



# Profiling Australia's affordable housing industry

Inquiry into affordable housing industry capacity

## FOR THE

**Australian Housing  
and Urban Research Institute**

## PUBLICATION DATE

August 2016

## DOI

doi:10.18408/ahuri-7108401

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ISBN	978-1-925334-30-2				
Key words	Australia's affordable housing industry, capacity, capacity-building, industry development				
Series	AHURI Final Report	Number	268	ISSN	1834-7223
Publisher	Australian Housing and Urban Research Institute Limited Melbourne, Australia				
DOI	doi:10.18408/ahuri-7108401				
Format	PDF, online only				
URL	<a href="http://www.ahuri.edu.au/research/final-reports/268">http://www.ahuri.edu.au/research/final-reports/268</a>				

### Recommended citation

Milligan, V., Martin, C., Phillips, R., Liu, E., Pawson, H. and Spinney, A. (2016) *Profiling Australia's affordable housing industry*, AHURI Final Report No. 268, Australian Housing and Urban Research Institute, Melbourne, <http://www.ahuri.edu.au/research/final-reports/268>, doi:10.18408/ahuri-7108401.

### Related reports and documents

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## Acknowledgements

This material was produced with funding from the Australian Government and state and territory governments. AHURI Limited gratefully acknowledges the financial and other support it has received from these governments, without which this work would not have been possible.

AHURI Limited also gratefully acknowledges the contributions, both financial and in-kind, of its university research partners who have helped make the completion of this material possible.

The researchers would like to acknowledge the assistance of housing registrars with the administration of the online provider survey and to thank providers who responded to the survey. They are also grateful to the policy-makers, industry leaders and Indigenous informants who assisted with the provision of information.

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## Acronyms and abbreviations used in this report

ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory
AHI	Australasian Housing Institute
AHV	Aboriginal Housing Victoria
AIHW	Australian Institute of Health and Welfare
AHURI	Australian Housing and Urban Research Institute Limited
ATSIC	Aboriginal and Torres Strait Islander Commission
BBF	Building Better Futures, a 10-year intergovernmental Indigenous housing plan
CDC	Community Development Corporation (US)
CEO	Chief Executive Officer
CFFR	Council on Federal Financial Relations
CHFA	Community Housing Federation of Australia
CHIA	Community Housing Industry Association
CHP	community housing provider
COAG	Council of Australian Governments
CSHA	Commonwealth State Housing Agreement
EBITDA	Earnings before interest, tax, depreciation and amortisation
FACS	Department of Family and Community Services (Australian Government)
FACS NSW	Department of Family and Community Services (NSW)
FTE	full-time equivalent
GFC	global financial crisis
HPLGM	Australian Housing, Planning and Local Government Ministers
ICH	Indigenous community housing
ICHO	Indigenous community housing organisation
IDEP	Industry Development and Engagement Project (Queensland)
IT	information technology
NAHA	National Affordable Housing Agreement
NCHF	National Community Housing Forum
NCHS	National Community Housing Standards

NDIS	National Disability Insurance Scheme
NFP	not-for-profit
NIDFCH	National Industry Development Framework for Community Housing
NPARIH	National Partnership Agreement Remote Indigenous Housing
NRAS	National Rental Affordability Scheme
NRSCH	National Regulatory System for Community Housing
NSW	New South Wales
NSWFHA	New South Wales Federation of Housing Associations
NT	Northern Territory
QLD	Queensland
PARS	Provider Assessment and Registration System (NSW)
PPP	Public private partnerships
ROGS	Report of Government Services Provision
SA	South Australia
SAHF	Social and Affordable Housing Fund (NSW)
SCRGSP	Steering Committee for the Report on Government Service Provision
SHA	State housing administration/agency
SHI	Social Housing Initiative
SOMIH	State-owned and managed Indigenous housing
TAS	Tasmania
UK	United Kingdom
US	United States of America
VIC	Victoria
WA	Western Australia

## Executive summary

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Australia's emerging affordable housing industry has considerable potential to expand housing options for lower income households. This study examines the industry's current profile and capacity.

For the purposes of this study, the affordable housing industry comprises:

- Non-government (for-profit and not-for-profit) affordable housing providers.
- The institutions and individuals that enable, support and regulate their work.

Capacity is the ability of the industry to perform its work. Capacity is multidimensional and includes having:

- The resources to do the work, appropriate organisational and workforce capacities, industry-specific skills, effective networks and political influence.

The regulated industry comprises two main types of providers:

- A group of 40 commercially-oriented entities that raise private finance, procure housing and offer diversified housing services. Most in this group could accommodate further expansion and develop their own future capacity.
- A second group of 283 smaller organisations that mainly provide government-contracted tenancy and/or homelessness services. Many have growth potential but lack resources. Capacity-building could be targeted to assist this group.

There is also a sizeable group of (both registered and unregistered) Indigenous-run community housing organisations (ICHOs). Limited operating scale, poor viability and recent policy disruptions have left many ICHOs vulnerable. An intentional tailored approach to building scale and capacity among this group is critical to ambitions to 'close the gap' in Indigenous disadvantage.

Key gaps in industry infrastructure include the absence of:

- Clear and consistent government and industry leadership.
- A core industry data set.
- A financial intermediary to harness private investment.

For the industry overall, the main capacity issues identified so far concern:

- The need for scaled-up and predictable growth opportunities to promote further capacity development and strategic investment.
  - Shortcomings in policy-making capacities and regulation.
-

## Key findings

The Inquiry defines ‘affordable housing’ as housing provided subject to access and affordability requirements set by government. This includes:

- Rental housing priced at below market rents and earmarked for eligible low- to moderate-income households.
- Owner-occupied housing for eligible low- to moderate-income households that is provided under a subsidised loan or shared equity arrangement and/or is legally encumbered with covenants that impose an affordability requirement.

For the purposes of the Inquiry, the affordable housing industry comprises:

- Non-government (for-profit and not-for-profit (NFP)) affordable housing providers.
- The institutional entities and individuals that enable, support and regulate the work of affordable housing providers.

Below we discuss this study’s findings concerning the profile of the industry and its present capacity.

### Affordable housing providers

Outside of government itself, affordable housing provider organisations include NFP community housing organisations and a small number of for-profit companies. The primary suppliers are mission-driven, officially registered community housing providers (CHPs). This is a diverse group numbering 323 entities in March 2016.

Heading the group is a cohort of around 40 NFP companies that operate a commercial business model and function at scale. Many in this cohort had their origins in managing social housing tenancies, but over the past decade they have diversified their housing service offerings, broadened their operating locations, and acquired experience in raising private finance and partnering with the development industry. Others are more recently founded special purpose vehicles established by governments or parent bodies with specific capacity to develop affordable housing.

This cohort has grown steadily in number and organisational scale over the last decade. Growth was driven mainly via NFP participation in the two major 2008 national affordable housing supply initiatives, the National Rental Affordability Scheme (NRAS) and the Social Housing Initiative (SHI), as well as state government housing investment programs operated in certain jurisdictions. This cohort now accounts for an estimated 80 per cent of the long-term affordable housing under the industry’s control.

As an indication of their business scale, those from the top group that responded to our online survey (17 organisations or groups of organisations) had on average:

- assets of \$316 million
- liabilities of \$42 million
- over 2,000 dwellings in management, with over half of these owned or on long-term leases
- about 100 dwellings in a procurement pipeline
- annual rent revenue of \$20 million (\$9,796 per annum per dwelling managed).

Organisations in this group are subject to the highest level of regulatory engagement (Tier 1 National Regulatory System Community Housing (NRSCH) or its equivalent in WA and Victoria) and are centrally monitored for compliance with defined performance standards covering service effectiveness, accountability and viability.

Community housing registrar classifications show that another 72 CHPs—those classified as NRSCH Tier 2 providers or their equivalent—have some housing development and asset management experience but to a more limited extent than the top group. In our survey, organisations from this group (30) had an average dwelling portfolio of less than 400 dwellings and average rent revenue of around \$2 million per annum—a scale factor of around one tenth of Tier 1s.

A much larger cohort of generally smaller and often specialised organisations accounted for the remainder of the regulated sector (Tier 3 or equivalent). This group of 211 organisations is very diverse and difficult to profile from available data. It includes organisations specialising in tenancy management that is often in a single locality or sub-region; those serving a specific population group with specialised housing needs (e.g. people with disabilities), self-managed housing cooperatives and homelessness service providers with little or no long-term housing. Several large multi-functional welfare agencies with small housing operations and some faith-based providers are also registered in this group. Those in this group that responded to our survey (48) had an average of 66 dwellings in management and \$630,000 in average annual rent revenue.

While the number is difficult to confidently estimate, there are around 200 Indigenous-run community organisations of various types offering housing services. Many of these have very small housing roles, but some also offer a range of other human services. Larger organisations typically manage between 400 and 700 dwellings and one has in excess of 1,500. Only nine Indigenous community housing organisations have as yet achieved mainstream registration, although another 42 in NSW are registered in an Indigenous-specific housing registration system. The remainder have contractual relationships with governments, own their own housing and/or are not currently registered.

To complete the industry picture, in addition to registered providers our study identified a small number of for-profit providers (mostly NRAS tax incentive recipients). Their recent experience of the advent and demise of NRAS highlighted that private firms are unlikely to achieve the commercial parameters and economies of scale required to make affordable housing a viable part of their business unless there is a more durable policy and scaled up investment framework for affordable housing.

There are also a few dozen local governments providing affordable housing (especially in WA and Queensland regional areas) as well as several hundred very small unregistered community organisations engaged in specific forms of housing service delivery, often under government contract.

### **Provider capacities for growth**

While the community housing registers do not publish disaggregated performance information, previous research and other data indicate that the Tier 1 registered group of CHPs have the industry-specific skills and organisational capacities to manage and absorb substantial growth.

Our survey results indicate these organisations are self-driven, continuing to invest in their own organisational capacity and avidly seek growth opportunities for their businesses—for example through pursuit of new funding sources, partnerships and mergers within the industry. Most collaborate through a peer network and/or peak bodies engaged in knowledge exchange, professional and industry development and shared service initiatives.

While their previous growth cycles have been typically driven by governments' housing programs, more in this group are now looking to enhance their (revenue and asset-based) resource capacity through new business ventures and wider engagement with a variety of government, NFP and private partners.

Their own endeavours notwithstanding, most have found steady growth difficult to achieve given recent affordable housing policy volatility, and a lack of forward industry plans and fit-for-purpose subsidy arrangements. For many, intensive investment in internal systems and human resources in the period 2008–14 has created capacity that is arguably under-utilised in the post-2014 context of scaled-back Commonwealth and/or state and territory affordable housing programs and the failure of government plans to materialise, e.g. large-scale public housing transfers. Thus, many in our survey felt that governments had been holding back their growth, and that more durable policy infrastructure and resourcing were needed to realise their capacity.

Tier 2 CHPs have also been investing in their capacity, particularly their core social housing business capabilities, but they typically have more modest growth aspirations. There are fewer opportunities for this class of providers to prove their capacity to grow and diversify. This contributes to a finding that it is not organisational capacity that is the key limiting factor restraining the industry's future but the opportunities for growth.

Recent capacity-building in Tier 3 CHPs has mostly been driven by the necessity to meet new regulatory requirements rather than to enable service expansion. The small scale of most of these organisations has required state governments to directly resource capacity-building. In our survey, organisations in this tier were less likely to be planning for growth.

Policy disruption over the past decade, associated with states and territories taking over responsibility for Indigenous housing and the management of remote Indigenous housing, has diminished the Indigenous housing sector. Lack of operating scale, viability concerns and imposition of mainstream competitive funding and regulatory regimes have left many organisations vulnerable. This is in spite of compelling evidence of the importance of Indigenous-controlled organisations to addressing Indigenous disadvantage. Only in NSW and Victoria have governments invested in Indigenous sector development.

A separate report (Milligan, Martin et al. forthcoming) will provide a more in-depth consideration of organisational capacity, drawing on complementary fieldwork investigating the views of partners, industry bodies and other stakeholders.

## **Supporting institutions**

Beyond provider organisations themselves, effective and efficient provision of affordable housing relies on many supporting institutions, networks and actors. Their capacity is critical to both effective policy-making and to industry advancement.

In the affordable housing domain, supporting institutions include:

- Government agencies and their coordinating entities and the government-established regulatory systems.
- Industry peak bodies and peer network organisations.
- Tenant/consumer organisations and tenancy support agencies.
- Providers (for-profit and NFP) of specialist services to the industry—covering training and professional development and consulting, data and research services.

While local industry-supporting infrastructure appears extensive, and in some parts enduring, a number of gaps emerged from our initial assessment of what will be required to optimise industry potential and guide its future development.

## **Government**

A stable and robust policy framework to steer the development of a viable affordable housing market is essential, especially to ensure that private funding will flow to potential providers, to give provider organisations the confidence to invest in their business continuity, and to encourage contestability.

Within government there is a lack of authoritative leadership in the housing policy realm at both national and state/territory levels. Policy-maker expertise in this field has been eroded both through wider public service changes and by a lack of policy priority accorded to affordable housing. Within jurisdictions and nationally, ownership of housing policy has become damagingly fragmented across departments. Vital co-ordinating mechanisms operating between levels of government have also been largely abandoned, militating against nationally coherent growth strategies and knowledge-sharing.

In the recent absence of Commonwealth leadership in this field, shaping the industry has been left to the eight jurisdictional governments each of which has different policy agendas and priorities. The extent of divergence and fragmentation in state level approaches is working against development of a national market and cultivating organisational scale and capacity. This problem is exemplified by the failure to achieve national regulation of community housing and (except in Tasmania) to meet the ministerially agreed aspirational target for NFPs to account for 35 per cent of social housing by 2014.

In most jurisdictions it has been the norm for the agency that is responsible for funding alternative housing providers and regulating them to be, at the same time, responsible for delivering public housing. This gives rise to a clear conflict of roles, particularly as transfers of public housing have been designated as a key strategy for growing the resource capacity of the non-government provider system.

This pattern of fragmentation of responsibilities, weak coordination, role conflicts and a lack of policy capacity within governments is widely seen by industry players to have severely hindered the effectiveness of recent approaches to expanding affordable housing provision.

### **Industry leadership**

Unlike in many other emergent and established industries, there is no national industry council or similar guiding industry development, engaging with government and negotiating future positioning. A joint policy-maker and industry forum that shaped an earlier phase of development of the community housing sector, the National Community Housing Forum (1996–2006), had clear success in this regard.

National and state level peak bodies remain small and lack sufficient resources to realise their potential in contributing to industry development. In recent years NSW has exemplified what could be done to achieve growth and capacity-building through adopting modestly-funded industry development plans (see below).



## **Industry data**

As a basis for accountability and informed policy making, official data relating to social and affordable housing services are completely inadequate. Data frameworks are out of date—for instance, relating to obsolete programs but unresponsive to industry changes and new outputs. Similarly, data definitions of key financial metrics and measures of affordable housing outputs lack specificity and consistency. There is also no industry-wide model for measuring affordable housing needs. This is important to give assurance that service outcomes will be aligned with the pattern and mix of needs (rather than being dictated by the ad hoc opportunities which have driven recent growth).

There have been some encouraging industry-led improvements in capturing industry-wide performance and financial data, especially core operational benchmarks. However, these are not publicly available except in aggregate. As their database becomes more extensive, industry regulators should be made responsible for the fitness-for-purpose and transparency of industry performance and outputs.

## **Financial institutions**

A critical piece of missing industry infrastructure is a specialist financial intermediary—with a responsibility to match diverse CHP demands for private financing with the strong interests of institutional investors in scaled-up rental housing investment. Extensive work on options for such a model has been undertaken both by AHURI-funded researchers and a number of industry players over several years. Responsibility for this now needs to be brought into government and actioned if cost effective private financing of affordable housing is to become a reality any time soon. The 2016 work on this issue by Treasury officials (Australian Government 2016a), in response to a brief from the Council of Federal Financial Relations, has been widely welcomed within the industry by providers, peak bodies, lenders and development partners.

## **Engaging and supporting tenants**

A fundamental tenet of a community-based housing model is engaging tenants in decision-making around the delivery of their housing services. This is occurring at the organisational level to some extent but not at the industry level.

Given the special needs of many tenants, affordable housing providers rely heavily on support partners to achieve viable and sustainable tenancies. Continuing priority needs to be given to co-ordination processes and institutional structures that help connect housing and support services, especially in the arenas of homelessness, domestic violence, disability and Indigenous tenancies.

The housing disadvantage and increasing prevalence of Indigenous tenancies in social and affordable housing requires increased attention to engagement with Indigenous tenants, organisations and communities.

## **Capacity-building and industry development**

The development of the affordable housing industry across Australia is subject to diverse and fragmented approaches. This situation is of concern, especially given the small size of the industry overall.

A 2014 high level national industry development framework (for community housing) has had only limited impact because it lacked a champion in government as well as an appropriately resourced implementation plan. In only two states (NSW and Queensland) do formal industry development strategies currently exist. A positive feature of these has been their joint government-industry management that has built trust and mutual understanding.

While it is not possible to estimate the total value of state and territory resources being invested in industry development, there is evidence of widespread duplication of effort among government agencies, across individual organisations and across jurisdictions. In the absence of any medium term national growth plan for the industry, providers and industry stakeholders question ‘capacity-building for what’?

## Policy development options

Within the bounds of limited sources of information, this report offers an up-to-date snapshot of the shape and scale of Australia’s affordable housing industry. It is this research team’s first contribution to a wider assessment of the industry’s capacity to respond to large-scale growth that could stem from public housing transfers or other investment strategies directed to increasing affordable housing supply and social housing renewal.

With regard to affordable housing providers themselves, we consider that there is a strong cohort of commercially-oriented and independent NFPs with considerable capacity for further growth and development. Better utilisation of their capacity and realisation of scale economies could be achieved through a (preferably national) industry plan that sets clear affordable housing growth targets and is underpinned with secure and adequate subsidy streams, and more cost-effective private financing approaches. Balance sheet enhancement—via giving large CHPs greater control of managed assets—will also be beneficial to growth and efficiency goals. Strengthening the policy framework for affordable housing could also be expected to attract new entrants to the industry from both the for-profit and NFP sectors.

Many smaller registered providers also have potential for modest growth and partnering approaches. Their futures are important to meeting Australia’s geographic spread of housing needs, meeting complex and special needs, fostering innovation and leveraging local community resources. Capacity-building could be designed to assist their further growth and development as appropriate within a framework of a future industry plan and an industry-negotiated strategic approach to market shaping.

Specific attention must be given to building governance capacity and organisational scale in the ICHO sector and to reinstating a strong Indigenous voice within the industry. Along with improving the cultural proficiency of mainstream services, retention of robust and culturally-adapted housing services for Indigenous households is essential to both government and community ambitions to ‘close the gap’ in indigenous disadvantage.

Priority areas for bolstering the current affordable housing industry supporting institutions and infrastructure that have been identified through the assessment so far include:

- Enhancing leadership, expertise and coordination within government.
- Separating the administration of public and affordable housing.
- Completing and refreshing national regulation.
- Joint government and industry guidance of industry development and restructuring.
- Reinforcing the leadership and capacity-building functions of industry peak bodies.
- Industry core data reform and housing needs modelling.
- Development of specialist financial brokerage arrangements.
- Restoring culturally appropriate institutional arrangements to support the provision of Indigenous housing.

## The study

This study is concerned with the capacity of Australia's affordable housing industry to significantly up-scale, in the context of government and industry ambitions to transform the current public housing-dominated system and to increase the supply of affordable housing. Specific avenues of interest include attracting large scale private finance to a new affordable housing asset class, offering a wider range of affordable housing products matched to diverse needs and ensuring the efficiency, effectiveness and accountability of housing provider organisations.

In this context, this study has been designed to address four core research questions:

- 1 What is the present structure and capacity of the Australian affordable housing industry?
- 2 What are the current forms and levels of industry assistance and regulation provided to this industry by governments and other supporting institutions?
- 3 What are stakeholder/expert views on desirable directions and priority areas for the development of organisational and industry capacity?
- 4 What industry adjustment and institution-building is recommended to support the preferred industry development path and support public policy goals?

The study forms one contribution to an AHURI-driven Evidence-Based Policy Inquiry into 'affordable housing industry capacity'.

The Inquiry defines 'affordable housing' as housing provided subject to access and affordability requirements set by government. This includes:

- Rental housing priced at below market rents and earmarked for eligible low- to moderate-income households.
- Owner-occupied housing for eligible low- to moderate-income households that is provided under a subsidised loan or shared equity arrangement and/or is legally encumbered with covenants that impose an affordability requirement.

Capacity is defined as the ability of the industry to perform the work and achieve the goals that governments and industry stakeholders envisage for it.

To help diagnose different capacity challenges this has been further broken down (following previous researchers) into questions about the industry's:

- resourcing capacities
- organisational capacities
- industry-specific capacities
- network capacities
- political capacities.

As elaborated in Chapter 2 of this report, the assessment of these capacity dimensions considers both supplier organisations and the industry as a whole.

This first report of the study addresses the first two research questions above. The report describes the current profile of Australia's affordable housing industry (see Chapters 3, 4 and 7). It investigates current approaches to industry development (Chapter 5) and then examines issues affecting the industry's capacity to develop, finance and manage affordable housing (Chapter 6).

Complementing this document is a second report—to be published later in 2016—which will address research questions 3 and 4 (above) and offer recommendations for a plan to guide industry growth and development.

Information presented in this report has been obtained from three main sources:

- Documentary records pertaining to the industry and its development, including previous research, data repositories, policy and industry reports, and consultants' advisory reports.
- An online survey of registered community housing providers to ascertain organisation operating functions and scale and to probe provider viewpoints on capacity issues for them individually and for the overall industry.
- Interviews with key policy-makers, industry leaders and, in regard to Indigenous housing issues, Indigenous community housing leaders.

# 1 Introduction

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- For 70 years, provision of subsidised affordable housing in Australia was dominated by state government housing providers.
  - This situation has been changing slowly as governments increasingly opt to partner with private (for-profit and NFP) organisations to expand, redevelop and manage various forms of affordable housing.
  - In this context, the present research is concerned with assessing the capacity of the emerging affordable housing industry to provide high quality housing services and to expand the supply of affordable housing, especially by making the industry attractive to private investment.
  - Recent large scale government investment in growth—especially NRAS and SHI—has helped to build organisational and industry capacity.
  - Provider regulation and, in some jurisdictions, specific capacity-building strategies involving both governments and industry associations have also stimulated capacity building.
  - Organisational responses, mainly among community housing providers, have involved the development of new capacities for housing procurement and financing, project management and the provision of tenancy services at scale.
  - In the wider industry environment, there is evidence that knowledge of and specialisation in supporting affordable housing provision is growing among lenders, development partners and industry advisers.
  - To help address Australia’s deepening shortage of affordable housing, governments are now seeking to assess the industry’s future capacity to accommodate large-scale divestment of public housing and to deliver residential development and urban renewal projects that include a continuum of affordable housing options.
  - This report is focussed on the current status of the industry. A second report concerned with priorities for the further development of industry capacity and scale will be published later in 2016.
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## 1.1 Why this research was conducted

This report is an account of the current status, dimensions and capacity of Australia’s affordable housing industry. It provides a foundation for considering how new or changed institutional arrangements and an enhanced non-government delivery system could be developed to help address Australia’s long standing shortage of affordable housing (Hulse, Reynolds et al. 2015) and to achieve a positive transformation of its failing state housing system (Jacobs, Atkinson et al. 2010).

The research for this report forms one contribution to an AHURI-driven Evidence-Based Policy Inquiry (AHURI 2015: 6) into 'Affordable Housing Industry Capacity'. The overall aim of this Inquiry is to inform policies for transforming Australia's social housing system (which remains dominated by state-owned and managed public housing) into an affordable housing industry, predominantly comprised of non-government organisations providing a more diverse range of affordable housing products and services and operating at an efficient scale. A key implementation question for such a transformation that is posed variously by politicians, policy-makers, financiers and other commentators (and which, therefore, underlies this Inquiry) concerns the capacity of the nascent affordable housing industry to up-scale and grow. That is the subject of the project of which this report forms part. Other interrelated research projects for this Evidence-Based Policy Inquiry concern:

- The lessons from recent public housing transfer programs in Australia and their implications for industry development (Pawson, Martin et al. forthcoming).
- Learnings from the extended UK experience (since the 1980s) of transitioning social housing to third sector control (MacLennan and Miao forthcoming).
- Insights from international experience of transforming public housing in a federal governance context (Lawson, Legacy et al. 2016).

The Evidence-Based Policy Inquiry is guided by a high level group of policy-makers and industry experts, the 'Inquiry Panel', which provides advice on the policy implications of the findings from each research project.

## 1.2 Policy context

Current knowledge indicates Australia has a diversified and fragmented system of affordable housing provision which, while recently subject to rapid change, remains immature in an international comparative context (Bisset and Milligan 2005; Lawson and Milligan 2008; Milligan, Gurran et al. 2009; Pawson, Lawson et al. 2011; Milligan, Hulse et al. 2015). Nevertheless, the non-government housing sector's niche role and cottage industry structure have been gradually transforming, influenced both by intentional government policies (e.g. on regulation, capital investment priorities, rent setting, organisational and industry capacity-building) and industry-initiated consolidation processes directed to creating larger providers with the scale, capacity and resources to operate a business model more independent of government. This has, for example, resulted in the attraction of private finance and the adoption of a more commercial, entrepreneurial orientation (Gilmour and Milligan 2012).

Albeit punctuated by occasional reform measures or programs initiated at either the state or national level, housing policy settings shaping the industry have been in a state of flux for decades (Milligan, Phibbs et al. 2004; Milligan, Gurran et al. 2009 ; Milligan, Hulse et al. 2015). Appendix 1 summarises key current national and state policy arrangements for providing affordable housing. This update shows a diverse scale and wide range of (now) mostly state-led initiatives. Among these, there is a clear trend to leverage government resources (land, capital investment, public housing assets and Commonwealth Rent Assistance payments to tenants) via public housing management transfers to community housing providers. Similarly, various forms of public private partnerships to procure or redevelop and manage social and affordable housing have been trialled. Nevertheless, policy continuity and certainty has remained elusive.

Recent Australian Government-led growth surges have helped to catalyse organisational and industry capacity, especially via NRAS and the stimulus-directed SHI. Between 2009 and 2016, these large programs (now terminated) directed significant additional supply and management opportunities to affordable housing providers, driving the need for rapid organisational responses, especially from large providers, involving the development of capacities for housing

procurement and financing, project management and tenancy service provision at scale (KPMG 2012; Milligan, Hulse et al. 2015). Complementary state-led supply-side policies and public housing transfer programs have also contributed to growth and promoted new capacities.

For the five years to 2020, potential supply of around 32,000 additional social<sup>1</sup> and affordable dwellings has been identified under prevailing government policy frameworks (set out in Appendix 1).<sup>2</sup> This, however, represents but a small component of an estimated shortfall of 140,000 social housing dwellings required by 2016 just to keep pace with household growth (National Housing Supply Council 2010, updated to 2016 by Yates unpublished) and around 10,000 per year after that. In this context it should also be noted that from 2019, a proportion of 38,000 NRAS-funded affordable rental dwellings will be progressively moved to market rate housing as NRAS time-limited grants and tax benefits expire.

A range of national and state-specific reforms with significant potential to impact on the future growth, shape and direction of the industry has been on Australia's political and policy agendas for years. These include reviews concerned with federal-state roles and responsibilities for housing and the National Affordable Housing Agreement (NAHA) (Australian Government 2015), taxation reform (especially as related to property tax changes), the 'cities agenda' and urban planning, welfare reform (McClure 2014), reforms to aged care and services, social housing system reform and Indigenous policy reform. Pending impacts of the National Disability Insurance Scheme (NDIS) on the housing system are also an ongoing issue (Disability Housing Futures Working Group 2016). Recently, the Council on Federal Financial Relations (CFFR), under the auspices of the Council of Australian Governments (COAG), has entered the affordable housing policy debate, releasing an issues paper specifically concerned with the financing and structure of reform models to expand provision (Australian Government 2016a).

### 1.2.1 Defining the scope of the research

In this Inquiry we have defined 'affordable housing' as housing provided subject to access and affordability requirements set by government. This includes:

- Rental housing priced at below market rents and earmarked for eligible low- to moderate-income households.
- Owner-occupied housing for eligible low- to moderate-income households that is provided under a subsidised loan or shared equity arrangement and/or is legally encumbered with covenants that impose an affordability requirement.

For over two decades, the prevailing guiding benchmark for 'affordable housing' in Australia has been the 30:40 indicator, under which housing that costs not more than 30 per cent of income for a household in the lowest 40 per cent of households by income is considered affordable (National Housing Strategy 1991). While contested, this measure is widely used in industry and research reports to indicate housing affordability and housing stress for lower income households. For examples, see publications of the Australian Institute of Health and Welfare (AIHW) and the National Housing Supply Council (NHSC).

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<sup>1</sup> In this report, following Australian practice, social housing refers to rental housing that is only available to a government-determined cohort of low income households and subject to income-related rent payment regimes and other rules. Social housing may be provided by government agencies (when it is referred to as public housing) or by other registered providers (and in that case is typically referred to as either community housing or social housing). Public and community housing are, therefore, specific types of affordable housing, along with other below market rental and ownership products as explained in Section 1.2.1.

<sup>2</sup> Estimate is for dwellings additional to planned replacement of existing social and affordable housing. Additional dwellings associated with leveraging new supply from prospective public housing transfers are not included in the estimate as they have not been enumerated.



For the purposes of this Inquiry, we have defined ‘the affordable housing industry’ as comprising:

- Non-government (for-profit and NFP) affordable housing providers.
- The institutional entities and individuals that support, facilitate and regulate the work of affordable housing providers.

Thus, an entity may be part of the affordable housing industry as a housing provider or in another role. Government agencies, including state and territory housing administrations, are considered part of the industry in their roles as funders, resource providers and regulators. However, as the Inquiry is being undertaken within the context of an understanding that most state governments are looking to transition away from direct provision of social and affordable housing, assessment of public housing service delivery entities and their workforces are not included.

In practice, most provider organisations within our remit will be registered community housing providers (CHPs)—see below; others include Indigenous Community Housing Organisations (ICHOs), local governments and for-profit entities (e.g., private individuals and companies owning properties subject to NRAS-compliance requirements). Other relevant industry actors and institutions include industry and consumer groups and networks, professional associations, private financiers, financial aggregators and other intermediaries, developers, consultants, training providers and support partners. The current institutional arrangements in the industry are further discussed in Chapter 4.

### **1.2.2 The role of community housing providers (CHPs)**

Australia’s main suppliers of affordable housing are CHPs.<sup>3</sup> Development of an identifiable third sector of social housing provision (operating alongside government agencies and private market providers) dates from the late 1970s in Australia (Bisset and Milligan 2005). Widely referred to as community housing, this sector has played a very small but latterly expanding role in the provision of various forms of social and affordable housing.<sup>4</sup> However, the sector’s trajectory has been erratic, with short expansionary periods followed by (usually longer) periods of stagnation (Milligan, Hulse et al. 2015).

Within a context of a long-term decline in the overall share of social housing (Figure 1, below, right hand scale), CHPs are managing a growing share of social housing (Figure 1 left hand scale). This share has risen from 4 per cent in 1997 (16,515 dwellings) to 18 per cent in 2015 (72,105 dwellings), primarily as a result of intra-sectoral dwelling transfers, targeting investment in CHPs and CHP-generated growth. This, however, is well short of 2009 Ministerial ambitions for that share to have reached 35 per cent by 2014 (Housing Ministers Conference 2009).

