TENANCY MANAGEMENT IN SOCIAL HOUSING

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Inquiry into Tenancy Management in Social Housing

Submission by the Housing Alliance
of NSW community housing providers
Armidale, Deniliquin, Lismore and Orange

HOUSINGALLIANCE
Operating locally | Collaborating regionally

Submitted by the Housing Alliance:

Homes Out West

Housing Plus

Homes North

North Coast Community Housing (NCCH)

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8 August 2014

Cover photograph shows the NCCH team receiving their top award from the NSW Federation of Housing Associations for Excellence in Services to Tenants in 2013.

The Hon Jonathan O'Dea MP
Chairman, NSW Parliament Public Accounts Committee
Parliament House
Macquarie Street NSW 2000

Dear Mr Chairman

Inquiry into tenancy management in social housing

The Housing Alliance is pleased to provide a submission to the Inquiry. 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 3,000 homes, making us the fourth largest provider of community housing in Australia.

NSW faces considerable challenges in transforming social housing tenancy management. As the Auditor General noted, the current system is both financially unsustainable and failing to meet housing needs. The NSW public housing agency is selling assets and deferring much needed maintenance in order to balance their books.

While there is an on-going role for the public, private and not-for-profit sectors in delivering social housing tenancy management, there needs to be greater clarity on who does what. Each sector should play to their strengths. Public housing asset management and inspection can continue to be outsourced to private contractors, and the public sector still needs to provide overall sector steerage and manage part of the housing portfolio.

The community housing sector offers the best opportunity to improve the efficiency and effectiveness of the NSW social housing system. 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. Unlike the private sector, they have a proven track record in managing social housing tenancies at scale.

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 clients - as shown by tenant satisfaction surveys. Moreover, we act as 'community anchors' in the regions and galvanise action by a range of stakeholders.

Together, we can help reform the social housing delivery system.

Yours sincerely

Maree McKenzie
CEO, Homes North
Armidale

Geoff Mann
EO, Homes out West
Deniliquin

John McKenna
GM, NCCH
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1   Introduction

> **Social housing tenancy management issues are different in regional NSW than in metropolitan Sydney. Social challenges can be great, as can costs of delivery. 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 sustainable into the future**

The four members of the Housing Alliance are Housing Plus (Box 1), North Coast Community Housing NCCH (Box 4), Homes out West (see Box 6) and Homes North (Box 9). All operate away from the Sydney-Newcastle-Wollongong metropolis.

1.1   Regional context

Regional areas of NSW have a lower diversity of building types than larger cities. The main form of property is the free-standing house, and the most typical configuration has three or more bedrooms. There are fewer small properties with one or two bedrooms, and higher density and co-joined houses are comparatively rare.

Table 1 shows the tenure mix in the four areas where Housing Alliance members operate. Generally the level of 'owner occupation', a term including households paying a mortgage, is at or slightly ahead of the NSW average of 66%.

By contrast, the proportion of social housing is lower in the four areas than the average for NSW. Social housing stock is particularly low in the Murray region and Richmond-Tweed (Far North Coast). Also, within these quite large regions, social housing is often not located where it is needed.

Table 1: Regional housing tenure, 2011

	Owners	Social renters
New England NW	66%	4.9%
Murray	68%	3.6%
Central West	69%	4.8%
Richmond-Tweed	67%	3.6%
NSW	66%	5.1%

Source: ABS 2011 Census, Statistical Area Level 4,

Mainly as a result of the relative shortage of social housing, there are long waiting times for applicants. Table 2 shows waiting time for a number of key towns in the areas where Housing Alliance members operate.

Very few areas have waiting times under 2 years, and there are some locations where a 10 year wait might be necessary.

Table 2: Social housing waiting times, 2013

Bedrooms	1	2	3	4
Albury	2-5	2-5	0-2	2-5
Armidale	2-5	5-10	5-10	2-5
Dubbo	2-5	2-5	2-5	5-10
Lismore	5-10	10+	2-5	5-10
Mullumbimby	10+	10+	10+	10+
Orange	5-10	5-10	2-5	2-5
Tamworth	2-5	2-5	2-5	2-5

Source: Housing NSW at Dec 2013. Waiting time in years

Income levels

Table 3 shows the high proportion of low income households in the four selected regional areas. Around a third of households have income below $600 per week, compared to a quarter across NSW. Median household income is also only around three quarters of the NSW average.

Table 3: Regional household income, 2011

	Incomes under $600 pw	Median household income pw
New England NW	32.2%	$902
Murray	31.6%	$921
Central West	30.8%	$973
Richmond-Tweed	33.3%	$865
NSW	24.2%	$1,237

Source: ABS 2011 Census

Low regional incomes are one reason why it is hard for people in these areas to access private rental and homeownership. Many remain trapped in social housing.

Regional social issues

A factor affecting demand for social housing is social disadvantage. ABS SEIFA (Socio Economic Index for Areas) data measures relative disadvantage based income, educational attainment, housing quality, unemployment and other factors.

The most recent SEIFA data from the 2011 census is shown in Figure 1. The operating area of the four Housing Alliance members is shown in yellow. Many locations where the members operate are in SEIFA classes 1-3, the 30% *most* disadvantage areas in Australia. Very few areas served are in the 30% *least* disadvantaged areas of Australia.

