Monday 29 November 2021 | 12:30pm – 2:00pm (AEDT) | #AHURIwebinar

AHURi Research Webinar Series

Social housing asset management in Australia

Speaker

Dr Andrea Sharam, Senior Lecturer, RMIT University

Respondent

Jess Pomeroy, Manager, Policy & Projects, CHIA Vic

Welcome

Dr Tom Alves

AHURI (facilitator)

National Housing Conference 2022

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Social housing asset management in Australia

Download the report: ahuri.edu.au/research/final-reports/367

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Towards an Australian Social Housing Best Practice Asset Management Framework

Andrea Sharam, RMIT University

Acknowledgement of Country

RMIT University acknowledges the people of the Woi wurrung and Boon wurrung language groups of the eastern Kulin Nations on whose unceded lands we conduct the business of the University. RMIT University respectively acknowledges their Ancestors and Elders past and present.

Project team

- Dr Andrea Sharam, RMIT University
- Dr Sean McNelis, Swinburne University of Technology
- Dr Hyunbum (Joe) Cho, University of South Australia
- Dr Callum Logan, RMIT University
- Prof. Terry Burke, Swinburne University of Technology
- Dr Peter Rossini, University of South Australia

The project

The overarching research question was:

What is a suitable BPAM framework for social housing in Australia?

The research sub-questions:

- What BPAM principles and processes should guide an Australian social housing best practice asset management framework?
- What are the specific and unique attributes of social housing provision that need to be incorporated into an BPAM framework?
- What are the specific and unique features of social housing providers that need to be recognised in the development of an BPAM framework?

The project

The research also sought to understand existing asset management practices and challenges

Social housing asset management is about stewardship of physical assets over their lifecycle:

- Stewardship is concerned with extending the life of assets to maximise the financial investment;
- with ensuring assets are fit for purpose both in the present and the future; and,
- are able to deliver a broad range of beneficial outcomes to tenants and society.

State Housing Authorities (SHAs), Community Housing Providers (CHPs), Indigenous Housing Organisations (IHOs)

Methodology

- Literature review
- 4 x Online & F2F workshops
  - Purposive sample of SHO stakeholders (asset managers, general managers, tenancy managers, finance managers and CEOs of SHOs, peak community housing and homelessness bodies and AM consultants)
  - Aim of the workshops was to:
    - ascertain aspects of AM of social housing in Australia that may be unique to Australia
    - ascertain aspects of AM that may be unique to social housing
    - obtain an understanding of social housing AM in Australia.
- National Survey of SHOs
- 23 semi-structured individual or group interviews with 28 senior managers SHAs, AM consultants or software providers, financiers, Housing Registrars and peak bodies.

Social housing as a unique asset class

Social housing is more complex than corporate real estate

- Social return rather than financial return
- Lack of price signal
- SHOs face external demands of diverse interests seeking to use social housing for social and economic purposes.
- SHOs are required to be accountable to government and the community for performance.

Social housing AM operates predominantly within private markets that determine land prices, the supply of construction services, house prices and rents.

Unique aspects of social housing provision in Australia

- Income-based rents are the means by which affordability is achieved for tenants, but the financial gap in the cost of provision is not fully addressed through other funding mechanisms.
- The main mechanism through which SHOs access capital funding is irregular capital grants. Focus on growth/economic stimulus rather the state of existing portfolio needs
- Small population, low population density and large land mass
- Federal political system: entrenched vertical fiscal imbalance & need for bilateral funding agreements

Unique aspects of social housing provision in Australia (cont)

- Indigenous communities. Indigenous peoples experience very significant disadvantage, including high rates of homelessness, over-crowding and reliance on sub-standard social housing.
- Land tenure, community ownership
- Ageing portfolio, while the value of social housing is around $100b but much of this value in in the land
- SHAs are subject to public sector borrowing limit – public assets are not leveraged
- Restricted allocations and service residualisation- growth of lone persons, higher needs tenants

What is best practice social housing asset management?

