

Lessons in affordable housing strategy for government

Based on AHURI Final Report No. 289:
Government led innovations in affordable housing delivery



What this research is about

This research examined state government led innovations in affordable housing supply through analysis of two state level strategies: the Western Australian Affordable Housing Strategy and the ACT Affordable Housing Action Plan, and two state level programs: the NSW Asset Vesting Program and the East Kimberley Transitional Housing Program.

The report explored what makes a robust affordable housing strategy or program, highlighting the lessons to be learnt from state governments that have successfully delivered affordable housing.

The context of this research

State governments have implemented a number of innovations (outside the planning system¹) to deliver affordable housing. These include financial tools delivering low deposit home loans to eligible households (e.g. Keystart and Homestart); land cost reductions (ACT land rent scheme); partnerships with the community housing sector through asset transfer and management agreements (most states); and joint ventures with the private sector delivering either lots within subdivisions or mixed tenure developments including an element of affordable housing.

The key findings

This research focussed on strategies and programs that have delivered a supply of affordable housing to the market, rather than those schemes designed to make the existing market more affordable—for example, demand side subsidies such as the first home owners' grant and stamp duty relief and rental subsidies including Commonwealth Rent Assistance (CRA). A detailed examination of these strategies, supplemented by interviews with those responsible for their design and implementation, identified the key ingredients for a successful strategy/program. The findings inform any organisation seeking to develop and implement an affordable housing strategy/program.

State level strategies

The research analysed the following strategies using a context-mechanisms-outcomes analysis framework.

WA Affordable Housing Strategy 2010–2020: Opening Doors

The WA Affordable Housing Strategy was launched in 2010 following recommendations by the Social Housing Taskforce, a cross industry body set up by the WA Housing Minister in response to declining affordability.

The strategy brought together a collection of existing affordable housing initiatives, such as the Keystart home loan program, with opportunities generated by new Australian Government money including the National Rental Affordability Scheme (NRAS) and units delivered as part of the Social Housing Initiative. Innovation came largely from the strategy itself;

¹ For research on planning approaches that support affordable housing supply see: Gurrán, N., Gilbert, C., Gibb, K., van den Nouweland, R., James, A. and Phibbs, P. (2018) *Supporting affordable housing supply: inclusionary planning in new and renewing communities*, AHURI Final Report No. 297.

drawing together existing programs and developing the housing continuum as a way of communicating the need for affordable housing supply right across this continuum. The strategy shifted industry and community perceptions of affordable housing away from public housing to a broad range of solutions.

The strategy helped to expand an existing program of collaboration with the private sector opening up opportunities for joint ventures, leveraging affordable housing opportunities.

At the time of strategy development and launch (2009–10) the WA Housing Authority was able to take advantage of weak housing market conditions, securing good deals with developers and builders which maximised public investment. These early successes led to further innovative joint ventures with the private sector and created the basis for an ongoing program of private sector collaboration on top of existing affordable housing programs.

The strategy set a target of delivering 20,000 dwellings across the housing continuum by 2020. The target was reached five years early.

The primary factors behind the development of the strategy were the strength of political leadership from the Housing Minister and the drive and vision of the leadership team within the WA Housing Authority, who created conditions for innovation and developed a more market-orientated approach to affordable housing delivery.

ACT Affordable Housing Action Plan

The aims of the ACT Affordable Housing Action Plan were broad, and included reducing the level of homelessness in the community; increasing community and individual wellbeing; attracting and sustaining a diverse community with diverse housing needs; enhancing the ability of the ACT to attract essential workers; and helping stimulate the growth of the economy. As such it adopted a housing continuum approach, with options for eligible people to access home ownership; private rental; community

and not-for-profit housing; public housing; and supported accommodation, including emergency housing.

The plan included a strong focus on delivering land supply, affordable housing quotas, a land rent scheme and a program to grow the community housing sector through a substantial injection of funding and other support.

The land rent schemes was one of the major innovations where eligible lower income households paid two per cent of the land value as a rent payment on land on which they built their dwelling. The scheme reduced the deposit gap and used innovative financing arrangements to improve access to affordable home ownership. It is the first example of this type of scheme in Australia.

Overall the action plan implemented 59 initiatives across the housing sector.

State level programs

The research analysed the following strategies using a context-mechanisms-outcomes analysis framework. These individual programs have a much narrower focus than state strategy policies but they also reveal some strong messages for all levels of government.

East Kimberley Transitional Housing Program

The East Kimberley Transitional Housing Program evolved from an existing program developed by the Wunan foundation. Taking advantage of Australian Government funding available as part of the Nation Building initiative, Wunan partnered with the WA Housing Authority to deliver 40 dwellings across a range of dwelling types in Kununurra to provide stable, supported accommodation for Indigenous households.