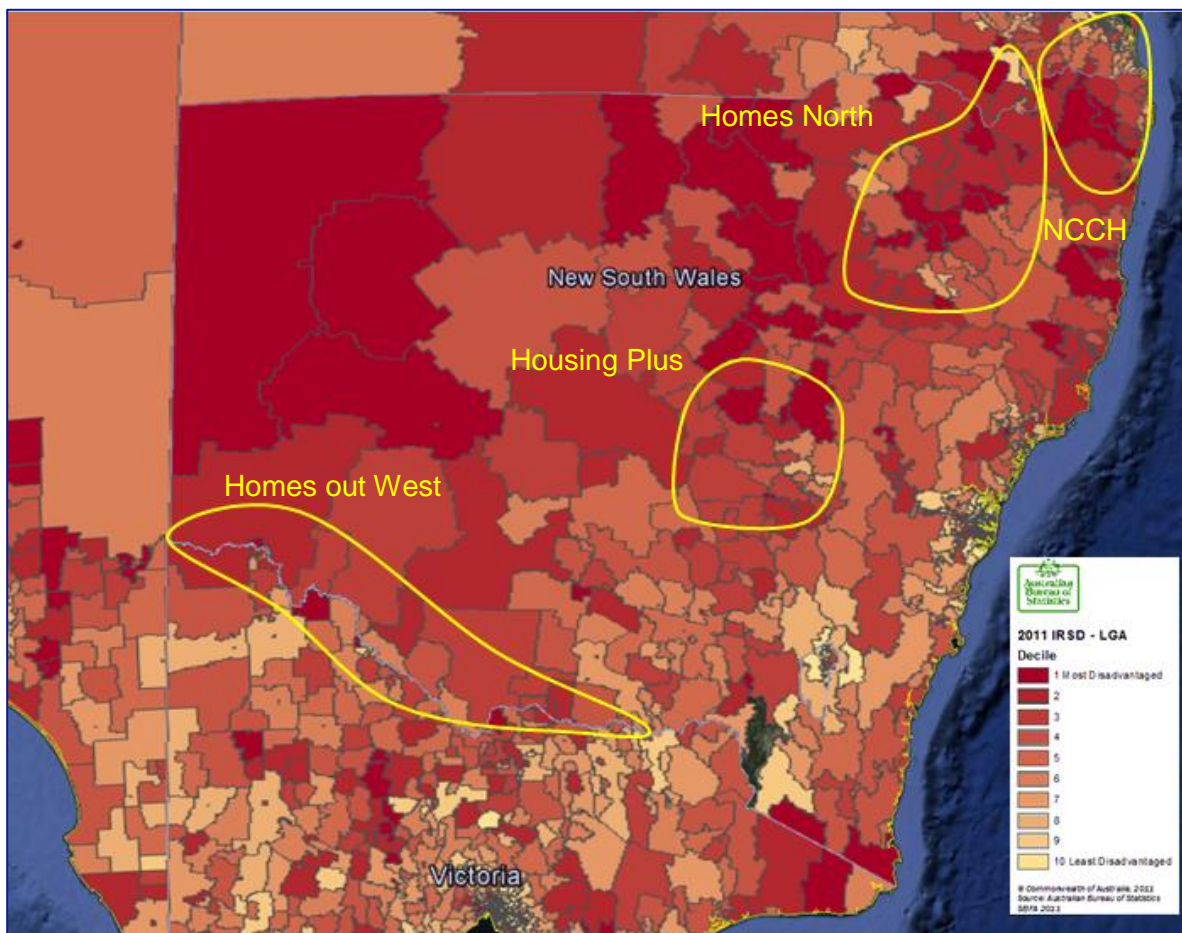**Figure 1: Regional locations and disadvantage**

Figure 1 shows the concentration of disadvantage in remote and regional areas in NSW. Most areas that are relatively advantaged are in the major cities and along parts of the coastal strip.

As a result of higher levels of social disadvantage, community housing providers that operate in regional areas face a series of additional challenges. Some of these emerge from particular issues facing regional and remote areas:

- Population movements have challenged existing social services both in terms of demand for service, as well as the variety and complexity of services needed. Gaps in service provision are harder and more costly to address in areas with a dispersed population.

- Recent regional population growth has not always been accompanied by a similar rise in the number of jobs. Many of the newer local jobs in the agricultural and service sector are low paid.

- Regional NSW is characterised by smaller towns and villages with poor public transport links. Lower income people living in areas of high social disadvantage may not be able to easily and affordably travel to parts of the region where there are jobs.

- The geographic spread of people requiring care, and the time and cost of travelling to reach them, is a major barrier for delivering outreach health care services in the regions. Regional areas have a higher proportion of older people, and this is projected to be a fast growing cohort in the future.

- There is a significant Indigenous population in many regional centres. Issues of racial discrimination and severe disadvantage due to high levels

of unemployment make it difficult for Indigenous people to compete at the lower end of the housing markets.

1.2 Why community housing?

Community housing is affordable rental housing provided by not-for-profit organisations. Organisations in the sector are run by professional managers, and supervised by skilled boards. Most directors are business people, lawyers, accountants etc. They are also comprehensively regulated by State Government.

Local accountability

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.

Unlike the larger and centrally controlled public housing agencies such as Housing NSW, community housing providers can be more locally responsive. They work closely with local service agencies and not-for-profit partners, building social cohesion in what were once challenging neighbourhoods.

Professional housing management

During the last decade the role of Australian community housing providers has been transformed, following similar patterns seen in North America and Europe.

Regional housing providers such as Housing Alliance members have retained their community focus, while becoming increasingly professional and innovative:

Many community housing providers have raised private finance, increasing the pot of money available to invest in affordable housing without increasing government debt.

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 800 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.

Building strong communities

Although community housing's core business of providing affordable rental accommodation reduces social exclusion, many organisations go further.

Following approaches popular in both Britain and the US, many Australian organisations work closely with other not-for-profit organisations and government agencies to help tenants find work, build skills and stabilise their family situation.

British research positions housing associations as 'community anchors' in the neighbourhoods where they operate.

Though housing providers cannot provide all the answers, they are often best placed to bring together the services of a number of different agencies.

Community housing providers often establish social enterprises, involve tenants in the running of their operation and innovate with service delivery and neighbourhood support. They integrate housing with human service support more effectively than if delivered direct by the public sector. Service delivery is tailored to local conditions.

