

FINANCIAL REVIEW

[Robert Harley](#)

Mirvac, Devine on board for Logan's run



Turunga public housing tower in Waterloo. **Photo: Nick Moir**

Robert Harley

In Logan, the sprawling city between Brisbane and the Gold Coast, the Queensland government is preparing to outsource the management, ownership and development of 5000 Department of Housing homes.

Years ago, such an offer would have been regarded with suspicion. Today it is an opportunity.

Property groups Mirvac and Devine are in the shortlisted consortiums. So is Transfield Services.

To smooth the path between developers and residents is a host of community-housing specialists such as Community Housing, Horizon Housing, Compass Housing and the Church of Christ Care Queensland.

And, after Westpac's success in the community-housing sector, each of the big four banks is ready to support the deal, says one bidder.

If Logan works, if the transfer goes smoothly and control of the dwelling stock is leveraged into 1000 new homes by 2020, the model is likely to be rolled out across the country.

Portfolio outsourced

Queensland Housing Minister Tim Mander plans to exit 90 per cent of his social housing stock by 2020.

In Tasmania, one large portfolio has already been outsourced to MA Housing, the community housing operation of Mission Australia, and three more are up for tender.

Others states are less committed although under a COAG deal from 2009, all agreed to transfer 35 per cent of their social housing portfolios to community housing by 2014.

The deadline is unlikely to be met, but the imperative remains.

Affordable housing is next to non-existent for those in need. Cash- strapped governments cannot provide more homes, let alone pay the upkeep on ageing existing stock.

Why not transfer the management to those who do best in community housing? Why not outsource development to those most capable? And why not transfer the title of declining housing stock so that new teams, of not-for-profits and the private sector, can mortgage the land to refurbish and rebuild?

Kicks a lot of goals

"It makes a whole lot of sense to a government," says Steve Bevington, the managing director of one of the largest operations in the sector, Community Housing Ltd.

"It reduces operation costs and creates more housing out of nothing [by using the leverage on the transfer of the land] and that stimulates building and jobs. So it kicks a lot of goals."

Accommodating potential									
Number of social housing dwellings, at June 30, 2012									
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
Public housing	112,310	64,768	51,793	33,896	40,906	11,203	10,950	5,080	330,906
Community housing	25,311	11,023	11,444	5,168	5,805	1,920	580	312	61,563

SOURCE: PRODUCTIVITY COMMISSION REPORT ON GOVERNMENT SERVICES

The community housing sector has grown in size and sophistication in recent years, helped by a number of federal government initiatives, by charitable tax treatment and its skills. Today, the sector handles more than 60,000 social housing units.

The executive director of the Community Housing Federation of Australia, Carol Croce, expects more.

“We are going to see larger portions of public housing transferred to the community housing sector,” she says.

“Over time, the titles will be transferred, giving community housing providers leverage to develop more housing.”

In essence, the social-housing stock, all 330,000 houses and units worth a conservative \$60 billion – including \$30 billion in NSW and \$14 billion in Queensland – is being moved out of the public sector.

Relevant accommodation

“It opens up an entirely new marketplace,” says the executive director of the Residential Development Council, Caryn Kakas.

David Keir, the managing director of listed developer, Devine, has seen the opportunity, bidding for Logan and Airs Bradbury in Sydney.

“Privatising this sector, and partnering with community housing, will deliver outcomes in terms of social housing and private housing,” Keir says. “We are looking at how to create accommodation that is relevant.”

Australand Property Group is already involved in the redevelopment of a public housing estate in the Melbourne suburb of Carlton and has bid for Airs Bradbury.

“A lot of the social housing targeted for redevelopment is old but well positioned . . . and, in many cases, underutilises the land,” says Australand’s executive general manager, residential, Rod Fehring.

“These redevelopment projects offer long-term structured partnerships that play to Australand’s core skills in land and medium-density housing development.”

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The Australian Financial Review