



NSW Department of Family and Community Services

Social Housing in NSW:

A discussion paper for input and comment

**Submission by the Housing Alliance of NSW -
community housing providers covering the New
England, North West, Central West , North Coast
and Western regions**



20 February 2015

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Submission in response to “Social Housing: A Discussion Paper for Input and Comment”

The Housing Alliance is pleased to provide a submission to the discussion paper. We are a unique collaboration between four medium-sized community housing providers that supply high quality services to people and communities in regional NSW. Together, we manage over 3,235 homes, making us the fourth largest provider of community housing in Australia.

NSW faces considerable challenges in transforming social housing and we believe the community housing sector is an under-utilised resource that offers the best opportunity to improve the efficiency, effectiveness and flexibility of the system, particularly in regional NSW. Providers can raise new forms of funding, re-cycle funds between activities, and re-invest tax benefits to support the communities in which they operate.

Community housing organisations such as the Housing Alliance members are well placed to partner with Government to deliver solutions. We can manage social housing at lower cost, and provide better service to customers as shown by tenant satisfaction surveys. Moreover, we act as ‘community anchors’ in the regions and galvanise action through a range of stakeholders. Unlike the private sector, we have a proven track record in managing social housing tenancies at scale.

We believe that in partnership with Government we can help reform the social housing delivery system.

Yours sincerely



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Submitted by the Housing Alliance:

Homes Out West



Housing Plus



Homes North



North Coast Community Housing (NCCH)



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Cover photograph: Homes North properties in Armidale

1 Introduction

Social housing issues are different in regional NSW than in metropolitan locations. This difference is born out in research and within other sectors such as the Higher Education sector, health service delivery, arts and cultural development to name a few. The Housing Alliance proposes solutions that specifically address issues for regional housing as well as solutions that will support the entire system. Regional community housing providers such as members of the Housing Alliance have a strong presence in their local areas, with a proven track record. They can play a major role in making the NSW social housing system in regional NSW sustainable into the future

The four members of the Housing Alliance are Housing Plus (Box 1), North Coast Community Housing NCH (Box 5), Homes out West (see Box 8) and Homes North (Box 9). All operate away from the Sydney-Newcastle-Wollongong metropolis.

1.1. The Housing Alliance

The Housing Alliance was established in 2010 between four regional NSW community housing organisations each managing between 450 and 1,000 tenancies each. By establishing a 'middle path' between independence and merger, the Housing Alliance is following an approach that has been tried and tested overseas.

Understanding alliances

An 'alliance' is a form of collaboration between organisations in the same sector where a range of functions are dealt with by agreement with the partners, whilst they all preserve their independent identity and capacity for independent decision making. In countries with large community housing sectors, such as Britain and the Netherlands, there are many examples of alliances between housing organisations. Research from the mid-2000s indicated 67% of English community housing providers who had not merged or formed group structures had established some form of partnership arrangement.

The strengths of alliances between like-minded community housing providers are:

- Members gain economies of scale through shared procurement
- Alliance members are less likely to be taken over by a larger organisation, and retain their independent roles as 'community anchors' in the regions where they operate
- Best practice and continual improvement are encouraged through greater knowledge sharing
- Benchmarking on costs and service levels can take place
- Members remain part of their local community within natural place-based and regional working networks while maintaining a global perspective.

1.2. Regional context

It is apparent to the Housing Alliance that with scarce resources, the focus of the State Government is dominated by the high demands of metropolitan housing markets to the detriment of regional areas. Housing Alliance members work in housing markets with different dynamics to the metropolitan centres of Sydney, Newcastle and Wollongong. For example, three member organisations operate in low demand, low value markets that correlate with high levels

of disadvantage. The corporate leaders of the Alliance organisations share a similar vision, particularly around maintaining strong community links and remaining as independent organisations. The Alliance aims to improve each member organisations' efficiency, effectiveness and flexibility, and ultimately to deliver outstanding value for money for State Government investment.

Housing Alliance members act as 'community anchors' in the regions in which they operate. Members know that links with partner service providers and local government in regional areas are vital to developing a capacity to respond to community needs and maximise the impact of scarcely distributed social services.

Social housing in regional areas of NSW faces a very different set of challenges from metropolitan locations.



Box 1 : Housing Plus - a leading regional community housing provider

Housing Plus is a Tier One National Regulatory System (NRS) Registered and 3 year Accredited not-for-profit community housing provider limited by guarantee, registered as a Public Benevolent Institution with Deductible Gift Recipient Status.