A sustainable model

The NSW Auditor General's 2013 report noted public housing stock is ageing and increasingly not fit for purpose. There is not enough funding available for necessary maintenance and as a result houses are being sold to meet funding shortfalls.

The 2013 report also notes that NSW Government's rental operations are in deficit by $490 million in 2012-13, even after reducing its maintenance expenditure to less than required to maintain asset quality. Without increased funding, more than double the number of properties will be disposed than will be built over the next four years. This will lead to longer waiting lists.

Public housing agencies have suffered over decades from restricted funding. By contrast, community housing organisations can capture Commonwealth Rental Assistance (CRA) for their properties.

Cashflow surpluses generated per property can be used to raise bank finance, secured against the property asset. Loans then fund meeting the backlog of repairs. They can also help fund new development (Box 2).

Community housing providers also operate as independent businesses, so they need to be run efficiently so that they can remain viable. Their annual reports are available for public and stakeholder inspection.

Box 2: Delivering new housing for people in need

Funded by the Supported Accommodation Innovations Fund (SAIF) and own resources, Homes North had developed is 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.

1.3   The Housing Alliance

The Housing Alliance was established in 2010 between four regional NSW community housing organisations each managing between 450 and 870 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.

Housing Alliance members work in housing markets with different dynamics to

metropolitan Sydney. For example, three member organisations operate in low demand, low value markets that correlate with high levels of disadvantage. These markets are seen to be less of a focus for State Government than the Sydney region.

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 and effectiveness, and deliver outstanding value for money for State Government investment.

Housing Alliance members act as 'community anchors' in the regions in which they operate. Links with partner service providers and councils are important as well as looking to increase portfolio sizes.

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, but they all preserve their independent identity.

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 have 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 can gain economies of scale through shared procurement.

- Alliance members may be less likely to be taken over by a larger organisation,

and retain their independent roles as 'community anchors' in the regions where they operate

- Members can share knowledge of best practice approaches, in a collaborative environment encouraging continual improvement.

- Best practice and continual improvement are encouraged through greater knowledge sharing. Benchmarking on costs and service levels can take place.

2   Cost effective delivery

> **Community housing organisations provide excellent value for money. Revenue sources are maximised compared to tenancy management delivery in the public or private sector. In addition to basic tenancy services such as rent collection and asset management, community housing providers deliver a range of services and supports for tenants and neighbourhoods that minimise Government spending**

'Effectiveness' is a measure of how well the outputs of a service achieve the stated objectives of that service. Only limited data is available for public and not-for-profit sector landlords, and none for the private sector. However, there is good support for the belief that well run at-scale community housing providers are effective managers.

2.1   Measuring effectiveness of tenancy services

Annual data produced by the Productivity Commission in the Report on Government Services confirms that NSW community housing providers perform well. Based on data for 2012-13, published 2014:

- More dwellings were in good condition in the community sector (81%) than the public sector (68%). This is measured as the proportion of households with at least 4 working facilities and not more than 2 major structural problems.

- Occupancy rates were higher in the community sector (99.8%) than the public sector (99.0%).

- Rent collection rates were higher in the community sector (101.9%) than the public sector (99.0%). These figures

may exceed 100% in a year as some older tenants pay a portion of rent in advance to help their budgeting.

- There were fewer overcrowded dwellings in the community sector (3.1%) than the public sector (4.8%).

The Productivity Commission data confirms that community housing landlords are more effective in their 'core' landlord functions - property maintenance, tenanting vacancies etc. - than the public sector.

Costs per dwelling

According to the Productivity Commission 2014 report, the 'net recurrent cost per dwelling' of NSW community housing ($9,844 per year) is higher than for NSW public housing ($7,751).

In the report, the Productivity Commission note in Box 17.8:

- That the net recurrent costs 'are not comparable across public housing, SOMIH (State managed Indigenous housing), community housing and ICH (Indigenous community housing)'.

- 'Cost per dwelling measures do not provide any information on the quality of service provided (for example, the standard of dwellings)'.

Furthermore, the July 2014 AHURI report on 'assessing management costs and tenant outcomes in social housing', published July 2014, makes a strong case that the Productivity Commission's figures for annual cost per property managed are misleading:

> *'Especially through its inclusion of both discretionary and non-discretionary expenditure items, the relevant net recurrent cost per dwelling indicator is too broadly defined to serve this purpose …. Moreover, because of its 'black box' character it is not possible to probe the factors contributing to what appear to be implausibly large variations across jurisdictions and between provider types'.*

AHURI differentiate traditional 'core activities' (tenancy and property management) from 'other services' now within the remit of social housing management. Their four categories are listed below, and in effect form a 'value chain' for social housing management:

- Tenancy management

- Property and neighbourhood management

- Individual tenant support

- Additional tenant and community services

For each category, AHURI have proposed a different performance measurement metric. Unfortunately their research is currently in progress, so no data analysis is possible.

Housing Alliance members undertake activities in all four of the categories identified by AHURI. By contrast, Housing NSW has had to limit activities beyond the first category (tenancy management) due to budgetary constraints. This may explain the

difference in the cost figures produced annually by the Productivity Commission.

Of the four AHURI categories, private sector companies have been most involved in 'property and neighbourhood management'. It is the view of Housing Alliance members that further fragmenting the value chain between different organisations will be both cost inefficient and may involve private companies in activities they are least able to deliver (the final two AHURI categories).

Community housing providers, especially in regional areas where there are fewer alternative landlords or service provider organisations, work most efficiently and effectively when they undertake activities across all four AHURI categories.

Housing Alliance data

The four Alliance members collect benchmarking data each month on a consistent basis, then discuss differences between the four organisations. This covers information such as rental arrears, void turnaround period and vacancy turnaround period.

Through establishing this 'benchmarking club', the Housing Alliance is taking a lead in improving the level of data collection on measures of cost effectiveness.

Additional financial and headcount data is also compared quarterly between Alliance members. This covers metrics such as cost ratios, return on assets and financial ratios.