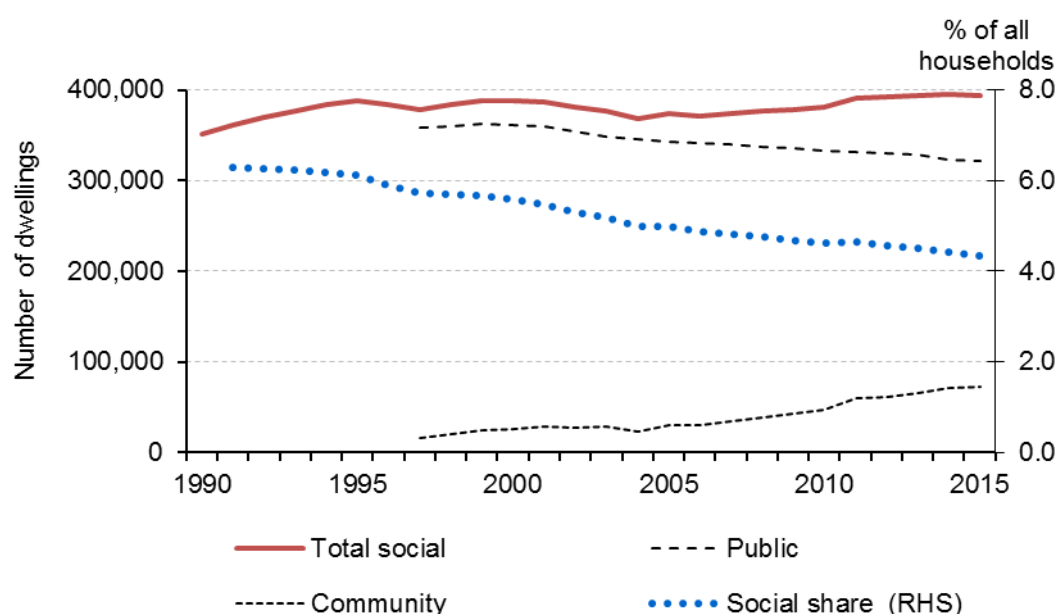
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<sup>3</sup> Australian jurisdictions use different nomenclature to refer to community housing providers, for example, housing association, housing provider, community housing organisation, housing cooperative etc. Throughout this report we refer to not-for-profit community housing organisations as CHPs, except in the case of Indigenous-controlled organisations, which we refer to as Indigenous community housing organisations or ICHOs.

<sup>4</sup> As discussed further in Chapter 7, a long standing Indigenous community housing sector also operates under largely separate policy and regulatory arrangements.



**Figure 1: Number of social rental dwellings by provider type 1990–2015**



*Note: Data excludes state owned and community owned Indigenous social housing*

Source: Data from Yates (2013: 116), updated by Yates using SCRGSP (2015; 2016) and data from ABS (2015).

### 1.2.3 Industry regulation

Beginning in the mid-2000s, a staged approach to development of a new specialist regulatory regime for non-government providers of social and affordable housing has been pursued across Australia.<sup>5</sup> The core objective has been to help ensure that provider organisations are run effectively, efficiently and ethically, making appropriate use of managed assets and investment. A key claimed benefit of specialised regulation is that industry stakeholders—tenant communities, government funders and private investors—can have confidence in industry performance (Travers, Gilmour et al. 2010). Performance areas subject to specialist regulation include: tenant and housing services, housing assets, community engagement, governance, probity, management and financial viability.

In addition to specialist regulation that applies to non-government housing providers who seek and achieve registration, regulation is applied through a variety of other instruments, including funding agreements and contractual obligations, legislative or policy requirements such as for client access and rent setting, and performance reporting and monitoring.

The new regime initially involved various state-based regulatory regimes being established in a 'bottom up' manner from the early 2000s. More recently—in development from 2011—a National Regulatory System for Community Housing (NRSCH)<sup>6</sup> was introduced in 2014. The purpose of this system is to promote a national market, for instance, by making it easier for registered organisations to operate in more than one jurisdiction and by encouraging the scale and consistency of operations that could assist in attracting a greater scale of private investment in social and affordable housing. The ambition of a national market was also a response to government concerns in some jurisdictions that local organisations would lack

<sup>5</sup> For an account of regulatory developments up to 2010 see Travers et al. (2010: 9).

<sup>6</sup> Full documentation of the NRSCH is at [www.nrsch.gov.au](http://www.nrsch.gov.au). Under the NRSCH 'community housing' is defined as housing for people on a very low, low or moderate income or for people with additional needs that is delivered by non-government organisations.'

capacity to respond to aspirations for public housing transfers to the not-for-profit sector (Pawson, Martin et al. forthcoming).

Reflecting this structuring, under the NRSCH, registered organisations are classified into one of three tiers indicating different levels of operational complexity and risk, as follows:

- Tier 1 organisations are incorporated companies (under the *Corporations Act 2001*) undertaking housing development activities at scale and facing the highest level of risk.
- Tier 2 organisations are companies or other incorporated bodies with small scale housing development activities.
- Tier 3 organisations are incorporated organisations with no, or only one-off or very small scale involvement in housing development (NRSCH c. 2014).

An entity's registration in a tier is dependent on whether it meets the specified incorporation and evidence requirements. Tier status, however, should not be interpreted as a measure of an organisation's performance or capacity to perform.

In 2016, NRSCH operates in five jurisdictions (NSW, Queensland, South Australia, Tasmania and the ACT). Western Australia and Victoria maintain separate systems and the introduction of regulation in the Northern Territory is pending following passing of required legislation. Separate regulatory regimes apply to Indigenous housing organisations in some jurisdictions. These are discussed further in Chapter 7.

While practice across jurisdictions has varied somewhat, the evolution of industry regulation has meant that governments are tending to require that, in order to receive government assistance, providers of affordable housing services hold registration under the prevailing industry regime. However, as will be discussed in Chapter 3, hundreds of small housing services organisations continue to operate at mostly very small scales and/or in specific local sites outside of this regime. One group of such organisations is principally providing crisis accommodation and homelessness services; as such they mostly lie outside of the concerns of this study with the long-term social and affordable housing industry.

#### **1.2.4 Industry development frameworks, tools and activities**

Beyond the development of regulatory regimes, particularly in certain states, there has been important recent capacity-building activity, both government- and industry-led. The NSW Government released the first 'NSW industry development framework for community housing' in 2010 (Phibbs, Ziller et al. 2010). A National Industry Development Framework for Community Housing was issued in 2014 as a high level guide to underpin state-level plans (NRSCH 2014) and NSW subsequently released a three-year strategy (Housing NSW 2014). The intent and scope of these frameworks and their impacts are discussed further in Chapter 5.

Accreditation of providers against National Community Housing Standards (NCHS) has also been available within the industry since 1999 (NCHS 2010). This is currently offered on a fee-for-service basis by Global Mark Ltd, a commercial accreditation service that has similar experience with UK housing associations. Accredited organisations are re-certified every three years. Coverage is mainly confined to NSW and Victorian CHPs. In recent years, promotion of accreditation from state and territory governments, industry peak bodies and registrars has reportedly waned (interview Global Mark Ltd personnel). Presently, there is no clear sponsor of the NCHS, which have not been updated since 2010.

## 1.3 Existing research and data collection

### 1.3.1 Recent research

Numerous AHURI studies and industry-led projects have analysed many policy and operational components of the affordable housing industry. The AHURI research library includes analyses of:

- The operation and effectiveness of selected CHP delivery models (Milligan, Phibbs et al. 2004; Milligan, Gurran et al. 2009).
- A stakeholder proposal for industry development (Milligan 2005).
- A national framework for evaluation of affordable housing outcomes (Milligan, Phibbs et al. 2007), potential governance arrangements for an affordable housing industry (France 2007).
- An assessment of capacity of Indigenous community housing organisations (Eringa, Spring et al. 2009).
- Analysis of partnerships in the delivery of housing assistance (Pinnegar et al. 2011).
- The impacts of planning policy strategies designed to increase affordable housing supply (Gurran, Milligan et al. 2008; Davison, Gurran et al. 2012).
- Proposals for affordable housing financing mechanisms and supporting infrastructure (Lawson, Milligan et al. 2012; Lawson 2013; Milligan, Yates et al. 2013; Lawson et al. 2014).
- A review of the potential of community land trust models (Crabtree, Phibbs et al. 2012).
- An assessment of affordable housing project outcomes (Wiesel, Davison et al. 2012).
- Analyses of leading CHP strategic-positioning (Milligan, Yates et al. 2013; Milligan, Hulse et al. 2015).

These various reports offer pieces of evidence related to developments in industry architecture, functioning and capacity but none was systematically focused on examining these issues in totality.

Beyond the AHURI network, various research-led strategic development processes have been aimed at transforming the provision of affordable housing in Australia. For example, in 2014 Melbourne University began an action research project aimed at creating multi-sectoral partnerships to expand the amount and quality of affordable housing in Melbourne.<sup>7</sup>

### 1.3.2 Industry information

Official responsibility for collection and analyses of affordable housing industry data lies with the Australian Institute of Health and Welfare (AIHW) and the Steering Committee for the Report on Government Service Provision (SCRGSP) on housing and homelessness.<sup>8</sup> Regular or ad hoc publications by these bodies—especially the AIHW Housing Assistance in Australia series<sup>9</sup> and the Productivity Commission's annual Report of Government Services Provision (ROGS)—provide national data on the forms, take-up and affordability of housing assistance, and aspects of the performance of government and non-government providers. However, these collections are oriented to the analysis of government-funded services and assistance rather than to the industry as an entity.

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<sup>7</sup> See <http://msd.unimelb.edu.au/transforming-housing-affordable-housing-all#overview>.

<sup>8</sup> Reporting of housing outcomes under the 2009 NAHA was a specific responsibility of the COAG Reform Council until its abolition in 2013.

<sup>9</sup> AIHW Cat. no. HOU 235.

Since the introduction of new regulatory requirements (see Section 1.2.3 above), community housing registrars in some states have also begun to publish industry snapshots that provide profile data and aggregate performance information on registered providers collated from provider returns. This function is expected to expand up as the system evolves and as time series data becomes available (meeting with registrars). In NSW, a partnership between government and the industry peak body has resulted in Australia's first provider benchmarking system, House Keys, which has already expanded to encompass providers operating in other states (see Chapter 3) (NSWFHA 2016). Aggregate data from this source, which draws on regulatory databases (both that maintained under the NRSCH and that managed by the Victoria state registrar) will be publically released periodically.

More generally, official national datasets pertaining to industry size and shape do not necessarily use consistent definitions across jurisdictions and often have not kept up with changes in activities. For instance, there were no specific adjustments to official data collections to allow for the 2009 introduction of NRAS, which has been separately accounted for by the Australian Government (via monthly performance reports). Complicating the picture have been cross-jurisdictional differences in approaches to industry structuring, regulation and data collection. As a result, there is currently no single and reliable national data source on the total supply and price points of housing within the affordable housing industry.

### 1.3.3 Previous industry mapping

The last industry-led attempt to map the Australia-wide industry was undertaken in 2005–06, when the Community Housing Federation of Australia (CHFA) sought to profile all community housing organisations (CHFA 2007) via a nation-wide survey of known suppliers. A total of 1,735 questionnaires were issued and findings from over 600 valid respondents were reported. These comprised welfare organisations (31% of respondents); CHPs (25%); housing cooperatives (21%); local governments (14%); and faith-based organisations (7%). Overall findings revealed a very diverse sector—in terms of management structure, size, geography of operation, and tenant profiles. The housing function of responding organisations was generally very small: the average number of tenancies under management was 36 and exceeded 200 for only 5 per cent of respondents. In total, however, a not insignificant (at the time) 28,000 tenancies were counted. CHPs (as defined in that study) were on average around four times larger than the other types of organisations that responded. Nearly two-thirds of organisations reported offering personal support, information or other non-housing services to their tenants. Two thirds of organisations were not in receipt of government capital or recurrent funding at the time of their response (CHFA 2007: i–vi, 19–21) suggesting that industry support was quite limited and targeted.

Specific investigations into the capacity of aspects of Australia's affordable housing industry have been mostly initiated by policy-makers or industry stakeholders, with only some findings published (see, e.g., Phibbs, Ziller et al. 2010). A recent industry-led example is an examination of the potential for CHPs and other NFPs to deliver 16,000 units of specialist disability accommodation over 10 years to meet NDIS specific accommodation supply targets (Disability Housing Futures Working Group 2016). In relation to this specific requirement, this group of disability and housing stakeholders pointed to policy/subsidy design and scale as critical capacity issues:

*Currently, NFPs do not have the capacity to collectively deliver housing or secure capital finance at the scale needed to meet the program targets. The thin market and constraint on alternative uses for SDH [specialist disability housing funding] presents significant risks to the NFP sector. (Disability Housing Futures Working Group 2016: 4)*

While robust information on industry capacity is limited, recent research (Milligan, Hulse et al. 2013; 2015) revealed there had been strong organisational development among leading (larger)

CHPs stimulated by recent growth opportunities. As reported by those agencies, this has been centred on enhancements to governance, executive management capacity and financial competency, IT system investment, independent fund-raising, development of more diversified business functions and adoption of new structures (e.g. subsidiaries, alliances).

Nevertheless, and as suggested by the priority given to this Inquiry by policy-makers, many influential industry players—such as government agencies, lenders, private partners—remain sceptical that industry capacity is currently sufficient to accommodate large-scale divestment of public housing and to deliver complex residential development and urban renewal projects. The next chapter provides a more extensive discussion of what is meant by capacity in housing systems.

## 1.4 Research methods

This report draws on information collated via three main methods.

First, a list of the published policy and planning documents and reports that have described and/or assessed aspects of the development of Australia's affordable housing industry from around 2005<sup>10</sup> was developed from literature and web searches and later subjected to validation by industry peak body representatives. This stocktake covered all Australian jurisdictions and included official administrative data sets, and publicly-released reports commissioned by government agencies and other industry participants. Reports specific to the Aboriginal and Torres Strait Islander (hereafter Indigenous) housing sector were separately catalogued. The resultant database comprised over 60 documents. An appraisal of these showed that coverage across topics of interest (e.g. industry composition, agency scale, key workforce and business dimensions, performance indicators etc.) and by jurisdiction has been uneven and lacking in comparability, reflecting the fact that the industry as a whole is not subject to regular or systematic measurement and evaluation.<sup>11</sup> Beyond NSW and Victoria, available information on the industry and its constituent entities was found to be quite limited. Information drawn from the identified reports has been used to help describe various dimensions of the current industry (as referenced in the following chapters) and to ascertain evidence of industry development.

Second, two online surveys of registered housing providers in all jurisdictions were conducted between November 2015 and January 2016.<sup>12</sup> Both surveys were primarily concerned with respondent-assessed capacity-building needs and strategies that pertained either to individual organisations or to the industry as a whole. A limited amount of factual information about each organisation was also obtained. Organisations registered in the higher regulatory tiers of their jurisdiction's regulatory code (see Section 1.2.3) were subject to a longer version of the survey; those in the lower tier received a shortened version.<sup>13</sup> Acting on behalf of the researchers, registered organisations were approached by their state/territory registrar and invited to

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<sup>10</sup> A number of seminal historic documents were also retrieved and reviewed.

<sup>11</sup> A profile of the industry compiled from reports to regulators under the NRSC is due to be released later in 2016. However, this will only cover registered providers in participating jurisdictions (NSW, Queensland, ACT, Tasmania and South Australia).

<sup>12</sup> The survey templates can be located at <https://cityfutures.be.unsw.edu.au/research/projects/inquiry-into-affordable-housing-industry-capacity/>.

<sup>13</sup> Organisations in jurisdictions not covered by the NRSCH were provided either the long or the short form survey depending on the advice of their local registrars. This advice was based on a register view of whether the organisation could be considered to meet the guidelines for a Tier 1 or Tier 2 NRSCH provider or for a Tier 3 NRSCH provider. As this was not a formal assessment, it may have resulted in some misallocations.

participate in the survey.<sup>14</sup> Unless they opted out in an agreed time frame, the researchers then emailed registered providers an invitation to take the survey using registrar-supplied contact information. Although the researchers were not given specific numbers, we can determine from the lists of organisations supplied by state registrars that there were very few opt outs.

Two reminders were sent to Tier 1 and Tier 2 providers. Table 1 presents survey response rates. As shown, 47 and 48 providers respectively completed the long- or short-form surveys. The higher response rate (42%) from larger providers aligns with their dominance within the industry and their potential for growth (see Chapters 3 and 6). While we do not contend that the survey results are necessarily representative of all registered providers, they do represent the situation and views of a sizeable number of organisations, especially larger providers; 49 per cent of Tier 1-equivalent entities and group structures responded to the survey. Responses to both surveys were received from all eight Australian state and territory jurisdictions.<sup>15</sup> Results of the surveys are given throughout this report as appropriate.

**Table 1: Survey response rates for registered providers 2015**

Registered provider category	Survey	No surveyed	Respondents	Response rate
Tier 1/2 providers (or equivalent) <sup>1</sup>	Long form	112	47 <sup>3</sup>	42%
Tier 3 providers (or equivalent) <sup>2</sup>	Short form	206	48 <sup>4</sup>	23%

<sup>1</sup> Tier 1/2 providers (or equivalent) include those in NSW, Queensland, SA, ACT and Tasmania registered as either Tier 1 or Tier 2 providers under the NRSCH; growth providers or preferred providers under the WA registration system; and registered housing associations or (larger) housing providers under the Victorian registration system.

<sup>2</sup> Tier 3 providers (or equivalent) include those in NSW, Queensland, SA, ACT and Tasmania registered as Tier 3 providers under the NRSCH and other registered housing providers under the WA and Victorian registration systems.

<sup>3</sup> One incomplete survey removed

<sup>4</sup> Analyses of survey results was limited to 41 of these respondents as the other seven organisations reported having no long-term social and affordable housing service.

The third source of information for this report has been structured telephone or face-to-face interviews and meetings conducted with policy-makers, industry leaders and key informants, including those working in the Indigenous housing sector. These methods were used to gather information on the latest developments in the industry and to sound out stakeholder views of the effectiveness of support recently provided to the industry by governments, peak bodies and other supporting agencies. An extensive information and engagement process preceded these structured discussions.

University ethics approvals for the conduct of the research via the methods outlined above were granted by the University of New South Wales in June and October 2015 (Built Environment Human Research Ethics Advisory Panel approval nos. 155063 and 155112).

<sup>14</sup> In the Northern Territory, where regulation is not yet fully operational, to enhance potential coverage two organisations with registration pending were approached directly by the researchers and asked if they willing to undertake the survey.

<sup>15</sup> Response rates among Tier 1 and Tier 2 providers (or equivalent) varied from 25 per cent to 100 per cent across jurisdictions. For Tier 3 providers (or equivalent), the variation was between 14 per cent and 50 per cent.

## 1.5 Report structure

The primary purpose of this report is to present an appraisal of the current state and capacity of Australia's affordable housing industry.

Chapter 2 presents our conceptualisation of 'capacity' in relation to the Australian affordable housing industry. Chapter 3 profiles the industry's housing providers, with a focus on community housing providers, and Chapter 4 outlines those other institutions and actors in the industry that support the housing providers and shape affordable housing outcomes. Chapter 5 reviews the forms of assistance and resources provided for the development of the industry. Chapter 6 discusses current industry and organisational capacity issues and strategies identified so far through the research process. Chapter 7 places a spotlight on culturally-specific issues and challenges within the industry related to provision for Indigenous households. The report concludes with our initial assessment of the implications of the status review for industry development and outlines planned further research.



## 2 Conceptualising capacity in the Australian affordable housing industry

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Drawing on the organisational capacity literature, the capacity of the Australian affordable housing industry is conceptualised as the ability of the industry to perform the work and achieve the goals that governments and industry stakeholders envisage for it.

The specific qualities of capacity are open to challenge. This reflects contestation and negotiation over the changing roles of governments and non-government agencies in the delivery of policy outcomes.

To inquire into capacity issues in the affordable housing industry, we use a conceptual framework adapted from the work of Glickman and Servon (1998) that unpacks capacity into five categories. These are:

- Resource capacity—relating to the assets, revenues, subsidies and credit facilities that finance affordable housing.
  - Organisational capacity—the capabilities of the industry’s directors, executives and staff, and the governance, office and IT systems in which they work.
  - Industry-specific capacity—the industry’s specialist knowledge and skills in housing and cognate fields.
  - Network capacity—the relations between peers, supporting agencies, peak industry organisations and government agencies.
  - Political capacity—the industry’s alliances and ability to set agendas with other sectors, the political leadership, tenants and the wider community.
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### 2.1 Defining capacity and capacity-building

In everyday discourse, ‘capacity’ (at its widest) means the ‘power, ability, or possibility of doing something’; it also has a narrower, quantitative meaning as the ‘power of receiving or containing’ or ‘cubic contents or volume’ (Macquarie Dictionary).

‘Capacity’ is also used in several specialist discourses. In economics, ‘capacity’ usually refers to units or levels of output (actual or potential), reflecting its narrower, quantitative meaning. In this usage, the unit of analysis may be the individual firm, or it may be the aggregate of all firms producing like outputs: hence, ‘industry capacity’. It is in this economic-quantitative use that the term ‘industry capacity’ is probably most often encountered. Specifically in relation to the affordable housing industry, Glickman and Servon (1998: 501) note that the ‘capacity’ of Community Development Corporations (CDCs) in the United States (US) has often been considered in terms of the number of units of housing built each year.

However, ‘capacity’ is also employed in a diverse body of organisational, administrative and managerial studies, ranging across the private, government and non-profit sectors, where the word, reflecting its wider meaning, is used to denote and specify the qualities and conditions



that comprise an organisation's 'ability to perform work' (Yu-Lee 2002: 1; Christensen and Gazley 2008: 266) or 'capability to achieve goals' (Gilmour 2009: 114).

As a number of authors observe, 'capacity' in this sense is distinguishable from actual 'performance', being the achievement of measurable goals, which may (or may not) follow from capacity (Eisinger 2002; Gilmour 2009: 114).<sup>16</sup> Some authors have also sought to distinguish this sense of 'capacity' from 'capability', which also has no quantitative meaning in everyday discourse, such that 'capabilities' are conceived of as the plural specific components of a more generally conceived capacity (Franks 1999; Menguc and Auh 2006; Macmillan and Ellis Paine 2014).<sup>17</sup> The literature also tends to focus analysis at the level of the individual firm or organisation, rather than that of an industry: hence 'organisational capacity'. Some authors argue that this restriction is neither necessary nor desirable, that 'the relationship between capacity, performance and effectiveness may not be evident from studying a single organisation' (Gilmour 2009: 117), and that properly understood 'capacity is built from within and without' (Glickman and Servon 1998: 502).

Across the organisational literature, it is more or less common that 'capacity' is a 'multidimensional concept', and must be considered in relation to the particular field or context in which organisations operate (Gargan 1981: 652; Glickman and Servon 2003: 240; Hall, Andrukow et al. 2003: 3; Christensen and Gazley 2008: 275). Beyond that, however, there is no agreement across the literature, in specific terms, as to what qualities comprise capacity (Eisinger 2002: 117; Christensen and Gazley 2008: 266; Gilmour 2009: 114). Instead, the literature presents various specifications and frameworks of the constitutive dimensions or elements of capacity, and makes various claims for the significance of certain elements over others. On the basis of a wide-ranging content and bibliometric analysis of the capacity literature, Christensen and Gazley (2008: 275) purport to construct a comprehensive framework of the 'variables and measures' used in the literature, but the result is so generalised and sprawling that it gives little guidance to applied analysis or practice.<sup>18</sup>

The history of the literature and its development with respect to different sectors helps make sense of its variety. The early texts by Burgess (1975), Honadle (1981) and Gargan (1981) are about the capacity of public sector agencies. These address, in particular, US city and state government agencies at a time when the US Federal Government was devolving responsibility for public sector programs—and conceive of capacity in terms of 'management': 'policy management', 'resource management' and 'program management'. These texts indicate that the focus on 'management' attributes was quickly adopted in considerations of public sector capacity by policy-makers, and it has been an enduring feature of capacity studies in the sector. In more recent public sector studies, the 'black box' of management is a prominent figure, emphasising the effects of various aspects of management systems—'financial management', 'human resources management', 'capital management' and 'information technology management'—on organisational outputs, as distinct from resource inputs (Ingraham and Donahue 2000; Hou, Moynihan et al. 2003; Andrews and Boyne 2010). For example, Andrews and Boyne (2010) make a tightly argued statistical case for the importance of 'leadership'

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<sup>16</sup> Similarly, Gilmour (2009) and Stevens (2002) also distinguish 'effectiveness', being the achievement of a desired impact for clients and society, which may or may not follow from 'performance'.

<sup>17</sup> In other texts, however, 'capacity' and 'capability' are used synonymously (e.g., Honadle 1981; UNDP 2008; Lichtenthaler and Lichtenthaler 2009).

<sup>18</sup> The framework has four dimensions, 'human resources', 'external', 'infrastructure' and 'financial', from which Christensen and Gazley (2008) unpack 26 'structures, resources and functions' and 16 'strategies and processes', including such opaque and categorically disparate variables as 'quality and quantity of personnel', 'organisational size', 'dominant logic' and 'market dynamics'.

relative to the above four components of management in English local authorities; in doing so they strictly control for these organisations' different levels of financial resources.

In studies of private sector organisations, the conceptualisation of capacity has emphasised innovation and learning—for example, 'absorptive capacity', being the ability of an organisation to learn new knowledge from external sources (Cohen and Levinthal 1990); and even more specifically, 'relative absorptive capacity', being the ability of an organisation to learn and apply new knowledge from a partner organisation (Lane and Lubatkin 1998).

In texts on non-profit organisations, capacity is more often considered in terms of multi-element frameworks, in which considerations of 'resources' figure prominently. For example, Glickman and Servon (1998) present a framework specifically for considering the capacity of CDCs in terms of five elements: 'resource capacity'; 'organisational capacity'; 'industry specific capacity'; 'network capacity' and 'political capacity'. Connolly and Lukas (2002) and Hall, Andrukow et al. (2003) present similar frameworks (of six and five components respectively) for non-profit organisations generally. Significantly, each of these frameworks is presented in texts that emerge from the intersection of the NFP sector with funders.<sup>19</sup>

### 2.1.1 Capacity-building

Closely related to 'capacity', there is also an academic and policy literature focused on 'capacity-building'. As early as Honadle (1981), 'capacity-building' has been observed to be a field of high activity and policy interest but, like 'capacity' itself, without precise definition and shifting levels of operation: individuals, organisations, sectors (Honadle 1981: 575; Honadle 1982: 65; Cairns, Harris et al. 2005: 873; Sobeck and Agius 2007: 238). In Cairns, Harris et al.'s (2005: 872) review of the literature, capacity-building is defined as the activities, means and processes by which organisations develop or improve their ability to perform; it is also observed that there appears to be particular interest in capacity-building in the non-profit sector, where it links with 'community development' discourse. More critically, Cairns, Harris et al. (2005: 871) question the objectives of capacity-building, particularly where it is promoted by governments as part of engaging the non-profit sector in the reform of welfare and social service provision, and note that the capacity-building agenda may pose challenges for non-profits in terms of retaining their organisational distinctiveness and independence.<sup>20</sup>

## 2.2 A framework for analysing capacity in the Australian affordable housing industry

In the present research, we analyse the capacity of the affordable housing industry in the broad terms of the organisational literature: that is, as the ability of the *industry* to perform the work and achieve the goals that governments and industry stakeholders, in collaboration, have envisaged for it.

In doing so, we use a framework that unpacks 'capacity' using concepts from the organisational literature, particularly where it deliberately countenances enabling factors that exist beyond the boundaries of individual organisations in the other institutions and networks of the industry.

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<sup>19</sup> Glickman and Servon (1998; 2003) are part of a study of community development partnerships funded by the Ford Foundation; Connolly and Lukas (2002) is a guide for funders to the non-profit sector; and Hall, Andrukow et al. (2003) was commissioned by the Canadian Voluntary Sector Initiative, a joint undertaking of the sector and the Canadian Government.

<sup>20</sup> The question 'capacity-building for whom?' is also raised in an early text (Honadle 1981: 576), in the context of the devolution of programs to local governments.

However, we have adopted a critical perspective on the literature and the application of its concepts.

We see the variability and contestation around ‘capacity’ as a concept in the literature as a reflection of contestation in practice, as state authorities and non-government organisations negotiate with each other the shifting allocation of roles, resources and responsibilities that marks contemporary governance in liberal economies. Accordingly, our analytical framework is not proposed as an authoritative prescription of all the qualities that all affordable housing providers and other entities need in order to be capable and effective in the industry. Rather, it is a guide to lines of inquiry taken up with affordable housing industry stakeholders as to what is working, and what is not working, in the development of the industry and in the transformation of non-market housing provision. In making these inquiries, we also keep in mind something of that quantitative connotation of ‘capacity’, by paying particular attention to developments in organisations and the industry associated with scale.

Our conceptual framework (Table 2) adapts that of Glickman and Servon (1998) in their study of US affordable housing providers. We use their five elements of capacity—except we use the term ‘industry-specific capacity’ in place of the potentially confusing ‘programmatic capacity’—and the examples of each given in their text, but we have added to these and indicated how the elements may register at the level of the organisation and of the industry.

**Table 2: Framing organisational and industry capacities**

Dimension	Organisation level	Industry level
Resource capacity	<ul style="list-style-type: none"> <li>• Long-term operating support and funding agreements</li> <li>• Resources for consolidation, capacity-building and expansion</li> <li>• Development capital</li> <li>• Access to funders</li> <li>• Reasonable borrowing limits</li> <li>• Balanced portfolio risk</li> <li>• Internal cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Durability of government subsidy programs</li> <li>• Durability of relations with private funders</li> <li>• Resource providers and brokers: e.g. peaks, industry groups, consultants, and training providers</li> </ul>
Organisational capacity	<ul style="list-style-type: none"> <li>• Commitment to a clear vision</li> <li>• Definition of roles</li> <li>• Effectiveness of executive director</li> <li>• Staff competence and stability</li> <li>• Board development and leadership</li> <li>• Fiscal management</li> <li>• Information technology</li> <li>• Project management</li> <li>• Evaluation</li> </ul>	<ul style="list-style-type: none"> <li>• Capacity of non-provider organisations: e.g. regulators, funders, developers, peaks, consultants, training and other resource providers, and client service partners</li> </ul>
Industry specific capacity <sup>1</sup>	<ul style="list-style-type: none"> <li>• Specialist knowledge and skills in housing and cognate fields: tenancy management, tenant participation, client referral and support, asset management, housing development and place-making</li> </ul>	<ul style="list-style-type: none"> <li>• Programs, strategies, incentives, procedures and regulations for outcomes in housing and cognate fields: e.g. affordability, accessibility, health, environmental sustainability and energy efficiency</li> </ul>
Networking capacity	<ul style="list-style-type: none"> <li>• Relationships with regulators, funders, peaks, industry groups, peers</li> <li>• Partnerships with other client service providers</li> <li>• Access to non-financial resources</li> </ul>	<ul style="list-style-type: none"> <li>• Legibility of industry networks</li> <li>• Effectiveness of peaks and industry groups</li> <li>• Balance of competition and collaboration</li> </ul>
Political capacity	<ul style="list-style-type: none"> <li>• Community participation and alliances</li> <li>• Internal conflict management</li> <li>• Media management</li> </ul>	<ul style="list-style-type: none"> <li>• Education of constituents and partners</li> <li>• Political leverage</li> <li>• Sectoral conflict management</li> <li>• Ability to frame problems and link to influential agendas</li> </ul>

Note: <sup>1</sup> 'Programmatic capacity' in Glickman and Servon (1998).

Sources: Glickman and Servon (1998; 2003) and Gilmour (2009) developed and expanded by the authors with input from Julie Lawson.

### 3 Affordable housing providers

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- Within the affordable housing industry there were 323 registered community housing providers (under national registration or similar systems in Victoria and Western Australia) in March 2016.
- Of those, some 40 organisations have developed in-house capacity to procure their own housing. This cohort has grown steadily over the last decade.
- Top tier organisations are incorporated as companies limited by guarantee or companies limited by shares under the *Corporations Act* (2001).
- They are small businesses having a range of housing-related functions.
- Organisations in this group have proven industry-specific skills and organisational capacity to manage and absorb substantial growth, including by leveraging their revenue streams and assets.

