Standing Committee on Social Issues

Report on Community Housing

Ordered to be printed according to the Resolution of the House

How to contact the Committee

Members of the Committee can be contacted through the Committee Secretariat. Written correspondence and enquiries should be directed to:

The Director

Standing Committee on Social Issues

Legislative Council

Parliament House, Macquarie Street

Sydney   New South Wales   2000

Internet www.parliament.nsw.gov.au

Email socialissues@parliament.nsw.gov.au

Telephone (02) 9230 3078

Facsimile (02 9230 2981

Terms of Reference

These terms of reference were referred to the Committee by the then Minister, the Hon. Andrew Refshauge MP, on 27 September 2001. Re-referred by the House on 24 June 2003.

1. That the Standing Committee on Social Issues inquire into and report on government-funded community housing, and in particular:

   (a) The role of the government-funded community housing sector in providing accommodation within the social housing system,

   (b) The effectiveness of the community housing sector in meeting the needs of its clients in a responsive and efficient manner,

   (c) The relative effectiveness of large and small community housing providers in providing accommodation to their clients,

   (d) The role and operation of community housing or related models in other jurisdictions so as to better inform future strategies and develop best practice within the sector in New South Wales,

   (e) Appropriate models for community housing in rural, regional and metropolitan New South Wales,

   (f) The effectiveness of links between community housing providers and government and non-government support services,

   (g) The adequacy and effectiveness of training and support available to community housing providers,

   (h) Current management and operational policies and practices, their efficacy and transparency,

   (i) The adequacy of current reporting and regulatory frameworks in ensuring corporate governance and accountability,

   (j) Any other matter arising out of or incidental to these terms of reference.

2. That the Inquiry consider community housing providers, excluding Aboriginal community housing providers.

Committee Membership

Following the State Election in March 2003 and the commencement of the 53rd Parliament, the Committee was reconstituted on 23 June 2003 with an increased membership. The Committee now consists of six Members:

- Jan Burnswoods, MLC, Australian Labor Party, **Chair**

- The Hon Robyn Parker*, MLC, Liberal Party, **Deputy Chair**

- The Hon Dr Arthur Chesterfield-Evans, MLC, Australian Democrats

- The Hon Catherine Cusack*, MLC, Liberal Party

- The Hon Kayee Griffin*, MLC, Australian Labor Party

- The Hon Ian West, MLC, Australian Labor Party

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* The inquiry commenced in September 2001 and all hearings occurred prior to the March 2003 election. The Hon Robyn Parker, The Hon Catherine Cusack and The Hon Kayee Griffin did not participate in the inquiry processes occurring in the previous Parliament. Ms Parker and Ms Griffin attended the site visits in Sydney and regional and rural New South Wales conducted in August 2003. The draft report was presented to the newly constituted Committee.

At the commencement of this inquiry in September 2001, the Committee memberships was:

- Jan Burnswoods, MLC, Australian Labor Party, **Chair**

- The Hon Doug Moppett,** MLC, Liberal Party, **Deputy Chair**

- The Hon Dr Arthur Chesterfield-Evans, MLC, Australian Democrats

- The Hon Amanda Fazio, MLC, Australian Labor Party

- The Hon Ian West, MLC, Australian Labor Party

** The late Hon Doug Moppett MLC, National Party, served as Deputy Chair of the Committee from 25 May 1999 to 14 June 2002. The Hon James Samios, MLC, Liberal Party was appointed in place of Mr Moppett, taking up the position of Deputy Chair.

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Chair's Foreword

I am pleased to present the report of the Committee's inquiry into community housing.

This report focuses on the role community housing plays in providing accommodation and support to individuals and families in rural, regional and metropolitan New South Wales. While making up only 8.4% of the social housing system in this State, the important part community housing plays in providing secure and affordable rental housing has been demonstrated in the evidence to the inquiry. As the many passionate advocates of community housing told us, getting housing right is a vital part of ensuring sustainable and active communities.

As a Committee we were impressed with the innovation and flexibility of the approaches taken to house people through community housing. In the conduct of the inquiry we visited a variety of housing projects, including small co-operatives as well as the larger housing associations with over 700 properties. Despite the difference in size and style of management, we noticed a common factor amongst these projects was their focus on engaging tenants and maintaining connections with local communities.

This inquiry is timely. There is considerable public debate on affordable housing issues, particularly for Sydney and larger regional centres. While affordable housing is somewhat beyond the scope of our terms of reference, we have addressed the role that community housing can play in providing affordable housing particularly for people on low incomes, and people with special needs. Our Committee will follow the debate around the provision of affordable housing with interest. It is set to be one of the critical issues for the future, not just for government, but for society as a whole.

I am appreciative of all the people who have contributed to this inquiry. I particularly want to thank participants for their patience in waiting for this report to be released. Due to the considerable workload of the Committee in 2002, we were unable to release the report during the last Parliament. I would also like to thank all the people who welcomed us into their homes during our visits for this inquiry. We were overwhelmed by their generosity and hospitality.

I am also grateful to my Committee colleagues for the work they have undertaken on this inquiry. On their behalf I would like to acknowledge the Secretariat for their assistance in the conduct and report writing for the inquiry. In particular I would like to thank our visiting student intern, Renee LeCussan.

Following the 2003 election, the Social Issues Committee was reconstituted on 23 June 2003 and three new members were appointed. While new members joined us on our site visits this year they did not have the opportunity to participate in any of the hearings held during the inquiry. Despite this, all members support the recommendations pro forma for this important inquiry into community housing.

I commend this report to the Government.

Jan Burnswoods MLC

Chair

Executive Summary

This inquiry and its report come at a time of growing concern about the affordability of housing in this State, and particularly in Sydney and the larger regional centres. Community housing is one approach to social housing aimed at providing secure and affordable rental housing to people on low to moderate incomes, and people with particular needs. Community housing provision varies across Australian States and Territories, with New South Wales having the largest community housing sector in Australia. In this State, the community housing sector manages 8.4% of social housing properties.

Community housing has changed markedly over the last ten years. With the growth of the community housing sector has come increased professionalism and efficiency, with the vast majority of housing providers conforming to the necessary regulatory and accountability requirements. As evidence to the inquiry demonstrates, the basis of effective communities is appropriate housing. In this regard, community housing is seeking to find the most appropriate housing model for particular groups in our society. In our visits in Sydney and to regional and rural areas, we witnessed a range of different community housing projects, including large housing associations, partnership arrangements with church groups and small self-managed co-operatives. Despite the variation in management style, size of provider, and the nature and needs of the tenants, central to each community housing project is a focus on being locally responsive and flexible in the delivery of housing and support services.