Benchmarking data to March 2014 shows that the cost per dwelling for Alliance members ranged from $5,500 to $8,600 per annum. Three of the four members are delivering tenancy management at a cost apparently lower than the Productivity Commission (2014) data for Housing NSW

2.2 Contrasts between sectors

Property landlord functions are undertaken by organisations in the public, private and not-for-profit sectors. Listed below are contrasts between their business models:

Public sector landlords

Their tenant group is high needs households, the majority of whom are not able to work, with rents set at maximum of 25% of household income.

The 2013 NSW Auditor General's report notes rents paid by tenants covered only 21% of costs in 2011-12. The shortfall is met by NAHA payments from the Commonwealth to the State, asset sales and State grants. This latter 'gap' has been widening over recent years and was predicted by the Auditor General to be $600 million in 2013-14.

Due to poor finances, capital expenditure has been cut over recent years, leading to deterioration in dwelling quality. Figures supplied to the Auditor General by Land and Housing Corporation state there is a $330 million shortfall in funds needed to maintain properties at a reasonable standard.

Community sector landlords

Providers have the same tenant profile as public housing agencies, though tenants are eligible to claim CRA which allows community housing providers to receive higher incomes at no extra cost to the tenant.

Community housing rents typically cover 100% of all operating costs (public housing: 21%), after adjusting for the cost of leasing homes from the private rental market. As a result, community housing providers operate profitably and generate a modest surplus each year which is re-invested.

Community housing providers operate more diversified businesses than public agencies, housing some affordable housing tenants who pay rent at a discount to market levels. They may also manage NRAS affordable rentals on behalf of private landlords.

Sufficient funds are available to cover asset maintenance in the community housing sector. Bank finance can be raised to fund new social and affordable housing. Some community housing providers also have access to philanthropic contributions and pro bono services.

Private sector landlords

This sector provides around one quarter of housing in Australia, and accommodates people at all income levels with rents set at what the market will bear. Private landlords are selective about who they accommodate, and will often refuse to house people with a disability, on welfare benefits, or without a rental history.

Around one million lower income private sector tenants claim CRA. Some 95% of CRA recipients are tenants of private landlords, the remainder tenants of community housing providers.

Most landlords are private individuals, not businesses - unlike overseas. According to AHURI, three quarters borrow to fund property investment and take advantage of negative gearing and other tax concessions. The majority of landlords have just one property, while some have up to five.

A sizeable percentage of investors manage their own rental properties and did not use a real estate agent. The real estate agency market is fragmented and most well-known brands operate as franchises.

Which sector works best?

In most Developed countries, not-for-profit housing providers have become the preferred managers of social housing. Their additional fundraising ability has been key, as it sources new revenues which can lead to a moderation of public subsidy.

Few examples exist around the world of commercial companies managing social housing tenancies. In Britain, despite many attempts by Government since the 1990s to encourage private sector companies, there are only two private sector companies accredited by the Social Housing Regulator to manage social housing.

In Australia, there is no at-scale for-profit landlord sector. If one were to be established, it would be a slow process and require considerable up-front investment. Given rental income yields are low for private landlords, there may be insufficient returns for the private sector to consider managing social housing tenancies.

Private landlords for social housing would also need to undertake a greater range of activities than at present, for example property maintenance. They would also need to understand the Housing Pathways system, and provide access to additional products such as bond assistance.

A major benefit of continuing to use not-for-profit landlords to manage social housing is there is no leakage of funds. Private sector companies pay tax, and dividends to shareholders. This reduces funds for re-investing in the public good.

2.3   Delivering scale efficiencies

Housing NSW is one of the five largest social housing landlords in the world,

managing around 110,000 properties. At this level of operation, it can be said to operate at scale. However, there are limitations to economic benefits:

- An operation of this scale can generate costs of complexity.

- In a state such as NSW covering a large geographical area, there are additional costs in delivering tenancy management in remote and regional locations.

- Large organisations can become unduly bureaucratic, and add additional layers of expensive managers.

- A state-wide housing provider may not be able to react quickly to changes having important local impacts. An example is the impact of the mining boom in certain regional towns.

Optimum landlord size

The Commonwealth Government during discussions on the move to national regulation, suggested 'the emerging industry view appears to be that the ideal size for sustainable growth is 5,000'.

An analysis by the Chartered Institute of Housing (CIH) in Britain in 2007 noted social housing landlords 'have to think about economies of scale in different ways for different functions'. There are differences in estimated optimum size between tenancy managers (1,000-5,000 homes), and those undertaking development (7.000+).

The CIH report also questioned the relationship between organisational size and operating efficiencies: 'we have found no compelling evidence that size has real benefits in terms of the efficiency of organisation, better delivery of services or costs of borrowing. Indeed it appears from the evidence above that a focus on

outcomes and effective management is more important than structures'.

Collaboration approaches

In discussions about how community housing organisations can reach scale, the most common suggestion is that there should be mergers. However, mergers are only one possible form of collaboration.

There is a spectrum of collaboration approaches. These range from a position of complete independence, to a forced merger. In between are options such forming a partnership or an alliance.

Collaboration approaches are on a spectrum of risk and return. Mergers involve a high degree of integration between two organisations, potentially delivering large savings but with a greater risk of dissatisfaction from existing directors, senior staff and tenants. British research has found community housing merger efficiency gains are less than expected.

Alliancing and scale economies

When viewed as a collective entity, the Housing Alliance manage over 3,000 homes. This makes the Alliance not only the fourth largest community housing operator in NSW, but across Australia as a whole.

The Housing Alliance is principally a networking organisation sharing best practice, and working to jointly procure goods and services where there are cost savings. It also lobbies stakeholders to raise the profile of issues faced in regional housing markets and communities.

Some examples of Housing Alliance efficiencies include jointly procuring consultancy, IT procurement and research activities. In effect advice can be sourced at one quarter the cost of single procurement. There is also collective working on policy

reviews, marketing, conference attendance and website development.