Those among that group responding to our survey had, *on average*:

- assets of \$316 million
- liabilities of \$42 million
- over 2,000 dwellings in management
- around 100 dwellings in a procurement pipeline
- annual rent revenue of \$20 million (\$9,796 per annum per dwelling managed).

While these numbers are broadly indicative of organisational scale, there is a wide range of business sizes in the top group. For example, portfolios of managed dwellings ranged from around 400 dwellings to 4,500 dwellings.

- Other smaller registered providers in the industry play important roles in tenancy management, delivering specialised housing services, offering innovative housing models or providing services in single localities.
  - While many in this group have potential to grow, their capacity is less proven. Capacity-building could be designed to assist their further growth and development as appropriate within a framework of a future industry plan.
  - Only nine Indigenous community housing organisations have achieved mainstream registration so far, although another 42 in NSW are registered in an Indigenous housing specific registration system.
  - There is a small group of private providers that participate in NRAS.
  - The workforce engaged in delivering affordable housing is around 5,500 FTE personnel. About half are estimated to be in the 40 top tier organisations.
-

As set out in Chapter 1, Australia's affordable housing industry is, for our purposes, defined as encompassing the organisations that produce and manage affordable housing and the institutions and agents that support them in this role. In this chapter we assemble the available information from our primary research, and from supporting documents and administrative data sources to provide an overview of the housing providers in the industry today—the numbers and types of organisations and their scale and functions. In assembling this picture our focus has been on identifying industry development trends and on assessing the industry's potential to grow significantly. Hence we were particularly concerned to identify and profile those organisations with a primary role in long-term social and affordable housing development and provision and readiness to grow. However, available information was circumscribed by a lack of consistent and comprehensive data on the industry across Australia, a situation that we recommend is urgently addressed.

### 3.1 Overview of industry evolution

Two successive AHURI-funded research studies (Milligan, Phibbs et al. 2004; Milligan, Gurrán et al. 2009) documented in detail the recent history of Australia's affordable housing industry. The first traced the emergence of discourse around 'affordable housing' in Australia to the mid-1980s when various state governments began seeking to partner with non-government providers (CHPs, churches, housing cooperatives and some private firms) to finance and procure subsidised rental housing (Milligan, Phibbs et al. 2004).<sup>21</sup> From that time, affordable housing terminology (sometimes referred to as a quasi-market model)<sup>22</sup> was typically used to distinguish these new ways of financing and delivering housing for lower income households from traditional public housing—often, however, with little definitional clarity (Milligan, Phibbs et al. 2004), a situation that persists today.<sup>23</sup>

These early studies identified the main drivers of this shift in approach as shrinking public funds for public housing, growing housing affordability problems, expanding need for affordable housing and growing domestic appreciation of relevant international developments in housing policy and financing. However, many of the early innovative schemes took the form of small scale pilots or one-off initiatives or, in some cases, failed to materialise (Berry 2000). The first national programmatic initiatives emerged under the Keating Government (Building Better Cities (1992–95) and 1995 Social Housing Subsidy Program) but were not continued by the 1996 Howard Government, which focussed mainly on driving efficiency in public housing and assisting first home buyers in its early terms (Milligan, Phibbs et al. 2004).

It was not until the new century that a distinctive industry began to take shape. Housing officials from across Australia were engaged from 2004 to 2007 in an intensive period of collaborative policy development under 'The Framework for National Action on Affordable Housing' (HPLGM 2005).<sup>24</sup> This had its genesis in the 2003 Commonwealth State Housing Agreement (CSHA), which incorporated a new principle to 'promote a national, strategic, integrated and long-term vision for affordable housing in Australia through a comprehensive approach by all levels of government' (FACS 2003: Principle 11). Compared to longstanding previous policy scope and reach, the Framework broadened both responsibility for and potential responses to affordable

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<sup>21</sup> By 2008 there were 11 established NFP affordable housing developers across Australia but this number has expanded significantly in response to the opportunities stimulated by NRAS, the SHI and various state initiatives (Milligan et al. 2009; 2013a).

<sup>22</sup> See for example, Nygaard et al. (2007).

<sup>23</sup> A fuller account of the various ways the concept of affordable housing has developed and been applied in the Australian context can be found in Milligan et al. (2009: 17–18).

<sup>24</sup> The framework is reproduced in Milligan et al. (2007: 90–94).

housing. It conceptualised a new model of provision founded on integrated government responses in all spheres of government and engagement of the private and NFP sectors (France 2007). In 2005, a policy development forum held with invited stakeholders and experts produced a blueprint for the development of a viable affordable housing industry in Australia and set out specific policy actions required in each sphere of government to achieve a strongly coordinated approach (Milligan 2005). Various state-led developments, especially specialist regulation and new public private co-funding models, followed over this period, along with, after 2008, a suite of national initiatives (Milligan and Pinnegar 2010).

In parallel with government endeavours, a 'national affordable housing summit' was convened by a broad coalition of industry, union and non-government organisations in 2004 and went on to develop detailed proposals that were highly influential in the emergence of the tax-incentive scheme, NRAS, in 2008 and a new National Affordable Housing Agreement (NAHA) in 2009 (Milligan and Tiernan 2011). While the NAHA remains in place, momentum for the foreshadowed policy developments was disrupted by the aftermath of the 2007 Global Financial Crisis (GFC), by weakening of national government leadership in the field after 2010 and by subsequent political change and ensuing policy uncertainty.

As discussed in Chapter 1, the period from 2008 to 2016, nevertheless, has seen the first ever Australian instance of major government-assisted affordable housing supply delivered outside of government. Organisation-level and industry-level capacity-building have each played an important part in the industry's recent evolution, as we outline further in Chapter 5 (see especially Table 6). The remainder of this chapter outlines what we know about providers today, following these developments.

## 3.2 Providers of affordable housing

A starting point for identifying providers of affordable housing is those organisations that are registered under the NRSCH or the complementary state-based regulatory systems in Victoria and WA (see Section 1.2.3).<sup>25</sup> While practice still varies somewhat by jurisdiction, registration is increasingly being required as a precondition for receiving funding and delivering services under government housing policies and programs.

Registration under NRSCH commenced in 2014; registration in Victoria and WA commenced in 2006 and 2008 respectively. Table 3 shows the number of organisations registered in each jurisdiction by tier (or class) of registration at March 2016. In total, 323 registered organisations were identified. This number will increase due to further anticipated registrations in Queensland and the Northern Territory, jurisdictions that have extended the implementation period for the NRSCH.

Under the NRSCH organisations can operate in multiple jurisdictions, although in practice this involves only a small number of providers so far. Of all registered organisations, 43 per cent currently report their home base as NSW. Currently 10 organisations (nine based in NSW, one in the ACT) have registered their operations in more than one jurisdiction with the NRSCH (NRSCH register 2016), although some others, such as Housing Choices Australia and Evolve Housing, have formed group structures or partnerships and alliances involving local organisations in different jurisdictions. The limited development of a national market so far is likely to reflect the recent advent of the NRSCH, the failure to achieve a fully inclusive national system and lack of growth opportunities of late.

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<sup>25</sup> Different jurisdictions may, however, have different requirements for which organisations are subject to regulation.



Larger organisations already functioning as developers and long-term owners of affordable housing largely comprise Tier 1 providers under the NRSCH and those with Housing Association status in Victoria or Growth Provider status in WA; a total of 40 discrete incorporated entities. These organisations are listed at Appendix 2. Together with several in the Tier 2 group, these organisations have the greatest immediate potential to manage future growth and drive new investment into affordable housing, as we discuss further below.

**Table 3: Registered providers of housing by tier/class and jurisdiction, March 2016**

Primary jurisdiction <sup>1</sup>	ACT	NSW	QLD	SA	TAS	Victoria	WA	Australia
Regulatory status								
Tier 1	1	19	3	4	1			28
Tier 2	3	11	10	11				35
Tier 3	7	110	30	32				179
Housing association						8		8
Housing provider						34		34
Growth provider							4 <sup>2</sup>	4
Preferred provider							15 <sup>3</sup>	15
Registered provider							20	20
Total no of registered organisations	11	140	43	47	1	42	39 <sup>2</sup>	323
%	3.4	43.3	13.3	14.6	0.3	13.9	12.1	100

Note: <sup>1</sup> The Northern Territory had no registered providers, although some registrations were pending.

<sup>2</sup> Excludes two listed entities counted elsewhere but also registered and operating in WA.

<sup>3</sup> Includes one suspended entity.

Sources: NRSCH (2016); Registrar of Housing Associations (2016); Government of Western Australia Housing Authority (2016).

While Tier 3 organisations are numerous, this is a very diverse cohort. The registration category comprises organisations whose core business is housing provision and those whose core business is in homelessness services system.<sup>26</sup> Many agencies in this segment are very small, some are based in non-metropolitan towns or sparsely populated localities; others are larger welfare and faith-based organisations that operate a housing service as part of an integrated suite of social services. A lot are specialist organisations (e.g., supported housing service providers). Member-run housing cooperatives are also mostly found within this regulatory class. As an indication of the diversity among Tier 3 organisations, Table 4 provides the self-described core function of those that responded to our survey. Having a variety of specialist providers and local providers will continue to be important to meeting the housing needs of diverse population groups across Australia's vast geography. In the main, however, small providers will have very

<sup>26</sup> In all registration categories some organisations operate both long-term housing and homelessness services.



limited scope (or, in some cases, aspiration) to play a substantial role in any national program to expand affordable housing provision.<sup>27</sup> This reality needs to be explicitly addressed in any industry development strategy.

**Table 4: Core function of surveyed third tier or equivalent registered providers, 2015**

Core function	No of respondents
Specialist accommodation service provider	15
Mainstream social/community housing provider	12
Housing cooperative	7
Crisis and/or transitional housing services provider	5
Welfare services provider (including housing)	2
Indigenous housing/ welfare services organisation	0
Total valid respondents	41

Source: Surveys of registered housing organisations, 2015.

Among the registered providers there is also a handful of Indigenous-managed organisations (nine currently) that specialise in providing housing (and in some cases other human services) for Indigenous households and communities. A much larger number of Indigenous community housing organisations (ICHOs), however, operate outside of mainstream regulation, variously in urban, regional or remote contexts. The future of these organisations, which historically have often been sidelined in industry growth plans, is a critical issue given their unique cultural functions and (for organisations in remote and discrete communities especially) their distinctive geographical place in the industry. Consequently, we separately report on this component of the industry in Chapter 7.

Another annual source of information on non-government organisations providing government-assisted housing services is the SCRGSP's ROGS. As one component of the SCRGSP's data collection and reporting on community housing, an annual survey of all CHPs identified by state governments is conducted by the AIHW. This survey goes to a much larger number of organisations than those which are registered: in 2015, 658 organisations were included (SCRGSP 2016: Table 17A.7). Many of those registered may have one or more contracts with their state or territory government for specific service provision; others may have no current relationship with their government. The majority of unregistered organisations, however, are understood to be smaller, local organisations with limited growth prospects unless they can meet regulatory requirements. While information on service costs and outcomes is collected from this group, the diversity of organisations covered dilutes the usefulness of the aggregate data for assessing industry potential and, therefore, has only been of limited value in this research.

### 3.2.1 Registered provider size, function and financing

While registrars collect substantial information from registered housing providers and some publish periodic industry snapshots, there is no comprehensive public database indicating provider core business dimensions. In this section we rely largely on data collected through our recent surveys to inform a current snapshot of the industry. To help validate our findings, we cross-reference this data with the latest available indicators from the Victorian Registrar's 2014

<sup>27</sup> An exception in the short term may be multi-functional organisations, such as faith-based entities and welfare conglomerates, which operate a small housing service but have significant back office capacity within the parent organisation.

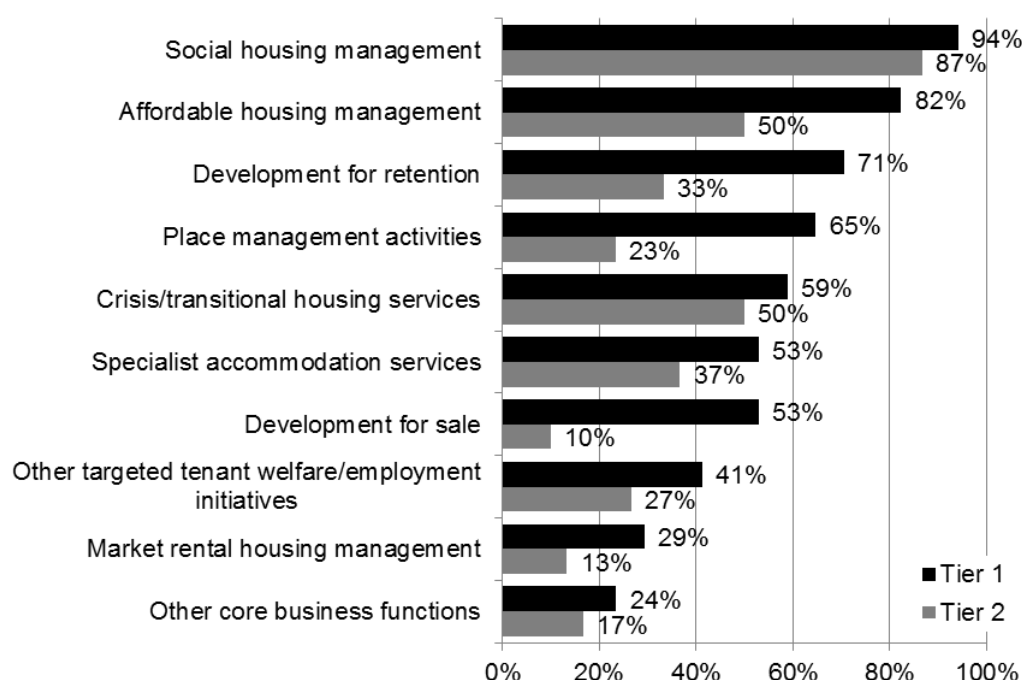
annual report and from the NSWFHA House Keys system which, at the time of writing, includes only NSW-based and Queensland-based organisations.<sup>28</sup>

The core business of larger registered housing providers is the management of social and affordable housing (Figure 2). However, most of these organisations have diversified business operations. Considering specifically top tier organisations that responded to our survey, over half also provided both specialist accommodation services and crisis accommodation services and two thirds engaged in place management activities, such as locality-based community-building and neighbourhood service provision. Housing development for retention or for sale was a core function respectively of 71 per cent and 53 per cent of respondent top tier organisations. A typical development pipeline was 97 dwellings (Table 5). Other core activities provided by a smaller share of those organisations were tenant welfare and employment initiatives (41%) and management of market rental housing (29%). Additional fee-for-service activities reported by Tier 1 and 2 survey respondents included managing rentals for a range of private and government property owners, strata management, project management and consultancy and advisory services. Notably absent was significant involvement of registered providers with the provision of affordable home ownership products. While several leading providers have reported aspirations to offer home ownership products, this has proved difficult to implement (Milligan, Hulse et al. 2015). Thus, assistance to lower income households for home purchase remains largely state and territory government provided, with approaches and amounts varying across the country (AIHW 2016).

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<sup>28</sup> In early 2016 there were 23 House Keys members in NSW and 12 in Queensland, comprising 17 tier 1, 13 tier 2 and 5 tier 3 (NSWFHA and Q Shelter 2016a).

**Figure 2: Core functions of surveyed housing organisations Tier 1 and 2 (or equivalent), 2015**



Note: Tier 1 respondents = 17, tier 2 respondents = 30 (all survey tables).

Source: Surveys of registered housing organisations, 2015.

The survey findings highlighted the key distinction between Tier 1 (and equivalent) organisations and their Tier 2 counterparts as being the typically less diversified businesses of the latter cohort (Figure 2). This, however, does not indicate their potential to diversify.

**Table 5: Business dimensions of surveyed housing organisations, 2015**

	Tier 1 or equivalent n=17	Tier 2 or equivalent n=30	Tier 3 or equivalent n=41
Average total assets 2014/15 (\$m)	316.3	19.0	n.a.
Average total liabilities 2014/15 (\$m)	41.6	3.2	n.a.
Average annual rent revenue (\$m)	19.7	2.4	0.63
Average number of residential dwellings under management	2,012	378	66
Average number of residential dwellings owned/controlled long term	1,167	78	61
Average number of residential dwellings in development	97	7	n.a.

Source: Surveys of registered housing organisations, 2015.

As discussed above, third tier organisations comprise a mix of smaller and larger organisations. Those that responded to our survey mostly operated very small long-term housing services, averaging 66 tenancies (41 organisations). While few in this group are developers of affordable housing, and their current scale suggests they have limited potential to achieve rapid growth, some may have future potential to innovate or to partner with larger providers, particularly as the knowledgeable and connected associate for a specific locality or cohort client group.

Importantly also, while Tier 1 and Tier 2 providers would be responsible for most of the housing provision in some jurisdictions, there are others, such as Queensland, WA and NT, where this is not the situation. In those jurisdictions on-going service delivery of longer term housing and homelessness services is reliant on the large numbers of geographically dispersed smaller providers.

In 2014/15, the responding top tier organisations in our survey managed over 2,000 dwellings on average, with over half of these in their long-term control.<sup>29</sup> There are, however, significant scale differences in the group: among respondents portfolio sizes ranged from 400 to the mid-4000s. Those respondents had average asset holdings valued at \$316 million; this ranged between \$98 million and \$760 million each. Average liabilities were \$42 million and varied in the range \$27 million to \$93 million.<sup>30</sup>

Average annual rent revenue of the first tier respondents was \$20 million (\$9,796 per annum per dwelling managed (Table 5) and ranged from \$7 million to \$44 million. Data from the inaugural House Keys report indicated that providers in that system had an average operating earnings before interest, tax, depreciation and amortisation (EBITDA) margin of 14.3 per cent (NSWFHA and Q Shelter 2016a).

This profile indicates how the leading third sector housing organisations in Australia have grown beyond their historic roles as tenancy managers heavily reliant on government funding and effectively under state control (Bisset and Milligan 2005) to become small to medium-sized companies providing a range of services, much of these not directly subsidised. The survey results also emphasise the significant differences in business scale and complexity between top tier registered organisations and the remainder of the industry. This divergence has developed from two main drivers: self-generated growth and funding directed to larger organisations adjudged by governments to have growth capacity. Since the mid-2000s a key enabler of the former has been organisations taking on private debt to fund housing development (Milligan, Hulse et al. 2015). In our survey, private borrowings by individual top tier organisations ranged from \$27 million to \$93 million. Mostly in the form of loans from Australia's major banks, lending into the industry is now well-established indicating that the larger registered providers have established their credit worthiness. We return to consideration of plans for future growth in Chapter 6.

### 3.2.2 Other providers

In this section, we briefly consider the roles of two other provider types—for-profit firms and local governments—in supplying affordable housing today.

#### For-profit firms

Private provision of affordable housing has not, as yet, been a significant or enduring component of the affordable housing industry in Australia and, consequently, information on this sub-sector is not routinely collected or readily accessible. Recently, however, government programs, such as NRAS and state offers of Public Private Partnerships (PPPs) to renew run-

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<sup>29</sup> Comparing with data for NSW and Queensland, House Keys showed an average of 1,000 dwellings under management across organisations in all tiers (see footnote 28 for details of membership of the House Keys benchmark club). Housing Associations in Victoria (Tier 1 equivalent) had an average of 1,150 dwellings in long-term housing and Housing Providers (Tier 2 and Tier 3 equivalent) an average of 142 dwellings in June 2014 (Housing Registrar 2015). It should be acknowledged that the 'dwellings in management' numbers that are reported in different collections differ because there is no standard definition of an affordable housing dwelling.

<sup>30</sup> The eight Victorian Housing Associations in Victoria (Tier 1 equivalent) had average asset holdings valued at \$283 million against average liabilities of \$54 million in 2014. Average rent revenue was \$10.25 million (Housing Registrar 2015).

down public housing estates, have resulted in increased private sector engagement. This has taken the form of either direct provision, or increasingly, partnerships with CHPs.

From the official NRAS data report, we know that there were 55 approved private providers of NRAS housing in September 2015, with a total of about 15,500 tax subsidies allocated to them to deliver affordable rental housing (Australian Government 2016b: Table 7).<sup>31</sup> As only eight firms have been allocated around 75 per cent of the subsidies directed to the private sector, the vast majority of these will have been small providers perhaps involved in one or two developments (calculated from Australian Government 2016b: 7–10). The larger providers included mostly niche firms that formed specifically to facilitate and broker private investment into housing supported through NRAS tax incentives,<sup>32</sup> plus one major bank (Westpac Banking Corporation) and one large property developer (Frasers Property Group). Following the 2014 cessation of the scheme, the future of the NRAS-catalysed special purpose firms is uncertain.

Under PPPs to renew large public housing estates so far, the typical form of private sector engagement has been as a lead agency or member in consortia of for-profit and NFP partners, the latter usually being allocated tenancy management and community development roles. Two such early PPPs were led by the property development company, Becton Pty Ltd, which collapsed after the GFC, necessitating in one case a return of the renewal program to government control.

This brief overview highlights the importance to private sector engagement of a government policy and investment framework for affordable housing—without the certainty and continuity of opportunities which that provides, private firms are unlikely to achieve the commercial parameters and economies of scale required to make affordable housing a viable part of their business.<sup>33</sup>

## Local government

The primary responsibilities for housing in Australia lie with federal and state/territory governments. In general, therefore, local governments have traditionally had no direct housing provision role. Exceptions have included regional and rural shires where public and community housing providers do not operate (especially in Western Australia and Queensland),<sup>34,35</sup> councils that have used their own land holdings to provide low-cost home ownership or affordable rental housing for local residents and some, usually metropolitan, councils (e.g. Waverley in Sydney and Port Phillip in Melbourne) that have adopted long-term strategies to attract affordable housing into their municipality as a social and economic priority to counter the displacement

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<sup>31</sup> This component compares with 86 approved charities with approval to deliver around 22,000 NRAS supported dwellings (Australian Government 2016b: Table 7).

<sup>32</sup> Typically the facilitator role of these firms is to attract investors through marketing their NRAS incentives and to manage NRAS compliance requirements for investors for a fee. They outsource development to private developers and rental management to either registered CHPs (as required under NRAS regulations in some jurisdictions) or to real estate agents. Thus they operate essentially as an intermediary.

<sup>33</sup> This claim can be evidenced by comparison with the United States. There, a similarly conceived scheme to NRAS, the Low Income Housing Tax Credit, which has been in place for three decades, has resulted in a vibrant affordable housing industry comprising a mix of private and NFP producers of affordable housing, as well as an extensive array of professional supporting organisations and networks (Gilmour 2009; Milligan, Yates et al. 2013).

<sup>34</sup> Gilmour (2013: 16) found 60 local governments providing housing services in WA, 23 per cent of all identified providers in that jurisdiction at the time.

<sup>35</sup> Local governments in Queensland with public and community housing services are being required to register under NRSCH by 2017. This includes a small number of Indigenous Councils which operate under the Local Government Act and manage housing. For the latter, the required registration date is 2019 unless they exit the field prior to this time.

impacts of gentrification. In keeping with the general paucity of data on this industry, however, records of local government affordable housing involvement are patchy or non-existent.

As the affordable housing industry has developed in Australia, a wider range of councils has begun to play a role in facilitating the delivery and retention of affordable housing. A typical model has involved council applying state or local planning provisions and other incentives (e.g. fee concessions) to negotiate (or, in some instances) require a component of affordable housing in a development scheme or on their own land. The resultant housing is then typically procured and/or managed by a CHP, sometimes in a continuing partnership with council. More active roles for local government in helping to procure affordable housing are envisaged in metropolitan strategic plans but in most states requirements on local councils to pursue these—for example, by including affordable housing in their local housing strategies—remain subject to future development. As these unfold, capacity within local government to support planning for affordable housing could be expected to become an issue.

### 3.3 Housing provider workforce

The first aggregate report on workforce characteristics in the registered community housing sector was published in 2016 (NSWFHA and Q Shelter 2016b). Data included was obtained from a 2015 survey of providers across five jurisdictions.<sup>36</sup>

The only previously published workforce study our document search discovered was a 2007 survey of staff of NSW housing associations (NSWFHA 2007).<sup>37</sup> In that study, a workforce of 293 full-time equivalent (FTE) positions was identified across 38 organisations (an average of eight FTE staff per association). It was estimated at that time that around half the workforce was employed in housing services and another quarter in administration. Executive positions and specialist finance positions made up for 17 and 7 per cent of positions, respectively. As that study pre-dated growth and diversification in the NSW industry, it could be expected that the workforce there today has changed markedly.

Reflecting recent developments in the industry, our survey revealed significant size difference in provider staffing levels across the regulatory tiers. The average staff number in Tier 1 equivalent organisations was 69.5 FTE, in Tier 2 equivalent it was 22 FTE and in Tier 3 equivalent it was 6 FTE.<sup>38</sup> This compares with an average of 44 employees per provider across all tiers found in in the 2015 House Keys survey (NSWFHA and Q Shelter 2016a).<sup>39</sup>

Using our survey data and data from Table 5 to project the size of the workforce in the registered part of the industry, gives a national estimate of around 5,500 employees (excluding those in government and supporting institutions) of which about half would be in Tier 1 organisations. Differences in average staffing level across the regulatory tiers are likely to be an indicator of differences in the mix of workforce capabilities, as well as organisational scale. Tier 1 providers are likely to have the most diverse skillsets incorporating financing, development

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<sup>36</sup> Workforce survey results were from a sample of 29 providers (1,272 employees—1,177 FTE) operating in NSW, Victoria, Queensland, ACT and Tasmania. Larger providers were overrepresented in the sample, which comprised 17 Tier 1; 9 Tier 2 and 3 Tier 3 registered CHPs.

<sup>37</sup> At the time of writing, as part of its Industry Development and Engagement Project (see Chapter 3), the Queensland Department of Housing and Works had commissioned a survey of workers in the 'non-government housing assistance industry' to find out more about the skills sets currently held, and needed in the future. See <http://www.workforce.org.au/housing-assistance-industry-skills-and-workforce-development/#sthash.P1TU1xZz.dpuf>.

<sup>38</sup> For the Tier 3 calculation only, we excluded four multi-function organisations that reported large staff (over 100) but only a small housing operation.

<sup>39</sup> See footnote 36.

and asset management in particular. However, organisations in the other tiers may access similar skills through external consulting services (see below).

Surveys of large providers by Milligan, Gurran et al. (2009) and Milligan, Hulse et al. (2013; 2015) identify a key recent workforce development: the introduction of a senior management layer in organisations—comprising some or all of a Chief Finance Officer, Chief Operating Officer, Development/Asset Manager and Business Development Manager. In the House Keys workforce survey, over 10 per cent of employees held senior management positions reporting directly to the CEO or an Executive Director (NSWFHA and Q Shelter 2016b). Emphasis by large providers on having Directors and senior staff with commercial skills and business acumen was also noted in these studies. In the 2015 workforce survey, one-third of new senior managers had been recruited from the private sector (NSWFHA and Q Shelter 2016b).

As identified in several studies, there has been a strong trend to staff professionalisation below the senior management level (especially through qualifications such as the Certificate IV in social housing) and employment of specialist staff, including asset managers, specialist support workers, community development workers, finance officers and project managers. In the recent House Keys workforce survey, the highest level of educational attainment for 30 per cent of CHP employees was a university qualification, another 47 per cent had achieved a vocational educational qualification. Twelve per cent of surveyed staff were currently engaged in vocational education or training (NSWFHA and Q Shelter 2016b).

Another trend has been employment of former public servants with management or front line experience in the public housing system. In 2014/15, 29 per cent new recruits to CHPs surveyed for House Keys were previously employees of state housing agencies (NSWFHA and Q Shelter 2016b). Arising from competitive selection processes so far, this trend will accelerate if (as routinely practised in the UK) mandatory staff transfers accompany public housing tenancy transfers into the industry (see Pawson, Martin et al. forthcoming).

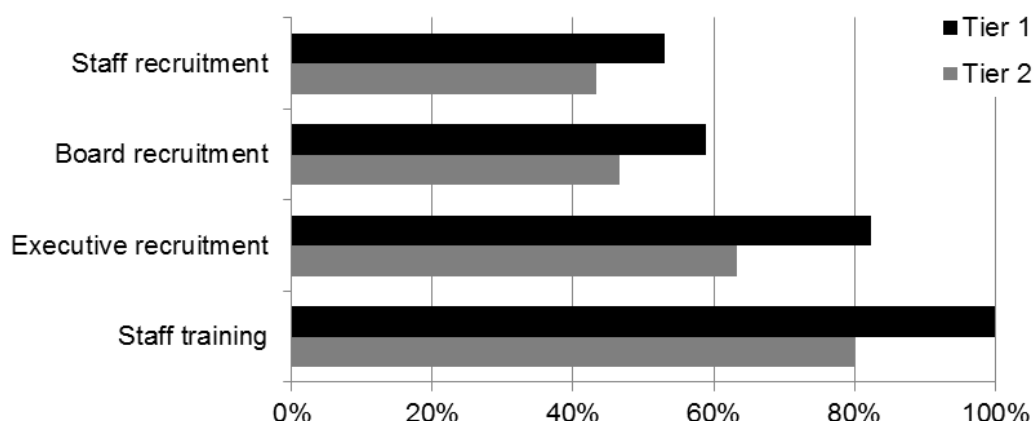
### **3.3.1 External service procurement**

Our survey asked Tier 1 and Tier 2 CHPs how their various specific functions are provided for: whether the necessary skills and resources were sourced largely internally, largely externally, or from a mix of internal and external sources. Across a wide range of functions, CHPs indicated that they draw on external providers to a substantial degree.

Most CHPs did their operational policy development and financial management largely internally, and most Tier 1 CHPs also kept their strategic asset management and political engagement largely in-house. Aside from those areas, at least large minorities—mostly majorities—of responding CHPs looked largely externally or to a mix of internal and external provision for carrying out personnel, tenant service and back office functions (Figure 3 to Figure 5). This pattern of responses indicates clearly that CHPs obtain a wide range of specialist capacities from external sources.



**Figure 3: CHPs procuring personnel functions largely externally, or by mix of internal and external procurement**



*Note: The survey asked respondents whether functions were procured largely externally, largely internally, by a mix of external and internal provision, or whether no resources were earmarked for the function. The charts aggregate the 'largely external' and 'mix of external and internal' responses. The remainder provided the function internally in nearly all cases.*

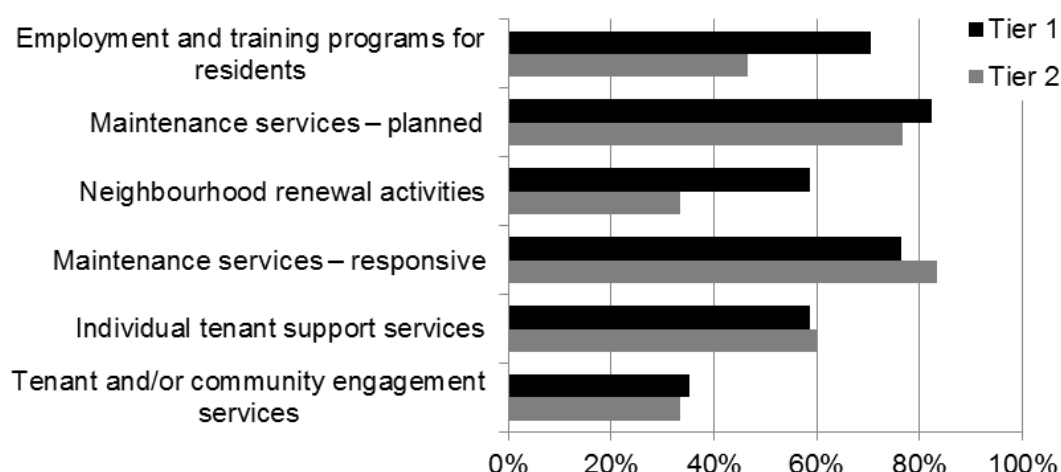
Source: Surveys of registered housing organisations, 2015.

