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# Public housing transfers: longer-term impacts on investment, tenant experience and sector outcomes



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The logo for AHURi, featuring a red curved line above the text "AHURi" in a bold, black, sans-serif font.

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## Acronyms and abbreviations

<b>AHURI</b>	Australian Housing and Urban Research Institute
<b>AHO</b>	Aboriginal Housing Office (NSW)
<b>AHV</b>	Aboriginal Housing Victoria
<b>ALMO</b>	arms-length management organisation
<b>ASX</b>	Australian Stock Exchange
<b>BPSC</b>	Better Places Stronger Communities
<b>CEO</b>	chief executive officer
<b>CHOSS</b>	Community Housing Outcomes and Satisfaction Survey
<b>CHP</b>	community housing provider
<b>CRA</b>	Commonwealth Rent Assistance
<b>DCJ</b>	Department of Communities and Justice (NSW)
<b>FTE</b>	full-time equivalent
<b>govt</b>	government
<b>HAFF</b>	Housing Australia Future Fund
<b>HOSS</b>	Housing Outcomes and Satisfaction Survey
<b>IT</b>	information technology
<b>LAHC</b>	Land and Housing Corporation (NSW)
<b>NRSCH</b>	National Regulatory System for Community Housing
<b>NSW</b>	New South Wales
<b>PAS</b>	Property Assessment Survey
<b>PH</b>	public housing
<b>ROSAS</b>	Renewing Our Streets and Suburbs
<b>SA</b>	South Australia
<b>SAHT</b>	South Australian Housing Trust
<b>SHMT</b>	Social Housing Management Transfer
<b>UK</b>	United Kingdom
<b>Vic</b>	Victoria

## Glossary

A list of definitions for terms commonly used by AHURI is available on the AHURI website [ahuri.edu.au/glossary](http://ahuri.edu.au/glossary).

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# Executive summary

## Key points

- Public housing (PH) transfers continue to feature as a prominent government strategy for growing Australia’s community housing sector.
- By 2024, there were 129,940 dwellings under community housing management, comprising 29 per cent of all social housing in Australia (444,141 dwellings).
- Most community housing providers (CHPs) taking on ex-PH stock experienced significantly impaired financial viability, generally resulting from larger-than-anticipated maintenance and repair liabilities associated with the transfer portfolios.
- CHPs reported that earlier transfer programs often involved stock in better condition. Generally, such stock needed less extensive upgrading and any remedial work could be addressed easily or quickly.
- Through participating in PH transfer programs, CHPs gained credibility, engaged in high-level advocacy, influenced regional planning and strengthened their role as government partners in housing delivery.
- Governments that work collaboratively with the CHP sector to determine the transfer process can improve the process and strengthen the outcomes.
- Adjustments to transfer terms—especially in enabling title transfers—would further improve the achievement of program outcomes.

## Key findings

Large-scale PH transfers have played a central role in reshaping Australia's social housing landscape in recent decades. These transfers have generally aimed to (i) improve economic efficiency, (ii) expand the capacity of the community housing sector and (iii) enhance tenant experiences and outcomes. While the objectives have remained consistent across jurisdictions and time, recent transfer programs—particularly in New South Wales, Victoria and South Australia—have introduced new dynamics in terms of scale, contract terms, resourcing and service delivery expectations, leading to divergent outcomes.

### Enabling factors: long-term lease arrangements

Recent PH transfer programs have primarily taken the form of long-term management-only transfers—typically lasting 20 years or more—as opposed to earlier shorter-term (three to five years) or trial lease models. While CHPs would have preferred full title transfers, the shift to longer-term leases has provided several advantages:

1. **Strategic asset management:** CHPs can adopt longer-term maintenance, redevelopment planning and strategic implementation.
2. **Financial stability:** Expanded rental revenue and access to tenants' Commonwealth Rent Assistance (CRA) has improved income predictability, albeit without the option of leveraging against valuable assets.
3. **Tenant support continuity:** Long leases can reassure tenants and enable CHPs to foster stronger support relationships, compared to earlier programs that offered less tenure security.

### Evolving challenges in implementation

Despite these benefits, recent transfers have exposed CHPs to several critical constraints:

1. **Lack of property ownership:** The absence of title transfer limits the ability of CHPs to redevelop, divest or leverage assets, leaving them financially responsible for housing they cannot fully control.
2. **Under-resourced service expansion:** In newer programs, such as the Social Housing Management Transfer (SHMT) program in New South Wales and the Renewing Our Streets and Suburbs (ROSAS) program in South Australia, CHPs are expected to deliver expanded tenant and community support services, including homelessness programs and temporary accommodation, without additional funding support.
3. **Poor-quality housing stock:** Transferred properties are often in worse condition than anticipated, with higher-than-expected maintenance backlogs and no upfront resourcing provided to address these issues.

These challenges were consistently highlighted across case study participants and supported by document analysis and surveys.

### The case of Victoria: ownership and self-determination

Victoria's approach stands out, as it took a staged approach and, importantly, included the transfer of ownership title. This enabled greater autonomy and strategic decision-making by the recipient CHP. Additionally, Victoria demonstrated more responsive governance: the recipient CHP was able to successfully renegotiate with the state government for financial support to address unexpected maintenance costs. Such flexibility is rare in other jurisdictions and represents an example of aligning asset control with operational responsibility.

### Long-term outcomes for CHPs

The scale of the CHP sector has significantly expanded due to PH transfers. Between 2015 and 2024, the number of social housing dwellings managed by CHPs nearly doubled, with CHPs now responsible for almost one-third of Australia's social tenancies—approximately 130,000 dwellings.

Capacity-building, however, is about more than just the number of dwellings under management. It also enables:

- **Entrepreneurial mindsets:** CHPs embraced more strategic approaches to asset and financial management, building partnerships and pursuing development projects.
- **Workforce specialisation:** New positions, such as chief information officers and specialist support staff, were created to manage expanded operations.
- **Governance reforms:** Boards increasingly adopted skills-based compositions to support financial and service delivery challenges.

This growth has positioned CHPs as more credible partners to government, capable of not just driving service delivery but also contributing to policy and regulatory development.

### Financial impacts and sustainability constraints

Despite operational growth, financial sustainability remained a significant concern for the sector, and especially the recipient CHPs. CHPs reported that rental revenue and CRA alone were insufficient to cover maintenance backlogs of transferred properties and the expanded scope of service delivery. Many CHPs had to cross-subsidise higher-than-anticipated costs related to PH transfers by using modest surpluses from other programs, limiting their ability to invest in new developments or service debt. The complexity of tenant needs further strained budgets, with CHPs needing to invest in more intensive support systems without added funding. Survey and interview data revealed that these negative financial impacts took years to stabilise for many CHPs, and, in some cases, remain ongoing.

### Organisational adaptations

To meet these challenges, CHPs adopted multiple strategies:

- **Renegotiation with governments:** Some, like ROSAS in South Australia and the Victorian case study, succeeded in altering some contract terms to allow redevelopment or access additional funding.
- **Operational system upgrades:** CHPs invested in information technology (IT) system overhauls and developed new procurement arrangements to leverage economies of scale.
- **Workforce adjustments:** CHPs hired staff from state housing authorities and the private sector, often creating hybrid staffing structures. While this helped to build capacity, it also created internal discrepancies in work conditions.

### Policy development options

To address transfer-related constraints and enhance program outcomes, this research proposes the following policy development options.

#### Enable title transfer

One of the most significant limitations cited by CHPs is the lack of asset ownership. Without title, CHPs cannot fully control or leverage properties, constraining their ability to invest in upgrades, dispose of unsuitable assets or reinvest in new developments. International examples, particularly from the United Kingdom, demonstrate the value of transferring property ownership to achieve sector growth and sustainability. Title transfers, as seen in Victoria and earlier Australian programs, allow CHPs to plan long term and unlock financial tools to support reinvestment.

### **Build flexibility into program implementation**

Recent transfer programs have shown the benefits of allowing flexibility in implementation. In South Australia's ROSAS program, CHPs are allowed to propose redevelopment plans and retain any additional stock produced. This flexibility incentivises innovation and helps to expand housing supply. Similarly, early engagement with tenants and the ability to inspect properties before transfer is limited in many other programs. Improved collaboration between CHPs and state agencies prior to transfer could ease transitions and improve tenant support, especially among more vulnerable tenant cohorts.

### **Consider a staged approach**

The 'one-day switch' model used in the SHMT program in New South Wales and in the Better Places Stronger Communities (BPSC) and ROSAS programs in South Australia—in which all management responsibilities shifted on a single date—proved administratively overwhelming for many recipient CHPs. This model created confusion, particularly where maintenance contracts and property records were not fully transitioned. In contrast, Victoria and South Australia provided alternative, staged models: Victoria separated the management and title transfers to allow time for organisational capacity to be built up and South Australia implemented phased rollouts as similar but separate programs that were refined based on early feedback. Such staged approaches were particularly beneficial for smaller or regionally based CHPs, and those supporting specialist tenant cohorts.

### **Resource scope expansion appropriately**

A major change in recent transfers compared to earlier ones is the reduced level of government resourcing. Previously, agencies provided capital grants for maintenance and staffing support. More recent transfers expected CHPs to fund expanded responsibilities with rental income and CRA alone. This has proven insufficient. As service expectations expand—including community support and redevelopment activities—governments must allocate appropriate funding to enable CHPs to meet program objectives, maintain service quality and avoid undermining financial viability.

### **Focus on program outcomes**

All case studies reported excessive administrative burdens in managing PH transfers. While reporting frameworks ensured financial and operational compliance, they rarely captured program outcomes, such as improvements in tenant wellbeing or community impact. Similarly, capacity expansion has typically been measured only by portfolio size, not by qualitative developments like governance improvements or workforce specialisation. Co-designing frameworks with CHPs that focus on social outcomes, and embedding independent evaluation processes, would offer a fuller picture of program effectiveness and enhance accountability.

## **The study**

### **Policy context**

Australia's PH system has traditionally been small compared to many international (mainly European) countries. As a sector, it has declined over time due to stagnant government investment, a shift towards market-based housing solutions and a growing reliance on rent assistance instead of direct PH funding. Underinvestment has led to deteriorating dwelling quality, limited supply, long waitlists and a residualised system housing only those with the highest needs. This situation has reinforced government's withdrawal by framing PH as financially unsustainable. In turn, the CHP sector has been positioned by government as a preferred alternative for delivering affordable housing due to its apparent ability to offer more responsive, locally engaged tenancy management and to attract additional funding.

Between 2015 and 2024, the number of dwellings managed by CHPs in Australia nearly doubled, reaching 129,940 properties or 29 per cent of the country's 444,141 social housing dwellings in 2024. This growth reflects a long-term strategy to diversify social housing provision away from state and territory government monopolies. Since the 2000s, this shift has been driven by a belief that a more diverse sector—particularly involving CHPs—can deliver better housing outcomes through contestability, innovation and responsiveness.

PH transfers have been central to CHP sector growth, primarily through management transfers (in which tenancy management is delegated to CHPs without transferring ownership) and, less commonly, title transfers. This diverges from international practices, such as in the United Kingdom, in which title transfers dominate. The objectives behind PH transfers include improving economic efficiency, expanding CHP sector capacity and enhancing tenant outcomes. Governments see CHPs as more agile and entrepreneurial than state housing authorities, as they are capable of accessing alternative funding and leveraging CRA, which increases rental revenue without raising tenant rents. This also reduces the financial burden on state governments.

CHPs are also expected to provide better services. Their smaller tenant-to-staff ratios, stronger links with community and faith-based organisations, and greater service flexibility contribute to higher tenant satisfaction. Data support this, showing community housing tenants consistently report better experiences, higher satisfaction and improved dwelling conditions compared to those in PH.

### Research methods

This project examines the long-term impacts of PH transfers to CHPs in Australia, with a focus on three states—New South Wales, Victoria and South Australia. The study aims to understand how large-scale transfers have influenced CHP operations, finances, housing outcomes and tenant services. It centres on four key research questions:

- RQ1: What have been the objectives, terms and requirements of Australia's large-scale PH transfers?
- RQ2: What are the longer-term outcomes of PH transfers for (a) CHP finances, (b) CHP organisational mission, (c) ex-PH stock condition and renewal, (d) new housing supply, and (e) tenancy management rigour and quality?
- RQ3: How have CHPs addressed practical challenges encountered in accommodating transfers?
- RQ4: What lessons can be learnt from the experience of PH transfers in Australia?

The research utilises a mixed-methods approach comprising a literature review, an online survey and three case studies. A targeted review identified 25 academic publications and six research reports on PH transfers (excluding those tied to urban renewal) published since 2016. A national survey of 14 CHPs involved in PH transfers during 2013–19 was conducted between July and September 2024, receiving 13 valid responses. It explored the rationale, conditions and organisational outcomes of these transfers.

Three in-depth case studies were selected—one each in New South Wales, Victoria and South Australia—to reflect the diversity of CHPs in terms of size, location, organisational structure and transfer model. Each case study involved document analysis, financial review and interviews with key stakeholders. Fifteen interviews were completed with 17 individuals, including CHP executives, government officials, regulators and industry peak bodies. Data collected included annual reports, financial statements, strategic plans and tenant satisfaction reports, although access varied. These materials enabled a time series analysis of pre- and post-transfer changes.

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# 1. Introduction

- **Since the late 2000s, Australian state and territory governments have implemented tenanted public housing transfers to the community housing sector through one-off or ongoing programs.**
- **By 2024, dwellings under community housing management comprised 29 per cent of all social housing in Australia, accounting for 129,940 dwellings.**
- **The transfer of property and tenancy management responsibilities (i.e. management transfer) has been the predominant model, in contrast to international convention in which property ownership is also usually handed over (i.e. title transfer).**
- **Evaluations often focus on the initial years following property transfers, highlighting the challenges experienced by tenants as a consequence of the transfer process.**
- **Housing providers receiving transferred tenancies report benefiting from an expanded income base and improved economy of scale.**

Public housing (PH) transfer programs to community housing providers (CHPs) are an important aspect of Australia's housing system, especially as both public and community housing are critical to addressing housing affordability and social needs. Albeit on substantially varied scales, the transfer of former PH dwellings and tenancies from government to the non-profit sector for management or ownership has featured prominently in recent Australian social housing policies (Pawson, Martin et al. 2016; Pawson, Milligan et al. 2020). Since the last Australia Housing and Urban Research Institute (AHURI) research into the impacts of PH transfers to the CHP sector (Pawson, Martin et al. 2016), 23,920 additional PH dwellings and tenancies have been subject to the process (Productivity Commission [PC] 2021; 2025). This means that the management of one-in-eight dwellings used for PH in 2001 has since been transferred to a CHP. The overall size of Australia's social housing portfolio has, however, remained essentially static (National Housing Supply and Affordability Council 2025).

As Pawson, Martin et al. (2016) note, recent transfer programs have departed from earlier models in both scale and process. The programs covered in their research, and subsequent transactions in New South Wales and Tasmania, have been significantly larger in scale than pre-2013 norms. These programs have involved multiple packages typically containing several hundred tenanted dwellings. By comparison with earlier undertakings, these transfers were also more likely to have involved competitive tendering processes. It is, therefore, pertinent to critically examine the impacts of these transfers on Australia's community housing sector and to ask: to what extent have the different transfer program objectives been achieved?

## 1.1 Policy context

In 2024, CHPs managed 129,940 dwellings across Australia (PC 2025), comprising 29 per cent of all 444,141 social housing dwellings in the country. This was up from just 17 per cent a decade prior in 2015. Underlying this increased representation was the near doubling of CHP-managed dwellings between 2015 and 2024 (PC 2021; 2025). The policy decisions informing this change exemplify the diversification strategy of Australia's social housing sector that has been in place since the 2000s, including a conscious shift away from the previous situation that saw a near monopoly of social housing in state and territory ownership and management. This reflects a belief that provider diversification can yield benefits via greater contestability and entrepreneurialism (Pawson, Milligan et al. 2013; 2020; Plibersek 2009).

In 2009, an intergovernmental agreement was initiated by the Australian Government to expand the CHP sector to comprise one-third of all social housing by 2014 (Housing Ministers' Conference 2009). This ethos is repeated in the 2022 National Housing Accord, which commits state and territory governments to 'building a strong and sustainable Community Housing Provider sector' as a matter of urgency (Australian Government 2022: 3). It is clear that the CHP sector is expected to play an increasingly prominent role in assisting the Australian Government to meet its target for social and affordable housing delivery.

### 1.1.1 The growth of community housing in Australia

Compared to many European countries (see e.g. Housing Europe 2023), where PH often comprises more than 10 per cent of the national housing stock, Australia's PH system has traditionally been small. Never exceeding 8 per cent of total housing stock, PH comprised just 5 per cent of Australia's occupied private dwellings at the turn of the twenty-first century (Pawson, Milligan et al. 2020). This reflected stagnant investment (and, in some instances, divestment) into the sector over time by successive governments, justified by low rental revenue from a relatively small number of tenancies and an increasing share of tenant cohorts that relied mainly (if not solely) on low-income support payments. The latter was an outcome of prioritising tenancies for individuals and households with high housing and complex support needs (e.g. Atkinson and Jacobs 2008; Clarke, Cheshire et al. 2014; Lawson, Denham et al. 2019). The idea that market mechanisms (rather than the state) are best placed to meet Australia's changing housing needs informed such policy decisions. This is illustrated by the persistent increase in Commonwealth Rent Assistance (CRA)—both in terms of the number of recipients and total spending—as funding for PH declined (Pawson, Milligan et al. 2020).

The continued decline in government spending on Australia's PH system has resulted in housing supply delays and insufficient property maintenance, as demonstrated by the relatively low proportion of PH dwellings nationwide without any maintenance and/or structural problems, especially compared to other social housing tenures (see e.g. PC 2025). Further, the number of lettable PH dwellings has not grown in line with demand. This is evidenced by the increasing number of applicants on social housing waiting lists across all Australian jurisdictions (Pawson and Lilley 2022). As a result, allocations to PH tenancies have become more stringent, creating a residualised system in which only those with the highest needs live in PH. In turn, the process of residualisation has created a situation in which expenditure (for meeting PH's maintenance requirements and tenants' associated support needs) far exceeds the rental revenue any agency is able to receive from a tenant cohort that is mostly reliant on income support. The mismatch in rental income and expenditure adds weight to government plans to reduce funding to the PH system due to its poor financial return.

Australia's community housing sector emerged in the late 1970s, partly in response to the small and declining role of PH, to provide affordable housing alternatives to lower income households (e.g. Milligan, Martin et al. 2016). The CHP sector remained relatively small until the 1990s when its role expanded through strategic investments from governments and CHPs themselves (e.g. through debt funding and philanthropy), as well as some small-scale, intra-sectoral transfers. Mergers, joint ventures and other innovative arrangements further improved the economic efficiencies of many CHPs (Milligan, Hulse et al. 2015; Milligan, Pawson et al. 2017).

In Australia, CHP sectoral growth over the last 25 years has resulted primarily from the transfer of existing PH tenancies to not-for-profit CHPs rather than through new construction. This process can be seen as exemplifying the exposure of public services to commercial disciplines, including the ethic of responsive and consumer-focused service provision—an application of new public management thinking (Pawson and Mullins 2010). More prominent in the Australian discourse have been assertions that CHPs are 'more responsive' and 'locally engaged' landlords than government PH providers, owing partly to the community-based, grassroots origins of some CHPs and their values-based approach to providing and managing tenancy and support services. This is reflected in the higher levels of tenant satisfaction reported by CHP tenants compared to those in other social housing tenures (PC 2025). Many charitable organisations, including religious groups such as Mission Australia and the Salvation Army, have, in recent years, expanded their housing support functions, moving away from primarily providing retirement and disability support to helping wider cohorts of socio-economically disadvantaged households. To some proponents (including government agencies), this expansion and diversification signify increased choice for tenants and applicants (NSW Government n.d.).

According to such rationales, community housing expansion, even where it entails a reduction of PH, may be justified as a desirable public policy objective. Additionally, state and territory governments are motivated by instrumental considerations, such as the ability of CHPs to capture CRA as an 'additional' source of social housing revenue without the need to charge tenants more rent, as well as the access CHPs have to private financing and other funding opportunities (Pawson, Milligan et al. 2020).

### 1.1.2 Types of public housing transfers

As reported in Pawson, Martin et al. (2016), PH transfers in Australia typically take two forms: management transfer and title transfer. Pawson, Milligan et al. (2020: 122) define management transfer as a form of 'management outsourcing', in which the management of tenanted PH properties and tenancies are 'contractually delegated to a CHP for continued use as social housing'. In contrast, in title transfers, ownership of the properties is also handed over to a CHP.

In Australia, most PH transfers have taken the form of management transfers. This departs from overseas practice, which tends to be dominated by title transfers. For example, nearly all of the 1.3 million dwellings transferred by local councils to housing associations in the United Kingdom between 1988 and 2017 were title transfers. Nevertheless, the possible utility of a management-only model for UK housing associations has recently been discussed in view of the sector's receding financial capacity (Lloyd 2025). In considering the management-only model, sector players have highlighted challenges that could arise from dividing responsibilities over decision-making on property maintenance and upgrades as well as commercial contracts and partnerships that different entities could strike up for property and tenant service provision (Lloyd 2025). These echo dilemmas reported in Australian transfer evaluations in a context in which such arrangements are more familiar (e.g. Blunden, Liu et al. 2017; Bullen, Liu et al. 2017; Melbourne Institute Consortium 2024).

Another model that has been used to delegate social housing responsibilities to non-government organisations is arms-length management organisations (ALMOs). More commonly employed within the United Kingdom than Australia, ALMOs are independent legal entities created by government agencies that largely function as their own standalone private enterprises (e.g. Cole and Powell 2010; Flanagan 2008; Manville and Greatbanks 2024). As with Australian CHPs, ALMOs may provide former government-owned or -run services with access to a broader range of finance and funding opportunities than state agencies, which are precluded from benefiting due to regulatory and policy settings. Flanagan (2008), however, challenged this presumption and noted that access to private debt financing may still be limited.

Housing-focused ALMOs are not common in Australia. Their application is primarily limited to the creation of new joint entities in which two or more CHPs may form a one-off partnership to increase their competitiveness in a PH transfer tendering process (Pawson, Martin et al. 2016). One example is Centacare and Evolve Housing, both mainland Australia-based organisations, joining to form Centacare Evolve Housing (since renamed Loreto Community Housing) to become the largest CHP operating in Tasmania. Instances of government-established, housing-focused ALMOs in Australia are even less common, with the most notable example being the former Bonnyrigg Partnerships—founded by the NSW Government with a consortium of private and community partners—to manage the renewal of the PH estate in the Sydney suburb of Bonnyrigg while retaining ownership of the redeveloped social housing dwellings (e.g. Pawson and Pinnegar 2018; Pinnegar, Liu et al. 2013).

In addition to management transfers, there have been some examples in Australia of PH dwellings being acquired by CHPs with title. By far the most important of these was the ‘vesting’ program in New South Wales, involving Commonwealth-funded homes constructed by the state government under the 2009–11 Social Housing Initiative (Pawson, Martin et al. 2016; Pawson, Milligan et al. 2013). Others have included handovers of title of tenancies and dwellings initially transferred on a management-only basis; this includes our Victorian case study as discussed further in Chapter 4.

This project focuses on PH transfers that have taken place since the last AHURI research on this topic (Pawson, Martin et al. 2016). It explicitly excludes transfers that occurred as an outcome of PH renewal programs where tenants are first relocated out of their homes and given a right-of-return when reconstruction is completed.<sup>1</sup> Extending the research covered in Pawson, Martin et al. (2016), this current research focuses on large-scale PH transfer programs (typically involving a few packages of several hundred tenancies to be transferred) that took place between 2013 and 2019. While transfers have continued to occur in most Australian states and territories since 2015–16 (see Table 1), activity has concentrated in three jurisdictions—New South Wales, South Australia and Tasmania. Specifically, they include (in chronological order) the following programs:

- Tasmania’s Better Housing Futures Program, 2013–16
- South Australia’s Better Places, Stronger Communities (BPSC) program, 2015–16
- South Australia’s Renewing Our Streets and Suburbs (ROSAS) program, 2017–18
- New South Wales’ Social Housing Management Transfer (SHMT) program, 2018–19
- Tasmania’s Community Housing Growth Program, 2021–22.

Victoria is also relevant, mainly because of the \$500 million title transfer to Aboriginal Housing Victoria (AHV) in 2018–19. Details of these programs are discussed in the findings chapters of this report.

<sup>1</sup> This exclusion is on the basis that, in Australia, PH transfers that do not involve neighbourhood renewal or redevelopment are often mandatory in nature (i.e. sitting tenants do not have a choice to opt out of their tenancy being transferred to CHP management; Pawson, Milligan et al. 2020). In contrast, renewal-related transfers require sitting tenants to relocate temporarily. While offers of right to return are often made, much existing Australian and international research report low uptake (see e.g. Diamond 2004; Liu, Bullen et al. 2018; Pawson and Pinnegar 2018; Smith 1999), resulting in dispersal and replacement of the pre-existing community.

**Table 1: Number of PH properties transferred from state/territory housing authorities to CHPs, 2015–16 to 2023–24**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
2015–16					1,087			17	1,104
2016–17				122				22	144
2017–18				90	4,003			3	4,096
2018–19	8,869	458			12	70		39	9,448
2019–20	4,549		1			103			4,653
2020–21	47				250	24			321
2021–22	558		1			2,027		12	2,598
2022–23	1,056		32			54		60	1,202
2023–24	83					20		251	354
<b>Total</b>	<b>15,162</b>	<b>458</b>	<b>34</b>	<b>212</b>	<b>5,352</b>	<b>2,298</b>	<b>0</b>	<b>404</b>	<b>23,920</b>
<b>As % of all CH in jurisdiction</b>	<b>28%</b>	<b>3%</b>	<b>0%</b>	<b>3%</b>	<b>43%</b>	<b>24%</b>	<b>0%</b>	<b>55%</b>	<b>21%</b>

Note: Includes PH properties that were transferred as part of redevelopment and renewal programs.

Source: PC (2021: Table 18A.2; 2025: Table 18A.2).

### 1.1.3 Objectives of public housing transfers

As discussed above, PH transfers exemplify the application of new public management thinking, in which public services are increasingly subject to the same scrutiny as commercial ventures in terms of economic efficiency, end-user choice and service quality. This is often coupled by the transfer of some former government responsibilities—in this case, social housing provision—to non-government sectors. As such, the objectives of PH transfers often reflect broader economic and operational efficiencies aimed at optimising outcomes. An expanded, and diversified, community housing sector is expected to offer tenants more choice in terms of providers and service delivery models. It is also expected to encourage competition among providers, driving improvements in service quality.

#### Improving economic efficiency of social housing delivery

Improving the economic efficiency of social housing delivery has been one of the main objectives of recent PH transfers in Australia. This is within the context of the continuing residualisation of social housing—and PH more specifically—in which restricted eligibility and allocation has resulted in a persistent decline of rent-paying capacity among the social housing cohort (Pawson, Martin et al. 2016; Pawson, Milligan et al. 2020). In New South Wales, for example, the state social housing strategy, which includes the SHMT program, explicitly seeks to discourage demand for social housing by creating ‘more opportunities, support and incentives’ to enable people ‘to avoid and/or leave social housing’ (NSW Government n.d.: 5).

As Pawson, Martin et al. (2016: 10) reported, social housing residualisation has also resulted in the growth of tenants with high and complex support requirements. Consequently, the commensurate costs and other resources needed to provide such support have grown, despite the size of the tenant cohort remaining relatively stable (valentine, Liu et al. 2024; Zaretsky and Flatau 2015). At the same time, the resourcing required to maintain and upgrade ageing housing stock also puts further strain on state housing authorities (Pawson, Milligan et al. 2015).

The entrepreneurial approach of non-government entities is seen as advantageous over government entities in overcoming some of these economic challenges. In particular, the non-profit sector (including CHPs) is often viewed as being less encumbered by government bureaucracies and less directly influenced by political volatility (owing, to some extent, to relatively short election cycles) and ministerial control (Pawson, Milligan et al. 2020: 116). This frees it up to, for example, diversify its sources of revenue, which may include philanthropy or investment loans, rather than relying solely on government funding.

Further, while PH in Australia is traditionally provided and maintained by state/territory governments, rental assistance is provided via Australia's federally funded social welfare system. It provides eligible renters in private and community housing (i.e. those paying rent above a threshold amount) with additional financial support. Community housing tenants' eligibility for CRA means that some of the cost of delivering social housing is shifted away from state/territory governments to the Australian Government instead. CHPs may, therefore, be able to receive higher rental revenue from social housing tenants without charging them a higher rent. Pawson, Milligan et al. (2013) reported that community housing rent with CRA support may be as much as 50 per cent higher than the PH rent a state/territory housing authority is able to receive from the same cohort of tenants.

### **Expanding CHP sector capacity**

The expansion of the CHP sector has been part of Australian state and territory housing strategies since the 1980s; however, it picked up speed in the late 2000s (Pawson, Milligan et al. 2020). Aside from potential gains in economic efficiencies described above, it was hoped that an expanded and diversified community housing sector would offer tenants and applicants more choice, and help the sector to become self-sustainable, requiring less government support and intervention in the long term.

Strategic support for expanding Australia's community housing sector has concentrated on expanding the size of the portfolio under its management. PH transfers (the focus of this research) and incentive and subsidy schemes for the construction of new social housing dwellings at both the federal and state/territory levels have been the mainstays of such expansion strategies. The enactment of the Community Housing Providers (Adoption of National Law) Act 2012 and subsequent establishment of the National Regulatory System for Community Housing (NRSCH) provided further impetus for the self-sustainability of the sector. While a voluntary system, to date most Australian states and territories—with the exceptions of Victoria and Western Australia—require CHPs working within their jurisdictions to register with the NRSCH and follow its regulatory code.

There is an appetite from the sector for further growth to achieve better economies of scale. The improved rental revenue base through expanded portfolios offered by PH transfers (and, to a lesser extent, new construction) plays a role in this, but, as Milligan, Pawson et al. (2017) explained, this must be accompanied by government strategies that allow CHPs to have better control over the assets and resources they manage. In the context of PH transfers, governments' preference for management transfers over title transfers may be a constraining factor.

### **Improving social housing experiences and tenant outcomes**

A third objective of PH transfers is the belief that tenants may be able to enjoy better quality, and/or a broader range of, support services within the community housing sector than governments can provide. This is partly related to the constraints of government bureaucracies impacting the timeliness and modes of support delivery. While working within the bounds of government-set regulations, CHPs have greater flexibility to exercise innovations that can facilitate better tenant and organisational outcomes. It is also reported that CHPs typically have lower staff-tenant ratios, which may translate to higher responsiveness of support requests and stronger relationships between staff and tenants, leading to better tenant outcomes (Pawson, Milligan et al. 2015).

Many CHPs are also subsidiaries or part of larger charitable and/or faith organisations. Such organisations have long histories of support service delivery and, as such, can be relied on as service partners. While governments also use partnerships to refer tenants to appropriate services, the procurement process may mean that a smaller range of service providers are considered. This could be because of the administrative requirements associated with the procurement contracts, in which smaller, locally based organisations may not have the capacity to compete.

Current data suggest that community housing tenants enjoy better outcomes than their PH counterparts. These are reflected in a range of indicators in government services reports (PC 2021; 2025), which show that the satisfaction levels of community housing tenants are persistently higher than PH tenants. These include, but are not limited to:

- higher levels of customer satisfaction
- more self-reported benefits of living in social housing
- better dwelling conditions
- higher proportions reporting that their homes, neighbourhood amenities and locations meet their needs.

## 1.2 Existing research

Extensive research into PH transfers in Australia has been undertaken, including several AHURI projects that focused either solely on PH transfers (e.g. Pawson, Martin et al. 2016; Pawson, Milligan et al. 2013) or the specific impacts of PH transfers, such as CHPs' asset management (e.g. Sharam, McNelis et al. 2021). There has also been notable research internationally, especially from the United Kingdom (e.g. Adamson 2018; MacLennan and Miao 2017). Detailed evaluations of Australian PH transfer programs that consider the extent to which program objectives have been achieved have also been published (e.g. Blunden, Liu et al. 2017; Bullen, Liu et al. 2017; Melbourne Institute Consortium 2024).

### 1.2.1 Improving social housing experiences and tenant outcomes

Australian research has shown increased maintenance expenditure and community development activity as outcomes of management transfers (Blunden, Liu et al. 2017; Bullen, Liu et al. 2017; Melbourne Institute Consortium 2024). The former signals that social tenancy properties have been upgraded to better/more liveable standards than under PH management. Additionally, under some Australian transfer programs, recipient CHPs have been expected to utilise 'additional' rental income to increase the number of social housing units for rent, whether through acquisition or new development (Pawson, Milligan et al. 2013). This suggests that the objective of improving tenant outcomes and service delivery, as described in the preceding section, has been achieved.

The preference of Australian governments for management transfers over title transfers, which, as discussed, is the more common practice overseas, produces notable differences between Australia and other countries. The role of tenants in decision-making is one area in which such differences can be observed. Jacobs and Lawson (2019) highlight that, in the United Kingdom, sitting tenants have traditionally played a determinative role in whether transfers (and, in some cases, redevelopments) take place and to which organisations. Sitting tenants can also contribute to defining service standards pledged by transfer-recipient landlords, in evaluating performance and holding housing services to account.

By contrast, in Australia, tenant involvement has largely been limited to community engagement during the early stages of transfer discussions, primarily in relaying information about the upcoming transfers (Pawson, Milligan et al. 2020). As such, tenants typically have no role in decision-making regarding the transfer outside of opting out of participating all together, which would involve them relocating out of their residence and neighbourhood and into another property under PH management. Recent evaluations of Australian PH transfer programs confirm this lack of tenant involvement in the transfer tendering processes (e.g. Melbourne Institute Consortium 2024). Indeed, across multiple programs, tenants were merely informed of governments' decisions that their tenancies would be transferred and who their new CHP would be, usually by an addressed letter (Bullen, Liu et al. 2017; Melbourne Institute Consortium 2024). This approach was said to have disempowered tenants, contributing to a decreased sense of satisfaction (Melbourne Institute Consortium 2024). Existing Australian research points to the positive benefits of early and meaningful engagement strategies in improving transferring tenants' outcomes (Blunden, Liu et al. 2017; Bullen, Liu et al. 2017; Liu 2024; Liu, Bullen et al. 2018; Tually, Skinner et al. 2020).

This broad body of research has typically concentrated on the short-term (commonly two to three years) impacts of such programs. Given the long-term ambitions of most transfer programs—for example, improving tenants' housing experiences (including more timely maintenance and repairs and access to support services) and expanding the capacity of the CHP sector—it is pertinent to critically examine whether and how the aims and objectives of such programs have been achieved, and their longer-term impacts on Australia's community housing sector and its growing tenant cohorts.

### 1.2.2 More economically efficient service delivery

Davies and Engels (2021) argue that PH transfers (especially management transfers) shift revenue and maintenance challenges from the state to the community sector. This is despite community housing tenants' eligibility for CRA, which, as explained above, provides an additional revenue source for CHPs. For example, the Melbourne Institute Consortium (2024) estimates that six recipient CHPs receive around \$38 million in CRA funding annually through the SHMT program.

