

Understanding the community housing sector

A guide for local councils and developers



What is community housing?

Community housing is a safe and stable home provided by a not-for-profit organisation with expertise in giving a helping hand to those in need.

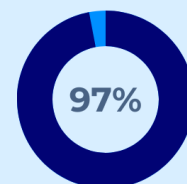
There are more than 50 registered community housing organisations (CHOs) in Victoria offering renters long-term housing at a price they can afford. These homes create a foundation for people to live life to the fullest and reconnect with community, work, education and supports.

Victoria has more than 26,000 community housing homes, most of which are social housing. Some organisations also provide crisis accommodation or affordable rental housing.

Community housing plays an important role in our housing system and is a well-established and highly regulated complement to public housing.

Did you know?

97% of suburbs in Victoria already have community housing





Who provides community housing?

CHOs are not-for-profit organisations that provide safe, secure and affordable rental homes for people who can't afford another place to live.

CHOs are:

- **Not-for-profit registered charities.** This means every dollar collected in rent goes back to providing homes and services for people in need.
- **Mission driven** to provide safe, secure and affordable homes for low-income renters who are priced out of the private market.
- **Highly regulated** and required to report annually to the Housing Registrar on a wide range of performance measures.

CHOs have a proven track record and are experienced in property management, tenancy management and community development. They are deeply committed to the communities in which they work.

The diversity of community housing

The community housing sector is as diverse as the people who live in community housing. CHOs can differ in terms of:

- **Who lives in the homes.** While some CHOs provide homes to a broad range of people, others specialise in housing particular groups, such as women-led households, older people or First Nations Victorians.
- **The types of housing programs offered.** That might be long-term rental housing, crisis and transitional accommodation, rooming houses or co-operative housing.
- **What the homes look like.** CHOs provide a range of homes, including apartments, townhouses, units and free-standing houses.
- **Where the homes are located.** Some CHOs provide housing in a specific geographical area; others have homes across Victoria.
- **Support services offered to renters.** Some CHOs provide direct support services for their renters, while others partner with local service providers to provide supports.
- **Size.** From small organisations managing less than 100 homes, to larger CHOs managing more than 2,000 homes, and everything in between.



Who lives in community housing?

More than 26,000 Victorian households already live in community housing. People living in community housing are everyday Victorians, living on low incomes. They might include:

- Older women
- People with a disability
- Families
- Essential workers earning very low income
- Single people

Most people who live in community housing access these homes through Victoria's social housing waiting list, the Victorian Housing Register (VHR).

The VHR is the single waitlist for social housing in Victoria, covering both community and public housing. There are two main categories of application: Priority and Register of Interest. Eligibility is based on income and assets, and specific categories of higher need which elevate the priority of an application.



How much is community housing rent?

For social housing residents, community housing rents are 25-30% of a household's income, or 75% of the market rent, whichever is lowest. Community housing renters who get Commonwealth Rent Assistance (CRA) also pay this to their CHO to help with maintenance costs. Public housing renters don't get CRA.

For affordable rental housing residents, community housing rents are typically 75% of the market rent.

What support is provided to community housing residents?

Some people who live in community housing just need a safe and affordable place to call home, and don't need additional supports.

For people who need more support, CHOs often partner with local agencies to provide support services for their renters. This might include disability, family violence, financial or mental health supports. Some CHOs also provide their own support services directly.

CHOs also often run renter events, community hubs and other community engagement activities at their properties to build connections and social cohesion.



How are community housing organisations regulated?

The community housing sector is highly regulated under Part VIII of the Housing Act 1983. Regulation of the sector is managed by the Housing Registrar, which sits within the Department of Treasury and Finance. The Housing Registrar is responsible for registering, monitoring and assessing the performance of registered CHOs against gazetted performance standards.

The regulatory framework ensures registered CHOs are held accountable to government, other investors, renters and the community. The framework also promotes best practice and gives government the tools to address poor performance.

Performance standards

All registered CHOs must adhere to and report annually on the gazetted performance standards:

- Tenant and housing services
- Housing assets
- Community engagement
- Governance
- Probity
- Management
- Financial viability

These performance standards ensure high-quality housing services and the best outcomes for renters and prospective renters.

