

INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE HOUSING

Organisation: Link Housing Limited

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Committee Secretariat
NSW Parliament
Macquarie Street
Sydney NSW 2000

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FAO: The Chair of the Committee,

**NSW Legislative Council Select Committee
Parliamentary Inquiry into Social, Public and Affordable Housing**

Link Housing is pleased to provide our thoughts on the Parliamentary Inquiry into Social, Public and Affordable Housing, together with a range of over-arching concepts in relation to the delivery and renewal of social and affordable housing within New South Wales.

Background on Link Housing

Having commenced operations in 1984, this year marks Link Housing's 30th Anniversary as a not-for-profit Community Housing Provider in NSW. Over this period we have steadily grown to now managing approximately 1,200 homes primarily within Northern Sydney.

Link Housing has an active and involved Tenant Advisory Group, and understands the importance of working closely with our tenants in order to deliver cost effective, high quality and integrated services to our diverse range of customers and partners.

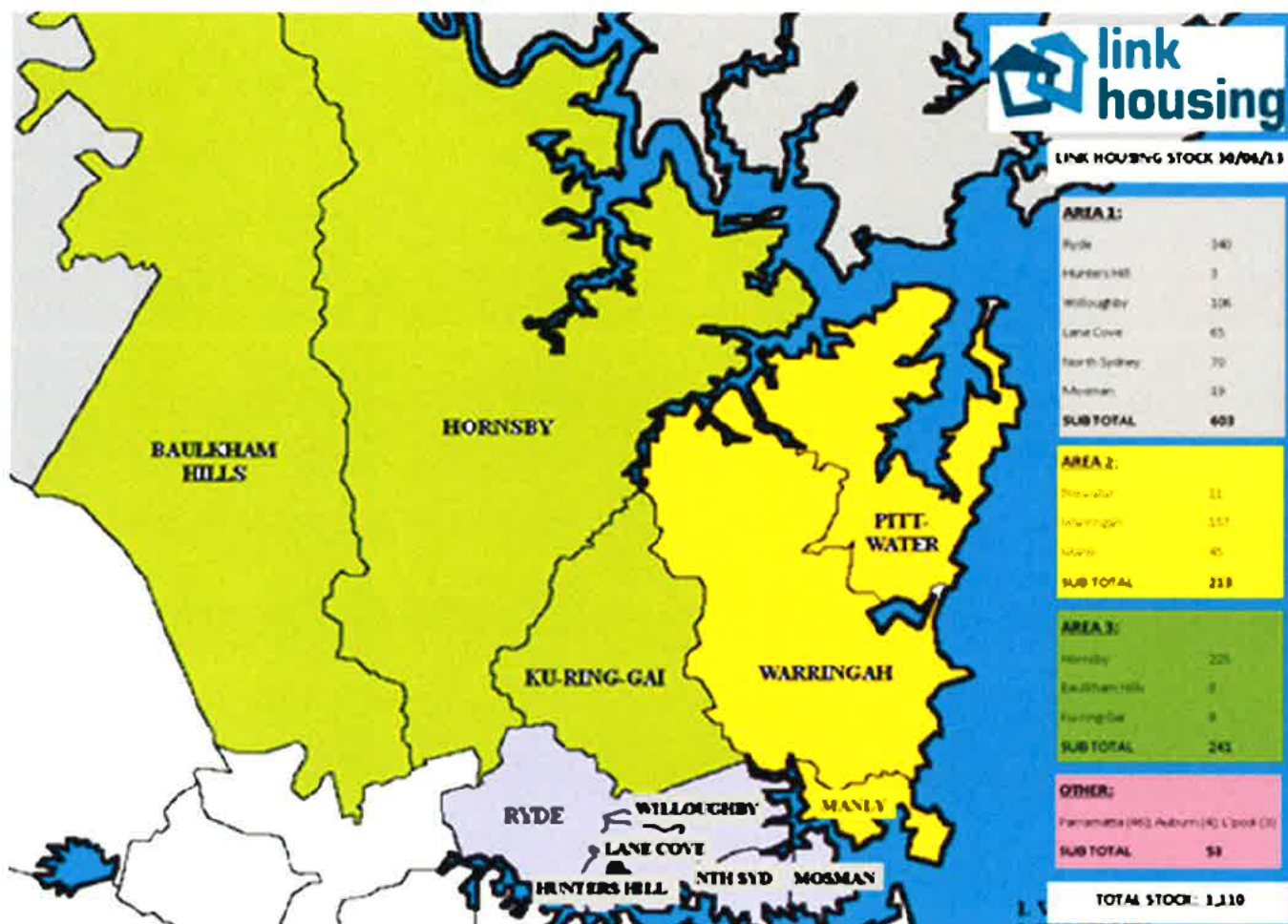
Link is keen to share with Government the international experience of our team – and critically our local NSW interpretation of how some proven concepts can be harnessed to increase investment in this much needed social infrastructure within New South Wales.