The company operates as a social enterprise, combining dedication to a strong mission with an ability to harness professional expertise once reserved for private sector businesses. Housing Plus provides high quality affordable rental housing and support services to people in need, and acts as a key community partner in the regions and neighbourhoods where they operate. Their Directors live locally, have demonstrated experience and follow the ASX Corporate Governance Principles. Similarly, management and staff are professional and well-informed. Housing Plus's strong values drive everything they do. The organisation respects tenants, clients and partners and promotes excellence through being transparent, approachable and accountable.

Staff and Directors are professional people who are diligent, ethical and committed to the objectives of the organisation.

Housing Plus operates over a wide geographical area, with an administration office in Orange, Branch offices in Orange, Bathurst and Mudgee, with outreach services extended to Kandos, Rylstone, Gulgong, Molong, Wellington, Dubbo, Parkes, Forbes and Cowra. In this region they have strong links with councils, welfare agencies, housing advocates and community members. Their goal is to offer the highest quality services, and be the leading 'community anchor' in the NSW Central West, through coordinating with service partners and giving a local point of reference.

Housing Plus currently manage over 871 properties that are rented to lower income households and has recently introduced an affordable housing program. Many of these are owned by Government, though some are leased from the private market and others are run in partnership with not-for-profit welfare groups.

In 2010 they successfully won a tender to receive newly-built Nation Building social housing. Housing Plus has received title to these properties, and raised private finance to increase the regional supply of affordable housing. By offering some tenancies to low and moderate income households, Housing Plus offers a 'housing continuum' and creates pathways for our tenants as their circumstances change.

Regional challenges compared to Metropolitan

Regional NSW	Metropolitan NSW (Sydney, Newcastle, Wollongong)
Property management	
<ul style="list-style-type: none"> • Dispersed portfolio • Remote and isolated offices • Mix of high and low demand areas 	<ul style="list-style-type: none"> • Consolidated portfolio • Large work units • Generally management of high demand only
Asset management of social housing portfolio	
<ul style="list-style-type: none"> • Generally low value assets • Discrete coastal locations of high value • Locations subject to fluctuating values due to the impacts of mining activity, major infrastructure projects such as road construction • Prevalence of standalone cottages • Remote and isolated offices • Mix of high and low demand areas 	<ul style="list-style-type: none"> • High value assets with potential for uplift • Large work units • Generally management of high demand only
Support services	
<ul style="list-style-type: none"> • Agencies are spread thin across a large area • Availability of specialist services is very inconsistent 	<ul style="list-style-type: none"> • Concentration of a wide-range of support services
Human resources	
<ul style="list-style-type: none"> • Workforce pool is limited • Less wage pressure • Limited training and mentoring options both internally and externally 	<ul style="list-style-type: none"> • Access to large workforce • Pressure on wages • Access to a wide range of training and mentoring opportunities, both internally and externally
Housing Markets	
<ul style="list-style-type: none"> • Private rental is a viable option in many areas for many households as rents are generally lower than Metropolitan locations and are affordable on low incomes • With low levels of assistance moderate income earning households have the capacity to enter into home ownership • Generally the level of 'owner occupation', a term including households paying a mortgage, is at or slightly ahead of the NSW average of 66% 	<ul style="list-style-type: none"> • Private rental is not a viable option in many areas for many households as rental costs are unaffordable on low incomes • Home ownership is inaccessible, unless very generous financial support was provided
Access to housing assistance products	
<ul style="list-style-type: none"> • Gradual closure of HNSW offices over the past decade (eg Inverell) • Opening of access points by CHPs (eg Gunnedah, Lismore) 	<ul style="list-style-type: none"> • Maintenance of access points by HNSW

1.3. Regional Housing Solution

It is for this reason the Housing Alliance proposes the State Government consider alternative structures and methods for the management of social housing and the delivery of housing assistance products for regional NSW:

- Develop a different strategy document for social housing for regional NSW
- Outsource the delivery of social housing management and the delivery of FACS housing assistance products, but also consider title transfer, or long-term leases, as an option in order to facilitate portfolio reconfiguration and/or the development of additional housing.
- Generally facilitate place-based solutions that focus on the local housing market, local economic conditions and local agencies by:
 - Providing a greater scope for the localisation of strategic planning for social housing that focuses on the specific opportunities and challenges in individual markets and communities
 - Embedding engagement with local stakeholders into all levels of service delivery: planning, delivery, and performance reviews, with a particular focus on mutual engagement obligations between social housing managers, FACS and local government
 - Implementing greater accountability at district level for the delivery of services to local communities by introducing community charters which must be reported against annually and publicly
- Develop the skills of FACS district staff in social housing strategic engagement, planning, programme and performance monitoring to ensure that high standard services are delivered and appropriate local responses are developed.
- An essential tenet of a holistic regional service model will be the development of meaningful professional partnerships between FACS staff and social agencies where the emphasis is on collegiate learning, cooperation, trust and respect.