Given the industry's present state of development there are likely to be three main drivers of external service procurement: demand for the service is intermittent; highly specialised knowledge is required (e.g. legal services and IT) or there are well-established specialist expert providers to the industry (e.g. specialist registered training providers). An example of how CHPs adapt their workforce was seen in the recent history of procuring housing development capacity. During the high growth phase of the SHI and NRAS (2008–12) several larger CHPs established in-house project management or development management capacity, which many were subsequently forced to shed or downsize after investment under those programs halted (Milligan, Hulse et al. 2015).

Some shared service models have also developed. For example, a consortium of NSW providers formed a housing development company in 2008 to serve their collective housing procurement needs.



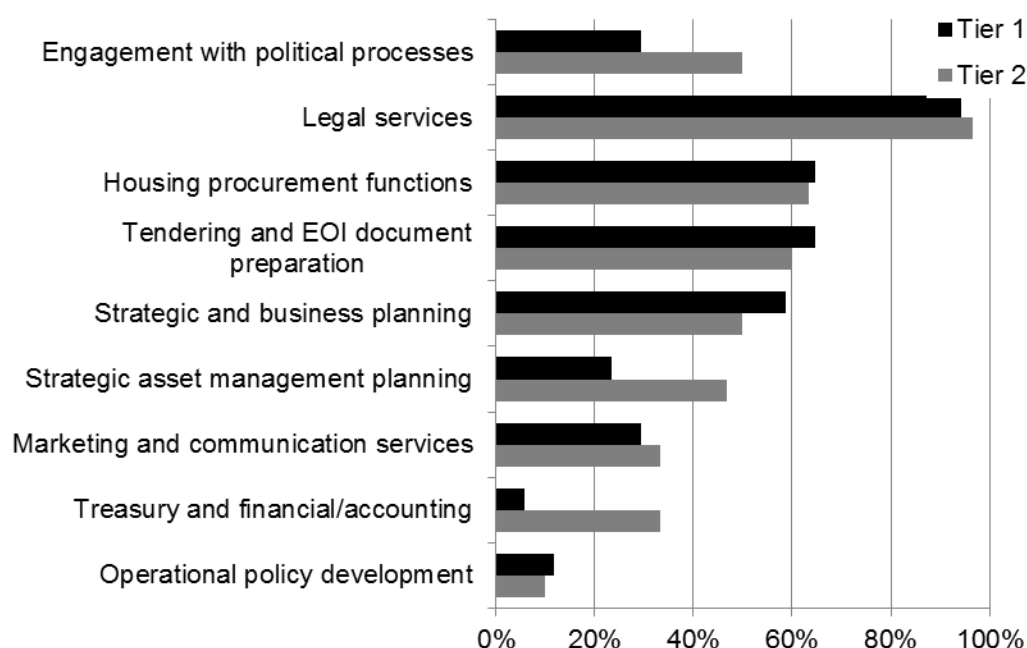
**Figure 4: CHPs procuring tenant services largely externally, or by mix of internal and external procurement**



*Note: The survey asked respondents whether functions were procured largely externally, largely internally, by a mix of external and internal provision, or whether no resources were earmarked for the function. The charts aggregate the 'largely external' and 'mix of external and internal' responses. The response 'no resources earmarked' was very substantial only in relation only to two functions by Tier 2 CHPs: neighbourhood renewal (50%) and tenant employments programs (37%). The remainder provided the function internally in nearly all cases.*

Source: Surveys of registered housing organisations, 2015.

**Figure 5: CHPs procuring back office functions largely externally, or by mix of internal and external procurement**



*Note: The survey asked respondents whether functions were procured largely externally, largely internally, by a mix of external and internal provision, or whether no resources were earmarked for the function. The charts aggregate the 'largely external' and 'mix of external and internal' responses. The remainder provided the function internally in nearly all cases.*

Source: Surveys of registered housing organisations, 2015.

### **3.4 Implications for industry development**

Since previous assessments of the profile and scale of the affordable housing industry were made last decade, there has been noticeable trend to larger, multi-functional CHP organisations, especially in NSW. Nationally, there are now 40 registered Tier 1 (NRSCH) or equivalent organisations with established capacity to finance and develop their own housing and many more (in a second category of organisations) with potential to do so. Therefore, current growth plans for the industry (see Appendix 1) should be readily achievable.

The growth phase of much of the last decade has also demonstrated that upscaling is a major driver for organisations being able to internalise capacity-building. However, retention and efficient use of such expanded organisational capacity and professional skills are reliant on having an established growth path. Later in the report we will examine the capacity issues that provider organisations currently identify as constraining further growth in this industry.

Looking at the overall profile of providers, however, suggests there is considerable potential for industry restructuring and consolidation that could be fostered by growth. Having a shared national vision for the future of the industry would assist strategic decision-making by providers about their place in the industry. The vision should be directed to strengthening the cohort of larger entities (organisations, group structures, special purpose vehicles and partnerships/alliances) undertaking affordable housing service delivery and housing procurement, while also seeking to maintain viable specialist providers and sufficient geographical diversity within the industry.

## 4 Supporting institutions

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Alongside the work of delivery agencies, the strength and quality of an industry's wider supporting institutions, networks and partnerships are crucial factors in its capacity to perform, adapt and grow.

Supporting institutions include government agencies, regulators, NFP and for-profit partners, peak bodies, and intermediaries that connect providers to key external resources, especially finance.

Priority areas for strengthening affordable housing industry supporting institutions and infrastructure include:

- Enhancing leadership, expertise and coordination within government.
  - Full separation of administrative responsibilities for affordable housing policy making and regulation from those of public housing delivery.
  - Completing and refreshing national regulation of community housing providers.
  - Joint government and industry guidance of industry development and restructuring.
  - Reinforcing the leadership and functions of peak bodies.
  - Strengthening tenancy engagement mechanisms, especially at the industry level.
  - Continuing to prioritise co-ordination processes and institutional structures that help connect housing and support services.
  - Industry core data reform and housing needs modelling.
  - Development of specialist financial brokerage arrangements.
  - Restoring culturally appropriate institutional arrangements to support the provision of Indigenous housing (as discussed in Chapter 7).
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Beyond affordable housing providers themselves (as described in Chapter 3) effective and efficient provision of affordable housing relies on many supporting institutions, networks and actors. Their capacity is critical to both effective policy-making and to industry advancement (Foo 2015).

This chapter describes the institutions and networks currently operating alongside housing providers in the Australian affordable housing industry and makes an initial assessment of the current condition and contribution of these institutional settings, drawing on previous research findings, as well as on our own stakeholder interviews and analysis of documentary sources. The review is general in nature and not derived from detailed evaluations of performance.

Appendix 3 lists the key institutions contributing to Australia's affordable housing industry and briefly outlines their origins and purpose, core services and sources of funding.

The key groups of supporting institutions include:

- Government agencies and their coordinating entities and the government-established regulatory system.
- Industry peak bodies and peer network organisations.
- Tenant/consumer organisations and tenancy support agencies.
- Providers (for-profit and NFP) of specialist services to the industry—covering training and professional development and consulting, data and research services.

While local industry supporting infrastructure appears extensive and, in some parts enduring (see Appendix 3), there are a number of current issues and gaps that emerge from our initial assessments of what will be required to guide future industry development, and of successful approaches in the past and elsewhere. These are discussed below by institutional group.

Separately, as a component of our integrated review of the place of Indigenous housing in the industry, in Chapter 7 we describe the demise of entities, forums and networks that in the past have helped to maintain Indigenous connections and participatory networks and argue for urgent attention to that issue.

## 4.1 Government

Coherence in government's approach to growing affordable housing lies at the heart of what will be required to optimise the quantum and mix of affordable housing that can be leveraged from limited public resources and to oversee major systemic change through large-scale transfers of public housing. In principle, good governance requirements include leadership and commitment, coordination, collaboration, accountability and transparency (France 2007).

Within the Australian federated governance system, affordable housing does not have a settled home. In the Commonwealth sphere and in most states and territories there is no agency or major division with dedicated staff retained for their specialist knowledge of this industry and their understanding of how arm's length, commercial models of affordable housing provision can work best (Milligan and Tiernan 2011; Milligan, Hulse et al. 2015).

The policy framework for driving affordable housing outcomes is also poorly codified. Legislation pertaining to governments' affordable housing objectives is limited in scope (and often outdated). Since the 2013 demise of the National Housing Supply Council there has been no official measurement of what are 'affordable housing needs' and intentions for the 2009 NAHA to drive greater accountability for jurisdictional outcomes have remained unfulfilled.

Implementation plans associated with proposals for industry growth and development repeatedly do not eventuate. For example, the 2009 Commonwealth/state/territory commitment to achieve a national 65:35 mix of public and community housing by 2014 was not supported with any enumerated and costed plan (Pawson, Milligan et al. 2013). Similarly, government plans to establish a National Regulatory Council as a joint government and industry advisory body to steer future directions in regulation under the NRSCH have not been actioned.

In the absence of an integrating framework and common goals, the separation at both levels of government of social housing policy making and administration (usually in a human services portfolio) from the location of responsibilities for 'other' affordable housing policy levers—for example those stemming from planning departments, urban infrastructure management, urban development authorities and treasuries—contributes to sub-optimal policy making and implementation.<sup>40</sup>

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<sup>40</sup> The West Australian Housing Authority, which administers the widest range of housing related policy functions, is a partial exception.

Disruptive changes in housing portfolio arrangements have also become commonplace, causing confusion about authority within government and loss of corporate knowledge and effectiveness. In NSW, for example, a cross-cutting lead agency, the Centre for Affordable Housing (established in the late 1990s) has recently been dismantled (in the context of wider public sector restructuring) at the same time as that the NSW Government has been notably expanding its endeavours to grow affordable housing (see Appendix 1).

Across Australian state and territory jurisdictions, it has been the norm for the agency responsible for public housing service delivery to be also charged with policy, asset and funding decisions and regulatory policy relating to CHPs and other external providers (i.e. their competitors).<sup>41</sup> This self-interested control of resources is widely perceived by external stakeholders as one explanation for persistent scepticism expressed by government officials about the capacity of alternative providers and the failure to achieve Minister-determined target public housing transfer numbers—see below (research interviews).

At the political level, the scope of responsibilities of Australian Housing Ministers is not consistently aligned with pursuing new directions and models. This is problematic. For example, some portfolio arrangements engender a narrow focus on social housing and homelessness service delivery, yet others promote wider and more inclusive responsibility for affordable housing policy and industry development. Also up for consideration is the post-1990s location of housing responsibilities within the Australian Government's welfare administration, decoupling housing policy considerations from wider economic and urban challenges (Milligan and Tiernan 2011).

In the context of Australia's federated governance system, potential for intergovernmental coordination was severely weakened by the 2013 abolition of permanent standing councils of housing ministers and senior officials. This, in turn, disrupted the housing portfolio's linkages to the COAG, which drives major national reforms. Strong industry-level support notwithstanding, the push for genuine national regulation of community housing also collapsed in the absence of strong central government leadership. Indeed, beyond concerns around NRSCH coverage, there is arguably a growing need to review and enhance the system with respect to its fitness for purpose in the light of rapidly changing policy and financial contexts now that several years have elapsed since its current structure and scope was designed.

This pattern of conflicting roles, fragmentation of responsibilities and a lack of authoritative leadership and expertise in the housing domain are widely seen by industry players to severely hinder the effectiveness of recent government approaches to addressing affordable housing needs (research interviews). The local situation can be contrasted with a pattern of having long-term dedicated administrations in international jurisdictions. In the US, for instance, the Federal Housing and Urban Development agency has enduring responsibility for national housing policy and programs. During the period of major growth and development of the UK's housing association sector, the powerful and well-endowed Housing Corporation (England) and Scottish Homes agencies played leading roles in steering and managing industry change and development in their respective jurisdictions (MacLennan and Miao forthcoming).

Essential prerequisites for enabling growth of a more independent but fully accountable affordable housing industry include:

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<sup>41</sup> In the past, funder provider administrative models were tried (e.g. in NSW and SA in the 1990s) but these have since been lost in machinery of government changes. There has been a recent separation of regulatory authority and housing resourcing in Victoria, with the reporting lines of Housing Registrar changed from the Minister for Housing to the Minister for Finance in 2011, with consequential administrative changes. It is also acknowledged that, under a recent restructure, the Government of South Australia separated the responsibilities of public housing management and community housing enabling, with the latter role passed to Renewal SA from 2014.

- fit-for-purpose legislation and policy
- re-establishing mechanisms to promote intergovernmental and interagency coordination
- having dedicated government leadership and internal capacity.

## 4.2 Industry bodies and networks

Industry peak bodies have played crucial roles in advocating for their members and in many facets of sector capacity-building over two decades (See Chapter 5: Table 6). As particularly exemplified in NSW, this has involved both delivery of state government-directed and funded industry capacity-building programs (see Chapter 5), and industry-led initiatives to achieve associated goals. However, the (so-called) community housing peak network is unevenly developed around Australia with NSW, Victorian, South Australian and, to a lesser extent, Queensland providers currently served by dedicated, industry-governed agencies.<sup>42</sup> In other jurisdictions, less desirable approaches apply, such as government contracting of Shelter organisations that then combine provider capacity-building functions with tenant and consumer advocacy.

National leadership of the industry is in a state of flux following the 2013 de-funding of the Community Housing Federation of Australia and un-concluded industry attempts to reform the structure of their associations to achieve a 'single national voice' for the industry (AHI 2015; CHIA 2015). Since 2007, however, a tailor-made peer network of larger providers, PowerHousing Australia, has played a growing role in knowledge exchange industry-led advancement and resource mobilisation.<sup>43</sup> PowerHousing has a head office of two staff and thus relies heavily on member collaboration and input. This necessitates members having capacity to contribute financial resources and workforce effort.

Another key support agency, the Australasian Housing Institute (AHI), which acts as the professional body for the social and affordable housing industry workforce, has struggled since foundation to be viable as a result of a low member base of around 400 (of an estimated catchment of 11,000 workers).<sup>44,45</sup>

Broader connections within the housing industry have also progressed. For example, individual CHPs may be members or associates of private housing industry peak bodies—such as the Housing Industry Association, the Property Council and the Urban Development Institute of Australia—and CHP-initiated affordable housing projects have been regular recipients of broader housing industry awards. NRAS also catalysed the development of a cross-industry (for-profit and NFP) peak body of NRAS providers. However, low post-2013 levels of affordable housing development and the nascent state of partnering probably means the need for such networks has not been to the fore.

Finally, we note that in contrast with some comparable emergent and established sectors (e.g. renewable energy, disability services), there is no overall governance of the industry—in the

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<sup>42</sup> The largest body, the NSW FHA had income in 2014/15 of \$2.5 million—including \$131,000 from member fees, \$1.3 million public funding for services and projects and \$672,000 in revenue from training services (NSWFHA 2015). That agency currently employs 10 core staff (excluding training services staff).

<sup>43</sup> For example, PowerHousing currently manage a project which is attempting to match a large scale investor to members' aggregate demand for development financing.

<sup>44</sup> Figures include public housing workers and workers in the New Zealand public and community housing sector. See <http://www.housinginstitute.org/About-Membershipsite>.

<sup>45</sup> This compares with membership levels in the English non-government housing system of about one in five (advice Chartered Institute of Housing).

form, for instance, of a specialised Industry Council, Task Force or Independent Commission—that connects all key industry players, promotes shared understanding of government and industry requirements and provides high level direction on industry development and innovation.<sup>46,47</sup>

Explanations for the current status of industry-based institutional support and infrastructure lie in its thin market overall, differences in industry evolution across jurisdictions and the growing functional disparity between smaller and larger providers.

## **4.3 Entities concerned with tenant engagement and support**

### **4.3.1 Tenant engagement**

At the organisation level, many CHPs engage with their tenants by convening tenant advisory committees and facilitating less formal forums, such as block meetings and social events. Tenants may also be involved in the formal governance of CHPs as board members, though this form of engagement has never been pursued in Australia to the extent it has in Britain<sup>48</sup> (Pawson and Gilmour 2013) and, as more CHPs have recruited skills-based boards, is probably even less a priority now (Milligan, Hulse et al. 2015).

At the industry level, a number of community organisations give a voice to tenants. In each state and territory (except Victoria) there is a Shelter, which is generally acknowledged as that jurisdiction's peak organisation for low-income housing consumers, though CHPs themselves are influential members (and in Queensland and WA the local Shelter organisation is contracted by the state government to deliver services to CHPs).

Each state and territory (except South Australia and the Northern Territory) also has a peak tenants' organisation (the Tenants' Unions of NSW, Tasmania, Victoria and the ACT, Tenants Queensland and Tenancy WA). These represent the interests of both private and social sector tenants, and do not allow landlord membership. Each of these organisations presently operates as a specialist community legal centre, and some of them manage or resource networks of local tenants' advice services.

Both the Shelters and the Tenants Unions (and equivalents) put tenant perspectives to other industry stakeholders in their respective states and territories and, through National Shelter and the National Organisation of Tenant Organisations, at the national level. Generally speaking, the Shelters are funded from housing budgets, the Tenants' Unions from legal aid and consumer affairs budgets, and both the national organisations are now unfunded (Appendix 3).

In NSW, the CHP peak, the NSW Federation of Housing Associations (NSWFHA), convenes a Community Housing Tenant Network to promote tenant participation in CHPs and provide input into sector development. The NSW Government has also provided funding since the mid-1980s for tenant participation resource services, which provide services mostly to public housing tenant communities, but also to community housing tenants. The NSW Government has also from time to time convened state-level representative forums for social housing tenants; however, the latest of these, the Social Housing Tenants Council, appears to have been disbanded a number of years ago and not replaced. Similar programs have been only intermittent outside of NSW.

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<sup>46</sup> As discussed in Chapter 3, the joint government and industry governed National Community Housing Forum (1996–2006) was instrumental in driving development of the community housing sector at an earlier stage.

<sup>47</sup> Our second report will discuss industry best practice in this regard in more detail.

<sup>48</sup> Moreover, whilst encouraged in the 1997 National Community Housing Standards industry good practice advice, tenant engagement via board membership was advocated less strongly in the latest (2010) edition.



Between them, these organisations provide support to tenants, make representations on behalf of tenants, and engage some tenants as staff or board members, but do not engage tenants *en masse* in the governance or development of the industry.

### 4.3.2 Organisation-partnering to sustain tenancies

CHPs house tenants with a range of non-housing needs and an increasing number require transitional, ongoing or intermittent support to establish and sustain tenancies. The proportion of tenants in need of support varies considerably and is most pronounced in CHPs that target specific population groups or manage social housing, including transferred public housing. The extent of high needs tenants also differs depending on the allocation targeting requirements of the jurisdiction. Some CHPs may also deliver funded support services but most are dependent on support provided by external support agencies. These include services directed to people experiencing homelessness, disability, ageing and ill-health as well vulnerable population groups such as young people, Indigenous households or people from culturally and linguistically diverse backgrounds.

Relationships between housing and support providers are inevitably fraught, albeit also inter-dependent, as support providers seek access and security of tenure for their clients and housing providers seek support to sustain tenancies and manage difficult behaviours (See Phillips, Milligan et al. 2009; Phillips 2013). Partnership challenges include: differences in professional and practice approaches and cultures; constrained resources on both sides; and organisational and funding imperatives and constraints. Various initiatives, mechanisms and structures have been developed by government and the industry in recent years to improve co-ordination and achieve service integration, especially between homelessness and housing services. These include formal and informal cross-program, inter-agency and bi-lateral agreements and structures that aim to build partnering capacity in the housing and support service industries. As the affordable housing industry grows, the availability of support will become an increasing concern for CHPs as will their capacity to partner with support service providers.

## 4.4 Specialist institutions and functions

Stemming from government resource offers and competitive tender processes in recent years, there is evidence that a growing range of consultants both specialist and generalist have been offering professional services to the industry, especially larger providers, on a commercial basis.<sup>49</sup> This includes law, tax advisory and accounting firms; project management services; planners and urban design consultants; communications and marketing advisors; business planners; human resource agencies; financial services agencies; community development specialists and social and economic analysts (research interviews, author knowledge). Among these are a growing number of specialist firms and individual consultants, such as the Housing Action Network and Affordable Housing Solutions, which have specialised in this domain. These are signs of a maturing industry that can readily source appropriate advice in a diverse array of advisory areas.

There is a strong and enduring housing research network (the 'AHURI model') engaging most Australian governments and eight universities. In addition, CHPs are collectively and individually engaging with the research community to undertake independent specialist research and evaluation in their interest.

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<sup>49</sup> Some of these have assisted the industry in the past on a pro bono basis.



For 20 years Swinburne University has offered a Graduate Certificate and Graduate Diploma of Social Science (Housing Management and Policy), designed for the public and community housing workforce. This distance learning-based education program aims to provide the practical and conceptual skills necessary for management, administration, research and policy development in housing provision. As most students have their course fees paid by their employer—a government housing agency or a CHP—the course is reliant on continuing support.

There is also a Certificate IV tertiary level qualification in social housing for government and non-government workers who are engaged in delivering social housing services and support to tenants and residents, applicants and the community.<sup>50</sup>

The most evident gaps in specialised industry services that are apparent from our review so far concern the industry's financing and information needs.

#### 4.4.1 Financial intermediaries

Largely missing from the Australian landscape has been the internationally well-developed kind of financial intermediary institution that specialises in attracting and allocating private investment for affordable housing—as documented in Lawson (2013), although some initial market-based approaches, such as the National Affordable Housing Consortium, emerged under the stimulus of NRAS. Such a financial aggregator is highly desirable to help achieve the scale of future investment that will be required; to act as a specialist entity that interfaces between affordable housing developers and the finance industry at large, connecting to both individual and corporate investors; and to help manage borrowing risks (Lawson, Berry et al. 2014). With funding from the NSW Industry Development Strategy (Chapter 5), the NSW FHA is currently leading the development of a business case for such an institution. Other similarly-intentioned proposals have been made by various non-government parties to the Australian Treasury in response to their January 2016 call (on behalf of the CFFR) for submissions on options for financing and structural reforms with the potential to increase the provision of affordable housing (Australian Government 2016a).<sup>51</sup> A government position is expected later in 2016.

#### 4.4.2 Industry data

As is made apparent throughout this report, consistent national data and information pertaining to the affordable housing industry is hard to come by and current official data collections are not fit-for-purpose. Clearing house approaches to information exchange are also more limited than in comparable human service areas.<sup>52</sup> A national core data set for the affordable housing industry was proposed in 2007 (Milligan, Phibbs et al. 2007: Table 6.2). Subsequently the National Housing Supply Council (2009–13) began developing robust data and methods for measuring stocks and flows of affordable housing but this work has lapsed following the Council's abolition. And while the collection of provider-level data relevant to regulatory concerns has recently been progressed through the NRSCH, this is problematic both in the fact that the system is not in fact national and in that the collated data remain unpublished.

In the absence of both long-term policy frameworks and supporting information, there has been enormous duplication of effort aimed at demonstrating the potential of the industry and informing government inquiries and potential industry partners and investors. Determining future

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<sup>50</sup> See <https://training.gov.au/Training/Details/CHC40908>.

<sup>51</sup> Submissions are at <http://www.treasury.gov.au/ConsultationsandReviews/Consultations/2016/CFFR-Affordable-Housing-Working-Group/Submissions>.

<sup>52</sup> An industry initiated on line information repository, the Australian Housing Information Network (AHIN), existed from 1990s to mid-2000s.

responsibility for and resources to support the development, collection and storage of nationally consistent information on the affordable housing industry will be crucial to securing the best outcomes and promoting industry transparency, accountability and self-improvement, as well as reducing costly duplication.

In a multi provider system, there is also a requirement to develop and negotiate an industry-wide model for measuring affordable housing needs so that service outcomes can be transparently aligned with the pattern and mix of needs—rather than these comprising the ad hoc opportunities that drive much of current growth.

In keeping with its overarching public purpose and financial support, an open knowledge sharing approach throughout the industry should be fostered.

## **4.5 Implications for industry development**

In response to growth opportunities particularly from the mid-2000s, larger providers within Australia's affordable housing industry have established deeper connections to a wide range of institutions and agencies. Within the industry support system itself, peak bodies and interagency networks have evolved and grown over a long period but are stretched and still lack capacity in some jurisdictions. Oversight of the industry has been enhanced by the introduction of specialist regulatory regimes.

A major challenge for industry players, however, has been pervasive uncertainty and changeability in government commitment, policy and administrative capacity and a recent trend to diminution of close and informed connections to the industry. Chapter 5 discusses in more detail how government players see their roles in developing and resourcing the industry.

Emerging from the analysis of wider industry infrastructure, we consider that the key priorities for institutional change and development of support functions within the industry (commensurate with growth) should be:

- Championing affordable housing and embedding expert capacity within government.
- Full separation of administrative responsibilities for affordable housing policy making and regulation from those of public housing delivery.
- Strengthening interagency and intergovernmental coordinating mechanisms.
- Completing and refreshing national regulation of community housing.
- Creating a cross-sectoral body to guide strategic leadership of industry development and regulation.
- Reinforcing the leadership and functions of industry peak bodies.
- Strengthening tenancy engagement mechanisms, especially at the industry level.
- Industry core data reform to promote greater consistency, transparency and accountability and to promote service levels matched to housing needs.
- Continuing to prioritise co-ordination processes and institutional structures that help connect housing and support services, especially in the arenas of homelessness, domestic violence, disability and for Indigenous tenancies.
- Development of specialist financial brokerage arrangements.

A complementary report (Milligan, Martin et al. forthcoming) considers these directions in more detail.

## 5 Review of affordable housing industry assistance and resourcing

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- From its antecedents in the 1980s, the development path of the affordable housing industry has shown a gradual maturation despite fluctuating opportunities for expansion. However, capacities that have been built have been under-utilised and aspirations for greater organisational scale have recently been difficult to achieve in an unstable policy and resourcing environment.
  - A 2014 high level national industry development framework has had only limited impact because it lacked a champion and was not underpinned with a resourced implementation plan.
  - Across Australia, approaches to developing the affordable housing industry are diverse and fragmented. This situation is of concern, especially given the small size of the industry overall. While it is not possible to identify the total resources being invested in industry development there is evidence of duplication of effort across government agencies, individual organisations and jurisdictions.
  - Jurisdictional approaches are influenced by differing development pathways in the industry, the local fiscal and political context, and by whether jurisdictions have joined the NRSCH. Presently, two jurisdictions, NSW and Queensland, have formalised industry development plans.
  - Larger CHPs now tend to manage their own capacity-building internally and through their membership of industry networks. However, medium-sized and smaller organisations lack the scope to do so and their future within the industry requires active consideration.
  - Failure to achieve a single nationwide regulatory model and the lack of any national investment framework has impeded industry growth and the development of local capacity in all jurisdictions.
  - Future industry development approaches should be directly linked to specific plans for industry growth and restructuring.
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In this chapter we review the current sources and types of assistance directed to the affordable housing industry to build its capacity and support its growth. The sources of information for this chapter included the industry-related documents collected for this research, as well as nine interviews with policy-makers and industry peak body representatives across jurisdictions, and responses to our online survey of CHPs.

We begin by setting the context through summarising the range and variety of past strategies employed to promote the development of the Australian affordable housing industry and its precursor, community housing.

## 5.1 Chronology of milestones in industry development

Table 6 provides a review of significant developments in the evolution of Australia's community housing industry (later identified as the affordable housing industry), categorised in broad phases since the 1970s. The table highlights the policy context in which capacity developments took place, the main forms of development, and how these were broadly managed and funded.

In summary, the main phases distinguished are:

- Foundation from the early 1980s when a large number of housing NFPs were formed in response to government funding offers in some states.
- National expansion led by an Australian Government program and investment framework from the mid-1980s.
- The emergence of a clear industry identity in the mid-1990s involving leadership, peak bodies and network development, alongside the rise of a cohort of larger professionally managed delivery organisations.
- Industry-led and government-enabled moves to CHP business independence and diversification from the 2000s—especially involving housing development activities, private borrowing and improved revenue streams. This period also saw consolidation of growth and capacity development in selected organisations (variously, 'preferred', 'growth' or 'registered' providers) that included both traditional CHPs and new market entrants (e.g. development companies and multifunctional welfare entities).
- Continuation of industry development and restructuring, especially via the impact of specialist regulation. Since 2012, however, government-supported growth has been mainly linked to transfers of public housing (some of which have not materialised). Individual CHP-initiated growth that has been leveraged from diverse internal (organisational) and external opportunities has intensified in this phase.

Overall, the industry development path has generally been progressive with a gradual maturation of the industry being evident, despite fluctuating opportunities for growth and notwithstanding considerable variations from the trend in certain states and territories at certain times.

Although varying somewhat across jurisdictions, the decade around the turn of the century represented the peak of coordinated government and community activity directed to industry development. Across this phase, a multi-party government and industry body, the National Community Housing Forum (NCHF), operated from 1996 to 2006 as a lead agency for industry planning and development. Following de-funding<sup>53</sup> of the NCHF and wider changes (e.g. the 2009 shift from the CSHA to the NAHA as the intergovernmental framework governing housing assistance), government engagement and government-industry collaboration has declined at the national level.<sup>54</sup> Diverging state- and territory-led approaches are leading to complexity and fragmentation, a trend that is conflicting with financial sector requirements for scaled-up investment opportunities on a consistent basis (Milligan, Yates et al. 2013; Milligan, Pawson et al. 2015).

A critical view of the cumulative outcomes of this long evolution shows, on the one hand, an industry that has a well-established and strong track record of tenancy management (and,

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<sup>53</sup> The NCHF was funded by the Australian Government and state and territory governments.

<sup>54</sup> An exception was the period 2008 to 2010 when the major national housing programs, SHI and NRAS, were rolled out.

importantly, tenant satisfaction<sup>55</sup>), and is seemingly resilient. More rapid growth from the mid-2000s catalysed capacity and demonstrated new capabilities in larger entities, especially in housing financing and procurement, and asset and risk management. On the other hand, by 2016 business scale had failed to materialise to the extent aspired to by industry leaders, champions and independent analysts. This situation has contributed to underutilisation of industry potential and thwarted innovation (Milligan, Hulse et al. 2015).

The next sections examine current approaches to industry development and resourcing in more detail.

## **5.2 Industry development frameworks and approaches**

This section examines current affordable housing industry development frameworks and national and state supports to build resource, organisational, networking and political capacity in order to achieve the current goals promoted by some of Australia's governments to develop and grow the industry (see Appendix 1).

### **5.2.1 The national framework**

Stemming from the 2009 NAHA and the decision of Housing Ministers to support a more diversified system of housing provision nationally (Housing Ministers Conference 2009), policy-makers developed a National Industry Development Framework for Community Housing (NIDFCH), which was published in 2014 (NRSCH 2014). The framework outlined principles to guide industry development in the context of ambitions to promote a national market and to underpin introduction of national regulation in the short to medium term. The framework was intended to provide guidance for states and territories to apply as appropriate to their local contexts and in accordance with their policy and funding settings. It defined five outcome areas for industry development:

- governance, risk management and strategic planning
- construction and development
- finance
- regulation—meeting requirements of the national regulatory code
- workforce development (NRSCH 2014: 3).

Within each of the above areas, a set of initial strategies and associated responsibilities was nominated to guide the next phase of industry development.

Government-led strategies included developing appropriate policy and contracting frameworks and funding instruments, improving funding certainty and providing assurance to lenders, ensuring efficient and accountable allocation of resources and undertaking appropriate roles in brokering relationships.

Provider organisations were expected to undertake rigorous risk management planning, maintain and develop the skills of Board members and their workforces, consider group approaches to development functions and, to help preserve the diversity of the sector, larger CHPs were encouraged to partner and otherwise assist and mentor smaller services.

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<sup>55</sup> As evidenced by the community housing tenant satisfaction indicator measures reported since 2001 (SCRGSP annual series).

Mediating institutions and peaks were allocated responsibility for facilitating information exchange and expertise-sharing between providers, advocating for the profile of the sector with key stakeholders and deepening financial opportunities in the sector (NIDFCH 2014).

