

**Submission
No 38**

TENANCY MANAGEMENT IN SOCIAL HOUSING

Organisation: Homes North Community Housing Company Ltd.
Name: Ms Maree McKenzie
Position: Chief Executive Officer
Date Received: 15/08/2014



Homes North Community Housing Company Ltd

ABN: 78 014 531 758

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

Homes North Community Housing is pleased to provide the following submission to the Inquiry.

I would appreciate an opportunity to discuss the issues raised in the submission with the Committee. I also look forward to clarifying any content in the submission.

Yours sincerely

Maree McKenzie
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Submission to the Legislative Assembly Public Accounts Committee

Inquiry into tenancy management in Social Housing

Homes North

August 2014



Introduction

Homes North Community Housing Company Ltd (Homes North) is a not-for-profit company providing secure, appropriate and affordable rental housing for people on low incomes who are otherwise disadvantaged in gaining access to or maintaining tenancies. We are a registered Community Housing Provider under the National Registration System for Community Housing providers and achieved 3 year Accreditation in 2014 against the National Community Housing Standards.

Currently Homes North manages 1,008 properties within New England North West NSW under a range of contracts. Strategically, we are committed to remaining within the NSW state jurisdiction and specialising in addressing rural and regional housing challenges.

Portfolio, contracts and funding:

1. 384 properties:

Land and Housing Corporation properties are leased to Homes North under a head lease contract, which ensures properties are utilised, allocated and rents are set in compliance with delivering social housing. Homes North collects all rents and pays all expenses for these properties, except for structural liabilities, and is also responsible for all aspects of long-term asset planning. All properties are allocated from the Housing NSW housing register under a Housing Pathways participation agreement.

2. 250 properties:

Properties under the vested properties contract comprise the title transfer of 250 properties constructed under the Federal Government's Nation Building initiative. Homes North is responsible for all aspects of the asset as the owner of the asset. Caveats on title ensure these assets are utilised for social housing. Homes North has leveraged off these assets and to date acquired 17 newly developed additional social and affordable housing properties. We will continue to add to the supply of affordable housing in the coming years.

3. 129 properties:

Leasehold programme. Properties are leased from the private market and let to social housing tenants. Homes North receives grant funding for this programme. The leasehold portfolio supplements our capital and vested portfolio, allowing us to respond to particular client needs, or changes in the type of housing need on the NSW Housing Register.

4. 17 properties:

Newly developed properties acquired by Homes North to increase supply of affordable housing



5. 194 properties:

Fee-for-service contracts, primarily Aboriginal housing portfolios

6. 34 properties

Miscellaneous programmes

7. Out-source maintenance contracts:

Homes North is also contracted to undertake maintenance and upgrades on crisis and transitional properties across NENW NSW

With our capital and vested portfolios Homes North undertakes most of the functions currently undertaken for public housing across three Departments: LAHC (asset management), Housing NSW (tenancy management and access services) and Community Services (homelessness services).

Our Structure

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 an assets services 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 local offices in Armidale, Tamworth, Gunnedah, Glen Innes, Inverell and Moree.

Governance

Homes North is incorporated as a Company and has a skills-based Board of directors. There are currently seven directors, with backgrounds in risk management, banking, welfare, large-scale residential construction, aged care, business management and education.

The board's function is governance and strategic planning. The day-to-day management of the service is the responsibility of the Chief Executive Officer; housing management is undertaken by two housing teams; finance and administration is managed by the Manager Business Services, and the asset team ensures the property portfolio is maintained to HNSW asset standard and compliant with state and federal codes and legislation.

Homes North recognises tenants, applicants, service providers, partners, the local community and the funding body as its main stakeholders. Homes North is committed to consulting with stakeholders and meeting the needs identified by each local area.

Homes North is a key player in various planning forums across the New England, including various Place Teams and housing-focused forums. Homes North works closely with many



support agencies to ensure the sustainability of our clients' tenancies; approximately 16% of our tenants require the assistance of a support agency to live independently.