Notwithstanding the broadening of rent revenue and eligibility for rent assistance, it has been demonstrated that transferring PH management to CHPs can impose significant financial and administrative burdens on CHPs. Callanan, Leshinsky et al. (2022) and Sharam, McNelis et al. (2021) have both detailed the impacts of ongoing and retrospective maintenance and repairs that many transferred dwellings require, owing partly to the age of transferred stock and its typically rundown condition. James (2020) also showed that transferring significant PH assets in locations with low property prices can pose significant financial risks for the state and for the community housing sector, which in turn can require further, ongoing government funding support to preserve organisational viability. The associated maintenance costs, thus, can be very high, with CHPs reporting having to use debt to finance the discharging of such responsibilities.

Consequently, few new social and affordable developments have resulted directly as an outcome of management transfers (Lawson, Pawson et al. 2018; Pawson, Martin et al. 2016). This brings into question the feasibility of new development requirements as part of PH transfer programs, where stipulated. Several studies have raised further concerns over the community housing sector's reliance on debt financing to fund portfolio expansion and/or meet maintenance responsibilities (Callanan, Leshinsky et al. 2022; Davies and Engels 2021; Leclerc 2019; Werner 2024).

Overseas research has demonstrated the benefits of title transfers for CHPs and the community housing sector. In the United Kingdom, for example, Adamson (2018) has shown that the transfer of PH titles can significantly boost the asset base of CHPs, enhancing not only their borrowing capacity but also enabling them to access debt financing that is not available to state housing entities (Sharam, McNelis et al. 2021). In Australia, financial modelling detailed in Pawson, Martin et al. (2016) has shown that similar benefits may be achieved in the preferred management transfer model through longer transfer terms (e.g. 30-year lease arrangements). Their modelling suggested that a notional 1,000-dwelling management transfer (such as witnessed in recent Australian programs) could, as a base case, enable construction of 113 new additional units over 30 years. Crucially, the scope for such activity depends on other requirements often stipulated by the relevant state/territory authority as part of the transfer. These include responsibilities over place management, community development and, notably, the remediation of backlog maintenance.

Research has also shown other benefits of longer transfer management terms, including enabling access to other (co)funding opportunities that can assist with stock upkeep and upgrades (Halldorsson, Liu et al. 2020; Liu and Daly 2020; Liu, Daly et al. 2020). Importantly, leveraging assumes adequate free cashflow to service debt, but this is limited by the requirement to target disadvantaged people with low rent-paying capacity (Sharam, McNelis et al. 2021).

### 1.2.3 Growing community housing provider sector capacity

Previous AHURI research was significant in analysing a 2013–16 wave of PH transfer activity, featuring larger scale transactions undertaken via more competitive processes and involving longer leases than earlier transfers (Pawson, Martin et al. 2016). A subsequent wave—Australia’s largest to date—occurred in New South Wales in 2018–19.

Table 1 shows the number of former PH properties transferred to the CHP sector in different jurisdictions between 2015–16 and 2023–24. It also highlights the extent to which these recent tranches of PH transfers comprise all community housing stock in their respective jurisdictions. The two waves of transfers in South Australia through the BPSC and ROSAS programs, for example, resulted in transferred properties comprising over two-fifths (43%) of the state’s total number of community housing dwellings. Recent transferred properties also comprise one-quarter or more of community housing dwellings in New South Wales (28%) and Tasmania (24%). The role of PH transfers in expanding the size (by the number of dwellings under its management) of the community housing sector is, therefore, undeniable.

Pawson, Martin et al. (2016) emphasised the importance of expanded portfolio sizes on CHP revenue streams. They also highlighted the impacts of transfers on CHP organisational capacity building, particularly in relation to service delivery (e.g. property maintenance, tenancy management, as well as other place-based and community development activities stipulated by the transfer terms) and operational functions (e.g. strategic development and staffing). Pawson, Milligan et al. (2013) noted that developing CHP and staffing expertise was sometimes prioritised by governments, but this varied from jurisdiction to jurisdiction and from program to program.

According to the latest NRSCH performance report (NRSCH 2024), registered CHPs were able to meet or exceed the agreed thresholds across almost all performance indicators. This resonates with findings by Milligan, Martin et al. (2016) that, by the early 2010s, Australia’s CHP sector was large enough to represent a strong cohort of commercially oriented providers. Milligan, Hulse et al. (2015) reported that the sector saw itself as comprising professional, entrepreneurial organisations that operated independently of, and were not dependent on, government priorities. It follows that the sector employs a large—and, as Milligan, Pawson et al. (2017) explained, diverse and professional—workforce that requires ongoing professional development.

These findings are echoed in Maclennan and Miao’s (2017) study of the United Kingdom. They noted that few Australian studies had discussed the capacity and preparedness of CHPs for change. While the size of the United Kingdom’s transferred portfolio was (and is) much larger than Australia’s, Maclennan and Miao (2017) argued that CHPs have the capacity to understand the pros and cons of transfers, as well as the vision, immediate gains, and wider and longer-term effects of transfers.

Outside of significantly boosting the number of properties and tenancies under CHP management and broadening their revenue base, the extent to which the CHP sector’s capacity has been enhanced by PH transfers is poorly evidenced. There are, for example, limited records—with validated information—about the true scale of dwelling condition impairment in transferred property portfolios or the time needed for ‘catch-up repair’ programs to eliminate such problems (Pawson, Martin et al. 2016; Sharam, McNelis et al. 2021). There is also limited information about the size of the community housing workforce in either the Australian Census or reports on government services (PC 2021; 2025).

### 1.3 Research methods

This project primarily focuses on the two Australian states that have enacted the most transfers, New South Wales and South Australia, and on Victoria, which is notable as the site of Australia’s largest transfer to an Indigenous-controlled organisation. It employs data from a mixed-methods approach, comprising broad, quantitative elements with in-depth case study assessments, to address four research questions (see Table 2). The UNSW Sydney Human Research Advisory Panel B: Built Environment approved the project on 17 June 2024 (iRECS6692). RMIT University ratified this approval on 15 July 2024.

**Table 2: Project research questions and associated methodological approaches**

Research question	Method	Process
RQ1. What have been the objectives, terms and requirements of Australia’s large-scale public housing (PH) transfers?	<ul style="list-style-type: none"> <li>• Transfer contracts and contract reporting</li> <li>• Key stakeholder in-depth interviews</li> <li>• CHP online survey</li> </ul>	<ul style="list-style-type: none"> <li>• Document analysis</li> <li>• Thematic analysis of key stakeholder testimony</li> </ul>
RQ2. What are the longer-term outcomes of public housing transfers for (a) CHP finances, (b) CHP organisational mission, (c) ex-PH stock condition and renewal, (d) new housing supply and (e) tenancy management rigour and quality?	<ul style="list-style-type: none"> <li>• CHP organisational charts, strategic plans, business plans/annual reports</li> <li>• Key stakeholder in-depth interviews</li> <li>• CHP staff focus groups</li> <li>• CHP asset management plans and reports</li> <li>• CHP annual reports</li> <li>• CHP longitudinal performance and tenant satisfaction data</li> <li>• Tenant focus groups</li> <li>• CHP online survey</li> <li>• Tribunal evictions data where available</li> </ul>	<ul style="list-style-type: none"> <li>• Analysis of financial position and performance pre-/post-transfer</li> <li>• Thematic analysis of stakeholder testimony and focus group transcripts</li> <li>• Historical analysis of stock condition, asset expenditure; tenant satisfaction data</li> </ul>
RQ3. How have CHPs addressed practical challenges encountered in accommodating transfers?	<ul style="list-style-type: none"> <li>• Key stakeholder in-depth interviews</li> <li>• CHP staff focus groups</li> </ul>	<ul style="list-style-type: none"> <li>• Thematic analysis of stakeholder testimony and focus group transcripts</li> </ul>
RQ4. What lessons can be learnt from Australian PH transfer experience?	<ul style="list-style-type: none"> <li>• As above</li> </ul>	<ul style="list-style-type: none"> <li>• Thematic analysis of all evidence collected</li> </ul>

Source: Authors.

### 1.3.1 Review of relevant academic literature

A literature search on Google Scholar was conducted on 23 July 2024 for Australian and international academic publications, published in the English language since 2016 (being the year the last AHURI project on PH transfers was published; Pawson, Martin et al. 2016), on outcome assessments of the transfer of PH dwellings for non-profit community organisations (including CHP) to own and/or manage. The aim was to uncover new evidence from Australia and elsewhere of the impact of PH transfers on receiving organisations (i.e. CHPs), the households whose PH tenancies were transferred, tenants who moved into the estates after the transfers occurred, and other residents who lived within the broader neighbourhoods of the transferred estates. Particular attention was paid to the longer-term impacts when assessing the works' relevance to this literature review.

The search focused mainly on the search term 'public housing transfer', referring to situations or cases in which the transfer of tenancy and/or property for CHPs to own and/or manage was the main aim of the government program or programs under review. Research on transfers that occurred as an outcome of PH renewal programs—whether they included evaluations of longer-term outcomes or not (e.g. Liu 2024)—was deemed outside the scope of this project and was, therefore, excluded from the literature review.

The search resulted in 25 new publications. Notably, only new publications from Australia and the United Kingdom were found. These were complemented by other relevant publications (e.g. research reports; n = 6) that, while not primarily focused on the longer-term impacts of PH transfers on CHPs and resident populations, included some useful information.

The findings of the literature review are detailed in Section 1.2.

### 1.3.2 Online survey with community housing providers

Senior executives of all 14 CHPs that participated in large-scale PH transfer programs between 2013 and 2019 were invited to participate in an online survey. Previous AHURI research on this topic (Pawson, Martin et al. 2016) had established that these transactions were unlike previous PH transfers in Australia, as they were generally undertaken under a competitive framework and according to a model that incorporated contractually stipulated obligations that had the potential to impact the long-term operations, including expansion capabilities, of the CHPs.

The survey was designed by the research team and approved by the UNSW Sydney Human Research Advisory Panel B: Built Environment. Comprising five sections, it sought clarification from CHP senior executives on the objectives and motivation behind the PH transfer programs that their organisation had participated in between 2013 and 2019. It also sought information regarding the condition of the stock that was transferred and the longer-term impacts of the transfers on their organisation's financial and staffing capabilities (see Appendix 1).

The survey was uploaded to the online platform Qualtrics and one CHP senior executive was invited to participate in a pilot survey on 28 June 2024. This was completed by 4 July 2024. Subsequently, one question was split into two to improve coherence, resulting in Q15 and Q16 in the final version. The survey was officially launched on 9 July 2024, with email invitations sent to the chief executive officers (CEOs) of the 13 other CHPs that had participated in PH transfer programs between 2013 and 2019. A PDF printout of the survey accompanied the email invitation. CEOs were encouraged to delegate the task of survey completion to relevant senior executives within their organisation (e.g. chief operating officer).

The survey closed on 22 August 2024 with 12 valid completions, including the pilot phase response. It was temporarily reopened on 3 September 2024 to enable one participant who had been unwell to complete the survey. This brought the total number of valid completions to 13, the finding of which are reported in Chapter 2 of this Final Report.

### 1.3.3 In-depth case studies

Three in-depth case studies, one in each of the three focus states—namely, New South Wales, South Australia and Victoria—were conducted. Each case study involved a mix of desktop reviews and qualitative research components. The exact mix of methods used depended on the materials provided by the participating CHPs and their capacity to be involved, as detailed below.

#### Case study selection

The three case studies were selected from among the 13 CHP survey participants (see Section 1.3.2). Only one CHP in Victoria met the selection criteria and agreed to participate as a case study. Two CHPs from each of New South Wales and South Australia were selected, one as a primary selection and one as an alternate should the primary be unable to participate. In making the selections, care was taken to demonstrate the diversity of CHPs involved in PH transfer programs. In particular, the following factors were considered:

- the transfer program model
- the size and geographic spread of the CHP's current property and tenancy portfolio.

The work to select the case studies commenced in October 2024 and continued through to February 2025. The protracted recruitment and negotiation phase was the outcome of several factors:

- CHPs needed time to consider their capacity to contribute to the breadth of research methods proposed
- CHPs were involved in other funding and expansion programs (e.g. Housing Australia Future Fund), which took priority
- key CHP staff were on extended leave during December 2024 and January 2025.

Two case studies were secured by late February 2025, but the third decided not to participate. An alternate CHP was approached in early March 2025, and it agreed to contribute to the qualitative component of the research.

The resultant case studies represent a mix of organisational models and geographical spreads, namely:

- one standalone CHP with a statewide property and tenancy portfolio
- one CHP that is part of a larger charitable organisation and has a primarily metropolitan portfolio
- one CHP that has a solely regional portfolio.

Our analysis of the three case studies is written up as separate chapters in this Final Report. Reflecting the different approaches of the respective state governments, each demonstrates a different approach to administering PH transfers. A separate discussion chapter is included to draw out broader conclusions and policy implications.

#### Document and data analysis

The case study CHPs were asked to provide the research team with a mix of documents and datasets to facilitate time series analyses of the impacts of PH transfers on their organisations. The list of documents and datasets requested included:

- documents related to the transfer tender (e.g. initial proposals, tender specifications, submissions, transfer contracts, program evaluations and reporting commitments) to show the terms and conditions and associated administrative responsibilities of the transfer programs
- financial statements (e.g. budgets, balance sheets, cashflow and other income/expenditure documents) to show the transferred assets financial impact on the liabilities, gearing and overall operations of participating CHPs
- strategic asset management plans and asset management plans to show the incorporation of transferred assets into capital planning and associated operational decision-making
- anonymised and aggregated outcomes of tenant satisfaction surveys to show changes in tenant experiences over time.

Case study CHPs were asked to consider which of these documents and datasets they were willing and able to share, and to provide, where feasible, documents and datasets for all years from immediately prior to the transfer taking place until the most recent edition, to facilitate analysis of change over time.

Recognising the onus this placed on CHPs, we accepted documents and datasets at periodic points in time (e.g. year before transfer, two years after transfer, five years after transfer, eight years after transfer) to lessen the burden on case study CHPs. The research team also searched the websites of case study CHPs for publicly available documents (e.g. annual reports, financial statements) that could contain relevant information (e.g. change in portfolio size and change in income sources).

Notably, none of the three case study CHPs were able to provide documents related to the transfer tender. The contractual requirements with their respective state housing authorities prevented them from doing so due to the commercial-in-confidence nature of their tender responses and submissions. The research team also sought permission from the state housing authorities, including access to blank templates of the tendering forms; however, none were able to provide these for reasons of confidentiality due to the commercial nature of such contractual arrangements.

### **Key stakeholder interviews**

Fifteen semi-structured interviews were conducted with 17 key stakeholders, including:

- senior executives (chief executive/finance/operating/information officers, asset manager, human resources personnel) of the case study CHPs
- state government officials responsible for community housing policy and/or transfer implementation and/or monitoring
- community housing regulators
- community housing sector peak bodies.

Interviewees were approached based on publicly available contact information on organisational websites; interviewees were also asked to suggest other relevant personnel for the research team to approach for insights.

The interviews focused on the interviewees' roles within their respective organisations; their understanding of the transfer programs' objectives and terms; and their reflections on how the transfer programs impacted their CHPs (and the CHP sector in their state more generally) in terms of organisational capacity, tenant outcomes, financial viability and expansion opportunities. A selection of questions from a prepared question bank (see Appendix 2) were asked depending on the interviewees' roles and experiences.

Interviews, generally lasting around one hour, were conducted online or in-person at locations convenient to the interviewees (e.g. their office). All interviews were recorded and, rather than verbatim transcription, detailed summary notes of each interview were made by the interviewer; auto-transcripts of online interviews aided this process. The summary notes were analysed inductively alongside other collected data.

### **Frontline staff and tenant focus groups**

The original research plan included focus group discussions with frontline staff and tenant residents of the three case study CHPs.

The intent of the frontline staff focus groups was to triangulate senior executive perceptions of the day-to-day outcomes of transfer programs. The discussion topic guide (see Appendix 3) also included questions on changing organisational culture, capacity, and relationships with tenants and other stakeholders.

The intent of the tenant focus groups was to elicit reflections from tenants who experienced the transfer on comparative service delivery and management style pre- and post-transfer, and broader experiences of social and tenure mixing. The discussion topic guide (see Appendix 4) also included questions for new tenants in the transferred estates to reflect on the broader community development/renewal objectives of some PH transfers.

These focus groups, however, were not conducted due to the CHPs' lack of capacity to support participant recruitment.

Table 3 provides an overview of the mix of methods conducted.

**Table 3: Research methods undertaken with each case study CHP**

	NSW	Vic	SA
Transfer document analysis	N	N	N
Financial statement analysis	Y	Y	Y
Asset management analysis	Y	Y	Y
Tenant satisfaction outcome analysis	Y	Y	Y
Interviews with CHP senior executives*	6 (6)	2 (5)	2 (3)
Interviews with government and other CHP sector representatives*	2 (3)	-	2 (3)

Note: \* Number of interviewees included in brackets.

Source: Authors

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## 2. Sectoral view on long-term impacts of public housing transfers

- **Community housing providers (CHPs) reported investments into property maintenance and repairs—and, to a lesser extent, new social housing construction—as the primary objectives of public housing (PH) transfer programs.**
- **Most CHPs taking on ex-PH stock experienced significantly impaired financial viability, generally resulting from larger-than-anticipated maintenance and repair liabilities associated with transfer portfolios.**
- **CHPs reported that earlier transfer programs often involved stock in better condition, in which any necessary remedial work could be addressed easily or quickly.**
- **CHPs experiencing declining tenant satisfaction in the immediate post-transfer period attributed this to the timeliness of addressing maintenance and repair backlog.**
- **Partly through resulting economies of scale, transfer-fuelled growth has enabled some CHPs to benefit from other funding opportunities that enable further growth.**

This chapter provides an overview of the results of an online survey conducted with CHPs that participated in PH transfer programs between 2013 and 2019. The survey received valid completions from representatives of 13 of 14 CHPs that received former PH properties across New South Wales, Victoria, South Australia and Tasmania during this period. Apart from Victoria, all participating CHPs were registered as Tier 1 providers with the NRSCH. The participant CHP in Victoria was registered with the Victorian Housing Registrar as a Housing Association. The survey was completed by senior executives of the organisations, including three current CEOs, one acting CEO and one deputy CEO. Input was also received from other senior executives, including chief financial officers, executive general managers, and directors of assets and developments.

The findings discussed in this chapter are not differentiated by the four states in which the participating CHPs primarily operate. Instead, a national overview of the impacts of large PH transfer programs on recipient CHPs is provided. The results provide vital context for the discussion in the ensuing case study chapters (Chapters 3–5), which examine each of the PH transfer programs in detail and analyse their longer-term impacts; and the final discussion chapter (Chapter 6), which presents policy development and program adjustment options.

## 2.1 Understanding of public housing transfer program objectives

There was overwhelming consensus among participating CHPs regarding the importance of PH transfer programs in enabling investment in both repairs and new construction (see Table 4). This was understood as the primary motivation behind state government-initiated PH transfer programs.

Other important motivations and objectives included outsourcing housing assistance responsibilities (this likely reflected participant experiences of the very specific objectives of the NSW Government's Social Housing Management Transfer [SHMT] program); and tenancy support from state agencies to the non-profit sector. More than two-thirds of respondents (70%) believed that 'offloading the most problematic [PH] stock' had been a 'fairly' or 'very important' factor, while 85 per cent thought that enhancing the quality of tenancy management had motivated government thinking.

**Table 4: CHPs' understanding of state govt motivations or objectives for PH transfer programs since 2013**

	Very important	Fairly important	Not important
Enable investment in catch-up repairs to rundown housing stock	69%	31%	0%
Foster scope for additional social housing construction	62%	23%	15%
Enable outsourcing of housing assistance responsibilities	46%	46%	8%
Enhance quality of tenancy management	23%	62%	15%
Public housing service cost-cutting	31%	38%	31%
Offload the most problematic housing stock	8%	62%	15%

Source: Authors

Most CHPs in this study had participated in more than one PH transfer program. Similar levels of consensus were observed when CHPs were asked to reflect on the objectives of their organisation's most recent PH transfer program.

Table 5 shows that the objectives of the most recent PH transfer programs (as far as they were understood by participating CHPs) remained largely unchanged. More emphasis was, however placed on recipient CHPs 'catching up' on the repairs of rundown transferred housing stock. Emphasis was also placed on increasing the number of tenancies through new social housing construction. As a consequence, commensurably less emphasis was placed on other aspects compared to previous programs.

**Table 5: CHPs' understanding of state govt motivations or objectives for most recent PH transfer program**

	Very important	Fairly important	Not important
Enable catch-up repairs to rundown housing stock	85%	8%	8%
Enable outsourcing housing assistance responsibilities	46%	38%	15%
Foster scope for additional social housing construction	46%	31%	23%
Offload the most problematic housing stock	38%	23%	38%
Enhance quality of housing management	31%	54%	15%
Public housing service cost-cutting	31%	31%	38%

Source: Authors

In practice, the extent to which these objectives were able to be met through PH transfer programs was somewhat muted. Only one-third (4/13, 31%) of participating CHPs had been able to leverage transferred homes and associated rental revenue to add significant levels of new development, enable new stock acquisition or undertake capital upgrades, with the majority (8/13, 62%) only able to do so modestly, and two not at all (15%).

Nonetheless, most participating CHPs agreed that PH transfer programs had enabled them to develop and/or acquire new stock (3/13 'significantly', 23%; 8/13 'modestly', 62%) that they would not otherwise have developed or acquired. When asked to describe the impact of this, participating CHPs noted that PH transfers had enabled their organisations to grow large enough to more fully capitalise on economies of scale. It also enabled them to become more competitive in securing additional funding for construction, such as via national programs like Housing Australia's Affordable Housing Bond Aggregator loan scheme, or the more recent Housing Australia Future Fund (HAFF). Three participating CHPs commented:

The transfers have enabled us to grow our scale, influence, presence—reduce single person risk, and be [in] a fantastic position to tender for and win new work.

The transfer has enabled [CHP] to secure funding for redevelopment of transferred sites [and] capital upgrades.

Additional cashflow has enabled significant capital upgrades and, coupled with increased borrowing capacity, provided development opportunities.

In some cases, state-specific funding programs for new social housing construction were also accessed. These are discussed more fully in Chapters 3–5.

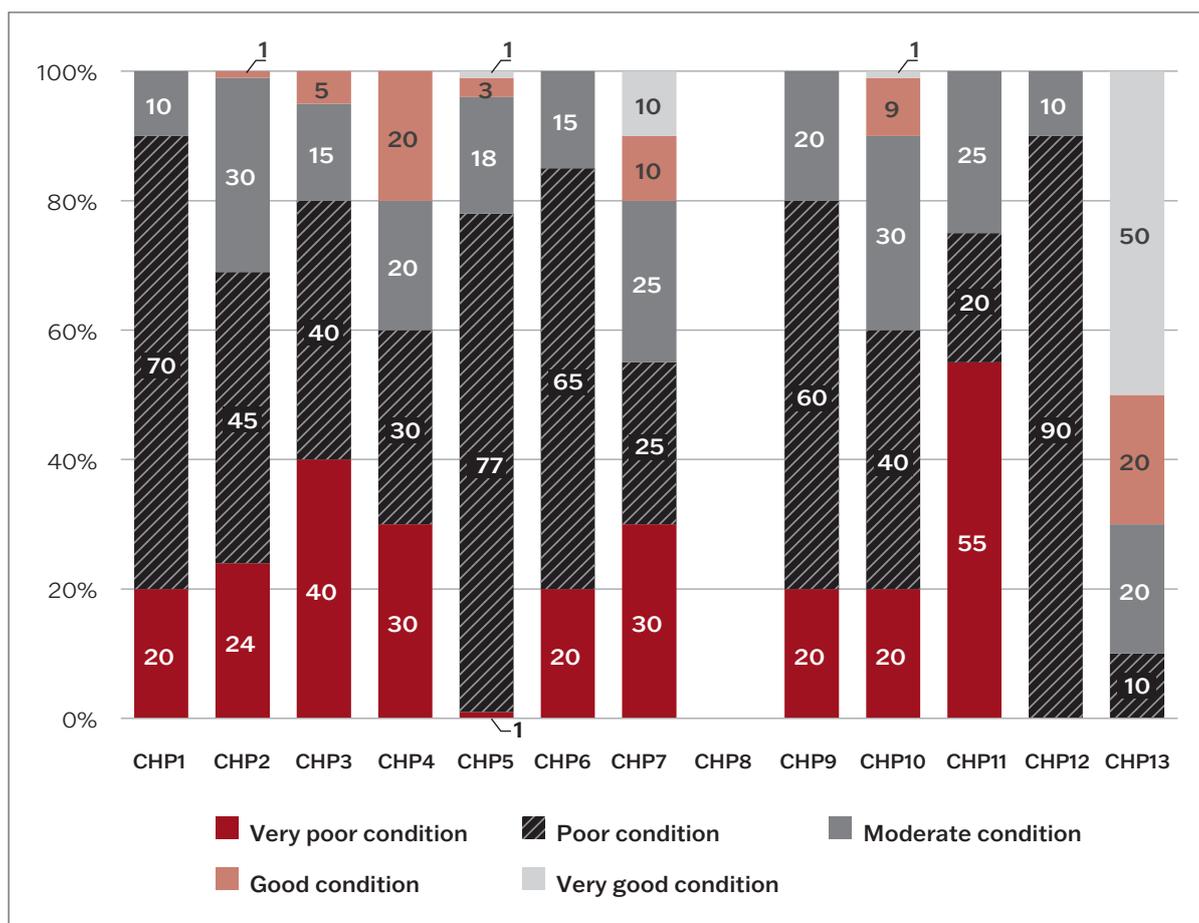
## 2.2 Condition of transferred stock and impact on maintenance and upgrades

It was noted that the poor condition of transferred stock negatively impacted participating CHPs' capacity to grow, especially via new construction. Across the 12 CHPs that responded to this question, the majority assessed their most recently received ex-PH stock as being in 'poor' (48%) or 'very poor' (22%) condition. Indeed, all but one CHP agreed that at least half of the most recently transferred stock was in 'poor' or 'very poor' condition, with two CHPs reporting this as true for 90 per cent of the transferred stock. Similarly, five CHPs asserted that they did not receive any transferred stock in 'good' or 'very good' condition, with another four noting that 10 per cent or less of the transferred stock was in 'good' or 'very good' condition (see ). Two participating CHPs commented:

The estimate provided by government was significantly less than the reality, however we had also anticipated that this would be the case.

The gov. agency responsible for the transfer had inadequate condition assessments, partially due to the wide distribution of the stock.

Figure 1: Condition of most recent transfer portfolio



Note: CHP8 did not respond to this question.

Source: Authors

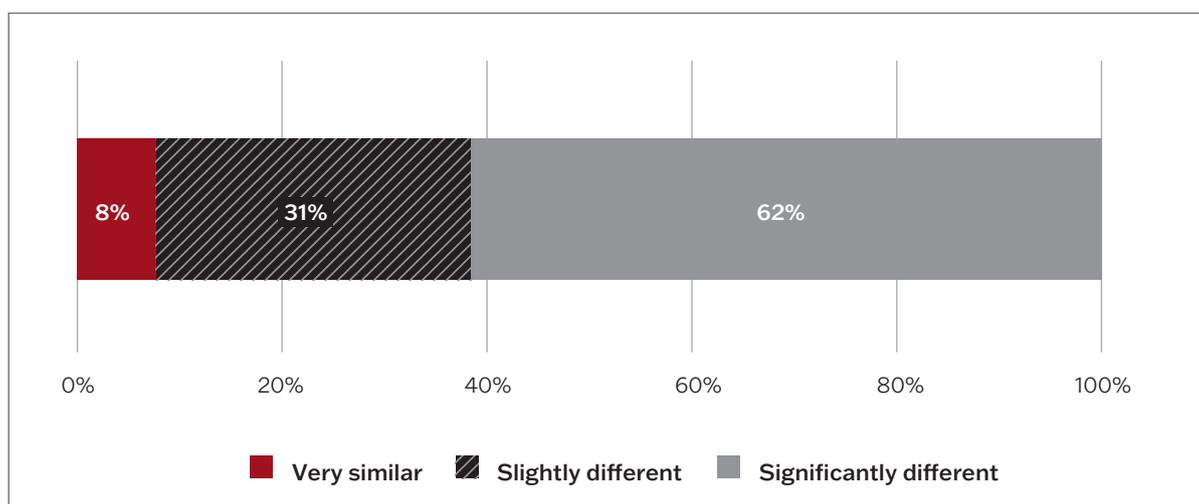
Most CHPs (12/13, 92%) reported that condition-related liabilities associated with PH transfers were greater than anticipated. More than half (7/13, 54%) emphasised that this negatively affected their ability to fund maintenance, capital works, new purchases and other developments, with the remainder (6/13, 46%) citing moderate impacts. Several participating CHPs (primarily from NSW) noted that they had successfully negotiated with the responsible state government agency for additional funds to enable the repairs to be completed in a timely manner, as the following participating CHPs commented:

The difference[s] in anticipated liabilities between NSW Government and [CHP] following completion of our property assessment survey program were significant. SHMT CHPs worked with Homes NSW (LAHC at the time) to discuss our concerns and this was a driver for the development and implementation of specific additional funding programs from Homes NSW (LAHC) for planned and responsive maintenance.

Within our SHMT agreement with Government we negotiated a 'cap and collar' amount for asset expenditure on the transferred stock—this meant clarity on our maintenance liability. We have been busily prioritizing expenditure, and also for secured \$4M in extra State revenue to focus on 'catch-up' works. We are currently preparing for potential future funding from [the] State or Federal Government which may become available in the future.

CHPs that had participated in more than one transfer program since 2013 were asked to compare the quality of the transferred stock across programs. All 13 CHPs answered this question, indicating that they had all had previous (and subsequent) experience in PH transfers. For most participating CHPs, the condition of the transferred stock varied greatly from one program to another, with three-fifths (8/13, 62%) stating that the condition of transferred stock was significantly different compared to previous programs. One-third of the participating CHPs noted the condition was somewhat different (4/13, 31%), while only one participating CHP noted that conditions of transferred stock across programs were similar (1/13, 8%; see Figure 2).

**Figure 2: How general condition of acquired stock compared from program to program**



Source: Authors

In the open response section that accompanied this question, respondents explained that earlier PH transfer programs tended to involve stock in better condition and that any necessary remedial work could be addressed more easily or quickly. For the most part, the transferred stock had needed less extensive upgrades. Two participating CHPs noted that some state governments had provided budget assistance for maintenance and upgrades for earlier PH transfer programs (see also Pawson, Milligan et al. 2013: 36):

Previous transfers have had less maintenance needs and also some came with a dowry to assist in upgrades.

[CHP] has only had the SHMT transfer since 2013. We have had transfers in 2009. The properties were a little better but came with an upgrade budget to bring all properties up to standard.

Only one participating CHP claimed that recent PH transfers involved good-quality stock, which they attributed to their more recent construction:

More recent transfers involve housing built to contemporary standards.

Regardless, almost all participating CHPs reported having made improvements to the condition of stock post-transfer, whether slightly (5/13, 38%) or significantly (6/13, 46%). All explained that this was partly due to contractually stipulated maintenance and upgrade responsibilities associated with the transfers, as well as the moral responsibility to provide tenants with decent quality homes, as two participating CHPs explained:

All dwellings have been brought up to the standards as required by NRSCH compliance obligations. Similarly, dwellings were not always compliant with RTA [Residential Tenancies Act] requirements in terms of smoke alarms, ventilation and window furnishings. [CHP] has rectified those issues and has also ensured that all dwellings have appropriate heating and insulation.

Critical responsive and long-term maintenance has been addressed. We are now focused on bringing the portfolio up to standard to minimise ongoing maintenance costs.

## **2.3 Impacts on tenancy management and satisfaction**

Most participating CHPs believed that their approach to tenancy management differed either slightly (4/13, 31%) or significantly (8/13, 62%) to PH providers. Many respondents highlighted their 'customer-centric' and 'hands-on approach', as well as their (comparatively) higher staff-to-tenancy ratio, as major advantages, as three participating CHPs commented:

Customer centric approach that ensures that, through our customer care centre, tenants speak directly to housing professionals to resolve their tenancy needs.

Lower tenancy to property manager ratio. More home visits. Greater community engagement and tenant.

We provide wrap around services to customers, more frequent visits and assessments of condition of property and improved customer satisfaction scores.

Participating CHPs were asked to compare the satisfaction levels of tenants of their most recent PH transfers to all other cohorts, but no clear pattern of survey results emerged: four participating CHPs (31%) reported markedly higher satisfaction rates since the transfer, four (31%) noted markedly lower satisfaction and five (38%) did not observe any difference. Several participating CHPs explained that the condition of the transferred stock and delays in receiving approval from governments for maintenance and upgrades may have contributed to tenants' negative experiences, at least in the immediate years after the transfers occurred. The onset of the COVID-19 pandemic, which hampered some maintenance and upgrade efforts and restricted most in-person engagements, may also have been a contributing factor to lower tenant satisfaction. Improved customer service and tenancy management were reported by participating CHPs as influencing improved tenant satisfaction:

The SHMT cohorts initial level of satisfaction at transfer was markedly lower compared to the rest of our customer population. This satisfaction has improved over the last 5 years but still remains lower than the rest of our customers.

It was initially markedly lower ... but has been steadily and reassuringly been lifting. Covid was a factor. Low levels of communication being permitted during the tender process was also a factor.

Tenants transferred are the least satisfied across all indicators predominately relating to repairs and maintenance and condition of their home, however, overall satisfaction is just above Tier 1 SHMT benchmark. Initially there are issues with tenants where the transfer is mandatory. We have found voluntary transfers result in a better tenant outcome although is much more difficult to manage.

## 2.4 Impacts on organisational strategies

A notable objective of most PH transfer programs has been to expand community housing sector capacity, as well as portfolio size (Pawson, Martin et al. 2016). When asked about the impact of transfer programs on their organisational growth and ability to adapt, most participating CHPs reported positive impacts on their community development activities. The impact on asset management in general (from strategic planning to planned and reactive maintenance), however, was less pronounced. Participating CHPs were more likely to report no—or modestly positive—effects in this regard resulting from PH transfers (see Table 6).

Several participating CHPs explained that they already had efficient systems in place for asset and tenant service management. Many also reported that they had updated their operational policies prior to receiving the PH transfers. As such, the transfers enabled them to grow the size of their portfolio but did not necessarily change their approach to operational policies or strategies. One recipient CHP commented that PH transfers justified the continued upgrade of their management systems to more effectively manage their growing portfolio, as two participating CHPs clarified:

When we took on the transfer portfolio we tried to maintain and embed our existing processes and systems across the new portfolio.

Without these transfers we would not be as far along providing quality services to our customers. We would not have the scale to justify the investment in IT or the staff that we have. I am clear on our commitment to delivering good quality homes for people to thrive, and the scale that the transfers gave us allowed for this to be a target we can achieve.

