support needs who would benefit from a communal living environment
- establishing a Housing Information and Referral Service (HIRS) to provide low income Tasmanians and support organisations with access to reliable sources of housing information (Parliament of Tasmania, 2006, p. 161).

2.2.7 Victoria

To establish an enabling environment for growth in social housing, changes to the Housing Act were enacted and performance standards gazetted in 2005 to provide the framework for the registration and regulation of housing associations and other community housing providers.

The legislation created a regulatory framework that:

- established the registrar of housing agencies
- enabled the registration of rental housing agencies as either housing associations or housing providers
- established standards against which the performance of registered agencies can be monitored
- allowed for the registrar to intervene in the event of a major breach of the performance standards or severe financial breach, mismanagement or misconduct on the part of a registered agency.

It is the Registrar's intention that all existing community-based housing organisations that provide long-term, transitional or crisis housing will be registered as either housing associations or housing providers by the end of 2008. Registration recognises that housing agencies must meet certain requirements to be eligible to provide social housing. Agencies seeking registration need to satisfy criteria described in the Housing Act 1983, including provisions relating to appropriate governance structures, objects and powers of the Housing and Community Building Policy and Funding Plan 2006–09, and to demonstrate their capacity to meet performance standards.

Once registered, agencies must continue to meet the standards and accountability requirements and demonstrate improvement through agency business plans and measurements of performance. The Office of the Registrar of Housing Agencies is developing more sophisticated benchmarks and guidelines for the sector.

The Housing Provider Framework was developed to streamline arrangements between community housing organisations and the Director of Housing for the management of director-owned social housing. The Housing Provider Framework will establish five-year leases for long-term community housing providers. In collaboration with the Community Housing Federation of Victoria, the division developed housing provider framework lease and property management agreements for long-term community housing providers.

The framework is designed to focus on client outcomes, accountability and transparency, and to help create a viable community housing sector. Under this framework tenants will be able to access Commonwealth Rent Assistance.

Community Housing Organisations are currently moving to the Housing Provider Framework through a staged rollout to be completed by the end of 2008.

As at June 2006, there are five registered housing associations that provide the vehicle for growth in affordable housing and one registered housing provider (OoH, 2006, p. 45).

2.2.8 *Western Australia*

In September 2005 the draft Housing Strategy Western Australia, a framework for the future delivery of affordable housing was released. The West Australian Government determined that the Department of Housing and Works (DHW), and the Department for Planning and Infrastructure lead and implement affordable housing initiatives on behalf of the state government

2.3 Commonwealth and state long stay community housing programs

2.3.1 *Commonwealth*

Under the CSHA the Commonwealth provides state governments with specific purpose funds for transitional and long stay community housing.

2.3.2 *Australian Capital Territory*

Over the last three years capital for community housing was provided by a combination of grants and dwellings transfers to Community Housing Canberra.

In 2006/07 DDHCS introduced an additional program of recurrent funding for community housing. Grants are also provided to fund the tenancy management of properties provided to community housing providers and to fund peak organisations.

2.3.3 *New South Wales*

The Office of Community Housing provides funding for both capital and recurrent purposes for community housing through the provision of a variety of programs, on either a capital or recurrent basis¹⁰.

→ Capital: Community Housing Assistance Program (CHAP)

CHAP provides the capital component of general accommodation for long-term and supported housing for clients on low incomes, managed by community housing providers.

In 2005–06, 324 units of accommodation were allocated to 18 organisations, compared to 160 units allocated in 2004–05. The increase was largely due to the acquisition of several large multi-unit buildings and the allocation of 126 units funded under CHAP for the Housing and Accommodation Support Initiative (HASI).

→ Capital: Partnerships In Community Housing (PICH)

PICH promotes cost-effective partnerships with not-for-profit organisations such as religious, charitable, non-government, and local government organisations that have a capacity to commit a share of the capital cost towards the production of long-term rental housing¹¹.

→ Recurrent: Community Housing Leasing Program (CHLP)

CHLP provides subsidies to headlease properties from the private rental market to provide affordable long term housing. CHLP is the largest recurrent funding program managed by the Office of Community Housing.

In 2005–06, forty-two housing associations received funding to manage 5,293 capital properties and 5,130 leasehold properties, to provide long-term housing assistance for low income earners in housing need. Of these, 1,174 tenancies or 11.3 per cent

¹⁰Source:<http://www.housing.nsw.gov.au/Office+of+Community+Housing/Community+Housing+Providers/Products+and+Services/Programs+and+Grants.htm>

¹¹www.housing.nsw.gov.au/Office+of+Community+Housing/Partnerships+and+Investment/

were funded to provide supported housing for clients with complex needs, and 4.3 per cent or 444 dwellings were targeted for intensive tenancy management where extra resources were provided to housing associations.

→ Recurrent: Community Housing Resourcing Grants Program: (CHRGP)

The funding provided under CHRGP aims to strengthen the viability, management and operation of the community housing sector, and ensures the efficient and effective use of housing resources to best meet the needs of community housing tenants and applicants.

→ Recurrent: the Boarding House relocation program (BHP) provides capital properties and leasing subsidies to housing and support organisations.

2.3.4 Northern Territory

Community Housing Program (CHP)

This program offers financial assistance to community based organisations providing or seeking to provide longer-term accommodation for people who have special housing needs.

Capital funding is available for the purchase, construction, upgrading or renovation of housing to accommodate people with special needs as well as grants for project proposals and infrastructure development relating to accommodation for special needs groups. Community housing groups may include people with disabilities, the elderly, youth, Indigenous people and people on existing supported accommodation assistance programs¹².

2.3.5 Queensland

Details of all of the capital and recurrent programs applying to community housing in Queensland are set out in Appendix A of Queensland Housings 2005/06 Annual Report. A summary of these details as they apply to long stay community housing are set out below.

Queensland provides four capital and two recurrent programs focussed on longer term community housing. These are:

→ Long Term Community Housing Program (LTCHP)

LTCHP is designed to involve local government and not for profit community organisations in the provision of locally-managed, long term rental housing for low-income earners whose needs are not adequately met by other housing options. Capital funds are provided on a conditional basis to eligible organisations for the construction, acquisition and/or modification/upgrading of housing.

→ Capital Grants for Affordable Housing (CGAH)

Through CGAH, the department establishes strategic partnerships to increase the supply of housing for low-income households. The 2005-06 Capital Grant Initiative provides funds as capital grants to not for profit organisations able to provide a minimum cash or asset contribution of 20% of the grant value. Properties will be managed by not for profit organisations using rental revenue to cover costs associated with tenancy and property management.

→ Brisbane Housing Company (BHC)

BHC is an independent, not for profit organisation jointly sponsored by the Queensland Government and the Brisbane City Council providing affordable housing in Brisbane. Accommodation is offered at discount to market rates, and low-income

¹² Source: http://www.territoryhousing.nt.gov.au/community_housing

tenants retain eligibility for Commonwealth rental assistance. Revenue covers normal operating costs, short and long term maintenance, with any surplus used to provide further accommodation. Currently BHC has 186 units tenanted. With committed State and Council funding BHC expects to have over 740 units by July 2008.

→ Boarding House Program (BHP)

BHP provides capital funds for the purchase or construction and furnishing of properties for use as singles accommodation. Properties are managed by not for profit organisations which use revenue from rent payments to cover costs associated with tenancy and property management. Currently, nine organisations are funded under the Boarding House Program.

→ Community Housing Resource Worker Program (CHRWP)

CHRWP provides resourcing and support to assist housing and housing-related organisations, funded by Community Housing, in delivering high quality services to clients, and building viable organisations and a sustainable community-based service delivery system.

→ Viability and Capacity Building Grants Program (VCBGP)

Grants are awarded to projects that have been identified as enhancing the viability of the organisations and strengthen links between providers of community-managed housing, in turn improving people's access to appropriate sustainable housing solutions.

2.3.6 South Australia

South Australia operates three capital programs and one recurrent funding program for community housing. The details for 2005–06 are set out below.¹³

→ Community Housing Capital Program (CHCP)

A total of 139 additional properties were debentured to Associations and Cooperatives, including new construction; redevelopments; joint ventures with partner organisations such as local government; purchased properties; and transfers from the public housing portfolio. Total capital funds were sourced from the Commonwealth State Housing Agreement and from the sale of targeted obsolete properties for replacement, in addition to contributions from joint venture partners. In all, 155 new housing outcomes were achieved.

→ Community Housing in Country Areas (CHCA)

Seven new properties were allocated to three Associations in regional South Australia, for use by low income aged people. This included three properties in Malalla, two in Blanchetown and two in Port Neill. In each case the properties were the result of joint venture projects with the relevant district councils, who contributed the land. A further eight new build dwellings were approved or in progress during the year for regional areas: six in Kingscote and two in Laura.

→ Community Housing Authority of South Australia 2006. Annual Report, 2005–06, SACHA, Adelaide. Not-for-Profit Growth Program (NPGPP)

¹³ Source: Community Housing Authority of South Australia 2006. Annual Report, 2005–06, p. 24, SACHA, Adelaide.

The Office for Community Housing, in partnership with the SA Affordable Housing Trust and HomeStart Finance, has been developing a new model for Community Housing: the NPGPP. This program will enable not for profit community housing organisations to partner with the state government to increase the supply of affordable housing.

Fourteen Community Housing Associations and Cooperatives indicated their interest in becoming not for profit growth providers and agreed to undertake an assessment by the Community Business Bureau (CBB) of their capacity to manage a larger scale of operation. Ten of these groups were also chosen to take part in an assessment of their financial practices by HomeStart Finance.

→ Recurrent Program

In addition to the capital program, administrative and management grants are provided to Community Housing Organisations on a recurrent funding basis (SACHA, 2006, p. 62)

2.3.7 Tasmania

The Community Housing Program (CHP)

This program provides funds for eligible community organisations to construct, purchase or upgrade affordable rental accommodation for people in receipt of low to moderate incomes.

The CHP is funded through the Commonwealth State Housing Agreement.

Primary objectives of the CHP are to:

- develop a viable, sustainable and innovative community housing sector
- provide rental accommodation that is appropriate and affordable
- provide tenants with choice of location, physical type, management arrangement and security of tenure
- develop effective partnerships between government, community sector organisations and private providers, which maximise the self-management of the sector within an agreed policy and administrative framework.

In 2006/07, funding was to be used primarily for the acquisition of additional community housing, through the purchase, construction, extension, upgrade, or renovation of housing, including transaction costs.

It should be noted that to be eligible for funding, organisations are required to contribute an amount of at least twenty per cent of the total proposal cost. Some of these costs can be 'in kind' and/or community contributions: for example, discounted rates on goods and services, donations, volunteer labour, land.

Priority is given to project proposals that seek to accommodate one or more of the following:

- people with low to moderate incomes (i.e. eligible for public housing)
- older, young and single people who can sustain a tenancy
- people with specific support needs, particularly those with mental health and/or intellectual disability issues and those with a physical disability.

Priority is given to project proposals that are located

- in regional/remote areas of the State
- in areas of high demand where demand exists beyond the services offered by Housing Tasmania and Tasmanian Affordable Housing Ltd

- in places offering appropriate cultural support, specifically in relation to humanitarian entrants (DHHS, 2006, pp. 5–10).

2.3.8 Victoria

Long term community housing assistance is provided through the following arrangements: the Rooming House Program; the Long Term Community Housing Program; Rental Housing Cooperatives; and Common Equity Rental Cooperatives.

- The Rooming House Program (RHP)

This program provides long term accommodation for single people and couples. Some of the properties are traditional rooming houses with single rooms, shared facilities and communal areas, while others provide accommodation in self-contained units.

The program provides low cost, secure and appropriate long term accommodation for eligible single people and childless couples. Eligibility for rooming house accommodation is assessed in accordance with OoH income and asset eligibility criteria.

Tenants are charged rent in line with public housing rental rebate policy and in a large number of rooming houses, tenants may also be levied a service charge for utilities (gas, electricity and water) and other services provided by managing organisations, such as cleaning and gardening.

The rent collected is remitted to the OoH less a management fee to cover operating costs such as tenant administration, bad debts and vacancy-related costs for each community housing organisation.

- Long Term Community Housing (LTCH)

LTCH focuses on providing assistance to those in the community at risk of housing crisis.

As at 30 June 2006, this program had made available 416 properties. Long-Term Community Housing is also provided by community housing organisations through a range of joint venture arrangements between the Office of Housing and community-based organisations, local government and other organisations. As at 30 June 2006, a total of 1,875 properties were available through joint venture arrangements.

- Rental Housing Cooperatives (RHC)

The program was set up in 1985 to provide long term community housing for low income and disadvantaged Victorians, to be managed by tenants under a cooperative structure.

The Rental Housing Cooperatives program aims to provide secure tenure housing to eligible tenants and encourage active participation to maintain, repair, decorate and improve these houses.

Eligibility criteria for prospective tenants are the same as for public housing, however each cooperative keeps an individual waiting list and applicants approach them directly.

Tenants pay rent in line with public housing rental rebate policy, which is remitted to the Office of Housing less operating costs that take into account administration, maintenance and related costs for each cooperative.

As at 30 June 2006 there were twelve Rental Housing Cooperatives managing a total of 668 properties.

→ Common Equity Rental Cooperatives (CERCs)

This is a cooperative housing program managed by Common Equity Housing Ltd (CEHL). Properties have predominantly been purchased with a combination of Director of Housing (DOH) funding and private finance. Property titles are in the name of CEHL.

Contractual arrangements exist between CEHL and the DOH which identify the DOH's equity in the properties based on grant funding, restrict the sale of properties, secure outstanding loans via mortgages, and identify reporting requirements.

Contractual arrangements exist between CEHL and each CERC in the form of a headlease on the properties owned by CEHL. Each CERC then leases the properties to individual CERC members.

As at 30 June 2006, there were 1,525 CERC properties managed by 107 cooperatives. Individual cooperatives manage between seven and 20 properties.

2.3.9 *Western Australia*

→ Community Housing Program (CHP)

The CHP is a Department of Housing and Works (DHW) program which funds non-profit, non-government community organisations or local government authorities for the purchase or construction of rental housing for people on low to moderate incomes. Funds can also be used for extensions, conversions or upgrades. Capital contributions from groups are encouraged, but they are not a prerequisite for funding. Key features of the CHP include:

- providing opportunities for tenant involvement in the development and ongoing management of the housing stock
- providing an alternative to public housing for people on low incomes
- enabling equity partnerships
- providing security of tenure and access to affordable accommodation (DHW, 2005, p. 34)

Properties provided under CHP headlease arrangements are normally on a 'peppercorn rent' (i.e nil rent) basis for a three year period or such other period as deemed appropriate by the Manager Community Housing (DHW, 2005, p. 35).

All accumulated surplus income generated from the operation of CHP properties must be returned to DHW within three months of the end of the financial year unless otherwise agreed by DHW (DHW, 2005, p.46).

→ Joint Venture Housing Program (JVHP)

The JVHP is a DHW initiative which encourages non-profit community organisations and local government authorities to contribute resources for the provision of rental housing for people on low incomes. Each of the parties (DHW and the organisation or local authority) has a financial equity in the housing project, which is managed and maintained by the organisation.

In a typical arrangement, the organisation contributes land, cash and/or in-kind services and DHW finances the cost of the construction of the housing. However other arrangements with regard to contributions can be considered.

DHW is not involved in the direct management of the properties and all rental revenues are collected by the organisation for property and tenancy management expenses (DHW, 2005, p. 60).

Approximately 1,856 dwellings are provided under this program (DHW, 2005, p. 71)

In all a total of 4,275 units of accommodation were available under the Community Housing Programs in conjunction with non-profit organisations. These included units for persons with disabilities and units for crisis accommodation (including women and children escaping domestic violence, and homeless youth). 136 units were completed in 2005–06, with a further 21 units provided from public rental housing stock (WASHC, 2006, p. 15).

2.4 Commonwealth and state funding for community housing 2005/06

Australian Government funding for community housing amounted to 7.0 per cent (\$65.6 million) of total CSHA funding provided by the Australian Government in 2005/06 (FaCSIA, 2006, page 16.14). Table 3 sets out the publicly available information on community housing funding by Commonwealth and State Governments for 2005/06.

Table 3: Commonwealth and state community housing funding 2005/06: \$M's¹⁴

<i>Funding Source</i>	<i>ACT</i>	<i>NSW</i>	<i>NT</i>	<i>QLD</i>	<i>SA</i>	<i>TAS</i>	<i>VIC</i>	<i>WA</i>	<i>Aust</i>
Commonwealth	1.05	21.9	0.65	12.72	4.99	1.57	16.23	6.48	65.63 ¹
State	4.7 ²	125.1 ³	-	40.0 ⁴	21.34 ⁵	1.66 ⁶	91.02 ⁷	2.63 ⁸	286.56

Sources

1. FaCSIA Housing Assistance ACT 1996: Annual Report 2005-06 pg9

2. <http://www.treasury.act.gov.au/budget/budget2005/html/paper4.htm>

3. <http://www.housing.nsw.gov.au/Office+of+Community+Housing/Community+Housing+Providers/Products+and+Services/Programs+and+Grants.htm>

4. Queensland Department of Housing Annual Report 2005/06: p. 68

5. South Australia Community Housing Authority, 2006, Annual Report

6. Parliament of Tasmania, 2006–07, Budget Paper No 2: Operations Of Government Departments 2006-07 Volume 1, Hobart p. 158-161.

7. Office Of Housing Victoria, unpublished data

8. WADHW, 2006, Annual Report, p. 83

2.4.1 Australian Capital Territory

In 2005/06 Housing ACT provided \$4.699m to community housing providers and associations.

These grants were provided to enable community housing associations to acquire properties to expand the supply of community and affordable housing and provide housing choice in the Territory.

¹⁴ The Commonwealth and State Programs overlap, that is, all the Commonwealth funding is contained within the state programs. Funding encompasses not only long stay but also transitional and short stay programs.

The 2005–2006 ACT budget contained the introduction of a recurrent stream of \$450,000 for the sector. Over the past three years the ACT Government has provided \$9m in capital funding (about 35 houses). It has also provided \$7m to Housing ACT to purchase properties (about 21 houses) to be leased back to the sector (DDHCS, 2006, p. 145).

2.4.2 *New South Wales*

→ Community Housing Assistance Program (CHAP)

In 2005–06, 268 new units were commenced through redevelopment, acquisition or construction at a total budget of \$80.37 million, including 248 additional units of accommodation for community housing at a cost of \$67.1 million (DOH, 2006, p. 33).

→ Community Housing Leasing Program (CHLP)

In 2005–06, CHLP provided funding of \$42.81 million, of which \$36.45 million was for community housing providers to subsidise the leasing of 5,130 properties (\$7,150 per dwelling unit) in the private rental market and \$6.36 million as a contribution towards their management costs (DOH, 2006, p. 29).

→ Community Housing Resourcing Grants Program (CHRGP)

Major funding allocations from the \$2.188 million budget were made to the three community housing resourcing agencies (NSW Federation of Housing Associations [FHA], Association to Resource Community Housing [ARCH], and Churches Community Housing [CCH]), in addition to other reviews and reforms (DOH, 2006, p. 33).

→ New funding initiatives

These initiatives were announced by the Government in March 2007, and include:

- \$49.8 million in new funding to establish an Affordable Housing Innovations Fund to 'kick-start' investment in affordable housing by expanding debt equity partnership programs, as well as to provide 70 new rental properties in Western Sydney;
- \$70 million of funding directed to community housing providers to allow them to develop housing directly.

2.4.3 *Northern Territory*

No record of funding for non-Indigenous community housing could be found for 2005/06. In 2004/05 the Territory funded the following projects:

- HPA Incorporated (two projects): \$100,800
- Darwin Masonic Memorial Village Management Board Incorporated: \$40,000
- Tangentyere Council: \$63,000
- Somerville Community Services Incorporated (3 projects):\$47,451 .

2.4.4 *Queensland*

Expenditures for community housing both long and short term totalled approximately \$40m in 2005/06, of which approximately \$35m was sourced from grants and other contributions. \$23.3 million of these expenditures were passed on to community housing organisations as operating and capital subsidies and grants (QH, 2006, p. 81).

2.4.5 *South Australia*

The capital program budget for 2005–2006 was \$26.588m. Actual expenditure was \$27.892m, an over-expenditure of \$1.304m for the year.

In addition to the capital program in 2005/06, CHOs paid approximately \$7.8million to the Community Housing Authority and received approximately \$1.253million in administrative and management grants (SACHA, 2006, p. 62).

2.4.6 Tasmania

\$1.66m was allocated to community housing in 2005/06. Up to \$3m was available from the Community Housing Program (CHP) in 2006/07.

In 2006/07 ongoing funding of \$6 million per annum was committed to support the AHO and to provide a secure lease for investors who lease properties to the community housing organisation (Parliament of Tasmania, 2006, p.158).

2.4.7 Victoria

Tenancy Management funds are provided for the Rooming House Program, the Interim Long Term Funding Program, RHCs and CERCs.

The programs are currently funded through a variety of processes ranging from rent retention to grant models.

The Housing Provider Framework will cover all programs in the long-term program. Following implementation of the framework, all programs covered by the model will be funded through a rent retention process.

The total funding for 2005–06 was approximately \$91.02 million. A further \$300m has been allocated by the Victorian Government to capital fund new affordable and community housing initiatives to be delivered by the recently registered housing associations which must leverage at least 25% of the capital cost of dwellings from private investors.

2.4.8 Western Australia

In 2005/06 the then West Australia State Housing Commission provided \$2.635 million for the support of all types of community housing programs (Department of Housing and Works, 2006, p.83).

3 RESEARCH PROCESS AND METHOD

3.1 Research control and management

The project involved obtaining a response to a questionnaire and spreadsheet from a representative sample of Community Housing Organisations throughout Australia.

As a result a User Group was established consisting of a representative of the Community Housing Federation of Australia, Professor Gavin Wood from the RMIT-NATSEM research centre of AHURI, the two researchers and an AHURI Ltd. representative. In addition participation and assistance was sought from a contact group of the Executive Directors of the peak Community Housing Organisations in each of the states and territories, who agreed to participate and assist in the research.

The User Group:

- reviewed and commented on discussion papers about the research method and process
- determined the appropriate definitions for establishing operating deficits (upon receipt of the discussion paper produced by the researchers)
- reviewed and commented on the draft questionnaire for Community Housing Organisations (CHOs)
- agreed on the final form of capital and recurrent spreadsheets to be distributed to CHOs
- agreed on the period for analysis, and the structuring of the sample CHOs.

3.2 Project components, process and method of analysis

3.2.1 Project components

The main project components as outlined in the project plan were:

- defining community housing operating deficits
- determining the project questionnaire
- resolving the project spreadsheets
- deciding on the representative sample of community housing organisations
- approaching the specific organisations electronically and advising the peak organisations of the sample material and organisations contacted
- establishing and conducting a focus group
- analysing and commenting upon the returns.

3.2.2 Process and method of analysis

The methodology proposed was based on and extends the groundbreaking work Hall and Berry carried out on the analysis of the financial operating outcomes of the state housing authorities (see 'Operating deficits and public housing: policy options for reversing the trend'– AHURI final report) and on the recent AHURI project: 'Indigenous housing – assessing the long term costs and the optimal balance between recurrent and capital expenditure'.

Deficits defined

To measure the financial position of community housing organisations, the researchers have relied on the definitions of recurrent incomes and costs used in previous research projects on Operating deficits in public housing and Indigenous Community Housing

Organisations. Where possible, subsets of these definitions were developed to capture the services and activities of community housing which are different from those of public housing. This enables a direct comparison between the community housing results and those for public housing—as current information on public housing recurrent incomes and costs has been already collected. It also allowed isolation of the revenues and costs associated with the services and activities which are different from those of public housing.

Attachment 1 contains details of the principles behind the definitions, the spreadsheet organisation, and the components of each of the line items in the definition of deficits.

Questionnaire and spreadsheets.

Each community housing organisation selected to be sampled was to be provided with both a questionnaire seeking qualitative information and a quantitative spreadsheet to fill in and return. It was intended that these would be filled in electronically and returned to the researchers.

Prior to the distribution of the spreadsheets and questionnaires, a discussion paper was prepared which included:

- the proposed draft questionnaire
- the suggested sample size and structure for community housing organisations
- an outline of the focus group process.

Trial of questionnaires

The draft questionnaire was distributed to the CEO of the South West Inner City Housing Cooperative, SWISH (a community housing organisation responsible for the management of 600 dwellings in inner city Sydney) and Adam Farrer from the New South Wales Federation of Housing Associations (NSWFHA). The researchers met with both people to test the questionnaire's ease of use, appropriateness and efficacy for community housing organisations.

A number of questions in the draft questionnaire were clarified; some capital and other inappropriate questions deleted; and where it was deemed the information was unlikely to be available questions were also deleted. Some additional questions on private sector headleasing were added.

In addition, suggestions made by the Assistant Research Director of AHURI were incorporated. The Community Housing Federation of Australia (CHFA) undertook to obtain responses from two Community Housing Organisations in South Australia and Victoria. No significant comments were received. Copies of the final versions of the distributed questionnaires and spreadsheets are contained in Attachments 3 and 4.

Resolving the sample of CHOs

The main issue canvassed by the User Group concerned the proposed sample base which was considered unsatisfactory, particularly as it related to Queensland and Victoria. It was agreed that steps would be taken to attempt to improve the sample base in these states, particularly with respect to the 'dwellings under management' numbers.

The discussion paper summarised the numbers of organisations and dwellings as provided by State Housing Authorities (SHAs) across Australia (see Tables 4 and 5, below).

Table 4: Australia—number of long stay community housing organisations

<i>State</i>	<i>Dwellings under management</i>				<i>Total</i>	<i>% of total</i>
	<i>0–50</i>	<i>51–100</i>	<i>101–200</i>	<i>200+</i>		
ACT	5	1	0	0	6	1.1
NSW	30	13	3	21	67	11.9
Northern Territory	1	0	0	0	1	0.2
Queensland	177	0	0	0	177	31.5
South Australia	98	5	4	3	110	19.6
Tasmania	50	0	0	0	50	8.9
Victoria	64	5	2	0	71	12.6
Western Australia	76	3	1	0	80	14.2
Totals	501	27	10	24	562	-
% of totals	89.1	4.8	1.8	4.3	-	-

Source: State Housing Authorities and peak community housing organisations, May 2006

Table 5 sets out the same information on numbers of dwellings under management.

Table 5: Australia—number of dwellings under management by community housing organisations

<i>State</i>	<i>Size Of Organisation</i>				<i>Total</i>	<i>% of total</i>
	<i>0–50</i>	<i>51–100</i>	<i>101–200</i>	<i>200+</i>		
ACT	111	56	-	-	167	0.8
NSW	524	916	439	10,443	12,322	59.2
Northern Territory	11	-	-	-	11	0.1
Queensland	1,555	-	-	-	1,555	7.5
South Australia	1,616	419	603	774	3,412	16.4
Tasmania	1,000	-	-	-	1,000	4.8
Victoria	836	364	281	-	1,481	7.1
Western Australia	550	175	149	-	874	4.2
Totals	6,203	1,930	1,472	11,217	20,822	-
% of totals	29.8	9.3	7.1	53.9	-	-

Source: State Housing Authorities and peak Community Housing Organisations, May 2006

The CHFA representative indicated that the Queensland and Victorian numbers were seriously understating the number of dwellings under management and it was agreed that CHFA and the principal researcher would work together to improve the sample base.

As a consequence, agreement was reached with the Queensland Department of Housing to obtain their unit records on community housing. Provision of this information resulted in the identification of a further 732 dwellings in Queensland but no additional organisations.

CHFA provided the principal researcher with a list of the names of CHOs that were known to have dwellings under management. The principal researcher, by a combination of website searches, provision of annual reports and phone calls, was able to identify one additional organisation and 441 additional dwellings—these being consistent with the definition of long stay community housing used in this report.

Tables 6 and 7 set out the revised updating to Tables 4 and 5.

Table 6: Australia—number of long stay community housing organisations, updated

<i>State</i>	<i>Dwellings under management</i>				<i>Total</i>	<i>% of total</i>
	<i>0–50</i>	<i>51–100</i>	<i>101–200</i>	<i>200+</i>		
ACT	5	1	0	0	6	1.1
NSW	30	13	3	21	67	11.9
Northern Territory	1	0	0	0	1	0.2
Queensland	175	2	0	0	177	31.3
South Australia	98	5	4	3	110	19.5
Tasmania	50	0	0	0	50	8.9
Victoria	61	7	4	0	72	12.8
Western Australia	76	3	1	0	80	14.2
Totals	496	31	12	24	563	-
% of totals	88.1	5.5	2.1	4.3	-	-

Source: State Housing Authorities and peak Community Housing Organisations, May 2006

Table 7: Australia—number of dwellings under management by Community Housing Organisations, updated

<i>State</i>	<i>Size of organisation</i>				<i>Total</i>	<i>% of total</i>
	<i>0–50</i>	<i>51–100</i>	<i>101–200</i>	<i>200+</i>		
ACT	111	56	-	-	167	0.8
NSW	524	916	439	10,443	12,322	56.0
Northern Territory	11	-	-	-	11	0.1
Queensland	2,175	116	-	-	2,291	10.4
South Australia	1,616	419	603	774	3,412	15.5
Tasmania	1,000	-	-	-	1,000	4.5
Victoria	786	538	598	-	1,922	8.7
Western Australia	550	175	149	-	874	4.0
Totals	6,773	2,220	1,789	11,217	21,999	-
% of totals	30.8	10.1	8.1	51.0	-	-

These changes to the dwelling base produced a 9% increase in the number of dwellings in the 0–50 category, a 15% increase in the 51–100 category and a 22% increase in the 100–200 category of CHOs by size.