2. Three Pillars

The Housing Alliance has identified practical solutions for the three pillars identified in the discussion paper. Many of these solutions are applicable to the whole social housing system and some are specific solutions for the regional housing environment.

In general the Housing Alliance supports a shift in the role of Government in relation to social housing, from a service delivery role to setting policy, funding and monitoring performance.

2.1 Pillar 1: A social housing system that provides opportunity and pathways for client independence

The outcomes sought in pillar one are central to the strategic direction of the Housing Alliance members. In 2014 the CEOs of the four member organisations undertook a study tour of the United Kingdom specifically to identify and adopt appropriate opportunities and pathways for social housing customers. Our long local experience, coupled with observations of social housing in the United Kingdom, inform the initiatives in this submission. In some cases the Housing Alliance has commenced adoption of applicable initiatives identified from our study tour.

- **Pillar 1 Initiatives**

- Comprehensive customer pre-allocation assessment that is person-centred covering areas such as:
 - Financial position and literacy
 - Aspirations (housing, employment, education, training etc.) and addressing of barriers to achieving these aspirations

- Capacity to maintain a tenancy and identification of any support needs

The Housing Alliance recommends a policy shift to include this kind of assessment at the eligibility stage, so that housing options become the focus of the eligibility assessment rather than an application for social housing. However, in order for this to be successful a viable suite of options needs to be available for the customer that covers the entire housing continuum.

- Provision of products and services along the housing continuum:
 - Access to housing assistance products and services needs to be streamlined.
 - Better links need to be forged with local real estate agents to facilitate access to private rental, both for customers transitioning out of social housing and for customers in need of housing.
 - Development of “intermediate” products and services that support customers to sustain private rental tenancies need to be expanded and made available to Community Housing Providers at a minimum
 - Access to housing assistance products at NSW Service Centres in smaller towns where no provider is present
 - A central affordable housing register needs to be implemented to allow ready and transparent access to this new housing product.
- The introduction of products and services that facilitate a pathway to home ownership:
 - A variety of shared equity products where the Community Housing Provider retains a portion of the equity in the property. These schemes could work for existing

social housing assets and would be particularly beneficial in estate renewal areas. This model would require title transfer to the Community Housing Provider.

Shared equity schemes could also be included in new developments. In both these examples home ownership is made more affordable and equity in the asset is freed up for further development.

- Development of home loan options – Housing Alliance members are currently in negotiations with one of Australia’s leading banks to consider development of a product specifically for our social and affordable housing tenants to transition into home ownership
- Deposit saving schemes and incentives
- Rent-to-buy schemes (see insert Box 2)
- Educational aspiration building and engagement initiatives:
 - The development of a partnership is under negotiation with a regional

university to raise awareness of and build aspiration among social housing customers to engage in pathways to higher education.

- Use of employment initiatives:
 - Value adding inclusions in Company contracts. For example, a requirement for maintenance contractors to take on apprenticeships for social housing occupants.
 - Development of social enterprises that provide services to the Community Housing Provider, for example, a vacant cleaning company that focuses on employment and mentoring for a particular cohort eg long-term unemployed, ex-offenders.
- Review of policy settings that reinforce the “poverty trap” such as the current rent-setting model that acts as a disincentive to gain employment.

Box 2 : “Try before you Buy” Program

The “Try Before you Buy” program is a joint project with Housing NSW, offering properties to tenants at below market rent to households with low to moderate incomes in order to facilitate a pathway to home ownership.

“As per our conversation earlier today, I wish to give two weeks’ notice of intention to vacate X Alexander St Armidale. Please pass my sincerest thanks to XXX for accepting us into the scheme, as without this chance to save money on rent we would have had a much more difficult time getting to the point where we could buy our own home.”

Excerpt from Homes North tenant feedback

Having access to stable, suitable and affordable housing was critical at this juncture in allowing these tenants to successfully transition to home ownership.