The purpose of these forums and strategies is to:

- Identify local housing needs and provide opportunities for partnerships that support high-needs clients to access and maintain a tenancy
- Ensure support providers and their clients are linked into the social housing system
- Consult with local external stakeholders on service planning, delivery and development
- Raise awareness of local and broader housing issues in the community
- Raise awareness of the housing services offered and delivered by Homes North

Goals:

- To maintain a professional and responsive service for clients experiencing disadvantage and in need of housing
- To improve life outcomes for our clients
- To expand Homes North's business to include asset ownership; providing greater capacity to develop housing appropriate to the specific needs of our service area.
- To develop affordable housing options that will assist clients to gain entry into home ownership
- To increase tenant participation in our service and inter-community engagement
- To maintain the organisations status as a professional, registered housing provider
- To drive innovation in the social housing sector



1. The cost effectiveness of current tenancy management arrangements in public housing, particularly compared to private and community housing sectors

As noted in the Productivity Commission report on Government Services Volume G: Housing and Homelessness there is currently no reliable data available to directly compare the cost effectiveness of public housing management of social housing with the community housing sector's management of social housing.

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).

The commission notes on section 17.27:

Care needs to be taken in interpreting the cost of delivering public housing. Cost data for some jurisdictions are either more complete than for other jurisdictions or collected on a more consistent basis. Administration costs and operating costs, for example, may not capture all costs incurred by government, and could therefore understate the total cost of public housing. In addition, some jurisdictions are unable to separate costs for public housing from those for other housing and homelessness assistance activities. There may also be double counting of some expenditure items in the cost calculations for some jurisdictions. The user cost of capital, for example, is intended to capture all the costs of funding assets used to produce the services, but reported operating costs (apart from interest payments, which have been adjusted for) may already include some of these costs.

Due to a high level of capital expenditure in housing, cost per dwelling is predominantly driven by the user cost of capital. There are different user cost of capital and service delivery models across jurisdictions, and user cost of capital data reported should be interpreted with caution.

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)'.*

As there is lack of clarity as to what and how costs are included in the figure it is difficult to make assumptions. For example, the higher figure for Community Housing Providers could reflect a greater investment in maintaining the condition of the assets. Without the specific breakdown of these figures no assumptions can be drawn. It may also include the cost of paying market rents to landlords for the leasehold portfolio which will inflate costs for metro-based providers with a high proportion of leaseholds in their portfolio and very high market rents. Recurrent costs per property do not inform comparisons of tenancy management costs as tenancy management costs are a portion of the total recurrent costs.



Neither Housing NSW nor Community Housing Providers are required to report on tenancy management costs alone. Homes North has undertaken a comparative cost analysis based on data available and standard tenancy management practices.

Tenancy management costs compared for 2012-13 financial year:

Tenancy management cost comparison				
Assumptions:				
<ul style="list-style-type: none"> ▪ Tenancy management functions undertaken by HNSW on a fee-for-service basis for LAHC are the same as a residential property management agency agreement used by real estate agents ▪ Tenancy management functions used in Homes North's calculations are the same as a residential property management agency agreement used by real estate agents 				
Number of properties	Total Fee	Per property fee per annum	Total rent received	Fee as % of total rent income
LAHC				
119,184	111,720,000.00	960.81	727,059,000.00	15.75
<i>*Total fee based on LAHC financial report 2012-13, p.28, and is assumed to be GST exclusive</i>				
Homes North				
890	885,649.6261	995.11	5,838,291.75	15.16
<i>*data based on Homes North financial report 2012-13, GST exclusive</i>				
Private real estate based on % of market rent				
prop no	Total fee	Per property fee per annum	Total rent	Fee as % of total rent income
129	104754.43	812.05	1496491.87	7
812.0498517 *Allowing for 2% arrears				
<i>*data based on actual market rents charged by real estates on Homes North's leasehold portfolio Financial year 2012/13. Fees charged as per actual real estate contract: 7% excluding GST plus additional fees as stipulated in management agreement terms.</i>				
Add additional fees charged:				
<i>* see table below for additional charges and assumptions</i>				
129	121839.87	944.49	1496491.87	8.14
*Allowing for 2% arrears (effective % when additional costs included)				
Private real estate based on % of subsidised rent				
<i>*based on Homes North's (subsidised) rental income above</i>				
890	475,236.95	533.97	5,838,291.75	8.14
(effective % including additional costs)				



*Table of additional charges as per real estate management agreement

add charges:	
assumptions	
5 cases presented at tribunal (excl GST)	900
Finders fee for 32 properties (based on actual market rent average) based on actual leasehold vacants in 2012-13 for HN	7389.44
lease sign based on actual leasehold vacants in 2012- 13 for HN	1056
monthly managemnt fee \$5 per property (excl GST)	8514
Total additional costs above % fee	17859.44

The tables above indicate:

- Homes North and LAHC costs are comparable. However, if LAHC were benefiting from economies of scale the difference would be expected to be greater. Also consideration must be given to the quality of service provided by both Community Housing and HNSW. Tenant satisfaction surveys indicate that community housing tenants are receiving a better service. Homes North currently has a 93% overall satisfaction rating, with 25% of tenants completing the survey.
- The low return for real estates on subsidised rents indicates that they would need to charge higher percentages to make the proposition viable. Alternatively, government would need to charge market rents to social housing tenants.

