

Making partnerships work in the design and delivery of housing and urban renewal policy and programs

SUCCESSFUL CROSS SECTOR PARTNERSHIPS ARE RESPONSIVE TO LOCAL INSTITUTIONAL CONTEXTS, MARKET CONDITIONS AND DIFFERENT COMMUNITY NEEDS AND EXPECTATIONS. PLACE AND LOCALITY PROVIDE THE BASIS OF A SHARED VISION FOR PARTNERSHIP WORKING THAT INCLUDES BOTH BUILT FORM AND PEOPLE FOCUSED OUTCOMES.

KEY POINTS

- The role of partnerships between the public, private and not-for-profit sectors in housing and urban policy has been stimulated by policy initiatives such as the National Affordable Housing Agreement (NAHA), National Rental Affordability Scheme (NRAS) and other as reforms to encourage diversity and growth among community housing providers.
- Those who advocate cross-sector partnership working point to the perceived efficiency of taking government liabilities off the balance sheet and transferring risk/reward profiles. However, due to issues of governance, accountability, flexibility and ensuring community interests are best served it can also be challenging and contentious when policy engages with partnership working.
- A diverse range of innovative models and frameworks are being developed which encourage collaboration in long-term partnerships. However, most partnerships, while underpinned by collaborative practice bringing together different skills sets, essentially reflect arrangements structured around traditional contracts.

This bulletin is based on research by Dr Simon Pinnegar, Dr Ilan Wiesel, Dr Edgar Liu, Dr Tony Gilmour, Professor Martin Loosemore and Associate Professor Bruce Judd of the AHURI UNSW-UWS Research Centre. The research explored the challenges, expectations and implications of partnership arrangements used in the design and delivery of affordable housing and related urban policies and programs.

- The community housing sector is one of the principal drivers of innovation in partnership working. As the sector diversifies, organisations are establishing scale and moving from a tenancy management role to working in partnership with developers and financiers to grow housing portfolios. There is no ‘one-size-fits-all’ approach to cross-sector partnership, whether in terms of affordable housing provision or urban renewal activity. The imperative to ‘build scale’ through providing a consistent strategic framework and regulatory environment must be balanced against the need for partnership arrangements to respond to the specific requirements of places and communities.
- Rather than justifying cross-sector arrangements in terms of financial or project delivery efficiencies based on ‘public sector comparator’ measures, a ‘best-for-project, best-for-people, best-for-place’ approach can be seen to present a more robust view. Cross sectoral partnership working is most effective when a strategic approach to ‘place making’ is the aim and ongoing stewardship of the locality is required.
- Governments can provide stakeholders with the confidence necessary to adopt innovative approaches by providing certainty and strategic direction through long-term commitment to housing and urban policy objectives, rather than promoting a preferred model.

BACKGROUND

The NAHA and a range of other reforms focussed on encouraging diversity and growth among community housing providers, has stimulated interest in utilising partnerships in the delivery of projects and programs in the housing and urban policy context has grown recently. Other nation-wide programs such as the NRAS and the Housing Affordability Fund have also supported the development of partnerships. This has been underpinned by activity led by the state and territory housing authorities and some interest at the local government level.

RESEARCH METHOD

This research explores key considerations for partnership working in the housing and urban policy context by drawing upon 42 interviews with experts, practitioners, housing providers and policy-makers. Opportunities and challenges presented by particular schemes, projects and initiatives were discussed. Interviewees included:

- Stakeholders involved in recent large-scale housing renewal projects in Australia, for example Bonnyrigg (NSW) and Kensington (Victoria).
- Organisations involved in establishing and building partnerships based on the opportunities presented through NRAS.
- Those involved in built environment and infrastructure sectors where partnership activities and track records are more established.
- A number of large multinational developers and overseas experts, providing an international perspective and highlighting the interplay between broader policy and regulatory frameworks and the nature of partnership activity enabled in different jurisdictions.

KEY FINDINGS

Mechanisms shaping success in partnership activities

There were a range of mechanisms identified by interviewees as integral to the success of collaborative practice generally, which apply to partnership arrangements in the housing and urban renewal context. These include:

- Having an *effective brief* and tendering process which allows innovation to be fostered and the benefits of collaboration to be maximised.
- Developing a *comprehensive evidence base* upon which a shared vision and series of shared outcomes can be established.
- Fostering *shared understanding* across parties who are likely to have different skill sets, motivations and expectations for collaboration.

- Ensuring *appropriate allocation of risk (and reward)* between parties and preparedness to share those risks where necessary.
- Building trust amongst parties and *valuing informal arrangements* that evolve, but recognising the importance of the *certainty provided through formal, contractual aspects of the partnership*.
- Establishing structures that facilitate innovation within partnerships, but which also *enable best practice to be fed back to respective organisations and sectors*.