Unfortunately LAHC is now winding up this programme.

Box 3 : Pathways to employment

Between 2011 and 2012 Bob* found himself with nowhere to live on two separate occasions and received crisis accommodation at a refuge we run. He was an immature 16 year old Aboriginal youth, lacking the essential living skills required to live independently and could have easily found himself with long term homelessness issues.

He successfully participated in the Emerge living skills program and impressed staff with his commitment to improving his basic budgeting, cooking, cleaning and relationship skills. After 3 months staying at Emerge, Bob was nominated for an independent living unit through a partnership between Housing Plus, Emerge, Mission Australia and Housing NSW.

Bob left the Transitional Youth Housing Program when he was offered a community housing property by Housing Plus. His unit was part of the Nation Building Economic Stimulus Program, Bob was excited to secure a brand new property that he could live in long term.

Relieved to see how well Bob was doing in his new property, Housing Plus suggested he apply for a traineeship with a local business where he was working part time. He secured a traineeship at a local car wash in 2013. Bob provides support and mentorship to his 13 year old brother, and continues to have a strong relationship with Housing Plus staff.

In 2014 Bob was awarded the 'Youth of the Month' award by Orange City Council. He had been nominated by the Orange Tenancy Services Team for his achievements in overcoming adversity.

* Not his real name

The Housing Alliance argues that the community housing sector is best placed to develop and deliver these products as we are better positioned than government to capitalise on existing relationships with the private sector and non-government agencies to develop pathways for opportunity and client independence. As social enterprises we can engage with businesses, non-government agencies and local government on a commercial basis. We currently work closely with real estate agents and landlords with our leasehold portfolio. We can also access and galvanise the network of volunteer groups in our regions (refer insert box 4), as well as apply for funding and donations from corporations to support our social programmes.

Box 4: Acts of Kindness (Gunnedah project)

A collaborative initiative between the Salvation Army and Homes North where community members in Gunnedah volunteer and help out tenants struggling with odd jobs around the home, for example mowing lawns and cleaning up yards.

In regional areas there exists greater capacity to transition social housing tenants to home ownership and/or affordable housing due to the more affordable home purchase prices. Focus therefore in the social housing strategy for regional locations could be home ownership facilitation products.

Box 5 : NCCH – support provider partnerships

North Coast Community Housing (NCCH) is a non-profit housing company providing social and affordable, community-based rental housing for people in housing need and on low or moderate incomes. They provide housing in council areas of Northern NSW including Clarence Valley Shire, Richmond Valley Shire, Kyogle Shire, Ballina Shire, Byron Shire, Lismore and Tweed Valley Shire.

The organisation has a head office in Lismore and branch offices in South Tweed Heads and Grafton. It is a Tier One NRS registered community housing provider and fully accredited against the national community housing standards. NCCH is managed by a Board of Directors and the day-to-day operations are carried out by permanent staff of 26.

Over the past 30 years, NCCH has formed successful partnerships with a wide range of support agencies throughout the region. These partnerships are set up to ensure that vulnerable and high needs people are able to enjoy sustainable tenancies. Over 10% of tenants require varying levels of formal support with their living arrangements to enable them to live independently.

NCCH works in a range of formal partnerships with support services providers to ensure that those most vulnerable in our community have access to local social housing. The partnerships, where NCCH deliver tenancy and property management services (generally from properties within its existing portfolio) whilst the support provider delivers ongoing support/care services to the tenant, are conducted according to management and service arrangements that best promote the sustainability of each tenancy.

In 2010, NCCH established their Housing Partnerships Program to progressively increase the number of properties being managed under formal agreements with support providers. In addition to assisting more people who required ongoing support to sustain a tenancy, the program ensures:

- There are clear criteria for the approval of new projects (including criteria for expanding arrangements with existing partners).
- There will be improved forward planning, in relation to the number of properties being allocated to the program each year, so new projects could be more strategically developed with both existing and new partners.

The program will be more heavily promoted in the community, in order to ensure access to partnerships include all local agencies who have an interest in (and the resources required to commit to) a supported housing partnership with NCCH.

NCCH is a partner in the Communities North Consortium providing tenancy and property management through our Housing Response Unit to three of the regional packages on the recently tendered Going Home Staying Home reforms.

2.2 Pillar 2: A social housing system that is fair

The Housing Alliance recommends a re-assessment of the relationship between users of the social housing system and the housing provider. Underpinning this re-assessment will be the development of a fair system.

