

**Submission
No 4**

TENANCY MANAGEMENT IN SOCIAL HOUSING

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PACIFIC LINK HOUSING

Home & Community

NSW Parliament Public Accounts Committee
Parliament House
Macquarie Street
NSW 2000

8 August 2014

Dear Sir/Madam

Inquiry into social housing tenancy management

On behalf of Pacific Link Housing Ltd (Pacific Link), I am pleased to submit this response to the Parliamentary Inquiry. Based on our work over three decades in the Central Coast and Lower Hunter regions, we have provided detailed and evidenced-based information to address the four points raised by the Committee.

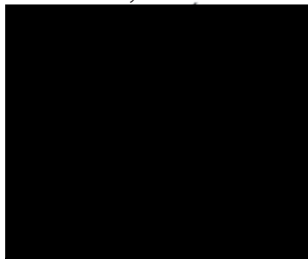
Successive audit reports here in NSW and interstate have confirmed that delivery of social housing by public sector agencies can only continue if there are accelerated asset sales, or a growing annual gap-funding by State taxpayers. Neither alternative is attractive. As a result, every government around Australia, along with those of the majority of OECD countries, are continuing a progressive move of social housing management to the not-for-profit sector.

Community housing does not provide a universal panacea for the housing crisis. Policy settings need to be carefully chosen, capacity built and performance monitored. However, compared to the public sector there is strong evidence that there can be greater cost efficiencies. And in contrast to commercial sector businesses, community housing providers recycle surpluses rather than paying part of their public subsidy to private investors.

To optimise cost effectiveness, greater transparency and accountability is needed. Policy makers need greater clarity on costs between the public and not-for-profit sectors, and between different community housing providers. Mature and efficient organisations such as Pacific Link have a strong track record in both delivering great outcomes, and putting in place mechanisms where these outcomes can be quantified and evaluated.

Pacific Link looks forward to continuing to partner with State Government to help deliver our shared goals of a modern, efficient and effective social housing system. This needs to give pathways for people to independence through work, training and life skills.

Yours faithfully



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NSW PARLIAMENTRY INQUIRY INTO TENANCY MANAGEMENT IN SOCIAL HOUSING

**SUBMISSION BY
PACIFIC LINK HOUSING**



PACIFIC LINK
HOUSING

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1 Context

NSW faces serious difficulties in providing an effective social housing system, particularly in the Central Coast and Lower Hunter regions. The state's social housing stock is limited, and public housing's finances are unsustainable. Community housing organisations play a vital role in alleviating these challenges by providing cost effective housing to people in need.

1.1 Housing challenges in regional NSW

'Social housing' in this submission is defined as housing that is largely funded by tax payers for some of the most marginalised members of society. This housing includes 'public housing' which is provided and managed by government. 'Community housing' similarly provides housing for marginalised populations, but is run by not-for-profit organisations such as Pacific Link Housing Ltd ('Pacific Link').

Housing issues along the Central Coast and Lower Hunter regions are characterised by a poor supply of housing of all types that fails to meet local demand. Latest planning projections from NSW Government indicate tens of thousands of families will relocate to the Central Coast area in the near future.

Housing stress is apparent in both the Central Coast and Hunter regions, with rental costs particularly high and increasing. This high cost of housing creates difficulties for local people, particularly as the regions already have higher unemployment rates and lower incomes than the state average. In addition, the Central Coast has the highest proportion of aged persons in NSW, with 80% receiving a government pension or other benefits.

Regional social housing

With few options available in the private real estate market, many lower income and disadvantaged households are trapped in social housing. However, the current social housing stock is ageing and poorly located, with many homes distanced from jobs, essential services and infrastructure. It is also poorly suited to the needs of the local population, with housing sizes often larger than required.

Many high needs applicants who qualify for social housing are turned away, while others may never be housed if they are just on a very low income without other special needs. As a result, waiting lists for social housing in this region are increasing and stand at more than ten years for most property types, especially in the Central Coast.

Housing NSW retains a significant number of public housing properties in the regions in which Pacific Link operate, but the quality of the housing is deteriorating rapidly. Maintenance has been pared back, further increasing the financial burden for future years. Many staff work hard, but are unable to provide much support to tenants beyond minimum landlord functions. As a result, many tenants' lives remain troubled and they remain trapped in a cycle of inter-generational disadvantage and welfare dependency.

Public housing is delivered in regional NSW in an inefficient and bureaucratic way. Local Housing NSW offices are expensive to maintain, and duplicate the strong network already in place provided by community housing providers such as Pacific Link. Furthermore, the Central Coast and Lower Hunter regions in Housing NSW are coordinated from Coffs Harbour. This is distant from local areas, and staff have less understanding of the housing issues faced through operating on Sydney's urban fringe.

1.2 The strengths of community housing

Community housing forms an integral part of Australia's housing system by providing housing options that are reasonably priced, secure and responsive to the needs of the neighbourhoods in which the organisations operate. In NSW around 20% of social housing is managed within the sector, and is more financially sustainable for NSW Government than public housing through the receipt of Commonwealth Rent Assistance (CRA). CRA is available to community housing providers but not to public housing agencies.

Contemporary community housing organisations are run by professional managers, and supervised by highly skilled Boards of Directors who generally have solid private sector experience. They are accountable to tenants, the community and government for the effectiveness of the service provided and their use of public funds. Each year they are independently audited, and produce accounts to the exacting requirements of ASIC.

Unlike larger and centrally controlled public housing agencies such as Housing NSW, community housing providers are more locally responsive. They work closely with local service agencies and not-for-profit partners, building social cohesion in what were once concentrated areas of social and economic disadvantage. This is particularly important in regions such as the Central Coast and Lower Hunter where neighbourhood issues are important and a 'one size fits all' approach does not work.