Asset Management Framework + **Asset Management Plan** = considers all the social, economic, cultural and environmental factors

Asset Management Framework (AMF) is a living document that contains policy, strategy and a plan—or 'why', 'how' and 'what'.

- Policy encompasses organisational policy and external policy.
- Strategy shows how the asset management will add to policy outcomes.
  - Targets
  - Improvement plans
- The plan is the operational program guide.
- Policy, strategy and programs of work are aligned and transparent.

What is best practice social housing asset management? (cont)

Policy, strategy and the plan are organic, and change as the environment, political landscape, economy and legal, social and technology settings change within and around the business of social housing.

The **Asset Management Plan** (AMP) should

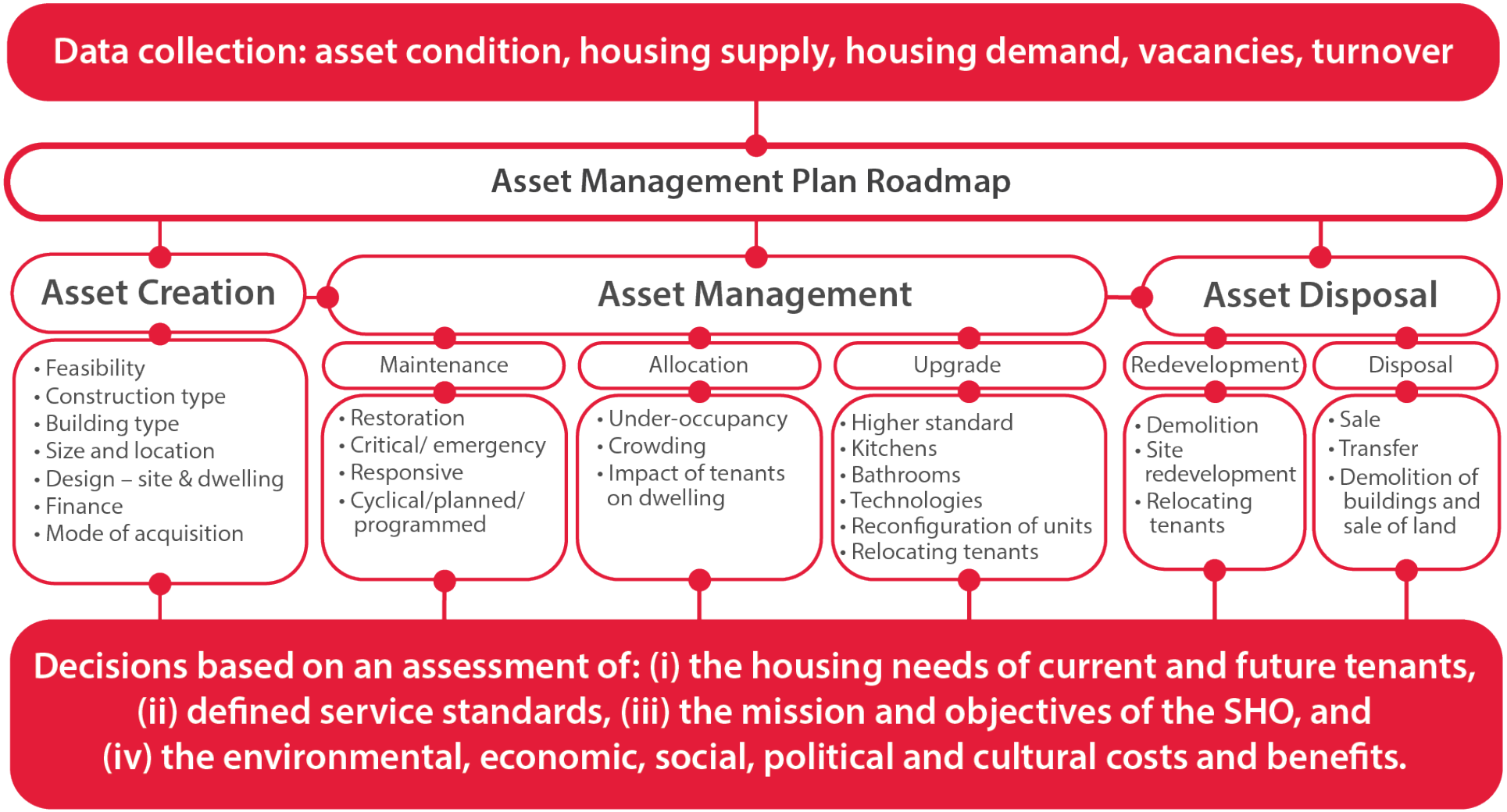
- Contribute to the housing organisation's goals and objectives
- Show the alignment of strategy, tactics and operational planning.
- Represent the optimal programs of work
- Be very transparent and defensible
- Be devoid of political influence (both internal and external)

