

**Submission
No 45**

**INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE
HOUSING**

Organisation: Habitat for Humanity NSW Ltd

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*Building houses,
Building hope*

**Submission to NSW Legislative Council
Select Committee on Social, Public and
Affordable Housing**

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Introduction

Habitat for Humanity NSW Ltd is committed to helping people in housing stress obtain shelter security. At Habitat for Humanity NSW, we believe it all starts at home, that a decent home provides much more than bricks and mortar. It's the foundation for giving families the opportunity to be healthier, happier and more secure, and leads to stronger communities that can then grow and sustain themselves.

A stable, secure home creates the foundation for change, giving people the opportunity to be healthier, happier and more secure and for children to be better nourished and better educated. Building a decent home provides much more than bricks and mortar – it provides real hope for the future. Habitat for Humanity research in Australia demonstrates the benefits that accrue to the people we partner with.¹

We don't give hand-outs; we give people a hand-up by building homes in partnership with families. The family contributes labour² and a deposit³, and we assist with the expertise, financing and importantly, as the no-profit loan is repaid, it helps to finance even more homes for people in need.

We also build new homes or renovate existing dwellings using as much volunteer labour and donated materials as possible to keep our construction costs low. Because the families build their own home with us, they learn valuable new skills to share with others who can then also earn a living.

We are also involved on a small scale in repair and restoration work, including assisting after disasters. We are currently working with families affected by recent bushfires in the Blue Mountains, mainly on restoring gardens and building surrounds from charred expanses to something pleasant to live amongst.

The people we work with

Habitat for Humanity NSW works with families and individuals who are suffering from housing stress. This usually means that they also suffer from other forms of socio-economic disadvantage. Some of our families have members who are suffering serious physical illness, are people with physical and/or intellectual disabilities, are

¹ Home partner research <http://www.habitat.org.au/document.doc?id=554>.

² Which we often refer to as sweat equity

³ Usually around \$1,000

recovering from addictions, who have suffered or are suffering from mental illness, or who have been victims of domestic violence.

Our partner families' household incomes are clustered around the Henderson poverty line. Some are working poor, often working part-time or casually. Others are in receipt of social security benefits. In a number of our families adults are seeking to improve their circumstances by engaging in study.

Our families' ethnic and national backgrounds are diverse. Some are Aboriginal and some are overseas born, including families who have come to Australia as refugees.

Our approach

Habitat for Humanity identifies a location where it is possible to obtain land suitable for building simple, decent and affordable housing. Sometimes this will be land which is available relatively cheaply; at other times it is land which is donated or sold by a local council or Housing NSW.

We then identify people in housing stress by holding a well publicised public meeting which explains how we operate and what the housing opportunity is. A rigorous homeowner selection process is undertaken based on the applicant:

1. Experiencing housing stress, which may mean
 - (i) paying more than 30% of household income in rent,
 - (ii) living in accommodation which is unsuitable because of poor repair, lack of facilities for a person with a disability, overcrowding
2. Able to repay a no-interest loan requiring no more than 25% of household income. This may involve a traditional sale and mortgage, an instalment sales contract or a period of tenancy leading to one of the above (with the rental paid being credited to repayments).
3. Unable to obtain commercial housing finance
4. Willing and able to work with HFH NSW to provide a new home.

The house is independently valued and "sold" at 95% of market value, this allowing for the sweat equity contribution.

The financial agreement with homeowners provides for a decreasing share of capital gain to go to HFH NSW so as to guard against profiteering by or exploitation of homeowners.

Resource contributions

Habitat for Humanity is able to leverage resources by engaging volunteers in the building process and by making use of donations of funds, goods and services.

Empowerment of homeowners

HFH NSW seeks to empower people who are not used to being homeowners by linking them with organisations who can provide advice about budgeting and repairs and maintenance. It is also our aim to link new homeowners with volunteers who can provide support and encouragement in the early period of ownership.

How can NSW government be involved?

1. Providing land.

We urge that land is provided the HFH NSW and similar non-government organisations at a price which recognises not only market value but also the value provided by enabling people to become homeowners and no longer a cost to Housing NSW. We propose that by 2020, 5% of Housing NSW is transferred to non-government organisations which enable people in housing stress to become homeowners. We propose further that that proportion increases by 1% per year so that eventually 40% of social and public housing is provided by non-government organisations.