**Table 6: Impacts of transfer programs on CHPs' organisational growth and adaptation**

	Marked negative effect	Modest negative effect	No effect	Modest positive effect	Marked positive effect
Community development activity	0%	0%	23%	31%	46%
Lifecycle asset planning	15%	0%	31%	23%	31%
Consistency of approach to planned maintenance	15%	0%	31%	38%	15%
Reactive maintenance	8%	15%	31%	23%	23%

Source: Authors

The relatively poor condition of the transferred stock was reported to have had constraining effects on participant CHPs' operational capacity. According to one CHP, addressing the backlog of property repairs reduced the resources available for strategic planning activities. Another CHP commented that they increased their tenant engagement and community development activities to compensate for the longer time it took to attend to property repairs:

Properties in poor condition required significant reactive maintenance which reduced resources away from planned and life cycle planning.

The poor condition of a large number of assets as well as the significant amount of urgent responsive repairs required on handover resulted in the need to spend significant funds. The need to focus on addressing urgent backlog works disrupted our usual proactive and consistent approach to planned maintenance and strategic asset management, placed financial pressure on the organisation and limited our capacity to increase new supply.

Some of the stock was in such poor condition – we have really stepped our tenant engagement and community development.

PH transfer programs had comparatively more positive effects on other aspects of participating CHPs' organisational strategies. There was strong agreement across the 13 participating CHPs that transfer programs have had at least some positive effects on their accountability to tenants, organisational culture and mission, and metrics-focused performance management. Few reported negative effects, which were primarily limited to needing to follow metrics-focused performance management (see Table 7).

**Table 7: Impacts of transfer programs on CHPs' organisational strategies**

	Marked negative effect	Modest negative effect	No effect	Modest positive effect	Marked positive effect
Approach to being accountable to tenants	0%	0%	25%	42%	33%
Organisational culture and mission	0%	0%	33%	42%	25%
Governing body understanding of asset management and its financial implications	0%	0%	42%	42%	17%
Housing management performance (regulatory metrics)	0%	25%	17%	42%	17%
Financial robustness/viability	0%	25%	25%	42%	8%
Governing body understanding of asset management and its financial implications	0%	0%	42%	42%	17%

Source: Authors

Overall, three-fifths (8/13, 62%) of participating CHPs agreed that participating in transfer programs had resulted in long-term positive impacts on their organisations' financial situation (see Table 8). Improvements to cashflow was the most positive aspect, though many agreed that this was relatively modest, as transferred tenancies paid relatively low, social rents:

The increase in cashflow has been very positive. We are bigger, more robust organisationally with greater influence and capacity. Surpluses from the transfer are however modest. The liabilities for stock condition largely remain with the property owner (Government) but the reputational risk, largely/or jointly sits with us.

In simple terms the transfer has added to cashflow by adding over 1,400 tenancies which pay a social housing rent to [CHP] now.

Most participating CHPs noted that any positive impacts were usually short-term or modest. One-quarter (25%) highlighted that PH transfer programs had increased their liabilities for limited benefits due to higher-than-anticipated maintenance costs.

State governments' preference for management transfers as opposed to title transfers also limited the extent of positive impacts, with reports of negative impacts on CHPs' ability to access debt financing. This is largely related to the timeframe of the transfer, with CHPs noting that they were unable to borrow against transferred stock that came with short initial transfer timeframes (e.g. three-year trial periods), as this participating CHP explained:

The transfer was management transfer only. If the transfers included title to the properties the investment in planned maintenance would have benefited our balance sheet and supported investment in redevelopment and new supply. Being forced by the contract terms to maintain aging assets that no longer meet the demographic need is poor strategic asset management and poor use of scarce funds.

**Table 8: Impacts of transfer programs on CHPs' finance**

	Yes	No	Don't know
Have had a longer-term positive impact on your balance sheet	62%	31%	8%
Have had a longer-term positive impact on your cashflow	62%	15%	23%
Have added liabilities for limited benefit	31%	38%	31%

Source: Authors

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### 3. A large transfer program to multiple providers: the case of New South Wales

- The NSW Government's Social Housing Management Transfer (SHMT) program transformed recipient community housing providers (CHPs) from mid-sized, generalist organisations into larger, more complex entities with specialist roles and more formal systems and accountability.
- In taking on a significant body of ex-public housing (PH) stock under 20-year leases, CHPs gained credibility, engaged in high-level advocacy, influenced regional planning and strengthened their role as government partners in housing delivery.
- SHMT improved tenant satisfaction and service quality over time, with post-transfer surveys showing a 10 per cent increase in satisfaction, compared to tenants remaining in PH.
- CHPs introduced tenant-centred, holistic support models, aimed at coordinating care for individuals with complex needs across multiple services, including housing assistance and homelessness.
- SHMT enabled CHPs to access Commonwealth Rent Assistance with respect to transferred tenancies, thereby significantly expanding rental income over that generated as PH.
- The poorer-than-anticipated condition of transferred assets, lack of upfront capital funding and unfunded service responsibilities led to rising liabilities, operational deficits and long-term financial strain.
- Substantial portfolio growth in absorbing ex-PH stock required urgent recruitment, onboarding and system expansion. Although operations were scaled up, high turnover, recruitment difficulties and emotional burnout created workforce instability.
- SHMT's one-size-fits-all tender model favoured larger providers and disadvantaged smaller and regional CHPs, accentuating stock size diversity within the sector.
- Future transfers should be co-designed with CHPs, include staged implementation and embed post-transfer reviews to ensure accountability.

## 3.1 The Social Housing Management Transfer program

### 3.1.1 Program overview

In New South Wales, the primary PH transfer program within the scope of this project's research timeframe is the SHMT program. It was first announced in 2016 and was implemented between 2018 and 2019. Administered by the then NSW Land and Housing Corporation (LAHC) as part of the NSW Government's Department of Communities and Justice (DCJ), it constituted a significant transfer of publicly owned residential dwellings into the CHP sector for management. In all, around 14,000 PH properties were transferred in nine geographically bounded packages to nine CHPs (Melbourne Institute Consortium 2024).

Together with Communities Plus, which focused on renewing PH estates into mixed tenure neighbourhoods and thus also involved an element of transfer management to the CHP sector, SHMT was one of two major components of the NSW Government's social housing strategy, *Future Directions for Social Housing in NSW 2016–2025* (NSW Government n.d.).<sup>2</sup> The strategy aimed to create:

- more social housing
- more opportunities, support and incentives to avoid and/or leave social housing
- a better social housing experience.

The SHMT program aimed to increase 'the capacity of community housing providers and other non-government organisations to manage properties' and sought the 'better utilisation of social housing properties'. Geographically bounded transfer packages were assembled by NSW LAHC, with registered CHPs invited to express interest in participating via an open-tender process. The packages spanned metropolitan Sydney and regional New South Wales.

In 2009, at a Housing Ministers' Conference, representatives from federal, state and territory governments agreed that community housing should be expanded to account for 'up to 35% of all social housing by 2014' (Housing Ministers' Conference 2009). In completing the SHMT program, the NSW Government claimed to have met its compliance obligations. Crucially, the program was shaped by the requirement that it result in savings to government expenditure. The business case was justified by savings from office closures, staffing reductions and lower maintenance costs, which offset the decline in rent.

Under a subsequent program, some 3,000 homes have been, or are in the process of being, transferred from NSW LAHC ownership to the NSW Aboriginal Housing Office (AHO). There is an expectation that the management of AHO-owned dwellings will be delegated to Indigenous community-controlled housing organisations (Pawson, Milligan et al. 2025). Otherwise, as reflected in the state's current housing strategy, *Housing 2041* (Department of Planning, Industry and Environment 2021), the NSW Government has no plans for further PH transfers in the foreseeable future.

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<sup>2</sup> A third component focused on improving tenants' access to support services.

### 3.1.2 Transfer terms

It is understood that the terms of the SHMT transactions were largely similar to those of the post-2013 PH transfer cohorts in South Australia and Tasmania, as previously detailed in Pawson, Martin et al. (2016).<sup>3</sup> In exchange for full ownership of associated rental revenue, a recipient CHP was delegated full responsibility for tenancy and property management, as well as portfolio upkeep,<sup>4</sup> for the term of a 20-year portfolio lease. Existing tenancies were transferred so that, under new tenancy agreements with terms similar to those for PH, the portfolio recipient CHP became the tenants' new landlord.

Under the terms of the transfer, CHPs were required to use Commonwealth Rent Assistance (CRA) to maintain a condition score—based on the Property Assessment Survey (PAS)—averaged across the portfolio from the point of handover and sustained over a 20-year period.

Another important and novel aspect of SHMT contracts was that, in addition to managing and maintaining a designated package of social housing and associated tenancies, recipient CHPs were also required to take charge of housing assistance and homelessness services within transfer package areas—that is, the provision of housing advice and emergency accommodation services for non-tenants. Crucially, while some government funding continued to be provided for temporary accommodation and private market subsidies, housing assistance services were otherwise to be provided at the recipient CHP's expense through their access to CRA. This enabled the closure of NSW Government housing offices and the delegation of associated costs.

### 3.1.3 Chapter source materials

This chapter draws on senior executive interviews, document and financial analyses in relation to the experience of one SHMT-recipient CHP, and reflections of other NSW industry stakeholders interviewed as part of the research (see Table 3). The last included representatives of the state PH agency and industry peak bodies. The case study CHP is based in regional New South Wales. Prior to the SHMT transfer, it was a medium-sized, Tier 1 provider with a long-established presence in the regional centres that encompassed the SHMT transfer package. Thanks to the transaction, the CHP's tenancy portfolio more than doubled in 2019. This resulted in the CHP establishing new regional offices and significantly increasing their operational (both front- and back-of-house) capacity.

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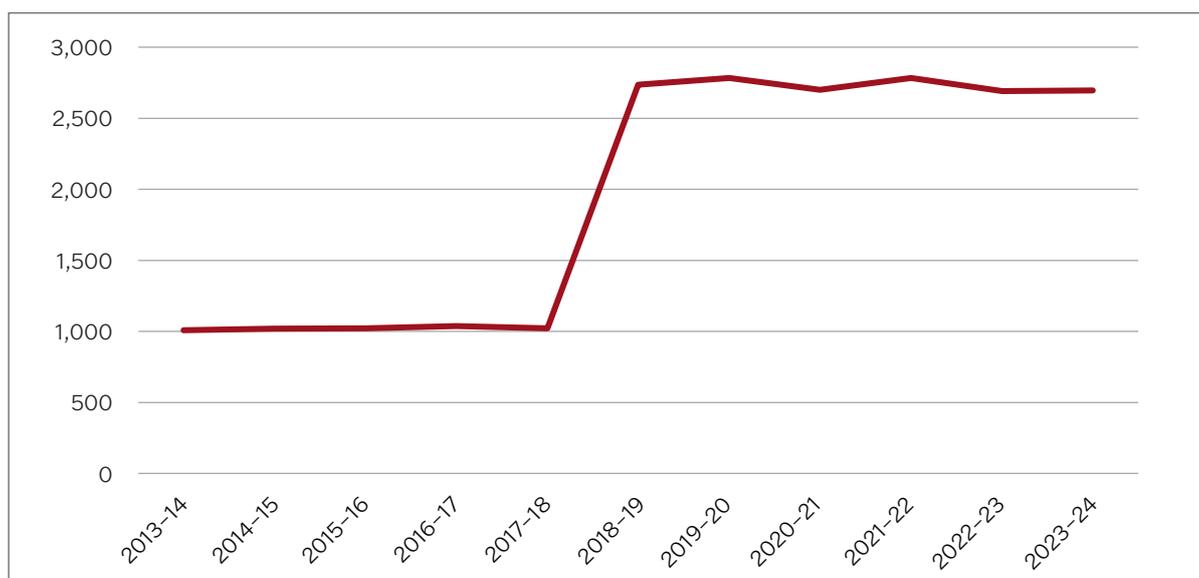
<sup>3</sup> In reporting the terms of SHMT transactions, we say that these are 'understood'—as opposed to known with certainty—because our request for sight of transfer contracts was declined by the NSW Government.

<sup>4</sup> Possibly with the exception of necessary 'structural works'.

### 3.2 Impacts on asset and portfolio management

As noted in the previous section, the social housing portfolio of CHPs grew substantially under the SHMT program. Our case study CHP's portfolio more than doubled, growing from managing 1,000 properties and tenancies to well over 2,500 (Figure 3). This transition had implications for asset and portfolio management, and involved challenges related to maintenance control, contractual constraints and strategic planning.

Figure 3: Number of tenancies under NSW case study CHP management pre- and post-SHMT transfer



Source: Case study CHP annual reports.

At the outset of the SHMT program, CHPs faced limitations in managing the maintenance of transferred dwellings, with existing government maintenance contracts remaining in place for two years. This restricted recipient CHPs' ability to implement preferred asset management strategies and hindered the realisation of efficiencies inherent in the CHP model, such as tailored budgeting processes and responsive maintenance services. A peak body representative explained:

The transfer of properties under the SHMT happened with the government's own public housing maintenance contractors still in play. This became, of course, the subject of a follow up review in the NSW Parliament. I think the take away from that particular review was a recognition that having two years to run on a contract that made it difficult for the providers to make the changes to portfolio that they otherwise would have liked. I think there was a recognition from government that actually having a standardised approach to maintenance is not something that necessarily reflects well at the local level in which ... doesn't harness and take advantage of the long running relationships and budgeting processes and efficiencies that already worked into the CHP model that would otherwise be accessible ... so those benefits were locked out for a couple of years.

The continuation of the existing maintenance contracts was reportedly a cause of tenant disappointment, as tenants had expected immediate service improvements under CHP management. CHPs perceived themselves as shackled by existing contracts and, therefore, impeded in effectively addressing urgent repairs. This reportedly impacted on tenant satisfaction. In their evaluation of the SHMT program, the Melbourne Institute Consortium (2024) suggested that taking over control of maintenance from the outset could have allowed CHPs to more immediately focus on clearing the backlog of maintenance issues and build trust with tenants.

The physical condition of the transferred housing stock emerged as a critical challenge for recipient CHPs. Many of the transferred dwellings were found to be in poorer condition than had been anticipated, largely due to outdated assessment data made available ahead of transactions, limited pre-transfer inspections and CHPs' inability to conduct thorough due diligence prior to the transfer. The NSW LAHC, responsible for the properties prior to the transfers, had only surveyed one-third of the portfolio annually, with the full stock assessed on a three-year cycle (NSW Government 2022). Given the scale of the SHMT program—transferring more than 14,000 dwellings—and tight implementation timeline, comprehensive assessments were not feasible in advance of the handover. A NSW Government representative explained:

A lot of CHPs at that time did complain about them not being able to look at the properties before transfer. And I think that was more a logistical challenge for us ... It wasn't any reticence on our part not to give them the visibility of the portfolio they were undertaking ... in a lot of cases, it wasn't just realistically possible for us to go through tenant consent ... for someone to come in and have a look ... for 14,000 properties, the scale just did not allow us to give CHPs early visibility or actual scoping or for them to go in and have a look at the properties.

As a result, CHPs had to accept properties 'as is', leading to unforeseen maintenance challenges. A NSW Government interviewee reported that it had been anticipated that CHPs would gradually bring transferred properties 'up to standard' (i.e. PAS score) through access to CRA revenue; however, many found this physically impossible due to the extent of repairs needed. These arrangements were quite different to those in place for earlier NSW PH transfers (Pawson, Milligan et al. 2013: 36). These had not only acknowledged that some transferred properties fell short of acceptable standards but also placed the liability for remedial works with the NSW Government. A NSW Government representative noted:

There are always issues with the maintenance scoring that we provided. Once they had a look at the properties, they all disputed the scoring ... They believed that our scoring was quite high with the properties were at a much lower level. Whatever they had submitted in tenders—'within three years we would have all the properties to standard'—they just couldn't physically do that because the properties were at much, much worse condition than they anticipated.

In regional areas, limited contractor availability further impeded the case study CHP's efforts to quickly upgrade poor standard dwellings within transferred portfolios. While recent reforms under the NSW Government's Asset Management Framework (NSW Government 2023) have introduced more rigorous and standardised asset management expectations, these primarily apply to new social housing managed by CHPs (e.g. within the context of estate renewal projects involving construction of new social housing to be under CHP management while remaining in government ownership, such as through the Communities Plus program).

As a result, CHPs had to expend considerable funds to bring transferred dwellings up to standard. Analysis of our case study CHP's annual expenditure, for example, shows it spent \$4,147 per tenancy in 2021 and \$3,387 per tenancy on maintenance in 2023, well above the industry benchmark of \$2,200, highlighting the backlog of urgent and cyclical repairs inherited through the SHMT program. As part of the SMHT program, CHPs have thus far collectively invested over \$92.7 million in repairs and maintenance, drawing heavily on their rental income to improve properties to what they judged habitable standards (Community Housing Industry Association New South Wales [CHIA] NSW 2024). However, the financial strain of these investments, without additional funding support, affected CHPs' financial performance and diverted resources from other strategic initiatives, including property development and upgrades. This expensive burden on transfer-recipient CHPs for both ongoing and retrospective maintenance and repairs is acknowledged in other studies of PH transfers in Australia (Callanan, Leshinsky et al. 2022; Melbourne Institute Consortium 2024; Sharam, McNelis et al. 2021). As the CEO of the case study CHP explained:

SHMT is a large proportion of our portfolio and for a period of time, [as a result of the transfer] we went into debt. There was no funding coming for us to upgrade the properties. That's being funded by rent revenue, which is taking out our capacity to spend where we want to, which is purchasing new, developing new supply.

A further layer of complexity stemmed from the SHMT contractual arrangements. These were largely non-negotiable, with standardised terms applied across all recipient CHPs. Thus, from the CHP perspective, these were seen as essentially 'take it or leave it' offers. This was noted as problematic for providers managing properties in high-risk locations, such as bushfire-prone areas. These contractual constraints were seen by CHPs as exposing them to considerable risk, particularly given the liability they assumed without an adequate increase in financial resources or legal control over the assets.

From the NSW Government's perspective, however, there was an effort to accommodate provider concerns and improve contract terms where possible. As a representative explained:

We were very reasonable. We renegotiated things. We provided concessions to what they originally had submitted as a contract condition. So I think we as a government have been very accommodating—understanding the operational pressures they were in, understanding that our program design wasn't perfect.

From the CHP perspective, a further complicating factor was the lease arrangement itself. Although SHMT leases were nominally set for 20 years, they included clauses that allowed the NSW Government to reclaim properties with only 12-months' notice. As CHPs saw it, this introduced legal and financial uncertainties for them. Financial institutions perceived the leases as effectively 12-month agreements. This complicated CHP efforts to secure financing and limited their ability to leverage the leased portfolio for long-term investment. As the CEO of the case study CHP explained:

As a sector, as a group through CHIA, when we were given the template of the lease, we got legal advice. The thing we really tested was that essentially, with 12 months' notice, [the government could] take properties back. And the problem we had was when we took that to the financial institutions, they said—and our legal advice confirmed—you have a 12-month lease. As far as finance institutions are concerned, you've got a 12-month lease.

Despite these administrative burdens, CHPs generally applied uniform service standards, including repairs, complaints handling and tenancy support across all properties (i.e. SHMT and non-SHMT).

### **3.3 Impacts on tenant services and service provision model**

At the core of SHMT's objective is the aim to 'deliver better long-term outcomes for tenants and applicants' (NSW Government 2025). According to CHIA NSW (2024), SHMT tenants, compared to those living in PH, reported higher levels of satisfaction with their neighbourhood, communication from their provider, and feelings that their provider listens to their views and acts on them.

**Table 9: SHMT tenant satisfaction comparison with public housing tenants**

	SHMT tenants (raw outcomes)		PH tenants (raw outcomes)		Difference (SHMT-PH) (PSM model)	
	2020	2021	2020	2021	2020	2021
<b>Personal wellbeing index (scale 0–10)</b>						
Life as a whole	7.1	7.0	6.6	6.5	0.325	-0.104
Standard of living	6.9	6.9	6.4	6.2	0.344	0.147
Health	6.0	6.0	5.9	5.7	0.020	-0.298
Achieving in life	6.6	6.3	6.0	5.9	0.472	-0.336
Personal relationships	6.9	6.6	6.3	3.1	0.458	-0.149
Safe	6.8	6.8	6.5	6.4	0.117	-0.931
Community	6.4	6.3	5.9	5.8	0.376	-0.405
Future security	6.4	6.5	5.6	5.5	0.771	-0.101
<b>Satisfaction on services (scale 1–5)</b>						
Overall services	3.9	3.9	3.4	3.3	0.424	0.587
Communications	3.9	3.9	3.4	3.3	0.496	0.542
Listens	3.7	3.7	3.1	2.9	0.594	0.556
Neighbourhood	3.9	3.9	3.5	3.4	0.339	0.173

Note: Pink-coloured cells denote differences between matched SHMT and PH tenants that are significant at the 5% level.

Source: Melbourne Institute Consortium (2024: 78).

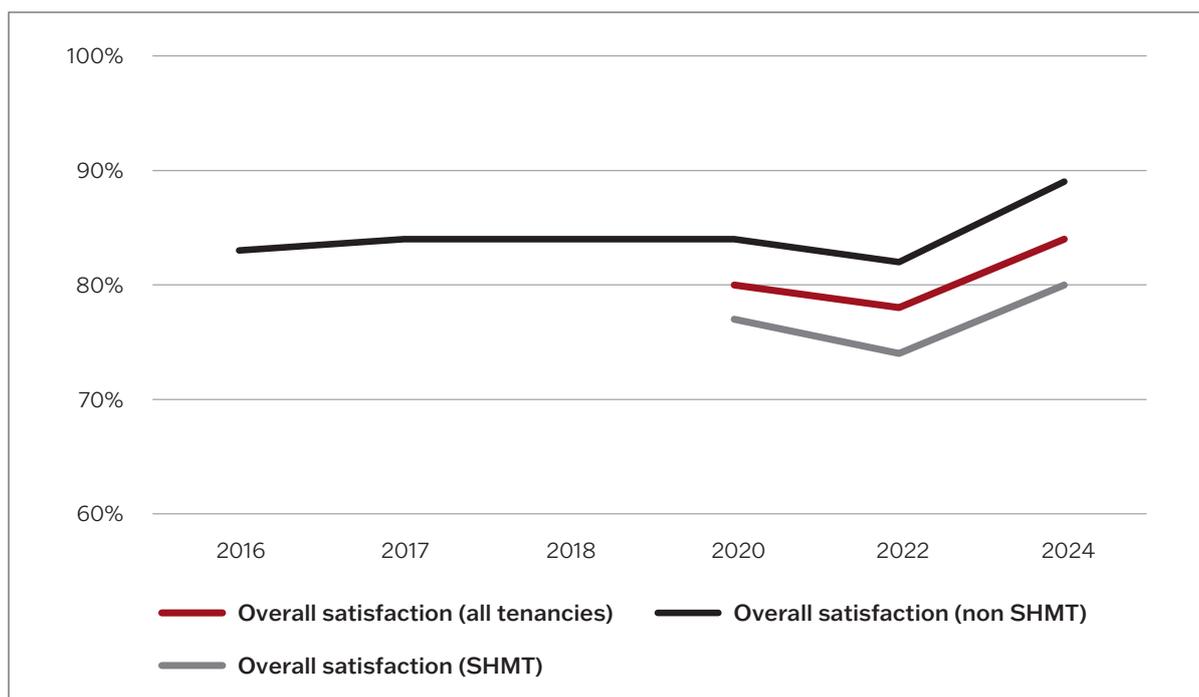
Analysis from the Melbourne Institute Consortium (2024) broadly supports this view but offers a more detailed assessment based on tenant survey data (Table 9). Using responses from over 1,400 SHMT tenants in 2020 and 2021, compared with 5,000 to 10,000 PH tenants per year, the study applied propensity score matching to control for demographic, dwelling and location characteristics. It found that SHMT tenants were more satisfied than their PH counterparts in areas such as services provided, communication and responsiveness to tenant views. In 2020, SHMT tenants rated CHPs between 3.7 and 3.9 out of 5 across these domains, scores that were 0.34–0.59 higher than those of PH tenants after matching. These satisfaction gaps persisted in 2021, driven in part by a decline in satisfaction among PH tenants rather than improvements among SHMT tenants.

On subjective wellbeing, SHMT tenants in 2020 also reported higher scores across most dimensions of the personal wellbeing index—including life satisfaction, standard of living, relationships and future security—scoring between 6.4 and 7.1 out of 10. These were 0.33–0.77 points higher than matched PH tenants. However, this advantage was not sustained in 2021, when SHMT and PH tenants reported similar wellbeing scores on most measures. Notably, SHMT tenants were less satisfied with how safe they felt than PH tenants, a reversal driven by increased satisfaction among the latter rather than a decline in SHMT tenants' views.

It is important to interpret these findings with caution. The surveys informing this analysis had relatively low response rates,<sup>5</sup> raising concerns about representativeness. Additionally, no distinction was made between new and existing tenants, limiting insights into the specific impacts of the SHMT program on incoming residents. Our interviewees indicated that the temporary decline in SHMT tenant satisfaction was mainly linked to poor property conditions and delayed maintenance, as explained in the previous section. Performance data reveal an inverse ‘bell-curve’ pattern: initial declines in regulatory compliance and tenant satisfaction, complicated by the concurrent pressures of COVID-19, were followed by gradual improvements. Over time, organisations returned to pre-transfer standards, and, in many cases, exceeded them, with some portfolios now achieving 85 per cent satisfaction (Figure 4).

One of the major enablers of this recovery was the expanded suite of tenant services introduced by CHPs, as claimed by a peak body representative. According to our interviewee, by comparison with the PH approach, the tenancy management style generally adopted by SHMT-recipient CHPs was more of a ‘soft-touch’ model, prioritising resident wellbeing, empowerment and early intervention. SHMT transfer tenants were provided with opportunities for involvement in governance processes and peer support models, helping to shape the services they received and enhancing community cohesion (CHIA NSW n.d.).

**Figure 4: Overall tenant satisfaction with SHMT and non-SHMT dwellings pre- and post-transfers in NSW case study CHP**



Source: Case study CHP annual reports.

<sup>5</sup> The analyses utilised Housing Outcomes and Satisfaction Survey (HOSS, administered by NSW DCJ) and Community Housing Outcomes and Satisfaction Survey (CHOSS, administered by CHIA NSW) data linked with their housing information from HOMES and Community Housing Information Management ‘E’ System in 2020 and 2021. The response rate was approximately 3.6% and 7.2% for HOSS in 2020 and 2021, respectively, and approximately 10% for CHOSS in both years (Melbourne Institute Consortium 2024).

As part of its study, the Community Housing Industry Association NSW reportedly found over 200 examples of programs and services offered for SHMT tenants, including employment, education and governance involvement opportunities. These offerings, often unavailable under PH management (at least not directly provided by the state housing authority), have reportedly generated positive feedback (e.g. in relation to neighbourhood improvements and tailored support). Importantly, as reflected in our interviews with the case study CHP, the tenancy management style associated with these responses is said to be mission-led rather than financially driven. From this perspective, CHPs willingly accepted financial risks in pursuit of long-term tenant outcomes. As the CEO of the case study CHP explained:

We would do it for the people like you don't do it for any other reason. And if you're doing it for another reason, then you're not a not-for-profit. You're here for people, and it's made a difference to the way we service.

### 3.3.1 Community housing provider service provision model

Interview participants believed that tenants transferred under the SHMT program—along with other housing assistance recipients associated with this program—benefited from smaller tenancy manager caseloads compared to their PH experience, enabling earlier interventions and better support services. The CHP model reportedly places more emphasis on landlord-tenant relationship building, supported by formal mechanisms, like biennial satisfaction surveys, and informal ones, such as staff drop-ins and pop-up events.

As highlighted by our interviewees from both the case study CHP and an industry representative, a defining feature of the CHP service provision model, as now applicable to tenancies transferred under SHMT, is the commitment to tenant-centred support. This model aims to deliver integrated support tailored to individual needs.

This tenant-centred, integrated approach is especially relevant given that social housing applicants with multiple and complex needs are often supported by a range of providers, requiring coordination across different services and sectors, rather than receiving support from a single source (valentine, Liu et al. 2024). Martin, Lawson et al. (2023) similarly noted that most service providers lack the capacity to meet the full range of individual and household needs on their own, so case coordination is essential for delivering effective support and outcomes.

The SHMT program's integration of temporary accommodation and housing assistance services with tenancy management illustrates the potential of this model. Initially seen as financially and operationally risky, the program was considered by the case study CHP as a 'standout success' under CHP management. According to its CEO, the team responsible for coordinating access to crisis accommodation has demonstrated an unexpected level of 'stability' and effectiveness, particularly in dealing with clients in acute crisis. The interviewee described how the team's strong sense of purpose contributed to their cohesion and commitment, despite the traditionally high turnover in similar roles within the public system. This was despite the additional financial resourcing that was required of the CHP that was not fully comprehended prior to the SHMT transfer, as the CEO of the case study CHP explained:

[It] was often quite hard [when under NSW Government management] to keep that team functioning and [there was] high turnover... But ... [now, under CHP management] that's one of my most stable teams.

From the CHP perspective, post-SHMT program management featured a more person-centred, needs-based approach that was seen as prioritising continuity of care over strict program eligibility. The CEO of the case study CHP explained:

I would say I would have preferred the opportunities of the continuity of our care ... to be realised a little bit earlier... [but] it actually took bedding down the whole reversal of [focus] on need, rather than ... 'OK, you've come in here for this program—do you fit that? Yes or no?'

What CHP interviewees described as the 'holistic approach' of community housing management is supported by their innovation in programs that aim to prepare tenants for long-term tenancy success, and by internal coordination between allocation, temporary accommodation and tenancy. One CHP interviewee described how this integrated approach supports more seamless and dignified service provision for vulnerable clients:

It gives us the opportunity to support the tenant through the whole continuum, so we're not sending someone who's come in very vulnerable, homeless, to be sent across town to tell their story over there, and then have to come back and repeat their story over here. So it gives us the opportunity to own the continuum of that progression towards housing. It allows us to start to prep them prior to actually getting a tenancy. We've got a program—'Ready, Set, Rent,' for example—where even though they're in temporary accommodation, it gives us an opportunity to start to develop them so they understand the requirements far clearer when coming into a tenancy.

In this CHP initiative, social housing placements are adjusted to avoid neighbourhood tensions or known family conflicts, drawing on deep local knowledge and tenant histories. This strategic placement of tenants, especially those with high needs or vulnerabilities, has reportedly reduced the likelihood of tenancy failure and improved community dynamics. In this practice, historically referred to in the United Kingdom as 'community lettings', allocations are guided not only by housing need but also by local social dynamics and management considerations (Goodchild and Cole 2001). As explained by the CHP case study representative, each tenant is assigned a key staff member to ensure continuity and accountability. Interactions are logged in a central system, which allows staff to reference past conversations, identify patterns and provide more informed responses. This reduces frustration for tenants and builds trust over time.

The NSW Government acknowledged our case study CHP's visibility and control, particularly by overtaking housing assistance and homelessness services and providing an 'end-to-end' service:

They can probably have more influence over the specialist homelessness services because they are the housing provider working with them directly. End to end ownership of the system has really had some clear benefits for CHPs that they have more influence. They have more visibility, they have probably more kind of like control over how things happen.

### **3.3.2 Tenant experience of transition from public to community housing**

Despite the improvement in tenant satisfaction, the transition from public to community housing was not seamless for all. Longstanding tenants with deep histories in PH had to adjust to new providers and service models. The transfer disrupted some client services and relationships. As a representative in the case study CHP explained:

Vulnerable tenants lost long-standing relationships with government caseworkers. New hires [CHP tenancy management staff recruited to handle transferred tenancies] lacked full tenancy histories, making transitions harder. [We] had to quickly develop processes for homelessness services, which it hadn't fully handled before.

Restrictions on 'successor landlord' CHPs in relation to pre-transfer contact with SHMT tenants were reported by our case study CHP interviewees as problematically obstructing early engagement with transferring tenants. Providers were prohibited from door-knocking or conducting early in-home engagements, forcing them to rely on indirect methods like pop-up events. CHP staff felt that this constraint inhibited the explanation of important tenancy changes resulting from the change of landlord, especially their potential CRA eligibility. Messaging from the NSW Government, particularly through a letter issued by the housing minister announcing the SHMT, led some tenants to believe that significant property upgrades would occur immediately. This perception resulted in tenants approaching CHPs with maintenance requests even before the official transfer date. The CEO from the case study CHP recounted:

When the letters went out from the minister about the transfer, we had people coming to our office saying, 'I've got this tap [problem]. Can you fix it?' And the transfer wasn't going to happen for six months. We have people coming up wanting us to fix things. We couldn't talk about it. It was very hard.

As an industry representative recounted, the restriction on pre-transfer tenant engagement by recipient CHPs was an internal government decision, reportedly based on concerns about tenant privacy. A NSW Government representative also reflected on the operational reasoning behind the decision to implement a 'one-day switch' model, and explained:

At the time, we all thought that this was a good idea to do it on one day because it was a very clear, clean cut. That our management finishes, your manager starts. The tenant is clear that they don't have two tenancy managers on day one and that only one entity is collecting the rents from that day ... But I think practically it did create problems—like some tenants' rent accounts remained open and they kept paying money to us, whereas then they started getting arrears with the CHP.

While the intention of the transfer model was clear, the limitations placed on early engagement complicated implementation on the ground, leading, in some cases, to confusion, duplicated payments and misunderstandings. Tenant reactions to their change of landlord varied widely. According to the case study CHP, a small and vocal minority of tenants resisted the change, often due to concerns about losing familiar service relationships or distrust of non-government providers. Some tenants associated government management with greater protections and entitlements and felt less confident about accountability mechanisms under CHP management.

Despite this, the CHP emphasised that a large proportion of tenants responded positively to the new service model. In particular, in regions where CHPs had pre-existing reputations for responsiveness and better maintenance, the transfer was generally seen as a positive step. Most tenants, particularly those dissatisfied with government management, appreciated the new service model and improved access to local offices and support staff, as the CEO of the case study CHP explained:

There was a large cohort of tenants that experienced a different kind of service, were open to that, a different relationship, and liked it ... you've got to remember the neglect of this area as a regional area, particularly when it comes to community development work.

Under their new CHP landlord, tenants gained a more secure tenancy. Unlike PH, in which tenants taking up tenancies since 2005 have been offered fixed-term leases, CHPs provide open-ended leases to ensure long-term housing stability unless contractual or eligibility breaches occur. While transferring tenants lost access to the NSW Ombudsman, they retained key complaint mechanisms, such as the Housing Appeals Committee and the NSW Civil and Administrative Tribunal, maintaining procedural safeguards.

Critically, distinct from the approach adopted in earlier NSW PH transfers (Pawson, Milligan et al. 2013), tenants occupying homes in designated areas could not opt out of the transfer. This lack of agency compounded concerns for some. A NSW Government representative questioned the need for tenant choice on change of landlord, stating:

I don't think the question of choice is that big a question. No tenant in Australia gets that choice of who the land owner is or actually land managers. If your tenancy is changing from Raine and Horne to LJ Hooker, which was happening in this case, it was just a management transfer, not even the ownership of your dwelling.