An Australian social housing asset management framework

Simplified generic asset management framework for social housing

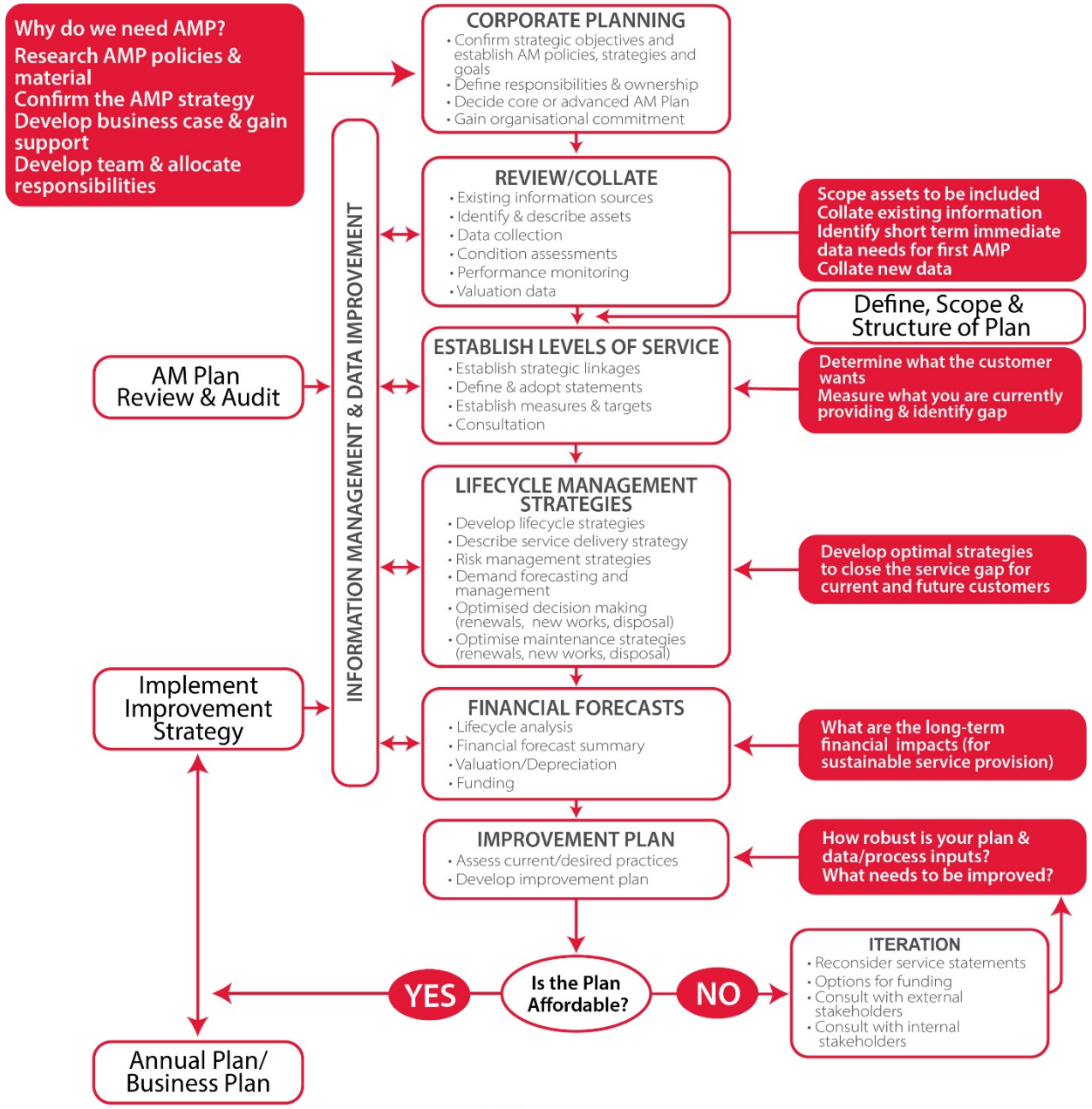
- Intended to be used in conjunction with both:
  - the International Infrastructure Management Manual produced by the Institute of Public Works and Engineering Australasia (IPWEA), which is a comprehensive but general guide to asset management (AM); and
  - the associated NAMS Property Manual, a more-specific guide to property AM.
  - These manuals incorporate the ISO AM standards