Community housing providers identify local issues and develop a range of solutions to deliver tangible benefits for their tenants. They are flexible, yet determined to provide quality services in tenancy and asset management. Through effective management approaches a close control is maintained over costs, and opportunities are regularly taken to diversify income sources beyond State Government subsidies.

1.3 Pacific Link's capacity

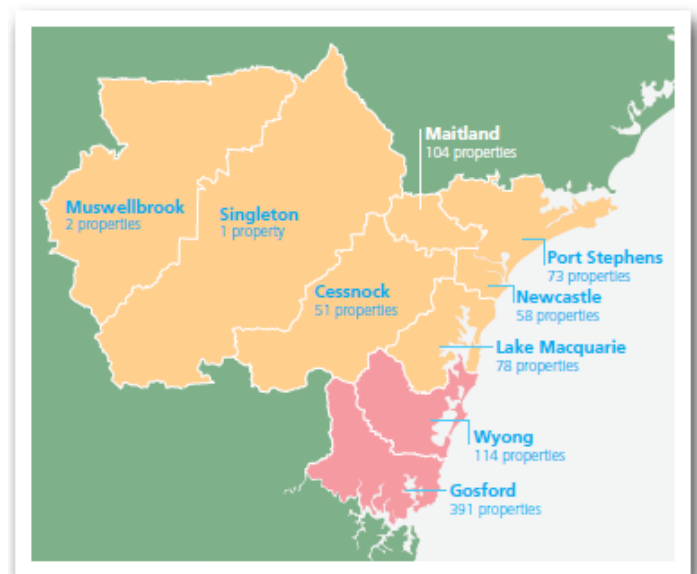
Pacific Link is a larger community housing provider which has been operating in the Lower Hunter and Central Coast since 1984. Out of the 737 Australian community housing providers identified by the Productivity Commission as at June 2013, we are one of the 30 largest by numbers of tenancies managed - in the top 4%.

We are a multi-award winning Tier One provider under the National Regulatory System (NRS), and an Accredited Community Housing Organisation under the National Community Housing Standards. Pacific Link employs 23 staff, works collaboratively with more than 20 support partners, and manages around 1,000 properties accommodating 2,000 people. In the year to

30 June 2014 we achieved a surplus of \$1.6 million on an annual income of \$12.3 million, and our accumulated surplus stood at \$10.6 million at year-end (subject to final audit).

Leading Pacific Link is Chief Executive Keith Gavin and Chairman David Bacon. Their background indicates the calibre and acumen of people running larger, at-scale community housing providers:

- Keith has an extensive management and executive background with senior roles in leading firms in the travel, manufacturing and medical industry. Keith has been with Pacific Link since 2010, initially in a consultant role tasked with restructuring the organisation for Class 1 NSW Registration.
- David Bacon, who has been with Pacific Link since 2006, is an experienced Director, Chief Executive and senior executive, having worked in Australia and the United Kingdom. David has extensive experience in the private and public sectors, including media, regional economic development and fast moving consumer goods sectors.



Pacific Link's role

Our purpose is to provide and further develop affordable and appropriate housing solutions for those in the community who are in greatest need. Pacific Link provides special purpose housing in thirty diverse housing programs which include mental health, sole parents, young people and students, the aged, recovering substance users, aboriginal families, families exiting refuge accommodation, exiting custodial institutions, households with persons with a disability and refugee families.

We have emerged as one of the most active, innovative and widely respected social housing providers in Australia. Our track record includes delivering new housing programs in close collaboration with Housing NSW, and we have also received recognition of our high capacity for tenant services by being awarded the Australasian winner for Outstanding Tenant Services at the Australasian Housing Institute Awards.

The growth of operating surpluses has allowed us to reinvest in new housing initiatives for those in greatest need. At present, we rent or provide one additional property for every two supplied by government which is a major benefit to tenants in housing need and the Central Coast and Lower Hunter communities.

A hand up, not a handout

Pacific Link discourages tenants from assuming a life-long entitlement to community housing and encourages those who, following a period of assistance and support, are able to return to private sector housing.

Those who are able to return to private housing play an essential part in supporting the needs of others by making existing properties available for re-allocation.

2 Cost efficient tenancy management

Community housing providers efficiently deliver social housing tenancy management services at a lower overall cost to Government than the public sector. We invest more in tenant and community support, reducing the overall burden to taxpayers. Costs are controlled by using private sector disciplines, yet unlike commercial companies we do not lose funds by paying tax or dividends. Our surpluses are continually reinvested for public good, specifically in meeting Government policy objectives.

2.1 Public housing tenancy management

The landmark 2013 report by the NSW Auditor General concluded that public housing was unsustainable if it continued to be managed in the same way. Finances could only be stabilised if portions of the asset portfolio were sold to fund the operating costs of tenancy and asset management. Asset sales would further increase the waiting list for social housing, and the remaining stock would be of the wrong size and in the wrong location.

As the comments noted in the text box confirm, Housing NSW's strategies are not working and it is not performing effectively as a social housing manager. Furthermore, the quality and depth of information presented is insufficient to properly measure performance, or to judge whether the money spent ('inputs') is leading to the proper tasks being undertaken ('outputs'), or to achieving their strategic goals for people and communities ('outcomes').

An independent view on NSW public housing

'Public housing is ageing and increasingly not fit for purpose'.

'HNSW's and LAHC's tenant and asset management activities have sometimes been inconsistent and short-term'.

'HNSW could do better in responding to changes in tenants' needs and circumstances'.