**Table 6: Chronology of key milestones in affordable housing industry and organisational development**

Period <sup>1</sup>	Policy and industry context	Capacity development	Leadership and resourcing
Foundation Early to mid-1980s	Foundation of state-funded community housing organisations in several states.	Large numbers of CHPs and housing cooperatives incorporated, mostly to deliver homelessness and/or tenancy management services.	Strong government direction of sector development especially via program guidelines and funding agreements.
National Expansion  Mid 1980s–mid-1990s	Commonwealth-led national expansion of community housing. Diversification of service models and client groups. First govt. founded NFP housing development companies (City West Housing 1994). First developer levies for affordable housing.	Australian Government investment in industry infrastructure (10% of program funds) from 1992. Community housing sector identity emerging. Foundation of peak bodies to build organisational and industry capacity and advocate on sector issues.	Government funding of industry peaks. Sector advocacy grew. State-based bi-lateral annual industry plans developed in consultation with industry advisory committees.
Industry development and growth of larger providers  Mid 1990s–mid-2000s	First transfers of (vacant) public housing dwellings to CHPs. Continuation of tied funding for community housing (until 2009). Govt. investment directed to growth providers to build their scale and capacities. Introduction of tenant complaints and appeals mechanisms. First CHP initiated mixed-tenure, cross-subsidised developments (ACT). Partnerships and public/private/NFP joint ventures encouraged.	National Community Housing Forum (NCHF) established. Specialised government offices administering community housing in several states. First industry conferences. Beginnings of sector consolidation, reducing organisation nos., mostly via mergers/takeovers. Emergence of long-term industry plans (govt. or industry-initiated). Roll out of accreditation and the National Community Housing Standards system. Inclusion of community housing in AIHW-managed national data collection. Australian Housing and Information Network (AHIN) portal. Professionalisation of boards and workforce. Professional organisation of social housing workers founded (AHI). Housing vocational training and education courses introduced. National housing research network (AHURI) founded.	Joint government and industry leadership and collaboration via NCHF (industry council). Significant industry led developments, especially standards and accreditation (govt. funded) and professionalisation.



Period <sup>1</sup>	Policy and industry context	Capacity development	Leadership and resourcing
New business models	National Action on Affordable Housing—intensive policy development phase 2005–08.	Search for private financing and first deals.	Intense period of intergovernmental policy development.
Mid 2000s–12	State investment in affordable housing debt/equity and joint venture models, followed by NRAS, SHI and early PPPs—all with CHP directed aspects.  Development of specialist regulation and new legislative definitions (e.g. affordable housing, community housing) and powers (SA, NSW, Victoria).  Cessation of funding ‘tied’ to community housing and Indigenous community housing 2009.  Commitment to grow CHP sector to 35 per cent of social housing 2009. SHI-funded dwellings directed to this.  Rent reforms to enhance CHP revenue steams  Industry growth plans—NSW, Victoria, SA.  Tussle over charitable status of CHPs.  Policy supporting mixed income models.	First significant self-generated growth following asset acquisitions and rent reform.  Industry-led Affordable Housing Summit Group formed to advocate affordable housing policy.  Entry of private providers, new NFPs and welfare sector.  Additional networks—e.g. large providers, NRAS providers, and housing and support partners.  Further sector consolidation driven by regulation.  Business/revenue diversification among larger providers—housing development, real estate services, place management.  Joint government industry development frameworks—NSW led.  Strong phase of organisational investment in IT and business management/development.  First CHP–Indigenous organisation partnerships.	Non-government advocacy especially via Housing Summit (towards NRAS and NAHA policy) and peaks (regulation).  Enhanced CHP investments in own capacity. Australian Government funded brokerage services under NRAS.
Uncertainty and disruption to growth	NRSCH introduced.  Cessation of NRAS.	Multi-jurisdictional providers.	Mix of ad hoc industry and government initiatives.
2013–16	Multiplicity of fragmented policy directions.  Larger scale longer term transfers on differing terms SA, Tas. Qld.  Competitive tendering for govt. resources.  New affordable housing govt. investment fund, SAHF, NSW 2016.  Search for financing mechanism (increased Treasury engagement).	National Industry Development Framework (but little action outside NSW).  Knowledge exchange within industry strengthened.  Industry cost and performance benchmarking improved.  Growing connection of industry players/organisations with finance sector/institutions.  Winding back of specialist govt. offices/loss of industry knowledge in govt.  C/W withdrawal from industry support.	Lack of national leadership contributing to further divergence across jurisdictions.

*Note: <sup>1</sup> Duration and some characteristics of each phase vary by jurisdiction.*

Sources: updated from Bisset and Milligan (2005) using document repository and author knowledge.

Two years on, our interviews have revealed considerable differences across Australia in the extent to which the NIDFCH has influenced state industry development approaches (as also occurred in the take up of national regulation—see Chapter 1). Reasons for its uneven use may include that there was no governance mechanism designed to promote its application and that it was not linked to any dedicated resources. Subsequently, national housing program and governance changes after 2013 (see Chapter 4) further dissipated joint government efforts that had been directed to promoting high functioning providers and a scaled-up national market in affordable housing. Given these changes, the NIDFCH now lacks sponsorship and recognition, and has become largely outdated.

## 5.2.2 State level approaches

Current state and territory level approaches to industry development vary widely as discussed below. Two states, NSW and Queensland, have formalised approaches which we discuss first. Specific capacity-building provided to Indigenous community housing organisations is discussed in Chapter 7.

### New South Wales

NSW has a long history of government-directed support for community housing commencing in the 1980s. Periodic plans for community housing expansion were established from that time and were underpinned with resources for organisational and institutional development. An ambitious 2007 plan to grow the sector from 13,000 to 30,000 [dwellings] over 10 years (but achieved in five) was followed by the first industry development framework (a precursor to the NIDFCH) in 2010 (Housing NSW 2007; Phibbs, Ziller et al. 2010). At the time NSW CHP expertise was concentrated around tenancy management activities; there were few established CHP housing developers in NSW and few CHPs had senior asset management staff.

The current three-year framework, the NSW Community Housing Industry Development Strategy 2013/14–15/16 (Housing NSW 2014) was developed under the principles of the NIDFCH but is much more specific. The strategy has three broad objectives to enhance:

- CHP capacity for growth, diversification and partnering.
- CHP capacity to deliver quality outcomes and demonstrate performance.
- Stakeholder capacity to support development of the community housing industry.

The strategy largely comprised an annual \$350,000–\$400,000 program of specific activities (policy-maker interview, NSW). Funding allocations were determined by a joint government industry project control group which identified industry needs and negotiated priorities for funding. Project management was then allocated to either government or industry, as appropriate. One criticism of this approach was that it tended to result in a large number of small (often under-priced) projects; large or more multifaceted projects proved more difficult to achieve (industry leader interview).

Overall, however, the NSW industry development strategy was seen by both government and industry leaders as an effective collaborative model which built trust and mutual understanding (industry and policy-maker interviews, NSW).

*The partnership had the benefit of increasing understanding in both parties of their respective roles and responsibilities. For instance, during negotiations around the priorities for industry development, policy-makers gained a stronger understanding of industry operations and the industry in turn gained a better appreciation of the perceptions, requirements and expectations of government. (Tier 2 CHP CEO)*

An aspiration to evaluate the strategy's effectiveness was included in the 2013/14–2015/16 strategy document but this has not been taken forward.

**Table 7: Examples of affordable housing industry/sector assistance projects in NSW 2013–16**

Dimension	Project/program name
Resource capacity	<ul style="list-style-type: none"> <li>• Affordable housing through the planning system (development of industry-preferred approach)</li> <li>• Designing a community housing finance intermediary</li> <li>• Strategic commissioning methods</li> </ul>
Organisational capacity	<ul style="list-style-type: none"> <li>• Business structures in a complex environment</li> <li>• Complaints handling (best practice guidance)</li> <li>• Data comparison platform implementation (Industry benchmarking project)</li> <li>• Industry benchmarking indicators</li> <li>• Industry information (Data collection on CHP staff/governing body expertise and capacity needs)</li> <li>• Leadership (master class program)</li> <li>• Managing strategic risk</li> </ul>
Industry-specific capacity	<ul style="list-style-type: none"> <li>• Affordable housing project evaluation (frameworks and tools)</li> <li>• Cultural competency standards for housing services for Aboriginal people</li> <li>• Developing and managing mixed tenure estates</li> <li>• Domestic violence (outcome measurements)</li> <li>• Linking tenants to employment, training and education</li> <li>• Managing neighbourhoods</li> <li>• Property development and procurement (assessment of training needs and CHP effectiveness)</li> <li>• Provider readiness for NDIS</li> <li>• Responding to tenants with mental health issues</li> </ul>
Networking capacity	<ul style="list-style-type: none"> <li>• Effective partnerships and joint working (master class)</li> </ul>
Political capacity	<ul style="list-style-type: none"> <li>• Measuring community housing impacts and return on investment</li> </ul>

Source: author classification of capacity-related purpose of NSW funded projects.

A wide array of activities directed at different aspects of capacity-building has resulted (as illustrated in Table 7). One of the most significant has been the industry benchmarking project, House Keys. Here strong industry government cooperation enabled data collected for regulatory purposes to be adapted as a key management tool to promote cost CHP effectiveness and industry productivity (see also Chapter 3).

The 2013–16 NSW industry development strategy was framed in a period where it was expected that the community housing sector would be largely concerned with consolidating recent rapid growth, rather than gearing up for new growth. In the context of emerging significant growth plans in particular, large scale transfers of public housing (see Appendix 1), the NSW Government is, at the time of writing, developing a new framework with an expanded budget to support prospective CHP growth from 2016/17. This is seen as a government responsibility to help ensure effective delivery of government-led initiatives. Regarding CHP participation in growth-enabling projects, two capacity challenges that have been highlighted:

- Requirements for CHPs to participate in consortia—including close collaboration with developers.
- Expectations on the development and management of mixed tenure estates.

It is also recognised that there will be continuing need for industry development activity focused on medium-sized and smaller providers (policy-maker interview, NSW).

## Queensland

Queensland's non-government housing sector is generally less developed than in the other more populous jurisdictions, comprising mostly small organisations closely controlled by the government. The functions of most CHPs are centred on various services for social housing clients and homelessness services. Two Tier 1 and two Tier 2 providers, however, operate affordable housing business models and the largest NRAS provider, The National Affordable Housing Consortium, was founded in Queensland.

Funding for capacity-building has been allocated to Q Shelter since the mid-2000s. Government interest in capacity-building intensified in the context of the Newman Government's 2020 Strategy, which strongly promoted the transfer of public housing to community housing organisations, and the roll out of the NRSCH. The successive (post 2015) government, while yet to firm up its plans for community and affordable housing (see Appendix 1), has continued supporting capacity-building. In what was described as a case-based approach, resourcing has been directed to assisting smaller organisations (Tier 3) to achieve their ambition to register under the NRSCH. This has included resourcing directed specifically to ICHOs (see Chapter 7).<sup>56</sup> The local peak body, 'CHPs for Queensland' also has a mentoring role.

Informed by the principles of the NIDFCH, capacity-building activities and strategy development have been brought under the umbrella of an Industry Development and Engagement Project (IDEP). This commenced in 2015 in response to the incoming government's commitment to building a stronger, more sustainable human services system in Queensland. In the context of this research it is important to note that the focus of attention in the IDEP is the 'housing assistance industry' not the affordable housing industry. Nevertheless, whole of government approaches to expanding affordable housing are being discussed within the project (policy-maker and industry interviews). The goals of the IDEP are to:

- Build organisational capacity and sustainability of the housing assistance industry across Queensland.
- Enable industry-led innovations.
- Leverage investment opportunities.
- Achieve a sustainable industry that takes ownership of its future and organisational development.

A three-phased approach has been adopted:

- 1 Evidence building: stakeholder engagement and consultation on capacity-building activities and challenges (2015).
- 2 Transitioning to independence: building capacity and capability of the human services industry (2015–17).
- 3 Industry-led capacity development (2017–18).

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<sup>56</sup> The Queensland Shelter annual report 2014–15 identified \$1 million in government funding and an additional \$150,000 for Indigenous housing capacity-building.

The IDEP approach is grounded in a partnership ethos. Operating through a large reference group,<sup>57</sup> phase 1 has largely concluded and phase 2 planning is underway. A Housing Assistance Council comprising peak body nominees is being considered as a new leadership group to oversee implementation of further plans. The anticipated ten-year Queensland housing strategy (Appendix 1) may lead to future iterations of the IDEP.

Queensland policy-makers have placed a strong emphasis on staged transfer of responsibility for capacity-building to the industry to promote autonomy and self-direction. A key challenge for this approach identified in our industry interviews concerns the future of smaller organisations and the need to differentiate the capacity of larger and smaller organisations to develop their own capacity.

### **Less formalised state-based approaches to industry development.**

Other jurisdictions currently have less formalised approaches to industry development than NSW and Queensland.

Under its Affordable Housing Strategy, the West Australian Government encourages and invests in mixed tenure housing projects at various scales involving the private sector and CHPs. The government's main resourcing roles in such projects include making land and other forms of equity available, loans for low-income home buyers and purchasing completed dwellings for social housing. CHPs are regarded as important partners for developing and/or managing dedicated affordable and social housing but there is no strategic plan or articulated role for their sector. In the past there has been some funding for the development of organisational infrastructure (e.g. computer systems) on an ad hoc basis. Recently, capacity development assistance has mostly been in the form of transferring asset ownership (of around 1,800 properties already managed in the sector) to enable larger CHPs ('growth providers') to leverage finance. However, there are no imminent plans for any new large scale transfer of public housing to CHPs and there is no formal development framework to build the capacity of the affordable housing industry (policy-maker interview WA).

Western Australia has not joined the NRSCH; a specialist housing registrar is based within the housing department. Organisations are registered in three classes: in March 2016 there were 41 registered organisations, including two interstate providers (see Table 1). About 10 organisations control over 80 per cent of the properties where the housing authority has an interest in the property.<sup>58</sup> Registration is regarded as a key indicator of whether individual organisations have capacity to grow.

There is a much larger group of organisations (approximately 220 in total—including registered agencies—around 60 of which are local authorities) that have housing-related contractual relationships with the government, including several Indigenous organisations. Key provision indicators within contractual leasing arrangements are used to diagnose capacity issues in those organisations and the government works with individual agencies to negotiate performance improvements (WA policy-maker interview).

Since 2014, Shelter WA has provided policy advice and managed stakeholder engagement in support of the WA Affordable Housing Strategy, replacing a previous CHP peak organisation after a competitive tender. Relevant recent activity has included a review of CHP organisational capability. CHPs were asked what they needed from government as a whole, the housing agency and peak bodies, like Shelter and WACOSS, in order to do their job better. The language was specifically around capability not capacity: not 'how much of their job they do, but

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<sup>57</sup> Local Government (through its peak body) has been involved in the phase 1 reference group along with industry leaders.

<sup>58</sup> These organisations may also own or manage other dwellings not subject to departmental regulation.

'how well do you do your job?' (policy-maker interview). This has led to some additional government supported CHP training programs.

Like WA, Victoria has chosen to remain outside the NRSCH, albeit with some harmonisation of regulatory approach. In the mid-2000s, the then Victorian Government had a strong focus on building the capacity of the affordable housing industry. This focus included substantial capital investment in CHP-initiated housing projects and the establishment of the Victorian housing registration system. A key feature of the then Victorian model was consolidation of investment around a limited number of providers assessed as capable of undertaking development.<sup>59</sup>

The Registrar of Housing remains responsible in Victoria for promoting continuous improvement in the industry's performance through registration of CHPs (as either 'housing associations' or 'housing providers'), and through the ongoing monitoring of these registered agencies. However, currently and in the recent past there has been no formal strategy or budget allocation for developing the capacity of the affordable housing industry. This has coincided with a period of low government investment in the growth of affordable housing and no policy to expand the scale of registered providers. Development of a new Housing Strategy, in progress, may lead to a new approach. Whilst financial support (approximately \$350,000 per annum) is given to the industry peak, the Community Housing Federation of Victoria, no specified capacity-building role is contracted, unlike in some other jurisdictions (policy-maker interview Victoria).

*South Australia* has a long history of oversight and support of its community housing sector, including an extended period of dedicated legislation (the *South Australian Co-operative and Community Housing Act 1991*) that was repealed in 2013 and replaced with the national law under the NRSCH. From the mid-2000s, the South Australian Government also invested directly into the industry through its Affordable Housing Innovations Fund and provided other incentives such as planning policy support (see Milligan, Gurran et al. 2009; Davison, Gurran et al. 2012). The approach to allocating resources at that time, however, was focused on maximising leverage of government funding in individual projects rather than building core capacity in a limited number of organisations (Milligan, Gurran et al. 2009). Subsequent approaches were directed at achieving more consolidation.

From 2013, SA has begun transferring management of around 5,000 public housing tenancies to CHP management under its Better Places, Stronger Communities (BPSC) program. In its 2013 Housing Blueprint document (DCSI 2013), this policy was justified partly in terms of helping to build community housing sector capacity. While competition was opened up to interstate providers, the first tranche of 1,200 tenancies was transferred in 2015 to two locally-based landlords—each with existing social housing portfolios and with a broader 'service footprint' in the two chosen localities. The process for the second transfer tranche, under way at the time of writing, also allows for the participation of interstate providers.

Reflecting on BPSC phase 1 experience, both SA Government officials and CHP managers considered that the program had indeed stretched and expanded local community housing industry capacity, especially in terms of responding to policy-makers' 'place-making' aspirations, and in terms of engendering greater professional specialisation within CHP operational structures. At the same time, commenting on the management of transfer processes, there was a CHP view that capacity constraints on the part of government itself were at least as great as those of the participating CHPs themselves. Moreover, the 2013 transfer of housing policy and strategy responsibilities from Housing SA to Renewal SA was reported also to have disrupted previous joint working between government and CHPs (industry stakeholder interviews).

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<sup>59</sup> This equated to having 'housing association' status under Victorian regulation. Between 2005 and 2007 Victoria allocated \$355 million to housing associations to finance and procure their own supply of housing (Milligan et al. 2009).



Like SA, Tasmania has built recent local not-for-profit housing sector capacity through transferring around 4,000 public housing dwellings to CHP control under the 2013–14 Better Housing Futures (BHF) program. Unlike SA however, only a handful of small agencies provided community housing services in Tasmania prior to BHF.<sup>60</sup> The Tasmanian Government, therefore, looked to interstate-based organisations willing to partner with a local entity or establish their own, supported by a back-office capacity in relation to expertise, administration and financing. Three Tier 1 interstate providers successfully tendered. The fourth successor landlord was a partnership between a local service organisation and another Tier 1 interstate provider (Pawson, Martin et al. forthcoming). Effectively this approach leveraged capacity into the jurisdiction without the incremental approach utilised in most other states.

There are only a handful of registered CHPs in the Australian Capital Territory and, as yet, none in the Northern Territory (Table 1). In this context, both territory governments have directed resources to affordable housing special purpose vehicles. Community Housing Canberra Ltd. (trading as CHC Affordable Housing) was established in 1998 as an umbrella service organisation for small local CHPs but has since become a successful affordable housing developer. Their development function is underpinned by a public loan facility and various other forms of other government support (Milligan, Gurran et al. 2009). A 2012-established NFP affordable housing company, Venture Housing, is a small government-supported local vehicle for delivery of affordable housing in the Northern Territory (NT) with registration pending. The most significant issue facing the NT Government is housing service delivery approaches for its large Indigenous population. In recent years there have been enormous disruptions to service delivery following the 2007 move away from community management to administration by the NT Housing department and, subsequently, to contractual arrangements involving a mix of private and community providers (Habibis, Phillips et al. forthcoming). As discussed in Chapter 7, in June 2016 the NT Government announced its intention to establish an independent statutory body to oversee the provision of housing services in remote areas and to promote a more place-based approach (NT Government 2016b).

The lack of local capacity in jurisdictions with small populations and markets (just discussed) was one driver of policy-maker and industry aspirations for a national market to develop. Failure to achieve a single nationwide regulatory model and the lack of any national investment framework remain, therefore, as critical factors impeding industry growth and the development of local capacity in all jurisdictions.

### 5.3 Resourcing the industry

In addition to direct forms of industry assistance for housing services provision, recent and ongoing capacity-building support directed by governments to individual organisations, industry partners, consultants and industry peak bodies has fallen mainly in the following broad categories:

- Training delivery and educational and professional development services.
- Organisational capacity assistance services such as business planning, strategic asset management planning, business systems development (often linked to the roll out of regulation).
- Coordination and networking (including consultation).
- Sector or industry representation and advocacy.

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<sup>60</sup> An ill-fated special purpose affordable housing vehicle, Tasmanian Affordable Housing Limited, was established in 2006 and transferred back to state government control in 2011 (Milligan, Gurran et al. 2009: 83).



- Resident engagement.
- Research and evaluation.
- Marketing and promotion.
- Industry data and information collection.
- Financial modelling and model development.
- Brokerage services.
- Policy developmental and implementation.<sup>61</sup>

A recent study completed for the Queensland Government identified over 40 major industry development activities related to the housing assistance industry (see CSIA 2016). However, other than with respect to NSW (see above), our efforts to obtain from governments a breakdown of the resources being invested in these kinds of activities were unsuccessful. Policy frameworks and documents we received tended to describe capacity-building and industry development strategies in quite general terms, and records of investment in capacity-building were commonly not available on 'confidentiality grounds' or because the information was not collated and kept centrally.

Similarly, industry and organisational investment in capacity-building cannot be identified.

Thus, total levels of industry assistance (that is, above funding for housing provision per se), while likely to be substantial, are not transparent. Within the document repository, there is also evidence of substantial duplication of effort within and across governments and in the industry itself. This situation may be attributed (at least partly) to lack of coordinating mechanisms and clear policy direction, as noted in Chapter 4.

## 5.4 Effectiveness of industry development approaches and industry assistance

Drawing on the findings of our online CHP survey (see Chapter 1), this section presents some indicators of the effectiveness of industry support. The second stage of research for this study will consider stakeholder views on the effectiveness of recent approaches to industry development in more depth, and also review how other recently developed industries have approached building industry capacity.

Survey respondents were asked to indicate how strongly they agreed or disagreed with statements concerning the overall capacity-building resources and tools that are currently available to the affordable housing industry. Only 36 per cent of respondents across all regulatory groups agreed that capacity-building resources and tools currently available met the needs of their organisations (Figure 6). A larger minority (39%) disagreed but this was especially the viewpoint of Tier 3 organisations.

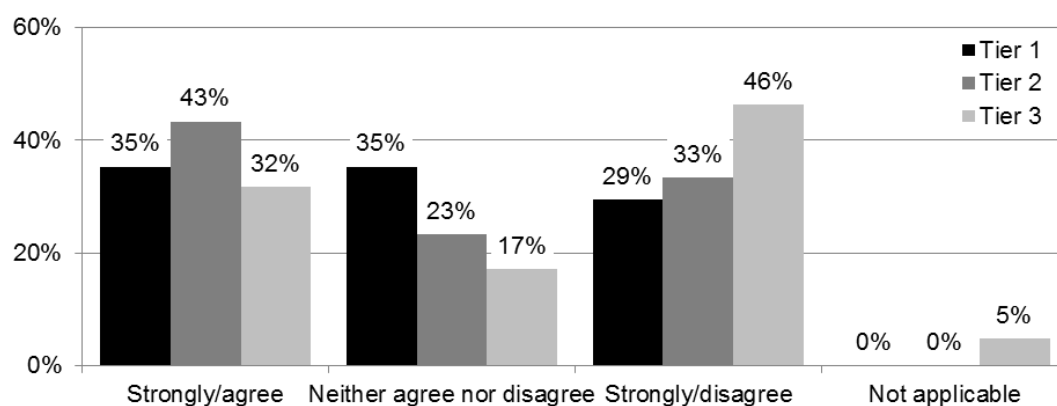
Linked to this assessment, there was a clearly differentiated pattern of usage of available resources (Figure 7). A large minority of organisations generally reported using industry resources regularly. However, usage was higher among the Tier 2 and Tier 3 groups (46% and 40% respectively) compared to Tier 1 (29%). This is likely to reflect the situation that most of the

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<sup>61</sup> Our stocktake of industry reports and key informant interviews showed that spending on policy development and implementation related to the affordable housing industry is increasingly being outsourced by government. Major contractors to governments in recent years on this industry have included KPMG, Boston Consulting Group, Deloittes, Ernst & Young and a myriad of smaller advisory firms.

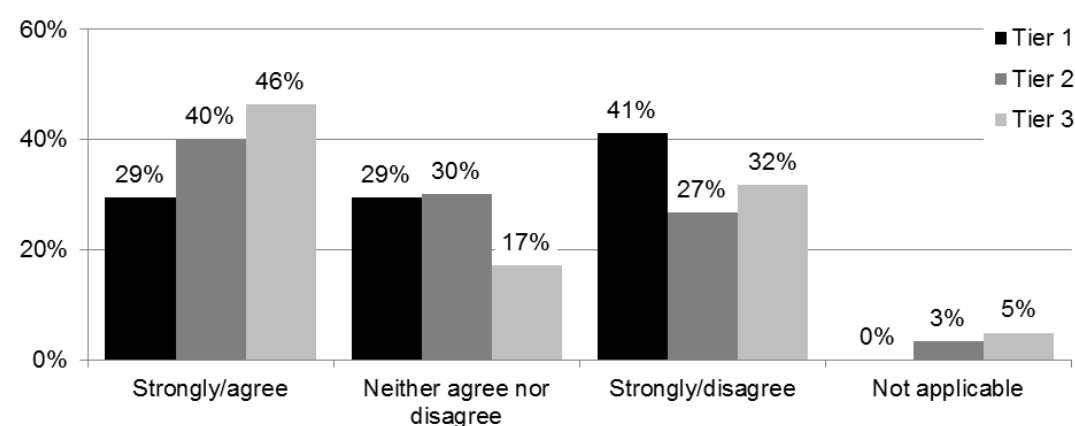
larger community housing organisations in Australia now invest in their own capacity-building (interview industry peak).

**Figure 6: CHP assessment of capacity-building resources and tools in meeting organisational needs**



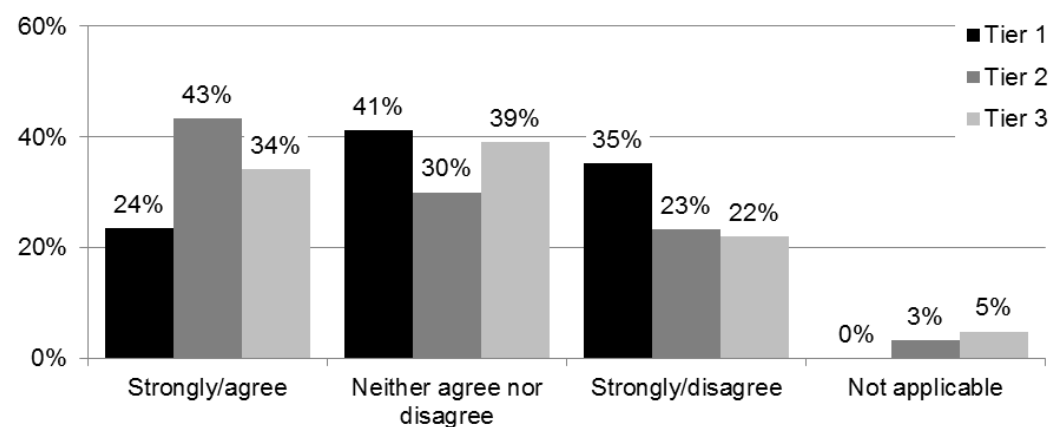
Source: Surveys of registered housing organisations, 2015.

**Figure 7: CHP assessment of capacity-building resources and tools as being regularly accessed and used by their organisation**



Source: Surveys of registered housing organisations, 2015.

**Figure 8: CHP assessment of capacity-building resources and tools as being of high quality**

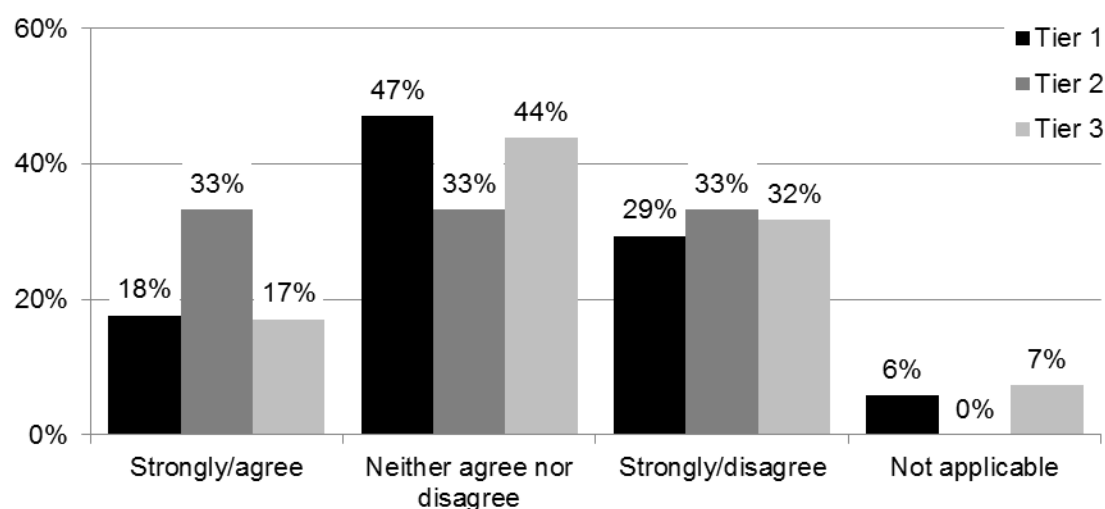


Source: Surveys of registered housing organisations, 2015.

Only one-third of survey respondents agreed that capacity-building resources and tools currently available were of high quality. However, satisfaction rates were generally higher among the smaller organisations that use assistance regularly (Figure 8). Interestingly, a review of the raw data shows that those most dissatisfied were located in jurisdictions other than NSW where capacity-building approaches have been strongest and most comprehensive (see above).

A related question probed CHP views on the appropriateness of the targeting of capacity-building in their jurisdiction. While nearly 30 per cent clearly did not consider resources to be poorly targeted, over one third of all respondents took a neutral position on this issue and 20 per cent with an opinion were more critical (Figure 9).

**Figure 9: CHP assessment of capacity-building resources and tools as having been largely wasted or poorly targeted in their jurisdiction**



Source: Surveys of registered housing organisations, 2015.

A deeper analysis linked to specific jurisdictional approaches would be required to draw conclusions about the effectiveness of current capacity-building strategies. However, the survey data suggests there are significant differences in views on capacity-building tools and agencies.

## 5.5 Implications for industry development

From its antecedents in the 1980s, the development path of the affordable housing industry has shown a gradual maturation despite fluctuating opportunities for expansion. However, growth and organisational scale have failed to match the aspirations of industry leaders and other stakeholders. This situation has contributed to under-utilisation of industry potential and thwarted innovation.

A 2014 high level national industry development framework for community housing had only limited impact because in the implementation phase it lacked government leadership, resourcing and monitoring.

Consequently, both government- and industry-led current approaches to developing the affordable housing industry are diverse and fragmented. This situation is of concern especially given the small size of the industry overall. While it is not possible to identify the total resources being invested in industry development, there is evidence of considerable duplication of effort across government agencies, individual organisations and jurisdictions.

Jurisdictional approaches are understandably influenced by differing development pathways in the industry, the local fiscal and political context, and by whether jurisdictions have joined the NRSCH. However, greater coordination of effort and knowledge exchange would be beneficial.

Presently, two jurisdictions (NSW and Queensland) have formalised industry development plans, though the respective plans are very different. NSW especially has taken a commendable approach, through past endeavours to link capacity-building to an industry growth and restructure plan, and through joint industry-government working.

Larger CHPs now tend to manage their own capacity-building, both internally and through their participation in industry networks. However, medium sized and smaller organisations lack the scope to do so and their future within the industry requires active consideration.

