

**Submission
No 12**

TENANCY MANAGEMENT IN SOCIAL HOUSING

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Date Received: 8/08/2014



Submission to:

Inquiry on tenancy management in social housing
Public Accounts Committee
NSW Legislative Assembly

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August 2014

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Introduction

Although small by international standards, NSW's social housing sector accommodates some 200,000 of the State's most disadvantaged people. As across Australia, the past 25 years have seen social housing becoming increasingly run down due to inadequate funding for maintenance, modernisation and staffing resources. While most NSW social housing remains under the direct management and ownership of the State as 'public housing', the financially unsustainable condition of this portfolio leaves the system unavoidably reliant on divestment of stock and indefinite deferral of essential works (NSW Auditor General Report, 2013). Critically this approach has resulted in a social housing system that is increasingly unable to meet the needs of those whom the housing market fails.

Against this backdrop NSW has, over the past 10 years or so, explored the scope for accessing additional funding and improved housing management through public housing transfers to not-for-profit community housing providers (CHPs). Aimed at clarifying responsibility for distinct aspects of its landlord role, the current Government has also split the administration of tenancy management and asset management for remaining public housing between Housing NSW and the NSW Land and Housing Corporation (LAHC). Under this framework LAHC commissions HNSW to deliver specified landlord services for a negotiated fee.

Alongside this restructuring process there has been growing policymaker expectation that, as well as undertaking traditional property and tenancy management activities, social landlords should also provide additional tenancy support and social inclusion services for residents to contribute to wider economic and social policy goals.

Underlying these developments specific to social housing, the past decade has seen a strengthening of cross-departmental emphasis on the importance of contestability in public service delivery. As reflected in the social housing policy arena, this has enhanced recognition of the essential need for reliable data calibrating both the costs of provision and the resulting service outcomes. Such data is fundamental to a contestable system and to any future considerations about public housing management restructuring, outsourcing or divestment.

Research study

With the above considerations in mind, the City Futures Research Centre (along with Sydney University, Curtin University) was commissioned in 2013 to research the scope for reliably comparing the costs and benefits of social housing between housing provider types and entities. The study, funded by the Australian Housing and Urban Research Institute (AHURI) and supported by the NSW State Government (Family and Community Services – FACS), is addressing a set of questions virtually identical to the Terms of Reference for this Inquiry.

The first stage of the research, undertaken in 2013/14 encompassed a review of currently available 'performance metrics' and the development of proposals for enhanced measures. The second stage of the study, currently under way and due for completion in early 2015, involves working with a small number of case study social landlords (in NSW and WA) to further explore landlord practices aimed at enhancing tenants' social inclusion and quality of life, as well as to trial proposed new

measures of management expenditure and tenant outcomes. It is hoped that this process will feed into a reform of the official social housing performance management framework so that the new measures can, in future, be applied across Australia to all state government housing providers and larger CHPs (e.g. those managing more than 1,000 dwellings).

Research findings to date

An interim report or Positioning Paper generated by the first stage of our research was published by AHURI in July 2014. The report, [Assessing Management Costs and Tenant Outcomes in Social Housing: Developing a Framework](#) details initial findings and outlines plans for the second stage of the project, currently ongoing at the time of writing. Specifically, the report:

- Explores concepts and methodologies that have been developed in Australia and elsewhere to measure aspects of social housing system performance, especially those pertaining to management costs and service outcomes
- Reviews existing official 'management expenditure' and 'performance' measures directly relevant to tenant outcomes, and assess their strengths and weaknesses
- Makes initial proposals for new approaches, techniques and measures that might be developed and operationalised in the light of contemporary policy objectives
- Informs the planning and design of more detailed primary research to test and refine proposed new metrics

Adequacy of existing 'performance metrics'

The only existing published measure of social 'landlord resource input' is the Productivity Commission's *net recurrent cost per dwelling* statistic (published by the PC in the long standing Report on Government Services (ROGS) series). However, drawing on our own analysis of the published figures, as well as on our consultations with a wide range of national experts, we judge that this has little value as a measure of housing management expenditure. Especially through its inclusion of both discretionary and non-discretionary expenditure items, it is too broadly defined to serve this purpose. In any event, *net recurrent cost per dwelling* statistics are neither collated nor published at below the state level (i.e. specific to individual CHPs). Data quality underpinning the measure impedes benchmarking across jurisdictions or provider types as states and territories are not required to use consistent accounting methods in collecting and providing the data. This was noted as a key concern by [Housing Ministers reporting to COAG in 2009](#) (Housing Ministers Conference 2009, p.50)

Moreover, because of its 'black box' character it is not possible to probe the factors contributing to what appear to be implausibly large variations in published *net recurrent cost per dwelling* across jurisdictions and between provider types. The 'indivisible' nature of the measure is also problematic in that it eliminates scope for meaningful comparison between social and for-profit landlords. Since the former are charged with a wider range of responsibilities than the latter (e.g. tenancy support), a simple 'costs of provision' comparison would be invalid, even if the data were available. Ideally,

therefore, housing management expenditure metrics should incorporate specific measures relating only to the 'core activities' which would be common to social *and* for-profit landlords.

Turning to social housing 'service outcome' measures, existing metrics are more valuable. Nevertheless, as explained in [our report](#), there are strong grounds for both enhancing and complementing tenant satisfaction metrics (available through the National Social Housing Survey) to calibrate added value residents derive from living in social housing.