Overall, our findings show that the SHMT program reshaped tenant services and housing support across the nine program package areas in New South Wales, introducing a new model of community housing management. While the transition posed significant early challenges, including maintenance backlogs, communication gaps and service disruptions, CHPs used the opportunity to develop more place-based, tenant-centred approaches. Consistent with findings from our interviews, the Melbourne Institute Consortium's evaluation indicates that SHMT tenants reported higher satisfaction levels in several areas, including overall services and communication, compared to PH tenants during the same period. At the same time, however, the evaluation identified areas in which 'tenant welfare' improvements were insignificant (e.g. proven court appearance, individual in contact with child protection services, crime rate), although these long-term outcomes were not necessarily part of the SHMT's original objectives and were based on early measurement.

### **3.4 Impacts on organisational capacity**

The SHMT program reshaped participating CHPs' funding models, organisational structures and strategic influence across the housing sector. This section explores the opportunities created as well as the operational pressures introduced across financial capacity, workforce management and long-term organisational development.

#### **3.4.1 Financial viability**

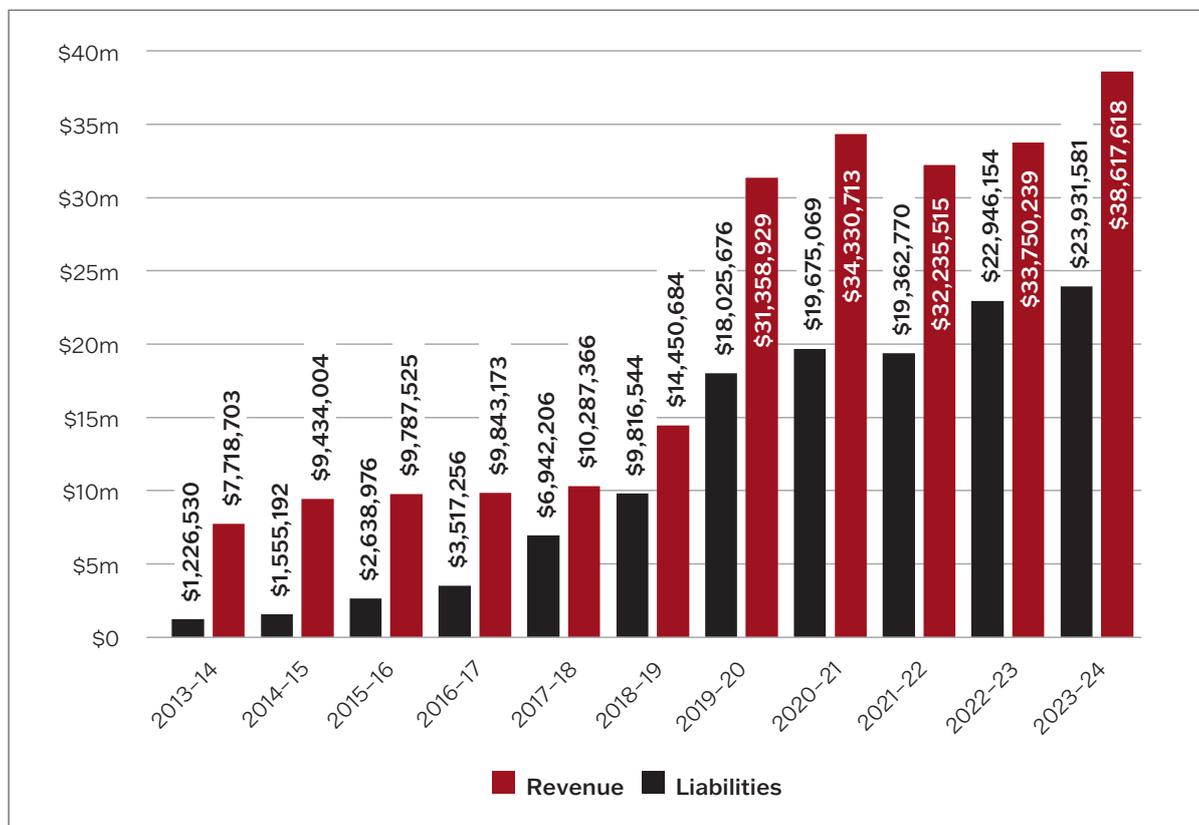
The SHMT program has had a profound impact on the finances of participating CHPs. Given the application of the standard CHP rent setting model, transferring tenancies to CHPs enabled access to CRA, estimated to generate around \$780 million (in 2021 dollars) over 20 years<sup>6</sup> (Melbourne Institute Consortium 2024). From a state government perspective, this provided a substantial financial incentive, as this Australian Government-funding stream could be channelled into transferred housing management. This consideration was a key factor of the NSW Government's business case underpinning the program.

The experience of CHPs post-transfer, however, reflects a deep tension between expanded income streams and heightened financial exposure. For our case study CHP, rental income (which includes CRA-related revenue) grew from \$14.4 million in 2018–19 to \$38.6 million in 2023–24. Yet, its total liabilities also rose from \$9.8 million in 2018–19 to \$23.9 million in 2023–24 (Figure 5). Total liabilities (current and non-current) include trade and other payables, lease liabilities, borrowings and employee benefits

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<sup>6</sup> Based on an average annual CRA payment of \$2,123 per tenant over the age of 16 in the first year post-transfer, and a total of 17,929 eligible tenants at the time, the total CRA accessed in the first year amounted to just over \$38 million. If this level of CRA continues annually across the approximately 14,000 SHMT dwellings, the total CRA received by CHPs over a 20-year period would be approximately \$760 million (Melbourne Institute Consortium 2024: xxvi).

Figure 5: Total revenue and total liabilities (current and non-current) in NSW case study CHP



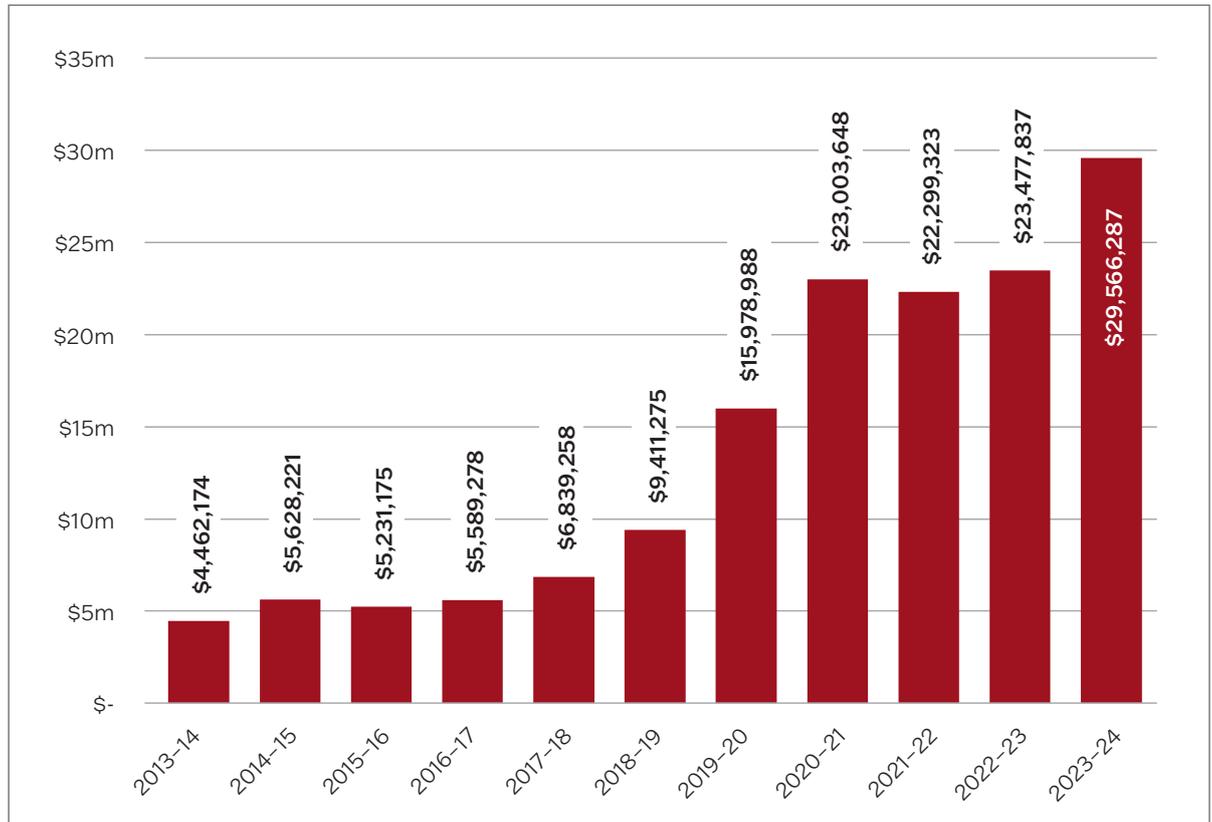
Source: Case study CHP annual reports.

From the CHP perspective, the condition of the transferred housing stock generally presented recipient organisations with a major challenge. While described in contracts as ‘mid-standard’, our case study CHP reported that many properties were in noticeably poorer condition by comparison with pre-existing CHP stock. As explained in Section 3.1, CHPs found that for transferred properties to achieve and maintain the required PAS score, urgent and ongoing investments were needed. Reflecting on the nine CHPs that received transfers through the SHMT program, an industry representative explained:

They got some bad properties which did not correspond with the PAS score. The reality was far less and that hurt them financially. We are talking seven figure hurt in this to the point where one did find itself in significant financial strife and had to fight hard.

For the CHP case study, annual reports show a rise in tenancy and property management expenses from \$9.4 million in 2018-19 to \$29.5 million in 2023-24 (Figure 6). Without taking inflation into account, this 214 per cent increase in expenses exceeded the 175 per cent increase in portfolio size. Tenancy and property management expenses include the following key categories: responsive repairs and maintenance, planned and cyclical maintenance, water and land rates, and property insurance.

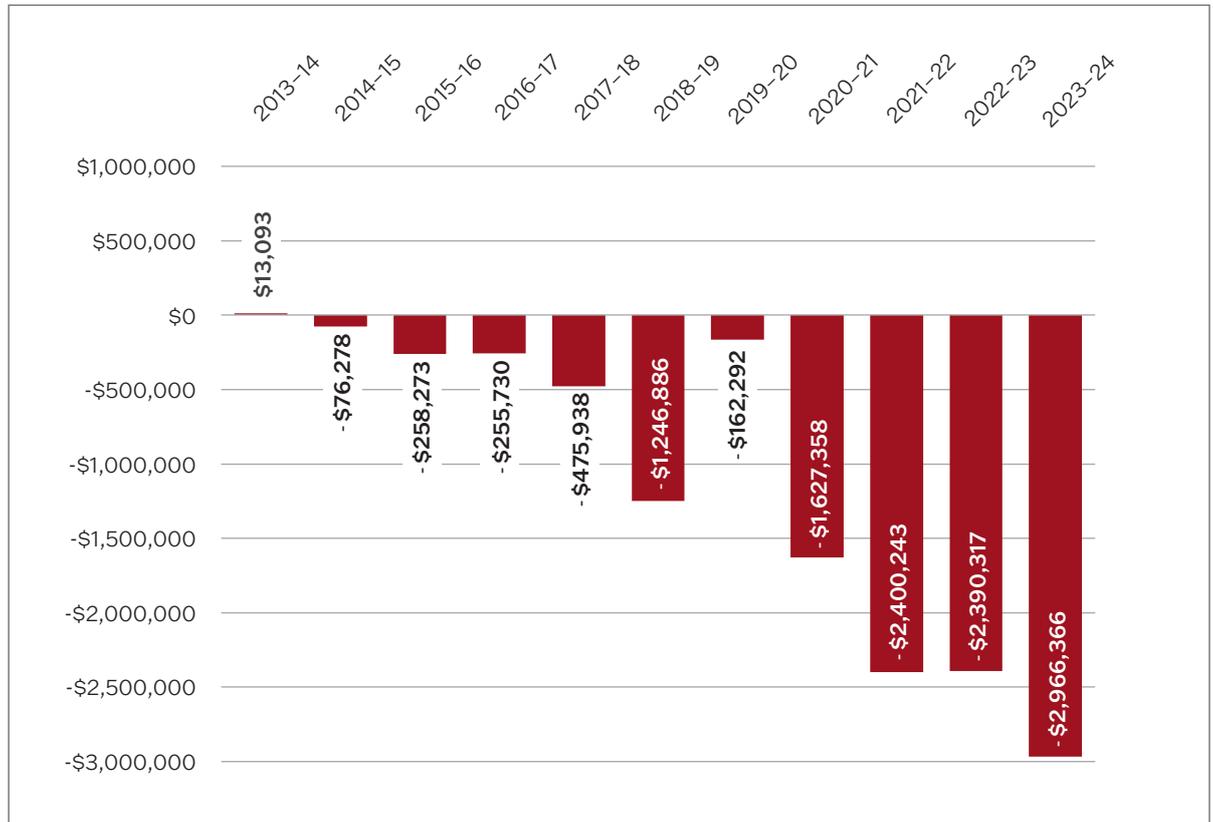
Figure 6: Tenancy and property management expenses for NSW case study CHP



Source: Case study CHP annual reports.

Further, the case study CHP explained that in the regional areas where they operate properties are often in poorer condition, tenants frequently have complex support needs and income levels tend to be lower—resulting in greater property damage, higher arrears and limited capacity to recover costs. Being in a regional area also makes it more difficult to organise maintenance services, which incur higher materials and labour costs. This mismatch between revenue and costs, the CHP argued, was not adequately addressed in the original transfer agreements, placing sustained pressure on financial sustainability. In our CHP case study, doubtful debts increased significantly (Figure 7). This refers to the total amount of tenant debts recorded as receivables, which the CHP considers unlikely to recover. While these debts have not yet been written off, recovery efforts are currently underway.

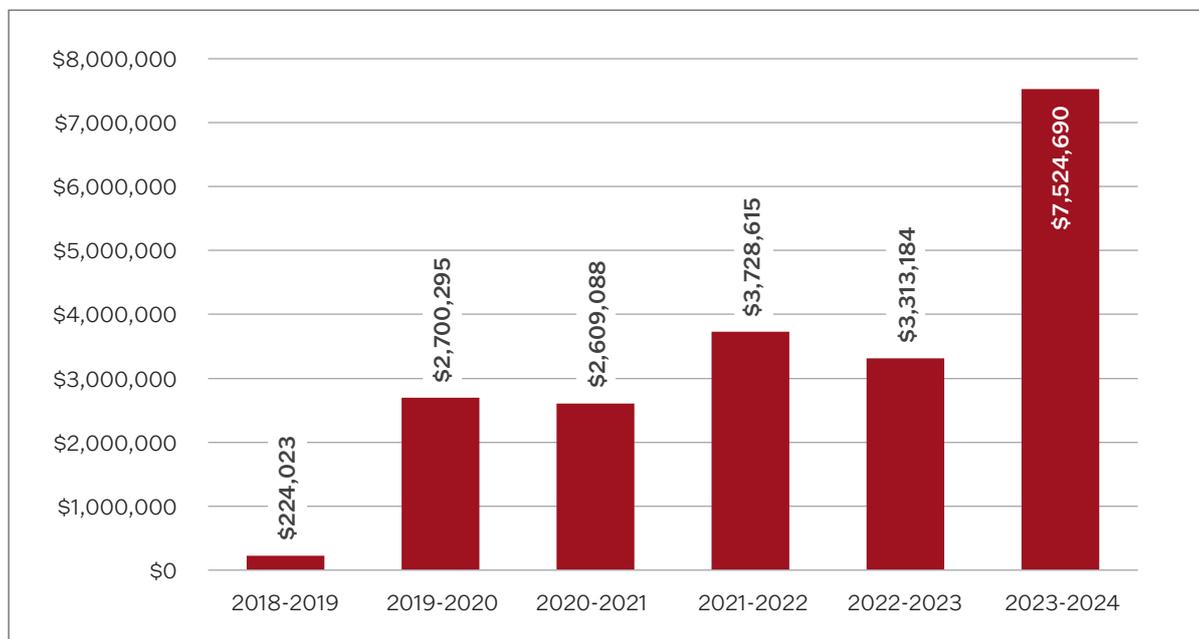
Figure 7: Doubtful debts movement in provisions for NSW case study CHP



Source: Case study CHP annual reports.

A further strain came from the NSW Government's delegation of local housing assistance and homelessness services to SHMT-recipient CHPs (see Section 3.1.2 for details). These services included the provision of emergency accommodation for homeless households. As shown in Figure 8, annual grant income to underwrite associated expenditure ranged from just under \$3 million to more than \$7 million. As our interviews with the case study CHP explained, these grants operated as 'pass-through' funding in 2018-19, offering no margin or financial buffer and often requiring internal subsidy to remain viable. Over time, a significant increase in homelessness following the SHMT transfers placed additional pressure on these services. Funding increased in 2019-20 and again in 2023-24 in response to the NSW Government's relaxation of temporary accommodation eligibility criteria, including during the COVID-19 response and later through the removal of the 28-day time restriction. These changes led to more people qualifying for temporary accommodation support and staying for longer periods. Our case study CHP noted that, in future programs, advance funding would avoid the unsustainable financial risks associated with the current model, which it had been obliged to take as part of the SHMT transfer.

Figure 8: Grant income for temporary accommodation and private rental support to NSW case study CHP



Source: Case study CHP annual reports.

Beyond cash flow and arrears, the SHMT contracts also imposed limitations on capital leverage. As configured by the NSW Government (see Section 3.1), SHMT program objectives did not prioritise enabling recipient CHPs to leverage their transferred portfolio to increase capacity to access investment finance. Since asset ownership remained with the state, recipient CHPs had no ability to use properties as collateral. Moreover, as explained at the start of this chapter, the NSW Government's financial model implicitly prioritised the use of CRA-generated revenue to pay for non-tenant services. These factors have undermined the sector's capacity to participate in opportunities to increase the supply of housing.

For smaller SHMT-recipient CHPs like our case study, the resulting financial pressures have been acute. Without the scale and resources available to larger Tier 1 providers, they were more vulnerable to the cumulative effect of poor-quality assets, unfunded service responsibilities and limited revenue diversification.

Despite these challenges, the SHMT program has had some positive impacts on sector resilience and portfolio size. According to an industry representative:

I think all the CEOs from that time said when we asked them, would you [participate in a similar transfer program] again, they said yes. We said why they said it allowed them scale. It allowed them an income against which they could borrow ... it's a classic case, what doesn't kill you makes you stronger ... I think it's made them bigger, stronger and more resilient.

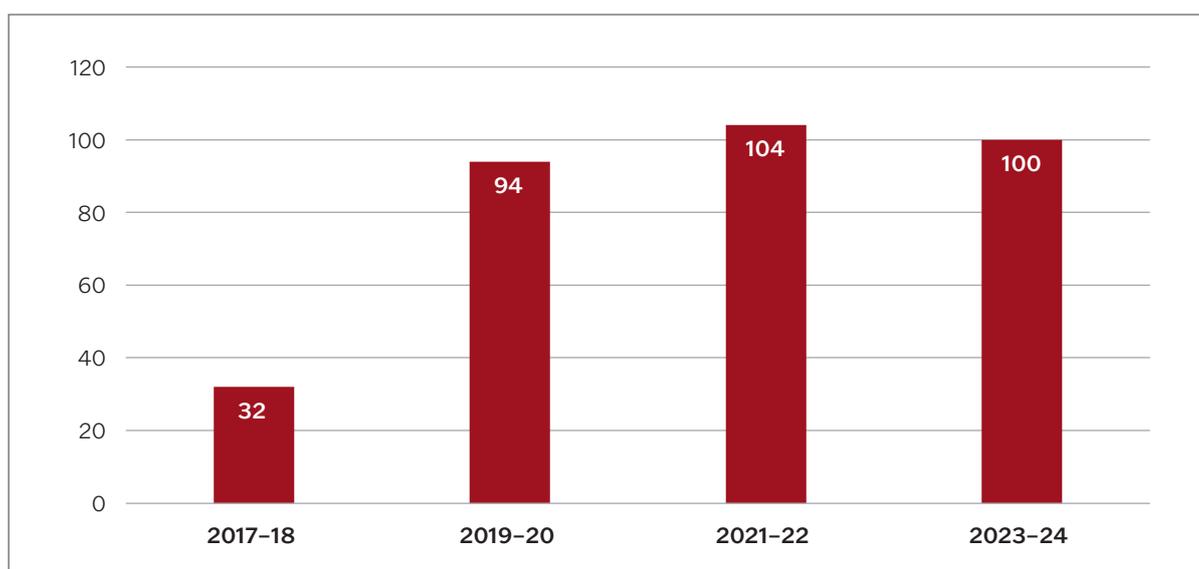
In response to the financial pressures created by the SHMT program, our case study CHP adopted a strategic shift in its asset management strategy. It has continued to meet the required PAS score; however, limited funding and growing liabilities have made it increasingly difficult to manage its ageing assets effectively. As a result, the organisation has begun advocating for redevelopment of these properties (subject to the agreement of the NSW Government, the properties' owner), recognising that ongoing maintenance alone is financially unsustainable in the long term.

### 3.4.2 Workforce management

The SHMT program reshaped the workforce landscape for recipient CHPs, particularly in regional areas. For organisations like our case study CHP—which more than doubled the size of its portfolio and assumed new non-tenant service functions—the transfer created a need for substantial workforce expansion. While the program enabled substantial organisational growth, it also introduced a complex set of workforce management challenges, ranging from rapid recruitment and cultural integration to high staff turnover and operational strain.

At the heart of the transition was the need to onboard a large number of staff quickly. Under the SHMT program, tenancy and asset management responsibilities were handed over simultaneously, which required CHPs to scale these aspects of their operations. Staff expansion was also driven by the introduction of additional housing services, including temporary accommodation and tenancy facilitation, which accounted for 18 per cent of the overall increase in staff for our case study CHP. While some new positions in transfer-recipient CHPs were filled by ex-DCJ staff, CHPs needed to hire and train new staff. Our case study CHP staff numbers tripled in size as they recruited 60 new staff in just 12 months (Figure 9), often on fixed-term contracts.

Figure 9: Number of staff pre- and post-SHMT in NSW case study CHP



Source: Case study CHP annual reports.

Operations were scaled up within tight timeframes and with minimal transition support, leaving CHPs unprepared for immediate management responsibilities. This ad hoc approach to portfolio expansion and the assumption of new (non-social housing) functions added pressure on internal systems and workforce capacity, particularly in a relatively small CHP like our case study, which did not have a large-scale asset management team. Several SHMT-recipient providers had to set up temporary offices, redeploy staff or hire contractors at short notice simply to maintain basic operations. Our case study CHP explained further:

I was on a transitional round table working group [with state government colleagues] and it came out there that they weren't going to give us access until a week out [from the transfer] for anything ... very little shadowing ... I was standing at the front 9:00 on a Friday night when they had some contract guy pulled up out the front with a A4 brown envelope full of keys handed it to us and said thanks a lot and off they went ... Over the two days, we had to get security. We had to have signage out the front and we had to set up 38 workstations all on Saturday, Sunday ... to open on the Monday. That's how quickly we've got everything ... So there was very little support on the handover side of things.

What recipient CHPs experienced as a lack of systematic support during the transition meant that initial investments in systems, staffing and service continuity were often reactive rather than strategic, adding to the longer-term operational costs of the transfer. Our case study CHP reflected on IT system limitations that needed urgent software overhaul:

They implemented software that wasn't really well-thought [out] or they didn't have the opportunities to do good market research [to find out] 'is this really fit for purpose in the 10th year, 15th year and 20th year?' [It was] a very dated, old software system that was slow. A really long list of to do's, things they couldn't deliver on time for the go live, they put them in the backlog and with an intention to deliver them later.

For our case study CHP, this organisational transformation was seen as requiring a shift from a generalist, close-knit team to a more complex workforce structure with specialist roles, including a chief information officer and privacy officer, that were created as a result of the transfer program. Effectively, the ability to establish such specialist positions was a product of the scale economies that came from more than doubling the portfolio size.

Similarly, transfer-recipient CHP growth enabled the organisations to build highly skilled executive teams capable of strategic leadership and effective team guidance, and invest in systems and processes that were previously out of reach. Yet this growth was not straightforward. As the case study CHP's CEO observed, each new specialist role triggered the need for further specialisation, potentially creating tensions with the organisation's tenant-centred mission towards a more inward-facing bureaucracy.

Cultural integration also emerged as a key issue. Former NSW Government staff retained some employment conditions under transfer of business legislation, leading to disparities within teams. Leaders had to focus on reinforcing shared organisational values, especially across geographically dispersed offices. A deliberate emphasis on onboarding, culture building and value alignment became essential to ensure cohesion across the workforce, as our case study CHP explained:

We're multi-site ... recognising that each of those have their own little subcultures. But focusing on the things that we want to have as part of our culture, the values ... trying to manage that throughout the culture, growing so rapidly when your processes are changing and adapting so quickly and trying to have people consistently, delivering the same level of service is really challenging too.

Regional recruitment difficulties compounded staffing issues for our case study CHP. Often, the limited local talent pool forced organisations to select from a narrower range of candidates. Finding staff with appropriate life experience, emotional resilience and cultural competence was particularly difficult. For existing Aboriginal staff, who made up around 20 per cent of the organisation's workforce, the challenges could be even more acute, as working in small communities—where tenants and staff often belonged to the same local networks—could blur professional boundaries and heighten emotional strain.

The challenges faced by CHPs in managing SHMT tenants in poor-quality housing pushed them to upgrade or 'professionalise' their recruitment and staff development practices. For example, our case study CHP now uses behavioural interviews that incorporate realistic, sometimes confronting, scenarios to recruit staff who are both resilient and empathetic. This ensures that candidates understand the demands of the role before joining, improving long-term retention. The organisation has also started shifting its staff development approach, investing in more targeted roles (e.g. tenancy support, IT) and reducing reliance on manual processes. A major goal of the new IT system, for example, is to free staff from administrative burdens and enable them to spend more time supporting tenants directly.

The popularisation of remote working has enabled our case study CHP to recruit from further afield, especially for back-of-house positions. However, this also comes with challenges, the CHP explained, as it is necessary to make sure that staff who are not usually based in the communities they serve understand local and regional contexts. This can be achieved through ongoing training and periodic visits to head and regional offices.

Ultimately, our analysis suggests that the SHMT program catalysed the growth of the recipient CHP workforce. While the transition introduced significant strain, it also prompted greater professionalism, systemisation and an evolving awareness of what it takes to build and sustain a resilient, mission-driven workforce.

### 3.4.3 Strategic development

The SHMT program reshaped the strategic landscape for recipient CHPs, driving growth in scale, visibility and leadership capacity. The transfer of approximately 14,000 tenancies across New South Wales under 20-year leases facilitated substantial growth for participating landlords. Importantly, as seen by the organisations themselves, the long-term nature of these contracts enabled them to shift their strategic focus from short-term service delivery to long-term, generational outcomes.

With this expanded scale came increased visibility and influence both for the individual CHPs that were the direct recipients of SHMT portfolios, and for the community housing sector overall. Prior to SHMT, our case study CHP, as a smaller regional provider, lacked the scale to be treated as a strategic partner. Post-SHMT, our case study CHP, which now manages a large portion of housing stock in an area in which it is the only significant social housing provider, is a visible, singular point of accountability. As a peak body representative put it:

The industry is now regarded as a strong and reliable partner to government in the delivery of more social and affordable homes ... and I think that's a really important change that has come about for the industry.

From the CHP perspective, this elevated visibility has allowed them to engage directly in high-level advocacy and planning. For example, the case study CHP, which now manages more than 2,500 properties in its region, uses this presence to influence community investment decisions. The organisation's scale has opened doors to strategic discussions with local councils, including negotiations on land donations for affordable housing development—opportunities that would have been unlikely without SHMT.

The SHMT program also brought increased accountability for recipient CHPs taking charge of ex-PH in regional settings. As sole social housing providers in such areas, they now bear full responsibility for housing outcomes. This visibility exposes CHPs to greater media and official scrutiny; conversely, their successes have elevated their reputation, enabling access to strategic partnerships with Housing Australia, local governments and institutional investors.

The SHMT program accelerated the professionalisation of the sector. In New South Wales, many CHPs have governance structures and leadership teams with expertise comparable to directors of Australian Stock Exchange (ASX)-listed companies. As an industry representative commented:

We've got some very, very cluey directors now. They could hold themselves up in any significant ASX listed company ... which in the early days of the sector you would not have expected. It would have been small local tenancy management teams who knew nothing about development. The expertise level is gone through the roof in the last 10–12 years.

The sector's increased strategic capability has also influenced broader government thinking about PH delivery. While the SHMT program did not completely replace PH, the absorption of former PH homes by CHPs demonstrated the capacity of the sector to deliver sustainable, large-scale housing outcomes. It also established a precedent for deeper collaboration between CHPs and government agencies, anchoring CHPs as long-term partners in the delivery of affordable housing solutions across New South Wales.

It is also important to reflect on how the SHMT tendering process influenced the composition and capability of the community housing sector. In enabling substantial growth for certain larger providers, the tendering process compounded ongoing polarising tendencies within the sector, resulting in a relatively small number of larger providers increasing their existing dominance.

Both the peak body and the industry representative we interviewed acknowledged that the SHMT model of large-scale tenders, typically involving portfolios of over 1,000 dwellings, favoured the largest providers with existing resources, legal teams and administrative capacity to absorb complex tendering processes. While these providers were (and are) well positioned to manage risk and meet delivery targets, the tender design limited the participation of Tier 2 and Tier 3 CHPs, including those with specialist expertise in serving Aboriginal and Torres Strait Islander communities. As the peak body suggests, a more inclusive tender design, such as that enabled through the state government's Community Housing Innovation Fund, demonstrates that smaller CHPs can effectively deliver specialist housing when enabled through co-funding and partnership models.

Conversely, our case study CHP argued strongly for sector consolidation to enhance efficiency and reduce duplication. It estimated that the recent HAFF tender process cost the sector millions in consulting and legal fees, which could have been reduced through collaborative tendering or strategic mergers. Without such coordination, smaller CHPs are left to compete in a resource-intensive environment that may be unsustainable over time.

The industry representative emphasised the need for readiness, arguing that not all providers are equipped to scale up rapidly. The ultimate goal for sectoral growth—through further PH transfers and through other investment mechanisms—must be to balance inclusion with delivery capability, as the industry representative explained:

Tier 3s are incredibly important to our sector, particularly faith-based or community-based organisations that have small numbers of assets that maintain those relationships with their tenants that might otherwise get missed. You got to be careful what you wish for, too. As a mid-sized organisation, [with] others staying in your lane, you've got to be equipped to deliver the service ... And I think the ones that have got it now were pretty well picked.

This context provides a valuable backdrop for one of the main lessons to emerge from this research: namely, that a more inclusive, flexible and targeted tender design can unlock broader participation and foster diversity in the sector.

### 3.5 Lessons learnt and policy development implications

The SHMT program marked a significant milestone for community housing in New South Wales; however, its execution exposed some design flaws and implementation challenges. While the program catalysed sector growth and helped expand the footprint of community housing overall, it also revealed critical issues that require policy reform if future transfers are to deliver sustainable, equitable outcomes. These are outlined below.

- **Enabling title transfer** could give CHPs better oversight of their properties and offer tenants better housing outcomes. With full ownership of properties, CHPs could make decisions regarding reinvestment and divestment (e.g. selling) and could leverage valuable assets for further investment, leading to positive housing outcomes for tenants who could be offered 'better' or more suitable homes.
- The contractual design lacked the flexibility to support the aspirations of housing supply expansion. Despite CRA being a core financial rationale for the transfer, the SHMT contracts did not allow the SHMT properties to be leveraged for development. Instead, responsibilities were downloaded to CHPs with limited strategic freedom or reciprocal accountability from government. **Building flexibility into agreements** would allow CHPs to leverage properties for housing development and adjust service models to local conditions.

- Rapid transfer timelines further constrained CHPs' capacity. The 'one-day switch' handover created overwhelming administrative burdens—especially for a comparatively small provider like our case study CHP—with insufficient time for onboarding, tenant engagement and systems integration. This was particularly evident in regional areas, where workforce shortages, dispersed properties and underdeveloped support systems made implementation even more complex. **Adopting staggered implementation** (e.g. 250 properties per month) could ease operational pressure and allow iterative learning.
- Inaccurate and outdated data on asset condition and CHP discomfort about managing substandard dwellings led to unexpected financial strain for CHPs. Accurate data are crucial for investment decisions and portfolio sustainability. **Third-party validation of property condition** prior to transfer could ensure realistic maintenance planning and budgeting.
- The current structure of transfer programs in New South Wales largely benefits Tier 1 CHPs, as tenders are typically designed for large-scale portfolios. This favours organisations with greater resources while limiting opportunities for smaller, specialised providers (Tier 2 and Tier 3 CHPs). Government could **reform tender designs to promote diversity** by offering smaller transfer packages or prioritising providers serving specific population groups.
- The power imbalance between CHPs and government agencies undermined the collaborative spirit in transfer planning. The relationship was described as 'transactional' rather than partnership based. **Co-designing program frameworks with CHPs** would ensure mutual accountability, shared risk and problem-solving. It would raise government's understanding of service needs, including the cultural realities of regional areas, which were not fully recognised in SHMT.
- Tenants, too, bore the burden of these shortcomings. Inconsistent communication, especially around changes to rent structures and CRA eligibility, led to confusion and resistance. Vulnerable tenants often fell through the cracks due to a lack of tailored engagement. **Tenant engagement** could be improved by funding early and tailored communication strategies, especially for vulnerable tenants, and allowing sufficient transition time.
- Finally, there was little evidence of shared learning, internal review or transparency from government. This eroded trust and dampened the appetite for future transfers under similar terms. The research team was not given access to the full terms of the contracts, making it difficult to comprehensively assess the program. To promote accountability and transparency, mandated **post-transfer reviews and public reporting** should be implemented to capture key lessons and rebuild trust. Further, future program evaluations should incorporate indicators that are clearly aligned with both the strategic objectives of the program and the contractual deliverables.

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## 4. A targeted title transfer to a single provider: the case of Victoria

- In contrast to other states or territories, Victoria has not undertaken large-scale public housing (PH) transfers to the community housing sector. An exception to this has been a two-staged transfer of around 1,450 dwellings to the Victorian case study community housing provider (CHP).
- Ceding control of the stock as a measure to facilitate self-determination, the Victorian Government demonstrated its commitment to the community the case study CHP serves.
- The first stage of the transfer involved management rights of around 1,450 dwellings, but the state housing authority managed maintenance and capital works. The second stage transferred title ownership, with all duties related to property management transferred to the case study CHP.
- Prior to the title transfer, the case study CHP significantly developed its internal capacity, establishing an asset management division and becoming registered as a Housing Association.
- The two-stage transfer helped the organisation to develop internal capacity and capability in a staged manner, which increased the success of the transfer process.
- The case study CHP and the Victorian Government worked together to determine the transfer process, which strengthened the process and outcomes. This model could be followed in future transfers in Victoria and across Australia.