Factors affecting the viability of housing and urban partnership activities

The research identifies where the housing and urban context arguably raises a number of specific or distinct factors that impact on our understanding of the viability or appropriateness of partnership activity.

The importance of place and community in the scope and nature of partnership working

- Any infrastructure project will impact on the localities in which it is being built. However, the complex social and political nature of housing supply and urban renewal, where aims are often difficult to define and measure, arguably heightens these considerations.
- A focus on context, place and community helps underpin shared outcomes, transparency and accountability for partnership working.

The complexity of housing as a bundle of goods to be 'priced' within partnership structures and financing arrangements

- Different housing market and economic contexts present different challenges and opportunities. Partners already based within the same local or regional context share the same understanding of the issues and operate within the same planning, regulatory and market frameworks.
- Most partnerships—although underpinned by collaborative practice and a desire to bring together a range of skills sets—essentially reflect arrangements structured by traditional contracts. Many have favoured consortia arrangements which enable each party to 'do what they do' rather than get tied up in integrated frameworks with exposure

to risks they are not well placed to manage.

- Nevertheless, new forms of collaboration are emerging, reinforced by the fact that one of the principal drivers for partnership working—the growth of the community housing sector—is experiencing a strong learning curve itself.

Operating in changing policy, social, economic and housing market contexts

- The timeframes involved in partnership working highlight the need to balance certainty with flexibility, both in terms of design and operation. Wider strategic policy support and direction offering consistency and coherent frameworks which can accommodate a range of different types of partnership activity are also required.
- The long-term nature of partnership approaches, particularly where structured financing arrangements are in place, raises a number of questions regarding ability to respond to changing social, economic and market contexts over these extended timeframes.
- In this regard, the objectives and outputs envisaged at the outset may struggle to remain relevant 10 to 20 years into the agreement. Alternatively, these fixed arrangements may offer a level of certainty across political and market cycles for the communities involved.

The risks associated with increased interdependencies between sectors

- Public and not-for-profit sectors can build beneficial synergies with the private sector when times are good, but when the market sours and funding streams falter, control over the delivery of the social elements in mixed projects may be put at risk.
- Where partnerships are shaped by policy settings and subsidy structures, they are inevitably exposed to shifts in policy objectives and economic conditions over time.
- Equally, path dependencies arise where policy settings appropriate at one point in time are not at a later stage. If the market and institutional response encouraged by those settings has become dependent upon those structures, then they become difficult to unwind.

POLICY IMPLICATIONS

The success of partnership working will reflect the strength of wider governance structures within which programs operate as much as their internal organisational characteristics. This largely relates to broader policy direction, institutional settings and regulatory frameworks which can provide a degree of certainty and structure to partnership endeavours.

This can be fostered by all levels of government indicating the necessary level of strategic commitment to affordable housing and urban policy agendas for stakeholders to confidently respond. The COAG reform agenda provides strategic direction within which initiatives and programs can be aligned, but there is limited recognition of the spatial imperatives of national reforms—that is the impact at neighbourhood, sub-regional and city level.

Place and community provide a focus for agreeing shared outcomes, underpinning the rationale for collaboration, and helping determine the most appropriate form that a partnership might take. The diversity of places and communities counters against a 'one size fits all' solution.

Acknowledging that complex arrangements might not always be the preferred response also raises the question about the most effective role for government. For instance, cross-sector partnership arrangements may be arguably better placed to deliver policy-preferred mixed-finance, mixed-tenure outcomes than either sector working in isolation. For more straightforward activities, or where motivations are driven primarily in terms of 'public sector comparator' costs alone, then the dividends against the level of complexity involved in such

partnerships are likely to be less.

Innovative approaches have been fostered through NRAS, for example through the retail investment consortia approach currently being developed (by a number of those interviewed for this research). This approach recognises that while bringing large long-term funds into the affordable housing residential sector is an important aim, the Australian private rental sector continues to remain primarily driven by the motivations and expectations of private, individual investors.

Supporting a diversity of partnership approaches comes with the corollary that requirements for transparency and consistency are heightened, for example through effective regulatory frameworks. Governments can play an important role in enabling greater accountability, not only in terms of market interest in the disclosure of information so that risks are better understood, but also accountability in political terms, not least to the communities most directly impacted by those activities.

FURTHER INFORMATION

This bulletin is based on AHURI project 70588, *Partnership working in the design and delivery of housing policy and programs*.

Reports from this project can be found on the AHURI website: www.ahuri.edu.au or by contacting the AHURI National Office on +61 3 9660 2300.

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