However, some very important factors need to be considered apart from a straight comparison of figures:

- Real estate businesses are structured around minimising the risks and maximising returns for owners. Consequently their business practices are to select the most suitable applicant with regard to:
 - Financial capacity to pay rent on time
 - Lowest risk of creating additional costs to the owner and agent with regard to property care and compliance with the residential tenancies agreement, including additional conditions.
- It can be assumed therefore that Real Estate agents' overheads should be lower than a social housing tenancy management service where the service is specifically aimed to house applicants excluded from the real estate market and/or present a high risk to agents by their lower incomes, poor or no rental history. Due to the housing shortfall in NSW the rental market is very competitive for renters and real estate agents in general can select the lowest risk, and potentially the lowest cost, applicant. Real estate agents are practiced and skilled at excluding perceived as well as actual high cost tenants from their operations. Under their commercial relationship with owners they are performing in line with their responsibilities to the owner.
- Real estate agents do not operate at scale. Currently in Australia property management services in the private market are delivered through franchises. In regional areas agents typically manage a portfolio of 100-300 properties in the



one locality. It would require capacity building in the sector before large-scale operations could manage social housing across areas.

Homes North is a Pathways participant and always allocates the highest priority need clients first. As a result we most often house clients either evicted from, or cannot obtain access to, housing through a private real estate. These are clients who are homeless, imminently homeless or inappropriately housed. They often suffer a mental illness, have a disability or are discriminated against for their Aboriginality, and by the nature of our eligibility criteria always financially disadvantaged and not desirable future tenants for Real Estates. The aim of Real Estates, understandably, is to obtain for their landlords the best performing tenant that will maximise the return for the owner and minimise workload for the agent.

Below are statistics that support Homes North's commitment to the NSW Government to house the most in need.

Homes North statistics on tenant and applicant profiles:

New tenancy profile

2013/14	Number	%
Total new tenancies	170	
Homeless applicants	83	49% of new tenancies homeless category
Applicants with greatest need	102	60% of new tenancies in greatest need category

Tenancies as at 30/6/2014

Centrelink benefit	95%
Aboriginal household	23%
Tenants with a disability	54% Includes: Intellectual, multiple, physical, psychiatric and sensory disabilities

Private real estate agents are not required to be skilled and trained at managing on a large scale high and complex needs clients. The community housing sector has staff trained to specifically manage the risks associated with these tenancies and to maximise the opportunity for these tenancies to be sustained.



Homes North employs 16 staff for face-to-face service provision. 12 have completed qualifications in social housing and/or welfare, and 4 are currently being funded by Homes North to complete certificate 4 Social Housing. These staff are trained on how to manage difficult clients and respond to a mental health crisis. All Homes North staff receive cultural awareness training. We have four Aboriginal staff members.

Homes North recently took on a fee-for-service Aboriginal corporation previously managed by a real estate. The corporation has accepted our higher fee structure and additional services, \$1,320 per annum per property (GST incl. and with no additional fees), due to our understanding of social housing and our reputation for being culturally sensitive. Homes North received the following email from the manager of an Aboriginal service located in Tamworth:

..This e-mail is in response to the enquiry into Social Housing, to provide feedback and information regarding Mara-Mara properties.

Mara-Mara Community Incorporated changed Property Managers from a Real Estate to a Social Housing Provider (Homes North) in 2013, as they are experienced in social housing and dealing with tenants on low incomes. They are also much more experienced and competent in handling Tribunal Matters and knowledge of the Tenancy Lease Agreement.

Since changing to Homes North in September 2013, the arrears have decreased and payment arrangements are in place for those tenants currently in arrears....