The number of organisations however, remained largely unchanged, with only one additional organisation being identified in Victoria.

As a consequence the suggested sample structure requires only marginal modification with two fewer organisations being sampled in the 0–50 category and one more in each of the 51–100 and 101–200 categories.

Table 8: Australia— community housing organisations: 15% sample skewed to reflect distribution of organisations

<i>State</i>	<i>Dwellings under management</i>				<i>Total</i>
	<i>0–50</i>	<i>51–100</i>	<i>101–200</i>	<i>200+</i>	
ACT	1	-	-	-	1
NSW	5	4	2	11	22
Northern Territory	-	-	-	-	0
Queensland	25	1	1	-	27
South Australia	15	2	2	2	21
Tasmania	8	0	0	0	8
Victoria	9	2	1	0	12
Western Australia	11	1	0	0	12
Totals	73	10	6	13	102

Table 8 represents the sample structure which was used for the initial electronic mail out to CHOs.

Distribution of material to Community Housing Organisations

After reviewing the lists of CHOs provided by State Housing Authorities and peak Community Housing Organisations it was found that only 53 fitted the geographic sample required and appeared to have the capacity to respond.

Consequently, these organisations were provided with

- a letter from AHURI seeking cooperation and participation (Attachment 2)
- an abbreviated version of the project plan
- a copy of the questionnaire and spreadsheet that had been finalised by the User Group (Attachments 3 and 4).

All of the material was distributed electronically to these 53 organisations in early July 2006.

The organisations were requested to provide responses to the researchers by the end of October 2006, four full months from distribution.

The material was also provided to the Chief Executive Officers of the peak community housing organisations in each state (see Attachment 5 for list of peak organisations).

3.3 Changes to project process and content

After four months only four responses had been received. Repeated phone calls and email messages failed to improve responses.

The peak community housing organisations in each state were approached for assistance to improve the response rates. In three states the peak organisations phoned the proposed sample organisations urging them to provide a response. However, the Community Housing Federation of Victoria indicated it could not provide any assistance with obtaining responses to the questionnaires and spreadsheets.

After nine months only five more usable questionnaires and three more spreadsheets were received from respondents in all states, making a total of nine questionnaires and seven spreadsheets received as at the beginning of March 2007.

Discussions were subsequently entered into with AHURI regarding the options that could be pursued to improve the response rate to the questionnaire and spreadsheet.

The researchers proposed that

- they review the Income and Expenditure Statements (I & Es), and Returns to State Authorities and prepare documentation with graphics which shows how items from the I & Es and Returns fit into the spreadsheet
- the revised documents be distributed to those CHOs who have not responded
- resources be provided to enable the researchers to provide face to face assistance to those CHOs requesting it.

The researchers indicated a willingness to undertake the additional work required from this approach at no additional cost to AHURI (subject to travel expenses being met).

3.4 Terms of project variation

After discussions in April 2007 with peak community housing organisations in three states, AHURI subsequently decided to vary the contracted project as follows:

- Change from a random sampling method to a purposive sampling method. AHURI Ltd and Dr Jon Hall (contracted through the RMIT-NATSEM Research Centre) will work with the CEOs of the community housing peak organisations in Queensland (Mike Myers), New South Wales (Adam Farrar) and South Australia (Ciarran Synott) to select a number of Community Housing Organisations that are 'best placed' to complete the finances spreadsheet. Dr Jon Hall will assist this process by either visiting the selected organisations, or being present at a workshop if required to assist in the 'translation' of the data items. The researchers will use their best endeavours to obtain a minimum sample of 30 valid returns but if a total of 30 has not been reached by July 31st the Final Report and Research and Policy Bulletin will be based on the returns obtained up to that date. The data collection process will run for a period of three months (until July 31 2007).
- Change from a 'complete data set' to a 'best available data set' approach. Difficulties have been encountered in obtaining full disaggregated data from each organisation in the sample. To assist in maximising the number of returns, whilst obtaining sufficient data quality to support the key research questions, compromises on the full depth of sought after data will be made. This may mean that not all the original research questions can be answered. It may also limit the comparison with the analysis of public housing operating deficits completed in another project'.

3.5 Subsequent project process

In accordance with this agreement the peak Community Housing Organisations in Queensland, New South Wales and South Australia provided the researchers with a list of organisations who indicated their willingness to participate.

In Queensland, NSW and Victoria community housing organisations who receive financial subsidies or grants from their respective state governments are required to provide returns to the relevant housing authority on their annual financial operations. The researchers obtained from the relevant authorities copies of the financial pro-forma that State agencies require these CHOs to return.

On obtaining these returns the researchers prepared amended spreadsheets for CHOs in each state which closely paralleled the financial returns required in that state. In addition, a Powerpoint spreadsheet aid was prepared for each the CHOs to assist completion of the spreadsheet. Copies of one of the Powerpoint aids and the amended spreadsheets are contained in Attachments 5 and 6.

These documents were forwarded to the nominated CHOs in each of Queensland, New South Wales and South Australia at the end of June 2007.

All CHOs nominated by their peak organisations in Queensland and South Australia completed the questionnaire and the spreadsheet and returned them to the researchers. However, in NSW only two of the twelve nominated organisations responded in the period between July 2007 and February 2008. Through the peak organisation in NSW the researchers made repeated attempts to obtain returns.

The final sample consisted of returns submitted by 18 CHOs across Australia, comprising 6 from South Australia, 5 from Queensland, 4 from NSW, 2 from Victoria and 1 from Tasmania.

It became clear during this process that neither:

- the method of approach
- contact by the researchers; nor
- the material presented to the CHOs

were the reasons for the lack of response as this method has been used successfully (twice) with State Housing Organisations and with Indigenous Community Housing Organisations. Some CHOs were simply unwilling to complete the material or may not have had the requisite resources that could have been allocated to completing the questionnaire and the spreadsheet.

However, the new formats were timed in both South Australia and Queensland and took about one and a half hours on average for completion of both the questionnaire and the spreadsheet.

As a result of this poor response, research questions 3 and 4 cannot be addressed and the focus group discussion had to be abandoned because of lack of interest and, possibly, as a further consequence of resource scarcity in the sector.

The sample that has finally been obtained is representative only in Queensland and South Australia—so the analysis is being confined to these states and the averages for Australia overall.

Nevertheless, the data can be compared to the 2005/06 results for public housing and this comparison is set out in Chapter 5.

At this level we have been able to:

- establish the similarities and the differences between the activities of community and public housing and the implications for the revenues and costs in the two sectors;
- set out various effects on the differences in revenues and costs.

3.6 Clarification

As far as headleased properties are concerned, the dwellings have been removed from the unit of measurement analysis and the revenues and costs have been excluded.

3.7 Quantification process.

After obtaining all this information and making all the relevant adjustments, the actual amounts received and spent for the core items were calculated for each year for each community housing organisation. The relevant number of dwellings was also incorporated. These amounts were then divided by the relevant dwelling number to obtain the per unit outcome.

All the per unit outcomes were then adjusted by the average Consumer Price Index for all capital cities of Australia.

4 ANALYSIS RESULTS: COMMUNITY HOUSING

During the course of this project, the researchers obtained access to all the current records of SHAs and information on the number and size of Community Housing Organisations providing long stay, non denominational, non ethnic, not for profit housing in Australia.

What emerges from this preliminary analysis is a very diverse picture across Australia.

In the ACT, the Northern Territory, Tasmania and Western Australia, the sector comprised relatively few organisations providing fewer than 2,000 dwellings (after discounting some of the specialist and transitional housing) of the type defined for the research.

Even in Queensland and Victoria the number of dwellings under management is only around 2,000. In the sector, only New South Wales and South Australia have any significant scale of operations.

For these reasons it is perhaps not surprising that we were unable to obtain a representative sample across Australia. However a relevant sample was obtained for Queensland and South Australia, with some responses from NSW (although not enough to be statistically valid for that State).

This analysis is therefore confined to an examination of the outcomes in Queensland, South Australia, and for Australia overall, although the sample was not statistically representative for the Australia-wide result.

Definitions of all the line items for income and expenditure are provided in the table included in Attachment 1 (on page 67).

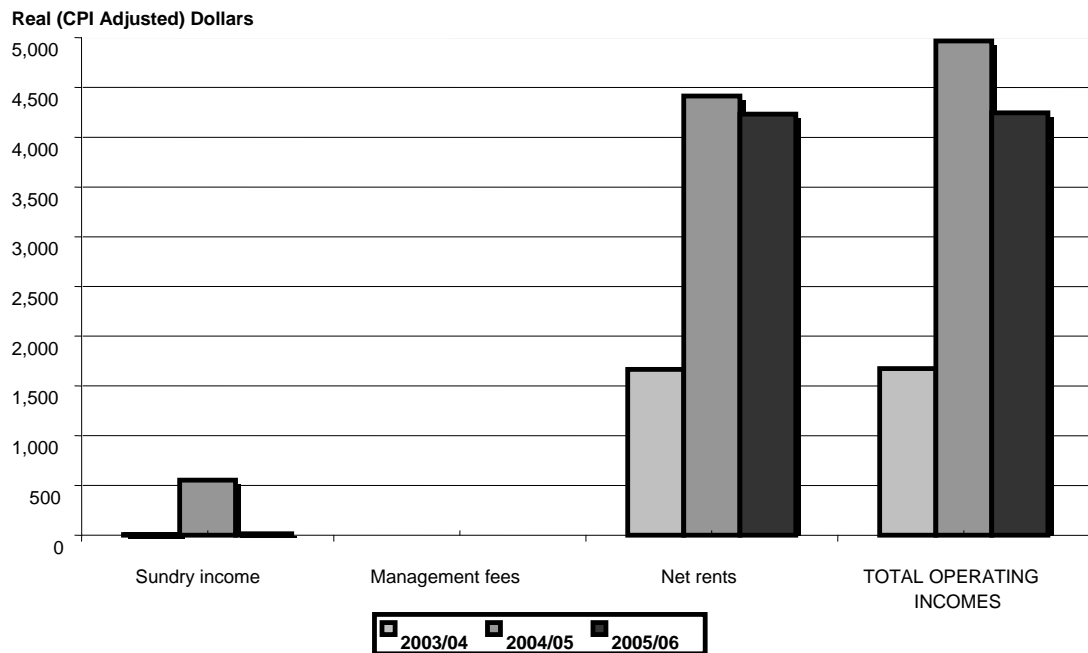
4.1 Queensland.

4.1.1 Quantitative

Changes in net incomes

Figure 7 traces real net income per dwelling unit over the period 2003/04 to 2005/2006.

Figure 7: Queensland CHOs—average real incomes per dwelling unit: 2003/04–2005/06 (June 2006 Dollars)



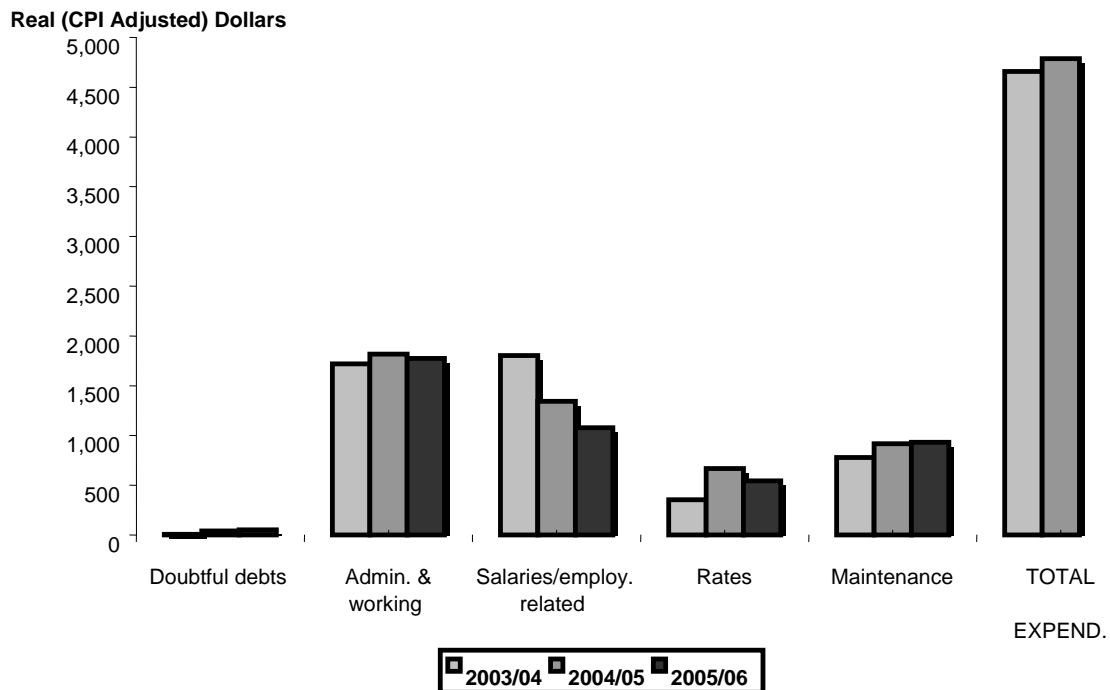
Source: special spreadsheet returns from Queensland Community Housing Organisations, 2008 n=5

Over the research period operating incomes increased very significantly in the first year and then fell moderately in the second, dropping in real terms from \$4,967 to \$4,245 or by approximately \$730 per dwelling. Net rents per dwelling grew by over four times from 2003/04 due to the impact of Brisbane Housing Company substantially increasing their average net rents received. Net real incomes per dwelling grew substantially from just over \$1,600 per dwelling in 2003/04 to \$4,200 approximately in 2005/06. Real rents constituted approximately 99% of annual operating incomes throughout the 3 years.

Expenditures and expenditure priorities

Figure 8 sets out real net expenditure per dwelling unit over the period 2003/04 to 2005/2006.

Figure 8: Queensland CHOs—average real expenditures per dwelling unit: 2003/04–2005/06 (June 2006 Dollars)

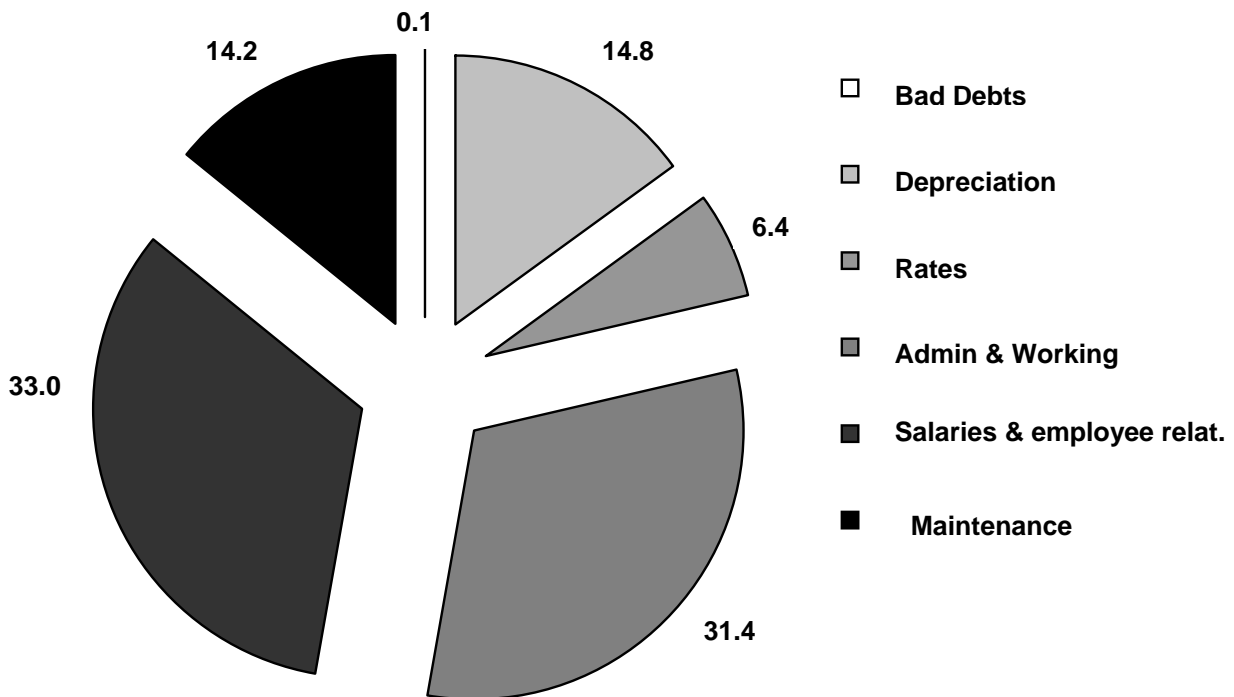


Source: special spreadsheet returns from Queensland Community Housing Organisations, 2008

The graph shows that real operating expenditures per dwelling have fallen slightly from \$4,659 in 2003/04 to \$4,380 in 2005/06. Leaving aside doubtful debts, real increases in rates and depreciation grew the fastest—increasing by about 55%. The next most significant increase occurred in maintenance expenditure, which grew from an average of \$778 in 2003/04 to approximately \$930 in 2005/06 (or by some 19%). Salaries etc. declined significantly from \$1,804 in 2003/04 to \$1,078 in 2005/06 or by some 40%. Because of the substantial fall in average expenditure on salaries, etc. and with almost no change occurring in administrative expenses, total overhead fell from approximately \$3,500 per dwelling to \$2,800 or by 19%.

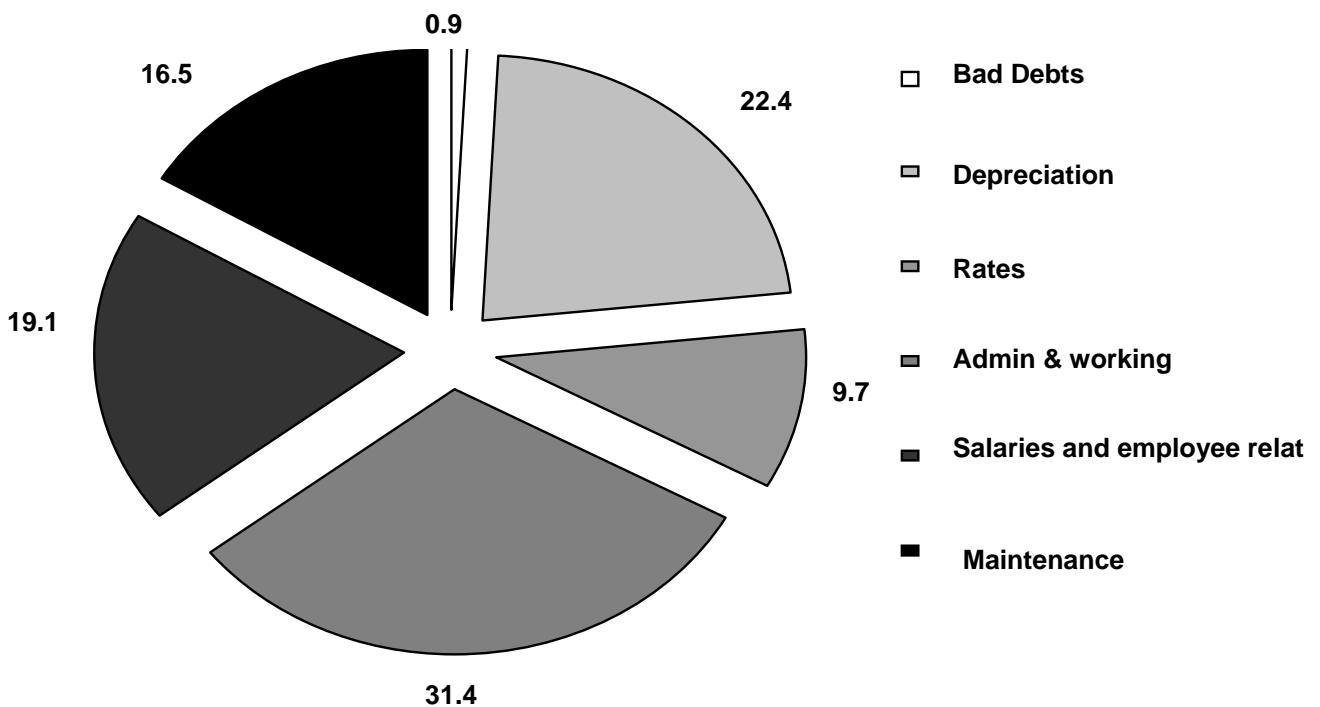
Reflecting these real changes in expenditure items, Figures 9 and 10 set out the proportion of total operating expenditure accounted for by each of the core expenditure items for the years 2003/04 and 2005/06.

Figure 9: Queensland CHOs—line items: average percentage of real total operating expenditure per dwelling (excluding rebates) 2003/04 (June 2006 Dollars)



Source: Special spreadsheet returns from Queensland Community Housing Organisations, 2008

Figure 10: Queensland CHOs—line items: average percentage of real total operating expenditure per dwelling (excluding rebates) 2005/06 (June 2006 Dollars)



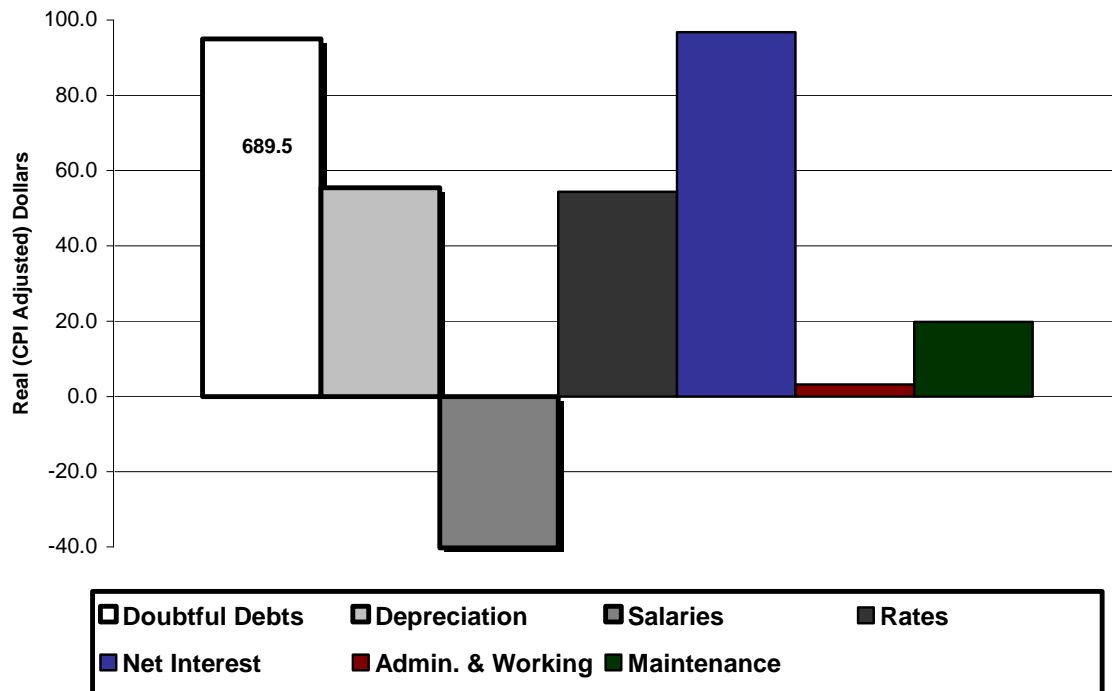
Source: special spreadsheet returns from Queensland Community Housing Organisations, 2008

The graphs show how the proportion of the sample CHOs' average total expenditure per dwelling for each item (including depreciation and net interest) has changed over the period. The proportion of total expenditure absorbed by salaries and employee-related expenses has declined dramatically (down from 33% to 19.1%).

Administration and working expenditure has remained the same proportion of total expenditure at 31.4%, whilst spending on bad debts has increased slightly. The proportion spent on maintenance has also increased slightly from 14.2% to 16.5%.

As outlined in the analysis of expenditure item growth, by far the greatest change in proportions has occurred in depreciation increasing from 14.8% to 22.4% of total operating expenditures and rates (increasing from 6.4% to 9.7%). Figure 11 sets out the real percentage change in the costs of key line items.

Figure 11: Queensland CHOs: Real average percentage change in line items, 2003/04–2005/06 (June 2006 Dollars)



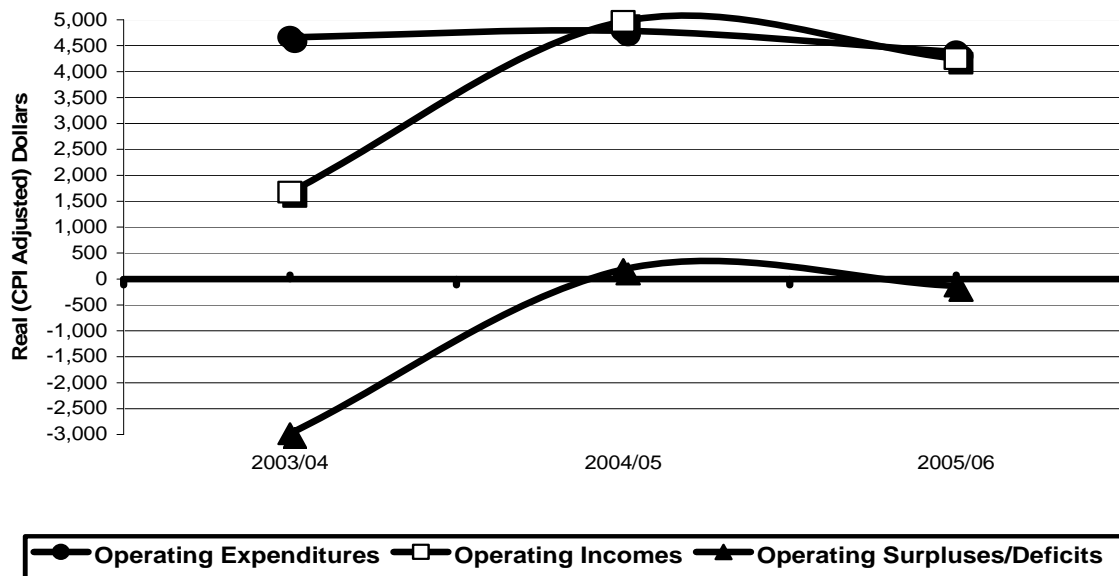
Source: Special spreadsheet returns from Queensland Community Housing Organisations, 2008

The graph reflects the findings outlined earlier: a very significant real decline in the cost per dwelling for salaries and related expenses, stable or small changes in administration and maintenance, and major real percentage increases in doubtful debts, depreciation rates and net interest paid.

Operating income, expenditure and surplus/deficits

Figure 12 sets out the trends in operating surpluses/deficits excluding net interest and depreciation.

Figure 12: Queensland CHOs: Real average operating surpluses/deficits per dwelling: 2003/04 – 2005/06 (June 2006 Dollars)

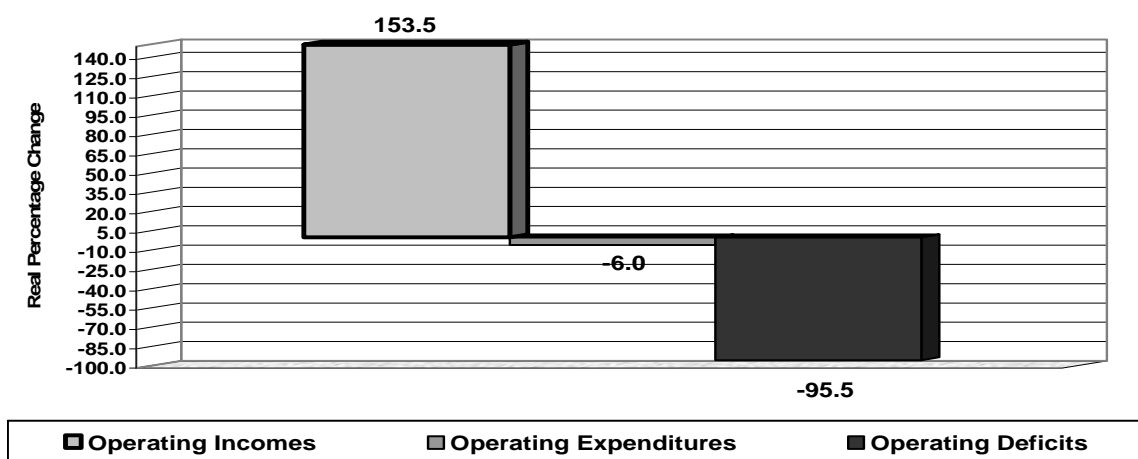


Source: Special spreadsheet returns from Queensland Community Housing Organisations, 2008

In 2003/04 the average real deficit per dwelling for the sample CHOs (excluding net interest and depreciation) was nearly \$3,000. Thereafter, operating deficits declined rapidly to be only -\$135 per dwelling in 2005/06. Real expenditures per dwelling fell moderately from \$4,659 to \$4,380 and net incomes per dwelling rose substantially from \$1,675 to \$4,245 in 2005/06.