Currently the relationship is primarily one of landlord and tenant. This relationship needs

to be expanded to include additional obligations on both parties. Examples of how this would be achieved are:

- ***Universal Customer Charter***

The introduction of a universal Customer Charter that describes mutual obligations of the service user and the service provider. This Charter would underpin service delivery regardless of the provider being the state authority, not-for-profit or private

enterprise. Service delivery could be monitored according to compliance with the charter. The charter would focus service delivery on government, client and community outcomes; enshrining the expectations and benchmarks for quality services and embedding equity into the social housing system.

Currently there are less than satisfactory behaviours from both the social landlord and system users. The Public Accounts Committee report into tenancy management in social housing and the Auditor General's report point to areas where both FACS and LAHC are failing to deliver to service users. Escalating costs relating to tenant damages, persistent problems with serious nuisance and annoyance, including intimidation of witnesses, and drug dealing in social housing estates need to be addressed.

The Charter would also introduce accountability to the system. Housing providers would be required to engage with the users of their service and provide an annual customer set of accounts (for example be transparent on how tenant rent dollars were allocated in the provision of services).

There is also currently inequity in the quality of service delivery expectations between Housing NSW and the Community Housing Sector. The Community Housing sector must adhere to the National standards set out by the National Registrar for Community Housing. Each year the Community Housing Provider's financial performance, complaints management and tenant engagement is reviewed and assessed. The Housing Alliance recommends that all social housing landlords must meet these national standards.

With a Customer Charter and the national standards, parity in service provision could

be achieved for users of social housing no matter who their landlord is.

- ***Introduce tenant incentive schemes***

The Housing Alliance supports incentive schemes that encourage shifts in behaviour by rewarding compliance to the tenancy agreement and achievements toward independence and provides disincentives for non-compliance. Examples of initiatives Housing Alliance members are introducing:

- Prize draw for tenants consistently in credit on their rent accounts
- Choice of paint colours and kitchen design for refurbishments for tenants consistently complying with their tenancy agreement
- Restricting maintenance to basic adherence to the landlord's obligations under the residential tenancies act for tenants not complying with their tenancy agreement.

Such an incentive scheme is transparent and openly acknowledges complying tenants. It also provides the opportunity to reset the negative stereotype of a social housing tenant. It is the experience of most providers that a very small minority of social housing tenants persistently breach their tenancy obligations.

Disincentives also need to be addressed. Currently social housing tenants are discouraged from gaining employment as it results in a sudden increase in their rental costs. Providing a 12-month buffer against this sudden increase would provide, firstly a strong initial incentive to take up employment opportunities and secondly allow time for new employment patterns to stabilise. The challenge in addressing this issue will be to recognise and allow for the increasing casualisation of the workforce

and the resultant fluctuation in customer income.

Incentives also need to be introduced that support Social Housing tenants to transition to private rental or home ownership. These incentives could also be supported by disincentives to remain in social housing. Examples of such initiatives could be:

- Additional financial support to transition into the private rental market such as additional rent assistance for a period, or payment of relocation costs
- Introduction of fixed term leases across the whole social housing system for tenants who are assessed as only needing temporary assistance
- Alternately, in estate regeneration areas where community stability is vital the introduction of products and services that change around the tenant as they remain housed in the same property. Tenants could transition from social housing to affordable housing (market-based rent) to a shared equity home ownership product whilst remaining in the same property.
- ***Other Measures to Make the System Fairer***

To make the system fairer there could be a tightening up of the entry points to social housing to ensure those on the waiting list are specifically in need of social housing. The granting of subsidised rent could be contingent on the tenant taking steps toward their own independence. This would assist tenants to recognise a shift in the nature of services provided through social housing away from simply a landlord/tenant relationship to one of mutual obligation.

Exploration of fairer and more equitable access for Aboriginal community members needs to be carried out through an active process of consultation with all providers

funded to service the Aboriginal community and the Aboriginal communities they serve.

There also needs to be clear guidance protocols for transitioning customers out of social housing to ensure fairness is embedded into this process.

All Social Housing providers need to genuinely empower, and engage with, their tenants to inform improvements in their standard of tenancy management. Community Housing Providers have a strong record of engagement with tenants, in part due to their obligations under the National Standards. This engagement facilitates early intervention strategies for managing neighbourhood disturbances. Poorly managed responses to incidences of nuisance and annoyance damage the reputation of social housing as a whole, including compliant social housing tenants, this gives permission for society to marginalise and demonise the sector. A strong complaints management system that feeds into service improvement initiatives is also vital. Commitments to the community on the management of nuisance and annoyance and engagement with the larger community need to be explicitly stated in the customer charter and reported publicly.

