



# **SOUTH AUSTRALIAN PRE-BUDGET SUBMISSION**

**2023-2024**

**COMMUNITY HOUSING COUNCIL OF SA INC**

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# 01

## EXECUTIVE SUMMARY

The Council welcomes the SA Government's recent policy responses to housing affordability and planned investments to support the growth of public housing.

The Council strongly believes that complementary investments to increase social and affordable housing stock will be crucial to supporting an effective response to current and projected unmet housing needs in SA; and will deliver broad-ranging benefits to communities and society.

To this end, the Council invites the SA Government to consider strong partnerships with Community Housing Providers (CHPs); in recognition of their strengths in effective asset management and delivering innovative and diverse outcomes.

The Council also believes that CHP involvement in planning and executing projects under the proposed Housing Australia Future Fund (HAFF) will be crucial in delivering the maximum efficacy and benefit for SA under the investments. The Council welcomes the announcement of SA target projects for the HAFF in partnership with CHPs.

Similarly, the Council invites the SA Government to partner with CHPs to deliver 10,000 additional properties under the Housing Accord. The Council and our members eagerly await further announcements from the SA Government regarding land releases and capital contributions to meet the targets of the Accord.

The Council invites the SA Government to consider improving the capacity of CHPs to carry out effective and timely project management by investigating mechanisms to streamline administrative, planning and procurement processes. This will support the delivery of the HAFF and other increases to housing investments, in recognition that the volume of projects requiring approval and procurement is set to increase.

We also invite the SA Government to consider the establishment of an innovation fund to support the development and implementation of innovative approaches to housing projects that will maximise opportunities for the growth of community housing stock. In considering this proposed funding mechanism—or other funding increases via subsidy levels or contributions of capital or land—we recommend that the SA Government consider the need and merit of targeting investments towards improving the quality and suitability of housing available for people with disability who are not eligible for Supported Disability Accommodation under the *National Disability Insurance Scheme*.



# 02

## INTRODUCTION

The Community Housing Council of SA (CHCSA) strongly believes that stable and secure housing is important in supporting quality of life, choice, and contribution to society – unaffordable housing impoverishes us all..

When considering housing affordability issues in South Australia, CHCSA believes it is important to note that housing affordability has been a longstanding area of policy concern. Housing affordability is a complex problem without a single or a simple solution.



# 03

## COMMUNITY HOUSING COUNCIL SA

Our vision is for a community housing sector and industry network delivering leading-edge affordable housing services in thriving neighbourhoods. We support the further growth of a strong, vibrant and sustainable South Australian community housing industry.

Our members manage tenancies for over 13,000 properties which house approximately 25,000 South Australians in need. CHPs offer a range of housing services, including:

- Specialised accommodation for people with disability;
- Affordable rental;
- Social housing;
- Supported housing for previously homeless people and those requiring specialised supports to sustain their housing.

CHPs form part of the social and affordable housing system in South Australia (making up more than 25% of properties in the system). In our view, housing held and operated by CHPs is appropriately complementary to our growing public housing stock. The Council believes that partnering with CHPs creates the opportunity not only for more public housing, but for additional community housing properties as well.

As stand-alone non-government organisations, CHPs can offer a range of differing housing offerings within the multi-provider system operating in South Australia. This diversity of offerings increases choice for tenants in the system, while diversifying funding options away from reliance on government capital provision.

The Council believes that a diversity of offerings is important for ensuring that people accessing social and affordable housing are able to exercise choice, and to find services most appropriate for them. Evidence from around the world highlights that a “one-size-fits-all” model leads to poorer outcomes for individuals and the community, compared to a tailored approach responding to individual needs and contextual issues. The capacity for CHPs in SA to effectively offer diverse and high-quality approaches to housing needs that deliver clear and meaningful benefits for tenants is evidenced by the strong performance of SA CHPs in tenant satisfaction surveys.<sup>1</sup>

1. The most recent SA Community Housing Performance Report 2020-2022 (NRSCH) outlined that ‘community housing tenants report high levels of overall satisfaction in their CHP surveys, and most SA CHPs are performing well above the 75% [threshold target]’.