*Kind Regards
XXXXX
Manager
Mara-Mara Community Inc*

Housing NSW and Community Housing providers also deliver additional complimentary services which ensure the clients housing need is foremost in the design of services:

1. Delivery of Housing NSW private rental assistance such as bond loans and temporary accommodation
2. Management of the state-wide housing register

It must be noted that Homes North receives no additional funding to deliver these housing access products and services to community members, these services are funded through our rental income. Government would need to fund the provision of these services if the community housing portfolio was transferred to alternative managers.



The most significant proportion of overheads in delivering these services is salaries. Community Housing salaries are significantly lower than public service salaries. The table below compares the advertised salary of a frontline position on the FACS website on 8/8/2014 with an equivalent position in Homes North. As our salaries are less we can, and have, opted to employ more staff and maintain low property to staff ratios. Although no evidence is available for the portfolio loadings of Housing NSW for comparison, tenant satisfaction survey results would suggest that more intensive management practices have a very positive impact on service delivery.

Position	HNSW	Homes North
Reception and general client phone and counter enquiries	Client Service Officer (Contact Centre Operator) Clerk Grade 2/4 Department of Family & Community Services Housing NSW Total remuneration package valued up to \$75,795 per annum (Salary: \$59,237 pa - \$68,531 pa) includes employer's contribution to superannuation and annual leave loading.	Housing officer \$42,419 (includes superannuation and annual leave loading)

There is evidence indicating the community housing sector is delivering better services. Tenant satisfaction surveys reflect consistently better performance by Community Housing providers.

Homes North tenant satisfaction survey results NOTE: survey conducted by an independent agency	HNSW
2012 93% satisfied or very satisfied	Report on government services Customer Satisfaction 2012
2013 83% satisfied or very satisfied	Table 17.a55 NSW public housing
2014 93% satisfied or very satisfied	56% were satisfied or very satisfied

Given the polar opposite tenant selection process – one of risk management for real estates, and one of need for social housing, including Community Housing, it is evident that social housing tenant's are high cost tenancies to manage. The very



nature of our tenants, together with our charter to sustain tenancies and prevent homelessness, means that we expend additional funds on assisting our tenants to sustain a tenancy. 16% of our tenants could not live independently and sustain a tenancy without support. This includes severely disabled clients, elderly clients, and clients suffering a mental illness. Sustaining these support arrangements requires additional costs. Social housing is often located in pockets of disadvantage or “estates”. Dispersed in these estates are private rental properties. In the case of the Coledale estate in Tamworth it is well accepted that real estate agents charge higher costs for managing these properties. A Tamworth agent interviewed by Homes North advised that they charge a management fee of 12-15% for the management of Coledale properties. The reason for the additional costs include:

- The need for two-person home inspections to manage WHS concerns
- The lower market rents in the area

It cannot therefore be assumed that Real Estate agents can maintain current private rental fee structures for a social housing portfolio.

2. The range and effectiveness of support services provided to tenants in social housing

As at 30/6/2014 16% of Homes North tenancies were under formal support arrangements. These tenants could not sustain a tenancy without support, many have been institutionalised in the past but are now living independent lives in the community.

These tenancies include clients with intellectual disabilities, mental health disabilities, drug and or alcohol dependencies and physical disabilities. Apart from these formal support arrangements many of our tenants are supported by neighbours and volunteers. Homes North funds volunteer supervision in Gunnedah for the “Acts of Kindness” programme where community members help our disadvantaged clients.

Below are our partner agencies who work with us to sustain tenancies:

Ageing, Disability and Home Care Support our older tenants, and tenants with a disability, and their carers, to live in their own home and participate in community life.
Armidale Sanctuary Provides a wide range of assistance to refugee families. Advocate and provide practical support for our refugee tenants.
Armidale Women's Housing Group Tenancy support for high needs women and families, often with a previously failed tenancy
Armidale Women's Shelter Advocates on behalf of clients to gain more permanent stable housing and supports tenancies.
Benevolent Society Assists in supporting the needs of individual people through direct support services, in our portfolio mental health clients in particular
Brighter Futures Provides intensive support to vulnerable families with children.
Challenge Community Services Intensive on-site support for our tenants with a disability living in a complex in Tamworth
Community Services Case management and advocacy for high risk tenancies in the portfolio