Content of an best practice asset management plan



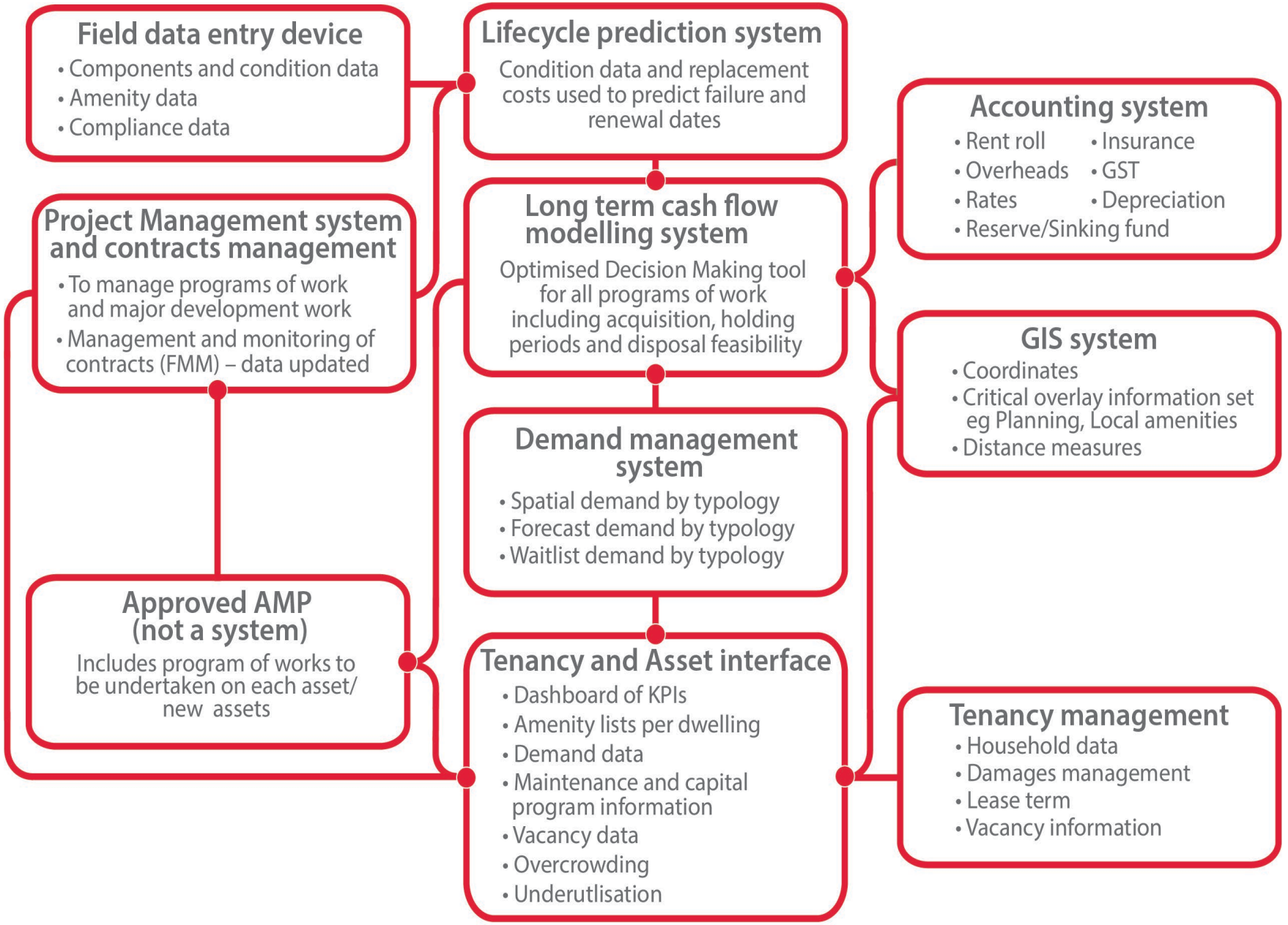
Source: McNelis 2020.