## 4.1 The (lack of) public housing transfer history in Victoria

Unlike other states and territories in Australia, Victoria has not traditionally undertaken large-scale transfers of PH to community housing organisations. The scale of transfer has been much more limited. As Table 1 shows, there has been virtually no activity in Victoria aside from the transfer of 458 dwellings in 2018–19. The Productivity Commission (PC 2025) estimates the value of this transfer of former PH dwellings to a community housing organisation at approximately \$413 million (in nominal Australian dollars). This stands in marked contrast to the almost continuous transfer activities in New South Wales and Tasmania since 2018–19 and at much more significant scale.

### 4.1.1 Transfer objectives

While the Victorian Government has not engaged in stock transfers to the same extent as other states and territories, it has sought to expand the role, capacity and capability of its CHP sector.<sup>7</sup> Together with Western Australia, Victoria does not currently participate in the NRSCH. In 2005, Victoria amended its Housing Act 1983, establishing a Housing Registrar to support the goal of expanding its CHP sector (Davies 2023). Its job was to regulate the operations of CHPs (known as Registered Agencies) with social tenancies within the state. Different from the NRSCH's three-tier registration system, there are two types of Registered Agency regulated by the Housing Registrar: Housing Associations (generally equivalent to a NRSCH Tier 1 registration) and Housing Providers.

Housing Associations are characterised by the Housing Registrar (quoted in Davies 2023: 132) as:

Larger, more complex businesses with the skills, expertise and resources to manage, maintain and grow a viable social housing portfolio. They expand new housing through construction, purchase or acquisition, using a mix of government funds and private sector investment. They also manage housing properties owned by them or leased from other parties, such as the Director of Housing.

Additionally, there are Housing Providers, which the Housing Registrar (quoted in Davies 2023: 132–133) says:

Range in size and primarily manage rental housing portfolios for other parties, such as the Director of Housing (DoH). Some housing providers own properties, however their growth is small scale compared with housing associations. Housing providers often specialise in particular client groups which may include disability housing, aged tenants and youth housing.

CHP sectoral growth in Victoria has further benefited from different types of federal and state governments support. These included the Nation Building and Jobs Plan Social Housing Initiative of the late 2000s, which was a response to the global financial crisis (Davies 2023); and the National Rental Affordability Scheme, which injected significant numbers of affordable housing dwellings into the state and rented to eligible households at a rate at least 20 per cent below market rent (Troy 2012). Other programs included partnerships with private industry to redevelop PH estates (Department of Health and Human Services [DHHS] 2017); and Big Housing Build, a COVID-19 pandemic stimulus package that aimed to construct over 8,000 new social housing units and replace 1,100 PH dwellings in Victoria (Andrews 2020).

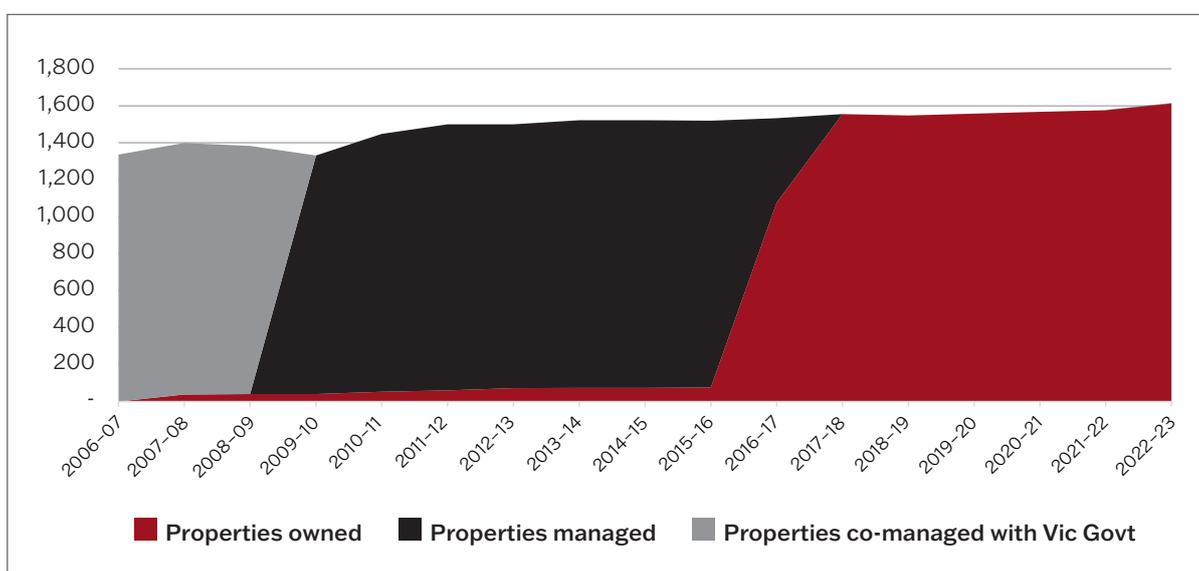
Through these and other initiatives, the Productivity Commission (PC 2025) reports that Victoria's CHP sector has grown from 4,785 tenancies in 2005 (the year of the Housing Registrar's establishment) to 18,191 in 2024. PH transfers have, however, not been a significant part of this process.

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<sup>7</sup> In the context of this Final Report, the term CHP refers to community housing organisations more generally, rather than those registered as Housing Providers within the Victorian system.

The transfer received by our Victorian case study CHP represents a unique case of PH transfers in Australia—an example of a title transfer enacted via a staged approach. This CHP is a Victorian statewide Housing Association. It received a title transfer of around 1,450 dwellings in two tranches between 2016 and 2018. Notably, all dwellings transferred were already under the management of the case study CHP, following an earlier management transfer arrangement in 2009–10. Prior to this management transfer, the case study CHP had co-managed these same properties and tenancies with the Victorian Government since the 1980s. Additionally, from around 2007, the case study CHP has owned a small portfolio of 40 dwellings, which it has continued to steadily grow (Figure 10). Therefore, the case study CHP had a long history with the transferred properties and the tenants who lived in them prior to the late 2010s title transfer.

Figure 10: Social housing stock under management and ownership of Vic case study CHP, 2006–23



Source: Case study CHP annual reports.

The management and title transfers to the case study CHP reflected the Victorian Government’s commitment to the community the CHP serves. The transfers ceded control of the stock as a measure to facilitate self-determination. They were not simply a means of providing a critical mass of housing stock to create a viable housing association but were also intended to address a broader commitment to the subject community. The staging of the management and stock transfers over a decade was intended to allow the case study CHP to build up its capabilities and capacities. This included the secondment of a senior government representative to the case study CHP to support this building of organisational capacity.

### 4.1.2 Chapter source materials

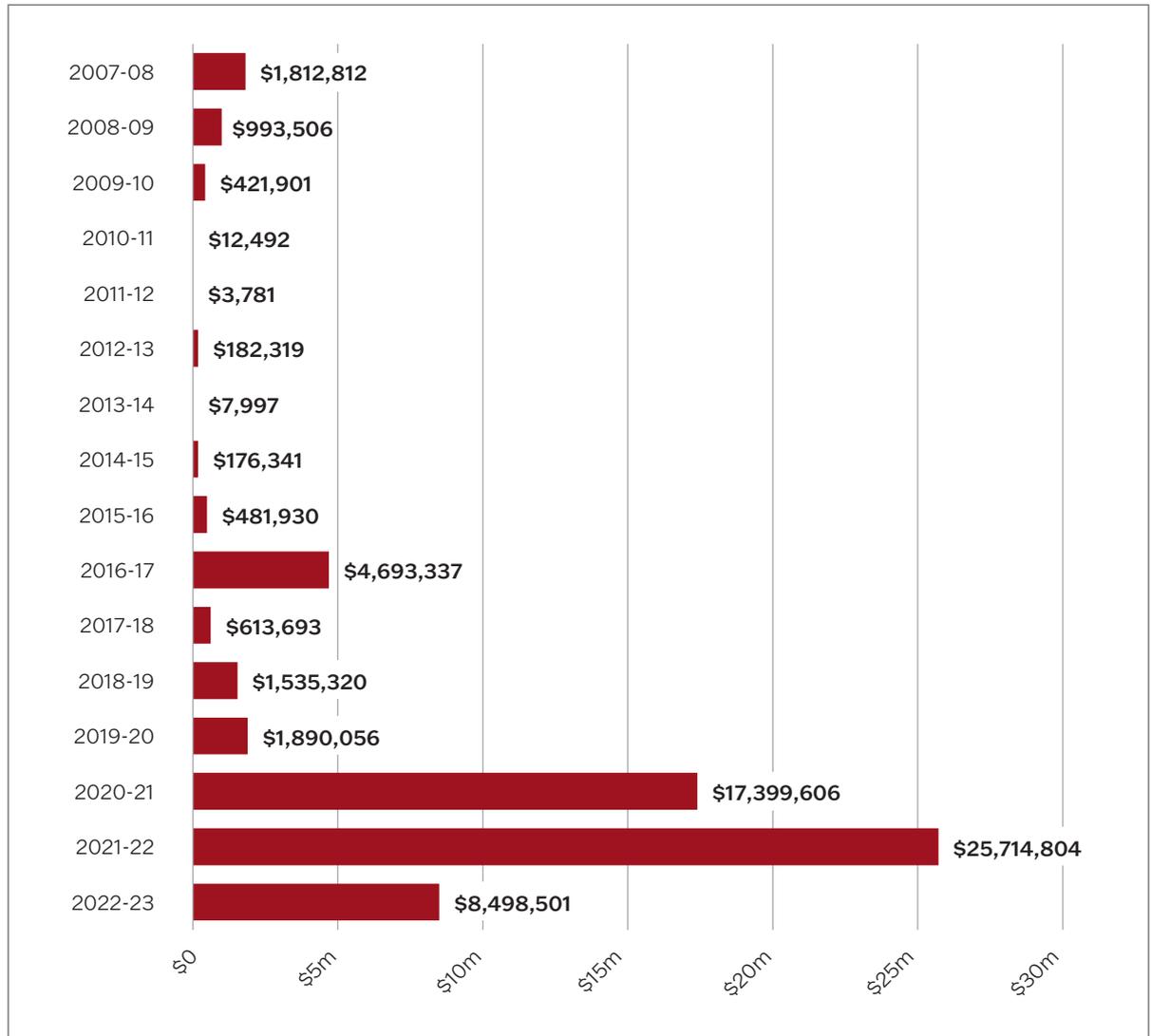
This chapter draws on semi-structured interviews with the case study CHP's senior executives, as well as analysis of organisational documents and financial records published on the CHP's website. Annual reports are drawn on to understand the temporal changes to the case study CHP, focusing on the period following the final tranche of title transfers in 2018–19. These analyses informed the interview questions, providing a mixed-methods analysis of the organisation. Given the uniqueness of the PH transfer, the identity of the case study CHP may be identifiable. Therefore, in writing this report, care was taken to anonymise individual participants' identities as much as possible.

## 4.2 Impacts on asset and portfolio management

The title transfer had a profound impact on overall asset and portfolio management for the case study CHP. This is despite the CHP having been solely managing the tenancies occupying these properties since 2009–10. In the decade following the initial management transfer, the CHP was not responsible for asset management; this occurred with the 2018–19 title transfer. Given its extended history with the tenancies and properties prior to the title transfer, the case study CHP had considerable insight into the condition of the properties being transferred. Thus, the staged transfer process offered an unparalleled advantage to the case study CHP in more accurately anticipating the maintenance and repair requirements of the transferring properties. As discussed in other chapters of this Final Report—and also covered in Blunden, Liu et al. (2017) and Pawson, Martin et al. (2016)—while property condition reports are generally included as part of the documentation of PH transfers in Australia, recipient CHPs often find these to be outdated and inaccurate. As such, many report higher-than-anticipated maintenance and repair liabilities.

The two tranches of title transfer in Victoria did not include property condition reports as part of the transfer package. The case study CHP understood this as a very considerable risk to take on. Recognising the maintenance backlog, the Victorian Government provided funds for repairs and capital upgrades in 2016–17 prior to the second tranche of title transfer being completed in 2018–19 (Figure 11). The grant funding provided the case study CHP with sufficient resources to undertake necessary condition assessments of a sample of the transferred properties. The data collected was then used to model the capital expenditure and maintenance liabilities of the remaining portfolio. This assessment informed longer-term strategies for renewal and the disposal of some assets. Subsequently, a significant level of grants for addressing maintenance backlogs was made available by the Victorian Government as part of the COVID-19 economic stimulus program (DHHS 2020) and the Big Housing Build (Figure 11). Commonwealth grant programs were also used by the case study CHP to fund maintenance and repairs.

Figure 11: Grant funding to Vic case study CHP, 2007-08 to 2022-23



Source: Case study CHP annual reports.

The overall quality of the transferred stock has improved since the title transfer. This has been a priority of the organisation, reflecting the expectations of tenants. This improvement is, however, for the most part, not directly attributable to the stock transfer; rather, it reflects later capital funding. Similarly, growth attributable to the transfer is currently very modest. While the generally poor condition of what is mostly detached housing in older suburban areas presents a significant opportunity for renewal and housing intensification, the case study CHP is also focused on reducing the concentration of its social housing to provide greater social mix.

At present, the case study CHP's capacity to undertake (re)development is constrained by limited free cashflow and its ability to access capital grants. Further, its ability to service development loans is restricted, as it houses people according to need without reference to the potential revenue a household might generate for the organisation.

To date, the scale of redevelopment by the case study CHP has generally been small. Such redevelopment has largely been achieved via partnerships with larger organisations—including developers and other CHPs—which has enabled the case study CHP to take ownership of a small number of dwellings within larger, mixed tenure developments. A representative from the case study CHP explained:

With the original strategy one of things that we recognise was that we really do need to recycle properties. That is redevelop the old existing sites where you can increase the yield, but it is also about recognising when properties are beyond their economic life and dispose of them.

Redevelopment is taking a 600 and 700 square metre standalone property demolishing the existing four-bedroom house that is past its used by date and putting up three, four or five townhouses and diversifying our portfolio that way.

We are not prepared to go out and build 100-unit apartment buildings, we are prepared to work with other housing agencies and other developers who will do that but come in as a very minor partner to some of those developments.

### **4.3 Impacts on tenant services and service provision model**

A summary of key metrics relating to tenancy services from 2014–15 to 2022–23 is shown below in Table 10. This represents a period of five years before and four years after the title transfer of 2018–19. It shows that most factors have been stable over the time period, with the title transfer not appearing to have had significant impacts on the continuation of these tenancy services. Notably, the number of tenancies sustained has been stable, as have the number of work orders. The vast majority (95% or higher) of work orders was also completed on time, a level maintained since 2014–15. This high level of service peaked at 99.9 per cent of work orders completed on time in 2017–18 and 2018–19, before tapering off to 88.4 per cent in 2020–21. As interviews with the case study CHP explained, the decline was likely due to the COVID-19 pandemic lockdown, which restricted access to sites and services.

This stability of tenancy service provision is partly a reflection of the sequencing of the transfer, as the case study CHP had had tenancy management responsibilities for a decade prior to the title transfer. Therefore, it was able to maintain its already developed capacity and capability to provide tenant services. This was raised as a strength of the process by a representative of the case study CHP:

It was a two-step process. So, the properties that were transferred were the existing tenants we were managing for the department and the tenants that were in public housing previously were given the choice of having the tenancy managed by [us].

Table 10: Summary of Vic case study CHP's key tenancy-related metrics, 2014–15 to 2022–23

	Tenancies sustained	New tenancy allocations	Work orders requested	% work orders completed on time
2014–15	–	–	5,438	98.5%
2015–16	90.5%	134	6,020	97.6%
2016–17	88.4%	172	6,809	96.2%
2017–18	91.2%	150	5,192	99.9%
2018–19	93.9%	106	5,863	99.9%
2019–20	93.4%	111	5,377	94.0%
2020–21	94.5%	109	5,101	88.4%
2021–22	93.0%	99	4,793	-
2022–23	93.1%	167	5,394	-

Source: Case study CHP annual reports.

Sitting tenants in properties in the pool for transfers were given a choice to remain public tenants or transfer their tenancies to the case study CHP. Given that the titles were being transferred to the case study CHP, where tenants wished to remain in the PH system, a relocation of their tenancies was necessary. Representatives of the case study CHP confirmed that most tenants chose to transfer. There was, however, an expectation that the transfer would involve notable improvements in their tenancy management, especially property management. Given the poor state of the properties and limited capital grants, this proved challenging, as representatives from the case study CHP explained:

We just did a round of community consultations and renters, their number one issue is always maintenance of the properties.

As part of the title transfer they allocated \$6 million to a whole range of works and properties which frankly, barely touched the sides.

Annual reports and the Housing Registrar have not provided reliable data pertaining to tenant satisfaction. The data that are available show a notable decrease in tenant satisfaction across both housing services and maintenance (Table 11). This is despite the high level of work orders being completed on time as discussed above. While the state government's average of tenant satisfaction across these two service areas also declined over the same period, especially in relation to maintenance, the magnitude of decline experienced by the case study CHP was comparatively higher. It should be noted that the decline experienced by the case study CHP started before the title transfer; thus, it cannot be directly attributed to that particular change in management.

**Table 11: Levels of tenant satisfaction with housing services and maintenance, 2014–15 to 2022–23**

	Housing services		Maintenance	
	Case study CHP	Vic state government average	Case study CHP	Vic state government average
2014–15	86.6%	87.3%	76.0%	79.4%
2015–16	-	84.1%	-	76.6%
2016–17	66.8%	84.0%	54.6%	81.1%
2017–18	-	83.8%	-	78.2%
2018–19	64.5%	84.5%	58.7%	78.4%
2019–20	-	-	-	-
2020–21	-	-	-	-
2021–22	-	-	-	-
2022–23	55.4%	74.6%	55.3%	67.6%

Source: Case study CHP annual reports; Victorian Housing Registrar de-anonymised public data.

#### 4.4 Impacts on organisational capacity

Management and title transfer to the case study CHP was accompanied by a change in organisational approach. The organisational charts of the case study CHP before and after the 2018–19 title transfer are shown in Figure 12. At the time of the management transfer in 2008–09, the case study CHP owned only 40 properties. The process of co-management with the then Office of Housing provided the organisation with time to develop robust tenancy management systems and capacity to deal with the scale envisaged in the eventual title transfer. A further five years of full management ensured that the organisation could seamlessly transition to tenancy management at scale.

Before the title transfer, asset management functions sat at the third level in the management structure (underneath strategy and performance). This remained the organisational structure until 2020, when an ‘assets and development’ portfolio was created at the second level. Similarly, tenancy management function was elevated within the organisational structure, and eventually transformed into the ‘housing services’ portfolio in 2020–21. This reflected a process of internal capacity building, which had been underway since before 2016 to prepare for the title transfer. In both cases, the organisational structure shows increasing specialisation of responsibilities with accompanying line management, and the careful and deliberate actions of the board and CEO in developing organisational capacity.

Representatives of the case study CHP articulated the impacts of such deliberate and proactive capacity building in preparation for the title transfer:

It was more of a continuation, because the board had already been restructured two years prior to that, and they were really conscious that they needed to have a skills-based board and they needed outside expertise on the board. They already had the chair of the finance auditor’s committee ... who had significant experience in the financial sector. They recruited an asset and development board director, so he’s still on the board. And they’ve always had a lawyer, someone who operates in commercial law.

I think we have had a growth in terms of the capability of our senior staff. It is not just in terms of the development programme, but in terms of growth in capability across the organisation.

A condition of the title transfer was the case study CHP's registration as a Housing Association with the Victorian Housing Registrar. Prior to this, it was registered as a Housing Provider. This ensured a level of regulatory oversight commensurate with the risk that the organisation now carried. The Housing Registrar proactively guided the case study CHP through the process of changing registration from being a Housing Provider to being a Housing Association. According to representatives of the case study CHP, the Housing Registrar was a critical external support that influenced its continued strategic and organisational development:

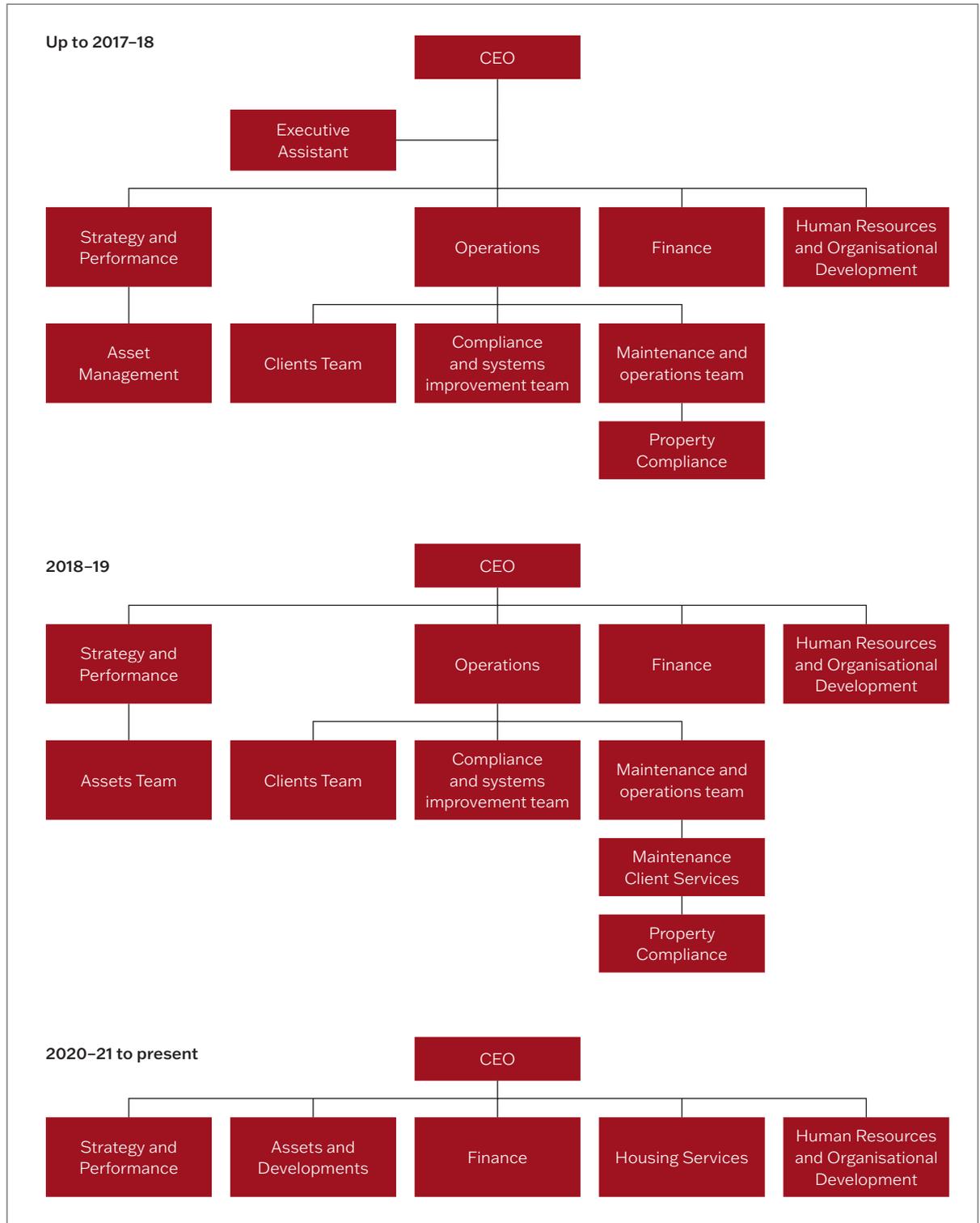
The Housing Registrar at the time wanted us to demonstrate that we could meet that standard of the housing association. Not because we were going to be undertaking a lot of development, but because he wanted us to demonstrate we actually understood the risk associated with the portfolio and was concerned about the quality of the portfolio. It was about the level of risk that we were taking on, and prepared to manage those risks and manage the properties, and take on asset management.

It helped, because the reality from my perspective property, was that they were struggling with how could they derisk the transfer and be confident in that we were going to be able to manage the properties when they came over.

In line with its increased capacity, the case study CHP has developed the necessary skills and knowledge for undertaking (re)development. Along with the title transfer that gave it more control over its portfolio, the case study CHP's strengthened capacity has facilitated a more sophisticated life cycle asset management regime, as a representative explained:

The critical part of becoming a Housing Association was demonstrating that we had an asset management strategy, an asset management plan, that we had financial projections that demonstrated that we would remain solvent—financially viable.

Figure 12: Organisational structure of Vic case study CHP, pre- and post-transfer

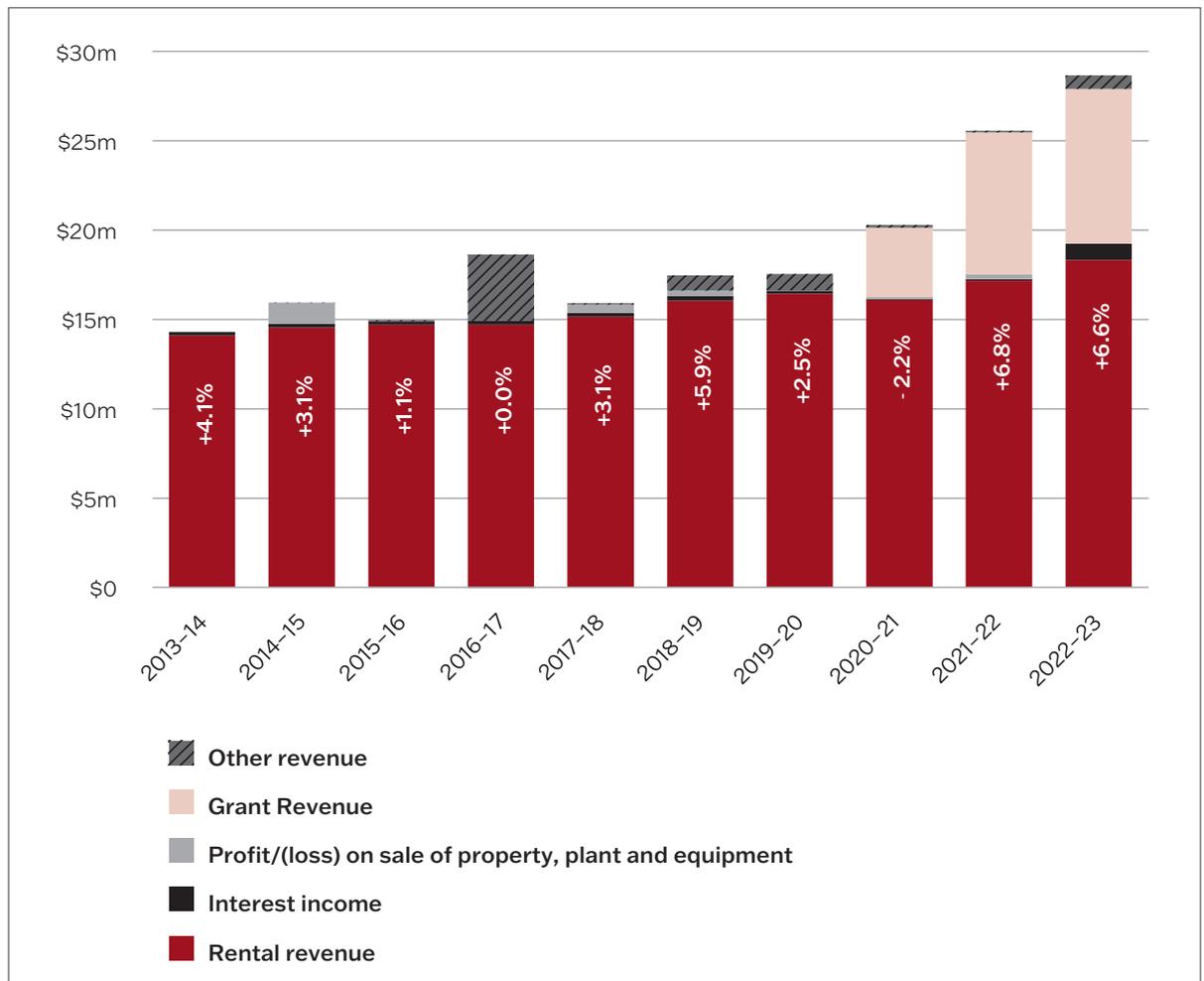


Source: Case study CHP annual reports.

#### 4.4.1 Financial viability

Analysis of the case study CHP's published financial statements reveals changes to its revenue, expenses, assets, liabilities and the value of non-current assets (property). Figure 13 shows that the operating revenue from rent receipts has been relatively stable since 2013-14. This is largely because the case study CHP was managing these tenancies for a decade prior to the title transfer. Rental income increased by an average of 3 per cent per annum across this 10-year period.

Figure 13: Changes to Vic case study CHP's revenue excluding contributions from rental property assets, 2013-14 to 2022-23

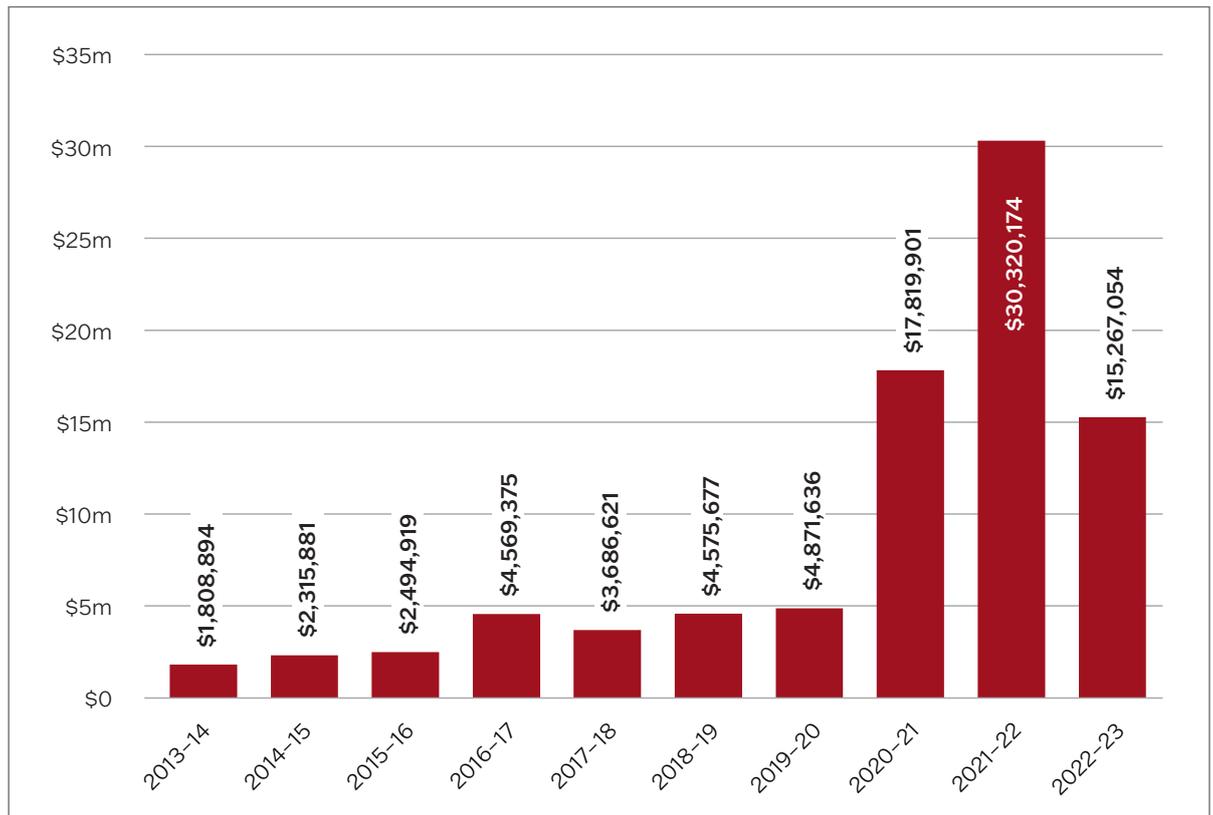


Note: Year-on-year percentage change of rent revenue is denoted.

Source: Case study CHP annual reports.

Similarly, the liabilities taken on by the case study CHP have grown significantly over the decade between 2013–14 and 2022–23 (Figure 14). Significant increases were observed for current liabilities, growing from around \$2–3 million prior to the title transfer, to \$17 million by 2020–21, peaking at over \$30 million in 2021–22. The bulk of this was under the ‘deferred grant income’ category, which likely related to capital grants received as part of the COVID-19 pandemic stimulus that were yet to be fully expended.

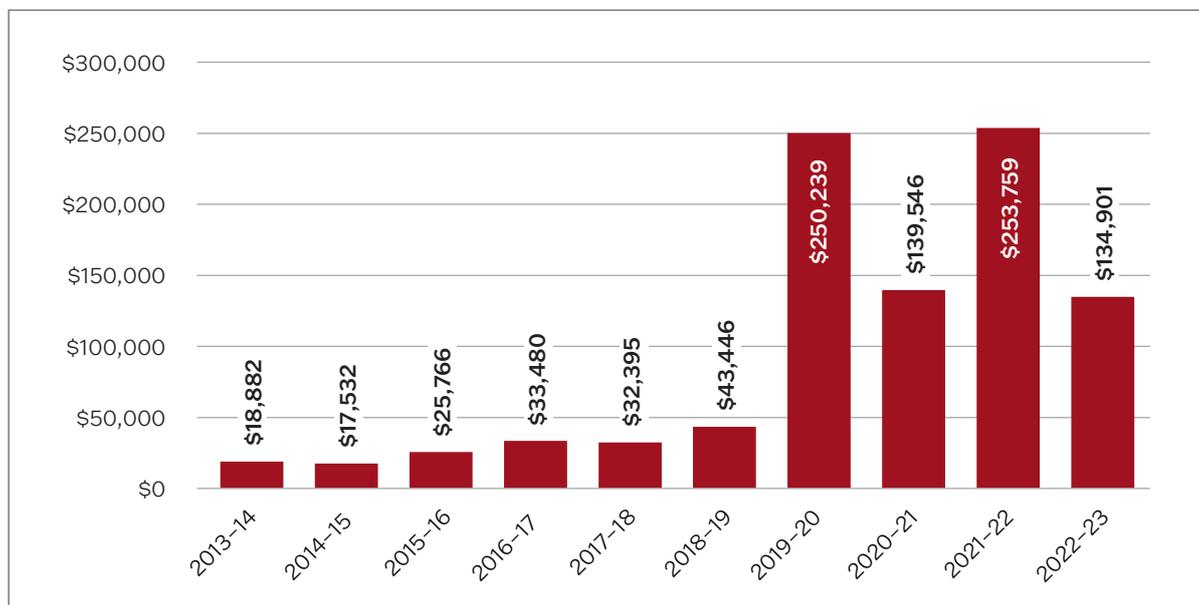
Figure 14: Changes to total current liabilities of Vic case study CHP, 2013–14 to 2022–23



Source: Case study CHP annual reports.

The non-current liabilities items include lease liability, long-term provisions and employee provisions. While notable increases were also observed, these were significantly higher following the title transfers (Figure 15). This reflects changes to the case study CHP’s organisational structure as described above.