Figure 13 sets out the real percentage change in operating incomes, expenditures and deficits.

Figure 13: Queensland CHOs: Real average percentage change in key line items: 2003/04–2005/06



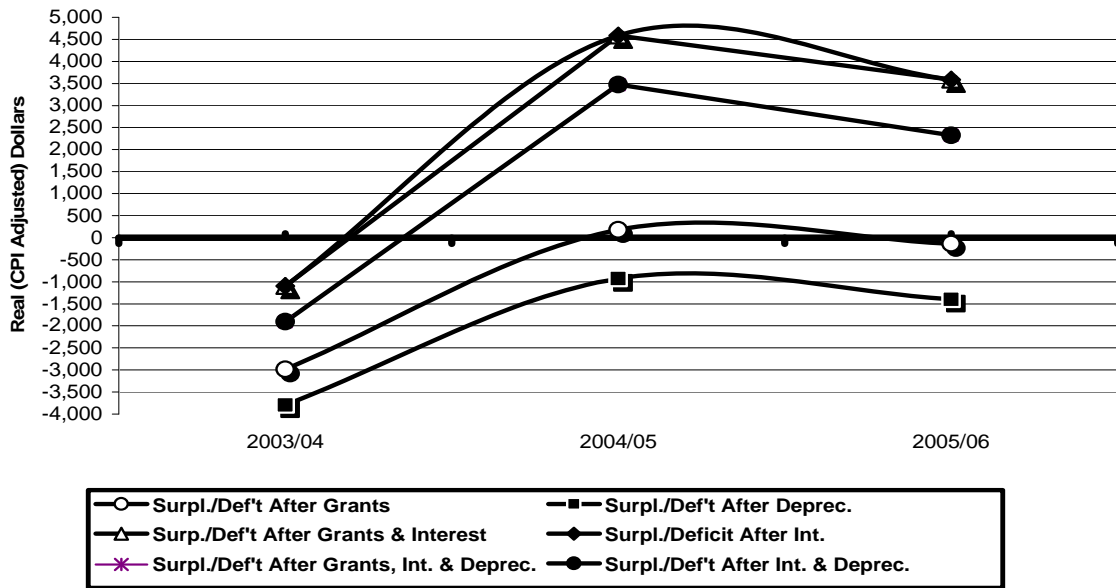
Source: Special spreadsheet returns from Queensland Community Housing Organisations, 2008

To summarise, whilst real operating expenditures fell by 6%, real operating incomes (excluding net grants and interest earned) increased by 153%, resulting in a deficit decline of 95.5%.

Impact of net interest and depreciation

Figure 14 sets out the impact of net interest and depreciation on the operating surplus/deficit.

Figure 14: Queensland CHOs: Real annual average annual surplus/deficit per dwelling after 'add backs': 2003/04–2005/06 (June 2006 Dollars)

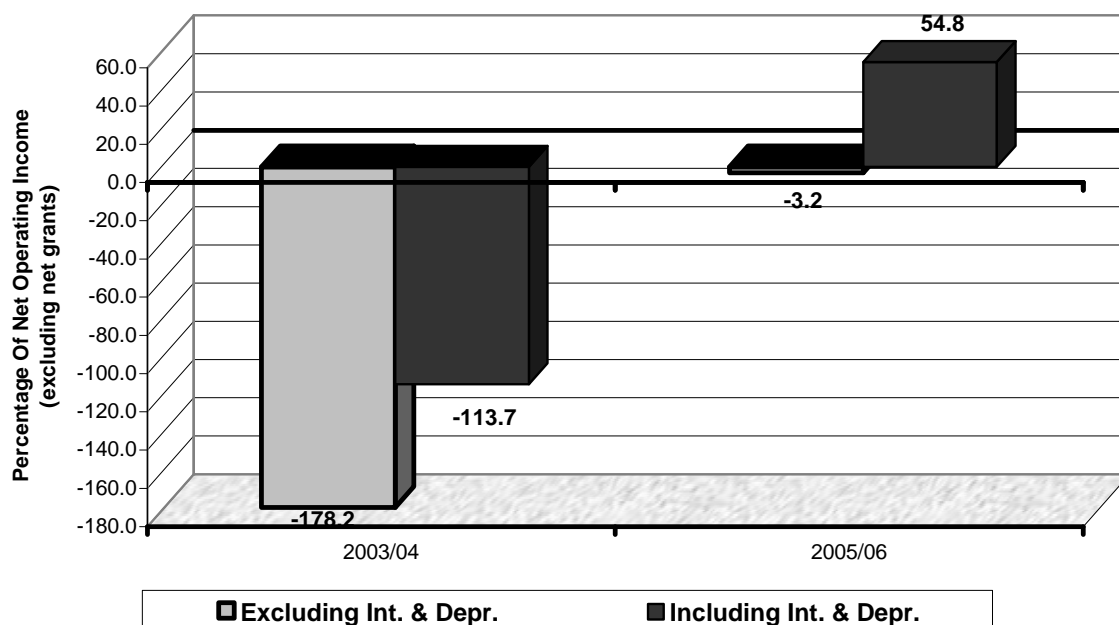


Source: Special spreadsheet returns from Queensland Community Housing Organisations, 2008

It is clear from Figure 14 that depreciation and net interest are having opposing effects. Whilst depreciation adds about \$1,100 to the operating deficit before net interest, when net interest earnings are added back in the approximate average deficit of \$1,300 becomes a \$2,300 surplus, so net interest is responsible for about \$3,600 per dwelling additional income. However these results should be treated with caution because they are almost entirely due to the impact of the Brisbane Housing Company on the results. Ignoring the Brisbane Housing Company, the other sampled CHOs did not account for depreciation and their average net interest receipts were negligible.

Figure 15 sets out the operating deficits as a proportion of net income 'before' and 'after' net interest and depreciation.

Figure 15: Queensland CHOs : Real average operating surpluses/deficits as percentage of net income before grants: 2003/04 and 2005/06 (June 2006 Dollars)



Source: Special spreadsheet returns from Queensland Community Housing Organisations, 2008

These results reinforce the earlier comments on the impact of net interest and depreciation, with the additional receipts from interest producing significant surpluses equivalent to an average of approximately 55% of net income before interest.

4.1.2 Qualitative

Key responses from the Community Housing Organisation questionnaire

Rents and income

All respondents in Queensland indicated that, for long stay community housing, and excluding boarding houses, CHOs are charging in accordance with Queensland Housing's community housing rent policy framework: that is, 25% of tenant income or market rent whichever is the lesser. This rent charging policy includes rent assistance in the assessment process. With average rents per dwelling unit less than in public housing this suggests that the client composition of community housing may have a greater proportion of single income or specialist income households than that applying to public housing in Queensland.

All respondents indicated, however, that the household structure and income of their client base had not changed significantly in the immediate past.

Expenditures: maintenance

For all except BHC, CHOs indicated a concern with the age of their stock and the issue of asset degradation. One respondent suggested that all of its stock was over 30 years old. Whilst average maintenance expenditures are considerably below that applying to public housing, most respondents of smaller organisations indicated that a significant amount of routine maintenance was being completed voluntarily by members and that this was saving up to 25% of what would otherwise be cyclical maintenance expenditure.

Maintaining long term asset quality was of particular concern to most organisations as, with the exception of BHC, community housing organisations were not provisioning for depreciation and the available funds from the Queensland Government were perceived as being predominately channelled into new stock acquisitions.

Rates

The responses to the questions on rates explained why average rates payments per dwelling are so much lower than for public housing.

Many community housing associations are located in Local Authority areas where the councils provide significant and substantial concessions for charitable organisations. A significant number of community housing organisations are registered as charities and are availing themselves of these concessions.

Expenditures: overhead

Whilst overhead expenditures are much less than the equivalent for public housing, respondents indicated that a great many of the administrative tasks are completed by volunteers and that this included the provision of non-housing support services, which averaged between 2% and 8% of total overhead expenditure or volunteer time.

Debt

With the exception of BHC none of the respondents had anything more than very small operating debt obligations (i.e. between \$250 and \$500 outstanding).

4.2 South Australia

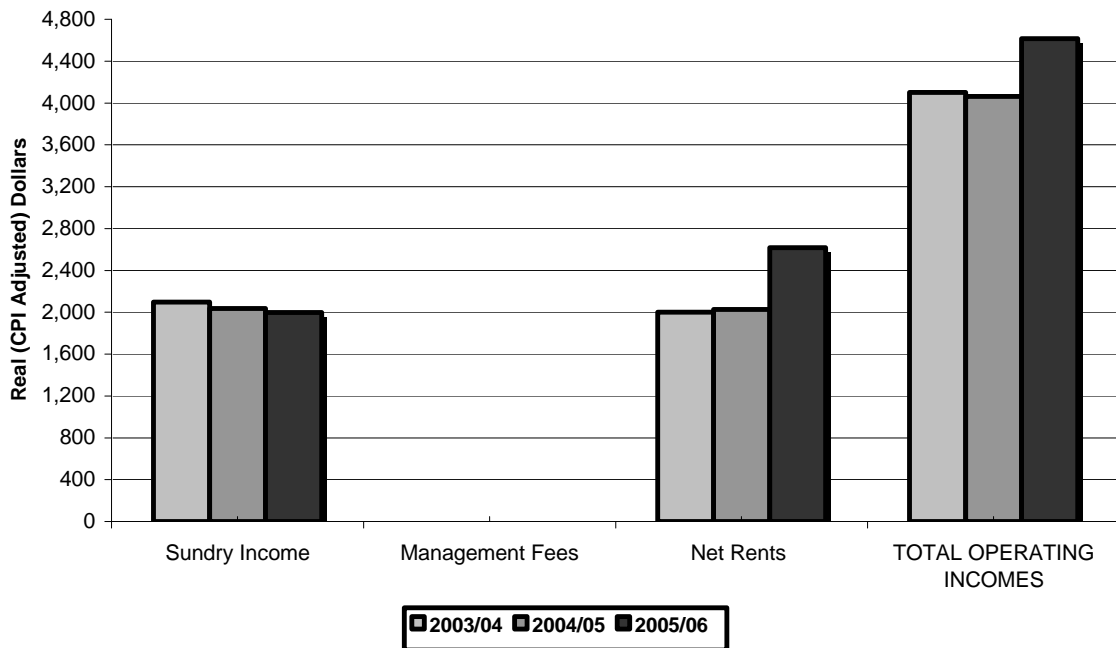
4.2.1 Quantitative

Changes in net incomes

Graph 4.10 traces real net income per dwelling unit over the period 2003/04 to 2005/06.

Over the research period operating incomes increased in real terms from approximately to \$4,100 to \$4,600 or by about \$500 per dwelling. Net rents per dwelling increased sharply by nearly 31%. Unlike in Queensland, net average real rents only accounted for between 49% (2003/04) and 57% of total operating incomes with the remaining proportion being provided by sundry income, which includes contributions from government agencies (other than grants and subsidies), rental bonds, insurance and bad debts recovered, contributions from the community and unclaimed monies.

Figure 16: South Australia CHOs—Average real incomes per dwelling unit: 2003/04–2005/06 (June 2006 Dollars)

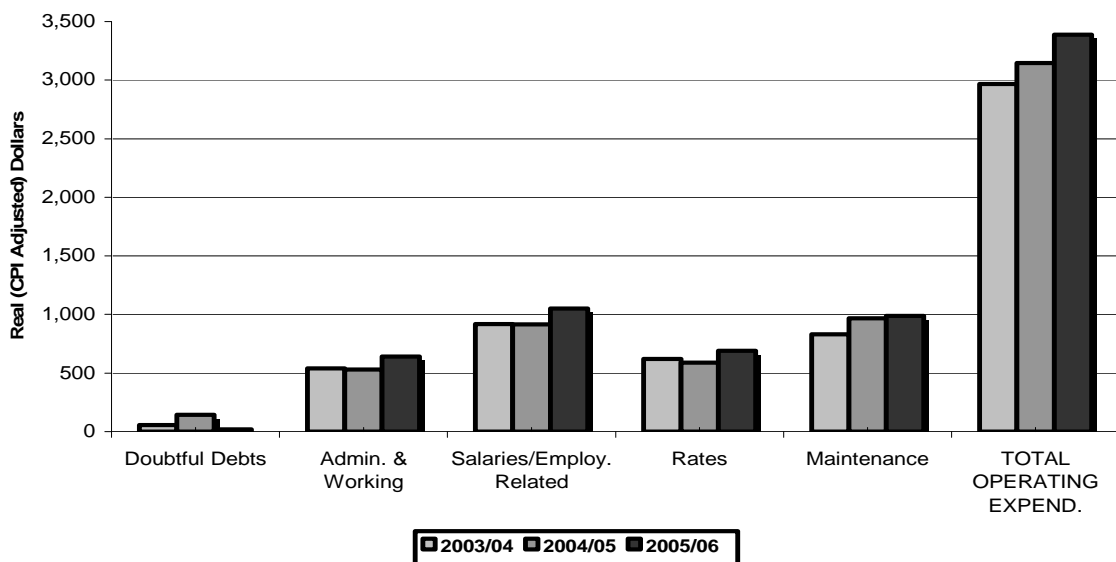


Source: Special spreadsheet returns from South Australian Community Housing Organisations, 2008

Expenditures and expenditure priorities

Figure 17 sets out real net expenditure per dwelling unit over the period 2003/04 to 2005/2006.

Figure 17: South Australia CHOs—Average real expenditures per dwelling unit: 2003/04–2005/06 (June 2006 Dollars)



Source: Special spreadsheet returns from South Australian Community Housing Organisations, 2008

The graph shows that real average operating expenditures per dwelling have increased from approximately \$2,970 in 2003/04 to approximately \$3,390 in 2005/06.

The average for all items of expenditure has not fallen, with the exception of doubtful debts which declined by 65%.

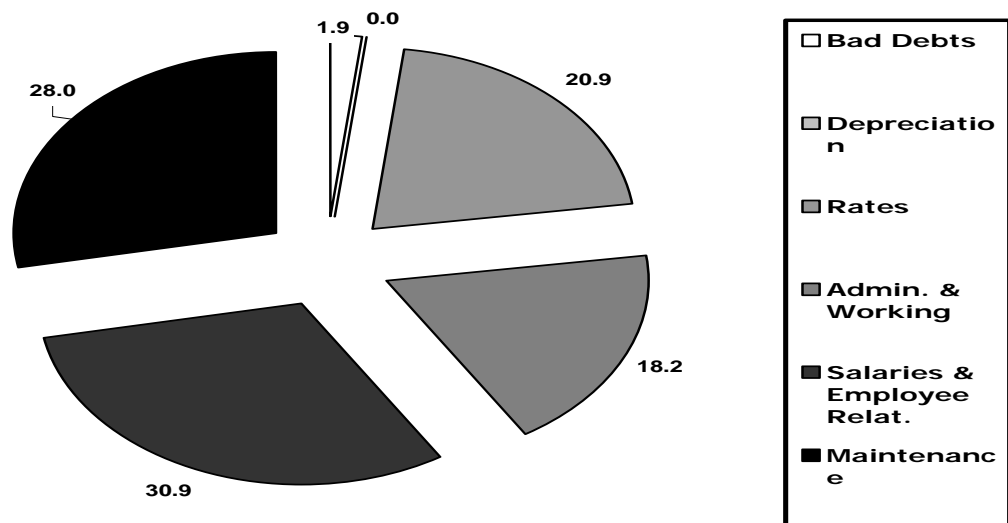
Leaving aside bad debts (which are a very small absolute amount), by far the most significant real increases in expenditure occurred in the maintenance and administrative and working items, with the former increasing from \$831 per dwelling to \$988 (or by 19%) and the latter from \$541 to \$640 (or by 18.3%). Total overhead increased in real terms from \$1,458 to \$1,651 or by approximately 16% over the period.

Reflecting these real changes in expenditure items, Graphs 4.12 and 4.13 set out the proportion of total operating expenditure occupied by each of the core expenditure items for the years 2003/04 and 2005/06.

The graphs show how the proportion of the South Australia sample CHOs' total average expenditure per dwelling for each item (including depreciation and net interest) has changed over the decade.

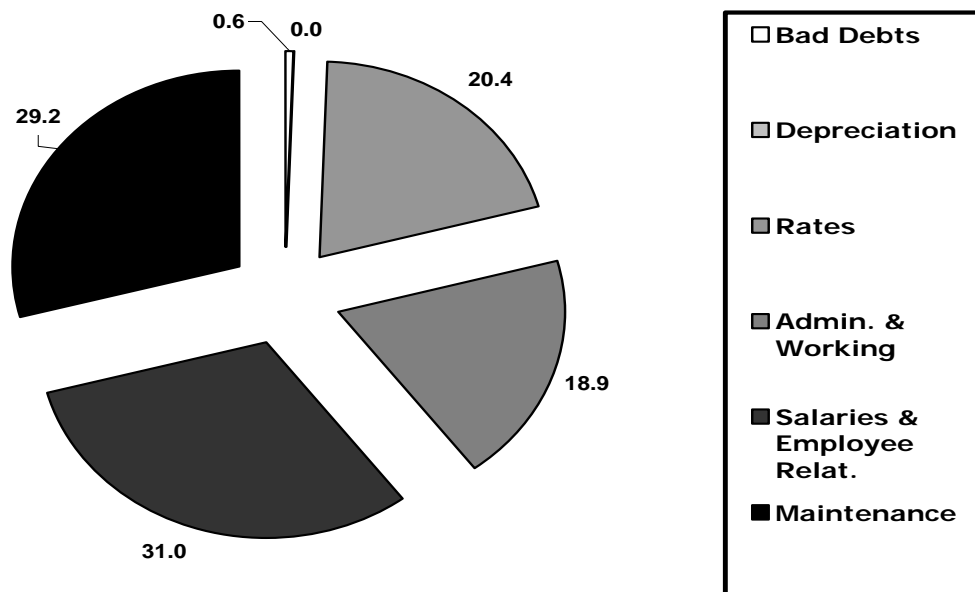
Overall, the proportions for all items of expenditure have remained relatively stable, with rates and bad debts falling slightly and all other items very slightly increasing their proportions, with maintenance the greatest increase (from 28% to 29.2%), followed by administration and working (from 18.2% to 18.9%) and then salaries and employee related (from 30.9% to 31%).

Figure 18: South Australia CHOs—line items: average percentage of real total operating expenditure per dwelling (excluding rebates) 2003–2004 (June 2006 Dollars)



Source: Special spreadsheet returns from South Australian Community Housing Organisations, 2008

Figure 19: South Australia CHOs—Line items: average percentage of real total operating expenditure per dwelling (excluding rebates) 2005/06 (June 2006 Dollars)



Source: Special spreadsheet returns from South Australian Community Housing Organisations, 2008

Figure 20 sets out the real percentage change in the costs of key line items.

Figure 20: South Australia CHOs—Real average percentage change in key line items per dwelling: 2003/04–2005/06



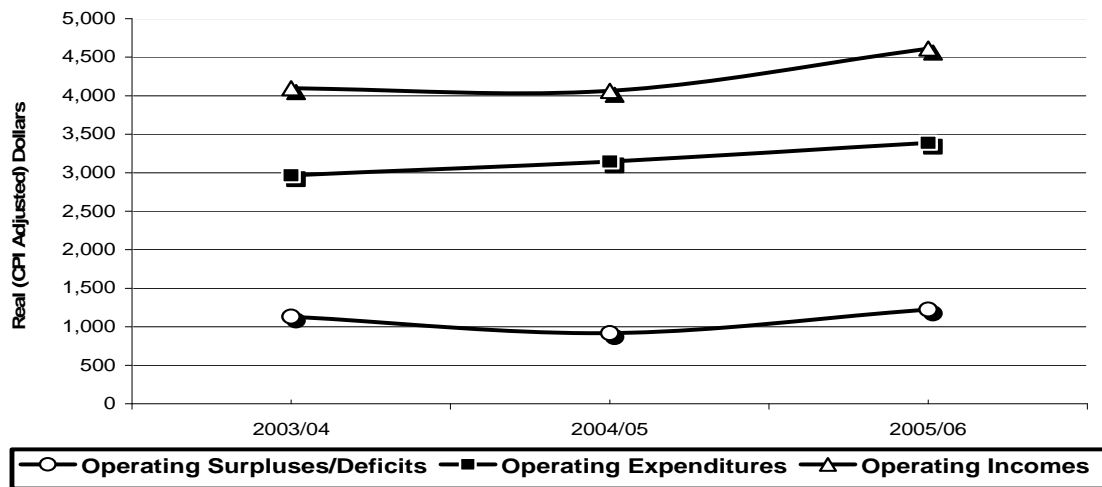
Source: Special spreadsheet returns from South Australian Community Housing Organisations, 2008

The graph reflects the findings outlined earlier: significant real declines in the cost per dwelling for doubtful debts and slight increases in all other items except rates which fell marginally.

Operating income, expenditure and surplus/deficits

Figure 21 sets out the trends in operating surpluses/deficits excluding net interest and depreciation.

Figure 21: South Australia CHOs—Real average annual operating surpluses/deficits per dwelling: 2003/04–2005/06 (2006 Dollars)

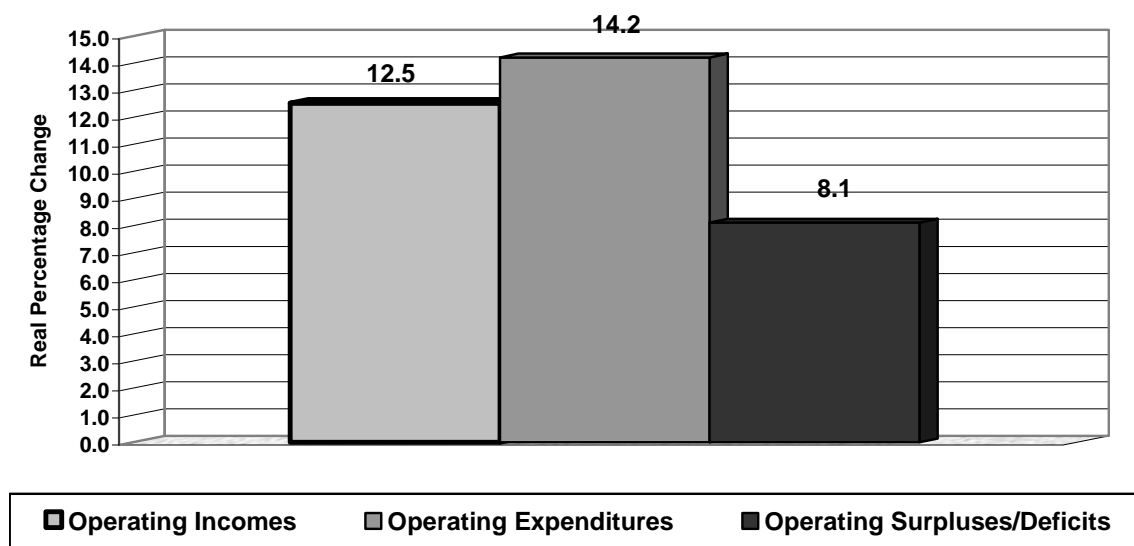


Source: Special Spreadsheet returns from South Australian Community Housing Organisations, 2008

In 2003/04 the sample CHOs produced a real surplus per dwelling (excluding net interest and depreciation) of \$1,133, and between 2003/04 and 2005/06 this increased moderately to \$1,225.

Figure 22 sets out the real percentage change in operating incomes, expenditures and deficits.

Figure 22: South Australia CHOs—Real average percentage change in surpluses, incomes expenditures per dwelling: 2003/04–2005/06 (June 2006 Dollars)



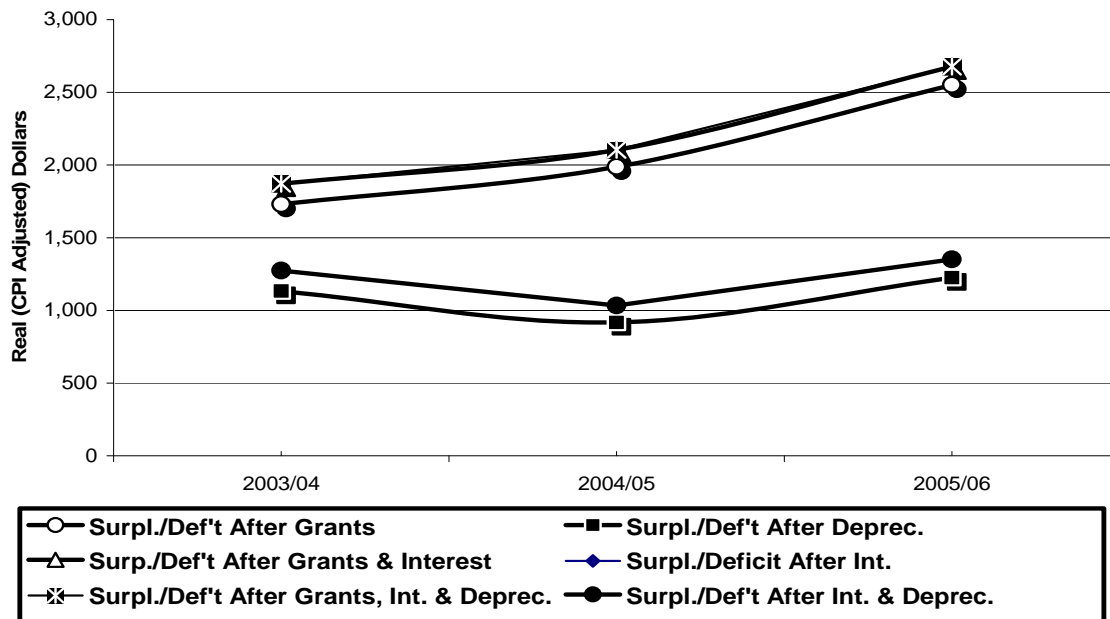
Source: Special spreadsheet returns from South Australian Community Housing Organisations, 2008

To summarise, real operating incomes (net of grants and interest earned) increased moderately by 12.5%, whilst real operating expenditures grew by 14.2%, resulting in an increase of the average operating surplus of approximately 8% over the period.

Impact of net interest and depreciation

Figure 23 sets out the impact of net interest and depreciation on the operating surplus/deficit. It is clear from Graph 4.17 that the impact of net interest costs and depreciation has been negligible. South Australian CHOs make no provision for depreciation and the average contribution of net interest per dwelling fell by only \$14 dollars per annum—reducing the increase in the surplus to an average of \$126 per dwelling or by about 10%.