The evidence to this inquiry was overwhelmingly supportive of community housing, and this report has focused on the many positive aspects of community housing provision. Evidence to the inquiry, while of a high standard, did not provide a consensus view on many issues around the role of community housing in this State. Given this lack of agreement, in some instances it has been difficult for the Committee to formulate firm conclusions and recommendations. For example, some of our recommendations ask that the government consult and consider further a variety of options for the delivery of community housing. This report, rather than providing definitive, ironclad answers, has put many of the arguments for and against various proposals on the agenda for debate. It is the hope of this Committee that the inquiry, and our report, will help to educate both government and the broader community on the value of community housing. In conducting this inquiry, we found that many people outside the community housing sector were unaware of the vital role community housing plays within the social housing network.

We make a total of 33 recommendations, many of them focused on enhancing the work already being done by government and non-government organisations. We have structured the report around the terms of reference, looking to the needs and concerns of government, community housing providers and tenants. In emphasising the importance of community housing we are not suggesting that other forms of social housing, and in particular public housing, are lesser systems of social housing. In the large part we have resisted the temptation to make comparisons with public housing for this reason. We note, however, that there is often a tension between different forms of social housing as they are all competing for government funding and support from the non-government sector. Where necessary, we have addressed the broader social housing system, as it impacts on the delivery of community housing.

In **Chapter 2** we provide an overview of the role of community housing provision in New South Wales. The chapter addresses the definitions of community housing, and the nature of the different providers and tenants. The operating framework is considered, as is the need for a cohesive and comprehensive strategic plan for community housing. This chapter also addresses the terms of reference on the effectiveness of the community housing sector in meeting the needs of tenants. We overview a number of recent surveys to gauge the responsiveness and efficiency of the sector. The chapter concludes with an examination of the links between community housing providers and government and non-government support services.

The range of different models of community housing provision is addressed in **Chapter 3**. In particular, we look at the advantages and limitations of large and small providers and the need for a range of sizes to cater for the different needs of tenants and communities. Also addressed in this chapter are the appropriate approaches to community housing in metropolitan, regional and rural areas. A number of approaches to community housing in other jurisdictions are considered, and in particular those taken in the United Kingdom and in Queensland, Victoria and South Australia.

Chapter 4 looks at governance. We consider the important issues of management and operational policies as they relate to housing associations, co-operatives and housing partnerships. The chapter also addresses the terms of reference directing us to consider the adequacy and effectiveness of training and support available to community housing providers. In **Chapter 5** the issue of regulatory and reporting frameworks is examined. The chapter begins with a brief overview of the existing framework and the comments from inquiry participants on the effectiveness of the current arrangements. The bulk of the chapter concerns the adequacy of the current framework, and the principles and specific components of a new regulatory system. The chapter concludes with a discussion on performance management under the proposed new framework.

In **Chapter 6** we move to a discussion of the future of community housing in New South Wales. While there are no specific terms of reference directing us to consider its future, there was an overwhelming focus in the evidence to the inquiry on where to take community housing in the next decade. In this chapter we have attempted to address many of the concerns of inquiry participants. Specifically, we consider the recent growth of community housing in this State and ways to attract funding for the future growth of the sector. The chapter provides a thorough analysis of ways to build capacity and addresses the issue of title and equity as it applies to housing partnerships, housing associations and housing co-operatives. The chapter also considers whether there is a need to establish a social housing register, and concludes with a discussion on homelessness and crisis housing.

Summary of Recommendations

Recommendation 1   13

> That the Department of Housing as a matter of priority develop a comprehensive Five Year Strategic Policy Framework by 2005 to guide the future development of community housing in New South Wales.
> This policy framework document should:
> - be developed in consultation with the sector
> - incorporate the roles and responsibilities of community housing as well as other aspects of the social housing system
> - be reviewed and updated after each five year period
> - ideally be incorporated into an overall State housing strategy.

Recommendation 2   25

> That the Office of Community Housing ensure that suggestions and recommendations made by the steering committee established to consider options for tenant participation are implemented in a timely manner. In particular, the Office of Community Housing should give consideration to:
> - a comprehensive training program for tenants
> - ways to ensure confidentiality for all community housing tenants
> - the establishment of formal tenant participation infrastructure.

Recommendation 3   25

> That the Department of Housing review the current arrangements for asset management, maintenance and development of community housing properties, and in particular:
> - ensure appropriate consultation between Resitech, the Office of Community Housing and housing associations
> - consider establishing a sector-based umbrella management arrangement, such as the South Australian ComHouse, model as a way of addressing the delivery of maintenance services to community housing properties.

Recommendation 4   26

> That the Department of Housing undertake research or commission independent research into the appropriate roles and responsibilities of the private rental market in the community housing context, and in particular consider:
> - responses to requests for maintenance and repairs
> - the effectiveness of the relationship between the Department and housing providers, and the private rental market
> - tenants' rights to privacy in the private rental market
> - concerns for tenants in rural and regional New South Wales
> - concerns for tenants with a disability.

Recommendation 5   35

> That the Department ensure that the Supported Housing Strategy is integrated with the Five Year Strategic Policy Framework, and disseminated to relevant government and non-government agencies. The following issues should be considered in the development and implementation of the Strategy:
> - measures to ensure attendance of government services at regular inter-agency meetings
> - reasons why some community housing tenancies fail with consideration of early identification of need and referral to support services

- separation of housing management structures and support service structures
- access to support services in rural and regional New South Wales
- liaison with the relevant government agencies in relation to funding for support services, particularly in mental health services, drug and alcohol detoxification, specialist counselling services for women and children and culturally appropriate services
- adequate links and formal agreements with Supported Accommodation Assistance Program (SAAP)
- adequacy and appropriateness of involvement of community housing providers in assisting with referral to and provision of support services.

Recommendation 6   35

That, in relation to support arrangements, the Government promote the use of formal agreements signed by all parties involved, including the community housing provider, government and non government support services and the tenant.

Recommendation 7   42

That the Department ensure that community housing continues to be provided in a range of sizes. The development of future community housing projects should ensure that a range of factors are taken into account when determining size, including economies of scale, location, tenant involvement, local responsiveness and target groups.