There is potential to shift greater responsibility to the industry as financial resources and organisational capacities expand. Nevertheless, governments will continue to have major interests in industry strategic directions and industry performance (including but not limited to their regulatory role) in keeping with the industry's essential public policy purpose.

## 6 Industry capacity: current issues

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Our online CHP survey confirmed that capacity issues are identified and experienced differently across the different tiers of providers.

A substantial amount of organisation-driven capacity-building activity is currently underway, or has recently been undertaken, among entities in all tiers, particularly in aspects of their organisational capacity, such as governance.

Key findings of the survey include:

- Tier 1 CHPs have been especially active and self-driven, and indicate that they are planning for high rates of growth in the housing business.
  - Most Tier 1 and Tier 2 CHPs have been developing their industry specific capacity, particularly their core social housing business capabilities.
  - Most Tier 1 CHPs have been developing their capacity to raise revenue from new sources.
  - Tier 2 CHPs have also been investing in capacity, but only half expect to achieve more than moderate growth, raising questions about the availability of opportunities for these providers.
  - Tier 3 CHPs were most likely to feel that their capacity-building was a response to regulatory requirements, but were also the least likely to be planning for growth.
  - CHPs from all tiers—Tier 1 to the greatest extent—indicated that they were looking for opportunities to grow their housing businesses through pursuing new funding sources and partnerships and mergers within the industry.
  - CHPs in all tiers—especially Tier 1—indicated frustrations that inconsistent and erratic government policy was impeding growth prospects, and that durable legal and policy infrastructure concerning industry plans, targets and subsidies were needed to realise their capacity.
- 

This chapter draws mainly on our surveys of registered CHPs (see Chapter 1) to provide a current picture of provider self-assessments of the capacity issues faced and why and how these are addressed. As noted in Chapter 1, these surveys evoked a total of 95 provider responses. This included 48 Tier 3 providers (of which seven responses were not analysed—see Table 1), 30 Tier 2 providers and 17 Tier 1 providers. It will be recalled that as well as being regulatory categories, these categories also indicate different recent opportunities for growth and related capacity-building, with Tier 1 CHPs having been the main beneficiaries of public housing transfers and funding for housing development, while Tier 2 CHPs have received fewer growth opportunities. The survey results are supplemented by findings from previous research and from the grey literature about capacity issues in the industry. The findings generally indicate that ‘capacity’ issues continue to form a major focus for attention and activity by housing providers across the industry—but that different categories of CHPs tend to identify and experience capacity issues quite differently.

Our findings are discussed below under four themes concerning:

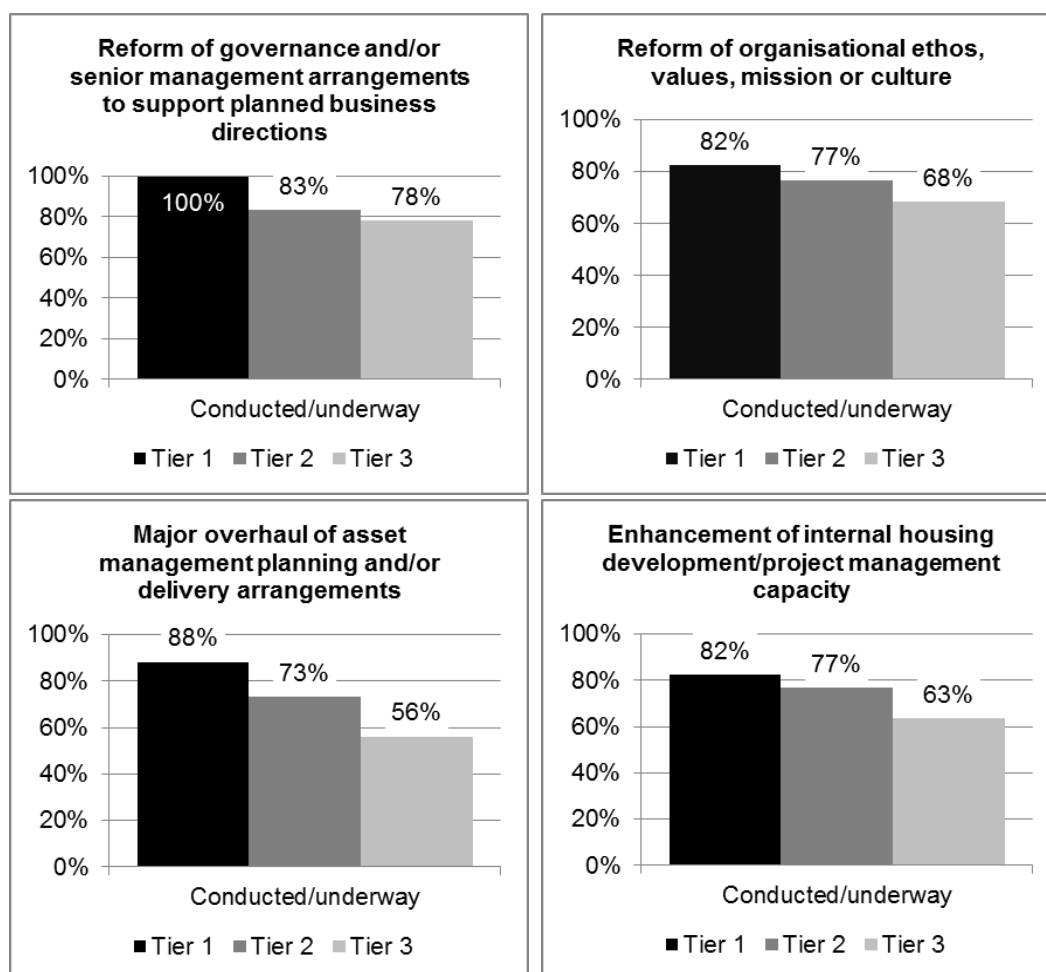
- recent CHP capacity-building activity
- capacity drivers
- capacity plans linked to growth
- capacity barriers to growth.

The findings are framed in terms of the capacity assessment framework set out in Chapter 2 (Table 2).

## 6.1 Areas of recent and current capacity-building

We asked CHPs as to whether they had recently conducted, or had currently underway, major pieces of strategic work going to various aspects of their capacity, particularly their organisational, industry-specific and networking capacity. Large majorities of each category of CHP had conducted or had underway major reforms in the areas of 'governance or senior management' and 'organisational ethos, values, mission or culture'. Majorities of CHPs in each category also reported undertaking major assessments as to their resource needs for business growth; enhancements to their internal skill sets around housing development and project management; and major overhauls of asset management planning and/or delivery arrangements (Figure 10).

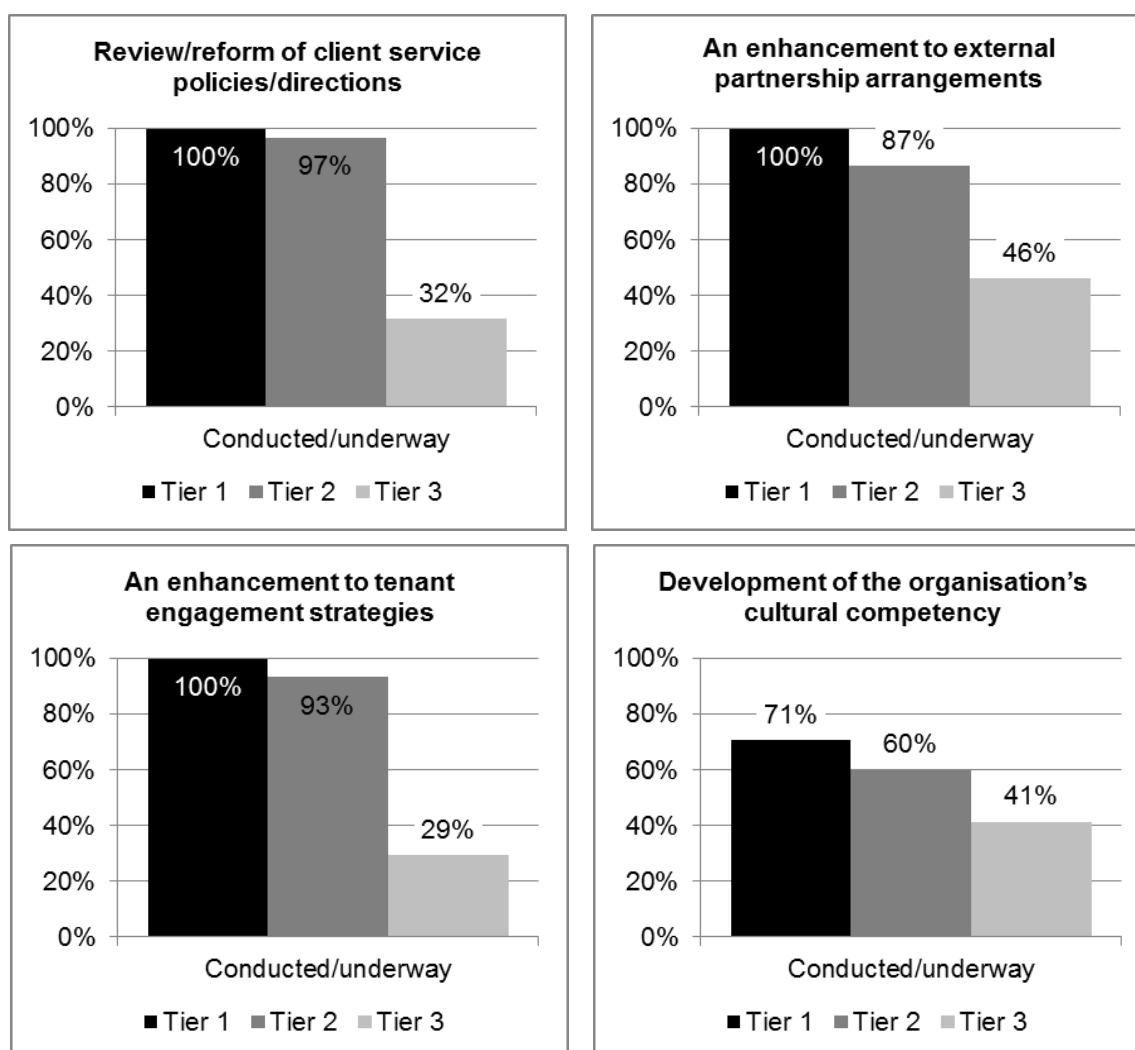
**Figure 10: Organisational reforms conducted (or underway) since 2012/13**



Source: Surveys of registered housing organisations, 2015.

Aside from these strategies, many CHPs had also been working on some core areas of their industry-specific capacity in social housing client service and tenancy management (Figure 11). All the Tier 1 CHPs and a large majority of Tier 2 CHPs reported that they had undertaken reviews of their client service policies, and enhancements both to their tenant engagement strategies and to their external partnership arrangements. Most Tier 1 and 2 CHPs had also worked on developing their cultural competency. All of these are areas of work in which CHPs have long claimed greater proficiency than the state public housing providers (e.g. NSWFA 2014: 13); it appears that they have been working to build their advantage, or perhaps to maintain or adjust it as they have become engaged in other aspects of affordable housing business (i.e. development and asset management). Work on these sorts of reviews and enhancements was unusual amongst Tier 3 CHPs.

**Figure 11: Industry-specific reforms conducted (or underway) since 2012/13**

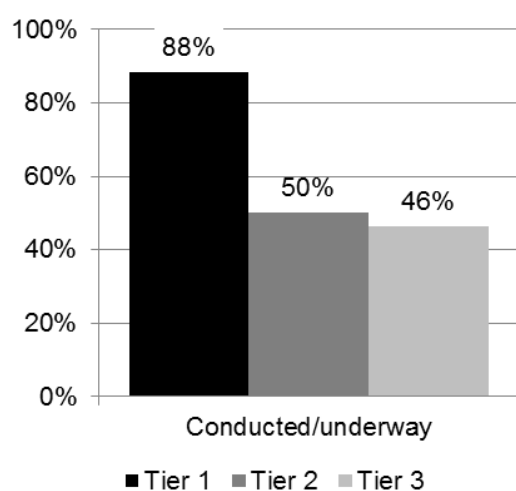


Source: Surveys of registered housing organisations, 2015.

Beyond their core social housing business, the large majority of Tier 1 CHPs were also building their resource capacity by developing new commercial initiatives that would generate additional revenue (Figure 12). About half of Tier 2 and Tier 3 CHPs had worked on this aspect of their capacity.



**Figure 12: New commercial (revenue generating) initiatives introduced since 2012/13**



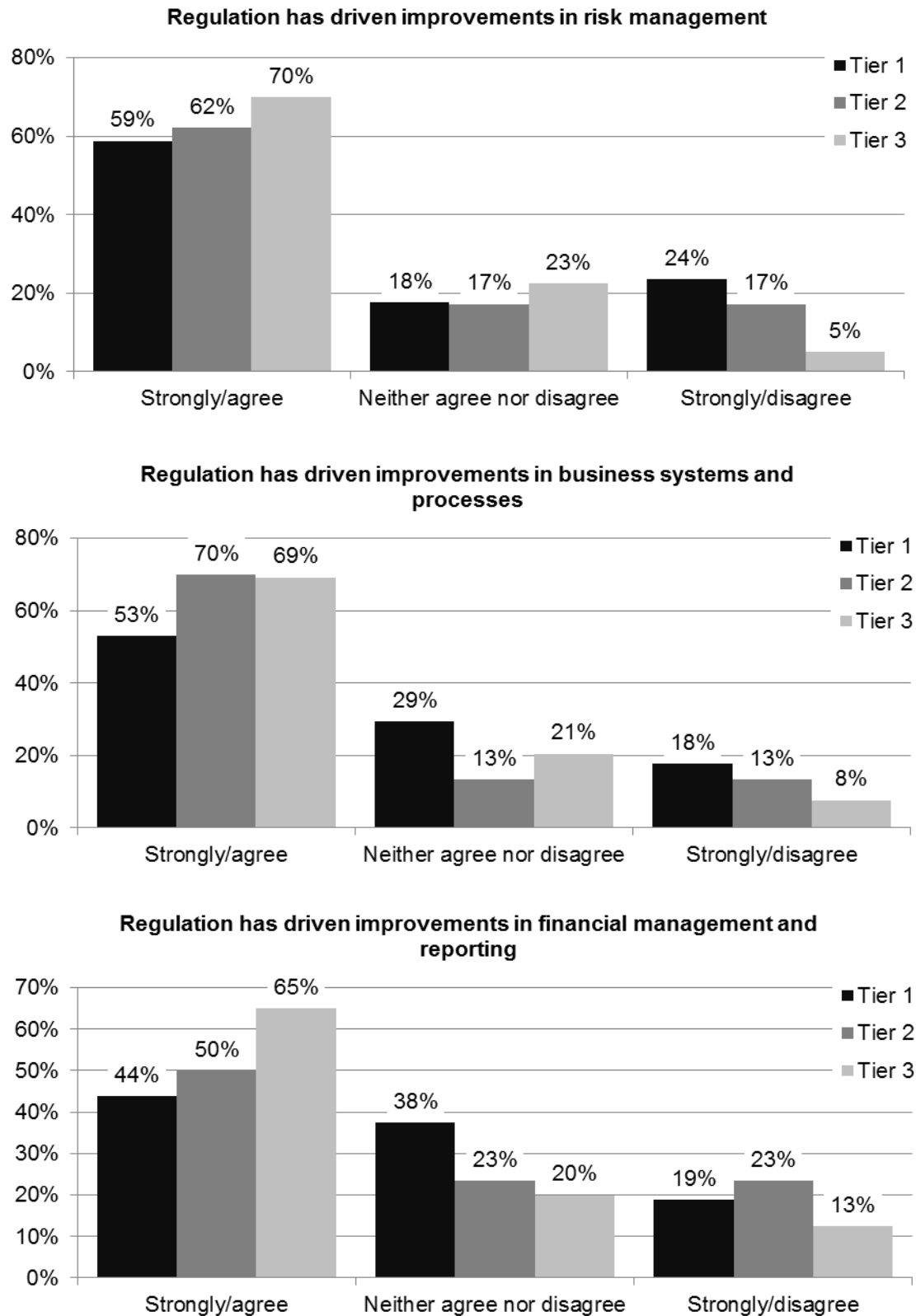
Source: Surveys of registered housing organisations, 2015.

These different levels and types of recent and current capacity-building activity have different drivers, are being conducted to different ends, and are positioning CHPs differently for the future.

## **6.2 Capacity drivers**

The relatively recent implementation of state-based and national regulatory regimes for community housing is often claimed as a driver of enhanced industry capacity. Most CHPs agreed that regulation had been an important driver of improvements particularly in risk management and business systems and processes (Figure 13). However, these sentiments were more commonly expressed by Tier 2, and particularly by Tier 3 survey participants.

**Figure 13: Regulation as a driver of organisational capacity-building**



Source: Surveys of registered housing organisations, 2015.

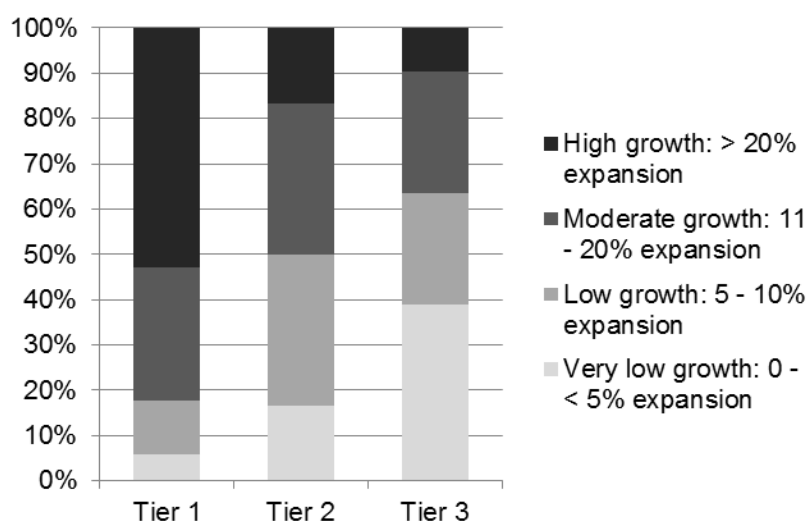
In other areas where CHPs had recently focused service improvement attention (e.g. client service delivery, property and asset management, organisational governance, and financial

management and reporting)—only a minority of Tier 1 CHPs reported that regulation was an important driver. Notable minorities positively disagreed with the proposition, indicating either that much of their capacity-building activity has been self-driven, or that regulation-stimulated gains in these areas had happened some time ago for these typically larger multifunctional organisations. Tier 2 CHPs were more likely than Tier 1 CHPs to credit regulation with driving service improvement, particularly in regards to property management. Again, however, notable minorities positively disagreed that regulation had driven improvements in their client service, governance and financial reporting. Overall, it appears that it is among Tier 3 CHPs that regulation has recently impacted with greatest effect (Figure 13).

### 6.3 Capacity and planning for growth

The ends to which noted improvements in capacity are leading differ between tiers, particularly in regards to growth. We asked CHPs about the scale of growth anticipated over the next three years. Of Tier 1 CHPs, 82 per cent expected to grow at least moderately, and indeed most planned to grow by more than 20 per cent over the coming three years. By contrast, only a minority of Tier 3 CHPs were planning for more than a low level of growth. Half of Tier 2 CHPs were planning for at least moderate growth; the other half for low or very low growth (Figure 14).

**Figure 14: Growth expectations next three to five years**



Source: Surveys of registered housing organisations, 2015.

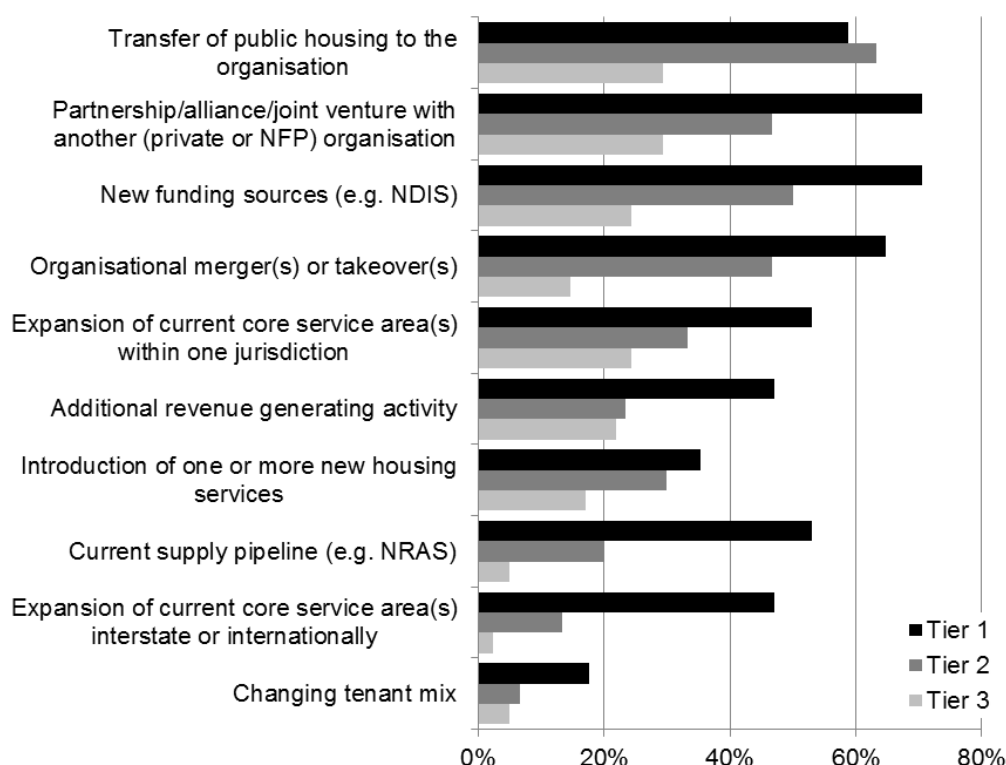
This may prompt a question: what has triggered the considerable amount of capacity-building activity undertaken by Tier 2 CHPs and Tier 3 CHPs, if not anticipated growth? It might be surmised that these organisations are primarily motivated by the need to address increasing challenges associated with their client base (e.g. more clients with more complex needs, or with lower incomes that reduce the rent base) or due to more challenging external circumstances (e.g. rising costs, or greater expectations of funders, regulators, partners and clients).

We asked CHPs to specify the strategies that will facilitate planned growth (Figure 15). Most responding Tier 1 and 2 providers (59% of Tier 1s and a remarkable 63% of Tier 2s) were expecting to take on public housing transfers. Notably, however, even more Tier 1s were considering tapping new funding sources, such as NDIS (71%), entering into partnerships and joint ventures with other organisations (71%), or merging with other organisations (65%). Most Tier 1s also anticipated that development pipelines will contribute to more housing stock within

three to five years (53%). And, notably, almost half (47%) anticipated expanding their activities interstate (or possibly internationally).

Amongst the relatively small number of Tier 3 CHPs that were planning for growth, the most widely anticipated strategy was entering into partnerships with other organisations.

**Figure 15: Strategies for growth from 2015 over three to five years**



Source: Surveys of registered housing organisations, 2015.

**Figure 16: Areas in most need of capacity-building for tenancy management growth**

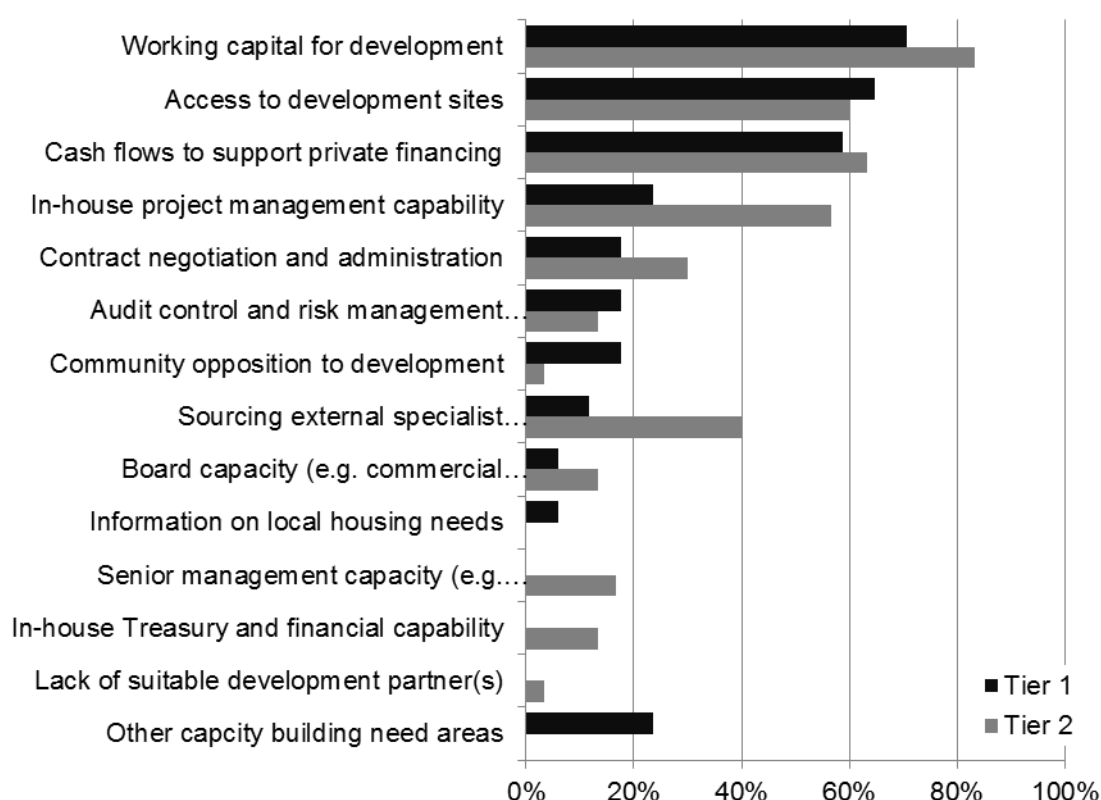


Source: Surveys of registered housing organisations, 2015.

We asked CHPs to consider two specific growth scenarios and, with respect to each, to identify the areas in which they would most need to build capacity. The first scenario was an increase in managed homes of 50 per cent over three to five years, as might be delivered by participation in a large public housing transfer. As expected, most CHPs in all tiers said they would need to recruit and train staff in tenancy services, and almost as many said they would have to recruit and train staff in property services (Figure 16). However, while most Tier 2 and 3 CHPs said they would need to build capacity in asset management planning, this was true for only 25 per cent of Tier 1 respondents. Notably, more Tier 1 CHPs said they would need to enhance maintenance service delivery and management of tenants with complex needs. This pattern of responses may reflect existing experience of public housing transfers.

The second scenario (presented to Tier 1 and 2 CHPs only) (Figure 17) was the maintenance of a development pipeline of at least one multi-unit building per year over the next five years. There was substantial common ground between Tier 1 and 2 CHPs as to areas most in need of capacity-building: access to working capital and development sites, and cash flows to support private finance. Most Tier 2 CHPs also said they would also need to develop their in-house project management abilities or their ability to source external advice and technical support; however, most Tier 1 CHPs indicated that they would not need to make a priority of improving further in these areas.

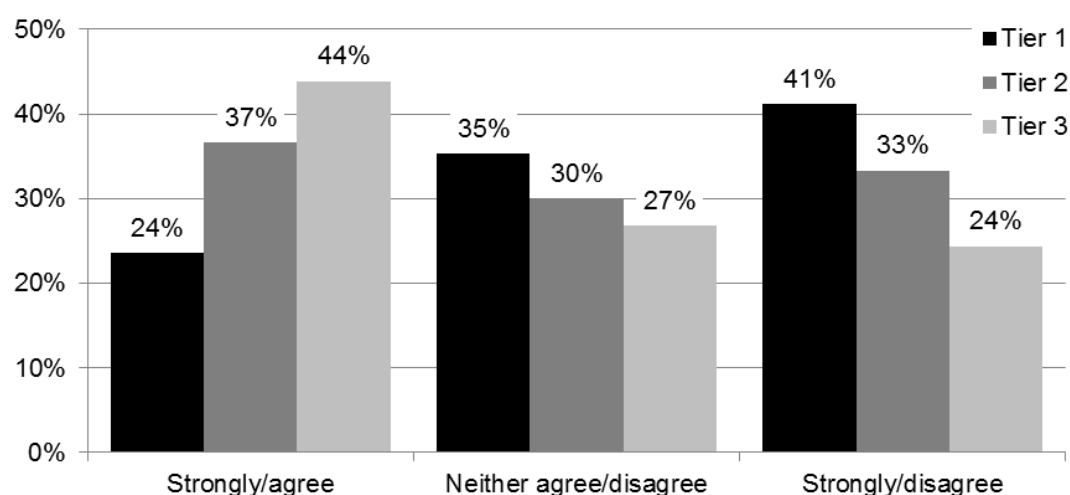
**Figure 17: Area in most need of capacity-building for development pipeline**



Source: Surveys of registered housing organisations, 2015.

We asked CHPs about the implications of growth for some specific organisational resources: training budgets and (for Tiers 1 and 2 only) IT systems. Almost half of Tier 3 CHPs said that they would need to expand their training budgets. The situation among larger CHPs was more uneven, but more than two-fifths of the Tier 1 respondents and one third of Tier 2s indicated this would be unnecessary (Figure 18).

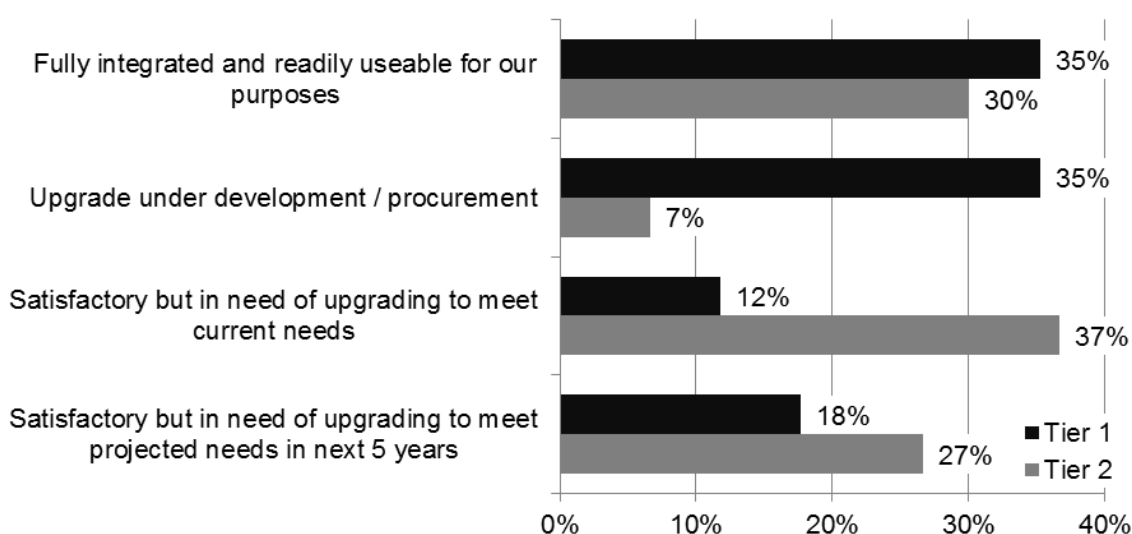
**Figure 18: Need for increase in training budget in growth scenario**



Source: Surveys of registered housing organisations, 2015.

In regards to IT, 35 per cent of Tier 1 CHPs report having fully integrated and useable IT systems, and a further 35 per cent had an IT upgrade in development. This accords with previous research showing that, in preparation for expected growth, leading CHPs had invested heavily in IT systems in the 2011–14 period and that, in consequence, some had under-utilised capacity in this regard (Milligan, Hulse et al. 2015). Notably, among Tier 2s, 60 per cent reported that their IT systems needed upgrading or would do so within five years (Figure 19).