# 04

## RECOMMENDATIONS

Our calls to action outlined below can be summarised as follows:

1. The Council calls on the SA Government to partner with community housing providers through its investment in public housing, to leverage community housing providers' capacity to create additional housing stock to complement public housing growth.
2. The Council calls on the SA Government to support accelerated expansion of affordable housing offerings by CHPs, through land release or asset transfer.
3. The Council calls on the SA Government to engage proactively with community housing providers as key partners from the outset, to maximise the amount and efficacy of Housing Australia Future Fund (HAFF) and/or other large-scale investments for our state.<sup>2</sup>
4. The Council calls on the SA Government to partner with community housing providers in meeting the targets of the Housing Accord through land release and capital contributions, in order to ensure this housing supports people in need.
5. The council calls on the SA Government to work closely with the community housing sector in responding to the HAFF, to ensure the best available evidence guides the implementation.
6. The Council calls on the SA Government to streamline administrative, planning and procurement processes in delivering housing projects.
7. The Council calls on the SA Government to establish a \$150 million innovation fund to support community housing providers implement innovative solutions to housing.
8. The Council calls on the SA Government to increase funding to community housing providers in increasing the supply of suitable accommodation for people with disability who are not eligible for SDA.  
Noting that, at the time of writing, the passage of the HAFF Bill is stalled.

2. Noting that, at the time of writing, the passage of the HAFF Bill is stalled.



# 05

## GUIDING PRINCIPLES

The following principles reflect the views of the Council and of its members. These principles have informed this submission.

### **The Council believes that:**

1. The provision of secure, long-term housing is an important foundation for addressing disadvantage.
2. As a constituent element of the right to an adequate standard of living, adequate housing is a human right.
3. Housing – of all kinds – must be seen within a social context.
4. CHPs emphasise the importance of community and belonging as a means of supporting long-term tenancies.
5. CHPs have a long record of leveraging investment and assets to provide housing for people with low incomes or experiencing vulnerability.
6. The diversity of people who are reliant on social or affordable housing means that a diversity of housing options is appropriate. A multi-provider system that values the advantageous diversity of CHPs is the most effective way of providing this diversity of services.
7. CHPs are professional entities which are subject to a high level of regulation through both the National Regulatory Scheme for Community Housing and the Australian Charities and Not for Profits Commission. They are skilled in effective operations, risk management, development of assets, and tenancy management.



# 06 **SOCIAL AND AFFORDABLE HOUSING AS AN INVESTMENT**

Social and affordable housing provides positive externalities – meaning that investment in social and affordable housing delivers broad-ranging benefits to society in addition to the immediate positive impact on those accessing housing.

This suggests that without governmental intervention, under-investment in social and affordable housing will reduce overall societal wellbeing.

These positive externalities include creating options for frontline workers (such as those in the health, hospitality, retail sectors) to provide services. If these workers are unable to accept roles because they cannot afford to live close enough to their employment, employers will be unable to provide services. This creates challenges for communities who are unable to attract these frontline workers. (It should be noted that this includes higher-income communities: an inadequate supply of social and affordable housing reduces amenity even for people with higher incomes who do not themselves access social or affordable housing.)





# 07

## CURRENT SOUTH AUSTRALIAN CONTEXT

The Council welcomes the SA Government's policy and funding focus on addressing the housing affordability crisis in SA, and the recognition that the State Government must be part of the response to this issue.

The publication of the *A Better Housing Future plan* provides a welcome framework for long-term policy responses to housing affordability. The Council has consistently highlighted the need for a response which recognises that addressing housing affordability requires a clear and long-term strategy and commitment from the SA Government.

The Council supports actions to expand the supply of social and affordable housing. We welcome the Malinauskas Government's commitment of investment to expand the supply of public housing in SA. The Council believes that partnering with community housing providers creates the opportunity for additionality – while meeting public housing growth targets, the investment can be leveraged to create additional community housing properties.

In partnership with the Community Housing Industry Association, the Council recently released its *Snapshot of Regional Housing Need*. This provides an analysis of unmet housing need at state and SA4 level at present, and a 20-year forecast.