Recommendation 8   42

That the Department of Housing liaise with community housing peak organisations to investigate strategies to assist smaller community housing providers, including Secondary Co-operatives and the model for maintenance services in South Australia, ComHouse.

Recommendation 9   43

That the Department of Housing liaise with the NSW Federation of Housing Associations and tenant representative groups to consider ways to enhance community engagement in the larger community housing providers, with particular consideration given to tenants sitting directly on management committees, tenant forums, tenant representative councils and regional tenants councils.

Recommendation 10   50

That the Department of Housing ensure that the rural social housing strategy considers ways to encourage and support housing providers in rural and regional New South Wales to explore innovative approaches to partnership arrangements, including consideration to establishing a Housing Company based on the Queensland example.

Recommendation 11   50

That the Department should consider strategies to deal with issues specific to community housing in metropolitan areas including:

- ways to address the problems of high housing costs
- the development of a supported housing company.

Recommendation 12   50

That the Department ensure that all future rural, regional and metropolitan amalgamations of community housing organisations are provided with the necessary financial and administrative support to assist them in creating a new organisation.

Recommendation 13   51

That the Government, together with community housing providers, ensure there are adequate and appropriate housing choices for specific target groups, including families and children with child protection concerns, people with disability, young people, elderly people, people with a

mental illness, and people from culturally and linguistically diverse communities. This should be considered as part of the recommended Five Year Strategic Policy Framework.

Recommendation 14   72

That the Department of Housing consult with the housing co-operative resourcing and representative organisations to determine the need for the development of an accredited training program specifically aimed at housing co-operatives.

Recommendation 15   72

That the Department of Housing monitor the efficacy of community housing governance and the measures designed to support it as recent changes come into effect.

Recommendation 16   73

That the Department of Housing review the level of participation in training for board and committee members and staff and the need for measures to increase attendance if participation levels are low.

Recommendation 17   73

That the Department of Housing review the adequacy of funding allocations for training of community housing organisations.

Recommendation 18   91

That the Department of Housing finalise the details of its proposed tiered registration system in consultation with the community housing sector.

Recommendation 19   96

That the Department of Housing extend the operations and functions of the Housing Appeals Committee to include community housing tenants and applicants, and consider the incorporation into the *Housing Act* of a statutory right of appeal for all forms of social housing.

Recommendation 20   97

That the Department of Housing examine means by which providers can obtain access to an independent review of decisions made concerning their registration and performance management.

Recommendation 21   98

That the Department of Housing finalise and implement a complaints-handling policy to deal with complaints about community housing service delivery.

Recommendation 22   102

That the Department of Housing ensure that the funding and regulation functions relating to community housing have administratively separate reporting lines, with consideration given to having the regulatory function reporting directly to the Minister for Housing.

Recommendation 23   106

That the Department finalise the details of the Performance Management Framework in consultation with the community housing sector, and implement it without further delay.

Recommendation 24   108

That the Minister for Housing prepare an amendment to the *Housing Act* that incorporates:

- a definition of community housing
- the regulatory role and functions
- powers for resourcing and provisions for funding contracts
- a multi-tiered registration system, and
- provisions relating to title and equity.

In drafting the amendment, the Minister should ensure that further consultation with the community housing industry and tenants representatives occurs.

Recommendation 25   116

That the Department of Housing ensure that tenants who may be affected by transfer of public housing to community housing be consulted in the decision making process. In addition the

Committee believes that the Department should ensure that where a transfer occurs, all efforts are made to involve tenants in the new organisation and management structure.

Recommendation 26   122

That the Department of Housing ensure that the Five Year Strategic Policy Framework includes a commitment to the creation of new investment opportunities and considers the most appropriate public and private funding options. In particular, the Department of Housing should review the current rent policy with a view to ensuring the affordability and viability of the community housing sector.

Recommendation 27   122

That the Minister for Housing bring to the attention of the Federal Minister for Housing, the need for a thorough review of the efficacy of the Rent Assistance program in delivering housing affordability to low income Australians.

Recommendation 28   124

That the Department of Infrastructure, Planning and Natural Resources ensure that the review of SEPP 5 – Housing for Aged or Disabled Persons is completed in a timely manner with a view to ensuring housing projects adequately cater for older people and people with disabilities, particularly for people on low incomes.

Recommendation 29   124

That the Department of Infrastructure, Planning and Natural Resources ensure that SEPP 70 – Affordable Housing is actively explored as a option to provide affordable housing in areas undergoing redevelopment in the greater metropolitan region. In addition, the Department should consider options for affordable housing in areas undergoing significant redevelopment in rural and regional centres.

Recommendation 30   133

That the Department of Housing review its policies relating to title and equity arrangements for housing partnerships.

Any changes to title and equity arrangements should ensure safeguards are maintained for public funds, equity of access and tenants' rights.

Recommendation 31   141

That the Department review its title and equity arrangements for housing associations and co-operatives to examine opportunities for raising private finance to expand the sector. In particular, consideration should be give to the establishment of sector-based intermediary agencies to hold title and equity for the housing association and housing co-operative sectors.

Recommendation 32   143

That the Department of Housing, together with non-government community housing stakeholders, develop a central social housing register. In developing a central social housing register, the Department should ensure that community housing's focus on local needs is not eroded.

Recommendation 33   146

That the Department include the Crisis Accommodation Program in the proposed Five Year Strategic Policy Framework.

Chapter 1   Background to the Inquiry

Establishment of the inquiry

1.1   The inquiry into Community Housing was initially referred to the Committee by the then Minister for Housing, the Hon Andrew Refshauge MP on 27 September 2001. The Committee widely advertised a call for submissions, including Sydney metropolitan, rural and regional newspapers and the Federation of Housing Associations' newsletter. Specific stakeholders were also invited to make submissions.

1.2   The original terms of reference required us to provide a final report to the Legislative Council no later than 7 November 2002. As a result of the workload created by other inquiries, particularly the Inquiry into Child Protection Services, the Committee requested an extension to the reporting date in September 2002, which Minister Refshauge agreed to. When Parliament was dissolved in early February 2003 in preparation for the March 2003 State election, the Committee had not been able to complete the inquiry.

1.3   Following the election, the Social Issues Committee was re-established, with a membership increased to six (instead of five). Three new members of the Legislative Council joined the Committee: the Hon Robyn Parker MLC (Deputy Chair), the Hon Catherine Cusack MLC and the Hon Kayee Griffin MLC. A new Minister for Housing was also appointed after the election: the Hon Carl Scully MP.