Figure 15: Change in total non-current liabilities of Vic case study CHP, 2013-14 to 2022-23



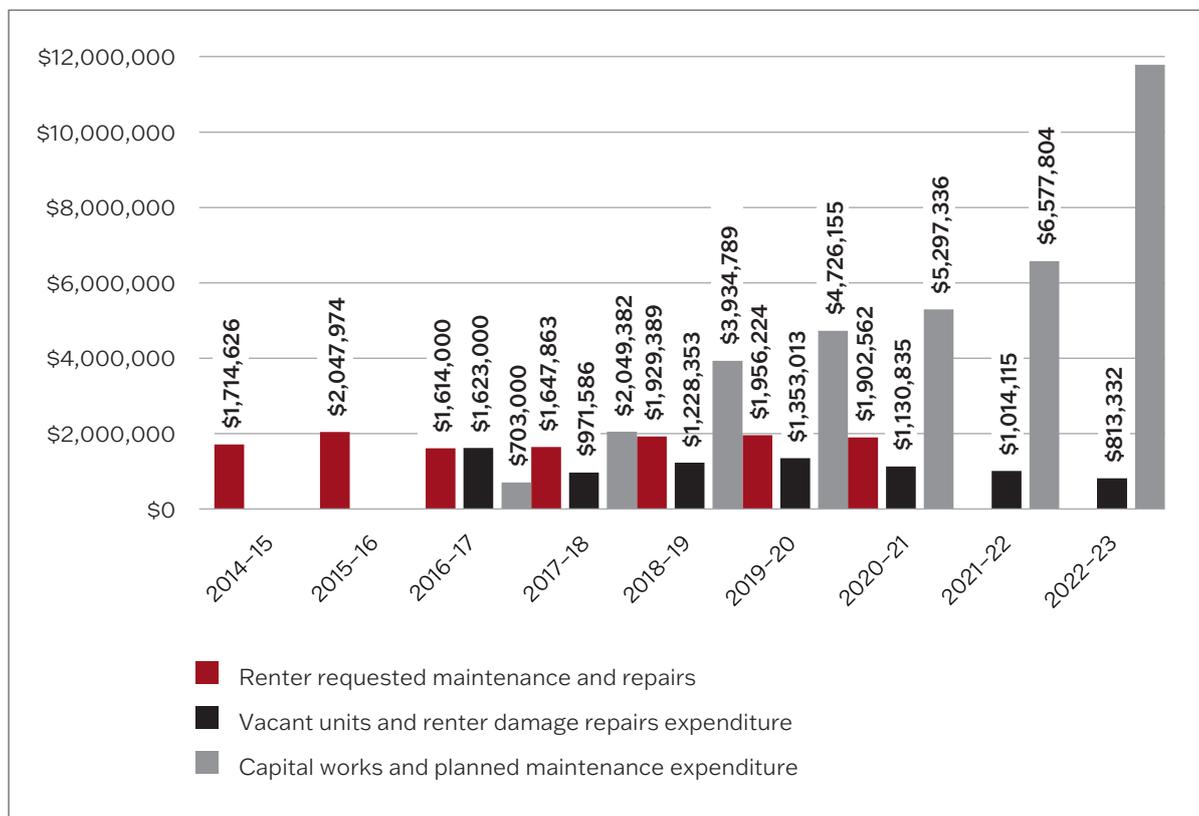
Source: Case study CHP annual reports.

Changes to the case study CHP's capital expenditures are shown in Figure 16. This shows a sharp rise in capital works and planned maintenance expenditure, from under \$1 million in 2016-17 to over \$11 million in 2022-23, indicative of the substantial maintenance backlog that the case study CHP took on as discussed above. The significantly enlarged expenditure is also reflective of a more proactive approach to property management, especially now that asset management is within the case study CHP's responsibility following the title transfer. There was, however, less change to other types of recorded expenditures, as representatives of the case study CHP explained:

We have also advocated for government for funding to address the maintenance backlog in the properties or to upgrade properties and modernise properties.

We also have our own upgrade programme as well. There is an identified outline for capital developments, capital refurbishments.

Figure 16: Changes to Vic case study CHP's expenditure on property, 2014–15 to 2022–23



Note: Renter requested maintenance not available for 2021–22 and 2022–23; capital works and vacant unit repairs not available for 2014–15 and 2015–16.

Source: Case study CHP annual reports.

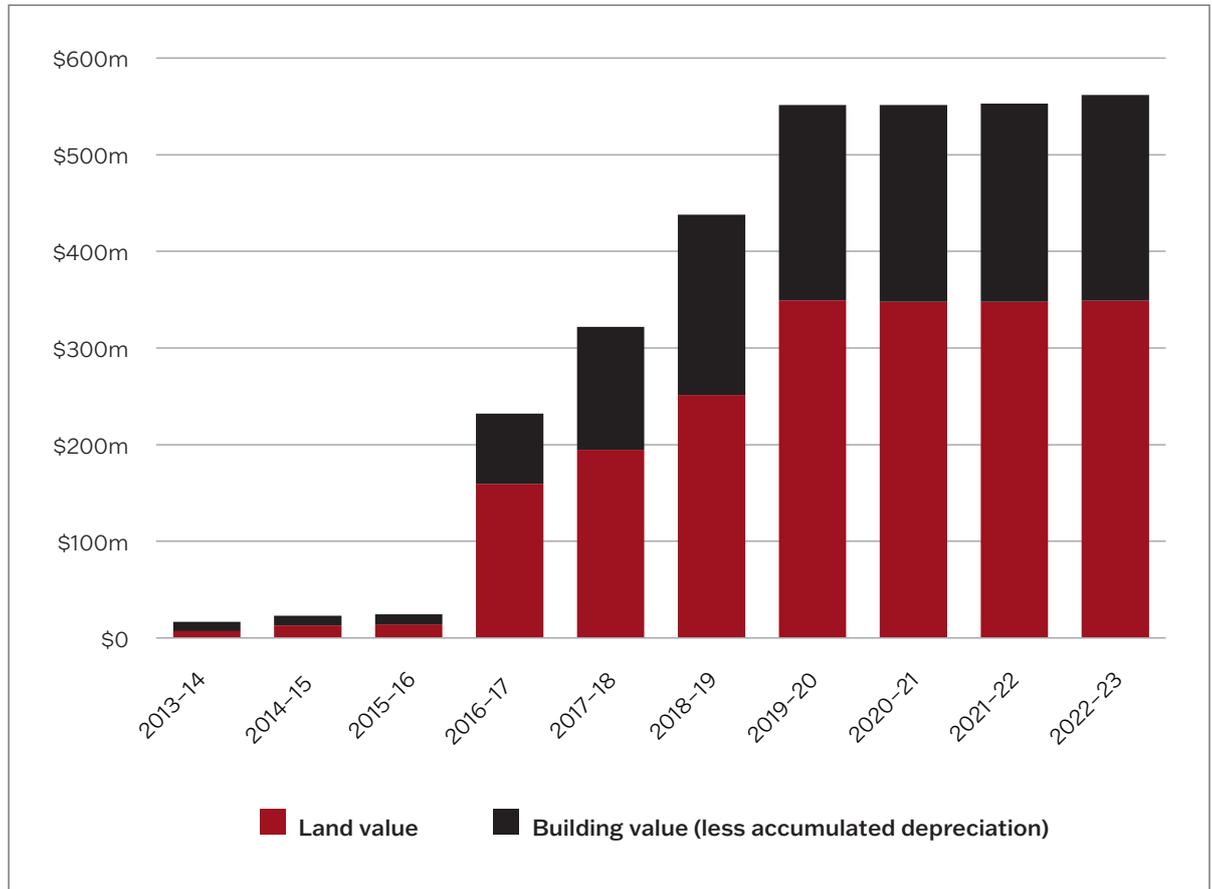
Stock transfers, not unexpectedly, significantly bolstered the balance sheet of the case study CHP. Changes to its housing assets component are shown in Figure 17.<sup>8</sup> Its annual reports reveal that its rental properties were independently valued at 30 June 2015 and 30 June 2020. Property valuation informed the strategic asset management plan, providing a point in time assessment of potential borrowing capacity. The case study CHP has accrued some debt but is not highly geared, reflecting the impact on cash flow and a cautious approach to redeveloping assets. Property valuation has the additional impact of increasing insurance premiums and can thus be a 'double-edged sword', as representatives of the case study CHP explained:

We've got [a] really strong asset base and that enables us to borrow lower rate because of security that we can provide, we are probably in a better position than some other housing organisations that are quite highly geared.

It is a double-edged sword because of insurance, when [you're] revaluing properties, insurance goes up and insurance is a big issue for social housing organisations like ours.

<sup>8</sup> The case study CHP also owns an office building.

Figure 17: Changes to Vic case study CHP's rental property carrying amounts, 2013-14 to 2022-23



Source: Case study CHP annual reports.

Financial accounts, however, do not indicate the lifecycle liabilities accruing as housing assets physically depreciate. The case study CHP's strategic plans—the documentation that typically indicates the scale of such challenges—do not detail the anticipated financial burden in renewing its assets. Identified priorities going forward include the need to improve the standard of dwellings and reconfigure the portfolio to ensure better utilisation rates while catering to changing community needs.

#### 4.4.2 Workforce management

Due to the staged transfer process, the title transfer had a smaller effect on the case study CHP's workforce management than for other CHPs. The larger shifts in workforce management were associated with the earlier management transfer, which placed all tenant services and tenancy management duties on the case study CHP in 2009–10. In reflecting on the management transfer, representatives of the case study CHP noted that many tenancy staff were recruited from the PH agency. As such, these staff members were already familiar with the properties and tenancies being transferred. Nonetheless, the recruited staff were given time to acclimatise to the operations and culture of the case study CHP. A similar process was put in place when the title transfers occurred in 2018–19, in which additional staff were recruited by the case study CHP. This was raised as an important consideration for both stages of the transfer process by representatives of the case study CHP:

A lot of the workforce that were managing it from a public housing perspective were the workforce that formulated it when it became community housing. And though those things feel similar, they are very different ... And so for many organisations to be workforce ready, they need to understand the transition from public to [community] housing and what our mindset is around management of tenancies within that spectrum. It is a much less punitive and much less hierarchical approach, and we are meant to focus on sustaining tenancies and support of community and development programmes; and if you don't have a workforce that understands those concepts, they will very quickly fail at those concepts themselves.

If you have no accreditation, no formal training, no anything in the sector that support to become frontline staff within the sector. And so if you are doing large tranche transfers to an organisation that is not workforce ready, they are not going to get there. So that they definitely need to consider that process too.

Workforce management changes after the title transfer were of a somewhat different nature. As the case study CHP already had carriage over tenancy management for several years prior to the title transfer, there was little change to its operations relating to tenancy services. The title transfer shifted the responsibility of asset management from the Victorian Government to the case study CHP; consequently, the case study CHP had to expand its back-of-house capacity. This involved growing the asset management section and strengthening the senior management group to include individuals with previous experience in asset management from a variety of backgrounds (including in social housing asset management).

#### 4.4.3 Strategic development

The management and later title transfer presented the case study CHP with the opportunity—and need—to expand the organisation. It shifted the organisation's strategic development focus from primarily managing tenancies, to managing a property portfolio of over 1,400 dwellings. Related to the latter, and through its registration as a Housing Association, the case study CHP needed to become more strategic about its portfolio management. This involved the scheduling and funding of capital upgrades and redevelopment, an approach to asset management that shifted the organisation's focus from short- to longer-term.

Dwelling condition was a key issue from the outset. Despite having managed the tenancies that occupied the transferred properties for a decade, the case study CHP was not fully aware of the condition of the portfolio. Understanding the work required involved developing a model to estimate quality and maintenance liabilities, which was then used to advocate for funding. The model, which proved to be reliable, was replicated five years later. This ongoing process has further developed the case study CHP's internal capacity, as a representative explained:

They had done some surveys around that time which were pretty poor quality surveys. We created a model, and then we did a whole lot of work around estimating what the maintenance liabilities were ... for the properties on the basis of that model ...

Five years later when we did a whole lot of other property surveys that we've got similar results. So I think the model stood up. And yeah, I think it was OK.

What we have now is far superior quality to what they had.

The process of becoming a Housing Association also strengthened the case study CHP's capacity, and, more specifically, its strategic vision. The registration required the case study CHP to understand its liabilities and responsibilities, including the need to take on asset management for a portfolio worth several hundred million dollars, the taking on of more debt liabilities and the continued responsibility for all tenants. This required the organisation to develop strategies to address these additional liabilities and responsibilities. Alongside the process of becoming a Housing Association, the transfer process not only assisted the case study CHP in developing capacity to take on the property portfolio, but also enabled it to commence development and better support tenants, as its representatives explained:

That was essentially the planning that we needed to do in order to actually take on big additional responsibilities. And our asset management strategy did include development, and it had that we would start at low risk development, which was primarily around just redeveloping some of our existing properties and then we'd move up into a higher risk and developments after five years and then we essentially would be developing at an increased scale after the next five years.

So we have got a far more sophisticated view of developments than what we had, not surprisingly, seven years ago.

I think the other side of that is, along with our increasing scale of the developments housing that we are getting funded for, we're also looking more closely at, how we support the renter in our properties as well.

As discussed earlier, the case study CHP has also taken a far more strategic view of its portfolio. It has developed an asset recycling program, whereby it systematically identifies dwellings that may be more suitable for sale or redevelopment and acquires others that better suit its tenants' needs. This has increased the value of the overall portfolio, while making maintenance and stock management more efficient.

## 4.5 Lessons learnt and policy development implications

The Victorian case study CHP is an exception to the state's traditional reticence to engage in large-scale PH stock transfers. This is largely due to the motivation for the transfer, which reflected the Victorian Government's commitment to the communities the CHP serves, through ceding control of the stock as a measure to facilitate self-determination. The transfer process offers insights into how PH transfers—and, in this case, specifically title transfers—can be managed to develop the capacity and capability of the CHP sector. These are outlined below.

- The two-stage transfer process allowed the organisation to **develop capabilities in a measured manner**. The first stage gave the organisation management rights of around 1,450 dwellings, while the state housing authority managed maintenance and capital works. This helped the case study CHP to develop its tenancy management capacity while gradually building capacity in other areas. By the time the second stage occurred—a title transfer—it was in a position to take on the additional responsibilities of asset management.
- The **regulator played a key role in supporting the organisation** to develop its asset management capacity and capabilities. The process of becoming accredited as a Housing Association saw the regulator assess the risk of the transfer and assist the organisation in managing that risk.
- Alongside the transfer of title, the Victorian Government provided **capital grants**, which assisted the case study CHP to address some maintenance backlogs. This increased the condition of the portfolio, which also improved the case study CHP's capacity to engage in other strategic growth opportunities, such as (re) development projects.
- The case study CHP undertook an **organisational restructure** in preparation for the title transfer and developed an asset management strategy. This gave it the ability to better manage the portfolio and the clarity to more efficiently implement capital works and stock redevelopment. The title transfer has also bolstered the balance sheet of the organisation, allowing it to leverage for further growth.
- **Collaboration between the Victorian Government and the case study CHP** helped to develop the latter's internal capacity and capability, delivering modest growth. It also resulted in tenants benefiting from better quality dwellings and the case study CHP developing its asset management techniques.

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## 5. Successive phases of transfers: the case of South Australia

- **Successive phases of public housing (PH) transfers boosted the community housing provider (CHP) sector in South Australia by over 5,000 properties, doubling the number of CHP-managed homes across the state between 2015 and 2018.**
- **Adjustments were made between phases of transfers based on early feedback. This built in more flexibility to transfer terms and facilitated better sectoral and tenant outcomes.**
- **PH transfers brought about the expansion of the CHP workforce and system upgrades, accompanied by the professionalisation and specialisation of specific roles, enabled by economies of scale for recipient providers.**
- **CHPs were able to learn lessons and become more strategic when bidding for later phases of PH transfers, de-risking their operations.**
- **A flawed procurement process meant that several recipient CHPs needed to absorb the sometimes-wide differences between the anticipated and eventual costs of delivering property maintenance and tenancy services, leading them to financial difficulties.**

## 5.1 The Better Places Stronger Communities and Renewing Our Streets and Suburbs programs

### 5.1.1 Program overview and objectives

In South Australia, two PH transfer programs took place within a relatively short timeframe. These were the Better Places Stronger Communities (BPSC) program, in which the management of 1,087 PH properties and tenancies was transferred to two recipient CHPs in 2015; and the Renewing Our Streets and Suburbs (ROSAS) program, in which 4,003 PH properties and tenancies were transferred to five recipient CHPs in 2017. While both programs were administered by the SA Government's then urban development agency, Renewal SA, in partnership with its housing agency, Housing SA,<sup>9</sup> the closeness of their timeframes reflected the SA Government's original plan for BPSC as a multi-phase program. After taking on feedback during the early months of the phase one transfer, the second phase was redesigned and ultimately launched as the ROSAS program. The two PH transfer programs (BPSC and ROSAS), therefore, share many similar terms and conditions but also noted differences.

The BPSC program involved the management transfer of tenanted PH dwellings to two CHPs through an open tendering process, each receiving around 500 properties. The transfer included the expectation of clear improvements in housing and tenant outcomes. There was also a requirement for the recipient CHPs to implement energy efficiency-related upgrades (with options provided to sitting tenants) alongside community development initiatives. In summary, the expectations of the transfer process were:

1. Improved property condition, through:
  - a. addressing maintenance liability
  - b. improved future programmed and responsive maintenance services.
2. Improved tenant outcomes, through:
  - a. the above improved property condition
  - b. improved tenant engagement with their housing provider, the wider community and relevant support services
  - c. place-making initiatives for the benefit of tenants and the wider community
  - d. provision of property-related 'affordable living initiatives' to help reduce tenants' essential service costs (i.e. power, water).

An initial three-year lease was offered to the two recipient CHPs, with a view that—subject to their meeting of key performance indicators—a 20-year extension would be offered (Blunden, Liu et al. 2017; Bullen, Liu et al. 2017).

In contrast, for ROSAS, the initial lease term was set at 20 years from the date of the transfer, foregoing the initial three-year trial period. As it was initially designed to be a second phase of the BPSC program, the overall program objectives of ROSAS remained the same. Changes, however, were made to the transfer terms following early feedback from the CHP sector. These changes enabled recipient CHPs to work collaboratively with the South Australian Housing Trust (SAHT) to initiate and implement redevelopment opportunities. This change resulted in further, though incremental, increases in the recipient CHPs' portfolio sizes and the delivery of additional social housing tenancies. When the BPSC lease terms were extended, changes were also made to their terms to match those made for ROSAS.

<sup>9</sup> In July 2018, Renewal SA and Housing SA merged to reform the South Australian Housing Trust.

## 5.1.2 Chapter source materials

In this chapter, we reflect on the experiences of two case study CHPs in South Australia. We draw on two main sources:

- a quantitative analysis of the financial statements and portfolio of one transfer-recipient CHP (as this had commenced and was well on the way to completion prior to the CHP's decision to decline participation in the qualitative components of the research), hereafter referred to as case study CHP1.
- interviews with a second transfer-recipient CHP, hereafter referred to as case study CHP2, and with a community housing industry peak body and two SA Government representatives.

Both CHPs were successful participants of the ROSAS program, with case study CHP2 also a recipient in the BPSC program. Both CHPs were already relatively large, Tier-1 providers with over 1,000 tenancies under their management prior to receiving the ROSAS transfer packages. Both were also primarily metropolitan-based and remained so following the receipt of the transfers.

## 5.2 Impacts on asset and portfolio management

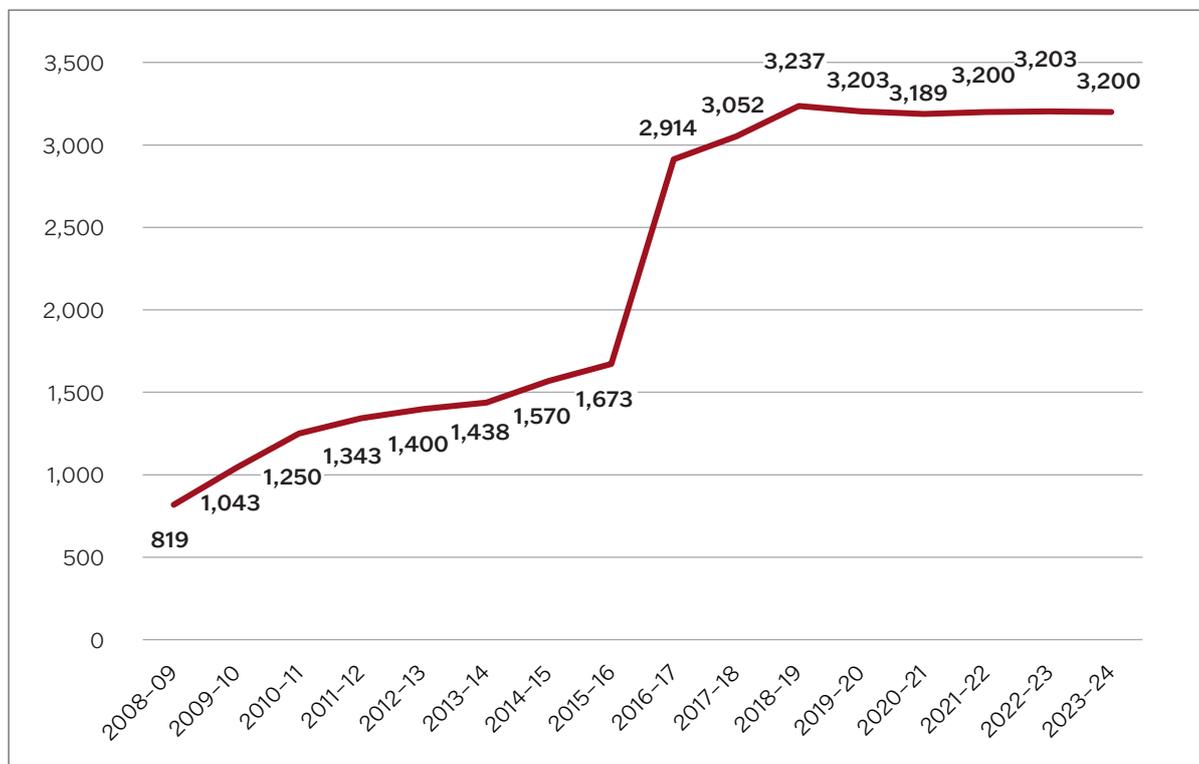
Each of the ROSAS transfer packages comprised around 1,000 properties, with all recipient CHPs being Tier 1 organisations. The SA Government representatives confirmed that, across the BPSC and ROSAS programs, all except one SA-based Tier 1 CHP received at least one transfer package.<sup>10</sup> For case study CHP1, the ROSAS transfer in 2017 increased its tenancies from 1,673 to 2,914. This number continued to increase following the 2017 transfer through other growth programs, peaking at 3,237 tenancies in 2018–19 before settling at around 3,200 from there on (see Figure 18). The fluctuations likely reflect the small number of head-leased properties coming offline (e.g. due to lease termination), as well as properties being scheduled for redevelopment and, therefore, removed from the portfolio temporarily.

As mentioned in Section 5.1, a number of changes were made when the SA Government redesigned phase two of the BPSC program to form ROSAS. Concerning asset management specifically, case study CHP2 (which received transfer packages under both programs) highlighted that property condition reports were no longer made available to prospective (and successful) CHPs when tendering for the ROSAS transfer packages. CHPs applying for the ROSAS transfer packages were asked to estimate the likely cost of addressing the backlog and ongoing maintenance of the transferring properties based on meeting specified housing and tenant outcomes. The CEO of case study CHP2 confirmed that, should there be any difference between the estimated and actual costs of attending to the maintenance backlog, the recipient CHP was responsible for 'wearing' the difference. The SA Government representatives we interviewed contended this was a somewhat flawed process, which benefited a few recipient CHPs, but greatly impaired others:

We tendered out so they tendered uplift amounts in terms of outcomes. I still have no idea how they managed to do that, but they did. They put an estimated maintenance backlog spend and then anticipated ongoing maintenance and administrative costs for that. Now ... in some cases that has shifted significantly and in other cases was pretty bang on. (SA Government representative)

<sup>10</sup> The SA Government representatives noted that the remaining Tier 1 CHP chose not to participate in either the BPSC or ROSAS programs. Since the completion of the ROSAS transfers, a SA-based Tier 2 CHP was able to upgrade their NRSCH registration to Tier 1. These remain the only two SA-based Tier 1 CHPs that have not received any PH transfers from the SA Government.

Figure 18: Number of units of accommodation under SA case study CHP1’s management, 2008–09 to 2023–24



Source: Case study CHP1 annual reports.

The few that benefited were able to renegotiate the ‘under spend’ with the SA Government to implement other property uplift activities:

Under expenditure may be able to be redeveloped into, you know, installing solar panels on a bunch of houses and things like that. So it still has been kind of, I guess, an uplift in the portfolio in a really positive way. But that again very much required negotiation and relationships on a one-on-one basis with the organisations. (SA Government representative)

This change in transfer term followed feedback during the early phases of the BPSC evaluation, in which the two successful CHPs underlined the challenges in getting accurate reporting that reflected the true condition of the transferring properties. As Bullen, Liu et al. (2017) reported, this was primarily the result of the outdated system that the government agency, Housing SA, used for record keeping, and the frequency of property inspections being conducted. In lieu of providing property condition reports as part of the transfer package, under the ROSAS scheme, it became part of the recipient CHPs’ responsibility to conduct property inspections in the initial months of receiving the transfer to identify the true costs of maintenance and repair requirements.

Having participated in the BPSC transfer program, case study CHP2 learnt important lessons that it then applied in tendering under the ROSAS program. The quick succession of two similar transfer programs enabled applicant CHPs to become more strategic when deciding whether to take on the resource-intensive exercise of applying for transfer packages. Reflecting on the BPSC transfer, case study CHP2's asset manager highlighted the notable difference in anticipated and actual maintenance costs. This was because of the poorer-than-reported condition of the transferred property (which escalated costs), which was in an area of metropolitan Adelaide that had lower market rent, leading to quite a few transferring tenants not being eligible for CRA support (which limited case study CHP2's income), as a representative explained:

Those first few years [were] a little bit more challenging around the CRA because they had a lot of properties that didn't reach the full eligibility of CRA due to the low socioeconomic area in BPSC, not with the market rents not being so high, and with a lot of one beds and two bedders the market rents weren't high. So they would cap and not receive that full CRA ... There was a bit of backlog to be managed, a lot of backlog maintenance was transferred. Through this stock, it took a few years to get on top of some of that backlog.

Based on its knowledge of South Australia, case study CHP2 was able to strategically focus on a transfer package that was likely to comprise 'better quality' dwellings (based on property age and tenant profile). This consequently de-risked the financial responsibility of 'wearing' any difference in estimated and eventual maintenance costs of these properties. The rent increases witnessed across Australia post COVID-19 meant that the market rent in case study CHP2's ROSAS transfer package also increased, resulting in a higher number of transferring tenants receiving CRA support. A representative of the industry peak body confirmed that this unintended positive impact of two close-in-timing and close-in-terms programs was reported by other CHPs that were successful in tendering for ROSAS transfer packages. These included those who tendered for but did not receive BPSC packages. As a representative of case study CHP2 explained:

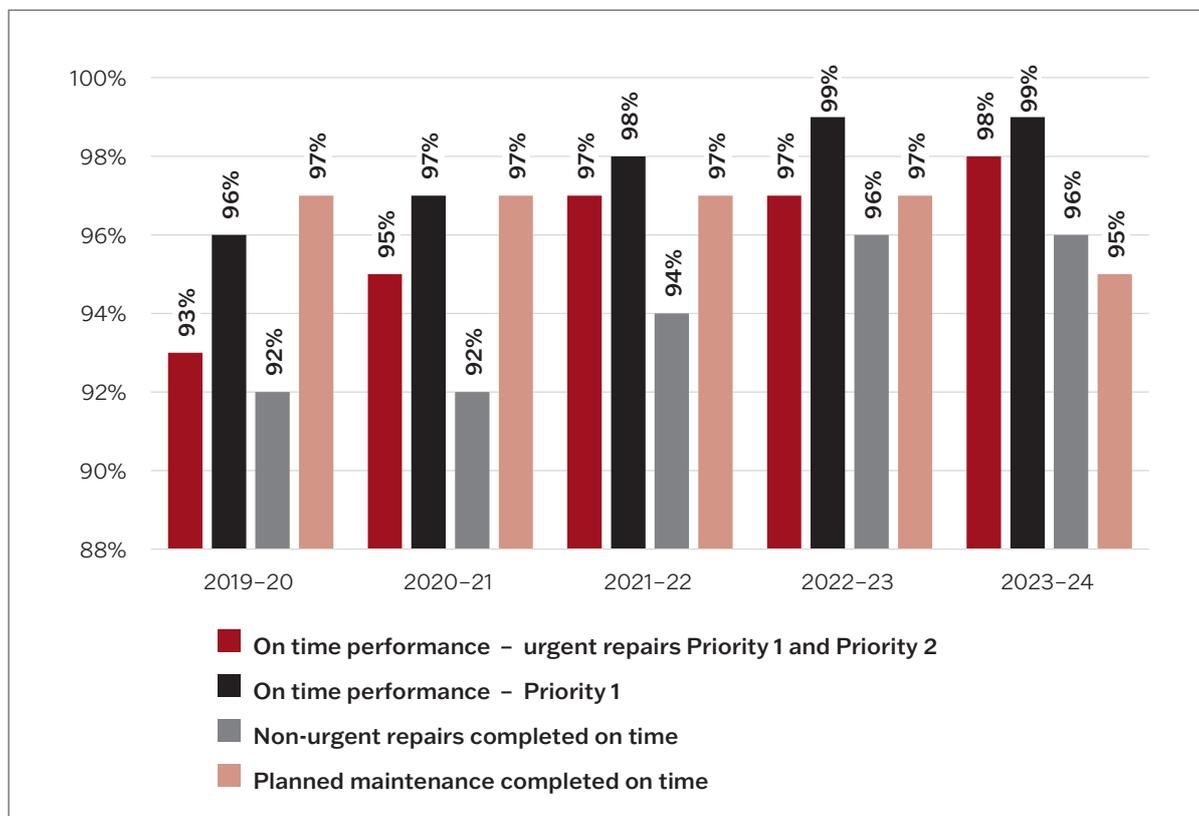
We found particularly since COVID, you would learn market rents have gone up a little bit across the country, and we're receiving more of that optimised CRA. So we've actually found particularly in the last few years our financial liability and income is increased in that area. So we didn't experience too much of that [cost-to-income discrepancy] in ROSAS.

The benefit of this change in CHPs' strategic approach to selecting transfer packages was obvious. Case study CHP2 was able to complete its property inspections in the six months prior to the transfer taking place—that is, from as soon as they were allowed to start engaging with the transferring tenants. All necessary maintenance and repair issues were also able to be resolved within the first two years of the 20-year transfer. This was in contrast to its BPSC experience, in which it had had to conduct property inspections during the early months in order to verify the accuracy of the property condition reports provided. This unanticipated detour added to the time and resourcing needed before any maintenance and repair issues could be addressed. According to a peak body representative, this was further complicated by a lack of clarity over which entity had responsibility for which type of property-related issues:

With a lot of the maintenance, if it's a capital issue, then the Trust has historically looked after that and if it's not capital, the CHP looks after it. There have been some challenges, I think with timeliness of the Trust's capital repair work and they've also been then I think some challenges about exactly where the demarcation line lies between which.

Case study CHP1's ability to conduct repairs and maintenance in a timely manner has also improved in recent years (see Figure 19). This was the case across its urgent, non-urgent and planned repairs and maintenance programs.

Figure 19: Timeliness of repairs and maintenance, SA case study CHP1, 2019–20 to 2023–24



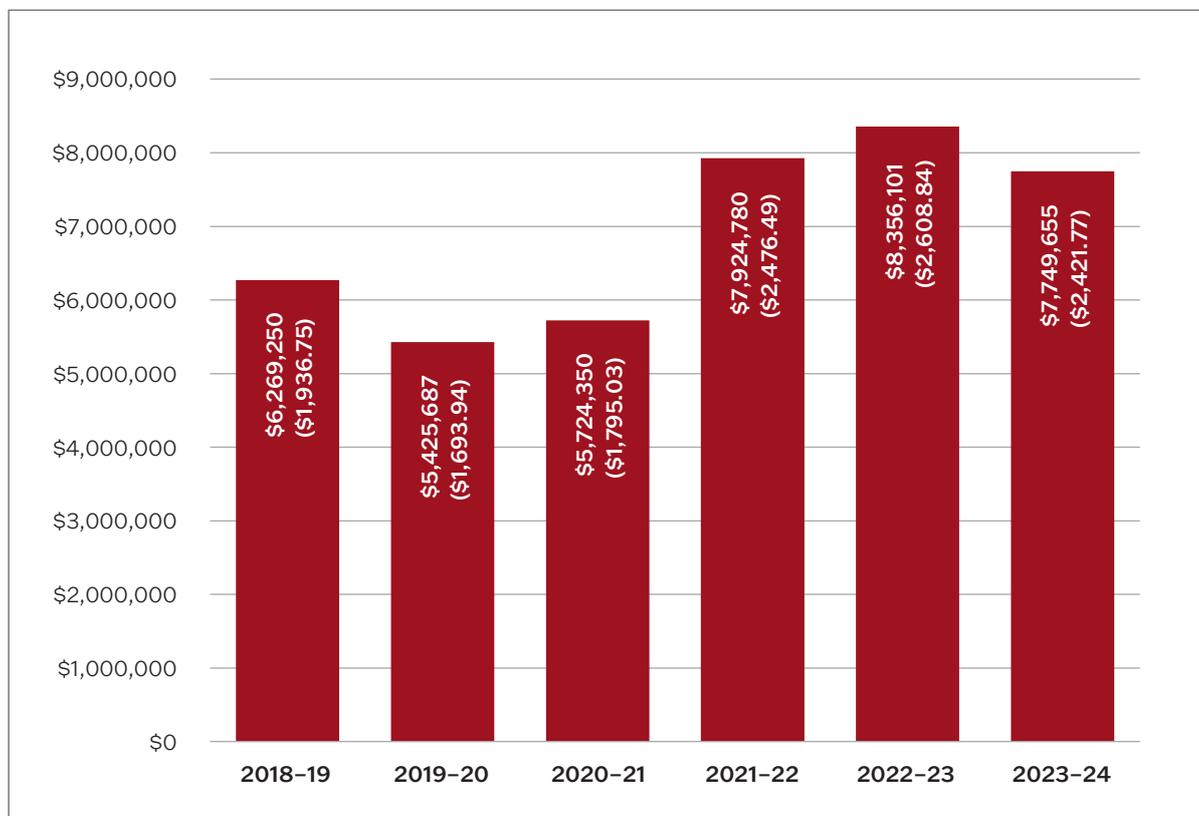
Note: Figures are not reported separately for properties transferred under ROSAS and the balance of case study CHP1’s portfolio.  
 Source: Case study CHP1 annual reports.