'HNSW's and LAHC's reporting is not sufficient to clearly assess performance in achieving the objects of the Housing Act 2001, particularly those that would show understanding and management of existing and future tenants needs. Much of the information is available in some form within HNSW and LAHC, but it is not collated or published in a form that is easy for parliament and the public to understand'.

Source: Auditor General (2013)

The poor performance of Housing NSW is further underscored by data analysed by the Productivity Commission in their 2014 Report on Government Services. On nearly every measure of effectiveness and efficiency, Housing NSW performed worse than the average for NSW community housing providers. For example:

- Property condition was markedly worse in public than community housing.

- Community housing providers were more efficient at providing ‘core’ tenancy management services such as collecting the rent, filling vacancies and accommodating the appropriate number of people given the size of the property.

2.2 Measuring efficiency and effectiveness

The NSW Auditor General noted problems with performance data collection and analysis by Housing NSW, and this is true for information gathered by Government for the NSW community housing sector. An AHURI report on ‘Assessing management costs and tenant outcomes in social housing’ published last month further commented:

‘Current data qualifications mean that the official social housing cost indicator is not comparable between public housing in different jurisdictions, let alone between public and community housing. However, more fundamental questions concern ‘what is it measuring?’ and ‘what can it tell us about social landlord efficiency?’ (p.26).

An understanding of the comparative **efficiency** between landlords can be problematic, even if data such as voids, vacancies and turn-round times can be relatively easily collected. Performance differences will be significantly influenced by differences in asset profiles, such as the age of housing stock and relative geographic concentration, types of tenants housed, as well as differences in landlord efficiency. Furthermore, there are different tax and financial settings between the public and community housing sectors.

Measuring tenant outcomes is necessary to understand **cost effectiveness** of social housing landlords, though the process is complex and there are limits to what can be achieved through survey-based approaches. Measuring the extent to which landlord actions help tenants connect with support services, training or employment is challenging, and it is hard to know whether changes would have taken place in any event.

2.3 Comparisons across sectors

NSW ‘core’ social housing tenancy management is undertaken by the public and not-for-profit sectors. Other components of the value chain of activities that comprise broader social and affordable housing delivery have greater private sector involvement:

- Asset management and property inspections in the public sector are tendered to private organisations. This allows bidding transparency, favours value for money and provides opportunities for companies that have scale economies.
- New social and affordable development and construction, promoted by either public or community housing agencies, generally has an involvement of private companies. Often project management and/or development is undertaken by social housing agencies, particularly by larger community housing groups.
- Affordable housing tenancy management is undertaken by community housing providers where it has been funded through the National Rental Affordability Scheme (NRAS). Projects of this type are being developed and funded by a mixture of private and not-for-profit organisations.

- Affordable rental housing produced through the market is nearly always managed by private sector real estate agents or landlords. This includes cheaper rental properties, caravan parks and boarding houses. These properties are aimed at low income households, not households where an occupant has special needs.

National and international review

In terms of tenancy management of social (as opposed to affordable) housing by private sector organisations, there are no known examples in Australia and few overseas:

- In the Bonnyrigg Public Private Partnership (PPP), which involved a number of private sector organisations, the tenancy management, tenancy support and re-housing services to social housing tenants is being provided by a community housing provider (SGCH). The same is true for a parallel public-private redevelopment of a public housing estate at Kensington, Victoria, where the tenancy manager is Urban Communities - a not-for-profit organisation.
- All current large scale outsourcing tenancy management projects to new consortia in Tasmania and Queensland will have their social housing managed by not-for-profit organisations, even though private sector developers are sometime consortia members.
- Social housing in the European Union is managed by councils, public agencies and not-for-profit organisations. Britain only has two private sector social tenancy management organisations, compared to nearly two thousand housing associations, councils and arms' length housing organisations (ALMOs).

Many private sector construction and building companies operate at scale, and are efficient producers of project homes. By contrast, private sector residential investment and property management is fragmented with a large number of 'mums and dads' and small real estate agencies. Therefore it remains unclear whether there are private sector organisations that could operate efficiently in tenancy management - managing either market or social housing.

Furthermore, where private sector management of social housing is permitted, as in Britain, organisations needs to be regulated as 'Registered Social Landlords'. In Australia this would require private companies registering under NRS as Tier One organisations, and making much of their trading information publicly available. This has been one the many barriers to greater involvement in Britain of commercial companies managing social housing.

Sector structures

The table below shows a comparison of various settings in the public, private and not-for-profit sectors that relate to organisations that could be providing social housing tenancy management. While comparable financial data is not available, there are a number of policy and legal settings that can contribute to well-run community housing organisations being more cost effective than similar organisations in the private and public sector.

Compared to private companies, there is no 'leakage' of subsidy by community housing providers. Surpluses are re-invested in public benefit activities, and there is strong regulatory control to ensure policy alignment. Compared to the public sector, community housing

providers have greater access to additional forms of funding. They will also tend to have lower staff costs and be more transparent than Government agencies.