1.4   Following the re-establishment of the Committee, the Legislative Council resolved to re-refer the inquiry into Community Housing to the Committee. This occurred in June 2003. All submissions and evidence were carried forward, and submissions were updated by correspondence where required.

Conduct of the inquiry

1.5   In response to the call for submissions, the Committee received 54 submissions to the inquiry. Submissions were provided by major stakeholders and government agencies including the Department of Housing (for the Office of Community Housing), the National Community Housing Forum, the NSW Federation of Housing Associations Inc, the Association to Resource Co-Operative Housing, the Housing Appeals Committee, the Local Government and Shires Associations, Churches Community Housing Inc, Shelter NSW, the Tenants' Union of NSW and NCOSS. Submissions were also received from a number of individuals. The full list of submissions and authors appears at Appendix 1.

1.6   There have been four days of hearings with a total of 28 witnesses from 13 different organisations/groups. Representatives from the Department of Housing and the Office of Community Housing appeared twice - once in the early stages of the inquiry to present an overview of the issues facing the community housing sector and then in November 2002 to discuss issues relating to regulation of community housing. Appendix 2 contains a list of witnesses and hearings.

1.7　　In order to gain 'on the ground' experience of community housing and to talk to tenants, staff and providers the Committee conducted four site visits. Three of these were in the Sydney metropolitan area – to St George Community Housing Co-Op on 13 February 2002, to Hume Community Housing on 21 May 2002, and on 19 August 2003 to Emoh Ruo Cooperative Housing in Erskineville and the Tamil Senior Citizens Housing Cooperative in Enfield. A visit to Anglicare's community housing tenancies in Maclean, Iluka and Yamba was undertaken on 21 August 2003, as well as a meeting with representatives of the North Coast Community Housing Association. On each occasion, Committee Members met with CEOs, staff and residents of the community housing projects. See Appendix 3 for details of the site visits.

Report structure

1.8　　Following the introduction, an examination of the role of community housing is undertaken in **Chapter 2**. This chapter also covers the terms of reference requiring the Committee to report on the effectiveness of community housing in meeting clients' housing needs and their non-housing needs through links with government and non-government support services. In Chapter 2 the Committee has made a recommendation on the need for a cohesive and comprehensive policy framework to support and promote community housing as an alternative provider of affordable social housing. Many of the recommendations made throughout the remainder of the report deal with specific issues that should be included in the new strategic policy.

1.9　　**Chapter 3** addresses the terms of reference relating to models of community housing provision in rural, regional and metropolitan areas and in other jurisdictions, and assesses the relative merits of large and small community housing organisations.

1.10　　In **Chapter 4**, the governance of community housing is examined and assessed, including current management and operational policies. The adequacy of training and support in achieving effective governance is also covered.

1.11　　The subject of **Chapter 5** is the accountability of community housing. In particular, it considers the adequacy of current reporting and regulatory frameworks and examines means by which they can be improved.

1.12　　Finally, we look to the future of community housing. The Committee has a firm belief in the importance of community housing in the provision of affordable housing. In **Chapter 6** we examine means by which the capacity of the community housing sector can be expanded.

Chapter 2   Role of community housing

The demand for social housing

2.1   This inquiry occurs at a time of considerable debate on housing affordability, particularly in metropolitan and regional centres. Housing affordability in the major population areas is at an all time low.[1] Community housing, and the social housing system in general, are increasingly important partners in the provision of affordable housing options. In the paper, *Directions for Housing Assistance beyond 2000*, the NSW Department of Housing identified the trends which impact on the increasing demand for social housing and housing assistance programs. These include:

- continued population growth focused on Sydney

- further population decline in rural areas

- continued increase in the number of small households

- declining rates of home purchase

- diminishing affordability in the private rental market

- declining stock of low cost rental housing

- changing nature of labour markets

- growing evidence of increased social and economic polarisation.[2]

2.2   The Affordable Housing National Research Consortium (AHNRC) notes that unless significant changes are made to housing policy the number of 'stressed households' - that is households spending more than 30% of their income on housing - will reach one million by the year 2020.[3] The Australian Housing and Urban Research Institute has estimated that the demand for additional dwellings for New South Wales and the ACT is predicted to be 335,000 between 2002 and 2011, of which 68% will be in Sydney. They also anticipate that 25,000 of these additional dwellings will be public rental properties, with a national demand for public rental properties expected to be 71,600.[4] The anticipated population growth

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1   Shelter NSW, Submission to Senate Community Affairs References Committee, Inquiry into Poverty and Financial Hardship, March 2003, p9

2   NSW Department of Housing, Background paper, *Directions for Housing Assistance Beyond 2000*, September 1999, Chapter 4

3   *Affordable Housing in Australia: Pressing Need, Effective Solution*, AHNRC, September 2001, cited in Submission 28, National Community Housing Forum, p4

4   Australian Housing and Urban Research Institute, Australian National University, *Medium and Long-Term Projection of Housing Needs in Australia: Final Narrative Report*, authored by Peter McDonald, June 2003, p30

further exacerbates demand for affordable housing by encouraging rising housing prices, particularly in Sydney. Housing costs in Sydney have risen by an astonishing 40% over the last 5 years, far outstripping increases in average weekly earnings. In addition, rents have been rising from between 2% to 14.7% annually in Sydney and regional areas.[5]

2.3   We received a number of submissions from people affected by the cost of housing in New South Wales. They told of their struggle, and the struggle of family members, with the price of home ownership and private rental accommodation. According to NCOSS the impact of the private rental market on disadvantaged people is profound, particularly in relation to the percentage of income used for rent, the lack of security and the potential loss of social networks:

> For people with complex needs such as major illness or disability, living in the private rental market is clearly a nightmare – limited access, difficulties in negotiating leases, lack of appropriately modified stock and so forth …[6]

2.4   Research conducted by the Affordable Housing National Research Consortium (AHNRC) demonstrates that the Australian private rental market fails low income tenants and that the New South Wales markets fails them 'spectacularly'.[7] According to other evidence to our inquiry, one indicator of the housing affordability crisis is the rise in the number of relocatable homes and people living permanently in caravan park accommodation.[8]