The Improved assessment of customers entering the system recommended previously will also assist in making the system fairer by identifying:

- Underlying issues requiring intervention to sustain a tenancy
- Markers of potential challenges managing good neighbourly relationships

The information will assist tenancy managers in building a clearer picture of their customer's vulnerability, risks and needs. Utilisation of this knowledge will therefore better assist in sustaining

tenancies, and the early intervention and appropriate prevention of neighbourhood complaints.

The assessment would also identify, early in the process, pathways to assist clients move towards independence, and provide a sound basis for decisions around people needing ongoing social housing and people with the capacity to transition.

Service providers will require from Government a negotiated monitoring and accountability framework which recognises the qualitative values and complexities of customer centred service as well as quantity based data collection.

2.3 Pillar 3: A social housing system that is sustainable

Community Housing's contribution

Australian states and territories, along with many countries overseas, are recognising the role community housing organisations can make to increasing housing supply and more effectively managing social housing. In regional areas, community housing providers are even more vital – often they are significant contributors to the local community and can give leadership and vision

The challenges facing the sustainability of social housing in NSW have been clearly articulated in the discussion paper. The Housing Alliance recommends the Minister consider the following options to support the viability of the sector.

2.3.1 A sustainable model

- **Capturing Commonwealth Rent Assistance (CRA)**

Community housing organisations can capture CRA through rents charged on their properties, which is not the case for state authority managed social housing.

If community housing providers managed the social housing portfolio this would result in the injection of CRA into the system. This additional cash injection would improve the viability of the system by allowing, at a minimum, for maintenance costs to be covered eliminating the need to sell-off properties simply to balance the budget.

Modest cash flow surpluses generated per property would be used to raise bank finance, secured against the property asset (with either title transfer or 25 year leases). Loans could then be used to meet the specific strategic priorities of the asset portfolio.

In regional areas this would:

- Address the significant backlog of maintenance
- Reduce the significant liability associated with aging stock, in particular asbestos materials
- Realign the portfolio configuration with waiting lists
- Respond to NDIS housing needs
- Develop underutilised sites
- Reduce living costs for residents by introducing sustainability features
- Reduce ongoing maintenance costs through the development of properties with lower life-cycle costs.
- Partnering to develop innovative projects that address the housing needs of specific cohorts in regional areas, such as youth and older persons.

Box 6 : A funding mix delivering new housing for people in need

Funded by the Supported Accommodation Innovations Fund (SAIF) and own resources, Housing Plus had developed a highly flexible medium density cluster of villas to house a minimum of five people with severe and profound disability who have left statutory state care. Internal spaces adapt easily around clients changing needs, providing flexibility required for design and delivery of individual support services to maximising clients self- determination and informed choice concerning their adult lives. Each villa is quality accommodation offering flexibility in design to meet a range of needs and including state of the art smart technologies, security, and high-speed wireless internet or NBN compatibility. The villas are oriented in a cluster allowing for separation and independence but also shared use of innovative interactive outdoor areas and covered spaces designed for culturally sensitive social interaction. Each villa is self-contained including private access, bedroom, bathroom, kitchen and living space.

- ***Redevelopment of Existing Assets***

Community housing providers have the capacity to engage with the commercial sector on innovative, revenue positive initiatives. For example, developing an underutilised site currently housing a single person in a 2 bedroom cottage. The new development could yield 4 new units of accommodation, two of which could be sold at a profit in the private market, the remaining two would be of universal design and retained for social housing. The results would be an additional social housing property, two more appropriate social housing properties and two additional properties in the local housing market. The costs of the development are covered by profits from the private sales and cash flow surpluses.

During the last two years the four Housing Alliance members have collectively developed 86 new affordable homes for regional NSW at no capital cost to NSW Government. During the same period the NSW public housing stock fell due to asset sales needed to address funding shortfalls.

- ***Benefits of social enterprises managing social housing***

Community housing providers are social enterprises. We operate as independent businesses and must be run efficiently to remain viable.

Social housing providers are unlike many not-for-profits as our revenue is generally not funding based, but is mostly reliant on rental income. For the Housing Alliance our funding is largely the granting of leases or title to properties. As a result we operate, in many ways, similarly to any well-managed business when it comes to financial management. However, we do not have the imperative of returning a dividend to share holders or profits to owners and must according to our constitutions use surpluses to meet charitable purposes.