By sharing procurement of goods and services, the Housing Alliance has gained many of the economic benefits of being a single merged entity. Consultancy, legal, technical and other costs have been spread across four organisations. Knowledge has been shared, and 'virtual capacity' built.

3   Providing support services

> **Links between community housing providers and service organisations are very strong in regional areas. Tenants need a variety of types of assistance to overcome issues many face. With the support provided there is more chance that tenancies can be sustained, rent paid and new life opportunities made available. These opportunities include training, education, building life skills and progressing to work.**

Social housing tenants have high and varied needs, and without proper support and understanding often struggle to maintain their tenancies. According to Housing Alliance benchmarking data, 44% of tenants have a disability, 17% are of Aboriginal ancestry and 93% are living solely on welfare benefits. .

If a social housing tenancy is not sustained, people might become homeless and the cost to Government will increase significantly as they enter the Specialist Homelessness Services (SHS). Studies have shown the lifetime cost of a person accessing SHS services exceeds $1 million

3.1   Partnership working

Community housing providers play a vital role in supporting tenants with special needs. Working with these clients is not simple. It requires an in-depth understanding of the individual's needs and the ability to link them to the support providers who can help.

Box 3 provides an example of how Homes North are working with Richmond RPA to support people in their housing with mental health issues. Housing Alliance members each have between 20 and 30 support relationships such as shown in Box 3.

Box 3: 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.

Local connections

Organisations such as Housing Alliance members have an advantage over the private sector in building partnerships with support providers as:

- Our staff and directors share similar values and objectives;

- We have been building such relationships over the last three decades, and therefore have a set of strong connections that a new private sector tenancy manager would find hard and slow to build;

- We know the service providers that operate in small towns and regional areas. These are often quiet small organisations, serving specific locations and types of service users.

Quality management

Box 4 details the partner network operated by NCCH to support the estimated 10% of residents who need formal support arrangements. NCCH's innovative **Housing Partnerships Program** shows how these relationships are professionally managed as part of their operational business approach.

Box 4: 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 Two 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.

3.2 Our own support initiatives

Social housing tenancy management requires a holistic approach, and an understanding that providing access to education, training and employment opportunities results in significant social and economic outcomes that the simple provision of housing cannot achieve.

Housing Alliance members reinvest their surpluses back into the business, with funds used to improve the lives of tenants. Unlike private business, they do not pay surpluses to investors in the form of dividends.

There are good examples from the community housing sector of programs that help their tenants transition into both training and employment (see Box 5). They are able, therefore, to consider both short term and long term tenant needs.

An example of innovative programs is the Bursary Scheme operated by Housing

Alliance member NCCH. In May 2014 awards were presented to a number teenage children of tenants to assist them pursue their studies. Funds have been used towards the purchase of computers, and for a school exchange program to Japan.

'Housing plus'

Community housing used to just be about managing tenancies on behalf of the State. Now, however, leading supporters of the 'housing plus' agenda recognise social housing is not simply about a landlord-tenant, bricks and mortar relationship.

To increase social inclusion and reduce disadvantage, community housing groups consider the wider needs and aspirations of tenants and neighbouring residents, as individuals, and as communities. This agenda is so strongly supported by one of the Housing Alliance members that they adopted the name 'Housing Plus'.

Box 5: 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

Housing Plus provides services that work to support vulnerable members of the regional community, whether or not they are Housing Plus tenants. These include:

- Supporting women at risk of or escaping domestic violence through **Operation Courage Project**. This is an innovative crisis accommodation model, designed in consultation with domestic violence network members, health and community service providers.

  Operation Courage meets the needs, preferences and safety concerns of women and their children experiencing domestic violence in Orange and Cabonne. It is cost effective as it helps break the cycle of disadvantage.

- Support for victims of domestic violence through the **Central West Women's Domestic Violence Court Advocacy Service**. Funded by Legal Aid NSW, the service provides information, assistance and court advocacy for women and children experiencing domestic violence in Orange, Cabonne, Parkes, Cowra and Forbes Shires.

- Providing crisis accommodation and support for young people through the **Emerge Youth and Family Service**. Emerge has provided services for the Orange community for three decades, and joined Housing Plus in 2010. It provides a large family home with crisis accommodation for young people, together with six support workers.

3.3 Building community cohesion

Community housing providers are considerably smaller than state housing authorities, and able to maintain closer and more personal links with their tenants. Problem tenancies can be identified sooner, and tailored action taken in partnership with welfare agencies, as detailed above.

In a number of areas where we operate there have been 'whole of area' transfers of tenancy management from public housing to a Housing Alliance member. These often involve our member organisations working in neighbourhoods with relatively high concentrations of social housing.

Social housing 'place making' is often associated with inner-city housing estates, and major re-development projects such as Bonnyrigg and Riverwood North. However, there are a number of similar activities being undertaken in regional NSW.

Our projects in troubled communities take practical steps to support community cohesion. An example of Homes North's 'community cottage' is given in Box 9.

Benefits to be obtained from place-making on local communities are well-documented. A 2011 report by AHURI on 'Cost-effective methods for evaluation of neighbourhood renewal programs' found such programs generate increased health and wellbeing for residents, reduce crime and anti-social behaviour, and attract private buyers.

AHURI found that on average a return of $2.20 was received in non-housing benefits for every $1.00 spent on neighbourhood renewal. Therefore work by community housing providers on neighbourhood renewal can have a knock-on effect on property taxes, such as stamp duty, providing an economic benefit as well.

4   Tenant outcomes

> **By providing both high quality tenancy management, and support for tenants with high needs, we help deliver excellent outcomes for individual tenants, and for the communities in which we operate. Stable housing in a supportive environment helps our tenants progress with training and education. Many will have the opportunities to move into work, and reduce their welfare dependency**

The four Housing Alliance members are committed to providing high quality services. The benefits of this approach can be seen from individual case studies, from high scores in tenant satisfaction surveys, and awards provided within the sector.