You can find out more about these standards on the [Housing Registrar website](#).



Partnering with community housing

Community housing organisations (CHOs) are an ideal partner for local councils and developers seeking to deliver social and affordable housing. That's because:

- Registered CHOs can **access a range of funding opportunities**, including through the Big Housing Build and Housing Australia Future Fund.
- CHOs have a **proven track record** in property development. Through the Big Housing Build alone, CHOs will deliver over 4,000 new homes, with many already complete.
- CHOs **design homes that fit in** with the surrounding neighbourhood and that meet the same standards and codes as every other home. Some CHO projects have received design awards, including from the Urban Development Institute of Australia (UDIA) and the Australian Institute of Architects.
- CHOs are **experienced** in tenancy allocation and management, property management and community development.
- With their **charitable status**, CHOs are eligible for a refund for the GST on costs, including GST on the cost of constructing new homes.
- CHOs are **highly regulated**.
- For developers, partnering with CHOs assists with boosting their business' **social licence to operate** and enhances their corporate social responsibility.
- CHOs are not-for-profit organisations who are **deeply committed** to and understand the needs of the communities in which they work.
- The **diversity** of the community housing sector makes it easier for local councils and developers to find a CHO that aligns with their partnership opportunity.





Operating environment

CHOs are efficient, lean, not-for-profit organisations providing safe, secure and affordable homes for people who can't afford another place to live. When assessing the financial feasibility of a project, there are many factors CHOs need to consider.

Rental income

CHOs provide homes for people on very low incomes, and rent must be affordable for residents. Most people living in community housing pay 25-30% of their household's income in rent. For a single person on JobSeeker this is around \$100 per week, and for a single person on the Age Pension this is around \$150 per week.

Regulatory requirements

The regulatory framework ensures registered CHOs are held accountable to government, other investors, renters and the community. This framework requires registered CHOs to remain financially viable.

Up-front costs

Like anyone building new homes, reducing up-front construction costs are a key consideration for CHOs. This is especially true in the context of their lower rental incomes and regulatory requirements.

Long-term operating costs

CHOs build properties to provide long-term homes for people in need, so keeping ongoing operating costs low is of critical importance. To help achieve this, CHOs prefer low owners' corporation fees and durable, low maintenance fittings and fixtures.

Funding availability and structure

Funding opportunities for CHOs are complex, and different opportunities have different structures and requirements. However, it is helpful to keep in mind the following aspects when exploring CHO partnership opportunities.

- **What funding is for** – most funding opportunities are for the construction of new homes. CHOs generally don't receive funding for ongoing operating costs.
- **Funding source** – funding for new homes is usually through government funding, however other sources include philanthropic donations.
- **Additional financing required** – in addition to government or philanthropic funding, projects require a CHO capital contribution, or additional financing such as low interest government loans or bank financing. Projects where a CHO owns the land (rather than leases it) increases their ability to secure financing.
- **Funding proposal timing** – there is often a short turnaround time for CHOs to submit funding proposals.



Tips for finding a community housing partner

- **Learn more about the community housing sector.** Before engaging with CHOs, familiarise yourself with the sector, including its operating environment. CHOs are lean organisations and have to carefully gauge which project or partnership opportunity they respond to. CHIA Vic can help councils and developers build their understanding of the community housing sector.
- **Engage early.** Engage with the sector as early as possible, before all project details are finalised. It is helpful to ask several CHOs whether a project proposal will work for the sector. This will save you time spent working on a proposal that is unviable for CHOs.
- **Where possible be flexible.** Try to explore multiple options before committing to a model.
- **Be clear on what you're looking for and what you can offer.**
- **Keep in mind:**
 - The ability of a CHO to take up an opportunity varies over time.
 - CHOs have the knowledge and experience to advise whether your proposal is likely to be of interest to the sector.
 - The operating environment and project feasibility considerations for CHOs.

Where can I find out more?

To learn more about community housing and how to partner with the sector, contact:
admin@chiavvic.com.au