Proposed framework for enhanced 'performance metrics'

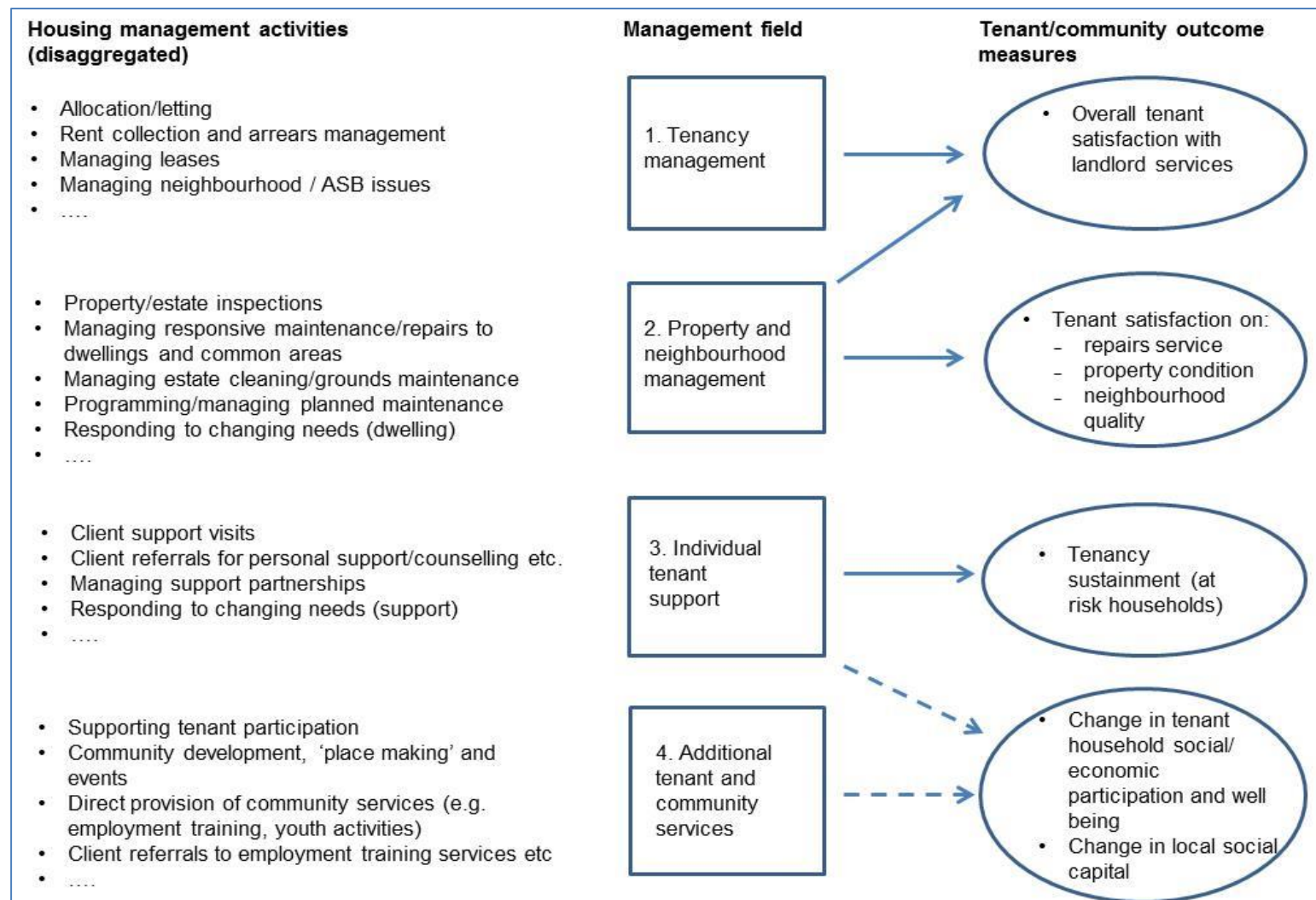
On the basis of the above arguments, our interim report proposes a new conceptual framework for classifying 'housing management' activities and exploring their relationship to service outcomes. This framework is reproduced below as Appendix A. Central to our proposed model is a classification or breakdown of social housing landlord tasks into broad groupings with matching 'performance' measures. In column 1 (housing management activities, disaggregated), typical housing management tasks or components of the landlord role are illustrated. These activities are aggregated into the broad categories (management fields) proposed in column 2. Hence, we are envisaging that, rather than simply yielding a single 'management expenditure per dwelling' statistic, social housing accounting would, in future, generate four separate 'expenditure per dwelling' figures which could, if required, be combined into a single figure.

Importantly, the proposed management fields differentiate traditional 'core activities' – tenancy and property management – from other services now within the remit of social housing management, such as individual tenant support. This demarcation is designed both to facilitate 'management expenditure' benchmarking between social and private landlords (on common functions) and to separately account for any additional contribution of social landlords to well-being outcomes.

Conclusion

Based on our research we do not believe it is currently possible to meaningfully compare the efficiency and effectiveness of social landlords in Australia. Only with the development and implementation of appropriate new measures would this become possible. We would be happy to discuss our research findings with members of the Public Accounts Committee, if desired.

Appendix A: Conceptual framework for measuring social housing cost of provision and tenant outcomes



Source: Pawson, H. Milligan, V., Phibbs, P. & Rowley, S. (2014) [Assessing management costs and tenant outcomes in social housing: developing a framework](#); Positioning Paper No 160; Melbourne: AHURI