2.5   Shelter NSW, the peak body representing the interests of social housing tenants, suggests there is a housing crisis facing low income and disadvantaged people and particularly those living or seeking to live in the Sydney area. Policy and Liaison Officer, Mr Harvey Volke, told the Committee that the crisis has a number of dimensions, including:

> …critical levels of unmet need for social housing, market failure in the private rental and home purchaser market, a high proportion of outmoded social housing stock, which is increasingly unsuitable for existing and prospective tenants, the increasingly complex needs of social housing consumers and the crisis in financing social housing arising from the declining role of the Commonwealth-State Housing Agreement …[9]

2.6   Witnesses expressed the view that the categorisation of housing models into home ownership, private rental and public housing is no longer appropriate to address the diverse range of people's housing needs. This is particularly true for lower income and disadvantaged people. According to Shelter NSW, governments at all levels have so far failed to address the problems of affordable housing. For instance, in a recent Housing Directions Statement they argue that the Commonwealth Rent Assistance program has yet

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[5]   Shelter NSW, Housing Directions Statement, State Election 2003, p6

[6]   Ms Ros Bragg, Deputy Director, Policy, Evidence, NCOSS, 16 April 2002, pp15-16

[7]   Affordable Housing National Research Consortium, *Affordable Housing in Australia: pressing need, Effective Solution*, September 2001

[8]   Submission 11, Mr F C Crook, pp3-4

[9]   Mr Harvey Volke, Policy and Liaison Officer, Shelter NSW Inc, Evidence, 16 April 2002, p2

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to deliver housing affordability to social security beneficiaries and pensioners in the most populated areas.[10]

2.7 The vast majority of witnesses to this inquiry suggested that the 'whole cake' of social housing, and the community housing sector in particular, needs to grow substantially if we are to seriously address the issue of the unavailability of affordable housing. The AHNRC suggests that substantial investment would be required to address the lack of access to affordable housing across Australia:

> To meet the needs of the 227,000 housing stressed households in the lower income bracket through the direct construction of new affordable dwellings would require capital of some $27 billion. If we bear in mind that the number of those households has increased in the five years since 1996 and will, in all likelihood, continue to move upwards in the years ahead, then the dimensions of the issue begin to strike home.[11]

2.8 In this report we have focused primarily on the needs and concerns of the community housing sector. The evidence to this inquiry was overwhelmingly in support of community housing as a flexible and innovative model for the provision of accommodation and support services. In emphasising the importance of community housing in this State, we do not mean to suggest that other forms of social housing are less deserving of support. We note that there is very often a tension between different forms of social housing to the extent that they are competing for government funding and support from the non-government sector. We have focussed on community housing, and where appropriate, other social housing programs as directed by our terms of reference.

What is community housing[12] and who provides it in NSW?

2.9 Community housing provision varies across Australian States and Territories, with New South Wales having the largest community housing sector in Australia. All jurisdictions have recognised the role of community housing as a major provider of housing, particularly for people with support or other needs. Community housing is one of three provider mechanisms used by the Department of Housing to deliver housing assistance in New South Wales. The others are public housing and housing for Aboriginal and Torres Strait Islander people through the NSW Aboriginal Housing Office.[13] Community housing is the provision of secure, subsidised, affordable rental housing to people on low to moderate

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10   Shelter NSW, Housing Directions Statement, State Election 2003, p5

11   Affordable Housing National Research Consortium, September 2001, p16

12   In this report, unless otherwise stated, we use the term 'community housing' to refer to housing provided by housing associations, co-operative housing and housing partnerships provided by churches, local government and others. Where issues differ for the different categories of community housing, a distinction will be made, for example in relation to the management arrangements for co-operative housing.

13   Aboriginal housing, including Aboriginal community housing is specifically excluded from our Terms of Reference

incomes, and people with particular needs. In the majority of cases, community housing tenants are also required to be eligible for public housing.

2.10   Community housing is distinguished by the fact that tenants have the opportunity to participate in the management of their housing. Most community housing takes an holistic approach to service delivery encompassing accommodation as well as services to support human and community development. Significantly, community housing provides accommodation and support services on a local level by responding to the needs of particular communities. Like other forms of social housing, community housing has a critical role in providing for social cohesion. As the then Director General of the Department of Housing stressed, there is a fundamental relationship between access to a decent home and building good health outcomes, good education outcomes and the capacity for people to get jobs.[14] Community housing has been important for a number of groups in society, and in particular people on low to moderate incomes, people with disability, people from culturally and linguistically diverse backgrounds, older people and single parent families.

2.11   A key component of the community housing model is the development of a partnership approach to the provision of client-focused social housing. According to one of the peak community housing organisations, community housing at its best:

>   …responds to local needs and facilitates tenants' participation which in turn, fosters a sense of ownership in their community.[15]

2.12   A community housing provider explained:

>   The prime aim of the organization is to provide accommodation to its clients that is appropriate, affordable and meets their needs.[16]

2.13   The evidence to the inquiry stressed that the basis of effective communities is the availability of appropriate housing. Getting housing right is a vital part of sustainable and active communities. We received numerous submissions from providers across the State describing the role that community housing plays in engaging people to participate in the delivery of their housing and community services. In our investigations for this inquiry, the Committee experienced the array of community housing projects that exist across metropolitan, regional and rural New South Wales. The Tamil Senior Citizens Housing Co-operative and the manner in which this small community operated their housing arrangements to establish a vibrant and active housing project struck us as a particularly successful example of community housing.[17] Similarly, during our visit to the mid north

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[14]   Mr Andrew Cappie-Wood, then Director General, Department of Housing, Evidence, 12 February 2002, p18

[15]   Submission 27, Churches Community Housing Inc., p4

[16]   Submission 21, Shoalhaven Community Housing Scheme, p6

[17]   Site visit, Tamil Senior Citizens Housing Co-operative, 19 August 2003

coast[18] and to several large community housing associations in Sydney[19], we spoke to many tenants about their experiences. Many tenants told us they wanted to be able to live independently, but have access to support from the housing provider when required. It is our observation and the experience of tenants that support from providers is most successful when it is locally responsive and capable of flexibility.