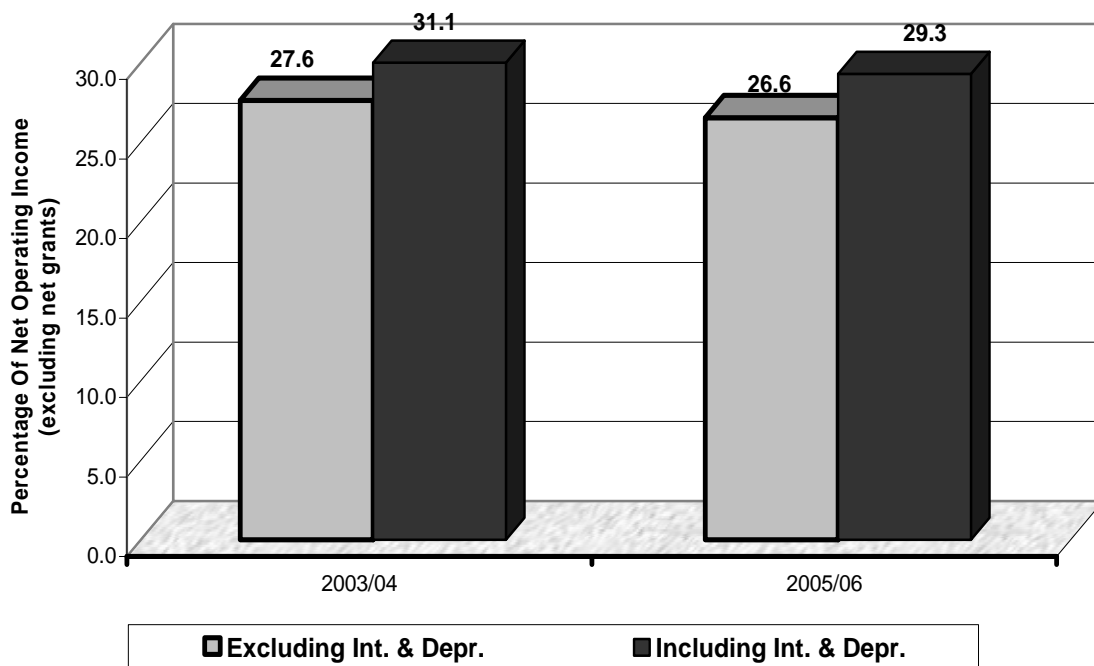
Figure 23: South Australia CHOs—Real average operating surplus/deficit per dwelling after 'add backs': 2003/04–2005/06 (June 2006 Dollars)



Source: Special spreadsheet returns from South Australian Community Housing Organisations, 2008

Figure 24 sets out the operating deficits as a proportion of net income 'before' and 'after' net interest and depreciation

Figure 24: South Australia CHOs—Real average annual operating surpluses as percentage of net income: 2003/04–2005/06 (June 2006 Dollars)



Source: Special spreadsheet returns from South Australian Community Housing Organisations, 2008

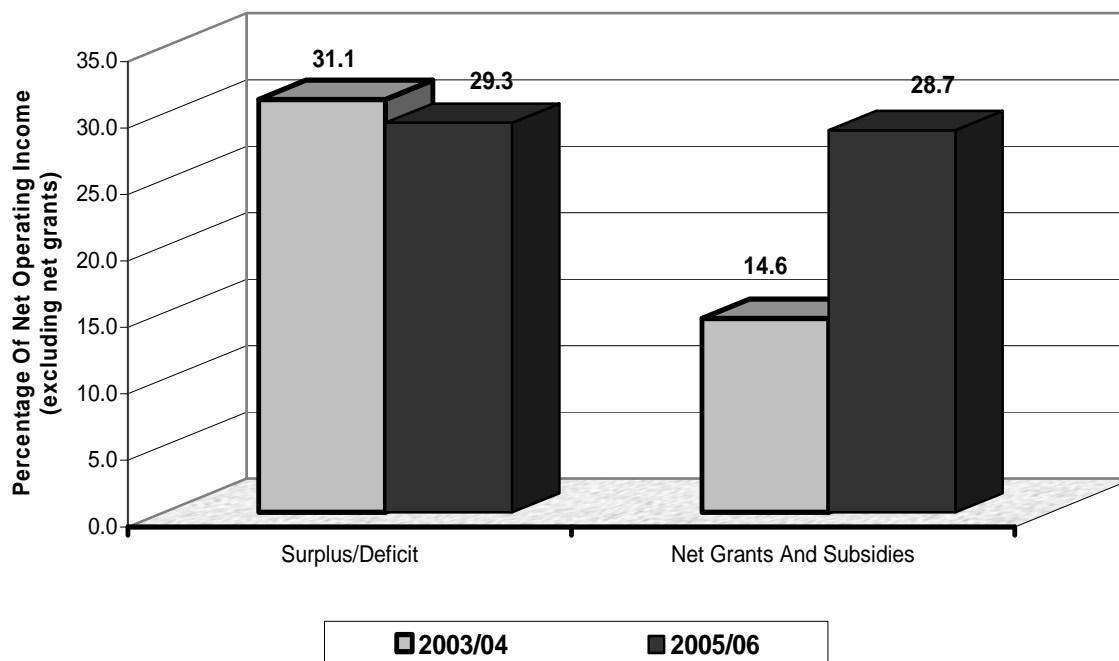
These results reinforce the earlier comments on the impact of net interest and depreciation. These expenditure components are still impacting on the operating surpluses in 2005/05 in about the same proportions of net income as in 2003/04, having slightly declined due to the 12.5% increase in operating incomes and the very slight fall in the net interest earnings.

The importance of rebates and grants

Due to changes in funding policy net grants applied to the sample community housing organisations have increased very rapidly, from just over an average of \$598 per dwelling in 2003/04 to approximately \$1,300 in 2005/06.

Figure 25 sets out net grants as a proportion of net income before grants.

Figure 25: South Australia: CHOs—Average operating surpluses as percentage of average net income before grants: 2003/04–2005/06 (June 2006 Dollars)



Source: Special spreadsheet returns from South Australian Community Housing Organisations, 2008

The graph shows the contribution of net grants to total operating incomes, which now account for nearly 30% of net income before grants.

4.2.2 Qualitative

Key responses from the Community Housing Organisation questionnaire

Rents and income

All respondents in South Australia indicated that, for long stay community housing, CHOs are charging in accordance with the new funding agreement framework introduced by SACHA: 25% of tenant income or market rent, whichever is the lesser. This rent charging policy includes rent assistance in the assessment process. As in Queensland average rent per dwelling unit is less than in public housing and this likewise suggests that the client composition of community housing may have a greater proportion of single income or specialist income households than that applying to public housing.

All respondents indicated, however, that the household structure and income of their client base had not changed significantly in the immediate past.

Expenditures: maintenance

Most respondents indicated that a significant component of regular or cyclical maintenance was being completed voluntarily, with one provider indicating that the maintenance allowance provided by the state government was more than adequate.

All respondents indicated that major maintenance and upgrades were provided through the state government initiated maintenance body, Comhouse, but all respondents indicated a concern with declining asset quality due to the ageing of stock.

One larger provider indicated that a significant 43% of stock was over 30 years old and in substandard condition, i.e. requiring upgrading. Another indicated that 57% of the stock was more than thirty years old, with 43% in a fair condition, i.e. requiring some improvement. A third organisation stipulated that 31% of the stock was older than thirty years, with 15% requiring a major upgrade.

Rates

As in Queensland, many community housing organisations are located in Local Authority areas where the councils provide significant and substantial concessions for charitable organisations. A significant number of community housing organisations are registered as charities and are availing themselves of these concessions.

Expenditures: overhead

As in Queensland, overhead expenditures are much less than the equivalent for public housing, respondents indicating that a great many of the administrative tasks are completed by volunteers. In South Australia non-housing support services were not provided by any of the respondents.

Debt

With the exception of one provider none of the respondents have any debt.

4.3 Australia

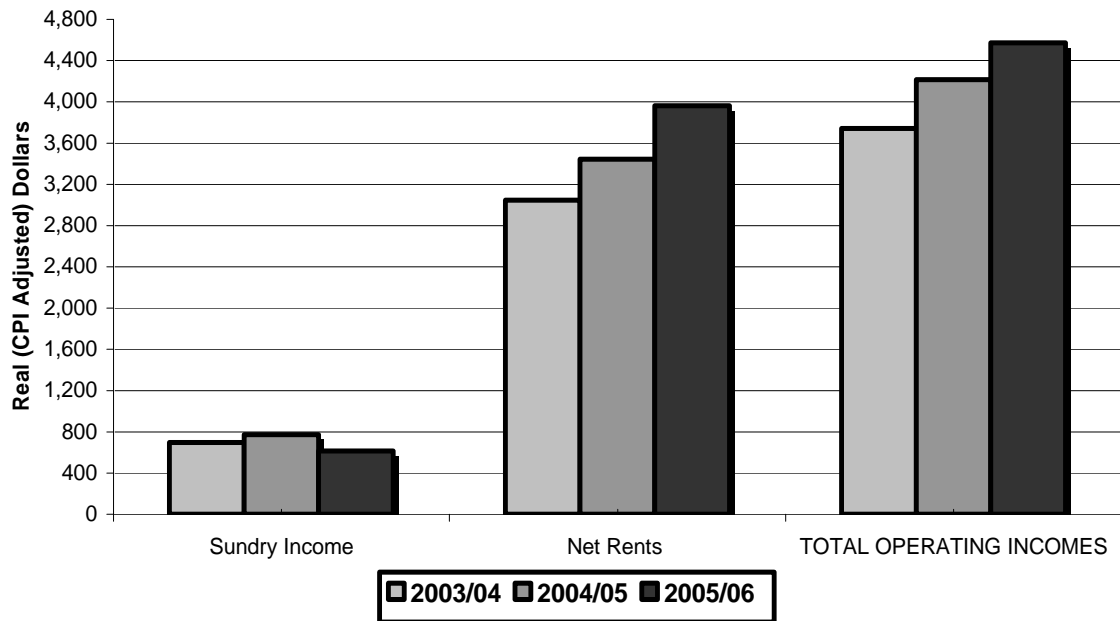
This section amalgamates data collected from the whole sample of 18 CHOs located in the five states from which responses were received.

4.3.1 Quantitative

Changes in net incomes

Figure 26 traces real net income per dwelling unit over the period 2003/04 to 2005/2006. Over the study period average incomes increased in real terms from \$3,742 to \$4,601 or by approximately \$860 per dwelling. Net rents per dwelling rose by a substantial 30.8%. Real rents constituted approximately 86.6% % of annual operating incomes in 2005/06 with sundry income contributing a substantial 13.4%; but this was some 5.6% less than that applying in 2003/04 (19%).

Figure 26: Australia CHOs—Average real incomes per dwelling unit: 2003/04–2005/06 (June 2006 Dollars)

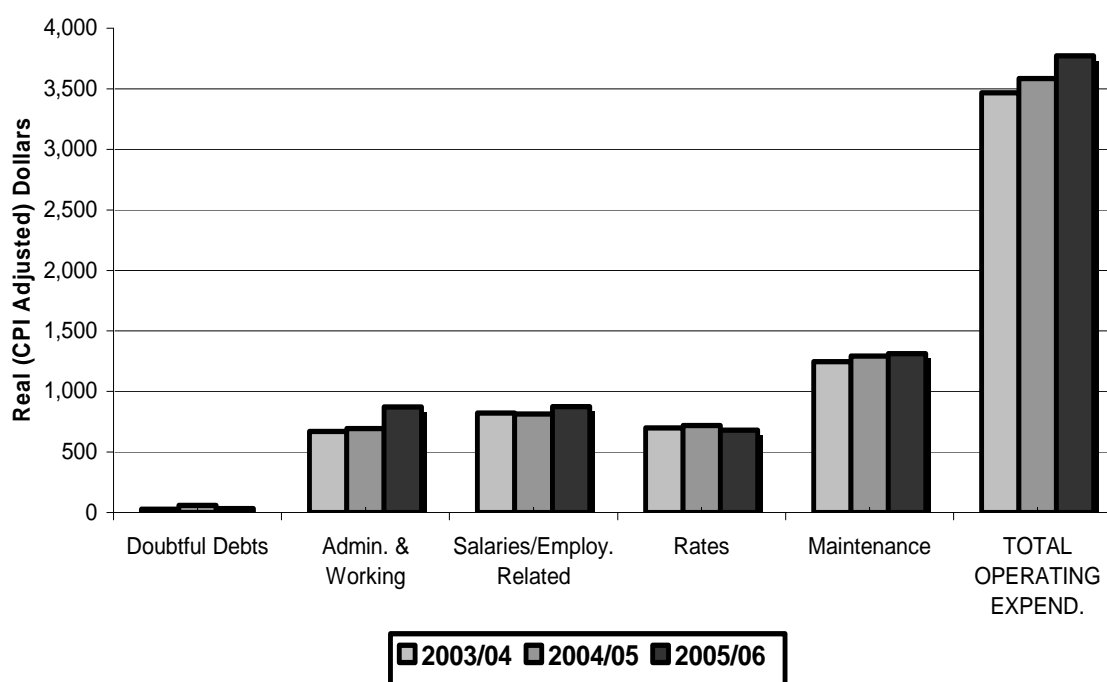


Source: Special spreadsheet returns from Australian Community Housing Organisations, 2008

Expenditures and expenditure priorities

Figure 27 sets real average net expenditure per dwelling unit over the period 2003/04 to 2005/2006.

Figure 27: Graph 4 21: Australia CHOs—Real average expenditures per dwelling unit: 2003/04–2005/06 (June 2006 Dollars)



Source: Special spreadsheet returns from Australian Community Housing Organisations, 2008

The graph shows that real operating expenditures per dwelling have increased only moderately from \$3,466 in 2003/04 to \$3,796 in 2005/06.

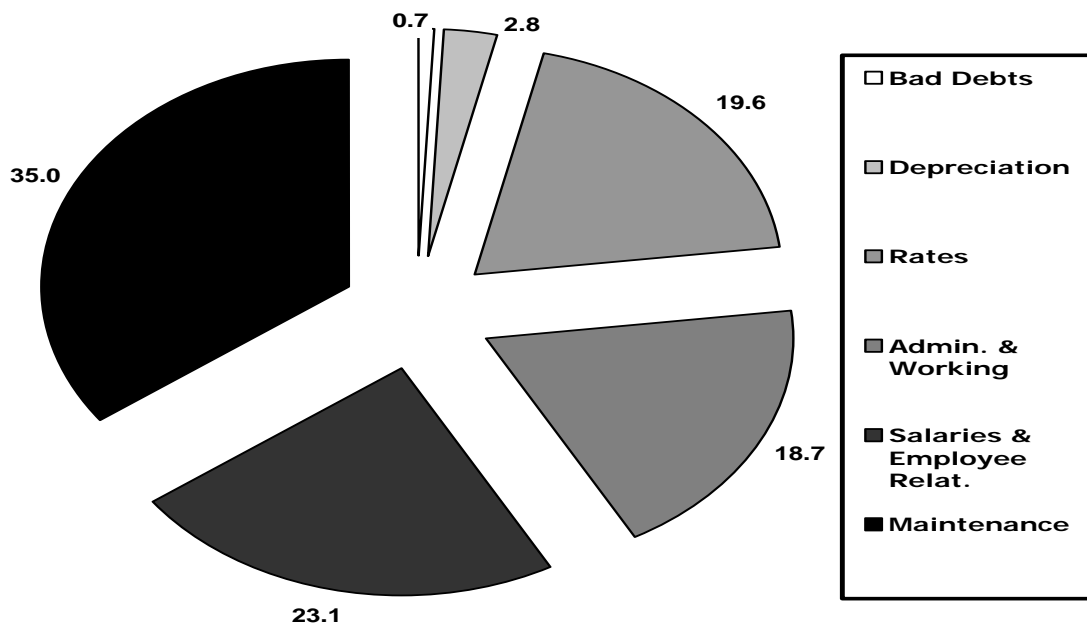
Real rates expenditures fell slightly by 2.3%.

Leaving aside bad debts (which are relatively small absolute amounts) depreciation grew by a very large 128%, although it needs to be recognised that because the majority of CHOs do not provision for this item, the Brisbane City Housing Company is disproportionately affecting the average outcome.

Apart from these items, substantial real increases occurred only in administrative and working expenditures, with these growing by an average of 31%. All other expenditure increases were small to moderate, with maintenance and salaries and employee-related expenditure increasing in real terms by an average of \$70 and \$60 dollars per dwelling respectively.

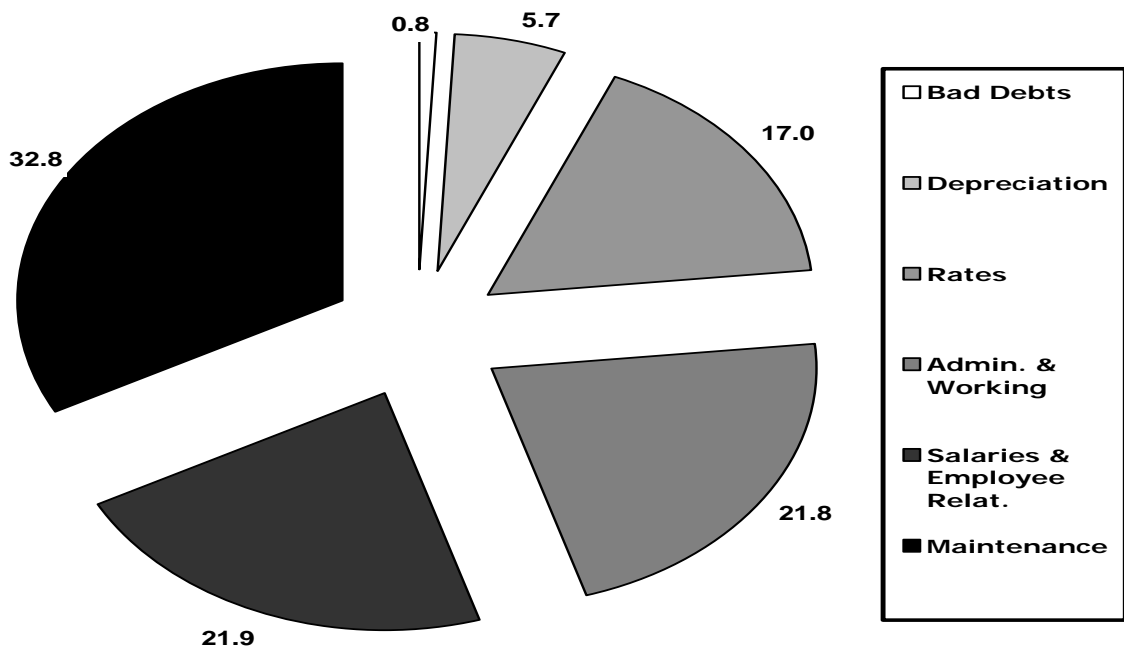
Reflecting these real changes in expenditure items, Figures 28 and 29 set out the proportion of total operating expenditure accounted for by each of the core expenditure items for the years 2003/04 and 2005/2006.

Figure 28: Australia CHOs—Average percentage of real operating expenditure per dwelling (excluding rebates) 2003/04 (June 2006 Dollars)



Source: Special spreadsheet returns from Australian Community Housing Organisations, 2008

Figure 29: Australia CHOs—Average percentage of real operating expenditure per dwelling (excluding rebates) 2005/06 (June 2006 Dollars)



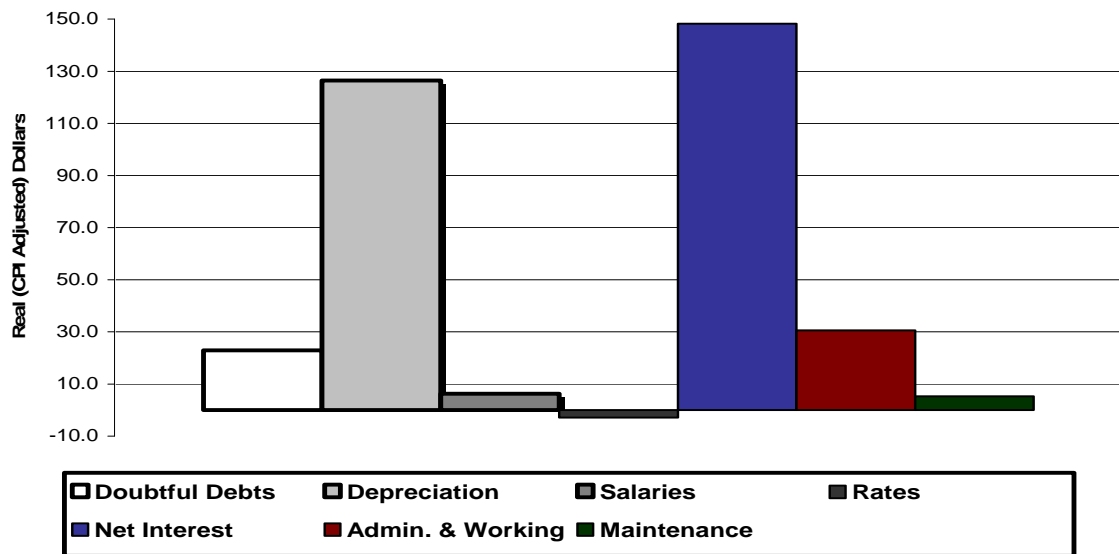
Source: Special spreadsheet returns from Australian Community Housing Organisations, 2008

The proportions of total expenditure absorbed by maintenance (down from 35% to 32.8%), salaries and related expenses (down from 23.1% to 21.9%), and rates (down from 19.6% to 17%) have all declined slightly.

Conversely, administrative and working expenditure as a proportion of the total has increased slightly (up from 18.7% to 21.8%) but by far the greatest change in proportion has occurred in depreciation, with this item increasing from 2.8% to 5.7%—almost all of which is due to the Brisbane Housing Company (BHC) result.

Figure 30 sets out the real percentage change in the costs of key line items.

Figure 30: Australia CHOs—Real average percentage change in key line items per dwelling: 2003/04-2005/06 (June 2006 Dollars)



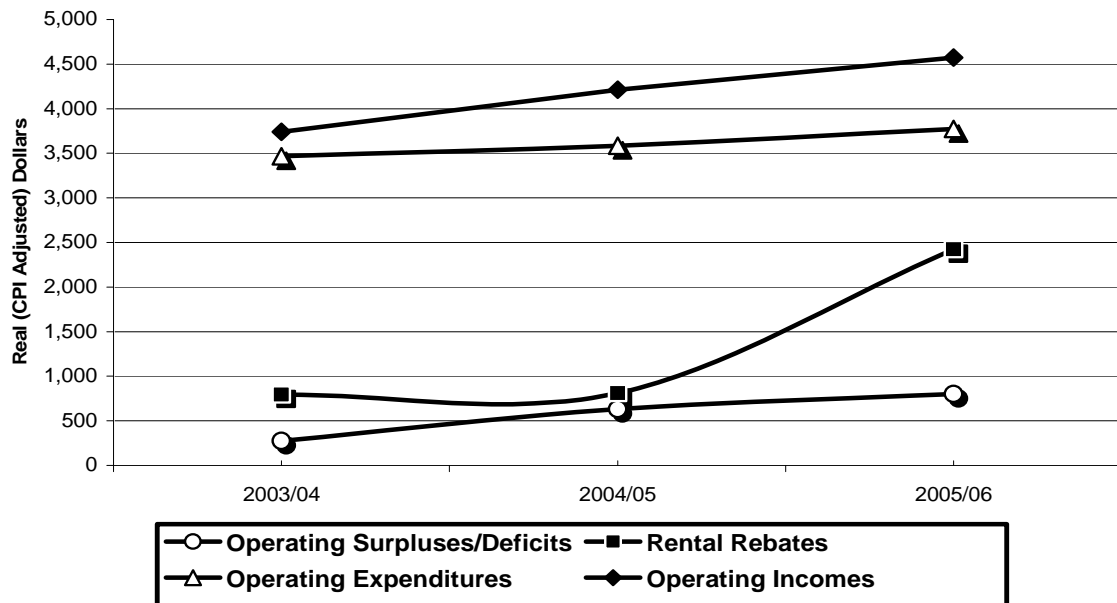
Source: Special spreadsheet returns from Australian Community Housing Organisations, 2008

Given that the remainder of the sample base did not provision depreciation and had very small net interest receipts, almost all of the change in these items is again due to BHC outcomes. As outlined, with the exception of administrative and working expenditures which increased in real terms by an average of 31%, all other costs increased by slight annual average increases.

Operating income, expenditure and surplus/deficits

Figure 31 sets out the trends in operating surpluses/deficits, excluding net interest and depreciation.

Figure 31: Australia CHOs—Real average operating surpluses/deficits per dwelling: 2003/04–2005/06 (June 2006 Dollars)

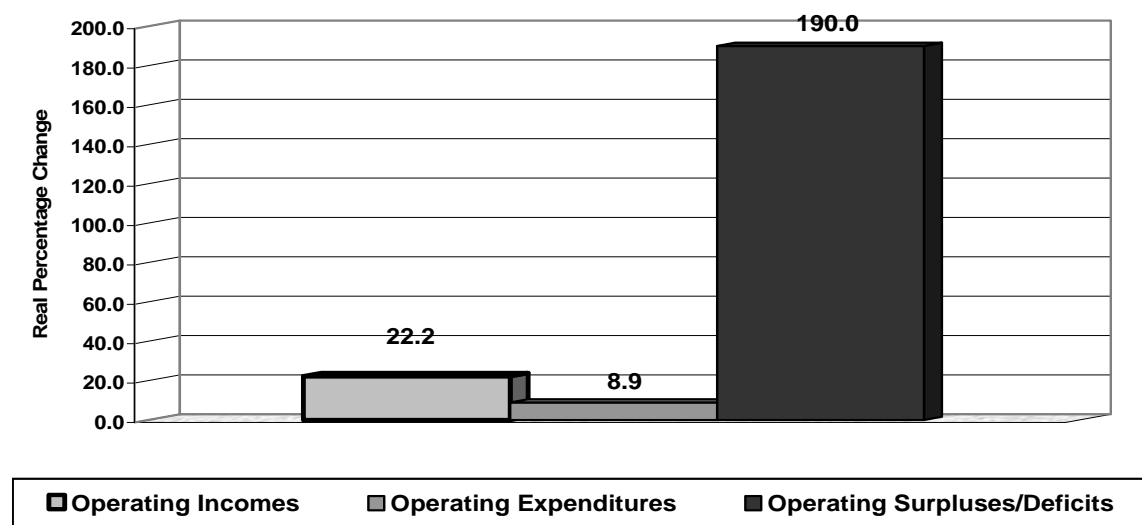


Source: Special spreadsheet returns from Australian Community Housing Organisations, 2008

For the sample of Australian CHOs in 2003/04 the average annual real surplus per dwelling (excluding net interest and depreciation) was \$276, and this increased substantially between 2003/04 and 2004/05 and then rose again to \$805 in 2005/06, a real increase of nearly 200% over the full period.

Figure 32 sets out the real percentage change in operating incomes, expenditures and deficits.

Figure 32: Australia CHOs—Percentage change in real average operating surpluses/deficits per dwelling: 2003/04–2005/06 (June 2006 Dollars)



Source: Special spreadsheet returns from Australian Community Housing Organisations, 2008

To summarise, real operating incomes (net of grants and interest earned) only grew by 23%, whilst real operating expenditures increased by only 9.5%, resulting in the substantial real increase in surpluses over the three years.

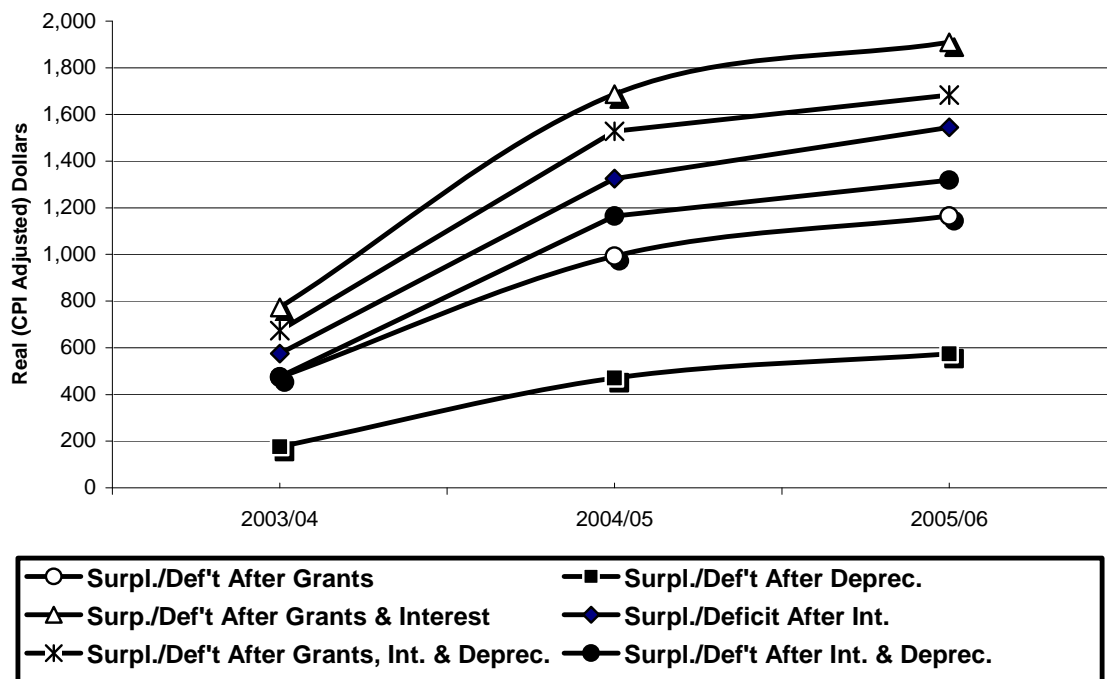
Impact of net interest and depreciation

Figure 33 sets out the impact of net interest and depreciation on the operating surplus/deficit.

On the revenue side of the ledger, similar comments apply to the almost 150% increase in net interest as, without the Brisbane Housing Company result, net interest receipts grew only by 13%.

This is also true of depreciation, as no other CHOs in the sample provisioned for this item.