2. Sensible use of surplus or unusable land and housing stock

More timely and efficient use can be made of surplus and damaged housing stock. At present there are many houses in NSW government ownership which are surplus to requirements but which are not available for housing. Some of these houses are in the hands of authorities other than Housing NSW.

There is also a quantity of Housing NSW properties which are damaged and remain unrepaired or unrenovated. Often these properties remain in this state for some time and are in many instances demolished. HFH NSW and similar organisations could repair these properties or reconstruct much quicker than is the case with Housing NSW and enable their use for housing.

3. Appropriate financial arrangements

Land should be transferred in terms that allow for the limited capital resources of not-for-profit organisations. This may involve deferred repayments, soft loans or no-interest loans. In order to stimulate

the process of establishing a home ownership scheme based on repayments from homeowners funding further housing it will be necessary to ensure that organisations are viable. One valuable support would be grants for a period of 5 years to enable maintenance of properties transferred to non-government organisations. This would enable renovation of existing properties to an acceptable sale standard.

4. First home owners' grants

A valuable source of funding is the use of FHOG. FHOG for people involved in recognised social housing programs could be payable direct to the non-government organisation rather than requiring the more complex payment to the potential homeowner and then on-payment to the housing provider. An earlier eligibility for FHOG would stimulate social housing construction.

Taxation issues

A significant constraint on not-for-profit social housing is the operation of the Goods and Services Tax. We recognise that this is a Commonwealth Government concern. GST is payable at the time of sale or transfer of a property. The effect of this is that a capital sum is required to be paid at the beginning of the process. It can only be recouped from payments made by homeowners over time. An arrangement whereby GST could be deferred either for a defined time frame (for example 3 years) or until the property was fully paid for would reduce or remove the need for significant capital to be raised up front for this purpose.

Accountability and probity

One of the problems that we have encountered is that Housing NSW is constrained by a narrow concept of probity and accountability that sees market mechanisms as a sufficient monitor of disposal of housing stock. No account is taken of the social impact of usual methods of disposing of housing stock. The effect is the transfer of housing to developers. Although this frees funds for other purposes it is a once off process. Our model involves the reinvestment of housing repayments in the provision of social housing as well as providing a form of social housing at the same time.

The retention of housing stock as public housing also enables criteria for resource efficiency and environmental standards to be fixed beyond the minimal BASIX requirements.

Social impact

Our model doesn't involve the use of substantial amounts of land as a social housing estate. It allows for a mix of owned and tenanted housing. Of course this does not mean that social housing can be provided in an area where land or construction costs are high, as these costs are ultimately borne by the homeowner.

Housing design

The best housing design involves the occupants in the design. This can only be achieved under an ownership model. This means that allowances are made for local conditions, cultural preferences and practices for housing use and family and social dynamics. This is governed by the need for the housing to be simple, decent and affordable.

We understand that the experience of community housing providers is that they are able to be more flexible and adaptable to local circumstances that Housing NSW has been able to be. We believe that this would also be the case in programs designed to enable ownership.

It is our experience that we can be creative with housing design. One example is at Canowindra. Here 3 houses were built using unused Army sheds originally prepared for the Vietnam War. This material was a cheap and effective basis for this housing. Some early local opposition to this concept had been transformed into enthusiastic support from neighbours, civic leaders and the wider community.

Other advantages

HFH NSW has 2 families living in houses in Junee. Each of those houses was completed to a point in Junee Correctional Centre and then transported to land in Junee where the construction was completed. In this situation not only are families in housing stress enabled to own a home but the Junee inmates receive a TAFE qualification for their involvement as well as the real satisfaction of having made a positive contribution to the community. This has occurred as a result of a partnership between HFH NSW, TAFE NSW and GEO Group Australia Pty Ltd, the correctional centre operator.

We believe that this is a model which can be implemented in other NSW communities.

Our organisation

Habitat for Humanity NSW Ltd is a public company limited by guarantee. It is associated with Habitat for Humanity Australia and Habitat for Humanity International. Over 800,000 homes throughout the world have been built, renovated or repaired by Habitat for Humanity since its founding in 1976. Habitat for Humanity has been operating in Australia for over 25 years. We are a registered charity and have DGR status for taxation purposes.