**Figure 19: Capacity of current IT system**



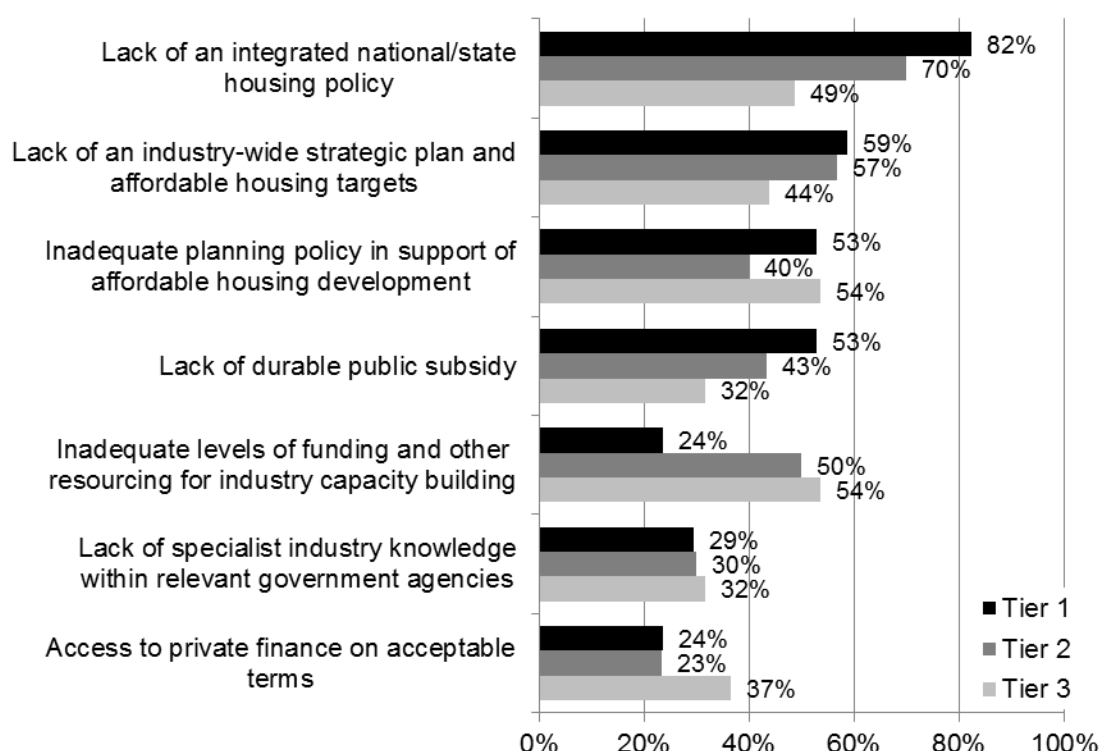
Source: Surveys of registered housing organisations, 2015.

## 6.4 Blocked capacity: barriers to growth

When we asked CHPs about barriers to growth lying outside their own organisations, responses were strongly aligned (Figure 20). The lack of a housing policy integrated across federal and state levels of government stands out as a perceived barrier, particularly for Tier 1 and Tier 2 CHPs. Most CHPs also cited the lack of a specific plan for the affordable housing industry, the lack of durable subsidies for affordable housing, and inadequate support from the planning system as barriers. About half of Tier 2 and Tier 3 CHPs also said that there were insufficient

resources for capacity-building in the industry; only 24 per cent of Tier 1 CHPs felt this was a constraint.

**Figure 20: Barriers to growth of the affordable housing industry**



Source: Surveys of registered housing organisations, 2015.

Participating organisation responses on growth barriers chime with the familiar theme of the insufficiency of resources available to not-for-profit organisations. However, some more specific claims were also made, particularly about the role of governments in providing the industry with a legal and policy infrastructure that affords opportunities for organisations' capacities to be realised and housing businesses to grow. These came through in responses to an open question in our survey about priorities for strengthening the institutions of the sector.

*The key priorities should be: clear policy support specifically related to our sector; clear knowledge and understanding of the financial requirements of our sector in delivering a below market level product and securing the relevant financial products—improved capacity and capability; clear political support across all parties. (Tier 1 CHP)*

*Commonwealth Government needs to develop a National Housing and Homeless Strategy and appoint a Federal Housing Minister. They need to reform NAHA and bring the State Housing Authorities to account to introduce greater competition in the market place, divest loss making public housing assets to the NFP sector to manage and leverage to increase supply. State governments need to put in place a long-term divestment strategy (10–15 years) and get out of direct service delivery wherever feasible. They need to invest in NFP capacity-building and put in place subsidy arrangements to ensure effective service delivery where subsidy is required ... The financial institutions and intermediaries will play their part if the Australian Government and state-level governments send the right policy signals, which are consistent with an agreed national housing strategy. Currently there is no direction from Canberra, and each state/territory jurisdiction has constantly shifting policy stances in respect to*



*public, social and affordable housing policy settings and commitments. This makes it difficult for banks, investors and private sector companies to enter into long-term strategic alliances with NFP sector and make sound business investment decisions. (Tier 1 CHP)*

*The key institutions need a policy framework to work within. At the moment, it is not clear what the institutions are working towards. Clear targets, with clear pathways to achieving those targets are required. (Tier 2 CHP)*

*Federal Government commitment to providing taxation incentives, funding opportunities or clear policy or legislative framework that would provide some certainty and security to institutions that have expressed interest in supporting the growth of affordable housing. A commitment to a federal-state funding partnership agreement for the non-profit sector and a simplified taxation subsidy similar to what is available in the USA to encourage private investment in the sector (Tier 2 CHP).*

*We need one clear and durable national affordable housing program allowing the CHP sector to plan and grow without being subjected to policy voids at state level or withdrawal of funds/policy. [The] sector needs certainty, as growing assets is too risky for directors while there is such a high level of policy uncertainty and limited access to working capital. (Tier 2 CHP)*

## **6.5 Assessment and implications for industry development**

The survey results indicate how CHPs in different tiers are identifying and addressing capacity issues and positioning for future growth.

- There has been recently, and is now, substantial activity across all tiers of CHPs relating to various dimensions of their capacity, particularly their organisational capacity and, in the case of Tier 1 and Tier 2 CHPs, capabilities in their core social housing businesses.
- Tier 1 CHPs have been especially active and self-driven; they were the most likely also to be developing their capacity to generate revenues from additional activities and most are planning for strong growth.
- Tier 2 CHPs have been developing their capacity in numerous areas, but only half of those surveyed were planning for more than a low level of growth. There is a question as to where these organisations fit in the formulation of directions and opportunities for growth. To put it another way, there is a question as to whether the current formulations are overlooking the role and capacity of these organisations in the expanded provision of affordable housing.
- The capacity-building function of regulation has been felt most directly amongst Tier 3 CHPs, where there is the least prospect of growth in housing businesses. This raises a question as to whether this tier of the sector, particularly as it includes organisations with missions and businesses other than affordable housing, is distracting regulators from other parts of the industry and other functions of regulation.

While many CHPs across all tiers, but especially Tier 1 CHPs, were looking to new sources of funds and revenues to grow, they were also looking within the industry for growth opportunities, through either partnerships or mergers.

Across all tiers, but especially amongst Tier 1, CHPs saw their growth frustrated by deficiencies in governments. They wanted governments to provide a legal and policy infrastructure for the affordable housing industry and to put in place the necessary financial incentives that will enable organisations' capacities to be realised and bring about the much needed expansion of affordable housing options.

## 7 Indigenous housing providers and institutions

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Specific attention to Indigenous housing issues in discussions of industry capacity and capacity-building is essential:

- A third of Indigenous households live in social housing and Indigenous tenancies are increasing, making up nearly one quarter of new tenancies in public housing in 2015.
- Together, the state-owned-and-managed Indigenous Housing (SOMIH) and the Indigenous Community Housing Organisation (ICHO) sectors comprise over 27,000 social housing tenancies managed by state governments and an estimated number of around 200 other landlord entities.
- Addressing housing disadvantage is central to ‘Closing the Gap’ objectives.
- Flexible and context specific service responses are required to respond to Indigenous mobility, kinship obligations, distinctive household compositions, cultural practices and the unique identity of Australia’s ‘first peoples’.
- The Indigenous community housing sector is a vital resource but policy disruption, government failure and lack of capacity-building has left the sector diminished and vulnerable.

Capacity-building priorities include:

- System capacity and institutional arrangements that provide for inter-cultural collaboration and meaningful Indigenous participation in policy and service delivery decision-making.
  - Enhancing the capacity of mainstream housing providers to provide culturally proficient and effective responses to the diversity of Indigenous housing and socio-economic needs.
  - Enhancing the capacity of ICHOs to achieve effective, culturally strong governance as well as financial viability and growth, and to be active participants in the affordable housing industry.
  - Ensuring respectful working relationships between Indigenous and mainstream services to provide service delivery choices and improved Indigenous housing pathways.
- 

The key tenets of self-determination, connection to country and retention of cultural identity are of great importance to Australia’s first peoples. These beliefs have profound implications for the meaning and experience of home for Indigenous tenants and for the relationships of tenants and communities with housing providers (Habibis, Phillips et al. 2014). Indigenous Australians remain among the most disadvantaged in terms of their housing needs (AIHW 2014) and make up a large and increasing proportion of social and affordable housing tenants. The significance of social housing for Indigenous Australia is highlighted when considering that a third of

Indigenous households live in social housing and they made up 24 per cent of new allocations to public and state-managed Indigenous housing during 2014/15 (AIHW 2016: Table 4 supplementary data).<sup>62</sup> Relatively low levels of Indigenous tenant representation in mainstream community housing, although steadily increasing, is an area of concern as the industry grows.

Lifestyles and cultural practices—especially mobility and kinship obligations, the often very challenging physical and economic conditions in Indigenous communities and unique forms of community land tenure—can be incompatible with mainstream housing management policies and practices (Milligan, Phillips et al. 2010; Habibis, Phillips et al. forthcoming). This is especially the case in remote communities that are almost exclusively reliant on non-market housing and where traditional lifestyles and cultural practices, and relationships with country are more prevalent (Habibis, Phillips et al. 2014). As extensively evidenced in both research and government reports, Indigenous participation and engagement is fundamental to achieving cultural proficiency in housing policy and service delivery—practice that is essential to achieving successful tenancies, positive housing outcomes, safety, and improved social wellbeing (see, e.g., Milligan, Phillips et al. 2011; Moran, Memmott et al. 2016; Royal Commission on Family Violence 2016; Habibis, Phillips et al. forthcoming).

In recognition of the uniqueness and significance of Indigenous tenancies and the critical role of affordable housing in addressing Indigenous disadvantage, this chapter examines the nature, place and relationships of Indigenous tenants, agencies and institutions within the affordable housing industry. An additional rationale for this focus is the massive disruptions to Indigenous housing policy and service delivery that have occurred over the past decade. The aim is to better understand the capacity of the affordable housing system to provide effective and culturally appropriate housing responses for Indigenous Australians across urban and remote locations. This raises questions about capacity within, and relationships between, both mainstream and Indigenous housing sectors.

## **7.1 A brief history of Indigenous housing policy**

In the decades until the end of the last century, under prevailing guardianship, self-help and self-determination policies outlined in Table 8, there was limited interaction between Indigenous specific and mainstream housing policy, funding and service delivery. This situation is most apparent during the Aboriginal and Torres Strait Islander Commission (ATSIC) led self-determination era from 1990 to 2004 when Indigenous-specific governance, institutions, funding and service delivery flourished. Indigenous tenants in public housing were rarely ‘identified’ unless they resided in state-owned and managed Indigenous housing (SOMIH). Funded through Commonwealth special purpose grants, SOMIH was generally managed separately from public housing, including through government Indigenous welfare agencies. The community housing sector was relatively small scale and housed few Indigenous tenants.

The negative housing consequences of this separate development are well documented and include limited policy, service delivery or capacity-building engagement between mainstream social housing and Indigenous housing sectors; confusion and lack of co-ordination; and a propensity for states to abrogate responsibility for addressing Indigenous housing needs (Milligan, Phillips et al. 2010).

By the mid-1990s, national Indigenous policy discourse was increasingly concerned with questioning the emphasis on separate development, and this transition is evident in housing policy settings. National Indigenous housing policy directions at this time emphasised improving access to mainstream housing programs and simultaneously improving co-ordination between

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<sup>62</sup> In most jurisdictions this data does not include allocations to state-managed remote Indigenous housing.

ATSIC and state housing programs, including through bi-lateral agreements and establishment of joint housing authorities or other decision-making bodies.

A national body of officials, the Steering Committee on Indigenous Housing (SCIH), comprising a majority of Indigenous membership, was established in the late 1990s to lead policy and research and provide policy advice on Indigenous housing issues. The work of SCIH culminated in the 10-year intergovernmental Indigenous housing plan: 'Building Better Futures' (BBF) (Housing Ministers' Advisory Committee 2001) that promoted a dual strategy of strengthening the Indigenous housing sector and improving mainstream access and responsiveness. A number of research, sector development and training initiatives were proposed under BBF.

**Table 8: Historical summary: Indigenous community housing in Australia, 1970s–2016**

<b>Era / Dominant policy model</b>	<b>Governance and institutional arrangements</b>
Pre 1970s Guardianship and assimilation	State/church administered housing on reserves/missions under guardianship legislation. Policy of assimilation for urban dwellers. Citizenship granted following 1967 referendum
1970/80s Citizenship and self help	Federal funding initiated for ICHOs. Aboriginal Rental Housing Program (ARHP) (specific purpose funding) to states and territories (except ACT and Tasmania) from 1978
1990–2004 Self-determination	ATSIC legislation 1990. Dedicated housing funding for ICHOs via Community Housing and Infrastructure Program (CHIP) Expansion of community—controlled housing through ICHOs and Indigenous Councils/Shires Indigenous housing authorities established in four states/territories Building Better Futures (BBF)—10-year national Indigenous housing plan—support for ICHO growth/capacity
2004–2016 Mainstreaming	ATSIC abolished 2004—ICHO responsibility devolved to states/territories. Integration of SOMIH programs with public housing National Indigenous Reform Agreement (NIRA) in 2008 that included ambitious targets aimed at 'closing the gap' in Indigenous disadvantage (COAG 2009) ARHP/CHIP ceased as tied funding programs 2008 10-year National Partnership Agreement Remote Indigenous Housing (NPARIH) 2009 reforms leading to state management of remote housing Contraction of ICHOs, especially in urban areas Increasing role for state housing authorities / mainstream CHPs to meet Indigenous housing need Dismantling of Indigenous governance models (NSW exception)

Source: adapted from Sanders (2009); Habibis, Phillips et al. (2014) and Phillips (2015).

This balanced policy direction was short-lived and, following the demise of ATSIC in 2004, was largely overtaken by a mainstreaming agenda. Indigenous housing institutional structures and funding programs were dismantled and opportunities for Indigenous voices in housing policy were lost. ICHO numbers diminished (Figure 21) as they became subject to mainstream competitive funding, policy and regulatory regimes and NPARIH reforms that required state take-over of remote housing management (Habibis, Phillips et al. 2014).

Limited attention was given to supporting this transition for ICHOs or building their capacity to survive and thrive in the new environment. Exceptions to this trend can be found, however, in the establishment of Aboriginal Housing Victoria (AHV) as a large Indigenous-specific housing service provider (described in Pawson, Milligan et al. 2013), and the specialised governance and regulation of the ICHO sector in NSW under the Aboriginal Housing Act (1998) (see below).

## 7.2 Indigenous community housing sector

This section draws on available data and key informant interviews to examine the Indigenous Community Housing (ICH) sector. The information presented has been collected from various sources including published reports and information provided by state government agencies with responsibility for housing, non-government agencies and other key informants. It should be noted, however, that there are data quality issues in this realm that make validation of some information difficult.

### 7.2.1 Scope of the ICH sector

According to official government sources, Indigenous Community Housing is defined as:

*Dwellings owned or leased and managed by ICH organisations and community councils in major cities, regional and remote areas. ICH models vary across jurisdictions and can also include dwellings funded or registered by government. ICH organisations include community organisations such as resource agencies and land councils. (SCRGSP 2016: 17.3)*

However, this definition is premised on a concept of 'Indigenous Community Housing Organisations' that is contested and evolving. Historically, the vast majority of ICHOs conformed to a 'community controlled' model characterised by all-Indigenous membership drawn from the local community, member-elected governance boards, strong community engagement and significant Indigenous staffing. This approach is being supplemented with new and emerging governance models being adopted by organisations seeking to achieve scale. These models, such as shareholding companies with 'expertise based' boards (e.g. AHV and Central Australian Affordable Housing Company) or regional Aboriginal housing management services in NSW (e.g. South Eastern Aboriginal Regional Management Service), are challenging traditional approaches to 'community control' and raise questions about how such organisations retain engagement with and accountability to their communities.

ICHOs were first established in the 1970s, typically as grass roots, self-help organisations and later received financial support from the Australian Government.<sup>63</sup> The ICH sector expanded over the following decades and this accelerated following the 1990 establishment of ATSIC, a national Indigenous representative, governance and program management agency. By 2001, the sector comprised 616 organisations (Habibis, Phillips et al. 2014). The organisations varied considerably in size, form and function, with larger more diversified entities becoming predominant in remote areas (Eringa, Spring et al. 2009). Under ATSIC's funding model, most ICHOs owned their housing and many undertook small-scale property development and maintenance services that were integrated with and cross-subsidised employment programs.<sup>64</sup>

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<sup>63</sup> Following the 1967 referendum when the Commonwealth gained constitutional powers in relation to Indigenous affairs.

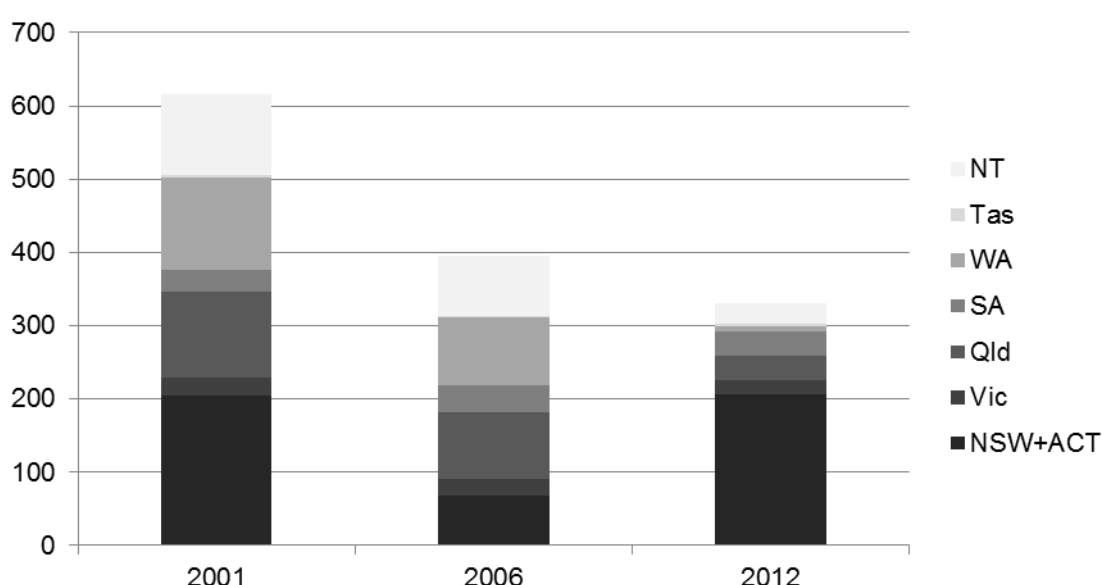
<sup>64</sup> Mainly the Community Development Employment Program (CDEP).

## Organisation and portfolio numbers

It is difficult to present an accurate and comprehensive national picture of the current ICHO sector because its situation is very fluid, varies considerably between jurisdictions, and there is a lack of reliable public information. Difficulties in describing the structure and scale of the sector include definitional complexity, the large number of ICHOs that are unregistered and unfunded, and the different funding, regulatory and service delivery arrangements that apply to urban and remote localities in some jurisdictions.<sup>65</sup>

As shown in Figure 21, the number of ICHOs reduced significantly from a peak of 616 in 2001 to 330 in 2012, with decline being seen in both urban and remote areas (Habibis, Phillips et al. forthcoming). Based on information collected from official documents and informant interviews in the course of our research (September 2015–March 2016), we believe that number has continued to reduce and we estimate that less than 200 ICHOs may be active in 2016.

**Figure 21: Change in number of ICHOs by state or territory, 2001–12**



Source: Compiled from Habibis, Phillips et al. (forthcoming); SCRGSP (2014: Table 17A.8); AIHW (2012: 63); Milligan, Phillips et al. (2010) and ABS (2007).

Over a similar period, official records show about a 20 per cent reduction in identified ICHO-managed dwellings; from 21,287 in 2001 (SCRGSP 2003) to 17,529 in 2014 (SCRGSP 2016). Similarly, state-owned and managed Indigenous housing (SOMIH) declined from 12,579 in 2001 (SCRGSP 2003) to 10,035 in 2015 (SCRGSP 2016). This data should be treated with caution, however, because of the difficulty in accurately identifying the number of dwellings due to significant changes in responsibilities for service delivery and the way that Indigenous housing data is reported. Particularly problematic in this regard is the variety of approaches adopted by states and territories in reporting on remote community housing they took over managing under NPARIH reforms.

While declining, the community-controlled and SOMI housing assets represent a significant portfolio of over 27,000 identified Indigenous dwellings that provide a substantial resource for strengthening and growing Indigenous community housing (Figure 22).

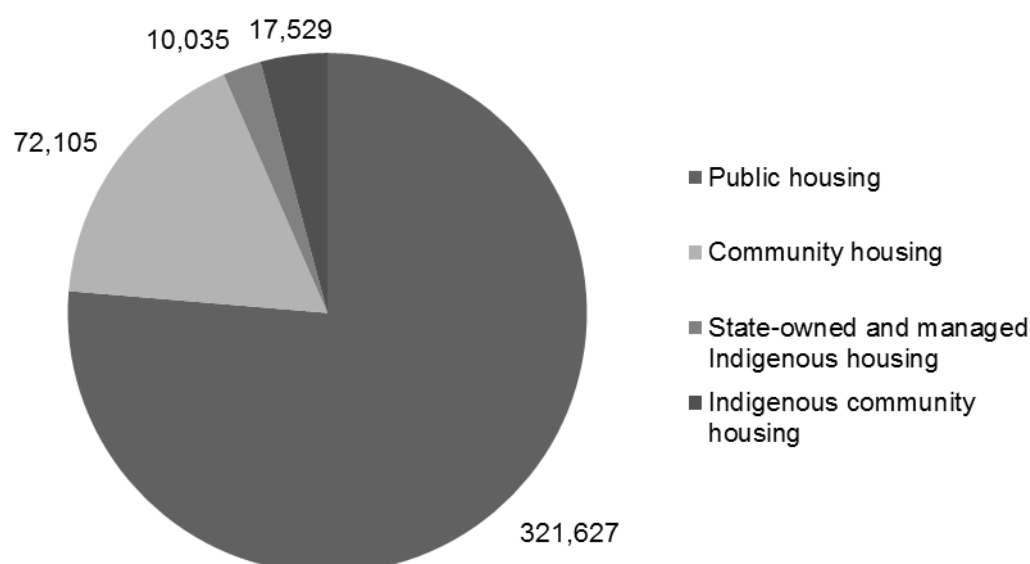
<sup>65</sup> See also Eringa et al. (2009) who reported similar challenges in mapping the ICH sector.



Although there has been some sector consolidation, available information indicates that most surviving ICHOs remain very small or have a small housing portfolio within a larger multi-service business. The average property holding of all funded ICHOs in 2014 was 71 properties; unfunded ICHOs on average had 14 properties in 2013 (calculated from SCRGSP 2016: Table 17A.8). Larger providers include AHV which manages 1,522 properties and four entities in NSW that have between 200 and 700 properties under management.

As a result of past ATSIC policies, most ICHOs own at least some of their housing, which therefore may be operated outside state-imposed social housing rules. While they are currently unlikely to undertake housing development, many aspire to do so and possess land resources (Crabtree, Blunden et al. 2012). Many ICHOs also have a diversified business model and operate social services and enterprises other than rental housing, including supported residential accommodation, and some or all of homelessness, justice, education, employment and health programs. While less developed than those of leading players in the wider affordable housing industry, many ICHOs are seeking to move beyond being an agent of government programs and are well-suited to adopting commercially oriented approaches to meeting community needs. With appropriate support directed to increasing their scale, resources and organisational capacity, their development path could follow that of the large mainstream CHPs (discussed in earlier chapters).

**Figure 22: Social housing dwellings by component 2014–15**



Source: SCRGSP 2016.

### Registered providers

Although registration assists housing providers to access public and private funding, ICHO registration has been very limited so far. Currently there are only nine ICHOs registered with the NRSCH or its equivalent and only two of these are in Tier 2 or equivalent. Registered providers include:

- One Tier 3 registered organisation in NSW.
- One Tier 2 and four Tier 3 registered organisations in Queensland.



- One 'housing provider' in Victoria.<sup>66</sup>
- Two 'preferred providers' in WA. (Government of Western Australia Housing Authority 2016; NRSCH 2016; Register of Housing 2016).

This situation is likely to reflect a number of factors including that many ICHOs cannot meet minimum regulatory standards, that there has been insufficient encouragement for them to register and that mainstream registration may not be being perceived as relevant. Also the transfer of housing management to the states and territories in remote areas effectively destroyed the capacity of larger providers undertaking maintenance and development functions.

In NSW, ICHOs were required to be registered under specific purpose legislation—the *Aboriginal Housing Act* (NSW)—after 1998. This requirement predated moves to CHP registration in Australia and has undoubtedly been a factor in the continuity and consolidation of the NSW ICH sector, which comprised over 200 registered organisations in the mid-2000s. Following the introduction of CHP registration in NSW in 2009, in what can be viewed as a proactive approach to supporting and restructuring the ICH sector, the NSW Government moved to align ICHO registration more closely with mainstream regulation under a regulatory system, Provider Assessment and Registration System (PARS).<sup>67</sup>

Under a carefully managed process since 2010, 42 NSW-based ICHOs achieved registration under PARS. A key emphasis in this process was on assisting organisations to develop the capacity required to meet the regulatory code. A range of incentives to register and, thereby, attract growth funding were also provided under the NSW Government's 'Build and Grow' strategy (DHS 2010) (Table 8). Since the advent of the NRSCH, the NSW Government has decided to abolish PARS and transition registered providers to the NRSCH by 2022. This will provide an opportunity for ICHOs to operate on a level playing field with other registered providers but the national regulatory code will present major challenges especially with regard to organisations achieving NRSCH-linked scale and viability standards. One result could be fewer but larger providers (key informant interviews NSW).

### Unregistered providers

A large but unknown number of ICHOs continue to be active but are not registered under mainstream regulatory systems or PARS. This may be because they operate in jurisdictions where the NRSCH does not apply or they are not required to register. Many unregistered organisations are known to be:

- Actively seeking NRSCH or equivalent registration.
- Receiving some funding or support from housing or other state/territory agencies.
- Contracting with state housing agencies for tenancy management services.
- Registered under other legislation/regulation (e.g. Land Councils under the NSW Aboriginal Land Rights Act).

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<sup>66</sup> 'Housing association' status for this provider, AHV, is pending, subject to a foreshadowed title transfer of Director of Housing owned houses to AHV.

<sup>67</sup> While PARS was closely aligned to the mainstream regulatory code, it also allowed for the specific circumstances of ICHOs, such as their typically small size or distinctive incorporation (e.g. as Aboriginal Land Councils under the *Aboriginal Land Rights Act* (NSW) 1984).

## 7.3 Supporting infrastructure and institutions

Most supporting infrastructure and institutions for Indigenous housing have collapsed since the demise of ATSIC in 2004, the subsequent transfer of responsibility for Indigenous housing to the states/territories and a policy regime that has promoted mainstreaming. In 2015, an AHURI-sponsored 'Indigenous housing and homelessness policy, practice and research network' lapsed through lack of funding. Previous Indigenous housing authorities, administrative units, advisory mechanisms and tenant representative structures have been progressively dismantled leaving the only remaining Indigenous housing governance structures and institutions as:

- The statute-based NSW Aboriginal Housing Office (AHO).
- Remote Indigenous housing administrative structures in WA, Queensland and SA.

The only housing specific Indigenous advocacy body is a community-initiated housing peak in the NT (the Aboriginal Housing Board), that was foreshadowed in 2015 and is being developed under the auspices of the Aboriginal Peak Organisations Northern Territory (APONT 2015). This situation can be contrasted with other Indigenous service delivery areas such as Aboriginal medical services and children services that have active and highly visible, national and state peak representative and policy bodies.<sup>68</sup> A small number of Indigenous people participate in mainstream bodies, such as the AHI, National Shelter and its state associate bodies, state and national community housing provider peak bodies (see Appendix 3).

The decrease in Indigenous institutions, along with the decline in ICHO numbers, has resulted in a reduction in opportunities for participation by Indigenous people in housing decision-making at national, state, regional and local levels (Altman 2009; Sanders 2015). There has also been a reduction in front line Indigenous workers in state and community managed housing and the loss of Indigenous staff in policy and senior management roles (Milligan, Phillips et al. 2011). This inevitably leads to a diminution of the influence of indigenous knowledge and leadership in management, policy making and service delivery. At the same time shrinkage of the ICH sector has reduced opportunities for Indigenous directors and employees in the industry and weakened Indigenous tenant and community involvement in decision making and advisory bodies.

## 7.4 Recent capacity-building activity

Building the capacity of the affordable housing industry to appropriately address the scale and diversity of Indigenous housing need requires the efforts of both the mainstream and Indigenous housing sectors, including associated supporting agencies and institutions.

### 7.4.1 ICH capacity

Despite having some medium-sized registered providers, the ICH sector is in an earlier stage of development to the rest of the industry. Growth opportunities and capacity-building strategies for ICHOs have been limited and patchy at best in recent years. As discussed above, there is no national or state level voice for the sector to promote and coordinate self-development. Despite national policy support for a 'vigorous and sustainable Indigenous community housing sector' as articulated in BBF (Housing Ministers Conference 2001), it is clear that this goal has not been achieved over the past 15 years as national leadership on this direction diminished.

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<sup>68</sup> For more details on these bodies see <https://www2.aifs.gov.au/cfca/knowledgecircle/key-aboriginal-and-torres-strait-islander-organisations>.

As recently as 2009, national research recommended a comprehensive approach to capacity-building and viability:

*Instead of solely focusing on financial issues, the key policy implication of this study is therefore that improving the organisational capacity of ICHOs requires policy-makers to focus on addressing financial issues alongside other viability factors. ICHOs need to get their governance right in order to be able to make sound financial decisions; they also require people qualified to take on key roles in management, staff and the governing committee. Many of these issues affecting organisational capacity need to be considered in the context of the location of each ICHO. Location can impact indirectly in multiple ways, including on particular cost structures, rent levels, access to human resources and access to training .... (Eringa, Spring et al. 2009: 3)*

These recommendations failed to influence policy directions. Rather, as discussed above, mainstreaming service delivery policies dominated in both urban and remote contexts in preference to ICH sector capacity-building. This has contributed to considerable disruption and uncertainty in parts of the ICH sector and an overall decline in the sector's position within the affordable housing industry. More importantly, Indigenous leaders reported that there is now widespread dissatisfaction in communities where shifts to mainstreaming and privatising service delivery have taken place (Indigenous leaders' roundtable April 2016).

Dedicated capacity-building strategies for ICHOs were only maintained in NSW and Victoria (as discussed above) until recently when other jurisdictions have begun, or are considering, capacity-building initiatives. As outlined in Table 9, these include: assistance in Queensland for ICHOs to transition from state registration to the NRSCH; support in SA to improve the condition and management of ICHO-controlled housing; creation of an independent statutory agency to oversee remote housing provision in the NT; new and contracting housing management functions to selected remote ICHOs in WA, along with resources and tools to support them in that role.