4.1   Tenancy and asset management

Alliance members have all been regulated by the NSW Registrar of Community Housing for a number of years, and are independently accredited. Recently they have all successfully transitioned to the National Regulatory System (NRS).

Working under these strict regulatory systems, we must demonstrate compliance with policies and procedures, as well as show excellence in delivery and client outcomes. This includes the management and administration of waiting lists through Housing Pathways, allocations, rent settings, voids and vacancies.

Having been involved in NSW regulation from the start, we are experienced in applying Housing NSW policies and procedures. We work closely with the eligibility and allocations teams at Housing NSW regional offices, which enables us to achieve more effective outcomes.

This level of deep knowledge of the NSW social housing system would require considerable investment by a new private sector tenancy manager to acquire.

Within the Housing Alliance, our senior managers meet regularly to share best practice knowledge. If one organisation has implemented a successful new approach to tenancy management, these ideas can be quickly passed to the Alliance members.

Asset management

As regional organisations, Housing Alliance members are based close to their tenants and can respond quickly when maintenance is required. We can also plan our portfolios to take account of local stock condition, impacts from weather and natural disasters.

Box 6 described the approaches by Homes Out West to strategically managing their asset portfolio. The **Dwelling Decision Tool** allows an assessment of the options and needs for each property in the portfolio. As a result, tenants will benefit from better living conditions and thermal comfort.

According to research by the Productivity Commission, community housing homes are maintained to a higher standard than those in the public sector. In part this is because management have a more direct knowledge of local property conditions.

Box 6: 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*

Collaboration

Because Housing Alliance members' leadership teams are based in regional towns, they are more able to respond directly to local need. For example, Homes out West identified a need for better connected services in Albury and partnered to establish 'the Hub' (Box 7).

The success and efficiencies of The Hub has improved all service partners' capacities, freed up resources and allowed services to be innovative and effectively respond to new initiatives and growth opportunities that have arisen since co-locating in 2009.

For tenants, a 'one stop shop' approach makes accessing a range of services more straightforward. It also leads to a seamless connection between housing and support services for high needs tenants.

Box 7: 'The hub' – a collaborative and integrated approach

In 2008 Homes Out West and a range of other community service organisations in Albury shared a common vision to create a specifically designed and integrated 'Hub' or 'One Stop Shop' for people experiencing housing related stress within the Albury community.

This was to be achieved via the co-location of a number of independent housing related service providers and was intended to enable the sharing of vital infrastructure resources to create efficiencies in service delivery and long term cost savings. The primary goal was to enhance service provision to people experiencing or at risk of becoming homeless.

Ongoing negotiation bought together four distinct agencies which collectively comprised all of the community based (non-government) non-residential, homelessness services within the city of Albury. Partners included Homes Out West, YES Youth and Family Services, Albury Supported Accommodation Service and South West Tenants Advice Service.

All four services faced the challenges and concerns regarding financial restraints, suitability and sustainability of long term office accommodation. A project that would enhanced service provision for clients, improve conditions for staff and allow like services to obtain reasonable security of tenure in the long term, with the very real expectation of future cost savings became an increasingly attractive option for agencies to become involved in the development of 'The Hub'.

Improved client services are central to The Hub and the collaborative and integrated approach. The significant issue for clients regarding access to housing and support is addressed in 'The Hub' co location model. The model has provided clients with ready access to a full range of housing and support services under the one roof, from early intervention to long term housing options. This is both convenient for them in terms of time and resources (i.e. transport), but also increases the likelihood of clients engaging in assistance due to the improved ease with which they can access services. Put simply, a referral across the hallway is far more likely to result in client engagement than a referral across town.

4.2 Evidence of positive tenant outcomes

All Housing Alliance members involve tenants in some aspects of running their business. Some have tenant representative organisations that impact decision making. Tenant social events, barbecues and information sessions are also common in community housing (see Box 8).

Box 8: NCCH tenant participation

NCCH has a Tenant Council that meets 7-8 times each year in different locations across the Northern Rivers district of NSW.

A number of our Council members provide information and articles for inclusion in the company's newsletter, Housing News, which is published quarterly.

The Council has also been involved in the strategic planning process and provided their valuable input through their participation in a one day workshop.

NCCH tenant councillors Peter Harris and Delores Close also sit on the NSWFHA state wide Tenant Network

Tenant participation programs both allow tenants to feel a sense of ownership and involvement, as well as the housing provider understanding what is working well in their services. Regional community housing providers can make a significant impact on building community cohesion in the areas in which they operate.

Measuring success

Community housing providers place a significant emphasis on measuring the quality and impact of our work in communities, public housing agencies, we. We regularly seek feedback from tenants as they are in a good position to provide feedback on tenancy management services.

Our members are part of the NSW Federation of Housing Association's tenant satisfaction benchmarking group. This provides standardised questions, therefore allowing benchmarking across the sector.

During the last two years the four Housing Alliance members have collectively developed 86 new affordable homes 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.

Tenant satisfaction results

The Productivity Commission's 2014 Report on Government Services, based on 2012 data, noted the following proportions of tenants who were satisfied or very satisfied with services provided:

- NSW state owned and managed Indigenous housing: **49%**

- NSW public housing: **56%**

- NSW community housing: **70%**

Recent tenant satisfaction surveys from Housing Alliance members show:

Recent tenant satisfaction surveys from Housing Alliance members show:

- Homes North, 2014: **93%**

- Homes Out West, 2013: **87%**

- Housing Plus, 2014: **86%**

- NCCH, 2014: **86%**

The survey data confirm community housing providers are rated more highly than Housing NSW as managers of social housing. Housing Alliance members score noticeably more highly than the average for all NSW community housing providers.

High satisfaction scores bring financial benefit. Community housing providers have to spend less time than their public housing peers in answering Ministerials and dealing with tenant complaints.