2.14   The provision of community housing in New South Wales began in the early 1980s with the introduction of the Community Tenancy Scheme in 1982 and the Local Government and Community Housing Program in 1984. When community housing began it was seen as a temporary, transitional arrangement for people waiting for public housing. In the 1980s and early 1990s, community housing gradually developed, with the most rapid growth occurring over the last 5 to 10 years. Nationally, the community housing sector has grown from 10,000 units to over 28,000 units in the past decade, with the majority of the growth occurring in the last five years.[20] A key initiative for New South Wales was the development in 1996 of the *Community Housing Strategy*.[21] This strategy provided the template for the current size, structure and role of the community housing sector and in particular recommended the establishment of the Office of Community Housing in the then Ministry of Housing, Planning and Urban Affairs.

2.15   The role of the Office has changed over the years, and today it is responsible for the Statewide and regional administration of the community housing sector. Specific responsibilities include to:

- negotiate, administer and allocate resources for the community housing sector

- develop policy frameworks and business rules

- plan new community housing provision

- oversee the accreditation and performance monitoring of community housing providers

- develop and monitor asset management strategies

- deliver training and information to providers.

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[18]   Site visit, Anglicare Grafton Diocese, Housing projects in Maclean, Iluka and Yamba, 21 August 2003

[19]   Site visits, St George Community Housing Cooperative, 13 February 2002; Hume Community Housing, 21 May 2002

[20]   National Community Housing Forum, *Viability and Community Housing*, Discussion Series, Paper No.5, November 2001, p5

[21]   Preceding the development of the Strategy was the 1992 Mant report with recommendations for the role and management of community housing and two government reports: the 1994 *Community Housing Infrastructure Report* and the 1995 *Housing Policy Green Paper*. For more information, see Submission 54, Department of Housing, p7

2.16   The Department of Housing allocates resources to over 400 organisations throughout New South Wales to provide community housing. These organisations manage properties either owned by the NSW Land and Housing Corporation (the Department's title holding entity), or head leased from the private rental sector or other government agencies. Close to half (42%) of community housing properties are leased from the private rental market. As of June 2002, there were 11,800 properties under community housing provider management.[22] According to the National Community Housing Forum, between 1996 and 2001, community housing units have increased by more than 13,000 across the country – an increase of 76%. Community housing in New South Wales grew at an even greater rate – 109% – in the same period.[23] Despite this recent growth, community housing makes up only about 8.4% of the social housing system in New South Wales, with more than 21,000 people living in long term community housing.[24]

Other housing assistance in NSW

2.17   Public housing is the principal model for supported accommodation in this State and is an important reference point for understanding the community housing sector.[25] There is currently provision of public housing for approximately 130,000 households. Public housing properties are owned by the NSW Land and Housing Corporation and managed by employees of the NSW Department of Housing. To be eligible for public housing, applicants must comply with eligibility criteria before they can be placed on the housing register. Eligibility criteria include household income, citizenship, age and assets. Once approved, an applicant is placed on the waiting list, and given a number, with priority given to people deemed to be most in need. Factors that would qualify a person for priority housing include homelessness, sub-standard living arrangements or living in a household where there is risk of abuse. Unsuccessful applicants can appeal the Department's decision through the Residential Tribunal or the Housing Appeals Committee.

2.18   It is generally understood that, due to the great number of applicants for public housing, particularly in many high demand areas, it is unlikely that a person applying now will ever receive public housing unless they are on the priority housing list. In this context, community housing plays an important role in the provision of accommodation within the social housing system. Community housing in New South Wales presents an alternative to public housing by providing a range of accommodation options and support services.

2.19   Other forms of government housing assistance include Rentstart, temporary emergency assistance and the Supported Accommodation Assistance Program (SAAP). SAAP is administered by the NSW Department of Community Services and is discussed later in this chapter.

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[22]   Department of Housing, Annual Report 2001-2002, p13

[23]   Submission 28, National Community Housing Forum, p4

[24]   Department of Housing, Annual Report 2001-2002, p5

[25]   For information on the similarities and differences between public and community housing, see Appendix 4 - Table from Submission 54, Department of Housing, pp19, 20, 21

The social housing operating framework

2.20   In New South Wales, community and public housing are subject to the same operating framework. This framework provides for the strategic planning and policy directions for social housing in New South Wales. The framework consists of the *Housing Act 2001* and the Commonwealth State Housing Agreement (CSHA). The *Residential Tenancies Act 1987* and the Residential Tenancies (Residential Premises) Regulation 1995, as well as the relevant departmental policies, guide the relationship between government and its tenants in both public and community housing.

2.21   The CSHA is the primary source of funding for rental housing assistance in New South Wales. It is re-negotiated periodically and determines the objectives for housing assistance in this State. The most recent Agreement expired in June 2003. In April 2003 the Commonwealth circulated a draft Multilateral CSHA for 2003/04 – 2007/08. The CSHA was signed by State and Territory and Federal Ministers and formally gazetted in July 2003. According to correspondence from the NSW Department of Housing the agreement for the first time includes indexation for the four years from 2004/05 but the 1% 'efficiency dividend' will remain and GST compensation will be discontinued:

> Because of this, Commonwealth funding for NSW falls by $26 million between 2002/03 and 2003/04. Even with indexation, funding for NSW will still be $10 million less in nominal terms in 2007/2008 than it was in 2002/2003.[26]

2.22   In the 2003-04 Budget the New South Wales government announced a total expenditure of $642.9 million on housing assistance, funded by $467.6 million from the Consolidated Fund, consisting of $295.5 million from the Commonwealth and $172.1 million from the State, and $175.3 million from internal sources of the Department of Housing. The expenditure on housing will be applied to the three broad areas: asset management for existing dwellings, housing supply and other housing assistance for people on low incomes. The Housing Supply Program will provide $103.7 million to community housing to acquire 266 new dwellings as well as provide subsidies for existing leases and the lease of a further 40 dwellings from the private market.[27]

2.23   The Office of Community Housing (OCH) manages the allocation of resources to not for profit housing providers through seven main funding programs including the Community Housing Assistance Program, Community Housing Leasing Program, Boarding Housing Program and the Crisis Accommodation Program (CAP). The Community Housing Assistance Program, introduced in 1999/2000 consolidated all resources for the growth of long term housing and also established yearly targets for the provision of general and supported community housing. In recent years, the nature of housing assistance under the Community Housing Assistance Program has changed from property purchase to

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[26]   Correspondence from Ms Carol Mills, Executive Director, Housing Systems, NSW Department of Housing, 14 July 2003

[27]   Budget Estimates 2003 - 2004, Budget Paper No.3 – Volume 2, pp17-8, 17-9

redevelopment. In 1999/2000 the Office of Community Housing contracted Resitech[28] to undertake a large redevelopment program. The Community Housing Leasing Program (CHLP) funds community housing organisations providing long term housing to lease properties from the private rental market or head lease NSW Land and Housing Corporation properties. Leasing subsidies enable properties to be leased from the private rental market and sublet to tenants at an affordable rent. Organisations funded under this program provide quarterly reports to the OCH on their housing management activities.