Housing is one part of a range of socio-economic outcomes linked to the program, which also include employment/training and education. Appropriate support such as financial planning and counselling, assistance with health management, mentoring for maintaining working and training, assistance with parenting, home management or home loan

applications helps households meet their obligations under the program. The Wunan program combined positive outcomes in terms of employment/training and education with stable housing opportunities with the ultimate aim of transitioning tenants into owner occupation.

To be eligible for the scheme, participants must be of Aboriginal descent; be employed or in training; and those with children must ensure a high level of school attendance.

Since its inception the program has been successful in lifting school attendance, employment and training rates for participants to above the average for Aboriginal people in WA.

“The research shows effective strategies and programs rely on strong political leadership; adopt a whole-of-housing industry approach to consultation and implementation; communicate objectives effectively to all stakeholders; are resilient to changes of government; and are best run from a central agency with a flexible organisational structure that can respond quickly to opportunities.”

NSW Asset Vesting Program

The NSW Asset Vesting Program (AVP) was designed to grow the community housing sector by transferring social housing assets to community housing providers (CHPs). It came into being largely as a result of Australian Government stimulus spending, under the Social Housing Initiative. The NSW Government used the funding to develop around 6,000 dwellings, which were to be transferred to CHPs upon completion. Competitive tenders for the dwellings among CHPs included commitments to leverage the value of the transferred dwellings to finance some 1,300 additional affordable housing dwellings.

With the change of government in NSW in 2011 aspects of the AVP were affected by a restructure of the housing portfolio and consequential changes to how the program was rolled out. A number of asset transfers were delayed, vesting contracts were re-negotiated, and a higher level of scrutiny was placed on the CHPs involved. In essence, the absence of a central housing strategy made the

program susceptible to changes in agency structures and agendas.

While the success of the AVP program is largely viewed as mixed, the program was considered a vital catalyst in growing the size, diversity and professional capacities of the CHP sector. The case study highlights the importance of political stability and an overarching strategy to ensure policy objectives remain clear and long term.

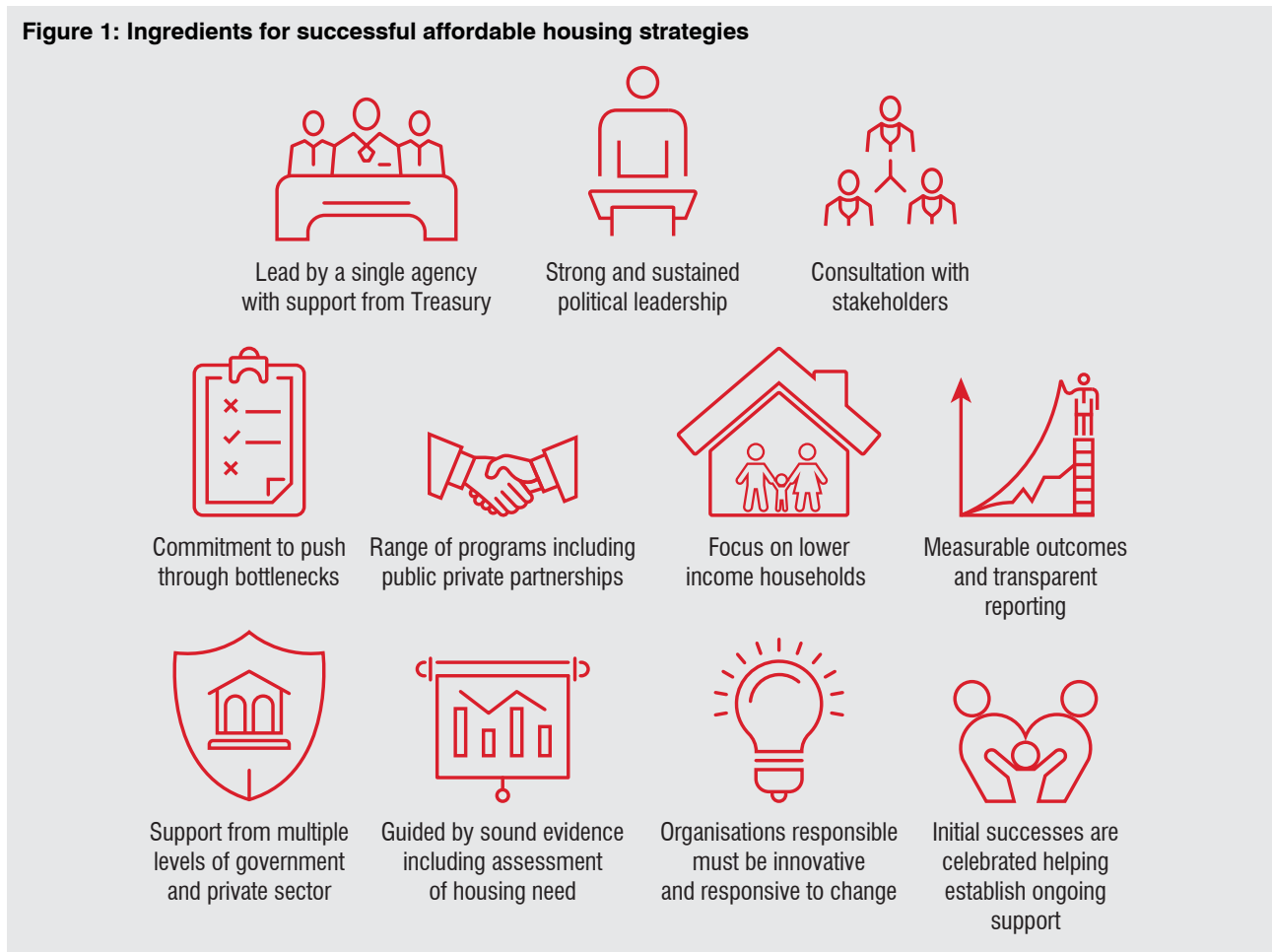
What this research means for policy makers