Position Statement

Link Housing understands the critically important role that social and affordable housing plays in creating homes for all sections of society. We make the following statements:

- The scale of investment required in the social infrastructure of social and affordable housing is so high that it cannot realistically be solved (or funded) by Government alone;
- Community Housing Providers (CHP) have the potential to work closely with Government and play a pivotal role in facilitating outcomes which integrate the diverse housing market – and involve private sector funders, developers, builders and consultants;
- Government needs to be aware that CHP capacity may be lost within NSW if opportunities do not begin to flow – due to significant interstate Government activity;
- It will be critical to listen to Councils and communities to identify, consult, and deliver local priorities, including the renewal of existing public housing; and
- Breaking the cycle of disadvantage: affordable housing investment not only increases economic productivity by increasing access to affordable accommodation near jobs, but can also facilitate access to training and jobs thereby increasing economic participation. (See case studies)

Where Link Housing Operates



Link Housing is a Registered and Accredited community housing provider with an independent skills-based Board. We operated within 15 Local Government areas, and are the only CHP operating at scale within the Northern Sydney Region of New South Wales.

Key elements of our growth strategy include:

- Working closely with Councils to listen, identify and deliver local priorities;
- Targeting mixed tenure renewal of existing public housing;
- Delivering a "Place Management" approach to the management of existing public housing within the Northern Sydney region; and
- Working with partners to achieve outcomes.

Link Housing regard working closely with Councils, engaging with communities, and listening to tenants, as fundamentally important if we are to build support to manage, renew and also expand social and affordable housing supply in the region. (A selection of supporting statements from Councils are attached)

Our current focus remains our core operating area of Northern / Metropolitan Sydney. We are however aware of significant activity by State Governments in Queensland, South Australia, Victoria, Tasmania and the Australian Capital Territory aimed at increasing the involvement of CHP's in the management and redevelopment of existing public housing stock.

Establishment of NSW Government priorities for the development of the CHP sector would be welcomed.

Breaking the cycle of disadvantage

Link Housing aim to make a difference by not just providing a home – but by assisting tenants to be active participants in their community, including increasing access to services and employment.

We work closely with 29 support agencies who provide a range of comprehensive services to almost 20% of our residents. These services range from youth, domestic violence, mental health and disability support.

Delivering affordable and social housing provides significant economic benefit during construction; providing a secure and stable home also enables individuals and families greater access to training and employment.

Case Study 1:



Sammie was provided with support by The Burdekin Association (Youth support) for 4 years, coming from the care of the Minister as her mother struggled with mental illness.

With support from our partner Burdekin, Sammie completed a degree and is now a commercial airline pilot.

Well managed affordable and social housing often provides far more than a home – it can provide people with hope, and the opportunity for them to help themselves succeed.

Case Study 2:



Link Housing is working with a range of support partners including Phoenix House and Burdekin (both youth support) to provide support services to tenants of our largest development (66 homes) in Hornsby.

In addition we are piloting an innovative Education and Employment Training project at the development.

As part of this activity Link is investing \$20,000 with partners including Hornsby TAFE to assist up to 15 tenants' develop language or vocational skills in order to secure permanent employment.

A property in the Northern Sydney District owned and managed by Link Housing.

Understanding the Breadth of the Housing Market

Based on our international and Australian experiences, Link Housing believe there is a significant opportunity to create a platform to increase investment into social and affordable housing through the formation of partnership involving Government, Community Housing Providers and the Private Sector.

The breadth of the housing market, or housing continuum, is outlined below.



Opportunities to work with State and Local Government to:

- Form partnerships
- Unlock Government land
- Capture cross-subsidy
- Deliver mixed tenure housing
- Empower the community

Challenges:

From our experience in the UK, Australia and observations from the US, we recognise that the level of on-going capital investment required to remodel, redevelop and grow the social and affordable housing stock required cannot realistically be met by Government alone.

A significant challenge will be successfully unlocking Government and Council controlled land for development / redevelopment as mixed tenure housing. Specific opportunities include Urban Activation Precincts and renewal of existing older public housing.