2.24   The Boarding Housing Program is delivered in partnership with the Departments of Ageing, Disability and Home Care and Health, and provides long term community housing for people with high support needs living in boarding houses. By December 2001, 173 people with a disability and high support needs were accommodated through this program.[29] According to the NSW Department of Housing, the Crisis Accommodation Program (CAP) priorities have changed over recent years with a greater emphasis on providing exit housing and new services for homeless people with complex needs.[30] Supported crisis accommodation is also provided under the Supported Accommodation Assistance Program administered by the Department of Community Services. The issue of crisis, transitional and exit housing is discussed further in Chapter 6.

2.25   A relatively recent program is the Community Housing Leasinghold Program. According to the Department of Housing, the program's funding methodology has the potential to increase efficiencies in the delivery of community housing with a number of large providers having reached or being close to financing their housing management costs through rental income from capital properties.[31]

2.26   According to the National Community Housing Forum (NCHF), the role of community housing cannot be properly understood simply by focusing on the CSHA funded projects, as substantial community housing is funded by other government departments and by local government:

> It is only by considering the full spectrum of such community managed housing that its contribution to meeting the full spectrum of needs can be understood. For example, 13% of CSHA funded stock was targeted to older people in 1998, while 62% of non-CSHA funded stock was.[32]

2.27   The NSW Federation of Housing Associations pointed out that while the terms of reference direct the Committee to consider the role of the government funded community housing sector, community housing also attracts funding from the non-government sector.

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[28]   Resitech is a commercialised service agency of the Department of Housing which provides programs, projects and asset management and professional services, see Submission 54, Department of Housing, p41

[29]   Submission 54, Department of Housing, p30

[30]   ibid.

[31]   Submission 54, Department of Housing, p64

[32]   NCHF & AIHW, *Community Housing mapping project on Findings*, June 1999 (Chart 16) in Submission 28, National Community Housing Forum, p13

The Federation explains that while some housing associations manage properties funded by government, many others provide housing and support services with funding from various government and non-government sources:

> All housing associations are government funded, but not all of their activities are government funded.[33]

2.28 Churches Community Housing Inc. make a similar point, arguing that many church organisations and agencies provide accommodation services including aged self care, youth crisis and for people with addictions or fleeing domestic violence:

> All of these examples are part of the community housing sector, whether they receive government assistance or not. Churches have been providing community housing long before it was officially recognised as a sector.[34]

2.29 Improving the integration between different funding and administrative sources for community housing was one of eight priorities of the *Strategic Framework for Community Housing in Australia*.[35] While some progress has been made in forging closer partnerships, for example between the Department of Ageing, Disability and Home Care and the Office of Community Housing, structural integration continues to be a significant issue for the sector.

2.30 A major issue for witnesses to this inquiry was consideration of ways to increase the range of options for financing the social housing system with a view to capacity building. This issue is discussed in Chapter 6.

The need for a strategic plan for community housing

2.31 In conducting this inquiry the Committee has become conscious of a lack of overarching direction and coordinated strategy for the development and provision of community housing in New South Wales. While there is a central guiding policy document for the Office of Community Housing (the 1996 *Community Housing Strategy*), there are problems with this document as a means of giving direction to community housing, including its age. Evidence to the inquiry suggests that the Office of Community Housing has taken a piecemeal approach rather than a strategic one. It should be noted that the Office of Community Housing has produced a Business Plan for 2003/04 to 2005/06 to guide them in the provision of community housing programs, however the Committee understands that this plan is not intended to be an overarching directions strategy document.

2.32 The Federation of Housing Associations commented on the current policy arrangements:

> There are some existing strategies in place. There is the Department of Housing's corporate strategy. That is an agreement with the Commonwealth under the

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[33] Submission 34, NSW Federation of Housing Associations, p23

[34] Submission 27, Churches Community Housing, p2

[35] National Community Housing Forum, *A Strategic Framework for Community Housing in Australia 1999-2003*, August 1999, p31

Commonwealth-State Housing agreement. There is a community housing strategy. The current one dates back to 1996. There have been a couple of attempts to review that strategy but nothing actually published. So as far as we are concerned we are operating on what is now a six-year-old strategy. While there are a lot of things in the strategy that are still relevant about directions, the targets and things are way out of date because there has been massive change in the sector since then.[36]

2.33   Many witnesses felt that the sector would benefit significantly from the development of an updated strategic policy framework to reflect the changing roles and responsibilities of the community housing sector and the social housing system as a whole. In evidence to the inquiry, Ms Ros Bragg, Deputy Director, Policy of NCOSS argued that the development of an overall State housing strategy should be a priority for this State:

> We would like to see a commitment to an overall State housing strategy… We would like to see a State housing strategy that deals with community housing, public housing, SAAP, mechanisms for engaging the private rental market, planning rules and regulations, and stamp duty—a whole range of issues that impact on affordability and the availability of appropriate housing.[37]

2.34   Representatives from the Local Government and Shires Associations of New South Wales also supported the need for a strategy that recognises, supports and enhances the role of all players in the community housing sector, including the role of local government:

> I think we need a framework which takes into account both public and community housing that can exist and better complement one another because sometimes they are at loggerheads. It needs to be more complementary between public housing and community housing. I also think that some of the work we do at housing, like we did on a rural and remote strategy, we are yet to see where that is. I think it may have been eaten by silverfish somewhere, but nothing has ever come out of that. It was a long and tedious job and if you are going to engage local government, I think we need to see some outcomes. You have put a lot of time into a lot of strategies. We are always there to participate, but we would like to see some evidence of those strategies being used.[38]

2.35   It is apparent to the Committee that what is needed is a cohesive and comprehensive strategic policy framework to support and promote community housing as an alternative provider of affordable social housing. The policy should provide a logical plan of action for administering, governing and supporting the community housing sector. In particular it should address the future goals and directions for community housing and the strategies to achieve these goals. The policy document should provide a thorough guide to the roles and responsibilities of community housing in this State, and should recognise all players within the community housing sector including the Department of Housing and Office of Community Housing, housing associations, churches, co-operatives, local government and

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[36]   Ms Eleri Morgan-Thomas, Executive Director, New South Wales Federation of Housing Associations, Evidence, 12 February 2002, p35

[37]   Ms Ros Bragg, Deputy Director, Policy, NCOSS, 16 April 2002, Evidence, p22

[38]   Ms Phyllis Miller, Vice-President, Local Government and Shires Associations of New South Wales, and Chairperson, Housing Reference Group, Evidence, 16 April 2002, p34

other relevant government and non-government support services. The policy must be a comprehensive guide to appropriate community housing provision for rural, regional and metropolitan areas.

