

Assessing management costs and tenant outcomes in social housing

RELIABLE MEASURES OF PROVIDER EFFICIENCY AND EFFECTIVENESS ARE FUNDAMENTAL IN ENABLING GOVERNMENTS TO DETERMINE HOW BEST TO DELIVER SOCIAL HOUSING SERVICES. AUSTRALIA'S EXISTING OFFICIAL SOCIAL HOUSING PERFORMANCE MEASURES ARE PROVEN TO BE INADEQUATE AND, IN RESPONSE, THIS PROJECT DEVELOPED AND TRIALLED A CONCEPTUAL FRAMEWORK AND METHODOLOGY TO ADDRESS THIS PROBLEM.

KEY POINTS

- This research presents a framework for classifying and calibrating social housing management costs and tenant outcomes. This framework and the associated metrics offer a sound way forward for enhancing the measurement of social housing cost of provision and service benefits, which ideally could be incorporated into official performance measures for the social housing system.
- Case study analyses of six community housing providers (CHPs) revealed that nearly a fifth of housing management expenditure is devoted to social inclusion-related activities.
- Typical housing management expenditure per dwelling for larger CHPs may be marginally higher than that for the public housing providers (PHPs) benchmarked in the study. Given that the relevant PHPs had a portfolio size 20 to 70 times larger than the average case study CHP, future growth of CHPs would be expected to become more cost effective per unit through economies of scale.
- The geography and scale of CHP housing portfolios in a local community were perceived as key drivers of the scope for positively influencing tenant outcomes.

This bulletin is based on research conducted by Prof Hal Pawson, A/Prof Vivienne Milligan and Dr Edgar Liu at the AHURI Research Centre—The University of New South Wales, Prof Peter Phibbs at the AHURI Research Centre—The University of Sydney, and A/Prof Steven Rowley at the AHURI Research Centre—Curtin University. Elton Consulting also contributed to the study. This research proposed a framework for measuring social housing management costs.

- A survey of CHP frontline staff demonstrated that they were generally supportive of the value and importance of community development activities. However, they were more sceptical about organisational effectiveness on individual tenant support and on reconnecting work-capable tenants with employment.
- Measurement of social housing outcomes could be strengthened by enhancing the National Social Housing Survey (NSHS)—particularly through a stronger focus on calibrating the social inclusion impacts of social housing for recently-housed tenants.
- Exploration of the social inclusion contribution of social housing via a telephone survey of recently housed tenants.

The research developed a framework (Figure 1) disaggregating the social landlord task into four constituent elements. This distinguished the ‘core landlord activities’ of ‘tenancy management’ and ‘property management’ from additional social landlord activities, termed ‘individual tenant support’ and ‘additional tenant and community services’. Using a cost-consequences logic, matched performance measures were then specified for these four management fields.

CONTEXT

As confirmed by this research, Australia’s existing official social housing performance framework is seriously flawed in its ability to measure cost of provision. There is also room for improvement in the accurate measurement of service outcomes. This research project aimed to develop and trial a conceptual framework and methodology to address these concerns. The research responds to the longstanding policy-maker and industry interest in improving performance metrics for Australian social housing; a sector encompassing both the public housing authorities and the not-for-profit landlord entities that cater for low and very low-income groups.

RESEARCH METHOD

The research involved extensive collaboration between the research team and eight ‘case study’ social landlords—six larger CHPs and two (state government) PHPs. This involved:

- Road-testing the proposed metrics for the cost of managing social housing provision.
- Investigation of possible enhancements to tenant outcome measures.
- Workshops with housing provider managers and an online survey of front line CHP staff to examine their respective views about each case study organisation’s activities and aspirations regarding its ‘social mission’.

KEY FINDINGS

Road testing and enhancing measures of social housing ‘cost of provision’

In accord with the proposed conceptual framework (Figure 1), the researchers developed a workbook defining and classifying housing management tasks. This was trialled by the eight case study social housing providers. Due to the small number of case studies and the experimental nature of the research, only provisional conclusions can be drawn from this study regarding the costs of social housing management.

The case study analysis of six CHPs yielded the following benchmarks: on average 56 per cent of the total management outlay was spent on ‘tenancy management’; 25 per cent on ‘property and neighbourhood management’ (not including the ‘bricks and mortar’ costs of repairs and maintenance); 10 per cent on ‘individual tenant support’ and 9 per cent on ‘additional tenant and community services’. Thus, services associated with landlords’ social mission indicatively accounted for almost a fifth of total housing management effort.

The researchers note that typical ‘unit housing management expenditure’ for larger CHPs may be marginally higher than that for the PHPs benchmarked in the study. In terms of portfolio size, however, the relevant PHPs were 20 to 70 times larger than the average case study CHP. Therefore, future CHP growth would be expected

to yield consequential unit cost reductions, assuming that scale of economies continue to accrue as small to medium-sized social landlord portfolios expand.

Following from this experimental application of the model it was concluded that there was scope to expand use of the tool to the larger CHPs across Australia, including Indigenous providers. And while the trial highlighted that accounting challenges would attend application of the proposed model to PHPs, there is no 'in principle' reason why this could not be achieved.

How social landlords seek to enhance tenant outcomes

The case study CHPs had progressively refined their housing management activities and procedures to better support their tenants with a primary aim of preventing rent arrears and tenancy complaints. However, there were few well-defined measures of their effectiveness in this respect.