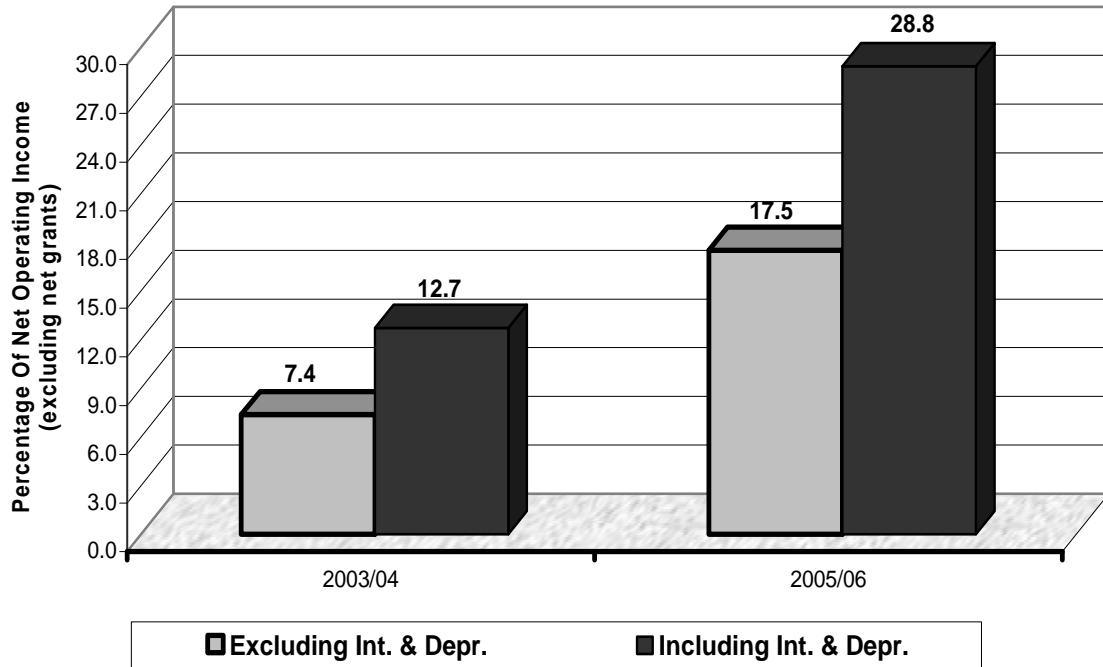
Figure 33: Australia CHOs:—Real average surplus per dwelling after ‘add backs’: 2003/04–2005/06 (June 2006 Dollars)



Source: Special spreadsheet returns from Australian Community Housing Organisations, 2008

Figure 34 sets out the operating deficits as a proportion of net income 'before' and 'after' net interest and depreciation.

Figure 34: Australia CHOs—Real average operating surpluses/deficits as a percentage of net income: 2003/04–2005/06 (June 2006 Dollars)



Source: Special spreadsheet returns from Australian Community Housing Organisations, 2008

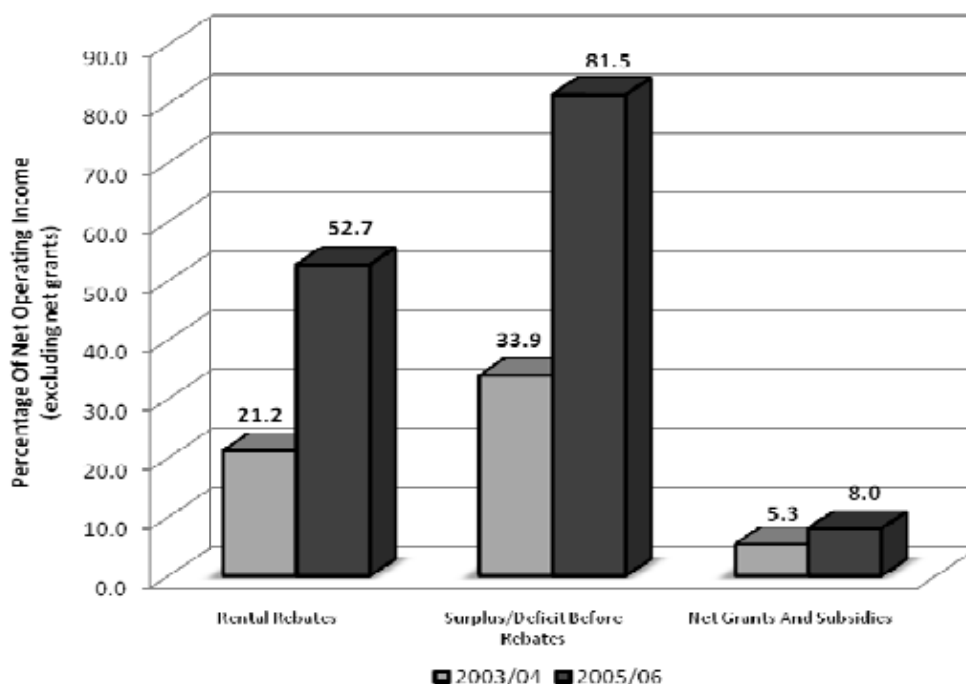
The magnitude of these impacts is again due largely to BHC.

The Importance of rebates and grants

Real average rental rebates per dwelling have actually increased significantly by almost four times, from \$793 in 2003/04 to \$2,425 in 2005/06, and net grants and subsidies have also increased very rapidly, from just over \$198 to almost \$370 per annum.

Figure 35 sets out rental rebates and grants as a proportion of net income before Grants.

Figure 35: Graph 4 29: Australia CHOs—Real average operating surpluses/deficits as percentage of net income before grants: 2003/04 and 2005/06 (June 2006 Dollars)



Source: Special spreadsheet returns from Australian Community Housing Organisations, 2008

The last graph clearly shows that the impact of rental rebates relative to net incomes before rebates has more than doubled, having increased to more than 50% of total income before grants.

Due to the increase in average real rents, surpluses before rebates and grants have grown from approximately 34% of net income to more than 80%. Net grants have a relatively minor impact on the operating result.

4.3.2 Qualitative

KEY RESPONSES FROM THE COMMUNITY HOUSING ORGANISATION QUESTIONNAIRE

Rents and income

As in Queensland and South Australia for long stay community housing, respondents from the remainder of Australia are charging 25% of income or market rent, whichever is the lesser. This rent charging policy includes rent assistance in the assessment. Consequently, rent charging policies appear to be uniform across all jurisdictions.

All respondents indicated that the household structure and income of their client base had not changed significantly in the immediate past.

Expenditures: maintenance

A number of respondents indicated that where structural maintenance or upgrading was needed these expenditures were provided as required by state government-sponsored programs. Approximately 40% of respondents indicated that the stock was of good quality and no backlog existed.

One respondent reported 15% of stock in substandard condition, another that 15% of stock required replacement. One respondent indicated that stock transfers usually involved older quality housing and that the State Housing Authority was 'outsourcing the maintenance backlog'. Another indicated all the stock was over 30 years old and 70% required upgrading.

Rates

As commented on in earlier sections, many community housing organisations are located in Local Authority areas where the councils provide significant and substantial concessions for charitable organisations. A significant number of community housing organisations are registered as charities and are availing themselves of these concessions. In some jurisdictions, where housing is owned by the SHA, rates are being paid by the housing authority.

Expenditures: overhead

The contribution of volunteers was raised again by most respondents. All respondents indicated that less than 2% of expenditures were by way of non-housing support services

Debt

None of the respondents from the remainder of Australia have any debt.

Factors influencing cost structures

Maintenance costs were of concern to most and were cited as increasing rapidly, and targeting to 'public housing' client profiles was rapidly increasing demand. A number of respondents lamented the lack of funding available to build capacity and expertise in social housing management.

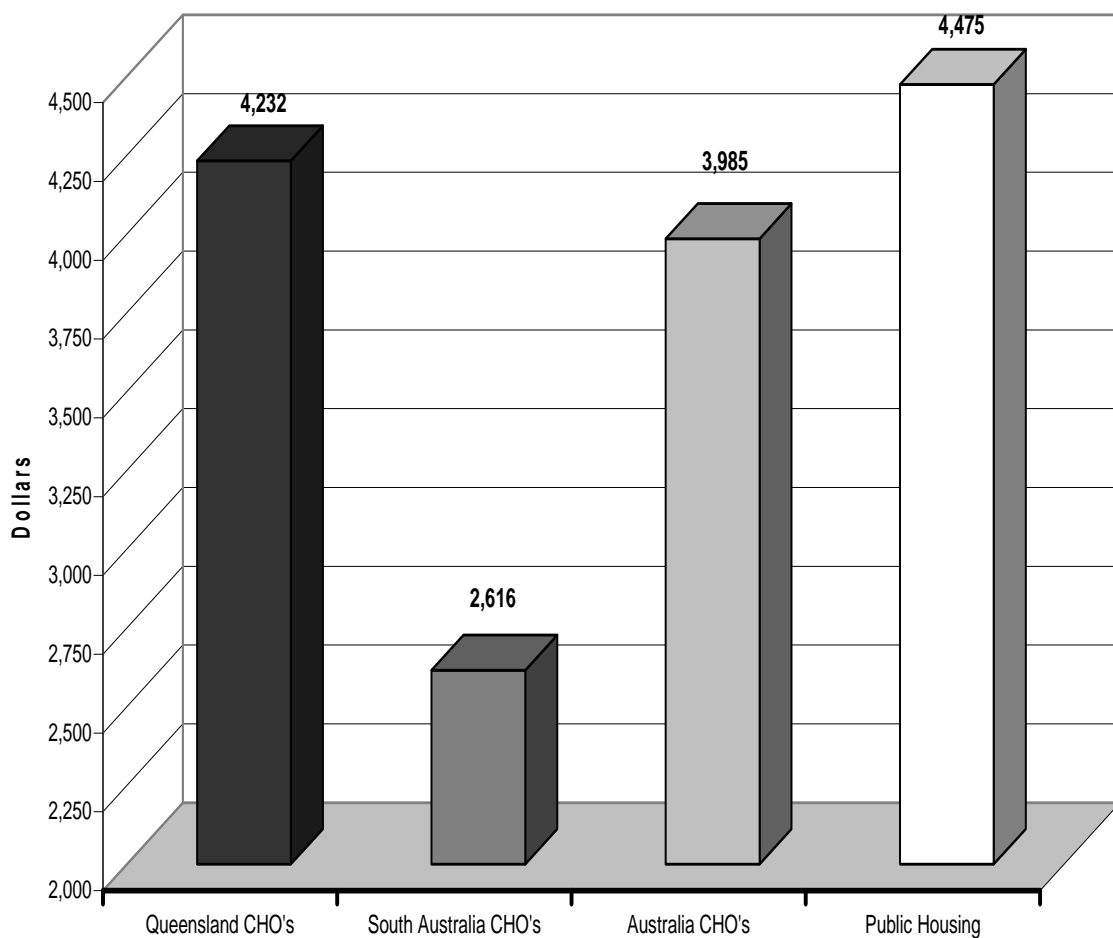
5 COMMUNITY HOUSING COMPARED TO PUBLIC HOUSING

This section of the report presents a comparative analysis of the average key financial indicators for the CHOs and public housing in Australia.

5.1 Net rents

Figure 36 sets out for the financial year 2005/06 the average net rents per dwelling for each of the representative sample of CHOs in the two states, the total for the Australia-wide CHO sample and public housing.

Figure 36: Net average rents per dwelling 2005/06—Community housing organisations and public housing (June 2006 Dollars)



Source: Special spreadsheet returns, State Public Housing Authorities 2005, and Community Housing Organisations 2008

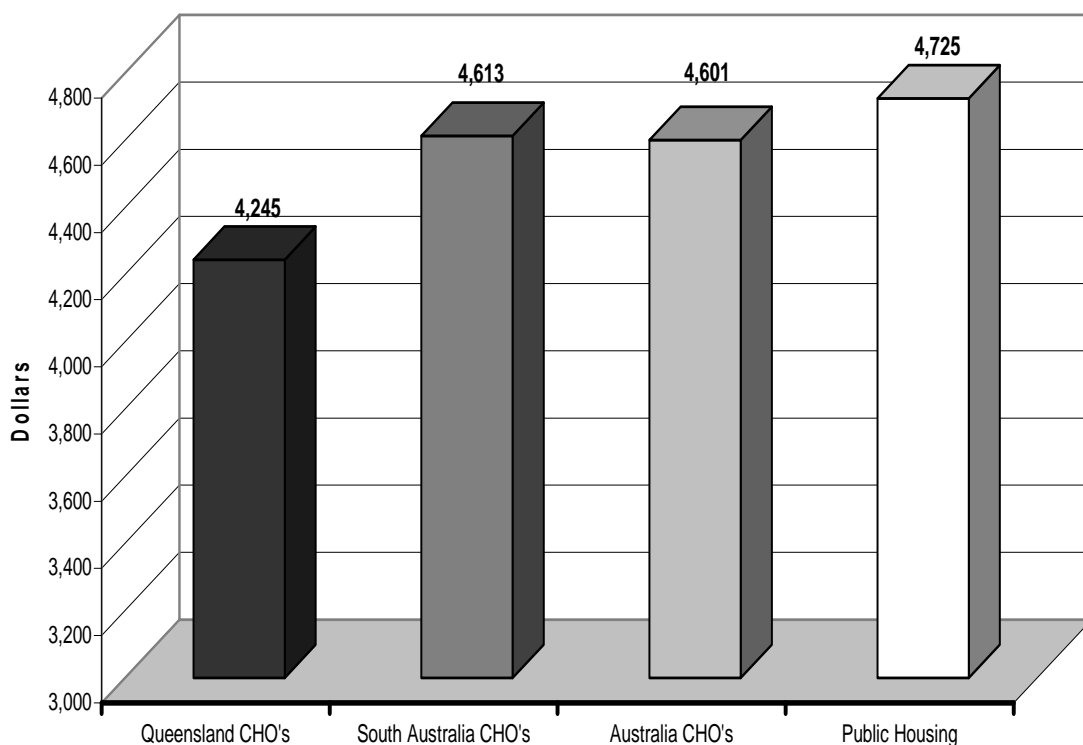
What is surprising about this analysis is that notwithstanding the increased diversity of the CHOs' income bases and the different targeting, average net rents per dwelling are in all cases lower than that applying to public housing. Whilst the rent charging policies of community housing in most jurisdictions should produce higher revenues than in

public housing, the client profiles of the community housing sector may be producing this unexpected result.

5.2 Net incomes

Figure 37 sets out the total net average incomes before net interest and net grants for the sample of CHOs and public housing for 2005/06.

Figure 37: Net average incomes per dwelling, 2005/06—Community housing organisations and public housing (June 2006 Dollars)



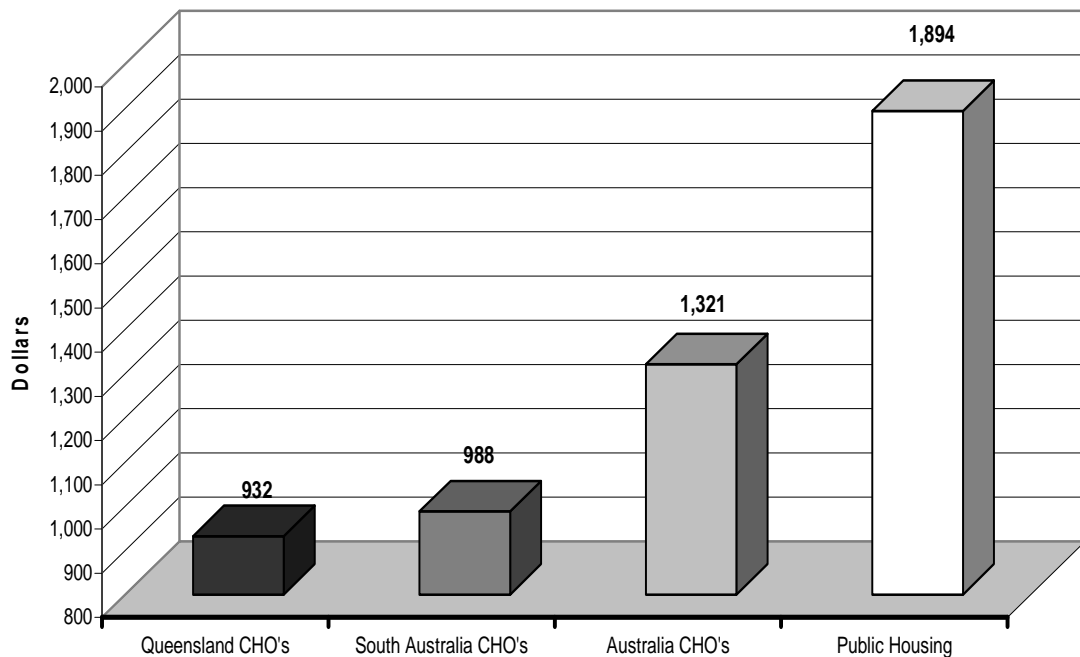
Source: Special spreadsheet returns, State Public Housing Authorities 2005, and Community Housing Organisations 2008

Whilst sundry incomes contribute a much greater proportion of total operating revenue for community housing than public housing, in all cases, total average revenues are still slightly lower for community housing than for public housing.

5.3 Expenditures: maintenance

Figure 38 sets out the average annual expenditure on maintenance for the sample CHOs and public housing.

Figure 38: Net average maintenance expenditure per dwelling, 2005/06—Community Housing Organisations and public housing (June 2006 Dollars)



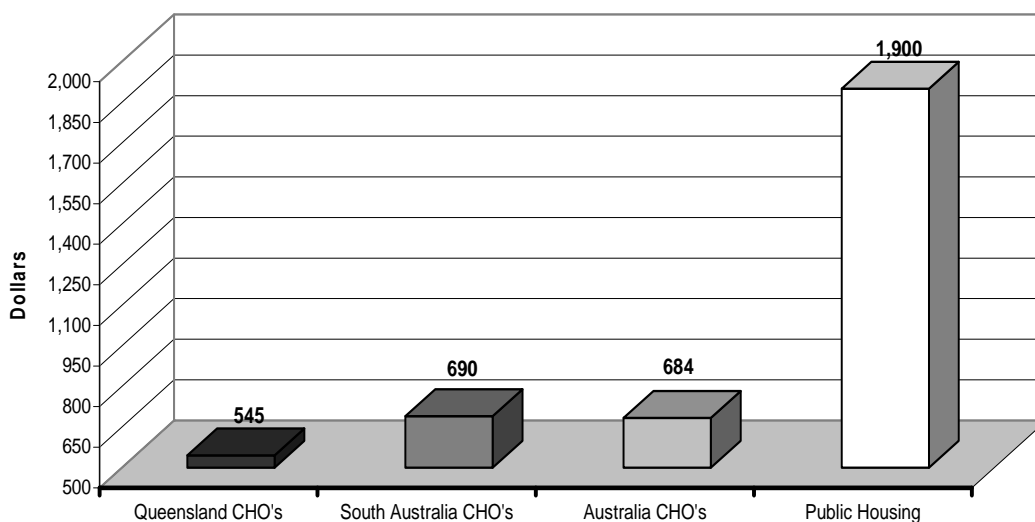
Source: Special spreadsheet returns, State Public Housing Authorities 2005, and Community Housing Organisations 2008

It should be noted that the analysis process excluded all private sector headleased properties—so this could not be artificially depressing either the community housing or public housing results. However, in some states the maintenance responsibilities are shared between the State Housing Authority and the CHO, with long term structural maintenance being the responsibility of the SHA. Notwithstanding these arrangements, the average expenditure outcomes for CHOs are clearly too low to ensure the long term maintenance of asset quality (when compared to the benchmark lifecycle costing of 1.5% of asset value per annum).

5.4 Expenditures: rates

Figure 39 sets out the average rates expenditure for CHOs and public housing.

Figure 39: Net average rates expenditure per dwelling, 2005/06—Community Housing Organisations and public housing (June 2006 Dollars)



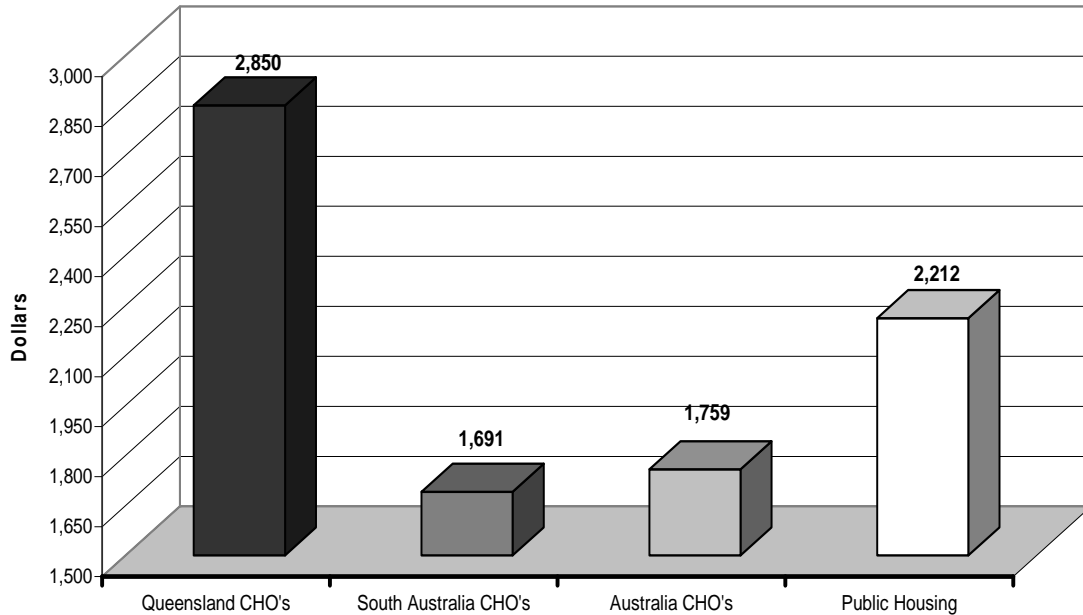
Source: Special spreadsheet returns, State Public Housing Authorities 2005, and Community Housing Organisations 2008

Average rates expenditures for the sample CHOs Australia wide are only 36% of that applying to public housing. It may be that in some states SHAs pay the rates costs of associated dwellings being managed by community housing organisations for the SHA, and in some cases, charitable operators may have obtained a rates exemption from the Local Authority concerned. There would appear to be no other reasonable explanation for the differences because stock type and location for the two groups is unlikely to be so different as to produce this outcome.

5.5 Expenditures: overhead

Figure 40 sets out the same analysis for overhead expenditure.

Figure 40: Net average total overhead (salaries and admin), expenditure per dwelling, 2005/06—Community Housing Organisations and public housing (June 2006 Dollars)



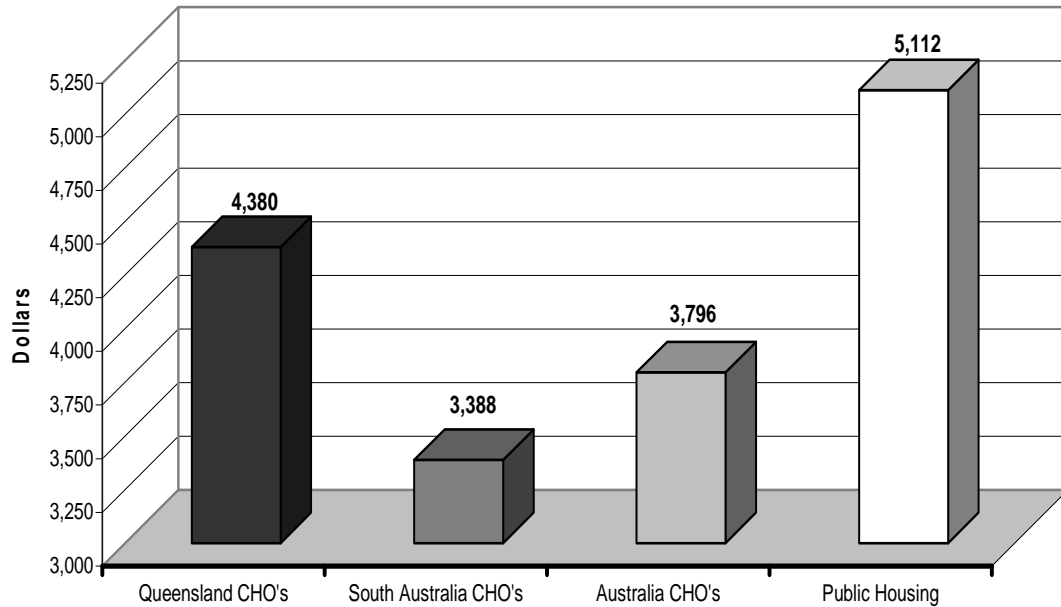
Source: Special spreadsheet returns, State Public Housing Authorities 2005, and Community Housing Organisations 2008

Leaving aside the Brisbane Housing Company, where the total overhead exceeded \$3,000 per dwelling and distorted the Queensland results, the expenditure on management in CHOs is considerably lower than that applying to public housing. Across the Australian sample CHO average expenditure on this item was more than 20% below that applying to the average for public housing.

5.6 Total expenditures

Figure 41 sets out the same analysis for total expenditure before net interest and depreciation

Figure 41: Net average total operating expenditure per dwelling before net interest and depreciation, 2005/06—Community Housing Organisations and public housing (June 2006 Dollars)



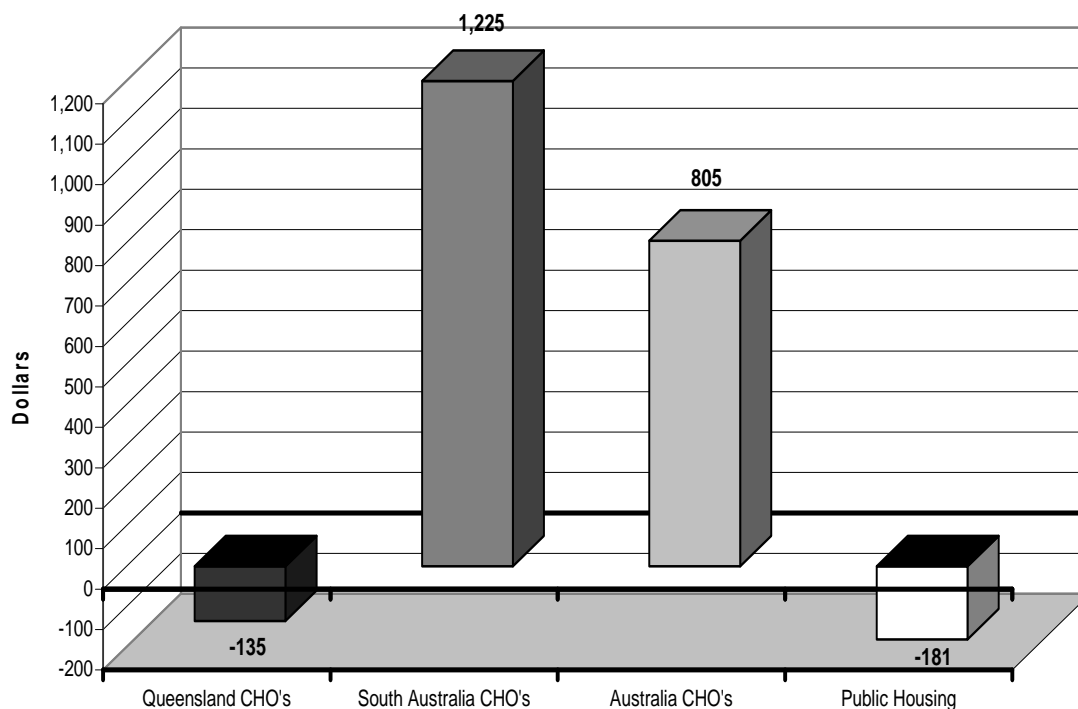
Source: Special spreadsheet returns, State Public Housing Authorities 2005, and Community Housing Organisations 2008

As would be expected with substantially lower averages applying to rates expenditures and considerably lower averages applying to maintenance and to overhead, total average expenditures for community housing organisations are a quarter lower than that applying to public housing.

5.7 The operating surplus/deficit before interest and depreciation

Figure 42 sets out the average operating surplus/deficit per dwelling (before interest and depreciation) for CHOs and for public housing.

Figure 42: Net average operating surpluses/deficits per dwelling, 2005/06: Community Housing Organisations and public housing (June 2006 Dollars)



Source: Special spreadsheet returns, State Public Housing Authorities 2005, and Community Housing Organisations 2008

As would be expected with a profile of only slightly lower average incomes and substantially lower cost structures community housing average surpluses are considerably higher than the small average public housing deficit, being almost fully five times better than the public housing outcome.

In summary: average rents for CHOs are slightly lower than for public housing, as are net operating incomes; and all expenditures with the exception of the overhead for Queensland CHOs are considerably lower, and for rates expenditures substantially so. As a consequence, financial operating results are considerably better in community housing. It should be noted however that some of the expenditure requirements for community housing are shared between SHAs and CHOs, and as a consequence the 'real' expenditure results may be somewhat understated for the latter—with the consequence that the total average operating surplus is overstated.

6 FINDINGS AND CONCLUSIONS

6.1 The current context

In many parts of Australia community housing is characterised by its small scale (88% of organisations have less than 50 dwellings under management); high levels of voluntarism; insufficient resources for professional housing management; and in many places ageing stock.

In these locations the short and medium term prospect of community housing becoming a significant provider of lower income and affordable rental housing is remote.

In four states community housing has been the subject of substantial revitalisation and additional resourcing, the implications of which are set out below.

6.2 The impact of state government reforms on client targeting and revenue.

In Queensland, as mentioned, the One Social Housing System was introduced in 2006. It provided one access point for clients to both public and community housing, and common rent charging policies between the two systems: i.e. common income definition and proportion of income charged in rent.