	Public sector	Not-for-profit sector	Private sector
Scale and efficiency	Very large. Scale economies, but also costs of complexity	Scale varies, larger providers have scale economies	No examples at present. Real estate agents tend to operate on a franchise basis, so few economies
Taxes and rates	No income tax payable, but lack certain GST and rate benefits	No income tax payable, and have certain GST and council rate benefits	Pay income tax and council rates. Have certain GST benefits
Income sources	Highly constrained	Can 'maximise' CRA via tenants, raise bank loans and donations, bid for certain Commonwealth schemes (HAF, NDIS etc.)	Can raise equity and bank loans
Staff costs	Relatively highly staffed, and staff paid at higher rates	Thinly staffed, and staff paid less than in public sector	Varies: general staff may be poorly paid, but senior executives require high salaries
Subsidy 'leakage'	None - all funds directed to social purpose	None - all funds directed to social purpose	'Leakage' of funds through paying tax, and dividends to shareholders
Transparency	Poor - little meaningful data produced	Good at organisational level, including publicly available ASIC audited accounts, though data can be hard to benchmark	Poor. Private companies do not need to make their accounts available
Controls	Bureaucratic control through a cumbersome reporting process	Regulated by Government in terms of activities, risks, governance and financial competence. Also controlled through ASIC and charities legislation	Controlled through ASIC only

Around the world, not-for-profit housing providers are becoming the preferred managers of social housing. Their additional fundraising ability has been the key, as it allows new sources of revenue which have often led to moderated public subsidy. There is a role for the private sector, but seldom in tenancy management of higher needs residents.

3 Supporting social housing tenants

Community housing providers do more than manage tenancies. While we certainly have a strong focus on ensuring tenants meet their obligations, we work with them and support providers to improve their physical and mental wellbeing. This increases their chances of sustaining their tenancies, and moving towards financial independence. Community housing providers have strong support service networks, and excellent experience at providing a person-centred approach to tenancy management.

3.1 Tenant profiles and needs analysis

Due to a lack of new social housing programs over the last two decades, in a period when population has grown, there is a considerable under-supply of social housing. Due to this, and a shift in allocation policies, the system has now become 'residualised' with the tenant population now being overwhelmingly disadvantaged and reliant on welfare incomes.

Over the past decade, some three quarters of housing allocations have been to people in the highest need (AIHW, Housing Assistance in Australia, 2013). Housing assistance is now targeted towards special needs groups including Indigenous Australians, young and older Australians and people with a disability. These groups need high levels of support so they can re-establish their lives, pay rent, and become integrated into mainstream society.

There has become an increasing need for the integration of support services for social housing tenants, such as social inclusion programs for the disabled and support services for at-risk youth. Such integration requires close working relationships with many allied agencies and systems. For example, there is a need to liaise with youth workers, care workers and employment agencies among others.

3.2 Our partner networks

As a result of the changing characteristics of NSW social housing tenants, Pacific Link now has service agreements with more than 20 formal support partners together with 23 informal support agency relationships. These relationships include major organisations with nationwide presence as well as smaller local services.

We have a dedicated team to manage these partnerships, working to strengthen the relationships, build our mutual understanding and, where needed, push agencies to raise their standards of service delivery to our tenants. The team monitors that the agencies' service delivery is to Pacific Link's expectations of quality and that cases are being managed in accordance with pre-agreed support plans.

A few examples of our partners are provided below:

- **Challenge Disabilities Service:** maintains centres of excellence that provide assistance and support to people with disabilities so they can achieve positive outcomes such as increased training opportunities, integration and participation in the life of the community.
- **Hunter Valley Aboriginal Co-op:** is a voluntary organisation established by members of the Aboriginal community to deal with issues affecting them locally.
- **Port Stephens Youth Options:** supports young people, 15 to 25 years of age, who need assistance with accommodation issues. This includes young parents.
- **Samaritans Youth Services** provides services for young people between 12 and 25 years who are at risk or seeking assistance and support including: outreach; group work; family mediation; out-of-home care; employment services; information; referral; early intervention and after school activities.

In addition to working across a range of issues, and target groups, our partners are geographically and culturally diverse, to better meet the needs of our diverse tenant base. This level of connection to support providers in the regions we operate has been built over many years, and would be hard to develop by a new operator - for example one from the private sector. It helps being based in the heart of the Central Coast, allowing better links to be formed than by Housing NSW based in Ashfield and Coffs Harbour.

3.3 Support services we provide

Our broader services enable tenants to sustain their tenancies and improve their life-skills development, education, health and wellbeing. We aim to change the traditional perception of social housing as a permanent solution, and take a leading role in promoting the potential for tenants to transition through, and exit from, social housing. This is essential to allow for the re-allocation of existing housing stock, with tenants who are able to leave the social housing sector moving on to make space available for new arrivals in more urgent need.

Pacific Link has developed targeted, innovative tenant support programs that we refer to as 'STEPS'. These assist in building skills and education that, in turn, can lead to better employment opportunities. All tenants are welcome to apply for the programs detailed below, subject to meeting eligibility criteria:



Learner drivers program

This program helps young tenants seeking a driver licence by providing information packs and paying for ten professional driving lessons: nine in the first stage of their training and an additional lesson prior to their driving test. Pacific Link also provides access to computers for practice tests as well as administering group sessions and workshops.

Introduced by Pacific Link in 2012, the program aims to improve the knowledge and skills of learner drivers recognising:

- The value of a driver licence as an aid to mobility and gaining access to employment for young people. This is particularly important in the regional areas in which we operate as public transport links are limited and not always geared around linking social housing tenants to new and emerging work opportunities.
- The importance of better driving skills to improve road safety for learner drivers and all road users.



The program is open to Pacific Link tenants and dependants in good standing between 16 and 19 years of age who are applying for their Learner Licence. To date over 30 learner drivers have been assisted.

Sheila Astolfi education scholarships

Named in honour of the first chief executive of Pacific Link, Sheila Astolfi, education scholarships are open to all tenants enrolled at school or in tertiary studies. More than 60 tenants have received this scholarship over the last four years.

Offered at six-monthly intervals, the scholarships provide support through the provision of equipment and technology that would normally not be available to recipients due to their financial position. The scholarship may also be used for private tuition.