Asset management plan roadmap



Source: Adapted from IIMM 2015

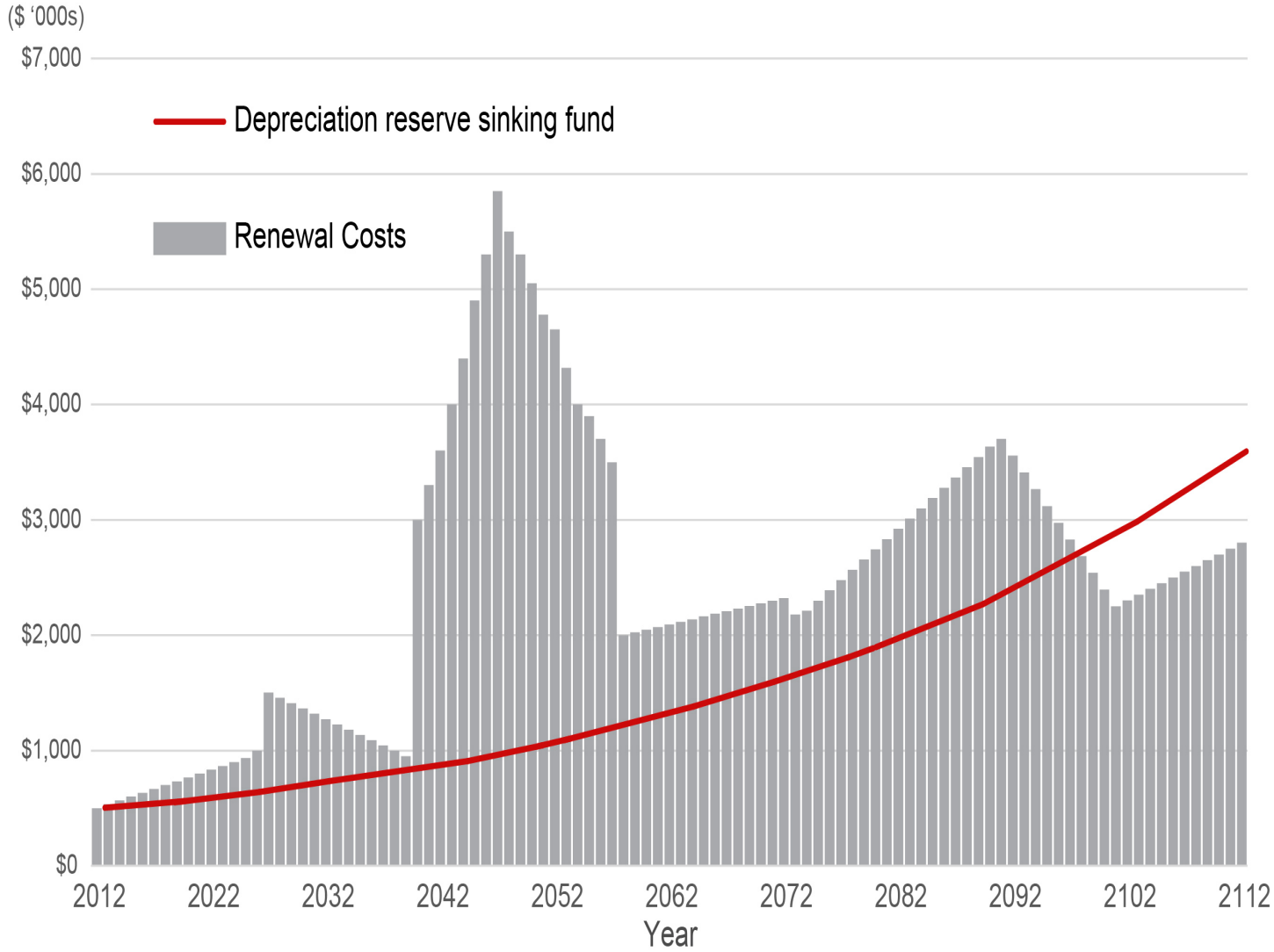
Connectivity mapping



Source: Authors

Life-cycle management strategies

Example of portfolio renewal profile.



Source: Logan (2021)

Key findings

- The social housing sector in Australia is seriously constrained in its ability to maintain, renew and configure stock to meet current and future demand.
  - Inadequate revenue and lack of sufficient capital grants
  - Most acute in the public housing sector
- There is a need to develop AM skills & knowledge
- There is need for cooperative investment in AM systems