In addition to the benefit of capturing CRA, management of social housing by community housing providers will also lower costs through our charitable status. Community housing providers can claim GST input credits and several other exemptions.

As non-government organisations we can access a variety of funding sources and other resources not available to the State housing authority:

- Corporate funding (for example banks, mining companies)
- Philanthropic donations & funding
- Volunteer groups
- Federal & State funding initiatives

- Funding through collaboration with partners in allied sectors
- Funding through partners in non allied sectors (see insert Box 7)

Community Housing Providers can also engage in modest for-profit activities that would inject additional funds into the system. Ideally these for-profit activities would include added value in the form of social ventures as previously mentioned.

Box 7 : Supporting clients with mental illness to live independently

Richmond PRA in consortium with Homes North were selected through an open tender process to deliver new intensive support and accommodation packages which will provide an opportunity for mental health clients to exit institutional care and integrate into the community. The funding includes a capital grant from the Department of Health to upgrade and redevelop an existing site managed by Homes North in Tamworth, and a \$1.2 million grant from the NSW Department of Health.

This project provides on-site 24/7 support and therapeutic facilities such as gardens and a gym. The support is focused on recovery and includes developing living skills, improving general wellbeing and participating in the workforce.

Homes North is thrilled to be a partner in this approach and looks forward to providing the clients with safe and affordable accommodation and the dignity that comes with having a place to call home. Homes North staff will assist clients to learn how to sustain their tenancies in a community context.

Homes North staff have seen clients with such needs challenged by the demands of independent living coupled with insufficient and sporadic support. It is very encouraging to be a partner in a program where clients are provided with true wrap around services and opportunities to grow. The first clients occupied the renovated property in December 2013 and have commenced their journey to recovery and independence.

- **4. Advantages of regionally-based providers servicing the regions**

Transferring the management of social housing to regionally-based providers will also mean that the system can take advantage of lower wage costs. It will also shift jobs out to the regions and support regional economies.

All four Housing Alliance members have been able to negotiate lower contractor margins for our maintenance work than currently negotiated by LAHC in the same locations. Our members have committed to engaging regionally-based contractors and have been able to cut out the additional margins required by the business models of state-wide and inter-state wide contracting firms engaged by LAHC.



Box 8 : Homes Out West - high quality asset management

Homes Out West is a leader in social housing provision in the south western Riverina region of NSW. The organisation delivers affordable housing to those most in need across 11 rural communities along the Murray River, bridging an area of some 700km between Albury in the east and the South Australian border in the west. They have a board of seven directors who oversee the governance of the organisation. Their directors, staff and contractors, are local to the communities served. Homes Out West currently manage a portfolio of approximately 450 properties. This entails a mix of capital properties, fee for service and leasehold properties.

Homes Out West’s operations reflect their values in respect of the diversity, equality and rights of people; working as a community on common issues; displaying integrity, transparency and accountability; promoting quality and equity in our work, our houses and people’s lives; and providing long term safety and security through the housing product we deliver.

They have strong partnerships with many service providers across the region to assist support our tenants and enhance their lives. Key partnerships have been developed through our co-location office arrangements with other service providers in Deniliquin and Albury. This office ‘hub’ arrangement offers a one-stop-shop service to our tenants and potential applicants and augments our position as a leading ‘community anchor’ in the lower Riverina region. This innovative example has been recognised by the NSW Registrar of Community Housing as best practice.

Property innovation

The organisation has undergone a period of massive growth in recent years primarily due to the sector wide reform initiative of the property transfer program. This resulted in Homes Out West acquiring a portfolio with a strong dominance of aged fibro cottages, presenting challenges in relation to maintenance liabilities and a variance between housing product and demand.

Homes Out West undertook a significant piece of work in developing a Dwelling Decision Tool to produce a detailed assessment of the environment surrounding the organisation’s assets alongside an analysis of current assets and if they are ‘fit for purpose’. The innovative tool has been used to indicate which properties are performing well and meeting clients and the broader regions current housing needs. The Tool is reviewed and refined on a three year cycle to maintain relevance with the changing environment.

Six pilot properties with differing design features and across various locations were selected as a sample. The pilot properties were initially technically inspected by Homes Out West and several independent architects with concepts collected on best practice for sustainable improvements. Input was gathered also from interested tenants through a tenant forum.