4.3 Economic impact analysis

An independent report on 'The social value of community housing in Australia' in 2011 by Netbalance quantified the economic, educational, health and community inclusion benefits brought by the sector.

The report calculated the benefits brought by the additional work of community housing providers in supporting tenants, and improving community cohesion. More people enter the workforce, continue education, live healthier lives and become functioning community members.

The annual monetary value of these wider benefits to society has been calculated as over $175 million. Such benefits would not be generated if the landlord just collected the rent and maintained the property.

Supporting regional economies

Many regional areas lack a strong and diversified employment base. Regional community housing providers can have an impact in terms of:

- Our role as a local employer, especially in offering high skilled and higher paid jobs than available locally.

- Our role as a purchaser of local trade and other services.

- Our ability to source goods locally.

Regional community housing providers have a proportionately higher impact in regional towns than a metropolitan based

organisation does on Sydney. Often, our organisation is one of the largest local employers other than the Council.

We are also more able to help establish and mentor local social enterprises that may provide services such as grounds maintenance that we procure.

In 2013 the Housing Alliance commissioned the Western Research Institute (WRI) to quantify the contribution that its members provide to NSW regional economies.

When flow-on effects are taken into account, the combined operational and capital expenditure attributed to The Housing Alliance in 2012/13 is estimated to generate the following economic impacts:

- $45 million in value added.

- $23 million in household income.

- 303 jobs (Full Time Equivalent).

Across the member organisations, the contribution to Gross Regional Product (GRP) ranged from 0.08% to 0.13%, and the contribution of household income ranged from 0.10% to 0.17%.

Housing Alliance members will continue to play their part not only in delivering value for their tenants and regional communities, but measuring the level of impact.

5   Recommendations for change

> **With the right State Government policy settings, commercially experienced community housing providers can form the bedrock of a sustainable social housing system. Once further property management is transferred to the community housing sector, property maintenance backlogs can be cleared through a blend of current public subsidy and private finance. Quality tenant outcomes can be achieved, and tenancy management delivered at lower cost**

This section details a number of practical steps that can be taken by Government to improve NSW tenancy management arrangements. These proposed changes would help move the social housing system to become more financially sustainable.

5.1   A planned and integrated approach

Over recent years, NSW Government has become 'siloed', with little communication and coordination between Departments. For example, assets and service delivery in social housing have been separated (to varying degrees). In addition, social housing coordination is separated from Planning and Treasury which impact on housing markets.

A new Housing Strategy

We believe a 'whole of government' approach to reforming the housing system is needed. This issue of social housing challenges cannot be addressed in isolation, as currently the 'housing continuum' does not work effectively.

It is important to transform the private purchase and rental sector, as well as

social housing, so that some tenants currently in social housing can find pathways out. Public housing has increasingly become a tenure for life, rather than a temporary helping hand.

Currently there is no NSW housing strategy, or social housing asset management policy. These have been promised by Government many times, and called for by the Auditor General in their 2013 report. Lack of a strategy makes it harder for community housing providers to plan for the future, and deliver on goals.

We recommend NSW Government develop a Housing Strategy that:

- Covers both social and affordable rental housing, as well as entry-level affordable sales.

- Is integrated with work of the Department of Planning and Infrastructure, the Department of Local Government and NSW Treasury.

- Sets clear targets that can be independently monitored.

The housing policies of Western Australia, Queensland and Victoria are examples of this more integrated approach. By contrast

the most recent NSW policy, in 2007, solely applied to community housing.

Western Australia's 'opening doors' strategy would be good to follow. It targets a portion of housing assistance to support intermediate housing markets, giving households a chance to move along the housing continuum. They have developed a range of shared ownership products, including schemes allowing public housing residents to buy their own property.

The Housing Strategy can play an important role in improving tenancy management. New opportunities can be found for people to move out of social housing. The Strategy could also include specific approaches to:

- Establishing the respective role of public, private and not-for-profit organisations in tenancy and asset management.

- Proper benchmarking between social housing managers, which sector they are part of.

Regional delivery

We support changes within FACS to align district boundaries with NSW Health. There is now a much clearer state map, which should in time act as a foundation for more integrated service delivery. However, there is currently little coordination between Government Departments within districts. New delivery structures are needed.

Regional community housing providers have existing strong links with both non-government and government agencies due to a focus on place-based service provision. Housing Alliance members can readily play a major role in realising joined-up service delivery in the FACS districts.

As one of the world's largest social housing organisations, Housing NSW is not in a position to provide a personalised service for tenants, for communities or for their staff. We suggest greater regionalisation in Housing NSW, with more local autonomy and potentially different district policy settings, especially in regional NSW.

5.2 Roles and responsibilities

The Auditor General's 2013 report confirms what many in the sector have known for a number of years: the NSW public housing system is unsustainable. Each year a large deficit is run, and this is likely to increase year-on-year as the housing stock is ageing and the maintenance backlog high.

Government's role

NSW Government will continue to have a strong role in steering the social housing system. However, their role should be one of setting objectives, managing subsidies, and helping coordination, with less of a focus on direct tenancy management.

Currently the roles and responsibilities within Government are blurred. Community housing funding and regulation remain a responsibility of Housing NSW, the public housing agency. There is no 'level playing field' between social and community housing providers. Furthermore, it is not possible to determine which housing agencies are more efficient at managing social housing.

We recommend transferring funding allocation responsibility for NSW social housing to Treasury. Transparency, data analysis and performance benchmarking through KPIs need to be improved such that, over time, funds will be allocated to the most effective social housing providers.

In addition, we strongly recommend that all social housing tenancy management organisations should be regulated under NRS. This ensures protection of public investment, and consistent rights and responsibilities for tenants. As in Britain, the regulation should cover any private sector organisations who may have a role.