The report finds that, by 2041, nearly 51,000 South Australian households are projected to experience unmet housing need. To address this unmet need will require an additional 2300-3000 houses annually over the next 20 years.

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### RECOMMENDATION 1

The Council calls on the SA Government to partner with community housing providers through its investment in public housing, to leverage community housing providers' capacity to create additional housing stock to complement public housing growth.

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# 08

## AFFORDABLE HOUSING

South Australia faces significant economic opportunity, as has been highlighted by recent announcements by the SA Government regarding (for example) increased defence spending by the Australian Government.

This economic opportunity is likely to attract increased immigration to South Australia, supplying the skilled workforce required to realise the benefits offered.

However, the current shortage of affordable housing raises difficulties for people seeking to move to South Australia. Affordable housing is targeted at workers, and housing essential workers and their families.

If South Australia's population is to grow, and our State is to realise the economic opportunities on offer, we must significantly expand our supply of affordable housing.

Community housing providers have long experience in providing affordable rental accommodation to workers; the sector is a natural and willing partner with the SA Government in expanding affordable housing offerings.

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### **RECOMMENDATION 2**

The Council calls on the SA Government to support accelerated expansion of affordable housing offerings by CHPs, through land release or asset transfer.

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# 09 HOUSING AUSTRALIA FUTURE FUND

The Housing Australia Future Fund (HAFF) represents a significant opportunity to attract additional investment into South Australian housing – both Australian Government funding and institutional investment.<sup>3</sup>

The proposed HAFF places community housing in a central position. This draws on the sector's long-term experience in providing rental accommodation for people with low incomes or experiencing vulnerability. Community housing providers have a demonstrated record of:

- a. Leveraging investment to maximise housing outcomes.
- b. Effectively managing assets to ensure financial sustainability and positive tenant outcomes.
- c. Community development and place-making, supporting provision of stable, long-term accommodation.

The Council notes the SA Government's recent announcement of target projects for the HAFF, and welcomes the acknowledgement that community housing will be a partner in delivering projects.

To achieve the maximum value from the HAFF, early involvement of CHPs will be important. This will allow best use of CHPs' existing asset base and awareness of housing demand and supply mismatches, while maximising opportunities for broad consequential benefits as a result of investments.

At the time of writing this submission, the future of the HAFF is unclear. If the HAFF does not proceed, the imperative for SA Government action becomes significantly greater.

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## RECOMMENDATION 3

The Council calls on the SA Government to engage proactively with community housing providers as key partners from the outset, to maximise the amount and efficacy of HAFF and/or other large-scale investments for our state.

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3. Noting that at the time of writing, the passage of the HAFF Bill is pending vote in the Senate and may either fail to pass in the Senate or may include the incorporation of amendments.



# 10

## HOUSING ACCORD

The Council welcomes the commitment of State and Territory governments to delivering 10,000 additional houses under the Housing Accord. South Australian CHPs are keen to work with the SA Government in delivering these additional properties.

While the recommendations of this submission are all targeted at increasing the availability of social and affordable housing in SA through partnership with CHPs, the Council notes that responding to the specific targets of the Accord will require land release and capital contributions from the SA Government.

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#### **RECOMMENDATION 4**

The Council calls on the SA Government to partner with community housing providers in meeting the targets of the Housing Accord, through land release and capital contributions, to ensure this housing supports people in need.

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# 11

## SNAPSHOT OF REGIONAL HOUSING NEED

The Council recently released its Snapshot of Regional Housing Need for South Australia, which highlighted that availability of suitable housing is a challenge right across our State. This report offers useful insights into the distribution of current and future housing need that can inform both South Australia's engagement with the HAFF and our contribution to the Australian Government's housing strategy.

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### **RECOMMENDATION 5**

The council calls on the SA Government to work closely with the community housing sector in responding to the HAFF, to ensure the best available evidence is considered.