The research shows effective strategies and programs rely on strong political leadership; should adopt a whole-of-housing industry approach to consultation and implementation; communicate objectives effectively to all stakeholders; are resilient to changes of government; and are best run from a central agency with a flexible organisational structure that can respond quickly to opportunities.

Ingredients for successful strategies

- Strategies are most likely to succeed if they are launched from a single lead agency with support from the state/territory Treasury department.
- They require strong and sustained political leadership and must be able to survive a change of government.
- The most effective strategies are ones that are based on consultation with a range of stakeholders including the private sector, community advocates and housing experts. They need to correctly diagnose the current operations of the housing markets they are trying to influence.
- Various vested interest groups, including some government agencies, may try to undermine a housing strategy. The implementation strategy needs to consider this and realise agencies have their own agendas and an ongoing commitment to push

Figure 1: Ingredients for successful affordable housing strategies



through any bottlenecks is required. This is where strong political leadership is essential.

- Strategies are most likely to succeed when they include a range of programs, including public private partnerships. They must address the housing needs of a range of groups, but particularly focus on lower income households. A focus on transitioning households out of affordable housing tenures and into sustainable market housing seems to generate broad industry support.
- They require achievable and measurable outcomes, economic and social, which are clearly reported back to government, industry and the community.
- They are most likely to succeed if they are able to attract resources from multiple levels of government and are able to leverage resources from the private sector.
- They should be based on sound evidence, ideally a robust assessment of housing need.
- Organisations responsible for strategy development and implementation must be flexible, responsive and have environments within which innovation can occur. They can be effective over the longer term if initial successes are

widely reported and celebrated, helping establish ongoing support. They are then more likely to be resilient.

Methodology

This research used key documents such as the strategy or guiding program documents, progress reports, consultant reports, annual reports and media statements to evaluate the affordable housing strategies and programs. Interviews were conducted with key individuals in the design or implementation of the programs, including state policy officials (housing, planning, treasury) and key staff involved within the reviewed strategies or programs.

This research defines affordable housing as 'housing provided subject to access and affordability requirements set by government', and includes:

- rental housing priced at below market rents and earmarked for eligible low-to moderate income households.
- owner occupied housing for eligible low-to-moderate income households that is provided under a subsidised loan or shared equity arrangement and may have a legally imposed affordability requirement.

— This research defines affordable housing as 'housing provided subject to access and affordability requirements set by government', and includes:

- rental housing priced at below market rents and earmarked for eligible low-to moderate income households.
- owner occupied housing for eligible low-to-moderate income households that is provided under a subsidised loan or shared equity arrangement and may have a legally imposed affordability requirement.

The affordable housing industry comprises:

- non-government (for-profit and not-for-profit) affordable housing providers.
- the institutional entities and individuals that enable, support and regulate the work of affordable housing providers. This includes Government agencies overseeing regulatory systems; industry peak bodies and peer network organisations; tenant/consumer organisations and tenancy support agencies; and providers (for-profit and NFP) of specialist services to the industry.

Further information

TO CITE THE AHURI RESEARCH, PLEASE REFER TO:

Rowley, S., James, A., Phibbs, P., Nouwelant, R. and Troy, L. (2017)

Government led innovations in affordable housing delivery, AHURI Final Report No. 289, Australian Housing and Urban Research Institute Limited, Melbourne

↓ **Available** from the AHURI website at

ahuri.edu.au/research/final-reports/289

Contact details

Australian Housing and Urban Research Institute

Level 1
114 Flinders Street
Melbourne Victoria 3000

T +61 3 9660 2300
E information@ahuri.edu.au
ahuri.edu.au



twitter.com/AHURI_Research



facebook.com/AHURI.AUS



Australian Housing and Urban Research Institute