Case study CHP1’s maintenance expenditure has continued to increase since receiving its PH transfer in 2017 (see Figure 20). It peaked in 2022–23 after dipping in 2019–20 and 2020–21 when scheduled maintenance was limited due to pandemic-related restrictions; case study CHP2 reported similar restrictions during our interviews. The increase in maintenance expenditure in subsequent years reflected increased spending to catch up on postponed works. Further, as case study CHP2 explained, the costs associated with materials and labour also increased in the wake of COVID-19, resulting in higher costs and less value for money:

This is something that we’ve been evaluating over the last few years because of the cost escalations after COVID ... The amount needed for doing bathrooms, say, we’re all good [to cover that], but actually that doesn’t drive value for money. (Case study CHP2)

This is reflected in the increase in per property spending by case study CHP1 since 2021–22, an increase of at least 25 per cent compared to 2018–19 (Figure 20).

Figure 20: Maintenance expenses, SA case study CHP1, 2018–19 to 2023–24



Note: Maintenance expenses per property included in brackets; figures are not reported separately for properties transferred under ROSAS and the balance of case study CHP1's portfolio.

Source: Case study CHP1 annual reports.

### 5.2.1 Changing transfer terms to enable asset redevelopment

As discussed above, several adjustments were made to the ROSAS transfer terms based on early feedback following the BPSC transfer. This included enabling ROSAS's recipient CHPs to propose redevelopment opportunities. This involved working collaboratively with the SAHT to identify properties within the transferred package that may have reached the end of their lifespan and could benefit from redevelopment. Notably, there were no requirements for like-for-like replacement in these redevelopment opportunities. Instead, recipient CHPs and the SAHT were able to make strategic decisions together about the best redevelopment options; for some sites, this included densification. In these cases, changes to the transfer terms meant that CHPs were able to gain ownership of additional dwellings delivered through densification:

The opportunity really was that ROSAS have the same [poor asset maintenance] issues [as BPSC], but they also had opportunity to redevelop. So you would want to build four and you would have to replace one for the state, but three for us. (Case study CHP2)

To case study CHP2, this arrangement presented a far more attractive incentive that not only increased the community housing sector's (and the ROSAS-recipient CHPs specifically) capacity and expanded its management portfolio through management transfer, but also directly enticed it to further expand and build new community housing units via redevelopment. While the recipient CHPs would need to front up the cost of the redevelopment themselves (e.g. through debt financing, such as through the Affordable Housing Bond Aggregator scheme), their ability to more strategically select less risky transfer packages meant that these opportunities stacked up for them financially. A peak body representative highlighted that because the SA Government was the owner of the asset being borrowed against, this limited the recipient CHP's borrowing capacity somewhat:

Because the Housing Trust has a retainment interest in all the properties, from a borrowing point of view, lenders would see it as an impaired asset, so it's a less effective way of increasing borrowing capability.

Case study CHP2's ability to apply for a package close to the city centre where land values were higher (which translated into higher asset value of the resulting products under its ownership) partially mitigated this concern and improved its borrowing capacity for these redevelopments:

ROSAS is much better, that's around the locations of the properties. So when you build them, they're worth more straight away because of they're closer to the city [compared to our BPSC properties]. (Case study CHP2)

For a small number of packages, the SA Government put in additional assets that facilitated these redevelopment or community facility development opportunities. It was reported that applicant CHPs did not have any insights into these inclusions during the tendering process:

the providers didn't know what assets they would be getting, they had no asset information. (SA Government representative)

There have been other inputs as well on certain packages where the Trust has put in, for example, a significant vacant land parcel in the city into one for instance, and something was developed on that. And we put a common ground site in as well. So the program on a package-by-package and organisation-by-organisation basis has been able to cross-leverage other programmatic responses and opportunities to really uplift in that sense. (SA Government representative)

While beneficial for recipient CHPs that had the capacity to take on developments, this represented additional liabilities or missed opportunities for others. This was especially evident when government representatives highlighted that the tendering process should have paid more attention to the development expertise the CHP boards could bring to help realise these development opportunities:

I think that what is very interesting for me is that we undertook this procurement and we transferred all of these properties without ever taking into consideration what their Community Housing boards [look like], [their] makeup and any requirement for their boards to have development expertise on them. And that is the big difference that I observe. In the organisations that do development well and clearly and without big issues versus the ones that we really struggle with and grind through and have very low maturity. (SA Government representative)

Further, while the SA Government was pleased to see the strategic development of the CHP sector concerning asset management and redevelopment, the government representatives we interviewed raised concerns over complexities that have resulted from recipient CHPs taking on other funding support for these redevelopment opportunities:

Some providers have attracted HAFF [Housing Australia Future Fund] funding into the projects, which ... of course then [introduces] different contractual complexities in how we navigate and manage that, but definitely supports that sustainability objective for the sector in terms of how they've been able to leverage that portfolio. (SA Government representative)

### 5.3 Impacts on tenant services and service provision model

Aspirations for improved tenancy management and service provision have been an important motivation for many transfer programs, BPSC and ROSAS included (see, for example, Section 5.1.1 for BPSC's program objectives). Such enhancement may be a reasonable expectation in view of the increased rent revenue collectable under community housing management, thanks to tenant CRA entitlement.

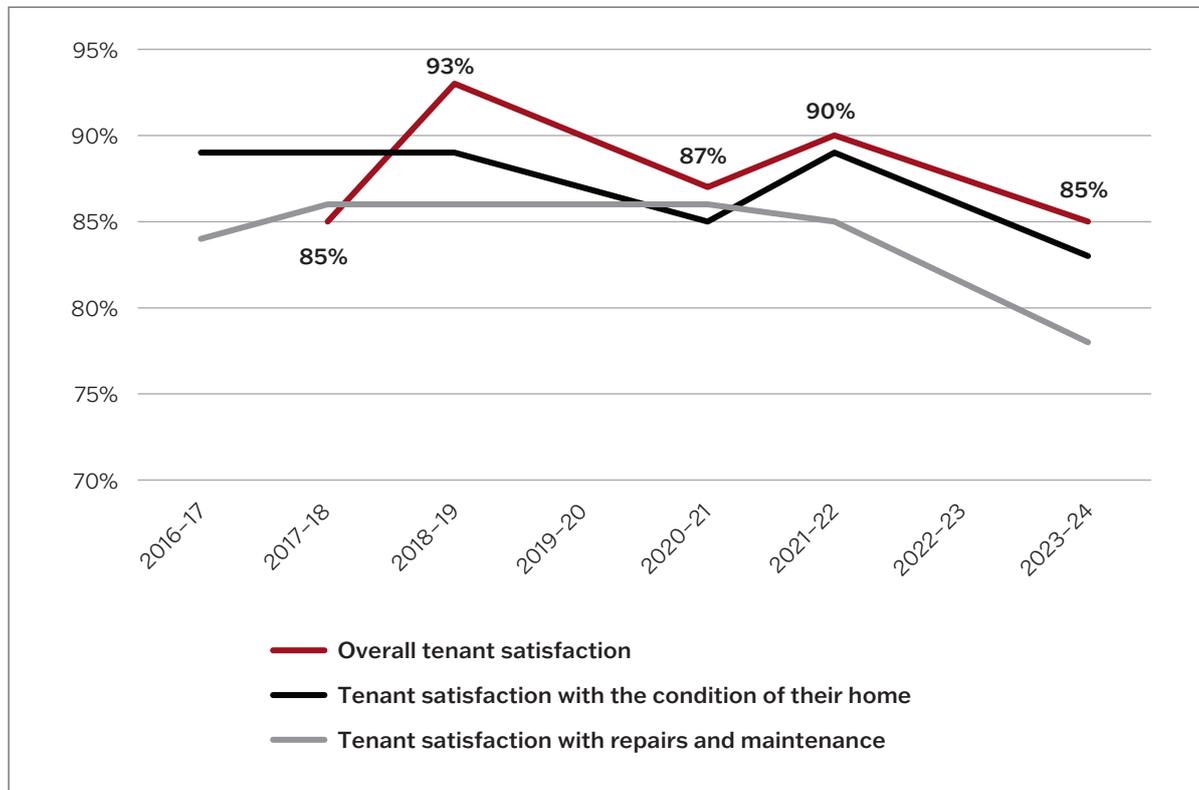
As reported in Blunden, Liu et al. (2017) and Bullen, Liu et al. (2017), the BPSC program facilitated transferred tenants' access to a broader range of support via local partnerships established by recipient CHPs. Tenants also benefited from an improved staff-to-tenant ratio compared with the PH system and, thus, more attentive and timely support. The two BPSC recipient CHPs also highlighted the establishment of local offices in the suburbs where the transferred properties were located. All these would be expected to have contributed to improvements in tenants' access to tenancy and support services.

Despite this, many CHPs reported declines in tenant satisfaction in the years immediately following transfers (e.g. Pawson, Martin et al. 2016). A peak body representative commented that this may be due to tenants' adjustments to a change in landlords and processes, as well as the timeliness of maintenance backlogs being attended to following the transfer:

That certainly aligns with the feedback I've had from CHPs, and looking at some of the, you know, like the ROGS data on tenant satisfaction. And indeed, there has been a change in tenant satisfaction with the quality of the dwellings upon transfer. (Peak body representative)

Representatives of case study CHP2 reiterated this observation, noting that when the promised improvements to their properties were not immediately addressed after the transfer, tenant satisfaction levels may have declined. From Figure 21, which shows the change in satisfaction level across case study CHP1's entire tenant cohort, it would appear that the absorption of former PH tenants may be related to the observed decline in overall tenant satisfaction across the entire tenant body. As the available data do not differentiate tenants transferred under ROSAS from the balance of case study CHP1's tenant cohort, it is not possible to ascertain the real impact of the transfers on tenant satisfaction levels.

Figure 21: Change in levels of tenant satisfaction, SA case study CHP1, 2016-17 to 2023-24



Note: Figures are not reported separately for tenants transferred under ROSAS and the balance of case study CHP1's portfolio.  
 Source: Case study CHP1 annual reports.

Our interviews with case study CHP2 revealed that its decline in overall tenant satisfaction levels was less than that observed by case study CHP1. Further, it reported that the decline in tenant satisfaction was not very long lasting. Case study CHP2 understood that was related to the successful completion of its maintenance backlog within two years of the PH transfer. This resonates with the peak body representative's reflections on changes to tenant satisfaction levels.

Additionally, for case study CHP2, because of its participation in the BPSC transfer just two years prior, it had already implemented changes to its tenancy services and engagement policies. These included an update to its tenant engagement strategy, as well as the introduction of specialist teams. These changes were enabled by the significant increase in its portfolio size, which brought about economies of scale:

Without that economy of scale, we probably couldn't provide that level of service through an engagement and community development like we always had, like one worker type of thing. And then once we're able to have these bigger programs, we're able to do way more engagement with the tenants. We've got a full tenant engagement strategy now where we hear their thoughts on all different aspects and how we can improve our service. This wouldn't be possible at a smaller scale, so having these stock transfers really has helped improve our business and what we can offer to our tenants as well. (Case study CHP2)

An expanded workforce and the creation of specialist teams allowed case study CHP2 to more fully meet the diverse support requirements of its growing tenant cohort. The onset of the COVID-19 pandemic and lockdowns in the months following the ROSAS transfer led to some unanticipated challenges, not least the limiting of in-person staff engagements with newly transferred tenants, delaying the establishment of staff-tenant rapport. There were also reports of increased incidences of hoarding among tenants,<sup>11</sup> with some struggling to deal with the confinement of lockdown and/or loss of employment. Case study CHP2's ability to respond by creating specialist support teams, an outcome of its economy-of-scale measures, was reported to have been highly beneficial to tenants:

We've got like hoarding and squalor specialist now which we really found ... particularly after COVID had [become] a really big issue and you might find that across the country, but it really worked for us. We had a lot more hoarding and squalor because we weren't able to be working with the tenants in person too often, not being able to access these homes for that period. We're still now working through that but without our hoarding and squalor experts, we wouldn't be able to do this. (Case study CHP2)

These challenges were not specifically related to the management transfer but were more-or-less universally experienced by all CHPs in Australia at the time (e.g. National Housing Finance and Investment Corporation [NHFIC] 2020). By being a part of a larger charitable organisation, however, case study CHP2 was able to refer tenants to support services offered by different departments within its organisation. This was particularly advantageous for this CHP:

We do have a lot of sort of internal collaboration. There's over 2,000 [parent organisation] staff with what, 200 programs or something. So you can imagine the benefit to our tenants when we do collaborate internally, but externally as well, we do have formal and informal agreements with different services and different providers, obviously. In our regional properties, it is a little harder so that they tend to be more external. (Case study CHP2)

By contrast, other CHPs highlighted the increased demand for housing and related support as one of many negative effects of the pandemic that could not be met because their usual support service partners had reached capacity or, in some instances, been forced to close due to lockdowns and insufficient funding (e.g. NHFIC 2020; valentine, Liu et al. 2024).

## 5.4 Impacts on organisational capacity

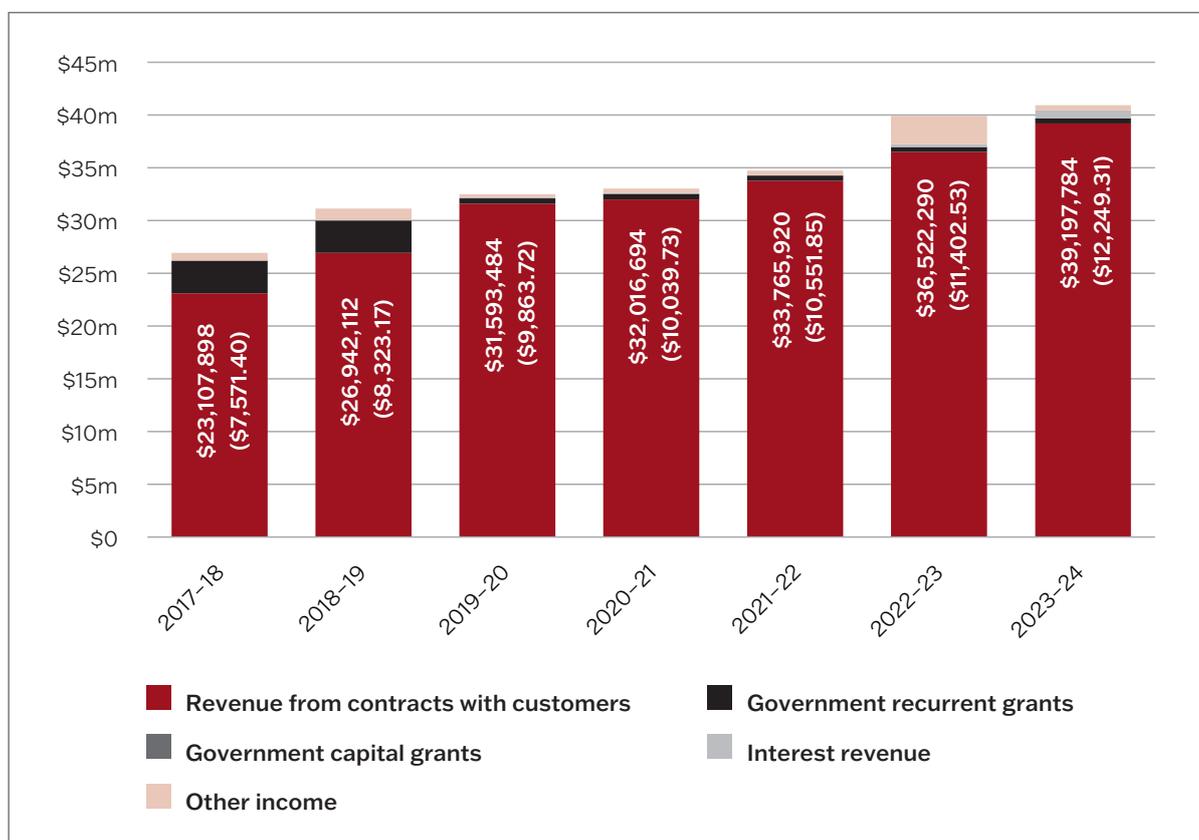
As demonstrated above, from an organisational capacity perspective, case study CHP2 fared very well in many ways as a result of the ROSAS transfer (and, to some extent, the BPSC transfer as well). From a quantitative perspective (in analysing information published in their annual reports), case study CHP1 also fared well. This section examines the impacts of the transfers on the financial, workforce and strategic developments of these two CHPs.

<sup>11</sup> Hoarding was not specific to tenants who transferred to case study CHP2's management.

### 5.4.1 Financial viability

A major, expected benefit of PH transfers to the CHP sector is an expanded income base through increased rental revenue, access to CRA payments and, eventually, improved capacity to become more competitive in other funding mechanisms. Notably, case study CHP1's cash income<sup>12</sup> increased from around \$27 million in 2017-18 prior to the ROSAS transfer in 2019, to over \$30 million in the four years following the transfer, and over \$40 million by 2023-24. Rent revenue (denoted as 'Revenue from contracts with customers') as a proportion of case study CHP1's cash income also increased, from 85.8 per cent in 2017-18 to 95.7 per cent in 2023-24, after peaking at 97.2 per cent in both 2019-20 and 2021-22 (see Figure 22). Over this period, case study CHP1's total income from other sources declined, with recurrent grants decreasing from over \$3 million in 2017-18 to less than \$500,000 by 2023-24, while government capital grants remained at \$0. The only increase was observed in interest revenue, up from \$0 in 2017-18 to over \$700,000 by 2023-24.

Figure 22: Change in total amount by source, SA case study CHP1, 2017-18 to 2023-24



Note: Figures do not differentiate rent revenue received from tenants transferred under ROSAS and the balance of case study CHP1's portfolio. Average annual rent received per tenant included in brackets.

Source: Case study CHP1 annual reports.

The continued increase in rent revenue post-transfer may be related to the growing number of tenants becoming eligible for CRA support as increases in market rent outpace increases in tenants' income. This is reflected in the increase in the average amount of rent case study CHP1 received from tenants year on year, from around \$7,500 annually in 2017-18 to over \$12,000 by 2023-24 (see Figure 22). Case study CHP2 had a similar experience, which, as explained in Section 5.2, partly resulted from more tenants becoming eligible for CRA support.

<sup>12</sup> Cash income includes rent revenue, government recurrent grants, government recurrent grant, interest revenue and other income.

While both BPSC and ROSAS were management-only transfers in which the recipient CHPs were not able to fully benefit from the ability to leverage against valuable assets for debt financing, case study CHP2 reported that it was able to access some debt financing based on the long leases of these transfer programs. The ability to propose redevelopment and keep ownership of most of the redeveloped properties further improved case study CHP2's ability to gain debt financing for capital projects.

Moreover, our interviewees highlighted that the transfers allowed them to demonstrate their ability to manage large portfolios and deliver improved tenant outcomes. This increased their competitiveness when seeking other opportunities, such as further PH transfers<sup>13</sup> or applying for funding programs like HAFF. As the CEO of case study CHP2 explained:

For us, doing the BPSC transfer was always with the notion that ROSAS would come, so the two portfolios. You wouldn't do BPSC if you didn't have ROSAS coming, you'd be what I would suggest as a strategic move: to do BPSC and to try to demonstrate what we could do there, with the opportunity that ROSAS has presented and then the potential, as I understand it, there was always this commitment that there were going to be other transfers, which would allow for the sector to again grow in capacity, strengthen in terms of skill and just what it brings back into the state.

Interviewees also mentioned that increased competitiveness can translate to more favourable loan arrangements, including lower interest rates and longer and/or more flexible repayments, further de-risking their organisation's financial liabilities. For case study CHP1, this translated to a doubling of its total liabilities between 2016–17 and 2023–24 (see Table 12). While the majority of this was made up of non-current liabilities, primarily bank loans, the main increase has been in current liabilities. This included a substantial increase in contract and other liabilities—from \$512,468 in 2016–17 to over \$13 million in 2023–24. The increase in liabilities has been far less than the increase observed in asset growth, especially in non-current assets. The significant increase of non-current assets—from \$323.7 million in 2016–17 to \$492.6 million in 2023–24—mainly results from the improved valuation of case study CHP1's investment properties.

**Table 12: Change in assets, liabilities and equity (\$millions), SA case study CHP1, 2016–17 to 2023–24**

	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24
<b>Total assets</b>	<b>\$331.5</b>	<b>\$330.3</b>	<b>\$363.0</b>	<b>\$373.2</b>	<b>\$381.7</b>	<b>\$402.5</b>	<b>\$455.2</b>	<b>\$518.7</b>
–Current	\$7.7	\$8.7	\$16.6	\$20.7	\$24.6	\$20.7	\$27.4	\$26.1
–Non-current	\$323.7	\$321.6	\$346.4	\$352.5	\$357.1	\$381.8	\$427.8	\$492.6
<b>Total liabilities</b>	<b>\$38.8</b>	<b>\$36.8</b>	<b>\$58.9</b>	<b>\$61.4</b>	<b>\$66.1</b>	<b>\$65.8</b>	<b>\$67.2</b>	<b>\$73.3</b>
–Current	\$2.9	\$3.6	\$6.3	\$11.2	\$10.8	\$10.0	\$10.7	\$16.6
–Non-current	\$35.3	\$32.4	\$38.0	\$38.0	\$38.0	\$38.0	\$38.0	\$38.0
<b>Total equity</b>	<b>\$292.7</b>	<b>\$293.5</b>	<b>\$304.1</b>	<b>\$311.8</b>	<b>\$315.6</b>	<b>\$336.7</b>	<b>\$388.0</b>	<b>\$445.4</b>

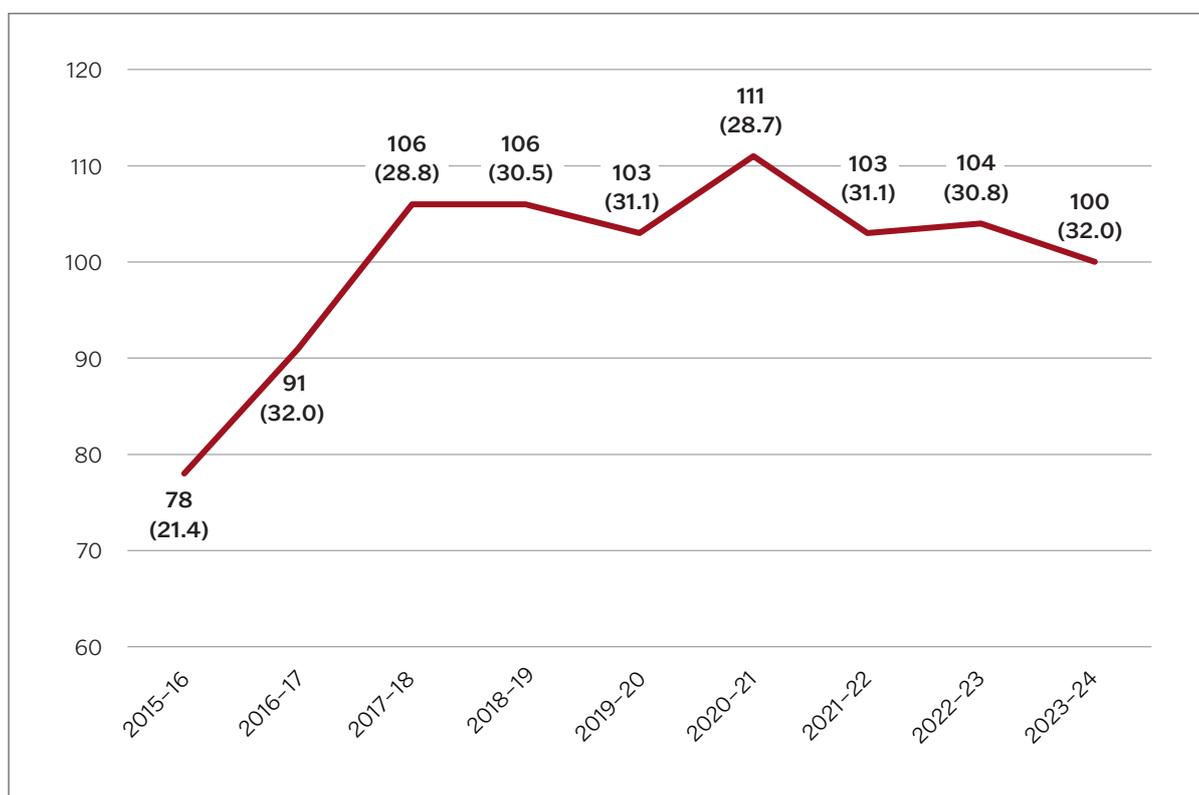
Source: Case study CHP1 annual reports.

<sup>13</sup> The SA Government has no current plans to continue or expand PH transfer programs; instead, it plans to invest in constructing new public housing (Department for Housing and Urban Development 2024).

### 5.4.2 Workforce management

The significant increase in the number of tenancies and properties that were transferred to the South Australian CHP sector through both the BPSC and ROSAS programs within a relatively short timeframe necessitated significant expansion of recipient CHP workforces. Our analysis of case study CHP1’s annual reports shows that its workforce increased by 16 per cent between 2016–17 and 2017–18 (when the ROSAS transfer occurred); this followed another 17 per cent increase between 2015–16 and 2016–17 (see Figure 23). Case study CHP1’s annual reports highlighted the periodic recruitment of additional staff, which took place during 2016–17 (26 new employees), 2020–21 (17 new employees), 2021–22 (11 new employees) and 2022–23 (15 new employees) as the number of properties and tenancies under its management increased. While the new recruitments covered both tenant services and back-of-house roles, this continuous recruitment approach has allowed case study CHP1 to maintain a relatively stable ratio of the average number of properties under its management for each full-time-equivalent (FTE) staff member since the ROSAS transfer occurred in 2016–17.

Figure 23: Number of full-time-equivalent employees, SA case study CHP1, 2015–16 to 2023–24



Note: The average number of properties under management per FTE staff included in brackets.

Source: Case study CHP1 annual reports.

Our interviews with case study CHP2 highlighted a similar approach to expanding its workforce. Case study CHP2 was able to recruit experienced tenant service officers from the SAHT to support its increased number of tenancies and properties. It was also able to recruit more broadly from other organisations or train up less experienced property and tenancy managers (including those with little previous CHP sector experience) to fulfil these roles.

The transfer of PH properties and tenancies transformed more than just the direct client-facing workforce of the CHP sector in South Australia. As our interviews with representatives from case study CHP2 revealed, the organisation's backroom services also required rethinking to support the expanded workforce. This included the specialisation of some mid- to senior-level roles, expanding the number and type of client-facing staff, expanding the human resources team, and upgrading the computer systems and programs to allow more efficient operations and management. Representatives from case study CHP2 explained:

One of the biggest benefits for us operating is that economy of scale with 2,000 properties and tenants, you're able to create functions that better empower those tenants to manage their tenancies ... Now we have a dedicated Allocations Office that just do all of the lettings and the allocations, something you wouldn't be able to do with 500 properties.

I was here from we went from 1,000 to 2,000 tenancies and with that comes changes. Over the last few years we have created those special teams and it is working really well. You can't do that without, like [other interviewee] said, that economy of scale. It means that we can deliver a much better service to our tenants by having that specialist advice and staff. So it's yeah, it's really good.

The creation of specialist roles and teams and training of staff to operate upgraded systems translated into higher staff costs for the CHP sector. These included both higher remuneration packages for the increasingly professionalised and specialised roles, and the cost of providing ongoing training. As the CEO of case study CHP2 explained:

the IT needs to be upgraded and you're going to have to invest in that. And the cost of doing business is more expensive now because you need all of those things.

This increase in staff costs was also observed when analysing case study CHP1's financial statements. Table 13, which shows changes in case study CHP1's staffing costs in total dollar amounts per FTE staff member, reveals that its total staffing costs nearly doubled after the ROSAS transfer in 2017, with the most notable increase occurring during 2017-18 when 17 new staff joined the organisation. Its per FTE staff costings did not change in the same way as its total staff costings, but the former also almost doubled following the ROSAS transfer. In contrast, its administration expenses only increased relatively moderately, from \$2,482,075 in 2017-18 when the ROSAS transfer occurred, to \$3,214,513 in 2023-24, reflecting case study CHP2's comments on relative operational efficiency.

**Table 13: Change in expenditure on staffing costs, SA case study CHP1, 2015–16 to 2023–24**

	Total		Per FTE	
	\$	Change from preceding year	\$	Change from preceding year
2015–16	\$5,181,488	2.3%	\$66,429.33	–8.2%
2016–17	\$5,785,970	11.7%	\$63,582.09	–4.3%
2017–18	\$7,994,894	38.2%	\$75,423.53	18.6%
2018–19	\$9,271,254	16.0%	\$87,464.66	16.0%
2019–20	\$10,210,802	10.1%	\$99,134.00	13.3%
2020–21	\$10,221,348	0.1%	\$92,084.22	–7.1%
2021–22	\$10,442,999	2.2%	\$101,388.34	10.1%
2022–23	\$11,219,714	7.4%	\$107,881.87	6.4%
2023–24	\$11,805,847	5.2%	\$118,058.47	9.4%

Source: Case study CHP1 annual reports.

### 5.4.3 Strategic development

Much like the outcomes observed in our other case study jurisdictions, the BPSC and ROSAS transfer programs expanded the capacity of South Australia’s CHP sector on several fronts. As representatives of the SA Government conceded, however, this expansion has been concentrated in top tier providers that were already sizable. As discussed in Section 5.2, the BPSC and ROSAS transfers were all received by Tier 1 providers. While the preceding sections highlighted the diversifying of tenant-focused support, and the expansion, professionalisation and specialisation of CHP workforces, the SA Government has little documented evidence of this capacity building, as it has not been captured in any official reporting:

We created a real misalignment between how all of that information was reported and what we need in the system to be able to verify and run our internal reports. And so now the administration drives both our teams and sector absolutely bonkers because it is so back and forth in an Excel spreadsheet. And so I think there’s a missed opportunity there in terms of talking around what we’re trying to achieve and how that’s being achieved rather than compliance indicators. (SA Government representative)

As discussed in Section 5.4.1, one of case study CHP2’s primary objective in participating in the BPSC transfer was to demonstrate its capability in managing sizable property and tenancy portfolios. Our interviews with its CEO and senior management revealed that its participation in PH transfers has allowed it to exercise strategic growth by benefiting from economies of scale, as discussed above, and participating in other funding opportunities. An SA Government representative we interviewed saw this as a major benefit of the BPSC and ROSAS transfer programs, as they enabled recipient CHPs to become more independent, needing less (state) government intervention and support, and functioning as government partners in delivering critical housing services not only in South Australia but also in Australia:

We’ve already come a long way in terms of the relationship and ways of working with [the CHP] sector and certainly in the case of a couple of the providers, their independence and growth and how ambitiously they’re able to pursue Housing Australia opportunities and other growth and expansion opportunities, I think speaks volumes of what that investment in their organisational capacity growth has unlocked in allowing them to achieve. (SA Government representative)

The CEO of case study CHP2 emphasised that becoming more independent has been a deliberate strategic development on their part (and also that of many other large CHPs across Australia) as a way to position themselves as genuine partners in social housing delivery in Australia. This has been driven partly by Australian state governments' preference for management-only transfers, which case study CHP2 saw as symptomatic of a lack of trust in their capability to be successful housing providers:

It's really easy to still dismiss us as successful businesses. And so certainly we've been talking about another piece of work as part of CHIA [Community Housing Industry Association] and Power Housing and now ACH [Australian Community Housing] and really moving away from the notion that we need government to help build up capacity. (Case study CHP2)

They still look at us as being a very small industry, but when you aggregate us up over all the jurisdictions, we are a large business with multi-million dollars of projects being carried out and delivered successfully. (Case study CHP2)

We are there to provide a service, but our business doesn't stop if they [government agencies] decide to turn the taps off our funding. And I think all that the funding will do is allow for us to increase the number of homes that we provide, right, like it's not going to sink our businesses, because we are so well established now with our own level of credit, I could be working with the high street banks. We can do those deals all day long. (Case study CHP2)

Nevertheless, case study CHP2 sees the continued value of PH transfers in helping drive further sectoral growth. This includes reducing the financial liabilities of CHPs when delivering further social housing projects and driving better housing and tenant outcomes:

I'm purchasing a couple of lots of them [SA Government] at the minute, but at market value and really that you could have done a stock transfer with that to help support a better outcome. (Case study CHP2)

Recognising the resource-intensiveness of PH transfer procurement, this interviewee suggested that there needs to be a change in future models to improve the cost efficiency of such programs, as this would enable a wider range of CHPs to benefit from capacity building:

You don't have to go out to procurement to that. You could go and tap on a shoulder and work with co-designing with a particular organisation to have that same achievement. And then maybe next time you go to another organisation so you can still share it out so that it doesn't look or be perceived as if you're favouring 1 CHP over another. (Case study CHP2)

## 5.5 Lessons learnt and policy development implications

The quick succession of the BPSC and ROSAS transfer programs offers several important lessons for future PH transfer programs to facilitate positive outcomes and expand the capacity of the CHP sector. These are outlined below.

- The ability and—more importantly—willingness of the government agency to **receive feedback and update the terms of conditions** as different phases of the transfers were released was positively received by case study CHP2, likely resulting in its positive reflections on participation in the ROSAS program. By the time of the ROSAS transfer, the transfer timeframe had been extended and the scope of what the government agency was able to provide potential and successful applicants had been clarified; the timeframe in which successful transfer recipients were able to engage with transferring tenants was also extended. These changes, which had been identified as issues with the earlier transfer program (i.e. BPSC), resulted in a smoother transition.
- A more **collaborative partnership model** was introduced, in which the government agency and successful ROSAS-recipient CHPs worked together to deliver outcomes that were positive to both parties as well as tenants. A notable example was the approach to identifying and delivering redevelopment and renewal opportunities. The government agency's willingness for the CHP to take ownership of additional properties built as part of the redevelopment demonstrates genuine support of the sector's growth through the delivery of additional social housing.
- Building of CHP sectoral capacity needs to be more than the expansion of the size of the portfolio under management. Our case study CHPs experienced significant expansion, professionalisation and specialisation of their workforces, leading to more positive outcomes for tenants. These ranged from more sophisticated asset management, dedication of specialist tenant support services and the forming of strategic partnerships. Government agencies need to recognise these aspects of sectoral growth by **placing less focus on compliance and more on outcome delivery**. This would enable more constructive tracking of program objectives achievements.
- The two phases of PH transfers benefited CHPs that were already sizable prior to the transfers. While the transfers enabled their further growth and development, smaller organisations, including regionally based CHPs and those specialised in particular tenant cohorts, missed out on this much-needed support. Future PH transfer programs should consider **targeting lower tier CHPs** to support broader sectoral growth.

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## 6. Policy development options

In the time since the last major AHURI research into this topic (Pawson, Martin et al. 2016), large-scale public housing (PH) transfers have continued in select Australian states and territories, most notably in our case study states of New South Wales, Victoria and South Australia (see Table 1). Such transfers continue to be a major policy consideration, both in terms of growing and diversifying Australia's social housing sector. In this final chapter, we summarise the similarities and differences in how our case study states approached large-scale PH transfers to propose policy development options that may improve outcomes for recipient community housing providers (CHPs), the CHP sector more broadly and tenants. These options are structured with reference to this project's four research questions:

1. What have been the objectives, terms and requirements of Australia's large-scale PH transfers?
2. What are the longer-term outcomes of PH transfers for (a) CHP finances, (b) CHP organisational mission, (c) ex-PH stock condition and renewal, (d) new housing supply and (e) tenancy management rigour and quality?
3. How have CHPs addressed practical challenges encountered in accommodating transfers?
4. What lessons can be learnt from Australian PH transfer experience?

