

**EXTRACT FROM DEBATE IN THE LEGISLATIVE COUNCIL
ON THE AFFORDABLE HOUSING BILL - 13th MARCH 2007**

The Hon. T.J. STEPHENS (LIBERAL):

The member for Bragg has sought several briefings on behalf of the opposition, and recent advice we have received from the interchurch housing unit has posed some questions that I would like the minister to consider and provide the council with answers at a later stage. The shadow minister has asked questions about this clause during committee, but some other questions were recently raised with us that will need clarification, and I will record them in Hansard today.

The ICHU members have concerns with section 21A of the bill relating to covenants. Their understanding is that this covenant is intended to regulate the use of affordable housing grants to community housing organisations (CHOs), in particular affordable housing grants to build houses on church-owned land. The bill provides, at section 21A(2)(b), that the covenant may be registered and have effect under the terms of this section so as to bind subsequent owners of the land, despite the fact that the covenant does not benefit land of the South Australian Housing Trust. The concerns of the interchurch housing unit are as follows:

1. The ICHU states that churches would not provide land under this term of the covenant as there is a risk that it will reinvent the same perpetuity difficulties that caused the churches to stop providing their land under the old SACHA debenture agreement, and also cause them to refuse to enter into the facilitation agreement, which was intended to replace the SACHA debenture agreement.
2. Churches also see a risk that this term will take their houses away from the open housing market and place them in some new, unknown and difficult to manage niche market. Such a shift would reduce the attractiveness of houses on church land to potential buyers and reduce their market value.
3. The churches are also concerned that this term will cut across the government's own affordable housing objective to have CHOs borrow money to generate additional community housing. The churches take the view that the covenant is likely to be a significant barrier to the banks and other institutions. Under these terms, HomeStart Finance may end up being the only CHO lender.
4. Tenants buying social housing houses (including ICHU member houses) will be aware that future buyers will also be bound by the covenant. This seems likely to reduce both tenant buyer and future buyer interest in ICHU member houses. Any reduction in buyer interest is likely to place the asset management strategies of ICHU members at risk. It could reduce the uptake rate on the minister's 2006 written invitation to all social housing tenants to buy their house under the EquityStart program.

The bill also states that an owner of the land may, with the consent of, or at the request of the SAHT, vary the covenant and discharge a covenant. The churches will not provide land where there is a risk that they may be prevented from using their land in their interests or have that interest determined by the SAHT. I would be very interested in hearing the minister's response to these concerns and have them reported back to the council.

The Hon. NICK XENOPHON:

I note that the Hon. Mr Stephens has made reference to a number of church groups that have concerns about how this will be structured and whether they can be accommodated for joint ventures, in a sense, with the government but still have some certainty as to the use of their land. I have received representations from those groups, and I would be interested in the committee stage as to what safeguards there will be for the use of land in those sorts of arrangements. I know the Inter-Church Housing Unit Incorporated, which is a commission of the South Australian Council of Churches, has expressed a number of concerns about ensuring that there is an equitable arrangement with respect to the financial contributions of so-called partners as commercial equity interest in a housing development and that they are treated as such. I would be interested in hearing from the government how this bill will assist in facilitating that. There was concern from that sector a number of weeks ago. I do not want to single out the Inter-Church Housing Unit particularly, but there was a broad concern that there should be substantial and significant guarantees of the development of such projects that would ensure affordable housing.