<p>EACH Case management and home visits. Lead agency for the New England Regional Sustainable Housing and Homelessness Group.</p>
<p>Family Referral Service Links vulnerable children, young people and their families to a range of support services, including Homes North, in their local areas.</p>
<p>Freeman House (St Vincent de Paul) Provides both residential and community based programs for adults experiencing homelessness and/or addiction. Provide outreach to Homes North tenants housed on exit from Freeman House rehabilitation facility.</p>
<p>Glen Innes Family & Youth Support Assists families with early intervention, parenting skills and advocates for housing.</p>
<p>Gunnedah Family Support Service Tenancy support, case management for adults, children, young people and families in the Gunnedah Local Government Area.</p>
<p>Inverell Accommodation Services Assists people with disabilities gain and maintain secure housing. Provide support services to Homes North managed group homes.</p>
<p>Joblink Plus provides welfare as well as employment services and supports vulnerable tenants maintain a tenancy and find employment</p>
<p>New Horizons Intensive support for vulnerable youth exiting institutions and housed by Homes North</p>
<p>Northern Community Care Assists tenants in Glen Innes, Tenterfield and Inverell with disabilities & mental health issues such as living skills, shopping and transport.</p>
<p>Pathfinders Provides tenancy support to youth in transitional social housing properties managed by Homes North</p>
<p>Richmond PRA Provides HASI (Housing and Accommodation Support Initiative) and HASI plus support packages to people on their mental health recovery journey. Homes North manages the tenancies and RichmondPRA provides intensive support, in the case of HASI plus 24/7 support.</p>
<p>Salvation Army Assists clients with homelessness. Assist our tenants facing eviction with financial and counselling services.</p>
<p>Sunnyfield Independence Provides practical living skills and assistance to tenants with intellectual disabilities.</p>
<p>TAFE New England Supports the Employment Related Accommodation Program, managed by Homes North on behalf of the Aboriginal Housing Office, and encourages opportunities for Aboriginal clients from remote areas to undertake studies.</p>
<p>Tamworth Family Support Service Provides case management support for vulnerable tenancies</p>
<p>Tamworth Youth Accord Homes North is a member of the Accord and houses youth referred for housing and support through this initiative</p>
<p>Tamworth Youth Refuge Homes North manages the tenancies of their transitional properties</p>
<p>Tenterfield Community Hub Offers information and assistance with other services, provides office space for Homes North's weekly outreach service.</p>
<p>Tenterfield Family & Youth Support Provides case management for at risk tenancies</p>
<p>Tenterfield, Inverell & Glen Innes Youth Services Provides short term housing for youth, managed by Homes North, and assists them to develop the skills necessary to sustain a tenancy.</p>
<p>University of New England Supporting the Employment Related Accommodation Program managed by Homes North and encourages opportunities for Aboriginal clients from remote areas to undertake studies.</p>
<p>Uniting Care Ageing Homes North provides housing management services to UCA, UCA provides aged care services for aged and frail tenants.</p>

It is vital that Homes North develops and maintains productive partnerships with these and other agencies to ensure our at risks tenants are given the optimal environment to sustain a tenancy, which reduces their risk of returning to a cycle of homelessness or unsafe living conditions. Supported tenancies also minimise financial loss to Homes North by reducing tenancy turnover and loss through tenant damages. Sustaining tenancies also saves costs for the wider welfare services network.



3. Outcomes for tenants from current tenancy management arrangements

Homes North case studies:

Tenant X

Homes North housed tenant X in February 2013. Tenant X was referred to Homes North through the Rural Homelessness New England project which provides integrated case management from a number of local Support Services.

Tenant X suffers numerous mental health issues and has a history of substance abuse which affects her ability to live independently and impacts on the stability of her life.

Tenant X was homeless for a period of up to 12 years before being housed with Homes North. Tenant X was not only couch surfing but homeless on the streets and transient. She was known to frequently appear to all support services in the area, absorbing staff time and resources. Tenant X's health had been negatively impacted by years of homelessness.

Tenant X had just completed an extended stay at an inpatient psychiatric facility when she was referred to Homes North, and this was becoming a pattern for her.

Tenant X did not have any independent living skills and was not in a position to self-medicate, so was under a Community Treatment Order for her medication to be administered by health professionals.

High level approval had to be sought through HASI for multiple support services to assist in case management and ongoing provision.