Early formation of delivery partnerships on projects involving the private and community housing sectors will be important in order to deliver mixed tenure housing developments. If partnerships are formed after the land has for example been assembled, re-zoned or sold by Government, the opportunity to provide cross-subsidised mixed tenure outcomes is likely to be significantly reduced.

Establishment of industry acceptable long term targets and mechanisms to deliver social and affordable housing – creating a delivery framework will be important. This clarity would help build on the commercial and mixed tenure success of projects such as “The Ponds” in Western Sydney.

‘The Ponds’, (being one of the fastest selling developments in NSW), demonstrates that incorporating a range of affordable housing does not hinder sales or marketability of a quality project.

In addition there are recognised challenges with existing public housing including:

- Historic under-investment → stock upgrades or renewal required
- Demand and supply imbalanced including underutilisation
- Demographics, significant shortfall of accessible 1+2 bedroom properties
- Challenge of increasing supply in high demand areas
- Significant competition for limited public funding – therefore opportunity for layering of investment from the Community Housing and Private Sectors
- The need for Urban renewal and increasing tenure diversity within areas of social housing concentration

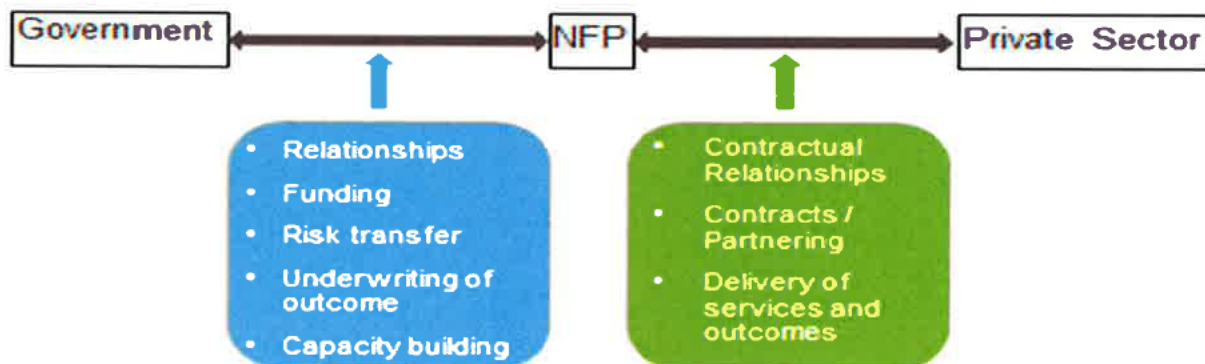
These challenges, we believe, open up the opportunity for greater investment into the upgrading and renewal of social and affordable housing stock by the Community Housing and Private sectors – in partnership with Government.

These comments are consistent with the findings of the Audit Office of New South Wales which highlighted a need to prepare an Asset Portfolio Strategy to renew existing housing estates which are often “aging and inappropriate”.

Concepts:

Investment strategies which utilise the Community Housing Providers (CHP) and Private Sectors ability to supplement Government investment in housing are main-stream in the UK, Europe, America, but are still evolving in Australia.

Value of a Not-For-Profit relationship / Partnerships



Challenges / Opportunities

- Intellectual property / thought leadership
- Capacity building
- Bringing partners together
- Delivering quality outcomes
- Organisational credibility to deliver results at scale

Community Housing Providers / Not-For-Profits form an ideal conduit between Government and the private sector to deliver outcomes. A challenge will be our ability to form partnerships of significant credibility, scale and simplicity, to contribute to the social and affordable housing challenge / opportunity within NSW. Government leadership including the endorsement of the title transfer of Nation Building assets, together with numerous speeches from the Minister Goward, have indicated a willingness to continue growing the CHP sector – this is both positive and significant.

Our research indicates that **there is the appetite** for the formation of partnerships to deliver increased investment in social and affordable housing outcomes.

Key concepts / priorities:

