

Homes for those out in the cold



TRADING ROOM

BRIDGET CARTER

COMMUNITY Housing managing director Steve Bevington was at one stage in such a desperate situation while living in London during his twenties that he was sleeping outside train stations and in graveyards.

At the time, Britain was in recession and Bevington, now 56, who had worked as a carpenter before unsuccessful attempts to start his own business, was jobless.

"Rental accommodation had dried up to the point where young people were just left out in the cold, literally. I moved into a period of insecure accommodation to shorter-term accommodation over a progressive period of 10 years in London," he says.

"At one time I was formally homeless. I stayed on empty trains and outside Tube stations and in graveyards."

The experience made him passionate about accommodation issues, propelling him into local politics in London. He served as a councillor on Camden Council, and eventually moved into a position where he oversaw the council's social housing, which included at least 380,000 dwellings.

It was a background that gave him entry into the social housing arena in Australia.

Here, he initially worked for the Victorian government before launching Community Housing Limited, one of the largest not-for-profit housing providers in Australia.

Today, CHL has a portfolio of more than 2600 properties under management in Australia across five states — Victoria, NSW, Western Australia, South Australia and Tasmania — and the organisation is a one-stop shop for design, development, construction and management.

The business started out small, with initial projects 100 per cent government funded.

In 1997, it expanded into homelessness services, with about 400 homes under management, and with contact from about 1700 homeless people annually in Melbourne and parts of regional Victoria.



ALAN PAYTE

Steve Bevington, managing director of Community Housing Limited. The subsidy of housing goes an awfully long way in reducing the other costs of public services

In the past three years the group has designed and built 1200 homes across four states, although principally in Victoria.

In recent years, Bevington says, social housing has fallen to 4 per cent of the entire national housing stock from 6 per cent.

"If we could turn that around and start pushing it up to 6 per cent and 10 per cent, we can deal with the fundamental problems that happen to be in Australia."

There is a need for 500,000 more homes in the affordable rental housing sector, he says.

Currently, there were people who would qualify for social housing either paying up to 50 per cent of their income or more on housing or living with family members or friends. "That's where those half a million households are at this stage," he says.

Bevington says the need is expected to grow to 630,000 homes in the next 20 years if the present housing supply remains.

Social housing, he says, is increasingly moving out of the government's control and into the control of community not-for-profit groups, which he describes as "a patchwork quilt of different organisations".

"The difference between our model and the public housing model is that we have better cashflows and all of the money is purely ascribed to the delivery and management of housing."

CHL, Bevington explains, develops land or may build homes

in joint ventures, with the surplus from the project redirected into more stock or into reducing the cost of accommodation, and it secures not just government funding, but also money from not-for-profit groups and financiers.

What is pleasing, he says, is the Council of Australian Governments agreement for states to transfer up to 35 per cent of their public housing stock to community housing organisations by 2014.

There is a need for 500,000 more homes in the affordable rental housing sector

It means it is now up to state governments to take the next step and start making the transfers a reality.

"The state governments are gradually moving on this issue," Bevington says. "There is ample evidence to show that this is the right approach and it should happen sooner rather than later."

He estimates there are more than 1000 organisations across Australia, with about 30 groups managing 90 per cent of the stock.

CHL manages 4000 houses, and is the second largest community housing manager behind St George Community Housing based in Sydney. Four years ago,

the group was only managing housing in Victoria.

CHL, Bevington says, has a \$120 million debt facility and hopes to secure an additional \$100m in debt. Recently, it completed a 79-unit development in Melbourne and it has embarked on a 60-unit development in Sydney city.

Sydney projects have been in suburbs such as Parramatta and Randwick.

"In the future, the majority of our development will be in Western Australia and South Australia," Bevington says.

Recently, the government's national economic stimulus package raised the global financial crisis raised \$5.6bn for 10,500 properties, many of which have been delivered already.

It is more favourable to embark on inner city developments, he says.

"We've just been awarded 700 more houses to develop. I73 have already been started in Western Australia, 180 in South Australia and 150 in Tasmania."

There are about 230 in NSW and currently none in Victoria.

"We're slightly different to many organisations in that the average value of a property would be in the range of \$300,000 plus." Market rents for the properties are about \$300 and for CHL projects weekly rents are usually between \$150 and \$200 weekly, which Bevington says is enough to pay off the interest on a loan.

"Because of the economies of scale, we can maintain the properties, and put away further funds for future maintenance and upgrades.

"We don't make profit at all — the profits we make are put into more housing we develop, consequently driving down the cost of housing."

Bevington says CHL would like to create a "staircase" into home ownership for the small proportion of those living in community housing.

Presently, about two thirds of those in the group's homes are on benefits, while the remainder are low-income workers, paying about 75 per cent market rents.

"We want to encourage them to put away deposits and move into the house in five to 10 years as a

home ownership option." An advantage of community housing organisations, he says, is that they embark on smaller developments that are mixed through Australian communities, creating a natural counter-balance in those communities.

"The subsidy of housing goes an awfully long way in reducing the other costs of public services and crime alone," says Bevington.

"That would hopefully allow for increased public support for housing programs, and a greater recognition for funding public housing for affordable assistance, the majority being private through organisations like ourselves, that could assist with some of the peaks and troughs in the market we are experiencing at the moment."