In NSW the size of the sector doubled in the last decade to 13,000 dwellings under management, and the state government plans to more than double the sector again within the next decade. Similarly to Queensland, client access to community housing depends on their being registered on the public housing waiting list. Rent charging policies for community housing are identical to public housing (except that CRA is included in income assessment). New South Wales also introduced a new regulatory and management framework.

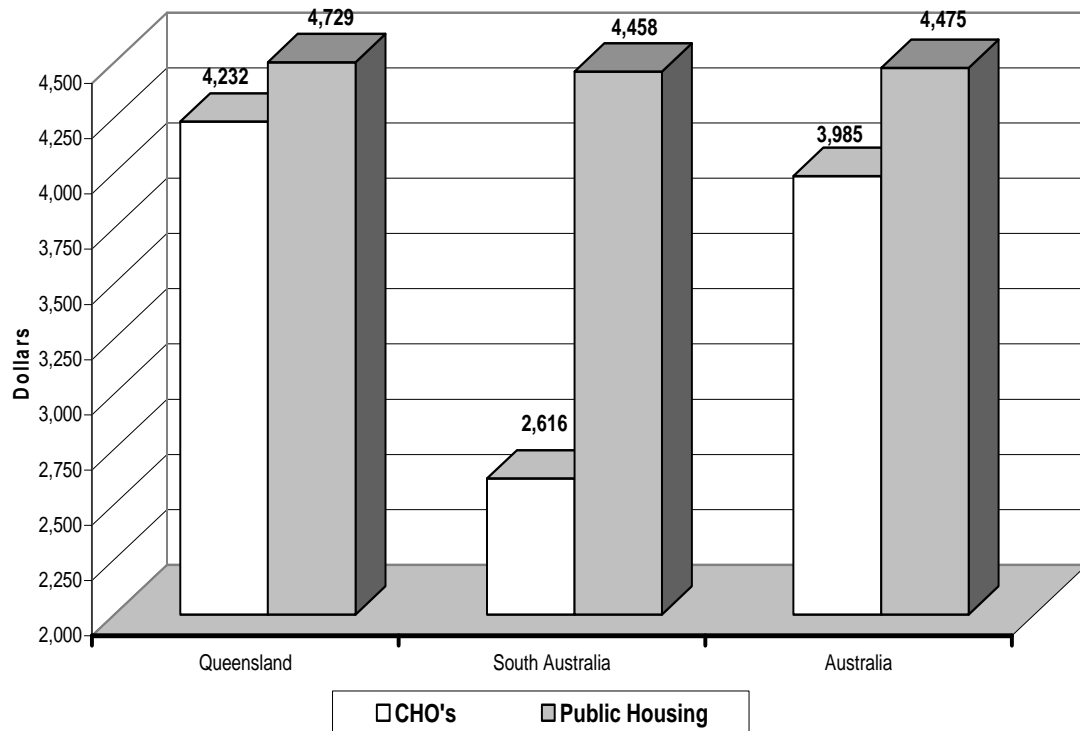
In South Australia a new funding agreement and other reforms resulted in one access point for clients of community housing and public housing; rent charging policies are almost identical.

In Victoria a new regulatory framework has been introduced and substantial additional capital funding has been provided for growth.

The impact of common targeting and rent setting policies is decisive on revenue levels. Notwithstanding the ability to capture CRA through income assessment and other rent policies, average rents per dwelling for the sample of community housing in Queensland, South Australia and for Australia were 12% less, 70% less and 12% less than the respective public housing averages in those states in 2005/06. These lower rent receipts are in part a reflection of community housing providing for a greater proportion of low income single and special needs households than is the norm for public housing.

Figure 43 sets out the comparison.

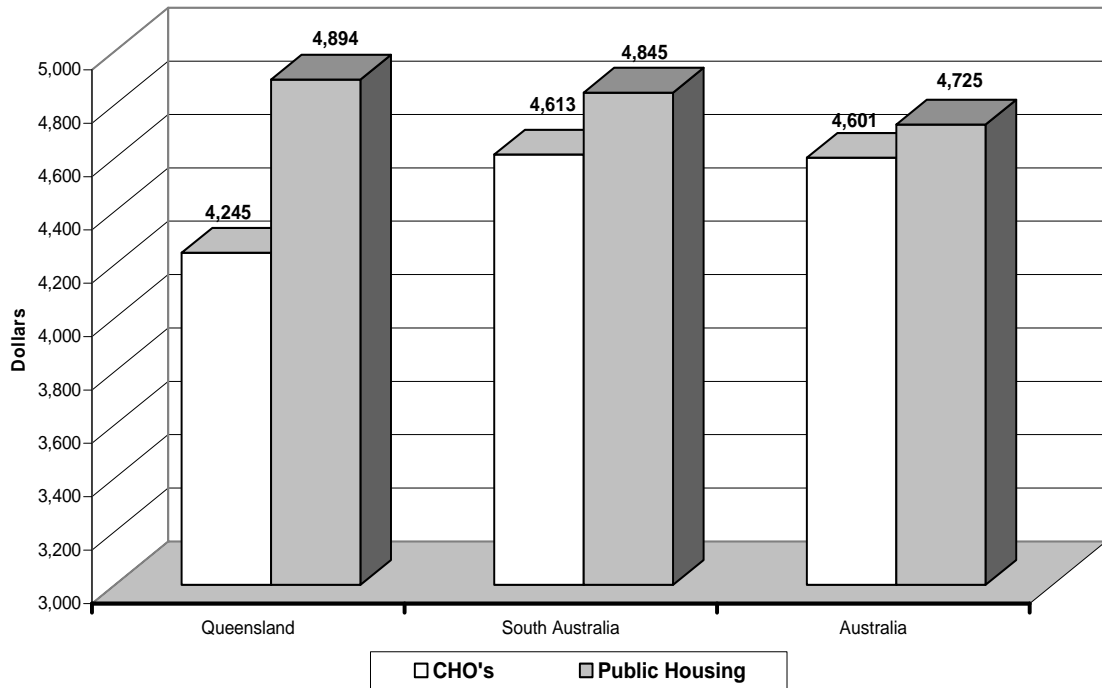
Figure 43: Net average rents per dwelling, 2005/06: Community Housing Organisations and state public housing authorities (June 2006 Dollars)



Source: Special spreadsheet returns, State Public Housing Authorities 2005, and Community Housing Organisations 2008

Overall, average total operating revenues reflect this process of similar targeting and rent charging, with average operating revenues for the sample of community housing organisations being 15% less in Queensland, 5% less in South Australia and approximately 3% less for Australia, respectively, than public housing.

Figure 44: Net average incomes per dwelling, 2005/06—Community Housing Organisations and state public housing (June 2006 Dollars)

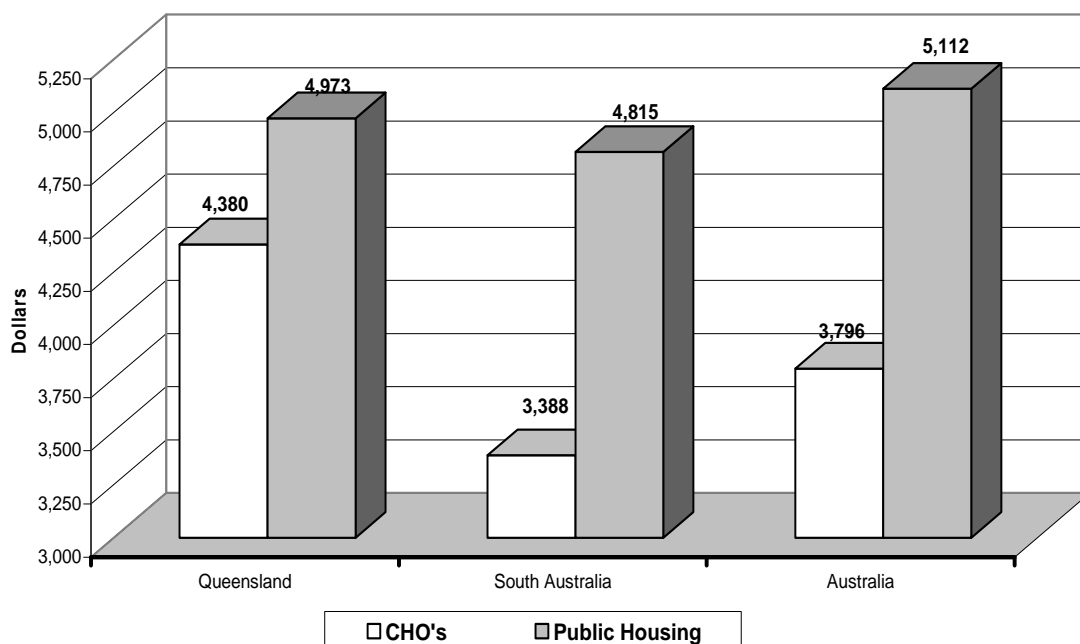


Source: Special spreadsheet returns, State Public Housing Authorities 2005, and Community Housing Organisations 2008

6.3 How do operating expenditures in community housing compare with public housing?

Figure 45 provides a comparison of operating expenditures for the sample of community housing organisations in the two states and Australia with the same information for public housing for 2005/06.

Figure 45: Net Average total operating expenditure per dwelling before net interest and depreciation, 2005/06—Community Housing Organisations and state public housing (June 2006 Dollars)



Source: Special spreadsheet returns, State Public Housing Authorities 2005, and Community Housing Organisations 2008

The figure shows that average operating costs per dwelling in community housing are 13.5%, 42% and 34.7% lower than public housing operating costs in Queensland, South Australia and Australia, respectively.

6.4 Community housing operating costs severely understate the real costs of providing housing

However, the operating costs in community housing are severely understated for a number of reasons. These are

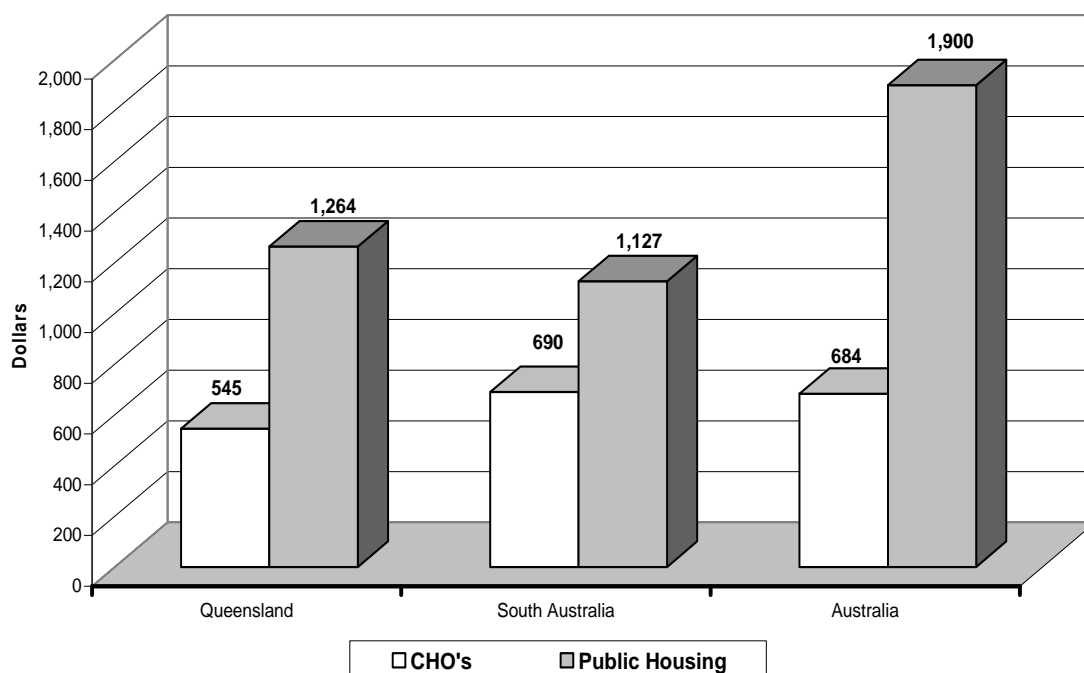
6.4.1 Voluntarism

The discussion in earlier chapters indicated that use of volunteers is still extensive in both cooperatives and associations in a range of states. Whilst the extent of the saving to CHOs is difficult to quantify, it is extensive. One respondent suggested that their organisation may be saving up to 20% of total maintenance expenditure. Moreover this voluntarism extends beyond maintenance to housing management functions.

6.4.2 Concessions

As set out in Figure 46, and noted in earlier sections, average rates of expenditure per dwelling are substantially lower in the sample of community housing organisations in the two States and Australia compared to expenditures in public housing.

Figure 46: Net average rates expenditure per dwelling, 2005/06—Community Housing Organisations and state public housing (June 2006 Dollars)



Source: Special spreadsheet returns, State Public Housing Authorities 2005, and Community Housing Organisations 20088

These expenditures are some 132%, 66% and 43% less in the sample of CHO's in Queensland, South Australia and Australia, compared to public housing.

6.4.3 Non-quantified state subsidies.

The analysis isolated and stripped out any subsidies received by community housing organisations for assistance with their operations. However in some jurisdictions, whilst the organisation may not have received a direct cash payment, the cost of certain expenditures may have been met by state agencies: for example structural maintenance expenditures in New South Wales.

6.4.4 Cost of capital

Only a few community housing organisations have any debt related to the provision of the stock or make provision in their accounts for the capital cost of dwellings.

Therefore, operating expenditures of CHO's contain no servicing cost for the capital employed.

6.4.5 Provisioning for asset replacement

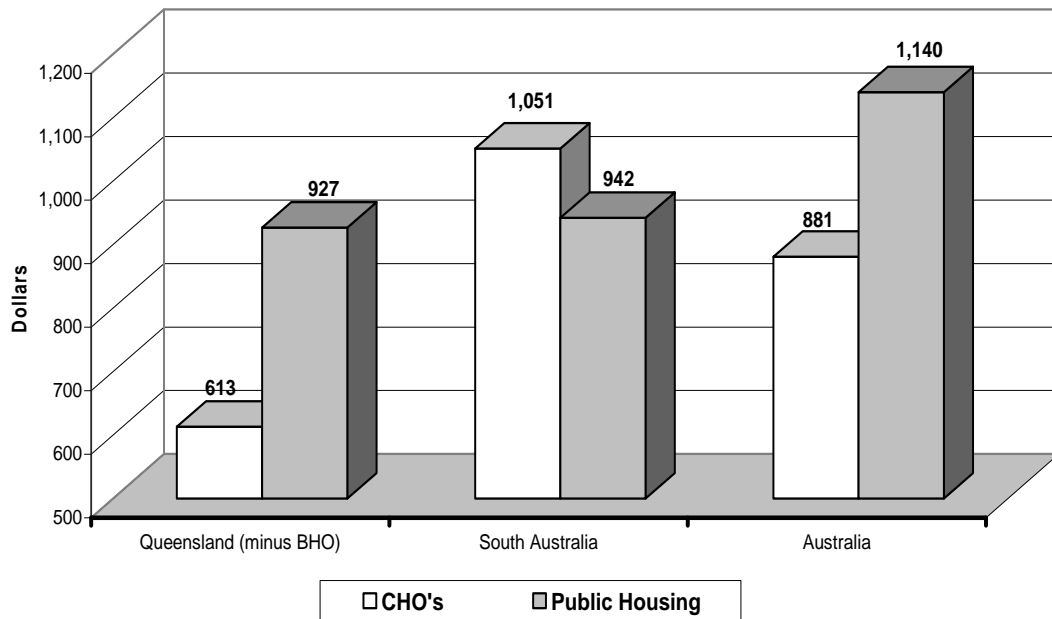
Similarly to the cost of capital, no CHO (with the exception of the BHC) in this sample makes any provision for asset replacement through depreciation.

For all these reasons, the operating statements of CHO's substantially understate the real operating costs of providing housing to their clients.

6.5 Are expenditures on housing management sufficient?

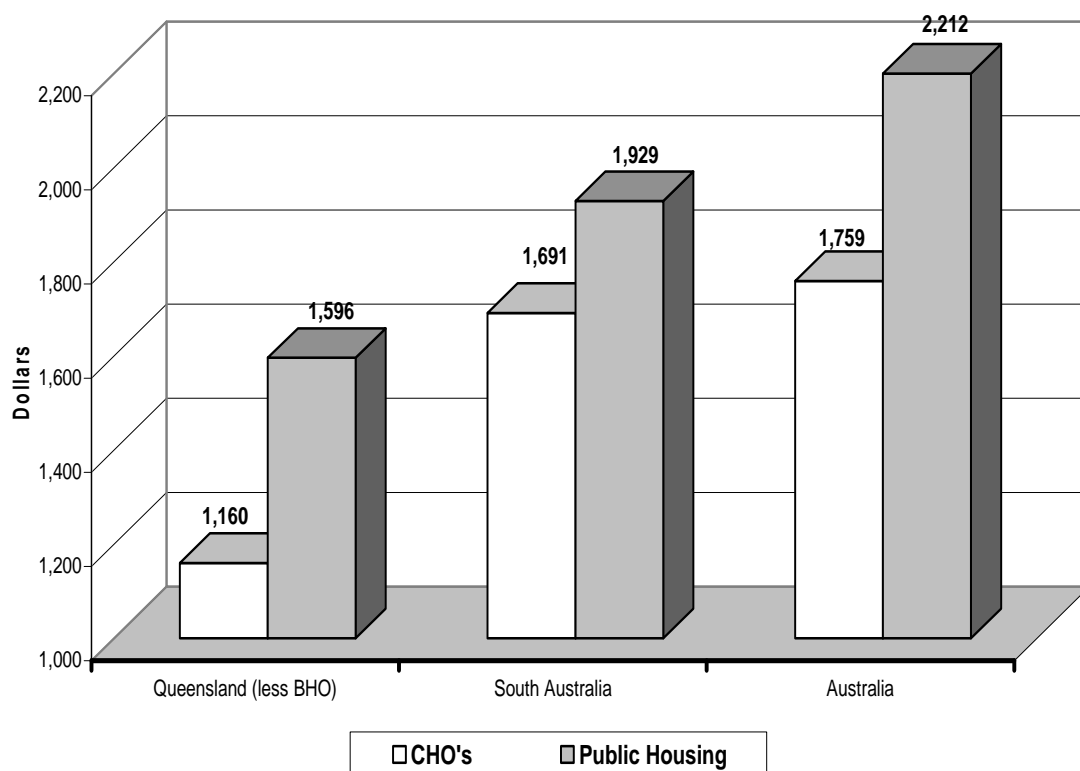
Figures 47 and 48 present the average expenditure per dwelling on salaries and total overhead for the sample of CHO's in the two states and Australia, compared to the same average for public housing.

Figure 47: Net average total salaries and related, expenditure per dwelling, 2005/06—Community Housing Organisations and state public housing (June 2006 Dollars)



Source: Special spreadsheet returns, State Public Housing Authorities 2005, and Community Housing Organisations 2008

Figure 48: Net average total overhead (salaries and admin), expenditure per dwelling, 2005/06—Community Housing Organisations and state public housing (June 2006 Dollars)



Source: Special spreadsheet returns, State Public Housing Authorities 2005, and Community Housing Organisations 2008

In at least two jurisdictions state housing agencies concerned with community housing have introduced recurrent programs of grants aimed at improving the management capacity of CHOs. For South Australian CHOs this has had a clear and major impact on expenditures on salaries.

However, when the sample for expenditure on total management overhead is taken into consideration, housing management expenditures per dwelling in 2005/06 for CHOs were some 42% less and 29% less than public housing, for Queensland and when compared to the average for Australia, respectively.

In a range of situations it is probable that there is insufficient expenditure on housing management to ensure a professional and appropriate level of administration, particularly where wait list and arrears management is required.

6.6 Overhead and expenditures on non-housing support services?

CHOs were asked to nominate the proportion of their total overhead expenditure that is applied to non housing support services for clients. Without exception respondents indicated that expenditure on non housing support services is minimal absorbing between 1% and 3% of overhead costs.

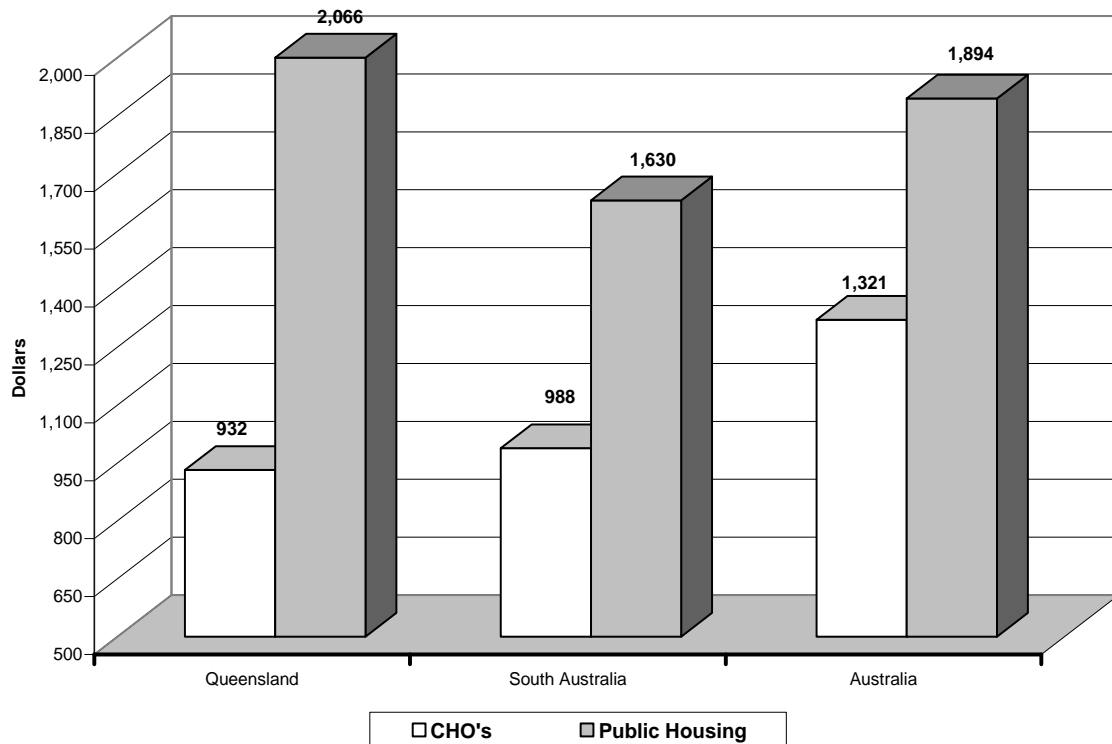
6.7 Is there a maintenance backlog or could one be developing?

Over 90% of respondents indicated concerns with the age of their stock and all of them suggested upgrading was required for between 50% and 15% of their stock. One

respondent commented that the housing authority was ‘outsourcing the backlog’ problem by transferring to CHOs predominately aged stock, although policies in NSW prevent this from occurring. If this result is representative, then maintenance backlogs already exist in a number of jurisdictions.

Figure 49 sets out the average maintenance expenditure per dwelling for the sample of CHOs in the two States and Australia compared to public housing.

Figure 49: Net average maintenance expenditure per dwelling, 2005/06—Community Housing Organisations and state public housing (June 2006 Dollars)



Source: Special spreadsheet returns, State Public Housing Authorities 2005, and Community Housing Organisations 2008

Notwithstanding the contribution of voluntarism and state grant and subsidy programs for stock maintenance in some jurisdictions, average maintenance expenditure in 2005/06 by respondents is less than half that occurring for public housing in Queensland; some 35% less than for public housing in South Australia; and for the total Australian sample more than 40% less than the average for Australian public housing. It clear from the numbers that even if public housing is an inappropriate benchmark, the average expenditure per dwelling in the community housing sample is less than 1% of the asset value and unlikely to be able to maintain the real value of the dwellings. Coupled with the absence of depreciation provisioning, for this sample at least, some of the assets are degrading.

6.8 Some system options.

6.8.1 Review of the Commonwealth Community Housing Program

The current CSHA Commonwealth Community Housing Program could be reviewed and increased, with funding concentrated on three specific streams:

- specific purposes grants for building housing management capacity and capability
- specific purpose recurrent grants for maintenance backlogs

→ a capital program focused on redevelopment and expansion.

The balance between the program components could be part of tripartite negotiations between the sector, state housing authorities and the Commonwealth, where issues related to delivery arrangements etc could be resolved.

6.8.2 A stock condition assessment of the community housing sector

The Commonwealth could consider funding a nationwide survey of stock condition in the community housing sector, with the aim of estimating the costs of bringing all stock to an appropriate standard. Such an investigation could be carried out under the supervision of relevant state housing and state peak community housing organisations in each jurisdiction.

6.8.3 Exploring some growth options

Would community housing finances support expansion of the sector?

It has been suggested in some quarters that if ownership of assets were transferred to CHOs, the current revenue surpluses, when combined with higher income clients, could support a substantial expansion of the sector.

In the first instance, with no change to client profiles, and in most jurisdictions, the surpluses identified in this report could service loans sufficient to enable about a 2% to 3% expansion of the sector. However this presumes that there are no expenditure backlogs which should be addressed. If the maintenance and housing management requirements were appropriately resourced it is unlikely that there would be any surpluses at all, and hence virtually no room for expansion via this method.

Would CRA maximisation combined with appropriate increases in housing management and maintenance expenditures enable a substantial expansion of the sector?

Others have suggested that if title to the assets were transferred to CHOs and all CHOs required payment of all of the CRA, and the maximum CRA permitted by current criteria were obtained, then this would permit substantial servicing of capital borrowings to acquire and develop new assets.

An initial calculation¹⁵ suggests that—even if the Commonwealth Government were to support such an approach—the combination of a CRA payment, adjusted ‘real’ costs and provisioning, and discounting of the future surpluses by the extent of the real difference between costs and revenue growth would result in growth in existing assets of between 6% and 9% only. The reason that this is much lower than some other estimates is that the other estimates do not take account of the erosion of the value of additional revenue over time. CRA only increases in line with inflation, whereas real housing costs increase by about 1% above inflation, with the result that a substantial portion of the initial increase in revenue would not be available to service debt in future years.

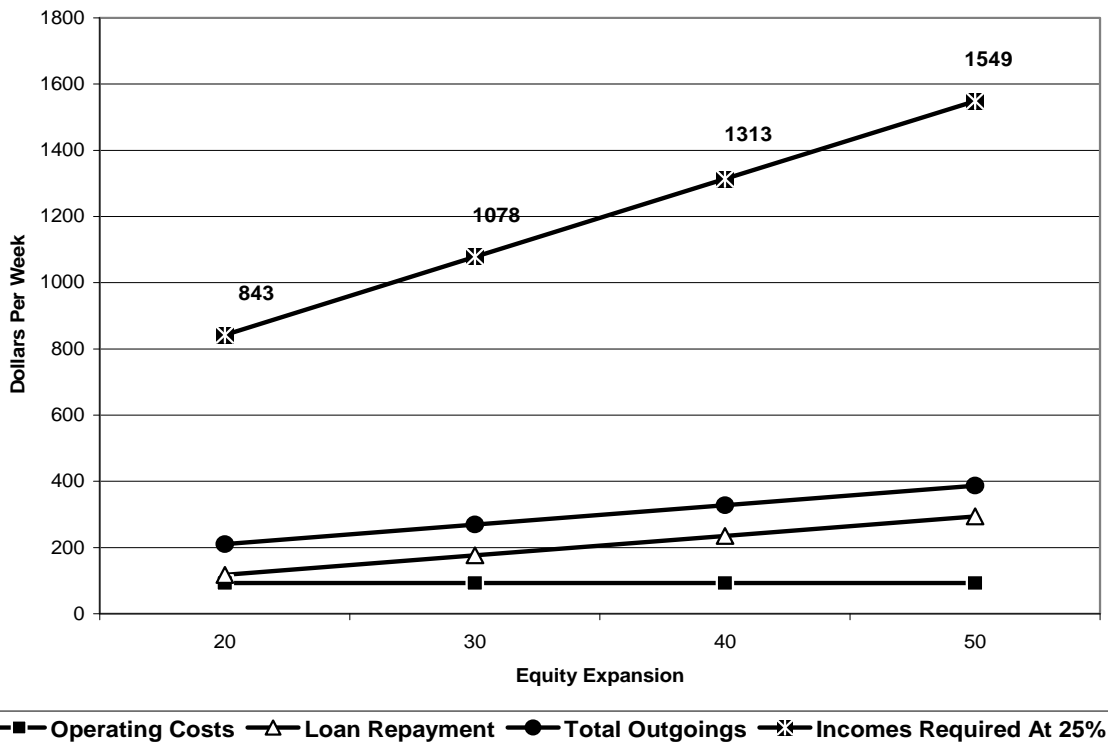
On the volume of long stay community housing dwellings outlined on in Table 3.4 this would mean between 1,300 and 2000 new long stay dwellings would be provided across Australia.

How much would average client incomes need to increase if growth of the sector is to be funded from borrowings serviced by rents?