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# 12

## IMPROVING EFFICIENCY OF RESPONSES TO HOUSING AFFORDABILITY

### The Council recently released its Snapshot of Regional Housing Need for South Australia

Given the scale of the problem, the Council believes there are a number of additional important steps the SA Government could take to accelerate responses to the housing affordability crisis.

#### **RED TAPE**

Community housing providers frequently report that approvals from SA Government bodies can be extremely slow.

This affects project timelines and potentially project costs. In some cases, delays in approvals have prohibited the pursuit of projects.

With the HAFF and other increased investment in housing set to increase the volume of approvals sought, these delays will only become more challenging.

Procurement processes can often impose delays on projects. With the HAFF likely to require significant procurement activity, it is important that these processes are streamlined to the greatest extent possible.

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#### **RECOMMENDATION 6**

The Council calls on the SA Government to streamline administrative, planning and procurement processes in delivering housing projects.

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# 13

## INNOVATION IN HOUSING

Community housing providers have demonstrated a capacity to develop and implement innovative and effective approaches to increasing housing supply.

The scale of South Australia's housing affordability crisis highlights a need for housing approaches that reduce the cost and/or duration of housing construction.

As recommended above, streamlining approval processes and supporting a degree of risk inherently associated with innovation will increase CHPs' ability to pursue innovative approaches.

However, in light of the financial constraints on the sector, this response alone is unlikely to be sufficient.

Establishment of an innovation fund to support new approaches would facilitate broad implementation of innovative approaches.

The Community Housing Industry Association (CHIA) has recommended the Australian Government establish a \$2 billion Rapid Response Housing Fund to encourage proposals from CHPs (including CHP-led partnerships) to expand social and affordable housing via mechanisms other than new construction. This could include the acquisition of suitable distressed new build property, or existing rental homes, with the aim of protecting tenants and safeguarding long-term affordability. The proposed scheme is projected to deliver between 4,000 to 5,000 properties nationally within the first year of establishment and would enable CHPs to further leverage the equity created by the property portfolios.

The Council believes that a similar fund could be established in South Australia. On the basis of the national modelling supporting CHIA's proposal, a proportionate fund of \$150 million (adjusted for the SA population) could be expected to deliver 280-350 CHP properties in its first year, with the expectation of the generation of ongoing growth opportunities from leveraging equity.

This fund will support short-term growth in housing to meet immediate need. If the HAFF proceeds, the Innovation Fund will allow community housing providers to commence projects now, rather than waiting for the HAFF.



# 13 INNOVATION IN HOUSING

Should the HAFF not proceed, the Innovation Fund will provide at least some short-term support to addressing housing need. The Fund will also form the basis of a larger program of investment in this scenario.

In a time of unprecedented crisis, this funding model would provide a significant opportunity to fast-track property increases; and utilise the capacity of a sector with a strong record of delivering diverse and accessible tenant-centred housing options that lead to better life outcomes for those who are in greatest need.

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## **RECOMMENDATION 7**

The Council calls on the SA Government to establish a \$150 million Community Housing Innovation Fund to support community housing providers implement innovative solutions to housing.

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# 14

## SUITABLE HOUSING FOR PEOPLE WITH DISABILITY

The majority of housing provided for people with disability does not fall under the Specialist Disability Accommodation (SDA) stream of the National Disability Insurance Scheme (NDIS). The design intention of the SDA was to provide supportive housing for the 6% of NDIS participants with the highest-acuity housing needs. The remaining 94% of people with disability-related housing needs are to be supported through other programs.

Within the social housing system, housing for people with disability who are not eligible for SDA support is overwhelmingly provided by CHPs. The majority of these properties are legacy stock leased from the SA Housing Trust.

These properties are often not well-suited to the needs of contemporary housing for people with disability, while existing subsidy arrangements make it challenging for CHPs to invest in asset renewal and upgrades to the extent they would desire.

Addressing this challenge will require increased contributions from the SA Government – whether through the proposed Community Housing Innovation Fund, increased subsidy levels, or contributions of capital or land.

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### **RECOMMENDATION 8**

The Council calls on the SA Government to increase funding to community housing providers in increasing the supply of suitable accommodation for people with disability who are not eligible for SDA.

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