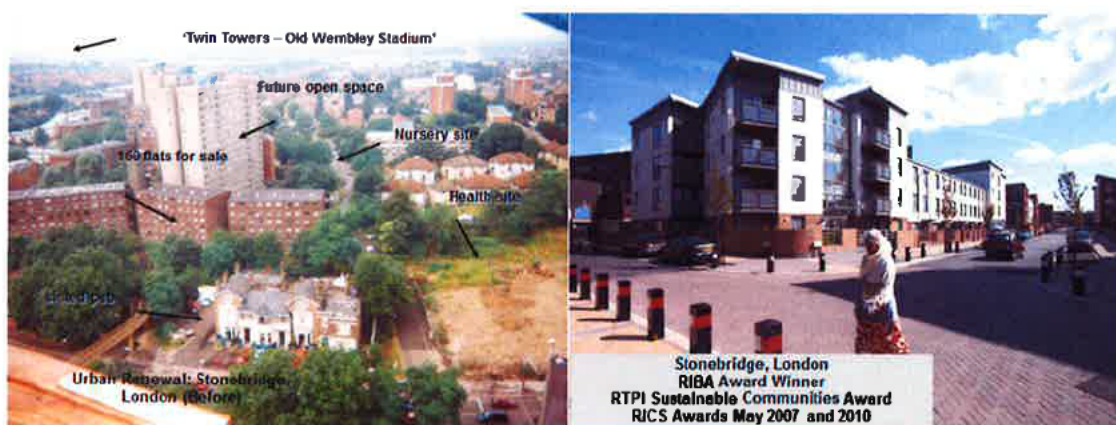
- Government facilitating outcomes
- Achieving a layering of funding and cross-subsidy
- Leveraging the existing capacity of the community housing sector
- Strategic partnerships with the private sector
- Long-term strategic asset management planning
- Government public housing asset valuation on a tenanted market value or similar – to facilitate investment into social and affordable housing and urban renewal as opposed to unrealistically record value.
- Not losing CHP capacity during extensive interstate activity: Need to facilitate opportunities in NSW
- Instigate management transfers to CHP's in NSW, in order to mitigate risk of organisations directing their capacity interstate.

UK Commentary with relevance to New South Wales:

A number of drivers in the UK dating back to the 1998 Housing Act, triggered the growth of the CHP sector into a sector which now manages over 2 million homes, with private sector debt investment secured of GBP 40 Billion (with no default).

An overview of CHP drivers and triggers from a UK perspective / things that made it work:

- 1988 Housing Act (enabled private finance to CHP's)
- Decent Homes standards (quantified the multi-billion backlog of public housing investment required in existing housing stock – and set out KPI's.)
- Tenanted market value / valuation methodology established for public housing asset transfers. Balance sheet / AAA rating issues for Government overcome.
- Capital investment into existing stock prioritised.
- Debt capacity of Community Housing Providers increased
- Asset stock transfer (ownership and management options) progressed
- Urban renewal projects commenced
- Mixed tenure schemes initiated
- Cross-subsidisation from social, affordable, shared ownership and market sale commenced
- Strategic importance of upfront investment in social and affordable housing in stimulating investment in private housing in failed markets acknowledged
- Capital Grants on annual basis issued – Note: Long-term commitment to capital grants in NSW would dramatically increase certainty and create a pipeline of projects.



Stonebridge, London: Urban Renewal of Public Housing to create mixed tenure. (Photos before & after)

Key learning points:

In a complex housing market there is an opportunity / requirement for Government to help facilitate outcomes and investment into social and affordable housing.

There is appetite from banks, developers, community housing providers to participate, however there is a noticeable lack of policy certainty, scale and existing partnerships in the market place.

Our experience tells us that this investment CAN happen in New South Wales, as it has happened in the UK, Europe, and the USA. What will make it work here?

- Long-term Policy certainty (Housing Policy; Planning Policy; Funding Policy)
- A clear focus on 'place management', community engagement and delivering outcomes;
- Layering of funding (Government; CHP; Cross-subsidy; private sector – variety of sources);
- A review of investment options for the provision of new stock, investment in existing stock, and the urban renewal of concentrations of public housing;
- Building 3rd sectors capacity through involvement in key projects;
- Engagement with the private sector;
- A review of valuation methodology, and;
- Extending the role of CHP's to manage larger amounts of existing public housing.

Conclusion:

There is an opportunity to create a platform for the formation of partnerships with Government to deliver long term investment into social and affordable housing for the benefit of the New South Wales economy, built environment and those in housing need.

Recommendations:

In order to plan for the future, it is recommended that:

- i) Government establish and document a clear long-term housing vision which includes targets for affordable and social housing.
- ii) To retain and utilise the capacity of community housing providers within NSW, it is recommended that opportunities for area based management transfers of existing public housing are implemented.
- iii) Councils and communities are fully involved in order to increase understanding, acceptance and delivery of local priorities.

I am grateful for the extensive conversations and meetings the Link Housing team have held with many senior officials of the Councils in which we work. A cross-section of these Councils have provided insightful additional supporting information which I am delighted to attach.

Link Housing welcomes the opportunity to discuss our submission with the Select Committee on the 12 or 13 March 2014.

Yours faithfully,

Andrew McAnulty
Chief Executive Officer