Figure 50 shows (with current average cost structures based on dwellings costing an average of \$300,000) what weekly incomes of clients would need to grow to in order to service a 20% to 50% expansion of the sector through loans.

¹⁵ This assumes a loan interest rate of 9.25% for 25 years, with an average dwelling value of \$300,000 and an average CRA per week of \$65.

Figure 50: Net weekly household incomes, 20% to 50% community housing sector expansion—average dwelling value \$300,000



Assumptions: loan term 25 years, rate 9.25%, 25% of incomes in repayments, rents 98% of housing incomes

Thus, an expansion of 20% would require average tenant incomes of almost \$850 per week, or more than \$40,000 annually. Clearly any significant expansion funded by debt—even with CRA—will require a major change in the household incomes of current community housing clients.

It is our view that maintenance of affordable rents will require any substantial expansion of the sector to be achieved by stock transfers and substantially increasing subsidies, or by significant capital injections—such as those committed recently by the Victorian Government and the Commonwealth Government’s National Affordable Rental Initiative.

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- www.communityhousing.sa.gov.au/goto/vision
- www.dhhs.tas.gov.au/services/channels/abouthousing/
- http://www.dhcs.act.gov.au/hcs/services/community_housing
- <http://hnb.dhs.vic.gov.au/OOH/ne5ninte.nsf/childdocs/CBB88587C84CDD9BCA25712A00093360?open>
- <http://www.housing.nsw.gov.au/Office+of+Community+Housing/Community+Housing+Providers/Products+and+Services/Programs+and+Grants.htm>
- <http://www.housing.qld.gov.au/programs/ch/index.htm>
- http://www.housing.qld.gov.au/programs/pdf/ch_resourcing_framework_discussion.pdf
- http://www.territoryhousing.nt.gov.au/community_housing
- http://www.territoryhousing.nt.gov.au/community_housing/community_projects
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APPENDIX 1: OPERATING DEFICITS DEFINED

Analysis principles

It was agreed by all respondents that the following principles apply to the deficit analysis:

- Supplemental revenue or costs such as consolidated allocations, grants or subsidies received or paid, should not be recognised.
- The results should be adjusted so that the effect of an authority's debt structure does not overwhelm the result.
- No receipts or payments in the nature of capital should be recognised in the analysis, for example gains or losses on the sale of assets; expenses which extend the useful life of the assets or add attributes which were not previously part of the asset; assets demolished; and assets written off.
- 'One off's' should be excised, these excisions to include:
 - revenue or costs recognised on transfer of loans
 - one off superannuation surplus or deficit adjustments
 - a layering approach be used so that core results can be added to and the effect of particular marginal or potential distorting items can be assessed.

Unit revenue and cost analysis

In order to produce a comparable analysis for all CHOs it will be necessary to reduce the outcomes for each line item to a per unit analysis (per dwelling or per person housed).

The units of measurement to be applied to the line items are to be tenatable dwellings and persons occupying tenatable dwellings, subject to the revenues and costs of any private sector headleasing arrangements being subject to separate analysis.

Core items

The items in the table below are included in the core analysis.

Core Items

Income		Expenditures	
1	Rents	4	Property and residential tenancy
2	Management fees	5	Employee-related
3	Sundry income	6	Administrative and working
		7	Doubtful debts

'Add-backs'

The items in Table 2 are added back 1 by 1 to provide a layering analysis.

'Add Backs'

Income		Expenditures	
1	Grants and subsidies received	3	Grants and subsidies paid
2	Interest earned	4	Interest paid
		5	Depreciation

The debt profiles of CHOs may be different and, as a consequence the importance of interest received and paid to the net position may be very different from CHO to CHO, and may have the potential to distort the result and eliminate the prospect of completely common comparisons. For this reason interest was included in the second layer of analysis.

Line item definitions

Table 3 sets out the detailed definitions applying to each line item in the final spreadsheet.

APPENDIX 2: LINE ITEM DEFINITIONS

Line Item Definitions

Rent income from Rent Assistance	Includes all dwellings but excludes all dwellings leased from private sector sources. In this regard all revenues and costs associated with leased dwellings should be excised from the analysis.
Rent income from Rent Assistance	Rent Income from Rent Assistance is all payments received by the Community Housing Organisation only from the Australian Government's Rent Assistance Program
All Other Rent Income	All other rents gross rents minus rental rebates and rent assistance, but before arrears and defaults written off and/or provisioned for
Management Fees	Public housing authorities or State Indigenous housing providers may receive fees for managing dwellings on behalf of other agencies. Where this does not involve project management fees (which should be accrued in the capital analysis) or involve a State Housing Authority leasing back dwellings the incomes should be included in the core analysis.
Sundry Income	Sundry Income includes contributions from other government agencies (excluding grants or subsidies), rental bonds recovered, insurance recovery, bad debts recovered, contributions from the community and other (unclaimed monies). It includes any project management fees not attached to any capital projects (which should be recognised in the capital spreadsheet).
Maintenance	Maintenance costs are incurred to maintain the value of the asset. The definition includes day-to-day maintenance reflecting general wear and tear, cyclical maintenance, performed as part of a planned maintenance program and other maintenance such as repairs for vandalism. It does not include renewal or replacement which improves the efficiency of the asset, improvements in the quality of the asset, anything so renewals and capital improvements should be excluded.
Rates	Rates include any ex-gratia or actual rates payments made to Local Authorities and Water Suppliers.
Employee Related Housing Development Only	Includes any and all payments or grants provided for housing management training and development, and any expenses incurred therewith.
All Other Employee Related	Includes Wages, Redundancy, Worker Comp, Annual Leave, Long Service Leave, Payroll

	Tax, Other Employee Benefits and Superannuation but does not include any superannuation surplus or deficit positions adjusted for or payments or expenses incurred for housing management development.
Administrative and Working	Includes Professional Services, Property Expenses, System Support, Insurance Premium, Other Operating, Communications and Office Supply, Office Accommodation, Depreciation Plant & Equip, Leasehold Improv, Computer Software, Land Tax Equiv, and Other
Doubtful Debts	Doubtful debts is the historically rebalanced amount actually written off for the year. i.e not provisions
Grants and Subsidies Received	Grants and Subsidies Received includes all grants and subsidies paid to the authority from Commonwealth and State sources: both tied and untied.
Interest Earned	Interest Earned is simply any interest received or accrued for funds invested either short or long term.
Infrastructure Maintenance	The definition includes day-to-day maintenance on essential infrastructure such as electricity, water supply and sewerage; reflecting general wear and tear, cyclical maintenance, performed as part of a planned maintenance program and other maintenance such as repairs for vandalism. It does not include renewal or replacement which improves the efficiency of the asset, improvements in the quality of the asset, so renewals and capital improvements should be excluded.
Rental Rebates	Rental Rebates are the difference between gross market residential rents and actual rent charged.
Grants and Subsidies Paid	<p>The types of typical payments are:</p> <ul style="list-style-type: none"> rental assistance; housing community assistance; housing grants; home and community care; land tax; rental subsidy; housing management and training; leasing; other, <p>Grants and subsidies paid for infrastructure provision or revitalisation, neighbourhood improvement upgrading and redevelopment of dwelling should be included in the capital analysis. Grants paid for improvement and training of housing managers should be</p>

included in Item 7

Interest Paid

Interest Paid is the sum of the interest payments made for any concessional or non concessional loan liabilities of the housing provider.

Depreciation

Depreciation be added here at the rate and for the amount used by the housing provider.

APPENDIX 3: AHURI LETTER TO CHOS



National Office
Level 1, 114 Flinders Street
Melbourne Victoria 3000
Australia
Phone +61 3 9660 2300
Fax +61 3 9663 5488
Email information@ahuri.edu.au
Web www.ahuri.edu.au

6 July 2006

Our Ref: 30355

Chief Executive Officer
Proposed Participating Community Housing Organisation

Dear Colleague,

**Request for participation – AHURI research project
Operating Deficits and Community Housing: Policy Options For Reversing Deficits**

I am writing to ask for your organisation's support for a new Australian Housing And Urban Research Institute (AHURI) research project entitled, *Operating Deficits and Community Housing: Policy Options For Reversing Deficits*.

This is an important policy research project that has been developed in response to the priorities identified within our Research Agenda 2006. The project seeks to cover all States and Territories with the exception of the ACT.

An experienced research team consisting Mike Berry and Jon Hall from the Royal Melbourne Institute of Technology (RMIT) will undertake the project. A copy of the detailed project description is attached for your information (Attachment 1).

1. Project overview

The aims of this project are to:

- Clarify the impact of community housing organisation operating deficits on the potential growth and development of an expanded community housing sector;
- Develop suitable policy options for returning community housing to operational surpluses;
- Provide a context for the development and growth of the community housing sector.

2. Assistance required

A key element of the project is to construct a sample of the financial issues confronting Community Housing Organisations. We are therefore seeking your organisation's participation. It is essential for the project's success that the researchers secure electronic responses to the questionnaire and spreadsheets attached as separate files to this letter.

All details of the individual organisation will remain confidential and responses will be destroyed at the completion of the research analysis. The analysis will only reveal financial and other information at the scale of grouped size, state and national level. No

University of Sydney; University of New South Wales & University of Western Sydney; Swinburne University of Technology & Monash University; RMIT University & National Centre for Social and Economic Modelling; University of Queensland & Queensland University of Technology; Murdoch University & Curtin University of Technology; Flinders University; University of South Australia & University of Tasmania

details of any individual organisation will be published or included in the draft or final reports.

To ensure the project can be completed within the planned timeframes for 2006, it would be appreciated if your organisation could confirm your participation in the project and forward the completed questionnaires and spreadsheets to Dr Jon Hall by 30 September, 2006.

If you have any technical questions in relation to this letter or the project, please contact Jon Hall (Principal Researcher) on 02 9569 4828. Any other questions relating to AHURI can be directed to me on 03 9660 2307 or to simone.finch@ahuri.edu.au.

We thank you in anticipation of your participation in this important research project.

Yours sincerely,

A handwritten signature in blue ink that reads "Simone Finch". The signature is written in a cursive style with a large initial 'S'.

Simone Finch
Assistant Director – Research

APPENDIX 4: QUESTIONNAIRE

NON GOVERNMENT COMMUNITY HOUSING ORGANISATIONS QUESTIONNAIRE: ALL DWELLINGS OTHER THAN PRIVATE SECTOR HEADLEASED HOUSING

NOTE: All details of the individual organisation will remain confidential and will be destroyed at the completion of the research analysis. The research analysis will only reveal financial and other information at the scale of grouped size, State and national level. No details of any individual organisation will be published or included in the draft or final reports.

Recurrent Income and Expenditure

1. What changes have occurred in your rent setting and charging policies in the last three years?

COMMENT

--

2. What proportion of household income or market rent do households pay? Please specify.

Household Income %	Or	%	Market Rent

3. If you have a number of rent setting policies please detail. Is there any supporting documentation which can be provided electronically to us? If so please provide.

COMMENT

--

4. Have changes in the mix of household types and incomes affected the occupancy by persons to bedrooms (or the number of smaller households being housed in larger dwellings) and the net rents being received?

COMMENT

5. Who is responsible for the maintenance¹⁶ of the dwellings? Do you manage maintenance yourselves or is maintenance management contracted out?

COMMENT

6. Has the geographic spread (or range of locations of the dwellings) and the dwelling type mix impacted on administration¹⁷, and maintenance costs?

COMMENT

¹⁶ Maintenance costs are incurred to maintain the value of the asset. The definition includes day-to-day maintenance reflecting general wear and tear, cyclical maintenance, performed as part of a planned maintenance program and other maintenance such as repairs for vandalism. It does not include renewal, replacement or anything which improves the efficiency of the asset, or improvements in the quality of the asset.

¹⁷ Includes: Professional Services, Property Expenses, System Support, Insurance Premium, Other Operating, Communications and Office Supply, Office Accommodation, Depreciation Plant & Equip, Leasehold Improvements, Computer Software, Land Tax Equiv, and Other

7. For the last 3 financial years what has happened to non-planned maintenance expenditure and what are the causes of any significant increase in cost per household?

COMMENT

8. For the last 3 years to what extent have maintenance backlogs and any deterioration of the dwelling stock contributed to the growth in maintenance expenditure?

COMMENT

9. Have there been any significant increases in salary and wages on costs (annual leave, sick leave, long service leave loading, superannuation contributions) in the last 3 years? What are the main items contributing to these increases?

COMMENT

10. Have there been any recent changes that are likely to add to future cost structures. If yes please elaborate.

COMMENT

11. In the 2003/04 financial year what percentage of existing administration costs was spent on non-housing related support services¹⁸ for tenants, such as debt and drug counselling, estate participation, tenant participation etc.

COMMENT

12. Do you have a business plan and for what period does it apply? Please insert a Y or a N.

YES

NO

--

PERIOD
YEARS

13. In 2003/04 financial year what percentage of your employee related¹⁹ and administration costs is allocated to housing management development (housing management business plan, housing management training and development, etc.)

¹⁸ Any administration expenditures either not related or supporting dwelling management(maintenance, rates etc) or tenancy allocations, rent collections, and tenancy exits and turnover.

¹⁹ Includes Wages, Redundancy, Worker Comp, Annual Leave, Long Service Leave, Payroll Tax, Other Employee Benefits and Superannuation but does not include any superannuation surplus or deficit positions adjusted for or payments or expenses incurred for housing management development.

COMMENT

--

14. In the last 3 financial years how have rates payments to changed and how significant (i.e. what percentage of your operating expenditure) is this expenditure item?

COMMENT

--

15. For the last 3 years what are the trends in defaults (payments more than 12 weeks in arrears), rental arrears (payments 1 week to 12 weeks in arrears) and evictions?

COMMENT

--

Capital Income and Expenditure

16. Have you got any debt? Please in insert a Y or a N. If no go to question 18. If yes what amount?

YES	<input type="text"/>	NO	<input type="text"/>
AMOUNT \$	<input type="text"/>		

17. Have you taken any steps to pay down the principal owed on your existing debt?
Please insert a Y or a N for Yes or No

YES

NO

18. If yes please explain. If no go to question 18

COMMENT

19. What stock is in Excellent, Good, Fair, Poor or Very Poor (needing redevelopment) condition? Please fill in the table below?

Age: (years)	Stock Numbers				
	Excellent	Good	Fair	Poor	Very Poor
Less than 5					
5 to 10					
10 to 15					
15 to 20					
20 to 30					
More than 30					
TOTAL					

20. How many of your dwellings currently require replacement? What percentage of the total owned stock does this represent?

COMMENT

21. What is the average replacement cost?

COMMENT



The next set of questions are directed at establishing whether differences in the age and condition of the stock and the client composition create revenue and cost structure differences in housing providers. If definite numbers cannot be obtained it may be necessary for you to estimate based on experience. If estimates are provided please acknowledge as an estimate by placing an E next to the number.

Income and Cost Base Differences

22. For 2003/04 what is the annual maintenance per dwelling for each category of dwellings outlined in the Table below.

Age: (years)	Maintenance Cost: \$ Per Dwelling p.a.
Less than 5	
5 to 10	
10 to 15	
15 to 20	
20 to 30	
More than 30	

23. How many of the dwellings are standard, specialist (disability aged) and supported accommodation (hostels, specialist care)? Please fill in the numbers in the table below. In 2003/04 what is the annual average maintenance and overhead cost per dwelling for each stock type listed in the table below.

Stock Type	Nos	Maintenance: \$ Per Dwelling p.a.	Employee Related: \$ Per Dwelling p.a.	Admin & Working: \$ Per Dwelling p.a.
Standard				
Specialist (Disabled Modified)				
Specialist (Aged)				
Specialist (Frail Aged Modified)				
Hostels				
Communal Housing				
Other (Specify)				
TOTAL				

24. What are the tenant numbers of households represented by single disabled, couple disabled, couple and children disabled, single fit non aged persons, single parent families, couples only, couple with children, single aged, couple aged and group households? In 2003/04 what is the average rent charged and paid by each household category? Please fill in the table below.

Household Type	Nos	Average Rent Charged Per Week: \$	Average Rent Paid Per Week: \$
Single Disabled			
Couple Disabled	Only		
Couple and Children Disabled			
Single (Non Aged) Persons			
Single Parent. Fam.			
Couple Only			
Couple & Child			
Single Aged			
Couple Aged			
Group Household			

25. In 2003/04 what was the average maintenance cost by household category. Please fill in the Table below.

Household Type	Maintenance: \$ Per Dwelling p.a.
Single Disabled	
Couple Disabled	Only
Couple and Children Disabled	Child
Single (Non Aged) Persons	
Single Parent. Fam.	
Couple Only	
Couple & Child	
Single Aged	
Couple Aged	
Group Household	

Note: Aged persons refer to persons over the age of 55 - group households consist of households of more than two persons who are not related.

26. In 2003/04 what percentage of each household category is in arrears²⁰ (see footnote for definitions of arrears and defaults) or defaulting²¹ on their rent payment? Please fill in the table below.

Household Type	2 to 12 period payments behind. % of households in category	Defaulting (12 periods in arrears or more). % of households in category
Single Disabled		
Couple Only Disabled		
Couple and Child Disabled		
Single (Non Aged) Persons		
Single Parent. Fam.		
Couple Only		
Couple & Child		
Single Aged		
Couple Aged		
Group Household		

Tenancy Management

27. Do you have a wait list? Please insert a Y for Yes or N for No in the boxes provided. If no go to question 43

YES NO

28. Does your organization administer the wait list? Please insert a Y for Yes or N for No in the boxes provided. If yes go to question 30.

YES NO

29. If no who administers the wait list?

COMMENT

²⁰ Arrears means any household more than one period payment behind

²¹ Defaults means any household twelve period payments in arrears or more

30. In 2003/04 what was the total cost of tenancy management (waiting lists, allocations, rent setting and collection, maintenance requests, complaints and disputes and arrears management)?

COMMENT

Special Income And Cost Issues

31. What other special issues contribute to your income and cost structure?

COMMENT

32. How do these special issues affect the income and costs and by roughly how much on average per dwelling per year? Please list.

COMMENT

PRIVATE SECTOR HEADLEASED HOUSING

33. How many properties do you headlease from the private rental market? If none ignore the remainder of this questionnaire. Please insert a zero, if none, and the number if leasing any dwellings.

NUMBER

34. How many of each of the following types of dwellings and bedrooms do you headlease? Please fill in the table below.

Dwelling Type	Numbers of Dwellings		
	1 Bedroom	2 Bedroom	3+ Bedroom
Detached Houses			
Townhouses, Villas.			
Flats			

35. What is the average rent per week per dwelling paid by you for the privately headleased properties?

AMOUNT: \$

36. What is the average rent per week per dwelling received by you from the tenants for the privately headleased properties?

AMOUNT: \$

37. How much do you receive by way of the average government subsidy per week per dwelling?

AMOUNT: \$

38. How much of your annual (2003/04) total salaries and employee related expenditures (see footnote 4, page 5 for definitions), do you attribute to your headleased properties?

AMOUNT: \$

39. How much of your annual (2003/04) total administration expenditures (see footnote 2, page 3 for definitions), do you attribute to your headleased properties?

AMOUNT: \$

40. How much on average per dwelling per year (2003/04) do you pay in maintenance costs (see footnote 1, page 2 for definition), not provided by the owner?

AMOUNT: \$

41. How much) of the costs in question 39 are recovered from the tenants as tenant damage?

AMOUNT: \$

42. How much of the costs in question 39 are written off as bad debts?

AMOUNT: \$

43. Do you incur any unrecoverable costs associated with relocating tenants due to the termination of the headlease? (Please insert a 'Y' for Yes or a 'N' for No.) If yes on average how many terminations occur per year and what was the average unrecovered cost per termination in 2003/04?

YES

NO

NOS
TERMINATIONS

OF

AVERAGE
AMOUNT: \$

44. Are there any other costs specifically incurred for headleased properties? Please insert a Y for Yes and an N for No.

YES

NO

45. What are these costs and on average how much were they per headleased property in 2003/04?

TYPES OF
COSTS

AVERAGE
AMOUNT: \$

Appendix 5: Spreadsheets

All Housing not Head-leased from the Private sector. Long Stay, Non-Denominational, Community Housing recurrent Income and Expenditure

		2003/4	2004/5	2005/6
Items	Housing Stock			
1	Total Housing Stock Numbers (Note 1)			
	Recurrent Financial Core Items			
	Income			
2	Rent and income assistance (Note 2)			
3	All Other Rent Income (Note 3)			
4	Management Fees (Note 4)			
5	Sundry Income (Note 5)			
	Total Operating Revenue	0	0	0
	Expenditures			
	Property and Residential Tenancy			
6	Maintenance (Note 6)			
7	Rates (Note 6)			
	Total Property and Residential Tenancy	0	0	0
8	Employee Related: Housing management development only (Note 8)			
9	Employee Related: Excluding Housing Management Development (Note 9)			
10	Administrative and Working (Note 10)			
	Total Employee Related and Administrative Working	0	0	0

11	Doubtful Debts (Note 11)			
	Total Operating Costs	0	0	0
	Operating Surplus/Deficit	0	0	0
Add Backs				
	Income			
12	Grants and Subsidies Received (Note 12)			
13	Interest Earned (Note 13)			
	Total Additional Revenue	0	0	0
	Expenditures			
14	Infrastructure Maintenance (Note 14)			
15	Rental Rebates (Note 15)			
16	Grants and Subsidies Paid (Note 16)			
17	Interest Paid (Note 17)			
18	Depreciation (Note 18)			
	Total Additional Expenditures	0	0	0

**ALL HOUSING NOT HEAD-LEASED FROM THE PRIVATE SECTOR
LONG STAY, NON DENOMINATIONAL, COMMUNITY HOUSING: RECURRENT INCOME AND EXPENDITURE**

		2003/04	2004/05	2005/06
ITEMS	HOUSING STOCK			
1	TOTAL HOUSING STOCK NUMBERS: (Note 1)			
	RECURRENT FINANCIAL CORE ITEMS			
	INCOME			
2	Rent Income From Rent Assistance (Note 2)			
3	All Other Rent Income (Note 3)			
4	Management Fees (Note 4)			
5	Sundry Income: (Note 5)			
	TOTAL OPERATING REVENUE	0	0	0
	EXPENDITURES			
	<i>Property and Residential Tenancy</i>			
6	Maintenance: (Note 6)			
7	Rates: (Note 6)			
	Total Property and Resid Tenancy	0	0	0
8	Employee Related: Housing Management Development Only: (Note 8)			
9	Employee Related: Excluding Housing Management Development: (Note 9)			
10	Administrative and Working: (Note 10)			
	Total Employee Related and Administrative and Working	0	0	0
11	Doubtful Debts: (Note 11)			
	TOTAL OPERATING COSTS	0	0	0
	OPERATING SURPLUS/DEFICIT	0	0	0
	ADD BACKS			
	INCOME			
12	Grants and Subsidies Received: (Note 12)			
13	Interest Earned: (Note 13)			
	TOTAL ADDITIONAL REVENUE	0	0	0
	EXPENDITURES			
14	Infrastructure Maintenance: (Note 14)			
15	Rental Rebates: (Note 15)			
16	Grants and Subsidies Paid: (Note 16)			
17	Interest Paid: (Note 17)			
18	Depreciation: (Note 18)			
	TOTAL ADDITIONAL EXPENDITURES	0	0	0

Appendix 6: State peak Community Housing Organisations

Australian Capital Territory

Coalition of Community Housing Organisations of the ACT (CCHOACT)

Faye Brockelsby (faye@cchoact.org)

PO Box 2343

Canberra ACT 2601

02 6332 5043 p 02 6232 5048 f

E-mail: cchoact@cchoact.org

New South Wales

Association to Resource Co-operative Housing (ARCH)

Karine Shellshear (karine@arch.asn.au)

PO Box 592

Darlinghurst NSW 2020

02 9361 6834 p 02 9361 6395 f

E-mail: archnsw@arch.asn.au

NSW Federation of Housing Associations (NSWFHA)

Adam Farrar (adam@communityhousing.org.au)

Suite 302, 64-76 Kippax St

Surry Hills NSW 2010

02 9281 7144 p 02 9281 7603 f

E-mail: nswfha@communityhousing.org.au

NT

NT Shelter

Toni Vine Bromley (same as below)

PO Box 1577

Nightcliff NT 0814

08 8927 5600 p 08 8927 5700 f

Email: ntshelter@bigpond.com

Queensland

Queensland Community Housing Coalition (QCHC)

Mike Myers (executive-director@qchc.asn.au)

38 Hope St

South Brisbane QLD 4101

07 3844 9947 p 07 3844 3297 f

E-mail: adminsupport@qchc.asn.au

South Australia

Community Housing Council of South Australia (CHCSA)

Ciaran Synnott (pronounced Kiron) (ciaran.synnott@chcsa.org.au)

283-285 Payneham Rd

Royston Park SA 5070

08 8362 1022 p 08 8362 1944 f

E-mail: info@chcsa.org.au

Tasmania

Shelter Tasmania

Pattie Chugg (same as below)

GO Box 848

Hobart TAS 7001

03 6224 5488 p 03 8610 1907

E-mail: pc@shelertas.org.au

Victoria

Community Housing Federation of Victoria (CHFV)

Brett Wake (brett.wake@chfv.org.au)

PO Box 2132

Footscray VIC 3011

03 9654-6077

E-mail: chfv@chfv.org.au

Western Australia

Community Housing Council of Western Australia (CHCWA)

Mariyon Slaney (mariyon@communityhousing.com.au)

1st Floor, Claisebrook Lotteries House

33 Moore St

East Perth WA 6004

08 9221 7933 p 08 9221 7944

E-mail: chcwa@communityhousing.com.au

Appendix 7: Spreadsheet aid and modified spreadsheets: Queensland, NSW and South Australia

Operating Deficits and Community Housing: A Spreadsheet Aid



Introduction

- AHURI researchers are conducting a study of the financial position of community housing agencies in Australia. To this end the researchers have requested community housing organisations to fill in a spreadsheet which has been distributed to these Organisations. This spreadsheet has been revised to enable more consistency with the financial returns provided to the Queensland Government.
- The following diagrams set out how the items in the Profit and Loss Statement, (P&L's), for either the Long Term Community Housing Program, (LTCHP), or the Community Rent Scheme, (CRS), and returned to the Queensland Department of Housing's community housing financial compliance section should be incorporated in the revised AHURI spreadsheet.
- It should be noted that AHURI is only seeking returns for those organisations participating in the State Government's LTCHP or CRS, and only those P&L's which relate to these two programs. The first spreadsheet relates to LTCHP and the second to CRS.
- It may be that organisations do not have the information to complete financial years other than 2005/06. If this is the case leave the other years blank, otherwise it would be good if the earlier years can be completed.

Operating Deficits and Community Housing: A Spreadsheet Aid



Set out below is the revised Ahuri Spreadsheet

	ITEMS	2003/04	2004/05	2005/06
NOTE 1	Includes all reasonable drawings covered by housing providers but excludes all drawings issued from private sector sources. In this regard all revenues and costs associated with leased drawings should be excluded from the analysis. Drawings issued for more than 6 months of the year should be included.	HOUSING STOCK		
	1 TOTAL HOUSING STOCK NUMBER: (Rows 6)			
NOTE 2	Real Income from Rent Assistance in all surveys provided by the Community Housing Organisation only from the Australian Government's Rent Assistance Program	RECURRENT FINANCIAL CORE ITEMS		
	INCOME			
	Rent Income from Rent Assistance (Note 2)			
	Rent Income 1: (Rows No 4, 5(2), 5(4) and 1 via National Government Housing Electoral Scheme (P&L 00000)			
	SUBTOTAL REVENUE			
	Management Fees and Charges (Rows No 4, 5(2), P&L 00000)			
	Security Income: Other (P&L 00000)			
	TOTAL OPERATING REVENUE			
	EXPENDITURES			
	Property and Residential Tenancy			
	Maintenance: Residential (Rows No 6, 6(2), P&L 00000)			
	Maintenance: Rental Properties (Rows No 6, 6(2), P&L 00000)			
	Maintenance: Property Supplies (Rows No 6, 6(2), P&L 00000)			
	Rates (Rows No 6, 6(2), P&L 00000)			
	Total Property and Rental Tenancy			
	Employee Related: Salaries and Wages (Rows No 6, 6(2) and 6, 6(2), P&L 00000)			
	Employee Related: On Costs (Rows No 6, 6(2) and 6, 6(2), P&L 00000)			
	Administrative and Working 1: Accounting and Book-keeping (Rows 6, 6(2) P&L 00000)			
	Administrative and Working 2: Assets < \$5000 (Rows 6, 6(2), P&L 00000)			
	Administrative and Working 3: Audit Fees (Rows 6, 6(2), P&L 00000)			
	Administrative and Working 4: Auditing Fees (Rows 6, 6(2), P&L 00000)			
	Administrative and Working 5: Conveyancing Fees (Rows 6, 6(2), P&L 00000)			
	Administrative and Working 6: Insurance (Rows 6, 6(2) to 6, 6(2), P&L 00000)			
	Administrative and Working 7: Management Fees (Rows 6, 6(2), P&L 00000)			
	Administrative and Working 8: Meeting Expenses (Rows 6, 6(2), P&L 00000)			
	Administrative and Working 9: Motor Vehicle Expenses (Rows 6, 6(2) to 6, 6(2), P&L 00000)			
	Administrative and Working 10: Property Management Fees (Rows 6, 6(2), P&L 00000)			
	Administrative and Working 11: Travel and Accom (Rows 6, 6(2), P&L 00000)			
	Administrative and Working 12: Other Administrative (Rows 6, 6(2), P&L 00000)			
	SUB TOTAL ADMIN			
	TOTAL EMPLOYEE RELATED AND ADMIN AND WORKING			
	Depreciated Assets (Rows 6, 6(2), P&L 00000)			
	TOTAL OPERATING LOSSES			
NOTE 3	Rental Reliefs are the difference between gross market residential rents and actual cost charged.	ADD BACKS		
	INCOME			
	Grants and Subsidies Operating Revenue (Rows 4, 5(2), P&L 00000)			
	Grants and Subsidies Operating Non-Recurrent (Rows 4, 5(2), P&L 00000)			
	SUB TOTAL GRANTS AND SUBSIDIES RECEIVED			
	Relevant Excesses (Rows 4, 5(2) and 4, 5(2), P&L 00000)			
	TOTAL OPERATING REVENUE			
NOTE 4	Real income from Rent Assistance in all surveys provided by the Australian Government's Rent Assistance Program			
	EXPENDITURES			
	Rental Reliefs (Note 3)			
	Grants and Subsidies Paid (Note 4)			
	Interest Paid (Rows 6)			
	Depreciation Rental Properties (Rows 6, 6(2), P&L 00000)			
	Depreciation Rental Properties Furniture & Fittings (Rows 6, 6(2), P&L 00000)			
	SUB TOTAL DEPRECIATION			
	TOTAL ADDITIONAL EXPENDITURES			
NOTE 5	Interest Paid in the case of long interest programs made for loans to the Organisation. If there are no loans no entry is required.			