The scheme is designed to help recipients achieve their immediate educational objectives and continue towards life-long learning for eligible tenants and/or their children to support of community capacity building. Many of our tenants lack key skills and have often not completed education and training programs. This limits their access to employment, and in some cases reinforces problems with inter-generational disadvantage.

Laptop loan/purchase program

As we become ever more reliant on the digital world for communications, information and employment, a new divide is opening up between the haves and have nots. Many in social housing are there through no fault of their own, and all are at risk of becoming disconnected, in a world driven by computer skills and linked by online communications.



To help tenants access jobs and many other services now provided principally on-line, Pacific Link introduced a low cost loan/purchase program to give tenants in good standing access to laptop computers and online communications. This on-going program has provided over 80 tenants with brand new, fully featured laptops that are valued at \$499. Laptops are made available to tenants on loan/purchase agreements for a minimum of \$20 per fortnight, encouraging financial budgeting responsibility rather than being provided as a charitable gift.

Sports, health, wellbeing and education program

Recent research has shown children from disadvantaged families miss out on the social and physical benefits of sport and other well-being programs because their parents cannot afford the cost of club memberships, uniforms and equipment. Pacific Link therefore offers Sports, Health, Wellbeing and Education scholarship program to help tenants and dependents improve their health, fitness and wellbeing.

Offered twice a year to support participation in major seasonal sports, the program provides scholarships to help meet the cost of club registration and kit for a wide range of sporting, dance and similar weekend activities. By encouraging participation, Pacific Link has helped over 50 tenants and their children build new, enduring connections and improve their social skills. This reduced isolation, and enhances chances of progressing into the workforce.

Tenant training and employment

Youth training and employment remains a major priority for Pacific Link and last year we began a program with JobQuest to offer training in property maintenance through work programs. The JobQuest program provides work in property maintenance and the possibility of a traineeship after a probationary period.

Experience shows that many social housing tenants have multiple barriers to employment. These barriers have to be addressed before they can be successfully trained and retained as productive members of the community.

3.4 Measuring effectiveness

In contrast to public housing agencies, we place a significant emphasis on measuring the quality and impact of our work in communities. We regularly seek feedback from service partners, and use their input to re-design our programs where necessary.

Tenants are in the best position to provide feedback on our tenancy management services. In 2013, we worked with the University of Newcastle to revise our tenant survey program to increase response rates and gain richer data. As a result, response rates increased by 16% from 2012, and 31% of our tenants responded. - far higher than surveys undertaken by AIHW.

We expect this innovative, easier to use, and more effective survey to become a

model for the sector as providers look increasingly to evidence-based research that requires high participation rates to validate outcomes. Our most recent survey confirmed that 93% of respondents were satisfied with their Pacific Link tenancy and services through the year, continuing the trend above 90% for the last four years.

Tenant satisfaction, 2012-13

Proportion of tenants who are satisfied or very satisfied with services provided. Data from Productivity Commission (2014) based on 2012 survey and Pacific Link for 2013 survey:

NSW Indigenous housing	49%
NSW public housing	56%
NSW community housing	70%
Pacific Link	93%

4 Delivering excellent tenant outcomes

We do not just collect the rent. Our broad suite of services enhance the lives of our tenants, making it more likely they will complete their education, undertake training, enter the workforce, and become integrated into their communities. Through case studies, and emerging from our evidence-based research, we can see how our services lead to better health and wellbeing, increased workforce participation and regular rent payment. We also help deliver more integrated, stable neighbourhoods in the regions where we operate.

4.1 Top quality tenancy management

Pacific Link are one of a small number of NSW community housing providers that have in 2014 been designated 'Tier One' under NRS. In addition, we achieved a 100% compliance result from our 2012 voluntary accreditation audit by Global-mark of our compliance with National Community Housing Standards. To achieve this status we have had to provide evidence compliance with detailed policies and procedures, and show we deliver excellent outcomes for clients. This includes the management and administration of waiting lists on the NSW Housing Pathways system, allocations, rent setting, eligibility policies and transfers.

Our organisation has clear policies on how we allocate scarce housing resources and set community housing rents. We have defined practices around tenancy management that ensure we deliver the best possible service to our tenants while providing oversight and value for money on a significant asset base of properties. Our well trained staff have the skills and empathy needed to provide a highly individualised level of service. We understand that tenants' needs and aspirations vary, so our services are tailored and responsive.

We are experienced in providing effective maintenance programs to sustain properties at a standard which complies with NSW guidelines and meets tenant needs. We have a proven track record of delivering asset management in a sustainable, socially responsible and planned manner.

Outstanding staff, great outcomes

Community housing industry body PowerHousing Australia awarded our Executive Housing Manager, Fiona Rossendell, with a national prize for Outstanding Achievement in 2013.

Her contribution to Pacific Link includes introducing improved administrative procedures that have seen vacancy rates reduced, and rent collections improved. She also pioneered the introduction of Clinical Support Coordinators to help the 19% of Pacific Link's tenants who have high and complex needs.



Having operated in NSW for three decades, we understand the policy imperatives and requirements of State Government. Our considerable experience in applying Housing NSW policies and procedures, and close working relationship with NSW Government, allows us to provide more effective outcomes for applicants and tenants in need. It would require considerable investment in time and effort by a new private sector tenancy manager to gain this knowledge.

