

# CITY WEST HOUSING PTY LTD

ACN 065 314 758

PROVIDING AFFORDABLE HOUSING

5109/61

10 July 2009

The Director  
Standing Committee on Social Issues  
Legislative Council  
Parliament House  
Macquarie Street  
Sydney NSW 2000

SOCIAL ISSUES COMMITTEE

14 JUL 2009

RECEIVED

Dear Sir

**Inquiry into homelessness and low-cost rental housing.**

**Questions on Notice for City West Housing Pty Limited.**

In answer to the 10 questions on notice received (copy attached) I submit the following responses.

1. Planning legislation established the initial affordable housing programme for the City West Precinct within SREP No. 26, with this legislation required to collect development contributions via the planning process. It also established the initial principles for "Affordable housing" and its administration and accountability.

On an ongoing basis these principles are still applied but over time the funds from this source diminish and the relevance of the legislation with it, in my opinion. The Articles of Association for the Company (established under the Corporations Act.) mirror these principles and specifically record the objects, principles and accountabilities applicable for the provision of affordable housing, and by which the Company has been, and continues to be, bound.

2. Having both development and management functions within the Company allows us to take a more focused long term asset management approach to our developments and thus reduce maintenance costs. Additionally design of buildings is improved continuously through direct input from the Housing staff who deal with day to day issues, and as such are very aware of what design aspects work well or not. Their input at the earliest design stage is invaluable when planning each new project. Importantly this also enables us to control the incorporation of functional ESD components into each building.

The in house development function also means critical staff are very familiar with all buildings which has many advantages particularly in

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relation to prompt assessment and implementation of maintenance requests as well as assisting with allocating of properties to meet individual applicants needs. This ensures a much more focused approach to individual applicants needs and a quicker response times.

Ultimately the in house development function, and alignment with the housing staff, has enabled us to build exactly what we require to meet demand and seamlessly integrate quality social housing into local communities. Our buildings by design are indistinguishable as "social housing" properties. Cost savings are also a benefit from this process which results, in our opinion, the delivery of at least 25% more accommodation than would otherwise be the case if properties were purchased on the open market.

3. I can see no advantages in separating these two functions. This is based on our experience, bearing in mind we do have the expertise in house to successfully undertake both functions. The key advantages would be as for 2 above.
4. It is only those in our higher income group (30%) who do not qualify for public/community housing, although this is changing with some community housing providers.

(a)The initial modeling was undertaken to ensure that CWH would be a "financially independent" organisation. As rent paid by tenants is based on a percentage of income, this "moderate income" group is essential to achieving a positive cash flow over time to cover all recurrent costs, without the need of ongoing external subsidy. CWH as a result continues to successfully maintain full financial independence.

(b)At the present time we have some 350 applicants on our waiting lists. We do not intentionally advertise to increase these numbers (word of mouth is generally sufficient) until a building is nearing completion, however, when we do advertise we see applications increase significantly.

It is therefor difficult to gauge the exact need but certainly demand continues to far outstrip supply, even with eligibility for CWH housing being (quite restrictively) geographically based at present.

(c)This is always the lowest income group who obviously struggle much more because of limited income. This is also the group who require the greatest subsidy.

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5. A number of criteria are used across various areas of need or personal circumstances to enable a points based evaluation of the level of need that is applied impartially and evenly for all applicants. These include assessment of the level and source of income and current housing costs to establish ability to pay/current financial stress, potential for or homelessness, adequacy of current housing, safety of current housing, disadvantage stress (i.e. intellectual/psychiatric disabilities, additional domestic violence, medical conditions, physical disabilities, aboriginality, age, level of local connection and local support needs as well as distance from work if employed in the area. These criteria were developed over time initially using available information from other social/welfare housing providers, our charter and through discussion with support and welfare workers familiar with the key need factors.
6. Income bands were initially set within the affordable housing programme (encompassed in the Regional Environmental Plan and attachments) and our Articles of Association. These were set using ABS median average incomes within Sydney (ABS Region) with a range for very low (50%), low (50%-80%) to moderate (80% -120%) of the area income. These amounts have since been indexed annually based on the most appropriate available information (from ABS).
7. Housing people from different income bands has a number of benefits, however predominantly the main benefit is social and secondly financial. The key social benefit is that a diverse socio-economic group of people are housed in individual buildings and indeed across our whole portfolio. This assists in integrating people into a community without them feeling isolated or of being in a concentrated community with people from similar financial and social backgrounds. This creates a more "normal" community in our opinion, and from our experience removes any perceived stigma from both the tenant's and the wider community's opinion. There are distinct management benefits also with this broader mix of people. We believe tenant's when living without any perceived stigma take an increased pride in their dwellings and communal areas and we also evidence a reduced number of behavioral and maintenance issues than might otherwise be experienced.
8. Tenancies are long term and secure, however, if tenants exceed our uppermost income limit by 10%, 15% or 25% (for 1,2 or 3 bedroom

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properties) they are give 12 months notice to vacate. At these levels it is deemed they could afford to rent privately.

9. In the longer term it is envisaged that CWH will continue to both manage and build properties. Under the current model future surpluses as they are generated ( as a minimum) will enable further properties to be acquired/constructed.
10. Our future financial forecasting confirms that CWH is sustainable in the long-term. The ability to house people across the three income bands, the availability of land that can be procured at a reasonable cost for future development (our biggest challenge) and autonomy (maintaining efficiency without layers of bureaucracy) will be the key critical factors to ensuring this sustainability continues well into the future.

I trust this adequately answers the questions on notice, however, if any further information, or clarification, is required, then please do not hesitate to contact me.

Yours faithfully



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