**Table 9: National and state/territory ICHO sector capacity-building initiatives, 2004–present**

<b>Jurisdiction</b>	<b>Initiative</b>	<b>Details</b>
National	Transitional funding	Funding provided to states/territories for maintenance and upgrade of ICHO properties during transition of responsibilities from the Australian Government post 2004.
NSW	Sector strengthening 2004–09	Support for regional management services model to achieve scale efficiencies and professional service delivery. Introduction of NSW Standards for Governance and Management of Aboriginal Housing and associated accreditation of ICHOs.
	'Build and Grow' 2010–15	New sector specific registration system—PARS Assistance to ICHOs seeking PARS registration with: training, tools and business development funding. PARS registered ICHOs enabled to head lease dwellings from AHO and non-registered ICHOs. Funding for maintenance backlogs and operating subsidies to PARS registered providers. Rent reform to improve organisational viability.
	AHO Corporate Plan 2016–22	Policy direction to transfer management of all Aboriginal social housing in NSW (approx. 4,700 dwellings) to NRSCH registered ICHOs. Commitment to 1,000 housing opportunities growth in ICHO sector.
VIC	Aboriginal Housing Victoria 2004–	State-supported establishment of large and viable Aboriginal housing provider via transfer of state managed Aboriginal housing. Significant organisational capacity-building effort funded in early years.
QLD	NRSCH capacity-building project 2015–	Q Shelter funded, to assist ICHOs and Indigenous Councils to prepare for registration and compliance with the National Regulatory System for Community Housing (NRSCH). Priority to those already registered under <i>Housing Act 2001</i> .
	Indigenous housing five-year plan	Under development in 2016. No public information available. Understood to be considering the future of support to ICHOs.
SA	Capital upgrades and management support	ICHOs with more than 6 properties and willing to sign funding agreement eligible for: <ul style="list-style-type: none"> <li>• upgrade funding up to \$40,000 (urban) or \$50,000 (remote)</li> <li>• offer to work (for a 12 month period) with a contracted Tier 1/2 mainstream CHP to improve their management capacity and operational viability.</li> </ul>
NT	Specialist administration	ICHO capacity-building strategy under consideration 2016. New Remote Housing Development Authority to be established in 2017 to oversee all remote area housing functions and services.
WA	Contracts	Remote tenancy management contracts and resources.

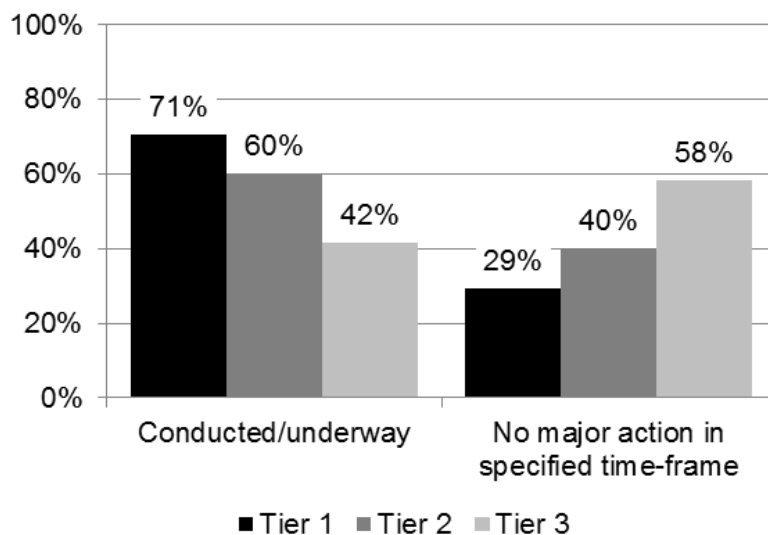
Source: Key informant interviews.

### 7.4.2 Capacity in the mainstream housing system

Mainstream housing services are often ill-equipped to deliver services that respond effectively to Indigenous housing needs according to recognised cultural principles and practices. In part this is due to structural factors such as poorly aligned housing assets but it also stems from constraints inherent in mainstream ('one size fits all') policy approaches, and in workforce rules and service delivery models. In spite of these constraints, there is much good will and good work happening at the local level (Milligan, Phillips et al. 2011; Habibis, Phillips et al. forthcoming).

Our survey results show that many CHPs have been building their organisation's cultural competency as an organisational priority in the last three years. This was most pronounced for larger providers, with a majority of Tier 1 and Tier 2 respondents reporting that initiatives had been conducted or were underway (Figure 23).

**Figure 23: Development of the organisation's cultural competency conducted (or underway) since 2012/13**



Source: Surveys of registered housing organisations, 2015.

The available research in this area has confirmed findings in other service domains that critical capacities include:

- recognition and respect for Indigenous people and culture
- flexible, context-specific service models
- personal and family-orientated practice
- support and role clarity for specialist indigenous staff
- cultural training and development for non-indigenous staff
- engagement with indigenous tenants and communities
- engagement and partnership with Indigenous community organisations and leaders (Milligan, Phillips et al. 2011; Habibis, Phillips et al. forthcoming).

Various initiatives have been implemented, by housing authorities, resourcing bodies and individual housing providers, aiming to support such capacity-building. These include reconciliation plans, workforce development strategies, local Indigenous service delivery plans,

practice guides (e.g. see FACS 2015) and creation of Indigenous liaison roles. However, these efforts do not appear to match the scale and importance of the task at hand.

## **7.5 Overview and further research**

Subject to severe limits on available information, in this chapter we have attempted to examine the ICH sector's position with Australia's affordable housing industry and to consider the capacity of the sector to adequately and appropriately address Indigenous housing needs. We regard attention to Indigenous institutional and organisational participation in the industry as of crucial importance to the future because of: the concentration of unmet housing need among Australia's Indigenous populations; the undeniable importance of Indigenous engagement in the delivery of housing services (whether mainstream or specialised) to Indigenous peoples and communities; and the fluid and unstable state of much of the Indigenous-run housing service delivery system.

Following from this review, our second report concerned with shaping the future of the industry, considers specific ways in which Indigenous housing institutions, housing providers and supporting organisations could be strengthened with a view to achieving enduring and more effective Indigenous engagement in the industry, stronger and more viable Indigenous housing organisations and appropriate culturally-adapted mainstream service responses. To bring an Indigenous perspective to these deliberations, a roundtable meeting with a small number of Indigenous housing leaders drawn from across Australia was convened in April 2016. The aim of this was to contribute to the development of high level principles to apply to the provision of social and affordable housing to Indigenous households and to identify options for developing and strengthening the ICH sector as an integral part of Australia's affordable housing industry. Outcomes are reported in our second report (Milligan, Martin et al. forthcoming).

## 8 Conclusions and next steps

This report has detailed the profile, structure and scale of Australia's affordable housing industry. The purpose is to inform an assessment of its capacity to respond to large scale growth that could stem from public housing transfers or other investment strategies directed to increasing the supply of affordable housing, and the renewal of social housing.

The study responds to government interest in what would be required to transform Australia's institutional approach to affordable housing delivery—moving away from historic dominance of public sector provision and towards a government-enabled, more contestable multi-provider system.

The study has examined the current organisational and institutional make-up of the industry (Chapters 3, 4 and 7), approaches to industry development and how they have been resourced (Chapter 5), and how existing suppliers of affordable housing organisations see current capacity issues in the industry (Chapter 6). As described below, further research will be undertaken before a proposal and priorities for industry development are formulated.

### 8.1 Conclusions

#### 8.1.1 Affordable housing suppliers

At the centre of Australia's current affordable housing industry is a highly diverse cohort of not-for-profit community housing providers with a well-established tradition of catering for low-income, vulnerable and special need households. This body of organisations has greatly differentiated growth ambitions and capacities. Among the large array of smaller providers many play crucial roles in catering for particular groups or operating in particular localities. However, only a limited proportion has aspirations or potential to expand their business. Government-supported industry development efforts need to take this into account.

Currently dominating industry provision is the sizeable group of larger and medium-sized organisations (see Appendix 2) whose recent expansion has been stimulated mainly by government-led initiatives from the mid-1990s but especially in the 2007–14 period. Most of the larger players have engaged in an intensive capacity-building phase over the past decade not only in response to specific growth opportunities but also keeping faith with an overarching official narrative emphasising longer-term aspirations for NFPs to play an enhanced role in Australia's housing system.

Accordingly, these providers have professionalised at both board and executive management levels. They have invested heavily in IT systems and front line staff training. Many have developed the capabilities required to diversify their activities in the interests of business viability. However, in the post-2014 context of scaled-back government affordable housing programs and limited realisation of large-scale public housing transfers, this part of the industry now finds itself with under-utilised organisational capacity, some of which—such as development expertise—has already been lost, at least temporarily. This is not to say that there are no weaknesses and risks associated with significant expansion and business diversification for this cohort. Capacity-building and growth, however, go hand in hand, along with appropriate stewardship and robust regulation.

Special concerns attached to 'capacity considerations' relate to the affordable housing industry's Indigenous-controlled component. Recent policy changes and regulatory requirements have left behind most such organisations; a situation needing to be addressed for the reasons set out in Chapter 7. Governments and industry leaders now face a threshold



question as to whether they wish to retain a strong Indigenous voice in the industry and if so how to ensure this.

### **8.1.2 Supporting institutions and infrastructure**

Essential to the effective and efficient operation of affordable housing providers is the array of supporting organisations and the industry's institutional infrastructure. As well as government entities themselves, key organisational players include peak bodies, industry associations and specialist service providers.

The development of formal regulatory systems has stimulated organisational capacity building within the industry, albeit that the recent impact has been mainly felt among the cohort of smaller providers. However, the withering of national policy leadership has damagingly undermined the potential capacity-building contribution of the NRSCH. Lacking any national champion, the system remains in stasis with its coverage still incomplete and its architecture in need of updating to accommodate changes in the policy context.

At least in some jurisdictions, governments have latterly made important capacity-building inputs through their formulation of industry development strategies and their support for associated programs. In our assessment, however, government effectiveness has been increasingly compromised both through a lack of leadership at national and state/territory levels and associated volatile policy settings, and through the growing fragmentation of 'housing policy' responsibility across departments. This latter situation is working against the needed layering of affordable housing policy levers and diluting industry efficiency.

### **8.1.3 Resourcing**

Provision of affordable housing requires a well-designed subsidy system that is calibrated to meet the gap between the costs of (efficient) service provision and the achievement of designated affordability outcomes for the range of identified needs groups. Unlike many comparable countries, Australia does not have a housing subsidy regime that has been intentionally devised to support a commercially-viable affordable housing business model and to optimise the potential of market-based affordable housing providers. While numerous programmatic approaches have been tried by national and state governments, these have often been subject to sudden termination or change that can leave providers that have invested in their own financial and organisational capacity to respond stranded. As international research for this Inquiry has again demonstrated, achieving scaled-up private investment in affordable housing is contingent on having longer term, assured government co-funding arrangements that help to underpin the cash flows of affordable housing providers (Lawson, Legacy et al. 2016).

### **8.1.4 Policy implications**

There is a need for a (preferably national) industry plan that takes account of research findings on the industry's existing strengths and weaknesses. This must incorporate actions targeted both on provider organisations and on the industry's supporting institutions. In regards to the former, the plan should be directed to strengthening the cohort of larger entities (organisations, group structures, special purpose vehicles and partnerships/alliances) undertaking affordable housing service delivery and housing procurement, whilst also seeking to maintain viable specialist providers and sufficient geographical diversity within the industry.

For the larger organisations most likely to be recipients of any large-scale public housing transfers, capacity-building priorities are likely to include capabilities required for place-making and asset renewal. For the smaller organisations judged to have growth potential, the emphasis is likely to be more broadly focused.

An industry development plan will need to establish appropriate leadership roles for government and industry entities. A joint approach to determining these roles would work best. As the

industry matures, industry-directed capacity building could be expected to become more customary.

Priority areas for strengthening affordable housing industry supporting institutions and infrastructure to emerge from our analysis so far include:

- Enhancing leadership, expertise and coordination within government.
- Separating the administration of public and affordable housing.
- Completing and refreshing national regulation.
- Joint government and industry guidance of industry development and restructuring.
- Reinforcing the leadership and capacity-building functions of industry peak bodies.
- Industry core data reform and housing needs modelling.
- Development of specialist financial brokerage arrangements.
- Restoring culturally appropriate institutional arrangements to support the provision of Indigenous housing.

Notwithstanding their potential value, none of the measures discussed above will address the serious concern highlighted earlier in this chapter regarding the under-utilisation (and possible loss) of recently-developed organisational capacity within many of the larger providers. That problem raises a much more fundamental (and urgent) policy implication: the need for an evidence-based affordable housing expansion plan predicated on a COAG-supported commitment to an ongoing government-assisted pipeline of development opportunities.

## **8.2 Next steps**

The empirical research underpinning this study has relied on a secondary review of documentary evidence, augmented by selected key informant interviews and an online survey of CHPs oriented to ascertaining core business dimensions, self-identified capacity issues and approaches to capacity-building. A review of literature on capacity and approaches to capacity-building has also been undertaken (Chapter 2).

Building on this report, phase two of the research will deepen understanding of what future capacity will be required and consider ways that key capacity needs can be most effectively steered and nurtured in the affordable housing industry. Key elements of the further research being completed during 2016 are:

- Interviews and focus groups to probe stakeholder views on preferred future directions and priority areas for industry/organisational capacity-building and requirements of governments, regulators and industry partners.
- The consideration of future approaches to and priorities for Indigenous participation within the industry at a roundtable of Indigenous housing experts, as set out Chapter 7.
- A review of governance, organisational culture, change management, small business and social enterprise literatures to ascertain normative directions, good practice and other relevant knowledge.
- An updated assessment of policy reform activities anticipated to impact on the industry from 2016.

Resulting from these research processes, a report to the Inquiry Panel established to guide the overall research program (see Chapter 1) will help to identify principles and key parameters for an industry development plan concerning desirable enhancements to industry infrastructure, institution building, coordination and networking; associated resource requirements and funding

options; and strategic considerations concerning the enabling and regulatory roles of government as it transitions from service delivery. Following panel member deliberations, a second Final Report resulting from our work will be published later in 2016.

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## Appendix 1: Key national and state level policies shaping affordable housing industry growth, 2015–16

Jurisdiction	Policy direction	Status
Australian Government	<p>The Australian Government provides assistance to the affordable housing industry through the National Rental Affordability Scheme and the National Affordable Housing Agreement in partnership with states and territories. Specific purpose payments for remote Indigenous housing have also been made to states and territories since 2008 under a 10-year National Partnership Agreement on Remote Indigenous Housing (NPARIH). Both the NAHA and NPARIH were subject to review under the Reform of Federation agenda (Australian Government 2015), although the current status of this process as it pertains to housing is unclear.</p> <p>Commissioned by the Council of Federal Financial Relations (CFFR), an affordable housing working group of officials is considering financing options to increase the provision of affordable housing.</p> <p>Under the National Disability Insurance Scheme (NDIS), specific funding (estimated at \$700m p.a.) to subsidise the financing and upkeep of specialist accommodation for people with disabilities will be provided via the National Disability Insurance Agency from 2017 onwards.</p>	<p>NRAS is intended to deliver around 37,000 affordable rental dwellings for 10 years commencing in 2009. By March 2016 around 81 per cent of planned dwellings were completed and occupied by eligible households, with the remainder (some 7,000) under development (Australian Government 2016b).</p> <p>States and territories use NAHA and NAPARIH for a variety of housing programs. For details see Australian Government (2014).</p> <p>Following an industry submission process, the CFFR affordable housing working group is scheduled to report to governments in June 2016.</p> <p>NDIS has a target of 16,000 specialist accommodation units over 10 years.</p>
New South Wales	<p>Future Directions for Social Housing in NSW released January 2016 (NSW Government 2016).</p> <p>Communities Plus. Sale (via tender) of specific public housing sites (seven initially) for redevelopment as mixed social, affordable and market rate housing by private and NFP consortia. Quantum of additional social and affordable housing (beyond replacement of existing public housing) will be subject to bid process.</p> <p>The Social and Affordable Fund (SAHF) will be established in 2016 offering 25-year service contracts with private consortia (involving registered CHPs) to deliver a range of social outcomes linked to new social (70%) and affordable (30%) housing supply. Under the SAHF, the NSW Govt. will invest a capital sum in revenue-generating assets, with resulting returns underpinning annual operating subsidy payments to approved consortia. Phase 1 opened in 2016 with further phases foreshadowed.</p> <p>NSW Community Housing Asset-vesting Program (2012–15). Delivery of 10-year targets for 'leveraged' new supply of affordable and social housing through vesting of ownership by successful CHP bidders of around 6,000 CHP-managed social housing dwellings.</p> <p>The 2014 Metropolitan Strategy, A Plan for Growing Sydney, includes a housing affordability goal that is linked in a general way to measures to accelerate housing supply, urban renewal and infill, and local housing strategies that plan for a range of housing types.</p>	<p>Targets set to increase supply of social and affordable housing by respectively 6,000 and 500 dwellings and to replace 17,000 public housing dwellings over 10 years (to 2026) through private procurement. Commitment for CHPs to manage 35 per cent of social housing in NSW via a process of management transfers over six years commencing 2017.</p> <p>The first proponents under the SAHF Phase 1, involving around 3,000 new dwellings (on land to be provided by proponents) are due to be announced in the second half of 2016.</p> <p>Following asset vesting, participating CHPs have committed to delivering 1 225 additional social and affordable housing dwellings over a 10 year period commencing 2012.</p>



<b>Jurisdiction</b>	<b>Policy direction</b>	<b>Status</b>
Victoria	<p>Housing Ministerial Task Force on housing convened; Affordable Housing Policy Statement anticipated in 2016/17.</p> <p>Discussion paper for 'Melbourne metropolitan planning strategy refresh' indicated greater emphasis on affordable housing supply, including a requirement for affordable housing in the sale of government land (Ministerial Advisory Committee 2015).</p>	<p>Funding for 130 social housing dwellings linked to preventing people who have experienced domestic and family violence from being long-term homeless announced April 2016.</p> <p>Joint CHP-public housing applicant housing register under discussion.</p>
Queensland	<p>Housing 2020 released July 2013 (QDHPW 2013). Proposed transfer of management of 90 per cent of public housing to non-government providers by 2020 and to build 12,000 additional social and affordable housing dwellings. Proposed 8–10 large housing providers and committed to national regulation.</p> <p>'Working together for better housing and sustainable communities: Discussion Paper' –released March 2016 (QDHPW 2016)—seeks community feedback on strategic directions. Canvasses options for expanding supply, financing and subsidising housing assistance and growth of non-government social and affordable housing. Broad scope of issues including private market supply and regulation, use of planning mechanisms, homelessness responses and co-ordinating support options for vulnerable tenants.</p>	<p>Proposed transfer of management for 5,000 public housing dwellings in Logan aborted in July 2016. Future of transfers not specified.</p> <p>Community consultations concluded and housing strategy to be released in late 2016.</p>
Western Australia	<p>The 2010–20 Affordable Housing Strategy, Opening Doors to Affordable Housing (Government of Western Australia 2010) was extended in 2015 by 10,000 affordable homes along the housing continuum for low and moderate-income earners to be delivered through partnerships with government agencies, private sector and NFPs.</p>	<p>The strategy achieved its initial target of 20,000 additional dwellings in June 2015, five years early.</p> <p>A new Action Plan outlines strategies and targets for the next five years.</p>
South Australia	<p>The Housing Strategy for SA 2013–18 (Government of SA 2013) includes a target to increase community housing's share of social housing from 13 per cent to 27 per cent through new supply and public housing management transfers. There is an emphasis on supporting the capacity and growth of larger NFP providers and a proposal to establish a specialist disability housing services provider.</p>	<p>Under 'Better Places, Stronger Communities', transfer of 1,200 public housing dwellings to two CHPs completed 2015.</p> <p>Planning to transfer a further 4,000 underway. Long-term leases will support leveraging of some new supply through CHPs.</p>
Tasmania	<p>Tasmania's Affordable Housing Strategy 2015–25 encompasses a continuum of housing responses (from home ownership to crisis housing) to be delivered via NFP and private partners. It includes target additional supply of 941 social, affordable housing and crisis dwellings over the first four years. \$13.5m new government investment announced in 2015 additional to \$9.3m in 'new projects' in the 2015/16 budget.</p> <p>The Better Housing Futures (BBF) strategy (2012) centred on transfer of 3,500 public housing dwellings to CHP management. Also included development sites to be allocated to successful CHPs for additional housing supply with a target of 150 additional homes (included in the figure above) (Government of Tasmania 2013).</p>	<p>BBF management transfers completed. Tenant signing of new landlord tenancy agreements ahead of schedule. First CHPs bids to supply additional supply under assessment.</p> <p>Transfer of land title to CHPs to support redevelopment and leverage will be piloted following amendments to the Homes Act in April 2016.</p>

<b>Jurisdiction</b>	<b>Policy direction</b>	<b>Status</b>
Northern Territory	<p>The NT Government's four-year Real Housing for Growth Plan 2013–17 supported development of 2,000 affordable housing dwellings for rental and sale through private sector partnerships.</p> <p>In June 2016, the NT Government announced a new housing strategy, 'HousingActionNT', comprising two components, a Remote Housing Strategy and an Urban and Regional Housing Strategy (NT Government 2016a; 2016b).</p>	<p>Headleasing of private housing for social housing, potentially involving CHP management was announced in September 2015.</p> <p>HousingActionNT includes funding for over 680 new social housing dwellings and the upgrade of over 3,500 existing dwellings between 2016/17–18/19. A new Remote Housing Development Authority will be established in 2017 to oversee all remote area housing functions. Community housing in urban and regional areas will be expanded through a small public housing transfer program.</p>
Australian Capital Territory	<p>The ACT Government continues to implement its 2007 Affordable Housing Action Plan (ACT Government 2012; 2007) which addresses housing affordability via a wide range of market interventions, direct supply incentives and other actions. The third phase of the Plan was released in 2012 for implementation by 2018. This emphasised increasing both affordable rentals and the mix of affordable purchase options.</p>	<p>Twenty per cent of homes built in greenfield estates are required to meet price thresholds—from July 2015 these ranged between \$295,000 and \$380,000 depending on dwelling size.</p>

Sources: Milligan et al. 2015a: Appendix 3 updated via agency websites, documents cited and key informant interviews.

## Appendix 2: Highest tier registered housing providers, March 2016

Tier 1 or equivalent <sup>1</sup>	Registered base and registered jurisdictional operations
Affordable Community Housing (trading as Evolve Housing)	NSW
Argyle Community Housing Ltd	NSW, ACT
BlueCHP Ltd	NSW
Bridge Housing Ltd	NSW
City West Housing	NSW
Community Housing Limited, Community Housing Victoria Ltd <sup>2</sup>	NSW, Vic, WA, Tas, SA
Compass Housing Services Co. Ltd	NSW, Qld
Housing Plus Ltd	NSW
Hume Community Housing Association Co. Ltd	NSW
Illawarra Community Housing Trust Ltd	NSW
Link Housing Ltd	NSW
Mission Australia Housing Ltd	NSW, Tas, Qld, Vic, WA
North Coast Community Housing Co. Ltd	NSW
Pacific Link Housing Ltd	NSW
Southern Cross Community Housing Ltd	NSW
St George Community Housing Ltd; SGCH Portfolio; SGCH Sustainability <sup>2</sup>	NSW
Wentworth Community Housing Ltd	NSW
Brisbane Housing Company Ltd	Qld
Horizon Housing Company Ltd	Qld, NSW
Logan City Community Housing Ltd	Qld
Anglicare Housing SA Ltd	SA
Junction and Womens Housing Ltd	SA
Unity Housing Ltd	SA
Community Housing Canberra Ltd	ACT
Common Equity Housing Ltd	Vic
Housing Choices Australia Ltd; Housing Choices Tasmania Ltd, Common Ground Adelaide Ltd <sup>2</sup>	Vic, Tas, SA
Loddon Mallee Housing Services Ltd (trading as Haven Home Safe)	Vic
Port Phillip Housing Association Ltd	Vic
Rural Housing Network Ltd	Vic
Wintringham Housing Ltd	Vic
Yarra Community Housing Ltd	Vic
Access Housing Australia Ltd	WA
Bethanie Housing Ltd	WA
Foundation Housing Ltd	WA
Southern Cross Housing Ltd	WA

Note: <sup>1</sup> See Section 3.2.

<sup>2</sup> Parent and registered subsidiary/affiliated entities.

Source: Housing registrars.

## Appendix 3: Australia's affordable housing industry: key supporting institutions and infrastructure

	History and description	Industry functions	Funding
<i>Government institutions and networks</i>			
C/W, state/territory agencies and statutory authorities with responsibilities for affordable housing policy and services.	Organisational arrangements vary by jurisdiction. Recent trend has been to integrate housing agencies into human/social service agencies	Legislation and policy settings Regulatory frameworks Grants and subsidies Procurement of services Contract management (states and territories only)	Governments
Housing and Homelessness Chief Executives Network (HHCEN)	Formed 2015 to replace long standing Housing Ministers' Advisory Council (HMAC)	Intergovernmental policy exchange and negotiation Advice to Ministers	Governments
Inter-department or cross-program co-ordinating structures	Formal government structures to co-ordinate provision of housing and support e.g. for people experiencing homelessness, disability, mental illness	Policy co-ordination Funding and service delivery co-ordination Governance for joint programs	Government
Occasional and ad hoc working groups, advisory committees	Time-limited interagency or cross sectoral groups to advise or offer expert input on a specific initiative	Specialist advice and expertise Political influence	Government
Community Housing Registrars	Founded in six jurisdictions from 2004. 2013 National Registration System for Community Housing (NRSCH) resulted in standard law currently applying in 5 (of 8) jurisdictions	Registration of providers Determining compliance with regulatory codes Development of evidence guidelines Repository of industry data	State and territory governments
Registrars Forum	Self-initiated forum of Community Housing Registrars convened in 2009.	Information exchange on regulatory practice	Registrars administration budgets NRSCH secretariat funding (jointly contributed)

	History and description	Industry functions	Funding
Australian Institute of Health and Welfare (AIHW)	Founded 1987. Statutory data collection agency to provide information on housing service provision and homelessness	Repository of housing and homelessness services national data collections Regular publications on housing and homelessness services Management of biennial National Social Housing Survey Data and analysis services to Productively Commission Steering Committee for the Report on Government Service Provision on housing and homelessness. Other roles by invitation/contract	C/W, state and territory governments
<i>Not-for-profit institutions and networks<sup>7</sup></i>			
Australasian Housing Institute (AHI)	Founded 2001. Professional association of housing workers in Australia and New Zealand.	Workforce accreditation. Professional development services. Newsletters and industry magazine (HousingWorks). Professional excellence awards.	Member fees State/territory government grants. Fee for service—professional development.
PowerHousing	Founded 2006. Trade body for selected larger scale not-for-profit housing providers	Information and knowledge exchange among members. Advocacy of behalf of members. Brokering partnerships and initiatives. Collaborative procurement for providers. Industry awards. International peer exchange. Other roles by invitation/contract.	Member fees Limited private sponsorship.
Community Housing Industry Association (CHIA)	Interim establishment 2015, pending restructuring of state based peaks, following dissolution of Community Housing Federation of Australia in 2015.	Advocacy of behalf of members. Other roles by invitation/ contract.	Member fees.

	History and description	Industry functions	Funding
	National peak body for not-for-profit housing organisations.		
State based networks of providers: NSW Federation of Housing Associations, Community Housing Federation Victoria, Churches Housing , Community Housing Council of South Australia, CHPs for Queensland	State peak bodies for not-for-profit housing providers founded from 1990s.	Member news, peer support and resourcing Policy development and advocacy of behalf of members. Brokering partnerships and initiatives. Registered industry training provider in some jurisdictions. Benchmarking of provider performance in some jurisdictions. Industry awards. Other roles by invitation/contract.	Member fees. Fee-for-service. Government grants Limited private sponsorship.
National Shelter and state level affiliates	Founded 1976. National housing advocacy organisation. Network of state based affiliated bodies.	Policy development and advocacy on housing issues on behalf of low-income households (except Queensland). Community consultation. In some jurisdictions without CHP peaks, state based Shelters provide services to CHPs.	Funding from some state and territory governments. Affiliated organisation contributions. Fee-for-service.
National Association of Tenant Organisations (NATO) and state-level affiliates	Founded from 1970s. Federation of peak non-government organisations for tenants across Australia. Members are state based Tenants' Unions and equivalent organisations.	Policy development and advocacy on residential tenancies law of behalf of members. State-level affiliates offer tenant advice and advocacy services. Other roles by invitation/contract.	Affiliated organisation in-kind contributions. State-level affiliates are funded from legal aid and consumer affairs budgets to provide tenant services.
Australian Council of Social Service (ACOSS) and state-level affiliates	Peak organisation for community sector social service providers, including CHPs, Shelters and Tenants' Unions. Maintains resources from the Australians for Affordable Housing campaign (2011–15), established to highlight the problem of housing affordability in Australia.	Research and advocacy around affordable housing issues and strategies.	Affiliated organisation contributions. Public donations.

	History and description	Industry functions	Funding
Structures and networks of housing and support providers	Formal and informal co-ordination arrangements mandated by government or led by industry stakeholders.	Facilitate co-ordination and partnerships between housing and support services in order to improve access to housing, establishment and sustainment of tenancies and the wellbeing of vulnerable tenants.	Government. In-kind support from participant agencies. Limited private sponsorship.
Homelessness Services Australia and state based affiliates and networks	Founded from the 1990s to advocate for the homeless and to support homelessness service provision.	Connecting its members to affordable housing providers as key partners in preventing and overcoming homelessness.  Research and advocacy around housing related homelessness and housing service models for the homeless.	Government funding.
National Affordable Housing Providers Ltd	Founded 2011 as NRAS Providers Ltd. Peak body for 'approved participants' in NRAS (NFPs and commercial entities).	Advocacy of behalf of members.	Member fees.
Tertiary institutions	Vocational training (e.g. Certificate 1V in Social Housing) and education (e.g. Graduate Certificate/ Diploma in Social Science (Housing Management and Policy)).	Offer specialised housing training and education qualifications.	Government, industry and user funding.
Expert Advice Exchange	NSW Government-initiated service to connect social service organisations to pro bono expert advice from leading law firms, professional services firms, and financial institutions.	Capacity-building to enable NFPs with growth potential (including housing providers) to develop new ways of attracting funding and delivering services and to participate in new business opportunities.	Government. Pro bono services of commercial firms.
<i>Private institutions</i>			
Australian Housing and Urban Research Institute Limited (AHURI)	Founded 1993. Reconstituted 2000. Research management company for network of university-based housing research centres.	Commissioning, publication and dissemination of funded research. Observer in intergovernmental housing policy deliberations. Commercial Research Synthesis Service and other consulting services. Co-convener (with governments) of biennial	Funding from C/W, state/territory governments and member universities for housing and urban research and capacity-building.  Own funding generated



History and description		Industry functions	Funding
		national housing conference. Broker of research and information services. Clearing house for research. Other activities by invitation/ contract.	from fee for service activities
Consultant firms and individuals	Wide variety of specialist and generalist service providers	Provision of a wide range of services to industry entities especially legal services, corporate governance and probity advice; tender documentation, financial modelling; accountancy and tax services; marketing and communications; urban planning and property design and development; tenant and community engagement and organisational change management.	Fee-for-service Pro bono
Global-Mark Ltd	CHP accreditation service part-funded by the NSW Government from the late 1990s but independent since 2008.	Accreditation service provider to housing providers under the National Community Housing Standards (2010).	Fee-for-service

*Note: <sup>1</sup> A much wider range of peak bodies and networks that advocate around the housing needs of particular groups such as people with disabilities, older people, youth, women and families are not listed.*

Sources: Milligan and Tiernan (2011: 399); agency websites; key informant interviews.

## AHURI Research Centres

AHURI Research Centre—Curtin University

AHURI Research Centre—RMIT University

AHURI Research Centre—Swinburne University of Technology

AHURI Research Centre—The University of Adelaide

AHURI Research Centre—The University of New South Wales

AHURI Research Centre—The University of Sydney

AHURI Research Centre—The University of Western Australia

AHURI Research Centre—University of Tasmania

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