



Economic recovery, community services and COVID-19

Implications for community housing providers

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QShelter seminar 21 May 2020

Demand

- Immediate challenge – exit strategy for temporarily rehoused former homeless
 - Social housing will lack the capacity – especially in Brisbane
 - Esp. in depressed market, head-leasing program would be most suitable solution
 - Homelessness second wave in prospect for later 2020
- *Estd. 1,500 rough sleepers and others temporarily rehoused across Qld*
 - *Almost equivalent to 100% of quarterly SH lettings, statewide*
 - *Virtually all ‘BAU’ lettings to ‘greatest need apps’*
 - *Inevitable geographic mismatch*
 - *Support costs also need to be met*

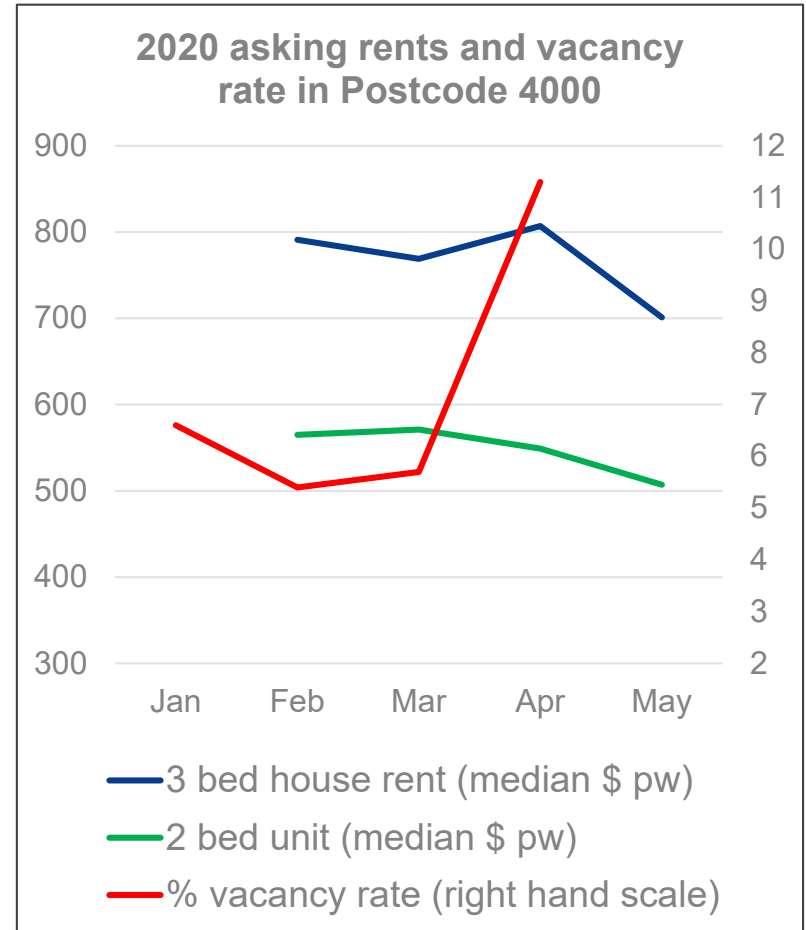
Rent revenue

Plus points

- Dominance of benefit-reliant tenants in social housing
- Possibility jobseeker will remain at enhanced rate – beneficial for providers with higher working-age tenant %

Minus points

- Market rents already declining and likely to fall further
- Affordable rental providers more exposed to falling market rents and rising arrears



Source: SQM

Development opportunities – possible social housing stimulus

- Infrastructure will be part of pandemic recovery plan (Josh Frydenberg)
- Status of housing (esp. social housing) as ‘infrastructure’ still contested
- PM view: ‘more roads fixed and bridges built’
- National COVID Co-ordination Commission view: gas pipelines
- Arguments for housing focus
 - Can be ramped up quickly
 - Targets especially hard-hit sector
 - Low import content = high domestic jobs spinoff rating
- Social housing focus could begin to redress decades of under-provision
- But Property Council focus on subsidising FHBs highly politically salient

SHARP proposal

- Developed by CHIA and partners
- \$500m stock renovation
- \$7.2 billion new build program – 30,000 social housing units over 3 yrs
- Costing assumes:
 - Unit cost: \$300k
 - Subsidy per unit: \$240k
 - Debt per unit: \$60k
- Output of ongoing economic modelling likely to be critical for prospects