A range of initiatives were raised, with all options being assessed on their ability to address the project objectives. Initiatives included increased insulation, external cladding, roof exhaust vents, skylights, blinds, ceiling fans and solar hot water. The evaluation process, undertaken after eighteen months of tenants living in the modified properties, outlined a range of recommendations on ways the portfolio could be improved in line with the project aim.

Before



After





Box 9 : Homes North – whole of area transfer success

Homes North is an innovative not-for-profit social enterprise delivering high quality housing management and support for people on low to moderate incomes in the New England and North West region of NSW. They currently manage over 1,000 properties under a wide range of programs that include providing social housing to community members who are disadvantaged in accessing private rental, alleviating housing stress by providing affordable housing options to moderate income households and providing specialist housing for disability clients. Homes North also operate a rent-to- buy scheme in Armidale and Tamworth.

Homes North is also an important access point for homelessness and allied services, this is particularly so in smaller regional locations where there is no Housing NSW office. Homes North has built strong partnerships with services across the region to ensure optimal outcomes for their clients and communities. They have a strong Board of six skilled directors who are committed to delivering quality services and maintaining a robust financial model.

Homes North is committed to managing their business well so they can increase the supply of affordable housing in the region. They have acquired 15 properties over the past two years, and have plans to acquire a further 20 in the next two years. These properties are for low and moderate income households.

All administration, finance and reporting functions reside in Armidale and are managed by the Chief Executive Officer and Manager Business Services. The Company also has a specialist asset management team in Tamworth, overseen by the Asset Manager, to ensure the efficient management and maintenance of the asset base. Housing management is delivered through our four local offices: Armidale, Tamworth, Gunnedah, Glen Innes and Tenterfield.

Gunnedah Community Cottage

Under the 'whole-of-town' stock transfer programme in 2007-8 Homes North took on the management of the Housing NSW social housing portfolio in Gunnedah, approximately 150 properties. Just under 100 of these properties are located in a precinct in west Gunnedah located on the "wrong side of the tracks".

The area had a history of hard-to-let properties, vandalism and anti-social behaviour. As part of a suite of strategies to improve the quality of life for people living in the area and reduce overheads from vacants and vandalism, Homes North opened a community cottage in the centre of the precinct. Services and community development activities delivered out of the cottage are coordinated by on-site Salvation Army staff.

Hope House now offers a range of facilities and services including a mother's group, positive lifestyle programmes, counselling services, budgeting, loans, community gatherings and celebrations, a playgroup and opportunities for community members to volunteer and gain skills.

3 Why community housing?

There are clear benefits to be gained by increasing the proportion of NSW social housing managed by contemporary, business-like not-for-profits such as Housing Alliance members. Immediately additional funds will be injected onto the system through CRA, running costs will fall, transparency will increase and tenant satisfaction will improve. There will be a more strategic management of assets, and the delivery of new affordable homes through a mix of public and private funds. Community housing providers have the capacity to interweave with the private sector to create innovative, cost effective solutions to meet Government-set objectives.

The Housing Alliance recommends targets be set for the transfer of the management of social housing, either through title transfer or long-term leases, to the community housing sector with a focus on achieving 100% transfer in regional NSW by 2020. This is a small proportion of the portfolio currently managed directly by FACS. The transfer will eliminate the complexities and costs of a centralised agency managing service delivery to a small proportion of the portfolio that is geographically dispersed widely across NSW. The transfers also further facilitate the Government's initiatives toward localization.

Under the transfers community housing providers will agree to meet specific targets in terms of improving properties, delivering targeted and outcomes-focused services and providing additional new housing in high demand areas.

All four Alliance members have extensive management outsourcing experience, often of whole estates. Collectively Housing Alliance members have received over 1,100 transfers between 2005 and 2011.

Unlike the larger and centrally controlled State Housing Authority and large metropolitan based providers, well managed regional community housing providers can more readily provide locally focused responses – through the way they deliver direct services to the community and through the strategic management of assets. Surpluses generated in the region are used to provide improved outcomes in the region, not syphoned off to fund projects in other areas of operation.

Contemporary community housing groups are run by professional managers, and supervised by highly skilled boards. Most directors are business people, lawyers, accountants and human service experts. They are also comprehensively regulated by the sectors National Regulatory System.

Housing Alliance members are accountable to their regional communities, to State Governments and to their customers for the effectiveness of the service provided and their use of public funds.

The Housing Alliance members would appreciate the opportunity to discuss in more detail the initiatives briefly outlined in this submission.