Delivery models

In the future the NSW social housing system should become less homogenous, with a variety of different types of organisations. We do not believe there is a single 'silver bullet' solution, rather a number of different pathways to follow. This is because both housing need and existing social housing stock vary considerably.

The main options for social housing tenancy management should be:

- Public housing, perhaps broken into smaller regionally based delivery units.

- NRS Tier One and Tier Two community housing providers that are able to operate at scale, have capacity, and achieve efficiency gains.

Housing Alliance members do not consider there is likely to be a suitable role for the private sector in managing tenancies. However, these organisations can continue to be deeply involved in asset management of public housing, and partnering over development and construction.

Social housing tenancy management requires far more than the traditional roles of managing investment properties. There is more emphasis on linking tenants to support, and putting in place policies that align with complex State legislation and the requirements of Housing Pathways.

Private sector social housing tenancy management at scale is not in evidence

internationally, and for good reason. Countries like Britain which have tried to promote the concept found the private sector were generally not interested due to high costs and additional risk issues.

Promoting alliancing

This submission has shown the many benefits that a housing alliance can bring. It is a common organisation structure in Europe, and allows medium sized community housing organisations to have a sustainable role in supporting Government.

We suggest Government should review the implicit 'growth policy' for the NSW community housing sector. We believe there should be:

- Controls so that activity generated in NSW by community housing providers remains in NSW.

- Support for community housing providers that remain close to their regions and deliver a broader range of services in their neighbourhoods.

The above changes could be brought about through a modification of regulatory details (within the broad framework of NRS), or an amendment to current funding agreements.

5.3 Improving system sustainability

There are clear benefits to Government by increasing the proportion of NSW social housing managed by contemporary, business-like not-for-profits such as Housing Alliance members. Running costs will fall, transparency will increase and tenant satisfaction will improve. There will be a more strategic management of assets, and the delivery through a mix of public and private funds of new affordable homes.

We need to move to a situation where the Government is not a near-monopoly supplier of social housing. A target might be the 2009 goal agreed between State and Commonwealth Housing Ministers of 35% of the sector managed by community housing providers.

A 35% community housing sector share of social housing indicates transfers of around 18,000 public housing dwellings. To ensure this happens a completion date of 2018 is suggested. Unlike some earlier transfers, this new management outsourcing should be on the basis of:

- Community housing providers agreeing to meet specific targets in terms of improving properties, delivering better services and in high demand areas delivering additional new housing.

- To achieve leveraging of bank finance, Government should enter into 20-25 year leases on the properties where management responsibilities have been outsourced.

Outsourcing tenancy management

Housing Alliance members have successfully delivered manageably-scaled management outsourcing projects. Homes North, for example, received 150 homes in Gunnedah in 2008 (see Box 9).

There has been a protracted, and not especially helpful debate, between NSW Government and community housing providers on asset transfers. Government believes such transfers may impair the state's credit rating, though this has not been supported by comments from Ratings Agencies.

Our view is that the main approach in future should be outsourcing tenancy and

asset management. This is the policy in Tasmania, Queensland, South Australia and Victoria. Outsourcing retains assets on the State balance sheet, while bringing in additional CRA revenues.

Outsourcing is an ideal solution in regional areas. Remotely located housing is very expensive for Housing NSW to manage, whereas community housing providers already have the infrastructure on the ground. Following outsourcing, the main focus would be clearing the maintenance backlog in low demand areas, and developing new affordable housing in high demand locations. Strong cashflows not asset ownership are more important for this task.

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.

Unfortunately the more recent moratorium on further transfers has led to a costly situation where some new public housing leases are being signed in areas where a 'whole of area' transfer took place and the local Housing NSW office was closed. These small numbers of public housing dwellings are expensive to manage, involving long journeys from regional offices.

Regional community housing

Government needs to consider carefully the approach that works best for management outsourcing. We recommend that in many regional areas different policies will be needed. If too many small community housing providers operate in a remote region, social housing will not be delivered efficiently and it will be confusing for social housing applicants.

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.

The upgrading of the house, gardens, outdoor areas and children's playground was made possible by significant donations from businesses and hours of volunteer work by local community groups. The cottage is a great example of community contribution, and was implemented at no additional cost to Government.

Homes North extended its commitment to the project in 2013 by negotiating with the Aboriginal Housing Office the use of an adjacent vacant block for a community garden. The derelict site has been transformed into an orchard and vegie patch.

As a result of this and other strategies the precinct has become a regular place to live. The riots, vandalism and hard-to-lets are a thing of the past. Homes North is committed to making social housing a housing solution that provides life opportunities. The Gunnedah Community cottage is testament to this commitment.

In metropolitan areas, and for large estates, social housing management could be transferred in medium sized blocks (of say 200 to 1,000 homes) to larger NSW community housing providers. This would be through competitive tender, making the process transparent and ensuring best value outcomes for State Government.

In regional areas, smaller social housing parcels (of say 50 to 200 homes) could be transferred to existing NRS Tier One or Two providers with a proven track record and an established presence in the region. This would allow these organisations to further build capacity.

More 'managed' transfers in regional areas would be more straightforward and lower cost. Government could carefully tailor the transfer so costs could be cut, for example by a 'whole of area' transfer where the Housing NSW local office could be closed.

Encouraging 'anchoring'

Housing Alliance members have retained their strong bonds with the regions in which they operate. They are good examples of ways in which a high capacity organisation can act as an 'anchor', bringing together various public, private and not-for-profit bodies within a district.

An example of this is the 'whole of area' transfer to Homes Out West in the Murray River corridor in 2009. The management of all 240 Housing NSW properties in nine communities along the Murray River were transferred, allowing Housing NSW to close their Deniliquin office.

This transfer effectively reduced duplication in these communities built on Homes Out West's capacity as a community anchor in these rural and isolated communities and was achieved in a cost effective and succinct manner over a short three month

timeframe. Much of the success being attributable to the organisation's profile and community connections in the region