Operating Deficits and Community Housing: A Spreadsheet Aid



The following Diagrams deal with each of the AHURI spreadsheet items sequentially.

Tenantable Dwellings

The first item in the spreadsheet is tenantable dwellings. What is required is the number of tenantable dwellings. On the left hand side of the spreadsheet is a note which explains the term. The section is reproduced below.

<p>NOTE 1</p> <p>Includes all tenantable dwellings owned by housing providers but excludes all dwellings leased from private sector sources.</p> <p>In this regard all revenues and costs associated with leased dwellings should be excised from the analysis. Dwellings vacant for more than 6 months of the year should be excluded</p>				2003/04	2004/05	2005/06
	ITEMS	HOUSING STOCK				
	1 TOTAL HOUSING STOCK NUMBERS: (Note 1)					

These numbers need to be inserted into the cells F6 to H6 in the AHURI spreadsheet. The second spreadsheet applies only to leased dwellings

Operating Deficits and Community Housing: A Spreadsheet Aid



Rent Income From Rent Assistance.

				RECURRENT FINANCIAL CORE ITEMS			
				INCOME			
NOTE 2	Rent Income from Rent Assistance is all payments received by the Community Housing Organisation only from the Australian Government's Rent Assistance Program			Rent Income From Rent Assistance (Note 2)			

The total rent received from Rent Assistance should be inserted in Cells F9 to H9. However the organisation may not record the amounts received from rent assistance separately to total rent received. In this case no numbers will need to be inserted in Cells F9 to H9 with the amounts being included in Rent Income.

Operating Deficits and Community Housing: A Spreadsheet Aid



Rent Income.

If it is not possible for rent received to be disaggregated by Rent Assistance and other rent then this item will contain all rent. The diagram below sets out the item in the Profit and Loss Statement to be included in the spreadsheet item.

Profit and Loss Return to Queensland Housing

The total of this to be included

4-5030	Rental Income Rent received from tenants and includes all rents not yet collected but is owed by the tenant to the organisation.	\$0
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AHURI Spreadsheet Item

Rent Income 1: (Item No 4-5030: Profit and Loss Statement Queensland Housing Financial Returns (P&LHRMs))	
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Management Fees and Charges.

The total of all except the crossed out items to be included

4-4040	Other Fees and Charges Includes Sundry Income, Management fees or Auspicing fees raised. (This also includes service charges, that is, an intra-organisation service fee that is charged by one part of the organisation to another part of the same organisation). Some organisations also charge a levy for salary-sacrifice services. (Please provide description of the 'other fees & charges' in the comments section, or, if is more than one fee, provide full detail of each fee in Attachment 10, Items Detail Sheet.)	\$0
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Management Fees and Charges: (Item No 4-4040: P&LHRMs)	
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Operating Deficits and Community Housing: A Spreadsheet Aid



Profit and Loss Return to Queensland Housing

AHURI Spreadsheet Item

Sundry Income.

The total of this to be included

	Other/Sundry Income This includes reimbursements from tenants. <i>(Please record full details of each revenue account on Attachment 10, Item Details Sheet.)</i>	\$0	→	Sundry Income: Other: (P&L OHRtns)	
--	---	-----	---	------------------------------------	--

Expenditures.

Maintenance.

These items to be included

6-0430	Insurance - Rental Properties Includes all insurance in relation to departmental funded rental properties. <i>(Should reconcile with total insurance shown on Attachment 6, Schedule of Outgoings.)</i>	\$0	→	Maintenance Insurance: (Item No 6-0430: P&L OHRtns)	
6-0590	Repairs & Maintenance - Rental Properties All repairs & maintenance incurred that relates to departmental funded rental properties. <i>(Should reconcile with total repairs & maintenance shown on Attachment 6, Schedule of Outgoings and/or Attachment 7, Schedule of Repairs & Maintenance - Properties Rented from the Private Market.)</i>	\$0	→	Maintenance: Rental Properties: (Item No 6-0590: P&L OHRtns)	
6-0690	Tenancy & Property Supplies & Services All other property-related expenses for departmental funded properties; including items such as pest control, body corporate fees and Centrepay fees. <i>(Please provide full break up on Attachment 10, Item Details Sheet.)</i>	\$0	→	Maintenance: Property Supplies: (Item No 6-0690: P&L OHRtns)	

Operating Deficits and Community Housing: A Spreadsheet Aid



Rates.

Profit and Loss Return to Queensland Housing
The total of this to be included

AHURI Spreadsheet Item

6-0560	Rates - Rental Properties All rates & taxes that relate to departmental funded rental properties. <i>(Should reconcile with total rates shown on Attachment 6, Schedule of Outgoings.)</i>	\$0
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Rates: (Item No 6-0560; P&L OHRms)	
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Employee Related 1.

6-0600 - 6-0649	Salaries & Wages This account represents all salaries and wages paid to all staff employed by the nonprofit on a permanent or casual basis (including replacement staff) by the nonprofit. This is the gross amount including PAYG withholding tax, and includes allowance paid to employees. It <i>excludes</i> annual leave, sick leave, long service leave, fringe benefits tax, salary sacrifice, superannuation, payroll tax, workers' compensation, contractors' and consultants' fees, staff amenities and training costs, and termination payments (which are all recorded in separate accounts). This amount should reconcile to the PAYG Payment Summaries for all employees employed by the nonprofit during the financial year.	\$0
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Employee Related: Salaries and Wages: (Item No 6-0600 and 6-0649; P&L OHRms)	
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Operating Deficits and Community Housing: A Spreadsheet Aid



Employee Related 2.

Profit and Loss Return to Queensland Housing
The total of these items to be included

AHURI Spreadsheet Item

	Staff On-Costs This account represents annual leave, fringe benefits tax paid, long service leave, recruitment expenses, amounts provided by the nonprofit as part of employees' salary (e.g. vehicles lease, credit cards), sick leave, expenses relating to superannuation as paid for salaried or casual staff, termination payments such as bona fide redundancies, invalidity payments and golden handshakes, amounts paid to Workcover Queensland for workers' compensation in respect of employees employed by the nonprofit, and any other costs paid to employees, such as the provision of child care, etc.	\$0
6-0601 - 6-0610		

Employee Related: On Costs: (Item No 6-0601 and 6-0610: P&L OHRtns)	
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Administration and Working. 1. Accounting and Bookkeeping

	Accounting Fees Accounting and bookkeeping fees. Excludes audit fees.	\$0
6-0010		

Administrative and Working 1: Accounting and Bookkeeping: (Item 6-0010 P&L OHRtns)	
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2. Assets Less Than \$5,000

	Assets Purchased < \$5,000 Amount is arbitrary and limit may be set by organisation. This account is for all assets purchased that have an individual value < \$5,000 each.	\$0
6-0040		

Administrative and Working 2: Assets <\$5000: (Item 6-0040: P&L OHRtns)	
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Operating Deficits and Community Housing: A Spreadsheet Aid



Administration and Working (continued).

Profit and Loss Return to Queensland Housing
The total of these items to be included

AHURI Spreadsheet Item

3. Audit Fees

6-0050	Audit Fees Fees associated with an audit.	\$0
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Administrative and Working 3: Audit Fees: (Item 6-0050: P&L OHRtns)	
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4. Auspicing Fees

6-0060	Auspicing Fees Fees paid to another organisation for providing auspicing support. The auspicing organisation signs agreements, carries financial risk and legal responsibility for the activities of the auspiced organisation. It also includes internal auspicing fees.	\$0
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Administrative and Working 4: Auspicing Fees: (Item 6-0060: P&L OHRtns)	
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It does not include internal auspicing fees and these should be excluded

5. Consultancy Fees

6-0230	Consultancy Fees This account covers fees paid too <i>external consultants and contractors</i> with respect to delivery of funded services	\$0
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Administrative and Working 5: Consultancy Fees: (Item 6-0230: P&L OHRtns)	
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Operating Deficits and Community Housing: A Spreadsheet Aid



Administration and Working (continued).

Profit and Loss Return to Queensland Housing

AHURI Spreadsheet Item

The total of these items to be included

6. Insurance

6-0400 6-0410 6-0420 6-0440	Insurance Includes all insurance except insurance for departmental funded rental properties.	\$0	→	Administrative and Working 6: Insurance: (Item 6-0040 to 6-0440: P&L QHRtns)	
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7. Management Fees

6-0470	Management Fees Represents fees paid to another organisation which performs governance and financial services (eg payroll services, shared office space fees etc). Excludes auspic fees.	\$0	→	Administrative and Working 7: Management Fees: (Item 6-0470: P&L QHRtns)	
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8. Meeting Expenses

6-0480	Meeting Expenses This account represent all costs associated with meetings, e.g. hiring of venues and facilities. It includes travel and accommodation costs incurred for meeting purposes and catering costs for the meeting. It excludes the hire of equipment (which has its own separate account).	\$0	→	Administrative and Working 8: Meeting Expenses: (Item 6-0480: P&L QHRtns)	
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9. Motor Vehicle Expenses

0501 6-0502 6-0503 6-0504 6-0505 6-	Motor Vehicle Expenses This account represents motor vehicle expenses, including fuel & oil; MV repair & maintenance; MV insurance; MV registration; and MV lease payments. It excludes Depreciation on Motor Vehicles (which is a separate account).	\$0	→	Administrative and Working 9: Motor Vehicle Expenses: (Item 6-0050 to 6-0506: P&L QHRtns)	
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Operating Deficits and Community Housing: A Spreadsheet Aid



Administration and Working (continued).

Profit and Loss Return to Queensland Housing

AHURI Spreadsheet Item

10. Property Management Fees

6-0530	Property Management Fees Management fees paid in relation to managing departmental funded properties.	\$0
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Administrative and Working 10: Property Management Fees: (Item 6-0530: P&L QHRms)	
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11. Travel and Accommodation

6-0710	Travel & Accommodation This account represents all travel expenses incurred in relation to staff employed by the nonprofit. It includes airfares, taxi fares, accommodation, meals, sustenance, and incidental expenses incurred whilst away from home. It excludes travel costs associated with clients/participants (these are included in Client Support Services). It also excludes travel costs associated with volunteers (these are included in Volunteer Costs below).	\$0
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Administrative and Working 11: Travel and Accom: (Item 6-0710: P&L QHRms)	
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12. Other Administration

	Other Administration/Operating Expenditure This account represents advertising, marketing and promotion, bank charges, business planning costs, cleaning, computer expenses, credit card fees, donations paid, employment support and supervision costs, equipment hire or lease costs, fees and permits, fundraising expenses, legal fees, loss on sale of non-current assets , membership fees, postage, freight and courier costs, printing and stationery, publications and information resources, rates and taxes (except for rental properties), rent (except for rental properties), repairs and maintenance (except for rental properties), security expenses, staff amenities, telephone and fax charges, training and development (staff), utilities, volunteer costs and other sundry expenses.	\$0
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Administrative and Working 12: Other Administration: (Item 6-0740: P&L QHRms)	
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Item 12 should EXCLUDE losses on the sale of non current assets.

Operating Deficits and Community Housing: A Spreadsheet Aid



Expenditures (continued).

Profit and Loss Return to Queensland Housing

AHURI Spreadsheet Item

Bad Debts

This includes

6-0080	Bad Debts These are debts which have been written off due to non-recovery.	\$0	→	Doubtful Debts: Write Offs: (Item 6-0080: P&LQHRtms)	
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'Add Backs' Other Revenue.

Grants and Subsidies Received 1

4-1040	Grants (State) Operating - Recurrent Operating, recurrent funds received from State.	\$0	→	Grants and Subsidies: Operating Recurrent: (Item 4-1040: P&LQHRtms)	
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Grants and Subsidies Received 2

4-1050	Grants (State) Operating - Non-Recurrent One-off grants.	\$0	→	Grants and Subsidies Operating Non Recurrent: (Item 4-1050: P&LQHRtms)	
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Interest Received

4-5010 4-5020	Interest Interest earned on cash, investments or banked funds.	\$0	→	Interest Received: (Item 4-5010 and 4-5020: P&LQHRtms)	
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Operating Deficits and Community Housing: A Spreadsheet Aid



'Add Backs' Other Expenditures

Profit and Loss Return to Queensland Housing

AHURI Spreadsheet Item

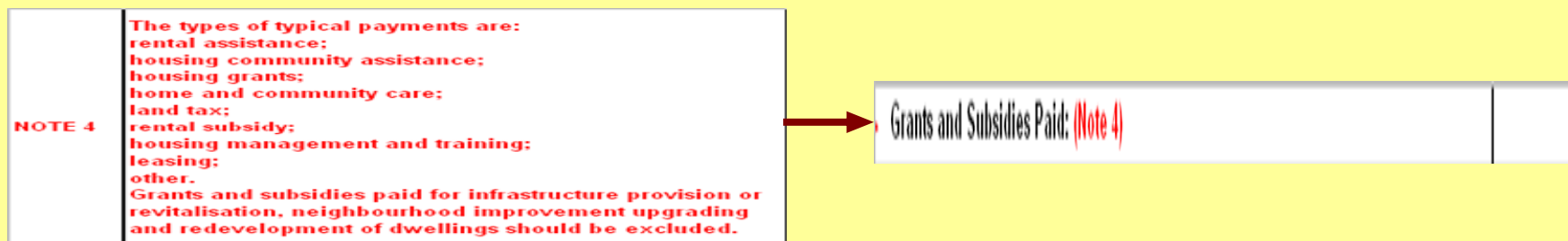
Rental Rebates

The Organisation may not keep this information in which case the item can be left blank. Otherwise



Grant and Subsidies Paid

The organisation may not make any grants in which case the item can be left blank. Otherwise



Operating Deficits and Community Housing: A Spreadsheet Aid



'Add Backs' Other Expenditures continued

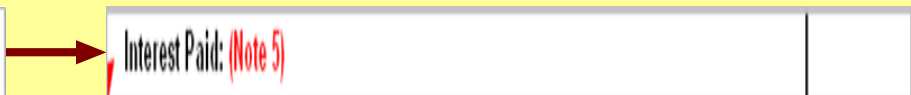
Profit and Loss Return to Queensland Housing

AHURI Spreadsheet Item

Interest Paid

The Organisation may have any loans in which case the item can be left blank. Otherwise

NOTE 5 Interest Paid is the sum of any interest payments made for loans to the Organisation: If there are no loans no entry is required



Interest Paid: (Note 5)

Depreciation 1.

6-0280	Depreciation - Rental Properties Depreciation expense for the current year relating to departmental funded rental properties. (For tax purposes, the useful life of a building is considered to be 40 years. Refer to Division 43 of the ITAA, 1997).	\$0
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Depreciation Rental Properties: (Item 6-0280 P&L OHRms)

Depreciation 2.

6-0290	Depreciation - Rental Properties Furniture & Fittings Includes all depreciation that relates to furniture & fittings installed in departmental funded rental properties. (See TR 2000/18).	\$0
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Depreciation Rental Properties Furniture & Fittings: (Item 6-0290 P&L OHRms)

These two items do not include any other depreciation.

Operating Deficits and Community Housing: A Spreadsheet Aid



Items within the Queensland Department of Housing's Profit and Loss Return not to be included in the AHURI spreadsheet

Income

4-1060	Grants (State) - Capital Capital grants received to acquire/purchase or construct properties, upgrade or enhance existing properties, or acquire/purchase other items reported as assets.	\$0
4-4020 4-4030	Fees & Charges This account represents the sale or provision of services (eg for HAS and HACC).	\$0
4-5060	Gain on Sale of Non-Current Assets The difference between the sale proceeds and the written-down value of the asset at the date of disposal.	\$0

Expenditures

6-0210	Client Support Consumables Includes cost of providing consumables to clients. (eg for HAS and HACC)	\$0
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This last item should only be included in the CMS or leased spreadsheet

6-0580	Rent - Rental Properties Includes all rent that relates to departmental funded rental properties.	\$0
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QUEENSLAND AMENDED SPREADSHEET

ALL HOUSING NOT HEAD-LEASED FROM THE PRIVATE SECTOR LONG STAY, NON DENOMINATIONAL, COMMUNITY HOUSING: RECURRENT INCOME AND EXPENDITURE				
ITEMS	HOUSING STOCK	2003/04	2004/05	2005/06
	1 TOTAL HOUSING STOCK NUMBERS: (Note 1)			
	RECURRENT FINANCIAL CORE ITEMS			
	INCOME			
	Rent Income From Rent Assistance (Note 2)			
	Rent Income 1: (Item No 4-5030: Profit and Loss Statement Queensland Housing Financial Returns (P&LOHRtns))			
	SUBTOTAL RENT INCOME			
	Management Fees and Charges: (Item No 4-4040: P&LOHRtns)			
	Sundry Income: Other: (P&LOHRtns)			
	TOTAL OPERATING REVENUE	0	0	0
	EXPENDITURES			
	Property and Residential Tenancy			
	Maintenance Insurance: (Item No 6-0430: P&LOHRtns)			
	Maintenance: Rental Properties: (Item No 6-0590: P&LOHRtns)			
	Maintenance: Property Supplies: (Item No 6-0690: P&LOHRtns)			
	Rates: (Item No 6-0560: P&LOHRtns)			
	Total Property and Resid Tenancy	0	0	0
	Employee Related: Salaries and Wages: (Item No 6-0600 and 6-0649: P&LOHRtns)			
	Employee Related: On Costs: (Item No 6-0601 and 6-0610: P&LOHRtns)			
	Administrative and Working 1: Accounting and Bookkeeping: (Item 6-0010 P&LOHRtns)			
	Administrative and Working 2: Assets < \$5000: (Item 6-0040: P&LOHRtns)			
	Administrative and Working 3: Audit Fees: (Item 6-0050: P&LOHRtns)			
	Administrative and Working 4: Auspicing Fees: (Item 6-0060: P&LOHRtns)			
	Administrative and Working 5: Consultancy Fees: (Item 6-0230: P&LOHRtns)			
	Administrative and Working 6: Insurance: (Item 6-0040 to 6-0440: P&LOHRtns)			
	Administrative and Working 7: Management Fees: (Item 6-0470: P&LOHRtns)			
	Administrative and Working 8: Meeting Expenses: (Item 6-0480: P&LOHRtns)			
	Administrative and Working 9: Motor Vehicle Expenses: (Item 6-0050 to 6-0506: P&LOHRtns)			
	Administrative and Working 10: Property Management Fees: (Item 6-0530: P&LOHRtns)			
	Administrative and Working 11: Travel and Accom: (Item 6-0710: P&LOHRtns)			
	Administrative and Working 12: Other Administration: (Item 6-0740: P&LOHRtns)			
	SUB TOTAL ADMIN	0	0	0
	TOTAL EMPLOYEE RELATED AND ADMIN AND WORKING	0	0	0
	Doubtful Debts: Write Offs: (Item 6-0080: P&LOHRtns)			
	TOTAL OPERATING COSTS	0	0	0
	OPERATING SURPLUS/DEFICIT	0	0	0
	ADD BACKS			
	INCOME			
	Grants and Subsidies: Operating Recurrent: (Item 4-1040: P&LOHRtns)			
	Grants and Subsidies Operating Non Recurrent: (Item 4-1050: P&LOHRtns)			
	SUB TOTAL GRANTS AND SUBSIDIES RECEIVED			
	Interest Received: (Item 4-5010 and 4-5020: P&LOHRtns)			
	TOTAL ADDITIONAL REVENUE	0	0	0
	EXPENDITURES			
	Rental Rebates: (Note 3)			
	Grants and Subsidies Paid: (Note 4)			
	Interest Paid: (Note 5)			
	Depreciation Rental Properties : (Item 6-0280 P&LOHRtns)			
	Depreciation Rental Properties Furniture & Fittings : (Item 6-0290 P&LOHRtns)			
	SUB TOTAL DEPRECIATION			
	TOTAL ADDITIONAL EXPENDITURES	0	0	0

Includes all tenable dwellings owned by housing providers but excludes all dwellings leased from private sector sources.
In this regard all revenues and costs associated with leased dwellings should be excised from the analysis. Dwellings vacant for more than 6 months of the year should be excluded

Rent Income from Rent Assistance is all payments received by the Community Housing Organisation only from the Australian Government's Rent Assistance Program

Rental Rebates are the difference between gross market residential rents and actual rent charged.

The types of typical payments are:
rental assistance;
housing community assistance;
housing grants;
home and community care;
land tax;
rental subsidy;
housing management and training;
leasing;
other.
Grants and subsidies paid for infrastructure provision or revitalisation, neighbourhood improvement upgrading and redevelopment of dwellings should be excluded.

Interest Paid is the sum of any interest payments made for loans to the Organisation: If there are no loans no entry is required

NEW SOUTH WALES AMENDED SPREADSHEET

ALL DEPARTMENTAL PROPERTIES LONG STAY, NON DENOMINATIONAL, COMMUNITY HOUSING: RECURRENT INCOME AND EXPENDITURE				
ITEMS		2003/04	2004/05	2005/06
	HOUSING STOCK			
1	TOTAL HOUSING STOCK NUMBERS: (Note 1)			
	RECURRENT FINANCIAL CORE ITEMS			
	INCOME			
	Rent Income Collected: ((Item C2 Capital Program (CP), Office of Community Housing Web Based Return, (OCHwbr))			
	SUBTOTAL RENT INCOME			
	Sundry Income 1: (Item G31: General Program (GP), OCHwbr)			
	Sundry Income 2: (Item C33 CP, OCHwbr)			
	TOTAL OPERATING REVENUE	0	0	0
	EXPENDITURES			
	<i>Property and Residential Tenancy</i>			
	Responsive Maintenance 1: (Item C24: CP, OCHwbr)			
	Planned Maintenance 2: (Item C26: CP, OCHwbr)			
	Maintenance 3: (Item C43: CP, OCHwbr)			
	Rates: (Item C39: CP, OCHwbr)			
	Total Property and Resid Tenancy	0	0	0
	Employee Related: Salaries Wages and Expenses: (Item G43: GP, OCHwbr)			
	Administrative and Working 1: Other Operating Costs: (Item G45: CP, OCHwbr)			
	Administrative and Working 2: Travel: (Item G47: GP, OCHwbr)			
	Administrative and Working 3: Office Rent: (Item G49: GP, OCHwbr)			
	Administrative and Working 4: Capital Insurance: (Item C41: CP, OCHwbr)			
	Total Employee Related and Administrative and Working	0	0	0
	Bad Debts 1: Write Offs Arrears: (Item G37: GP OCHwbr)			
	Bad Debts 2: Write Offs Other: (Item G39: GP OCHwbr)			
	TOTAL OPERATING COSTS	0	0	0
	OPERATING SURPLUS/DEFICIT	0	0	0
	ADD BACKS			
	INCOME			
	Interest Received: (Item G29: GP, OCHwbr)			
	TOTAL ADDITIONAL REVENUE	0	0	0
	EXPENDITURES			
	Rental Rebates (Equals the difference between Item C1 and Item C17: CP, OCHwbr)			
	Interest Paid: (Note 2)			
	TOTAL ADDITIONAL EXPENDITURES	0	0	0

Includes all tenable dwellings owned by housing providers but excludes all dwellings leased from private sector sources.
In this regard all revenues and costs associated with leased dwellings should be excised from the analysis. Dwellings vacant for more than 6 months of the year should be excluded

Interest Paid is the sum of any interest payments made for loans to the Organisation: If there are no loans no entry is required

SOUTH AUSTRALIA AMENDED SPREADSHEET

ALL HOUSING NOT HEAD-LEASED FROM THE PRIVATE SECTOR LONG STAY, NON DENOMINATIONAL, COMMUNITY HOUSING: RECURRENT INCOME AND EXPENDITURE

		2003/04	2004/05	2005/06
NOTE 1	Includes all tenable dwellings owned by housing providers but excludes all dwellings leased from private sector sources. In this regard all revenues and costs associated with leased dwellings should be excised from the analysis. Dwellings vacant for more than 6 months of the year should be excluded	HOUSING STOCK		
		1	TOTAL HOUSING STOCK NUMBERS: (Note 1)	
		RECURRENT FINANCIAL CORE ITEMS		
		INCOME		
		Rent Income Collected: (Item C2 Capital Program (CP), Office of Community Housing Web Based Return, (OCHwbr))		
		SUBTOTAL RENT INCOME		
		Sundry Income 1: (Item G31: General Program (GP), OCHwbr)		
		Sundry Income 2: (Item C33 CP, OCHwbr)		
		TOTAL OPERATING REVENUE		
		0	0	0
		EXPENDITURES		
		<i>Property and Residential Tenancy</i>		
		Minor Maintenance 1: (Item C24: CP, OCHwbr) (include staffing costs attributable)		
		Planned Maintenance 2: (Item C26: CP, OCHwbr) (include staffing costs attributable)		
		Maintenance 3: (Item C43: CP, OCHwbr) (include staffing costs attributable)		
		Rates: (Item C39: CP, OCHwbr)		
		Total Property and Resid Tenancy		
		0	0	0
		Employee Related: Salaries Wages and Expenses: (Item G43: GP, OCHwbr) (exclude labour or salary costs associated with all maintenance)		
		Administrative and Working 1: Other Operating Costs: (Item G45: CP, OCHwbr)		
		Administrative and Working 2: Travel: (Item G47: GP, OCHwbr)		
		Administrative and Working 3: Office Rent: (Item G49: GP, OCHwbr)		
		Administrative and Working 4: Capital Insurance: (Item C41: CP, OCHwbr)		
		Total Employee Related and Administrative and Working		
		0	0	0
		Doubtful Debts: Write Offs: (Notes To The Accounts 7: SACH)		
		Doubtful Debts: Write Offs: (Notes To The Accounts 7: SACH)		
		TOTAL OPERATING COSTS		
		0	0	0
		OPERATING SURPLUS/DEFICIT		
		0	0	0
		ADD BACKS		
		INCOME		
		Grants and Subsidies Received: SACHA Grant Funding: (Notes To The Accounts 3: SACH)		
		Interest Received		
		TOTAL ADDITIONAL REVENUE		
		0	0	0
		EXPENDITURES		
		Rental Rebates: (Note 2)		
		Grants and Subsidies Paid 1: Capital Contribution: (Notes To The Accounts 15: SACH)		
		Grants and Subsidies Paid 2: Comhouse: pre FA 2006 (Notes To The Accounts 5A: SACH)		
		Grants and Subsidies Paid 3: Comhouse: FA 2006: (Notes To The Accounts 5A: SACH)		
		Interest Paid: (Note 3)		
		Dwelling Depreciation: (Note 4)		
		TOTAL ADDITIONAL EXPENDITURES		
		0	0	0
NOTE 2	Rental Rebates are the difference between gross market residential rents and actual rent charged.			
NOTE 3	Interest Paid is the sum of any interest payments made for loans to the Organisation; If there are no loans no entry is required			
NOTE 4	Depreciation is any provision made for the depreciation of the dwellings only			

AHURI Research Centres

Queensland Research Centre
RMIT Research Centre
Southern Research Centre
Swinburne-Monash Research Centre
Sydney Research Centre
UNSW-UWS Research Centre
Western Australia Research Centre



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