Case study CHPs had likewise been expanding 'place management' activities and deploying additional resources in this area. But potential to support community development and tenant engagement was subject to the extent of a landlord's presence in a local community.

A survey of 46 CHP frontline staff showed that they were generally supportive of the value and

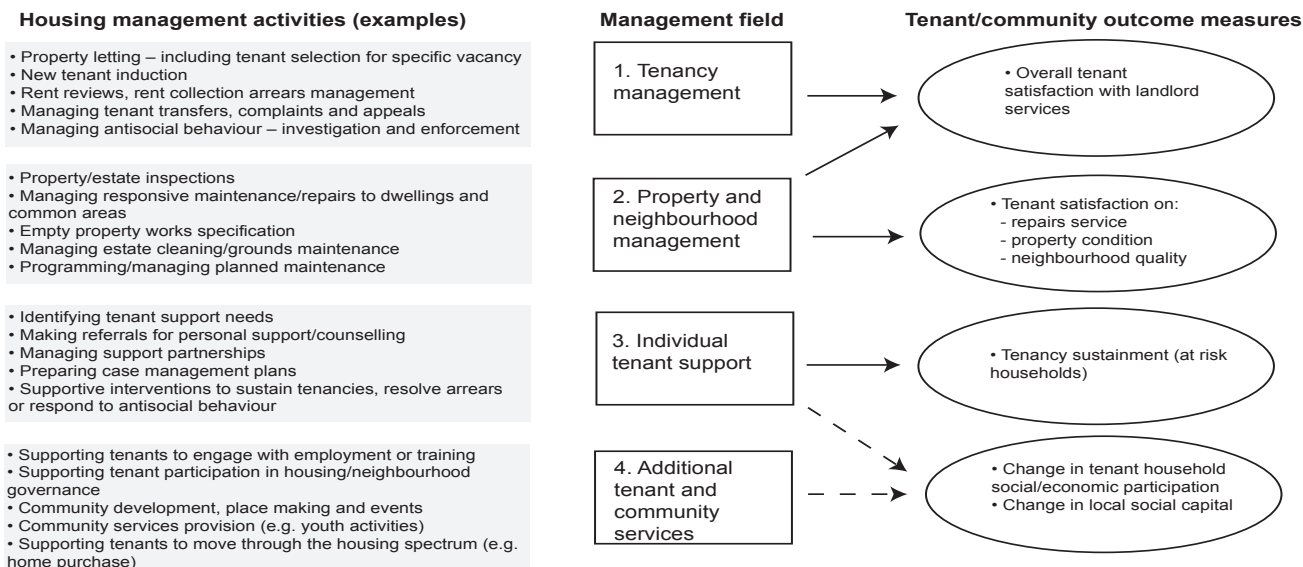
importance of community development activities and, by and large, backed their organisation's endeavours to support tenants and to actively promote tenant wellbeing. However, they were more sceptical about organisational effectiveness on individual tenant support, with workload and training issues, as well as growth pressures seen as problematic. Few staff considered that their organisations were prioritising or having significant success in promoting tenant employability.

Measuring the tenant outcomes associated with social housing

In Australia, the monitoring of social housing outcomes is substantially reliant on the two-yearly NSHS that continues to provide a widely-respected benchmark on tenant satisfaction. However, there is scope for enhancing the survey—in particular through a stronger focus on measuring social inclusion impacts of social housing for recently-housed tenants.

A key outcome indicator widely recognised in the industry as shedding light on social landlord effectiveness on social inclusion is the measurement of tenancy sustainment. To improve its utility, this measure—already routinely applied to PHPs—could be more precisely directed to a defined cohort of 'at risk' tenancies, as well as being extended to cover larger CHPs.

FIGURE 1: PROPOSED CONCEPTUAL FRAMEWORK FOR MEASURING SOCIAL HOUSING COST OF PROVISION AND TENANT OUTCOMES



POLICY IMPLICATIONS

This research presents a number of recommendations for governments:

1. Enhancing transparency of the costs of social housing provision and tenant outcomes should be a top leadership priority for governments. In developing a more contestable and accountable social housing system, the scope for meaningful comparison between provider types and entities is a fundamental necessity.
2. Policy decisions on social housing reform need to be informed by reliable information on associated resource inputs. In establishing a valid measure of social housing costs of provision, a transparent standardised accounting framework should be adopted—comprising separate measures of management costs along the lines developed in this research.
3. Larger Indigenous housing providers and government agencies that fund and regulate their operations should give consideration to the potential application of the 'social housing management cost of provision metrics' framework in their sector.
4. Alignment between the NSHS and community housing industry tenant satisfaction survey methodologies should be pursued to enable provider level scores to be meaningfully benchmarked against state and national comparator statistics. Satisfaction surveys should also include a sample of recently housed tenants and report findings for this discrete group.

5. Metrics based on this research (including a tenancy sustainment metric) could be incorporated within the National Regulatory System for Community Housing (NRSCH) data collection regime for Tier 1 and Tier 2 CHPs. For relevant CHPs in non-NRSCH jurisdictions (Victoria and WA), equivalent data should be collected via state-level community housing registrars operating under a Memorandum of Understanding. Transparency would be enhanced by the publication of cost of provision, operational performance and service outcomes metrics for larger CHPs.

FURTHER INFORMATION

This bulletin is based on AHURI project 71025, *Cost effectiveness and tenant outcomes in social housing*.

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

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