Tenant engagement

Early in 2013, the Pacific Link Board approved our new Tenant Engagement Strategy. The strategy's objectives are:

- To ensure tenants' knowledge, views and needs are effectively captured in the ongoing development of our service delivery.
- To provide tenants with opportunities for social inclusion and participation that are accessible and appealing, building our community's social capital,
- To provide targeted, sustainable programs that assist tenants in building their skills, confidence and capacity to take advantage of opportunities to better their lives,
- To challenge and change the traditional perception of community housing as a permanent solution and aim to take a leading role in highlighting the potential for tenants to transition through, and exit from, social housing given focussed and appropriate support services.

This level of tenant engagement is leading-edge practice for the community housing sector, and contrasted to Housing NSW where tenant engagement plays a minor role except where properties are to be extensively redeveloped, as with the Bonnyrigg PPP. Private sector organisations providing asset management services for public housing do not have a tenant engagement policy, and their service levels are often the source of tenant complaints.

4.2 Great results for tenants

We employ a variety of strategies that are specifically tailored to each tenant to ensure they achieve maximum benefits. The results of these strategies turn people's lives around and can end the lifelong cycle of social housing dependency.

Best in Australasia

Pacific Link received the top Australasian Housing Institute award in 2013 for Outstanding Tenant Service.

Having won two categories and been highly commended in a third for community housing at the NSW competition, Pacific Link was selected from 73 entrants across Australia and New Zealand.

The award was presented to CEO Keith Gavin by Housing NSW CEO Mike Allen in Adelaide.



The support services we provide, detailed in Section 3.3, make a real difference to people's lives. We carefully select recipients who are best placed to take advantage of the various schemes, enabling them to re-build their lives. As shown in the text box, support through scholarships can build people's skills and confidence, and provide a wider variety of options than remaining in social housing.

Clinical Support Coordinators

Clinical Support Coordinators visit new tenants in their home to introduce and promote the support programs and service referrals Pacific Link offer to tenants. With the Co-ordinators' oversight we ensure our tenants have the best possible support to maintain their tenancies.

As well as co-ordinating support services for tenants, the Clinical Support Co-ordinators have taken a lead role in mentoring Pacific Link's Housing Managers in dealing with tenants with high and complex needs and motivating colleagues to ensure the best possible outcomes for tenants, running regular training and briefing sessions on support agency services. The Clinical Support Co-ordinators' particular areas of focus and expertise are in the areas of mental health, hoarding and squalor and assisting tenants with disabilities.

Building strong neighbourhoods

Through our work in strengthening community cohesion, Pacific Link helps NSW Government address a variety of social and economic issues. Stable communities need lower investment in policing, property repair expenditure and social services. There are also greater opportunities to attract private sector investment in new residential development, and for business to take advantage of a stable local workforce.

In 2011 research by AHURI on 'Cost-effective methods for evaluation of neighbourhood renewal programs' found these schemes generate increased health and wellbeing for tenants as well as substantial benefits for the broader community, such as a reduction in crime and anti-social behaviour. Areas with established community regeneration initiatives attract private buyers and renters to the area, contributing to the rise in house values and perceived attractiveness of an area. AHURI found that for every \$1.00 spent on neighbourhood renewal, there was an average return of \$2.20 in non-housing benefits.

Clare and Tiana



Claire and Tiana's journey

At the age of 39, Claire began studies with the assistance of the Sheila Astolfi scholarship to become a teacher of English and Creative Arts before ill-health arrived. Claire developed heart problems that required three open-heart surgeries. Delayed but undeterred, Claire went back to her studies as soon as she was able, completed the outstanding credits still required and graduated as a teacher. Now she's back at university again - enrolled to do a Masters in Creative Writing at the University of Sydney.

Claire's daughter, Tiana, also received a Sheila Astolfi scholarship from Pacific Link. She is in her Second Year of Bachelor of Medicine - with help from Pacific Link in the form of textbooks.

. With our project at Dunbar Way (see text box), we have followed national and international best practice. What sets this scheme apart, however, is that the project is based on a relatively small area, and is led by a community housing provider.

Building neighbourhood cohesion at Dunbar Way

Pacific Link has received the backing of NSW Government to help regenerate the Dunbar Way public housing estate in North Gosford. There is evidence from the Census that the neighbourhood is deprived, and isolated from jobs and other opportunities in Gosford. Just under one third of households have no access to a car, twice the level for Gosford LGA. In addition, only one third of homes have access to broadband internet access.

- Instead of the estate built in the 1960s becoming increasingly dilapidated, Pacific Link's refurbishment program will bring the homes up to date. We will bring 90 homes up to standard, allowing for another 30 years of ongoing use.
- Pacific Link will invite unemployed tenants to take up traineeships as a way of gaining experience on the site. Tenants will have the opportunity to achieve award wage traineeships through a third party provider. This experience will help them gain qualifications and experience, leading to full time employment.
- Our project is based on a strong partnership with key stakeholders including NSW Government, Gosford City Council, Coast Shelter, the police and others.
- We will invest in estate improvement measures such as improved lighting, security through a CCTV system, communal garden, a park and a children's play area.
- Pacific Link will promote expansion of the Community Centre, through working with service partners to ensure there is a good presence of staff on site. We will also support new projects to improve social cohesion on the site and life skills of the tenants, assisting tenants find work or training, or gain Internet access.

NSW Government has agreed for a tenancy management transfer of additional properties on the estate so that we can exercise more control over tenant activity and property conditions of the refurbished Estate. The funding for the Dunbar Way initiative comes from Pacific Link's own resources, grants and co-contributions from our partners.

Projects such as ours at Dunbar Way will improve the lives of social housing tenants, as well as re-imagining a troubled part of Gosford. It provides an example of the useful additional work community housing providers deliver beyond tenancy management.

4.3 Better performance measurement

Pacific Link's management team share many of the frustrations of commentators on the social housing sector as to the lack of hard data, especially around outcomes and effectiveness.