Since being housed with Homes North, tenant X has developed skills in the following areas:

- Living Skills- maintenance of property care has improved dramatically
- Social Interaction- Developed a good neighbour- relationship with other tenants in the complex
- Increased self-knowledge and awareness - now showing up for community ordered treatment and other appointments willingly
- Taken an interest in gardening- HN rewarded tenant with a voucher for supplies
- Assisting support services-Tenant X has assisted other HASI clients with property care
- Engaged fully with Community Mental Health and Richmond PRA



Gunnedah Whole-Town Stock Transfer

Under the 'whole-of-town' stock transfer programme HN 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. Hope House was officially opened on Saturday April 21, 2012, and is a property managed by Homes North. The Salvation Army co-ordinates the services provided at the cottage and plays a vital role in connecting up community members. The cottage 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 Gunnedah precinct by developing and implementing the community garden project in 2013. Homes North negotiated with the Aboriginal Housing Office the use of an adjacent vacant block for a community garden and engaged the Salvation Army to oversee the implementation of the project. The once derelict site, which amongst other things was dominated by the wreckage of a burnt out car, has been transformed into an orchard and vegie patch. This area has also provided the community with a meeting and recreation hub, as well as structured activities for volunteers.

Homes North has also previously referred to very positive tenant satisfaction survey results that indicate community members believe we are providing a good service.

Current tenancy management services provided by Community Housing providers ensures the specific needs of the tenants to sustain a tenancy are identified and are responded to. This reduces homelessness and the cost of homelessness to the Community. Community members with a disability are given the opportunity to live independently with our supported tenancy arrangements.

Homes North engages and informs tenants through our quarterly newsletter and tenant meetings.



4. Possible measures to improve tenancy management services

Homes North recommends to following measures to improve tenancy services:

❖ Transfer tenancy management and asset management services for the social housing portfolio to the community housing sector through either title transfer or long-term leases

Indications are that the transfer of the management of social housing to community housing has been successful. The community sector has grown significantly from the transfers and has managed to maintain high levels of tenant satisfaction, high occupation rates and low arrears whilst meeting our commitment to house the homeless and the disadvantaged members of the community. The most significant benefit to the NSW Government would be our capacity to capture Commonwealth Rent Assistance (CRA), which would bring much needed funding to address the maintenance backlog in the social housing portfolio currently managed by Housing NSW. These additional funds also provide the capacity for providers to contribute to the redevelopment of the portfolio. Currently Homes North is maintaining high cost properties, in compliance with our lease and contract conditions, well beyond their economic life. Expenditure of funds on these dwellings is inefficient and could be more effectively used to redevelop and reconfigure the portfolio to reduce ongoing maintenance, reduce ongoing costs for tenants and meet the changed needs of our demographics. To achieve this, the sector needs long-term leases between 20-25 years. The community housing provider would take on the liabilities as per transfer of ownership. Alternatively, further title transfers could be undertaken.

The transfer programme would also facilitate better local responses to social housing issues. Within a large state-run service it is difficult to manage timely and effective local responses, for example:

- Developing a new housing programme to respond to changes in the disability sector.
- Responding to opportunities for partnerships to initiate estate renewal strategies.

Community Housing Providers also have the capacity to draw in resources from local communities, corporations and other Government agencies including local, state and Federal Governments. Homes North has accessed the following funds to assist with social housing initiatives:

A. Community cottage Gunnedah:

- Grants from from Shenhua Watermark Coal to convert a cottage in the Gunnedah social housing estate, transferred to Homes North, to a fully functioning community centre. Other grants were made by local services: Zonta Club of Gunnedah, Active Minds and the Rotary Club.



- Donations from local businesses to create a community garden adjacent to the community cottage
- The community centre and community garden are largely run by volunteers, including volunteer professionals such as a psychologist. Homes North funds the supervision of the volunteers.

Value to Homes North and the community:

- ✓ Inclusivity for a previously marginalised social housing estate, particularly evident with the involvement of local clubs, such as the Rotary club, in the precinct.
- ✓ Nil vandalism and minimal loss of rent costs to Homes North. When Homes North took on the management of the estate in 2008 we incurred excessive overheads:
 - Boarding of vacant hard-to-let properties
 - Vandalism to occupied and vacant properties
 - Loss of rent for hard-to-let properties
 - Staff time lost in making several allocation offers for vacant properties
 - Excessive time spent on managing nuisance and annoyance issues

Following the implementation of several initiatives, most particularly the Community Cottage, these costs are no longer incurred.