### 6.1 Objectives, terms and requirements of large-scale public housing transfers in Australia

As discussed in Section 1.1.3, the objectives of Australian PH transfer programs have been to (i) improve the economic efficiency of social housing delivery, (ii) expand the CHP sector's capacity and (iii) improve social housing experiences and tenant outcomes. These stemmed from prolonged reductions in government investment in PH programs, resulting in much of the stock remaining within the PH system having notable (and at times significant) maintenance issues. The continued residualisation of the sector—through restricting eligibility criteria in the face of growing demand but stagnation in PH dwellings available for rent—has also resulted in a cohort of tenants with increasingly complex support needs. The objectives of Australian PH transfer programs are largely consistent across various programs (e.g. Pawson, Martin et al. 2016; Pawson, Milligan et al. 2013). The results of our online survey and the document analysis and stakeholder interviews we conducted as part of our case study analyses all support this finding that program objectives have remained relatively unchanged over time.

In the most recent transfer programs, these objectives have been enabled—except in the case of Victoria, where ownership of the properties was also transferred—primarily through long-term lease agreements between state housing authorities and the recipient CHPs. These long-term agreements typically last for 20 years or more, as is the case in New South Wales with the SHMT and South Australia with the ROSAS program. This is in contrast to the arrangements of some previous transfer programs—for example, the BPSC program in South Australia—where initial, shorter 'trial periods' (often three to five years) were implemented before longer-term leases were offered. As our participants articulated, while title transfers would have been preferred, the more recent, longer-term approach has been advantageous on several fronts compared to earlier management transfer models:

- First, it allowed CHPs to take a more strategic approach to portfolio and tenancy management, especially in terms of asset management: CHPs were able to implement longer-term visions and plan cyclical maintenance and upgrades, or even negotiate with asset owners (i.e. state governments) about potential redevelopments.
- Second, the longer-term lease arrangements provided recipient CHPs with some level of financial stability through an expanded rental revenue base and access to tenants' CRA payments. This is despite not being able to benefit from leveraging against the valuable assets.
- Third, it enabled CHPs to establish better rapport with tenants and provide continuity of support, leading to improved tenant outcomes. For example, regarding the BPSC transfer, the SA Government had an initial three-year arrangement with the two recipient CHPs, with a potential 20-year extension negotiated at the end of the initial term. While the two CHPs were confident that their lease arrangements would be extended following the initial arrangement, they could not offer any certainty to tenants. This caused undue stress for several tenant cohorts regarding the security of their tenure (see e.g. Blunden, Liu et al. 2017).

While the objectives of PH transfers have remained largely unchanged across various programs at different times, the terms of delivery of recent transfers have been notably different. For example, the resources made available by state housing authorities transferring PH tenancies, as well as the scope of services the recipient CHPs were expected to deliver, have been different. Our New South Wales and South Australian case study CHPs were able to compare their experiences across different PH transfer programs. Both highlighted that:

- State housing authorities typically provided financial assistance for property maintenance and repairs in earlier transfer programs. This was absent in the recent SHMT, BPSC and ROSAS programs, in which recipient CHPs were expected to absorb the expenditure through transferred rental revenue and CRA payments. With the overall quality of the transferred properties being poorer than expected, these case studies highlighted that the property maintenance and repair requirements and associated expenditure were far higher than anticipated.
- The scope of tenant support services expected of recipient CHPs was wider. This was especially the case for the recipient CHPs involved in the SHMT program. In addition to assessing and meeting the support needs of transferred tenants, CHPs were expected to run support programs for non-tenants living within the communities they now operated in. According to our New South Wales case study CHP, these additional support programs included managing temporary accommodation and providing homelessness services. It was reported that the state government generally provided little or no resourcing to support these additional responsibilities expected of recipient CHPs (see Section 3.3 for further details).
- The scope for further expanding community housing portfolios through new developments became more explicit. This was the case for South Australia, where, following feedback from the two recipient CHPs involved in the BPSC transfers, provisions were made for recipient CHPs of the ROSAS transfers to initiate redevelopment opportunities with the state government. Like the additional support services requirements of the SHMT program, however, there was no additional resourcing from the SA Government to support these redevelopments, the funding of which was to be fully borne by the initiating CHPs (see Section 5.2.1 for further details).

The Victorian case study CHP had the additional objective of supporting a particular tenant cohort, but otherwise had similar experiences to those in New South Wales and South Australia. While the PH transfer was similarly motivated by sectoral capacity development and improved housing and tenant outcomes, it was underscored by the goal of empowerment and enhanced self-determination. The case study CHP's scope of tenant services did not expand as a result of the transfer, as it had already assumed these responsibilities; instead, it assumed the management of all properties. The dwellings received by the case study CHP were also in poor condition; however, the Victorian Government provided grants for maintenance and capital works. The title transfer and accompanying grants supported the CHP to repair and redevelop housing, which not only developed its internal capacity but also enhanced its ability to grow the stock for its client population.

## 6.2 Longer-term outcomes of public housing transfers for CHP operations and service delivery

Large-scale PH transfers have been successful in growing Australia's community housing portfolios in a relatively short timeframe. Between 2015 and 2024, the number of dwellings under CHP management nearly doubled. Almost one-third of all social tenancies are currently under CHP management—this is equivalent to nearly 130,000 dwellings in Australia. As such, the CHP sector now holds a very sizable—and valuable—portfolio of assets, supporting many households in need. While several industry representatives interviewed as part of this research highlighted that this growth has largely been limited to larger, more established CHPs, it was also recognised that the CHP sector more broadly now represents a 'strong and reliable partner to government in the delivery of more social and affordable homes' (peak body representative).

Growing CHP sector capacity, however, is about more than just enlarging the number of dwellings and tenancies under its management. Our research participants highlighted the significant expansion and specialisation of their workforce and operational capacity. New roles such as chief information officer and specialist support positions have been created and implemented in response to the changing scope of services and increasing sophistication of the CHP sector. Specialisation also extends to the composition of CHP boards, where there has been a noticeable shift towards more skills-based roles to guide the organisations through their various areas of development (Milligan, Hulse et al. 2015). The adoption of more entrepreneurial practices in asset and financial management and the forming of strategic partnerships have also been notable changes. Likewise, CHPs have become better at demonstrating their ability to sustain themselves as viable service-driven businesses that provide vital support to tenants and, increasingly, their surrounding communities.

Consequently, the CHP sector is increasingly seen by government as an equal partner—one that is able to contribute to different aspects of the social housing system. The delivery of tenancy and property services aside, it can help to drive policy and regulatory development through advocacy and advice.

Yet the effects of large-scale PH transfers on Australia's CHP sector have not been wholly positive. The CHPs that participated in our online survey and our case study CHPs all reported negative initial- and intermediate-term impacts on their financial viability. All highlighted that any financial gains from the expanded rental revenue was quickly offset by the higher-than-anticipated costs of maintenance backlogs and the expanded scope of the services they were required to deliver with little to no resourcing. This was further complicated by the increasingly complex support requirements that the tenants (and social housing applicants) presented, leading to an intensification of both the breadth and depth of tenant support.

Collectively, these mounting constraints led our case study interviewees to highlight that few new social housing development projects could be directly attributed to PH transfers. Most, however, acknowledged that the transfers had enabled them to grow large enough to demonstrate their capacity to manage large portfolios. This, in turn, likely improved their competitiveness in entering partnerships with the development industry and gaining funding—from government programs and via debt financing—for new social housing construction projects.

### 6.3 How community housing providers addressed practical challenges in accommodating public housing transfers

Alongside the challenges related to the implementation of PH transfer programs documented throughout this Final Report, and summarised here, recipient CHPs identified several practical approaches to addressing these. With most recent large-scale PH transfers following the model of management-only transfer, our case study CHPs (as well as participants of our online survey) highlighted the lack of property ownership as one of the most constraining challenges to their achievement of program objectives. With state governments remaining the asset owners, CHPs had less control over how those transferred assets could be more effectively used. While most recipient CHPs were able to address maintenance backlogs through planned and reactive maintenance, they were less able to implement longer-term plans, such as redevelopment, sale or divestment, without extended discussions and expressed approvals from state government agencies.

Renegotiating with the government agencies responsible for initiating the PH transfers and advocating for changes to the terms of delivery has been one approach to overcoming this challenge. A notable example is the ROSAS program in South Australia, where the government agency took on feedback of an earlier phase of transfer to enable recipient CHPs to propose property redevelopment. Likewise, in Victoria, the recipient CHP was able to renegotiate with the state agency for further financial support specifically in relation to the more-than-anticipated maintenance requirements of the transferred stock.

Due to the expanded portfolios that recipient CHPs now managed, changes needed to be made to their internal systems, operational policies and service procurement contracts. CHPs reported seeking consultancy and specialist advice on upgrading their IT systems; specialist roles were also created to meet the changing demands of reporting and management and to support strategic development. CHPs also reported renegotiating procurement contracts with their service delivery partners where feasible (e.g. for property maintenance) to benefit from the improved economies of scale. In New South Wales, however, SHMT-recipient CHPs inherited the state government's pre-existing maintenance contract, which significantly impacted on their operational efficiency. The need to maintain this transferred service delivery contract alongside their existing arrangements diminished their operational efficiency. Our case study CHP noted that it—along with other SHMT-recipient CHPs—was not able to overcome this challenge until the terms of the transferred maintenance contract ran out after two years, allowing it to implement its own maintenance arrangements. Given that improving dwelling quality is a major driver and objective of PH transfers in Australia, this constraint presented a significant challenge to the realisation of this objective.

Further, all case study CHPs reported that PH transfers had had constraining effects on their financial viability. Again, this was most directly linked to the poor quality of the transferred dwellings and the insufficiency of the transferred rental revenue to cover the heightened maintenance liabilities. CHP interview participants highlighted that it took many recipient CHPs years to recover to a manageable position; industry representatives noted that several recipient CHPs were severely impacted (due to the poorer quality of transferred stock and the size of the portfolios) and that the effects were still ongoing. Many recipient CHPs continue to monitor this financial impact by comparing the costs and expenditures of transferred stock to the rest of their portfolio. The general reflection was that there is little to no leeway in income and expenditure for transferred stock, meaning that any additional or unanticipated costs (e.g. accidental damage or properties needing major repairs and upgrades) need to be funded through other means. This constrains their ability to fund new developments, which is further constrained by the expansion of service delivery. The SHMT program is a clear example of this.

In attempting to overcome the significant challenge to their financial viability, CHP representatives spoke of needing to cross-subsidise the maintenance of transferred properties and support services of transferred tenants through modest surpluses generated in other programs. This limited their ability to use these funds for other purposes, including servicing debt financing associated with new developments. Most CHPs also reported entering into or extending their existing service delivery partnerships to outsource some of these responsibilities to other organisations rather than taking these on fully in-house, and to benefit from expanded economies of scale as discussed above. A small number of CHPs also mentioned seeking additional funding opportunities, such as through HAFF and debt financing, to expand their revenue base and create some level of financial stability. This latter strategy, however, involved assuming significant risk and exercising expertise, which disadvantaged smaller and/or less experienced CHPs.

With enlarged portfolios and expanded scope of service delivery, recipient CHPs spoke of the need to recruit additional staff. For several CHPs, workforce shortages presented a practical challenge. One approach to addressing this was recruiting skilled staff from the state housing agencies initiating the PH transfers. This included special arrangements made by the state housing authority, whereby government staff were employed by recipient CHPs to perform needed roles (e.g. SHMT). Our interviewees highlighted that while this approach helped to meet some of the expanded capacity challenges, the former government staff worked under different conditions to other staff in similar roles at recipient CHPs, creating an unequal working environment that took the recipient CHPs some time to address.

Outside of filling workforce shortages by recruiting from state housing authorities, recipient CHPs also recruited from the private housing market, bringing in the entrepreneurial skills that are now a feature of Australia's CHP sector. This was particularly the case for senior management roles, such as in asset and information management and strategic development. As a few interviewees highlighted, the advent of remote working since the onset of the COVID-19 pandemic has made the recruitment of some of these back-of-house roles easier, as their physical presence may be less essential compared to client-facing roles. This made a noticeable difference to CHPs in regional and remote communities where the employee pool is comparatively smaller than larger, metropolitan markets. An ensuing challenge, though, was to make sure that staff who had limited exposure to regional and remote communities and housing markets understood their specific operational contexts and challenges. To overcome this, and to ensure that remote-working staff had firsthand experience with the communities that their organisations serve, interviewees spoke of requiring remote-working staff to have a regular on-site presence (e.g. monthly or quarterly).

## **6.4 Lessons from large-scale public housing transfer experience in Australia**

This research demonstrates that the objectives of large-scale PH transfer programs in Australia—to improve the economic efficiency of social housing delivery, expand sector capacity, and improve social housing experiences and tenant outcomes—have, for the most part, been achieved. CHP-managed properties and tenancies now comprise a sizable proportion of Australia's social housing system. Together with the expansion and specialisation of its workforce, the sector has demonstrated its capacity to effectively manage both large housing portfolios and tenant cohorts with increasingly complex support requirements. The shift in the scope and terms of these transfer programs has, however, constrained the full realisation of the intended outcomes of these programs. In this section, we reflect on some important lessons put forward by our case study interviewees as potential policy development options to facilitate the growth of a sustainable CHP sector in Australia.

### 6.4.1 Enable title transfer

From the perspective of CHPs, a central lesson relates to the absence of transferred property ownership, which limits their ability to strategically manage their portfolios. International (especially UK) examples show the important benefits of transferring property ownership from government agencies to CHPs to more fully realise the program objective of expanding the community housing sector. Without titles, CHPs have limited control over the sale or redevelopment of properties; nor do they have the ability to leverage them for further investments. This leaves them financially responsible for assets they cannot fully control. This structural misalignment has resulted in providers being locked into maintaining ageing or inappropriate housing stock without the ability to reinvest in more suitable dwellings. Enabling title transfer—as occurred in the case study CHP in Victoria, and with some earlier PH transfers in Australia, including the Social Housing Initiative of the late 2000s—would provide CHPs with full ownership rights to manage, reinvest in or dispose of assets based on local needs and financial viability.

### 6.4.2 Build flexibility into program implementation

Related to enabling title transfer, flexibility could be built into transfer arrangements to allow CHPs more controls over the properties. In the case of South Australia's ROSAS program, transfer terms were included to allow CHPs to propose redevelopment opportunities. This effectively ceded some control over the longer-term plans for the transferred properties to CHPs despite the absence of full title transfer. This special inclusion also allowed CHPs to keep any additional stock that resulted from redevelopment, providing further incentive for CHPs to take on this responsibility while expanding the number of tenantable dwellings. This flexibility was retrofitted into ROSAS's predecessor when the BPSC lease arrangements were extended, enabling further growth.

Flexibility may also be extended to other aspects of program implementation. Both our New South Wales and South Australian case studies revealed the limited engagements CHPs were allowed to have with transferring tenants prior to the transfer date. There were also limited opportunities for the recipient CHPs to view or inspect the transferring properties. This impacted the CHPs' ability to establish rapport and support tenants during the, at times unsettling, transfer process, and also delayed some property and maintenance requirements that were only discovered post-transfer. Working collaboratively with CHPs early on (e.g. from the time of the transfer approval) could enable a smoother transition for CHPs and tenants alike.

### 6.4.3 Consider a staged approach

PH transfers are complex initiatives. The SHMT program in New South Wales and the BPSC and ROSAS programs in South Australia all used a 'one-day switch' model, meaning that all management responsibility was transferred on the same day. This was with the hope of providing clarity—for organisations and tenants—over which landlord had responsibility for the transferring properties and tenant services. In reality, however, the transition was far less clear cut. The size of the transfer packages created overwhelming administrative burdens, with new (or transferring) staff needing to be onboarded, tenant and property records transferred, and payment arrangements switched. The limited engagement CHPs were allowed to have with tenants prior to the transfer day created further complexities. In New South Wales, SHMT-recipient CHPs also inherited the government's property maintenance contract, meaning that the transfer was not straightforward at all.

Our Victorian and South Australian case studies employed two different approaches to staging PH transfers that led to positive outcomes for CHPs and tenants. In the Victorian case, separating the management and title transfers built in sufficient time and support resources for the recipient CHP to build up its capacity to effectively take on the full responsibility of tenancy and asset management. In the South Australian case, different phases of transfers enabled adjustments to program objectives and terms based on initial feedback.

Staging is considered particularly useful for smaller recipient CHPs (like our Victorian case study), those that are regionally based (like our NSW case study) and those that service particular tenant cohorts that require more specialist support (again, like our Victorian case study). In these cases, additional complexities often exist due to workforce shortages, dispersed properties and underdeveloped support systems. Implementing a staged approach to transfer would allow recipient CHPs sufficient time to build up capacity and integrate support systems.

#### **6.4.4 Resource scope expansion appropriately**

Our research highlights a major change in recent PH transfers compared to earlier iterations, namely, less resourcing. Our online survey participants and case study interviewees highlighted that, for earlier transfer programs, government agencies often provided some financial support that facilitated the achievement of program objectives. These included capital grants to help cover some of the initial maintenance costs, as well as staffing support (e.g. in the Victorian case study through secondment, and the Victorian Housing Registrar playing a significant role in our case study's registration as a Housing Association). Our case study participants highlighted that much of this support, especially in funding for maintenance, has been missing in the more recent transfers, with CHPs instead needing to rely on the transferred rental revenue and the 'additional' CRA income, when available, to cover such expenditures.

Both the New South Wales and South Australian case studies also highlighted that the scope of service delivery associated with their transfers had expanded over time. For New South Wales, this included additional service provision to individuals from the communities in which the transfers took place and those needing housing and/or other support; for South Australia, this included community development responsibilities along with the flexibility to propose redevelopment opportunities. These expansions in scope were not supported by any additional resourcing and were expected to be covered by transferred rent and CRA.

To enable recipient CHPs to more fully realise program objectives, particularly in improving social housing experiences and tenant outcomes, government agencies that initiate and administer transfer programs must set aside appropriate resources to support this. Recipient CHPs cannot rely on rental revenue and CRA to cover an increasingly broad list of expected outcomes.

#### **6.4.5 Focus on program outcomes**

All case studies highlighted the increased volume of administrative work associated with applying for and managing PH transfers. The government representatives we interviewed echoed this. While regular reporting can help to ensure that program objectives are met, much of the reporting focused on compliance (e.g. whether maintenance and service budgets had been spent according to plan, and whether scheduled programs were implemented on time), with little documentation of outcomes. Given that improving social housing experiences and tenant outcomes is one of the major objectives of PH transfers, compliance approach to reporting is not ideal, as it does not allow these outcomes to be accurately recorded and reflected upon. The same is true for the objective of expanding sector capacity: outside of the increased size of the portfolios under management, there is little documentation on how the sector's capacity (e.g. the specialisation discussed above) has been expanded. Co-designing program frameworks with CHPs that focus on housing and tenant outcomes, and building in external, impartial evaluation programs, could ensure mutual accountability and facilitate better reflection on these different types of outcomes.

## 6.5 Final remarks

Along with other programs that inject new tenable units through construction to further expand portfolios, large-scale PH transfers play an important role in the growth of Australia's CHP sector. As this research shows, recent examples—namely the SHMT program in New South Wales, the BPSC and ROSAS programs in South Australia, and the special case of title transfer in Victoria—have achieved high-level program objectives in improving both the economic efficiency of social housing delivery and the housing outcomes of tenants. This has largely been achieved through the CHP sector's adoption of a new entrepreneurial mentality, in which CHPs now view themselves—and are viewed by others—as viable businesses. This growth has been enabled by significant investment from the Australian Government (e.g. through transferring tenants' eligibility for CRA) that has helped to deliver CHPs generally smaller tenant-to-staff ratios and broadened support service delivery base.

Despite achieving these high-level program objectives, recipient CHPs are increasingly being constrained by the restrictive terms of individual transfer programs. The preference of most Australian governments for management-only transfer (the Victorian case study is a notable exception) was identified as particularly constraining, as was the insufficiently resourced, but expanded scope, of service delivery. Future transfer programs must be designed with structural alignment between responsibility and control—most critically by enabling title transfer. This would give recipient CHPs more control over the stock, allowing them more strategic decision-making regarding the upgrade, sale, redevelopment and divestment of stock that may no longer be suitable for changing tenant needs. This could potentially further improve the economic efficiency of the sector by reducing costs and improving CHPs' ability to leverage off valuable assets for further developments.

Other areas of improvement include implementing staged transfers, providing adequate financial and administrative support, and taking on feedback from the CHP sector in addressing practical challenges. Critically, future programs should place stronger emphasis on sectoral and tenant outcomes than on administrative compliance. This will enable the sector to grow sustainably and continue to meet the needs of vulnerable Australians.

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# Appendix 1: Community housing provider online questionnaire

Researchers at UNSW, RMIT University and the University of Tasmania are conducting an Australian Housing and Urban Research Institute (AHURI PRO71344) project about the longer-term impacts of large-scale public housing transfers in Australia to the community housing sector.

The research study is looking to recruit senior executives (e.g. CEO, CFO, COO) of a community housing provider that has successfully participated in a large-scale public housing transfer program in Australia between 2013 and 2019. We invite you (or an appropriate delegate) to participate in this online survey that will take up to 15 minutes to complete. Participation in this research study is voluntary. If you do not want to take part, you do not have to.

A full description of all research activities, including any risks, harms or discomforts that you may experience while participating in this research, is included in our Project Information Statement.

If you agree to participate, please click on the arrow below to proceed.

Some basic information about you and your organisation:

CHP name \_\_\_\_\_

Your name \_\_\_\_\_

Your role/title \_\_\_\_\_

Q1. *Generalising across all public housing transfers to your organisation since 2013*, which of the following do you understand to have been significant state government motivations or objectives?

	Very important	Fairly important	Not important
Enhance quality of housing management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enable catch-up repairs to rundown housing stock	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Offload the most problematic housing stock	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Foster scope for additional social housing construction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enable outsourcing housing assistance responsibilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public housing service cost-cutting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q1a. Please comment briefly on your response to Q1, including if there are other government motivations or objectives.

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## Section 1: Program objectives

Q2. Thinking of *the most recent* public housing transfer to your organisation since 2013, which of the following do you understand to have been significant state government objectives?

	Very important	Fairly important	Not important
Enhance quality of housing management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enable catch-up repairs to rundown housing stock	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Offload the most problematic housing stock	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Foster scope for additional social housing construction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enable outsourcing housing assistance responsibilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public housing service cost-cutting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q2a. With respect to your most *recent transfer*, please rank these objectives in order of importance:

- Enhance quality of housing management
- Enable catch-up repairs to rundown housing stock
- Offload the most problematic housing stock
- Foster scope for additional social housing construction
- Enable outsourcing housing assistance responsibilities
- Public housing service cost-cutting

Q3. Please elaborate briefly on your response in Q2 regarding your *top ranked objective*:

- a. What is the evidence for the importance of the objective?
- b. How did the importance of this objective shape transferred stock selection, if at all?
- c. How did the importance of this objective shape transfer terms, if at all?

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Q4. Please elaborate briefly on your response in Q2 regarding your *second ranked objective*:

- a. What is the evidence for the importance of the objective?
- b. How did the importance of this objective shape transferred stock selection, if at all?
- c. How did the importance of this objective shape transfer terms, if at all?

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## Section 2: Improving financial capabilities

Public housing transfers to CHPs have sometimes been advocated on the grounds of 'leveraging'—the argument that the asset can be used as collateral for loans, and that associated rental revenue can service loans for new development/purchases and/or capital upgrades to existing stock.

Q5. To what extent have post-2013 public housing transfers enabled your organisation to leverage additional new development/purchases and/or capital upgrades?

- Significantly
- Modestly
- Not at all

Q5a. Please comment briefly on your response to Q5.

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Q6. To what extent has this leveraging resulted in additional social/affordable stock developed or acquired, over and above the counter-factual scenario (i.e. the likely course of events in the absence of public housing transfers)?

- Significant additional stock (thanks to transfer(s))
- Modest additional stock (thanks to transfer(s))
- No additional stock or no leveraging resulted (thanks to transfer(s))

Q6a. Please comment briefly on your response to Q6.

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### Section 3: Stock conditions

Q7. Thinking of the most recent public housing transfer taken on by your organisation, what was the condition of the stock? What percentage (%) of transferred portfolio:

	%
Was in very good condition	
Was in good condition	
Was in moderate condition	
Was in poor condition	
Was in very poor condition	
Total	100

Q8. Once your organisation was able to undertake property condition assessments on transferred stock, would you say the associated liabilities were greater than anticipated?

- Definitely
- Maybe
- Definitely not
- Don't know

Q8a. To what extent did the unanticipated liabilities impact the organisation's ability to fund maintenance, capital works and/or new purchase/developments?

- Extensive impact
- Moderate impact
- Negligible impact
- No impact
- Don't know

Q9. Please comment briefly on your responses to Q7 and Q8.

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Q10. If your organisation has taken on public housing transfers under *more than one transfer program* since 2013 (possibly in different states), how did the general condition of the acquired stock compare from program to program?

- Very similar
- Somewhat contrasting
- Highly contrasting

*Display Q10a*

*If Q10. If your organisation has taken on public housing transfers under more than one transfer prog... = Somewhat contrasting, OR Highly contrasting*

Q10a. Please comment briefly on your response to Q10 – contrasting in what respect(s)?

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Q11. Thinking of the most recent public housing transfer taken on by your organisation, how would you characterise the condition of the relevant dwellings today as compared with the point of transfer?

- Significantly improved
- Slightly improved
- Similar
- Deteriorated

*Display Q11a:*

*If Q11. Thinking of the most recent public housing transfer taken on by your organisation, how would... = Significantly improved, OR Slightly improved, OR Deteriorated*

Q11a. Please comment briefly on your response to Q11 – improved or deteriorated in what respect(s)?

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Q12. To what extent do your administrative records have the capacity to facilitate quantitative analysis of stock condition/investment with respect to a given portfolio of transferred stock? Please comment briefly.

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## Section 4: Tenancy management

Q13. Thinking of the *most recent* public housing transfer taken on by your organisation, how would you characterise your approach to tenancy management as compared with the preceding public housing regime?

- Very similar
- Slightly different
- Significantly different

*Display Q13a*

*If Q13. Thinking of the most recent public housing transfer taken on by your organisation, how would... = Slightly different, OR Significantly different*

Q13a. Please comment briefly on your response to Q13.

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Q14. Thinking of the tenants/tenancies transferred in the course of your organisation's *most recent* public housing transfer, how does this cohort's level of satisfaction compare with that across the rest of your portfolio?

- Markedly higher rate of satisfaction for recent transfer cohort
- Markedly lower rate of satisfaction for recent transfer cohort
- No significant difference

Q14a. Please comment briefly on your response to Q14 - what factor(s) may explain this?

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## Section 5: Organisational strategies

Q15. Thinking about the impacts on organisational growth and adaptation for your organisation associated with all post-2013 transfers, how would you say this has affected the way your organisation goes about the following? Please select 1 for each impact.

	Marked positive effect	Modest positive effect	No effect	Modest negative effect	Marked negative effect
Consistency of approach to planned maintenance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reactive maintenance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lifecycle asset planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Community development activity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q16. How would you say that absorbing post-2013 public housing transfers has affected your organisation's: Please select 1 for each impact.

	Marked positive effect	Modest positive effect	No effect	Modest negative effect	Marked negative effect
Approach to being accountable to tenants	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organisational culture and mission	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Governing body understanding of asset management and its financial implications	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Functionality of business and IT systems	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Housing management performance (regulatory metrics)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial robustness/viability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*Display Q17*

*If Q15. Thinking about the impacts on organisational growth and adaptation for your organisation ass... [Marked positive effect] (Count) >= 1, OR [Marked negative effect] (Count) >= 1*

*Or Q16. How would you say that absorbing post-2013 public housing transfers has affected your organi... [Marked positive effect] (Count) >= 1, OR [Modest positive effect] (Count) >= 1*

Q17. Please elaborate why the effects have been 'marked'

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Q18. Finally, thinking about the financial impacts of the transfers, on balance would you say that the assets transferred:

	Yes	No	Don't know
Have had a longer-term positive impact on your balance sheet	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Have had a longer-term positive impact on your cashflow	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Have added liabilities for limited benefit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q18a. Please comment briefly on your response to Q18.

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We thank you for your time spent taking this survey.

Your response has been recorded.

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# Appendix 2: Stakeholder interview topic guide

## A. Background

1. How was the transfer program conceived?
  - a. When was it first proposed / known to you?
2. What drove the decision to transfer?
3. How and why were the particular parcels of housing for transfer selected?
4. How does the housing for transfer compare with the overall state government housing portfolio in terms of:
  - a. property age and type
  - b. condition and/or outstanding repair needs
  - c. tenant profile?
5. How is this transfer program novel or distinctive in the local or national context, if at all? (e.g. in terms of process, scale, objectives, financing, risk transfer)

## B. Transfer objectives and terms

6. What are the objectives of the transfer program? Where are they set out? Which are the most important?
7. How ambitious or realistic are the objectives?
8. [CHP] Did your organisation commit to adding value over and above the stated objectives?
9. What were these value-adds?
  - a. How was the decision behind including these made?
  - b. How long is the transfer for?
10. What provision/flexibility is included in the transfer contract (if any) for post-transfer adjustments (e.g. disposal of 'expensive to maintain' properties; redevelopment of under-utilised sites)?
11. What conditions apply to the transferred stock in relation to:
  - a. allocation rules
  - b. length of tenancy/expiring tenancy review procedures
  - c. other housing management policies and procedures?

12. What is the division of responsibilities between State Government and successor CHP(s) in terms of
  - a. repairs and maintenance to dwellings
  - b. repairs and maintenance to common areas
  - c. local government rates
  - d. insurance?
13. What are the provisions for:
  - a. management outsourced to property redevelopment
  - b. new development of transferred sites?

### **C. Organisational capacity**

14. How has the transfer impacted on your organisation's capacity in terms of:
  - a. staffing
  - b. level, location and breadth of tenant support and related services
  - c. CHP's capacity more generally?
15. How have these impacts addressed? (e.g. staff transferred from State Government/recruited externally, new/ extending partnership, outsourcing, staff training etc)
16. Were these impacts fully anticipated?
  - a. What was unforeseen?
  - b. How have these impacted on the process/outcomes of the transfer?
  - c. How did you organisation address/overcome these?

### **D. Tenant considerations**

17. What undertakings were made to tenants about implications for tenancy rights, rents, dwelling transfers, property upgrades, succession of tenancy etc?
18. In what ways were tenants consulted about the proposed transfer – individually or collectively?
19. What choices or options (if any) were open to tenants?
20. Did the transfer proposal trigger critical responses or active opposition? How were such interventions addressed?
21. Did the transfer process involve tenant or community capacity-building?
22. What are/will be the consequences of the transfer for tenants, in terms of landlord services (how is the CHP service different)?

## **E. Evaluation of outcomes**

23. Who is responsible for monitoring and managing the transfer program? What is the process (e.g. regular meetings and reports)?
24. How is the success of the transfer in meeting objectives measured or assessed?
  - a. What are the indicators and corresponding performance targets?
  - b. How are these monitored/regulated?
25. In what ways and for what reasons are transfer projects diverging from business plan assumptions?
  - a. What unforeseen problems have needed to be addressed? (e.g. unexpected liabilities?)
26. What do you think has been the impact of the transfer for tenant outcomes?

## **F. Lessons**

27. In what ways can the model and processes of this transfer program inform future programs?
  - a. In what ways would the model need to be modified?
28. What lessons were learnt in terms of the transfer process (e.g. timeframes for selecting a successor landlord and effecting transfer)?
29. What are the lessons learned in terms of
  - a. industry capacity
  - b. successor CHP capacity?

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# Appendix 3: Frontline staff focus group topic guide

1. In what roles/capacity have you been involved in the transfer in focus?
2. What are/were the objectives of the transfer, as you understand them?
  - a. To what extent (and in what ways) were these communicated to you?
  - b. Are these objectives revisited/updated on a regular basis?
3. How have the operations of your organisation changed as a result of receiving this transfer?
  - a. Staff (in terms of the level, location and breadth of frontline service delivery)
  - b. Operations (e.g. administration/management, internal processes)
  - c. Tenant outcomes
  - d. Financial capacity
  - e. Service delivery partnerships
4. How else have receiving the transfer changed your organisation's capacity (and your role(s) more specifically)?
  - a. Changed external collaborations/partnerships
  - b. Changed workload for staff in same role
5. How have you been supported in anticipation of/response to these changes?
  - a. Were most of these changes anticipated? What were not (if any)?
6. How are changes to tenant outcomes measured/monitored?
  - a. What are some notable improvements to outcomes?
  - b. What areas require further attention?
  - c. How do these compare to the objectives of the transfers?

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# Appendix 4: Tenant focus group topic guide

## A. Tenants who transferred with the program

We are here to discuss your tenancy being transferred from [State Housing Authority] to [CHP]. We would like to know what the process was like for you and what it has been like living in your home and neighbourhood since.

1. Can you start by telling me how you first learned that your tenancy was being transferred from [State Housing Authority] to [CHP]?
  - a. How long were you living in public housing prior to the transfer?
  - b. Were you given much notice?
  - c. Were you consulted about the transfer process?
  - d. What kind of information were you given (e.g. on changes to your rent, the support that you can get, etc) How was this given to you (e.g. mail, in person, at community forums etc)?
2. Can you tell me what the transfer process was like for you?
  - a. How did the process unfold? (What were the main stages/events that you remember?)
  - b. What support did you receive during the transfer process?
  - c. Who provided that support? Was it helpful?
  - d. Were there aspects of the process that you think could have been done better? What else could have been done to support tenants?
  - e. Did the transfer process have an impact on you? If yes, can you tell us about that impact?
3. How have things changed for you since the transfer took place?
  - a. Has your relationship with your property manager changed. If yes, can you tell us about what's changed?
  - b. Has your ability to access staff or support changed? How?
  - c. How about your ability to get things around the property fixed?
4. How has your neighbourhood changed since the transfer? What are some notable differences before and after?
  - a. Overall management of the estate/neighbourhood
  - b. Mix of neighbours
5. How do these changes compare now to when the transfer first happened?
  - a. Were there any teething issues?
6. Overall, how would you say things compare now to before the transfer?
7. Is there anything else you'd like to add?

## **B. Tenants who moved into area/estate post-transfer**

1. What did you know about [CHP] (or community housing more generally) before accepting the tenancy offer?
2. What did you know about [area/estate] before transferring?
3. What has it been like living at your property/estate?
  - a. How does it compare to your previous homes?
  - b. What has been better?
  - c. What else could use more improvements?
4. What is your relationship like with [CHP]? (Or with your property manager?)
  - a. Are you able to access support when you need it? Tell me more about this.
  - b. What about when you need to get something fixed around the house?
5. What's your neighbourhood like?
  - a. Is the estate well maintained? What makes you say this?
  - b. What's your mix of neighbours like?
  - c. How does your neighbourhood compare to previous places you've lived?
6. Overall, are you pleased with how things have been managed since you've moved into the property? Why/why not?
7. Is there anything else you'd like to add?



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