- Private long tenor debt is promoting good CHP AM but good AM is also a prerequisite for funding

Key findings (cont)

- There is need for a single, uniform, independent regulatory system for all social housing
  - Ministerial accountability is not delivering
  - A single, better resourced Housing Registrar
    - Tier 1 CHP regulation has been very effective but Tier 2-3 needs more focus
    - Tier 1 CHPs need greater autonomy to recycle assets
    - Less duplication
    - Transfers and management leases

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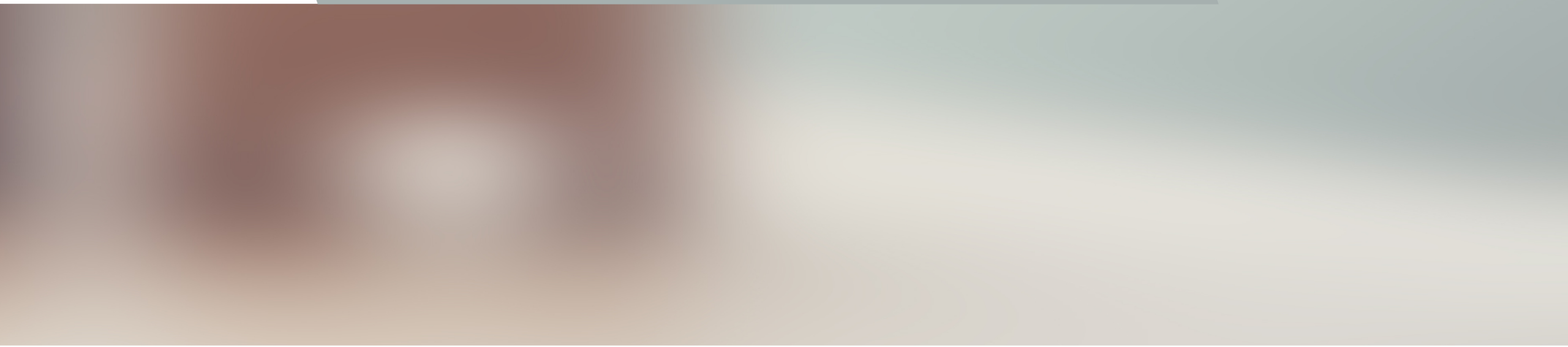

THANK YOU FOR ATTENDING

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