- ✓ Improved quality of life for residents in the area

B. Minoa Ct – 24/7 mental health support

- In partnership with RichmondPRA, a mental health service provider, \$1.2m was granted by the Department of Health to upgrade a LAHC asset in Tamworth

Benefit to Government and the community:

- ✓ Community members previously housed in a costly institution have been able to transition to independent living in a safe, nurturing and learning environment. They learn to manage the responsibilities of being a tenant and a community member in a supportive environment.

CHPs are businesses and must manage their finances well or they will cease to function or be forced to merge. Effective tenancy management is a requirement for our ongoing viability. We are also regulated and required to provide evidence of comprehensive risk management plans and financial forecasts to the regulator. The sector in NSW has demonstrated that we can manage well large scale stock transfers.

Consideration needs to be given to the role of the social housing asset portfolio in NSW. Social housing provides shelter for the most vulnerable in our society – the elderly, the disabled and community members who cannot access housing when there is a severe under supply and affordability crisis. In order for the portfolio to effectively fulfil this function Homes North believes that asset management and tenancy management of the social housing portfolio needs to be integrated. The



Community Housing sector has the structures and levers in place to meet the obligations of responsible asset management with prudent business practices. For the system to function effectively the assets need to be managed by the housing managers. Focus purely on the viability of the asset without evenly weighted consideration for the social outcomes leads to cost inefficiencies. Cutting costs of basic maintenance, for example, is not only poor management of an asset, it has social impacts:

- A. Community devaluation of the resource
- B. Poor presentation of social housing estates, leading to hard-to-lets, loss of rent and higher management costs
- C. Continued marginalisation of social housing tenants

An example of singularly focussed asset decisions is the strategy to withdraw from large scale land sales in social housing estates, but rather to sell lots in very small parcels in the anticipation of increased returns over time. Such a strategy can only work with a considerable investment in community renewal, intensive tenancy management and beautification – all strategies that have been limited over the past few years – which act to change the communities experience and perception of the estate leading to community members being prepared to take a financial risk and purchase in the area. Currently there are large tracts of vacant LAHC land adjacent to the Coledale housing estate in Tamworth lying idle due to this approach, not appreciating, not selling and costing Government to maintain. This is an example where a failure to invest in tenancy management and place making has resulted in the failure of an asset strategy. Alternatively, large sections of vacant land could be sold to a developer to have an immediate impact on the community makeup of the area and visually disrupt the community perception of the precinct. Although the proceeds from the sales would be reduced there would be an immediate positive, large-scale impact in the area. LAHC is also declining sales to tenants on contiguous sites in social housing estates to keep land available for future development. This is a very long-term strategy that in the short-term ensures the continued marginalisation and disenfranchisement of social housing estates.

Community renewal of social housing estates requires strong partnership building with local police, council and local services. Community Housing providers can develop these partnerships and adapt readily to achieve outcomes.

The transfers to Community Housing should re-commence and occur in whole – locations to allow providers to undertake place management strategies. Government needs to require providers to meet particular benchmarks and outcomes to ensure benefits of the transfers are realised. Future transfers need to be contingent on meeting performance benchmarks.



❖ **Improved monitoring and reporting of the performance of social housing to deliver positive outcomes for the community:**

- For example, currently the sector reports on the number of homeless and high needs clients housed. To monitor outcomes reporting could include whether these tenancies were sustained and whether the cycle of homelessness and disadvantage disrupted.
- Social housing providers are in a good position to be the conduit between disadvantage and improved life outcomes, for example, linking unemployed tenants to work. With upward of 95% of our tenants dependent on benefits we can focus on partnerships and programmes that provide opportunities for tenants to transition to financial independence. Social Housing Providers should be encouraged to improve outcomes for tenants rather than simply entrench disadvantage.

Transition from social housing:

A young man was housed by Homes North in 2008 at the age of only 18. At this time, he had no family support, and was in receipt of Youth Allowance from Centrelink. He gained employment in 2010 with a large local employer, and worked there full time for 3 years. He then chose to take on an apprenticeship as a painter in 2013, and is now in his second year of this apprenticeship, and is employed full time as a painter.

He sustained his tenancy throughout, and has maintained the property well – no maintenance has been needed to the property since 2011, and his property inspections have showed that his property care has been excellent. His rental payments have been prompt throughout the duration of his tenancy, and he has accrued a credit on his account through making additional payments over an extended period.

He has now given notice that he wishes to vacate the property, as he is setting up house with his partner, and they have secured housing in the private rental sector.

Maree McKenzie
Chief Executive Officer
Homes North Community Housing