Anecdotally, we have many example stories of how the 'anchor' of secure housing, combined with co-ordinated specialist support services have genuinely helped our tenants to turn their

lives around, engage with support and move on from social housing. While these cases are tremendously motivating and rewarding for our staff, our Board was keen to develop more empirical evidence of our successes in helping tenants sustain their tenancies.

Our approach has been to address the data gap ourselves, as detailed below:

Housing market dynamics

In 2011, Pacific Link Housing, sought to bring empirical research to our understanding of the factors affecting supply of and demand for social housing in the Central Coast and Hunter regions. We commissioned Dr Tony Gilmour, to study the area's demographics and advise on estate regeneration best practice. The data was updated in 2013.

The study formed an integral part of planning our approach to stakeholders and government for support of our Dunbar Way Estate regeneration proposal, now approved. Using the study's data helped us contribute to government planning to ensure the supply of new housing meets demand, not just in numbers but in terms of size, location and affordability.

Tenant survey

A key motivation behind our comprehensive new survey is to measure more formally how we are actually making a difference in our tenants' lives. While the Tenant Survey is regulatory requirement, we use our survey to identify more about our tenants' needs. For example, in 2011 we asked tenants if they had access to computers and the internet. The low proportion reported triggered our interest-free laptop purchase scheme.

In 2013 we approached the University of Newcastle to assist in developing a more strategically-oriented survey instrument and to bring more academic rigour to our process. They conducted a literature review of best practice in survey design and delivery and reviewed global instruments in this field. We received Government funding towards the cost of the survey review, and circulated the finished product widely amongst our stakeholders, inviting comment. The redesign culminated in a much more user-friendly, targeted survey tool that could be adopted more widely throughout the community housing sector.

Longitudinal tenant outcomes study

The data collected from the Tenant Survey is only the beginning of a larger project with the University of Newcastle. We have commissioned a three year longitudinal study and development of an online 'E-Tracking tool to measure tenant outcomes. A six stage process is currently being developed by the University for the first twelve months.

Best practice estate renewal

In line with our ethos of obtaining evidence-based research to inform our decision-making, we have commissioned a PhD student from University of Western Sydney to conduct a study of the outcomes of the Dunbar Way regeneration project. The study will review previous research about the relationships between communities and the places they live, use a tenant photographic survey and undertake Semi-structured interviews with our tenants.

5 Improving tenancy management services

Significant structural reforms are needed to upgrade the delivery of social housing tenancy management in NSW. Community housing providers are innovative, and capable of providing cost effective approaches that give excellent outcomes. Through a more localised approach, community housing can adapt to the needs of specific neighbourhoods in a way not possible by public sector agencies. With clear policy steerage from Government, community housing can partner with organisations in other sectors to make change happen.

5.1 Steering the sector

Despite calls from the NSW Auditor General in 2013 report on public housing, we still await a housing policy. The most recent suggestion is a policy by December 2014.

All other Australian states have a policy in place: Western Australia (2010), Tasmania (2012), Queensland, (2013), South Australia (2014) and Victoria (2014). These frameworks provide a known operating environment for all organisations across the public, private and not-for-profit sectors. Finances can be raised, projects planned and contracts entered into. Whatever the politics of the State Government, approaches can be adopted that will help further the administration's strategic goals.

Pacific Link recommends not only a new Housing Policy, but one that covers both social and affordable housing. A good example is the Western Australian Government's 'opening doors' policy that provides a holistic approach to the housing market across the housing continuum. Plans were put in place in 2010 for the targeted delivery of 20,000 extra affordable homes by 2020, and regularly published reports monitor success against initial targets.

Regional perspectives

From our experience in the Central Coast, we understand the close linkages between the social and affordable housing systems. A lack of suitable and affordable rental accommodation in the region is acting as a barrier preventing people exiting heavily subsidised social housing. Over the next decade, a considerable number of new properties will be needed in the Central Coast, and there are currently no plans for what proportion of these - if any - will be for affordable rentals and affordable home purchase.

The proposed NSW Housing Policy should address the issue of large social housing estates. These have become concentrations of social and economic disadvantage, as we have seen in our work at Dunbar Way. In the Central Coast and Lower Hunter, there are a number of these large estates with over 100 social housing properties. Plans need to be set for how they will be transformed, and residents re-integrated within the local economy.

Given the markedly different housing markets and legacy housing stock across NSW, we recommend regional plans are prepared, integrating housing, transport infrastructure and economic activity. Therefore the proposed NSW Housing Policy should be relatively short and

high level, but more details provided for regions with boundaries based on FACS districts. Mechanisms need to be provided to give greater coordination in each district between housing, community services, health, disability and aged care services.

Balancing the three sectors

The public, private and not-for-profit sectors will continue have a role in social housing delivery in NSW. One aim of the NSW Housing Policy should be to outline what their respective roles will be. If there is to be greater private sector involvement, the sector will need to understand both the opportunities and challenges involved.

Given there are very few national or international examples of private companies undertaking social housing management of high and complex needs tenants, we consider little will be gained by giving the private sector a direct role in NSW. It would be better to build on the decades-long experience of community housing providers.

If private firms were allowed to bid to manage social housing, we strongly believe they must become Tier One organisations under NRS. It is vital to protect tenant interests, and any other approach would lead to the accusation of 'privatisation'. As Tier One providers, private companies would need to engage with their tenants and provide a range of services and supports that are not part of the tenancy management undertaken for private landlords. From British experience, almost no private companies considered the low margins compensate for the considerable operational and reputational risk.

Pacific Link is a good example of a not-for-profit organisation using private sector discipline and skills, led by a board and management team who have all worked in the commercial sector. This 'social enterprise' model is recommended for the future. NSW Government policy needs to be set such that commercially savvy approaches are taken by community housing providers, rather than a bureaucratic and reactive approach often seen in the public sector

5.2 An expanded role for community housing

Considerable investment by NSW Government over the last two decades has resulted in a dozen community housing providers reaching critical mass. Organisations such as Pacific Link need to be provided with clear roles for the future so that this investment can be leveraged to help achieve the Government's policy objectives.

Outsourcing housing management activities

We recommend the most straightforward way to help improve the long term financial sustainability of the NSW social housing system would be through a 'management outsourcing' program. This would continue a trend set over the last decade in NSW, and move our state in the direction of most other Australian jurisdictions:

- **Tasmania**

In 2012 Tasmania initiated a public tender to outsource management of 500 homes to a not-for-profit organisation, followed by a further three portfolios of 1,100 homes recently completed in 2014. Areas selected are those of high concentrations of public

housing, and often have a variety of social problems. Tasmania now has around 35% of social housing managed by community housing providers.

- [Queensland](#)

The July 2013 strategy indicated 90% of public housing would be managed by non-government housing groups by 2020. Government is currently reviewing bids for a 4,850 management outsourcing transfer in Logan in South East Queensland, and a further 42,000 transfers will take place progressively between now and 2020.

- [South Australia](#)

The tender for the second stage of two management transfers totalling 1,000 properties in total closed in March 2014. The transfer will be take place in June 2015, and future transfers are envisaged. The focus has been on areas with high levels of social housing where there is a need for community support and stabilisation.

- [Victoria](#)

The March 2014 social housing strategy indicated a management outsourcing of 12,000 social housing tenancies, with the process to start later this year. There are indications the projects will centre on social housing estate renewal.

The optimum approach recommended to follow is the model used in Tasmania, South Australia and Victoria, and focus on the 100 or so 'large estates' in NSW. These would be through arrangements similar to Pacific Link's work at Dunbar Way, though on a larger scale. Transfer would be on the basis that the recipient community housing provider meets the maintenance backlog, improved tenant engagement, and provided access to community facilities. This would save NSW Government money in the future, with estate transformation made possible through community housing providers raising bank debt.

Tenancy management outsourcing allows assets to be retained on the State's balance sheet, thereby reducing concerns about a credit rating downgrade. However, there is additional funding for social housing in NSW through CRA which increases the housing providers' cashflow. CRA is available to community housing providers, but not public housing agencies.

Management outsourcing has the ability to address the unsustainability of the public housing system identified by the Auditor General. However, to ensure full benefits there will need to be significant reductions in the 'head office' and support roles in Housing NSW as more of the portfolio transfers to the community housing sector. This requirement may need to be enforced through oversight by another branch of Government, potentially Treasury or the Auditor General's office.

Outsourcing contracts of this type are ideal solution for non-metropolitan areas where community housing providers, such as Pacific Link, already maintain the local infrastructure through offices and networks. As with earlier transfers in the west of NSW, in areas such as Broken Hill, the local Housing NSW office could be closed. This will not just save money for Housing NSW, but also reduce the overall cost of regional social housing delivery.

Unlike the policy moves by Queensland Government, Pacific Link considers that there will be a mix between public and community housing providers for a number of years into the future. A pilot project could be announced, then proposals given for a successive roll-out of further transfers into the future.

Title Transfers

In order to encourage re-development of existing social housing estates, a portion of the management outsourcing contracts could involve title transfer. This would allow increased densification of sites, and a move to more socially and economically mixed communities. In the Central Coast this would allow both a regeneration of social housing, and extra delivery of affordable housing to meet the projected increase in housing demand.

A report by Sphere Company in 2013 'Maximising growth potential of housing providers through title transfer' concluded that to maximise the potential of outsourced social housing portfolios, some degree of title transfer should occur. This would typically be in the range of 10% to 20% of property numbers to maximise bank leverage. The modelling showed that if a provider chose to refurbish dwellings rather than deliver new dwellings, title transfer could deliver up to 174 refurbished dwellings out of a transferred 500 dwelling portfolio.

Income through rent payments from our tenants is not enough to secure finance which enables us to upgrade existing facilities and/or build new housing stock. Our borrowing power in the private sector is greatly enhanced by owning a portion of the properties we manage. With this additional capital we are able to borrow money that does not appear on Government's balance sheet, substituting what would otherwise be funded by grants

We recommend that the NSW Housing Strategy include limited title transfer, on the condition that organisations bidding for management outsourcing contracts provide full and detailed plans for raising private finance and using it to achieve Government objectives.

5.3 Transparency, comparability and cost efficiency

The current level of information provided by Housing NSW is inadequate to understand the efficiency and effectiveness of public housing delivery. Furthermore, although community housing providers publish detailed ASIC compliant annual reports, there is little standardisation of performance monitoring, making comparisons hard within the community housing sector or between that sector and public housing.

We recommend Housing NSW be required to produce a similar level of information required under NRS, and that the NSW Registrar make more information publicly available across the social housing sector - including at organisational level. Improved transparency can play a major part in driving efficiency gains. Greater future funding and business opportunities should be restricted to the better performing community housing providers.

The evaluation and effectiveness projects launched by Pacific Link could form the basis of a more considered approach to understanding the relationship between inputs, outputs and outcomes in social housing. Seed funding is needed to fund larger-scale and more detailed longitudinal surveys. These can track tenants' pathways from welfare dependency to greater independence, less supported tenure choices and empowerment through employment.

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