2.36   While the Committee understands the large amount of work involved in developing such a comprehensive policy document, we believe this to be a matter of priority and suggest a period of no more than two years for consultation, drafting and implementation. A process of review and updating should occur after each five year period. The recommendations in our report flag specific issues that we consider should be addressed or included in the new strategic policy framework.

2.37   As this inquiry has been limited to the investigation of community housing, we are unable to adequately address aspects of the strategy relevant to other components of the social housing sector. However, the Committee suggests that, ideally, the strategic policy document should be incorporated into an overall State housing strategy. While the terms of reference precluded us from considering the issues surrounding Aboriginal community housing, it is clear to the Committee that an overall State housing strategy would also include Aboriginal community housing.

Recommendation 1

That the Department of Housing as a matter of priority develop a comprehensive Five Year Strategic Policy Framework by 2005 to guide the future development of community housing in New South Wales.

This policy framework document should:

- be developed in consultation with the sector

- incorporate the roles and responsibilities of community housing as well as other aspects of the social housing system

- be reviewed and updated after each five year period

- ideally be incorporated into an overall State housing strategy.

Tenants of community housing

2.38   There are over 10,000 properties under community housing management with over 21,000 people in long term community housing.[39] There are a further 21,000 people on community housing waiting lists. Community housing provides accommodation to a range of people, mostly vulnerable or at risk, including:

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[39]   Long term community housing is considered by the Department of Housing to be 10 years or more in duration, Mr Cappie-Wood, Director General, Department of Housing, Evidence, 12 February 2002, p16

- people on very low, low and moderate incomes[40]

- women and children at risk of harm and abuse[41]

- elderly people

- young people not able to live in the family home

- people from culturally diverse backgrounds[42]

- people with a disability[43]

- people with a mental illness.

2.39 According to a number of submissions from small to medium community housing providers, there is a growing complexity in the needs of clients. One organisation providing supported accommodation for young women between the ages of 12 and 25 years who are either pregnant or have children under 5 years and are homeless or at risk of homelessness explained that:

> Over the past three years there has been a noticeable increase in complexity of needs, particularly around drug/alcohol use and mental health issues.[44]

Community housing providers

2.40 The *Community Housing Strategy* outlines four major categories of community housing providers – housing associations, housing partnerships, housing co-operatives and crisis accommodation.

Housing associations

2.41 Housing associations are an umbrella organisation that act as a "social housing landlord" for tenants. Most of them view themselves as generalist housing providers with the capacity to specialise as required by local needs and opportunities. There are 45 housing associations

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[40] For over 85% of community housing households, government pensions or benefits are the primary source of income, Submission 54, NSW Department of Housing, p22

[41] 40% of community housing household members are children under 18 years of age, Submission 54, Department of Housing, p24

[42] 25% of residents over 15 years of age were born overseas in a non-English speaking country, compared with 22% of the total NSW population, Submission 54, Department of Housing, p24

[43] Over 10% of long term community housing residents have a disability, in Submission 54, Department of Housing, p24

[44] Submission 15, Northern Region Young Women's Accommodation Project, p1

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in New South Wales, with the largest housing association managing 900 properties and the smallest around 30 properties. They manage approximately 10,000 properties, and more than 80% of the community housing stock in this State. Housing associations provide assistance to people who meet the Department of Housing's eligibility criteria. They are required to apply the same basic eligibility criteria as public housing and prioritise their applicants on the basis of housing need. The majority of housing association clients are people on low incomes, with 73% of households with an income under $400 per week and 85% of tenants on a pension or benefit.[45]

2.42 While most associations have a mix of clients, some housing associations have particular specialities. For example, St George Community Housing provides special programs and supports for people with a mental illness. The associations are managed by a committee or board that includes community members, tenants and other representatives. The organisation employs staff to manage the day to day running of the organisation and provide the necessary support, advice and information to tenants. Associations are funded on a recurrent basis to manage leasehold and capital properties through the Community Housing Leasing Program (CHLP). According to the Department, it is expected that from 2002/03, some of the larger associations with a high ratio of capital to leasehold properties will be able to fund their operations entirely from the rent collected on the capital properties managed by the association.[46] The resourcing agency for housing associations is the NSW Federation of Housing Associations.

Housing co-operatives

2.43 Housing co-operatives are based on the model of self-management where members select tenants to manage and maintain the housing. Generally, housing co-operatives do not employ staff, but are managed by tenant volunteers who form a board or committee. Because they are self-managed by tenants, most are small to medium in size.

2.44 In 2001, co-operative housing in New South Wales comprised 4-5%, approximately 350 properties, of the State's community housing. Co-operatives are located both in single dwellings as well as in separate houses within one suburb or area. The NSW Land and Housing Corporation provides properties to lease to the co-operative at a nominal rent, and these properties are sub-let to individual members of the co-operative. Housing co-operatives do not receive recurrent funding from the Office of Community Housing. Costs associated with the maintenance of the properties are covered by the rents. In recognition of the need to be viable, one-third of tenants in each co-op are permitted to have incomes higher than public and community housing eligibility. There are a range of tenants living in co-operatives including 38% NESB clients, 10% ATSI and 10% people with a disability.

2.45 Co-operatives are accountable under the *Co-operatives Act*, the *Fair Trading Act* and the *Tenancies Act*. The Association to Resource Co-operative Housing is the peak body for co-operative community housing projects.

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[45] Ms Eleri Morgan-Thomas, Executive Director, NSW Federation of Housing Associations, Evidence, 12 February 2002, p44. While not specified in evidence, the Committee understands that the figure $400 is gross not net income.

[46] Submission 54, Department of Housing, p10

Housing partnerships

2.46   Housing partnerships account for 5% of all long-term community housing and provide housing assistance in partnership with a range of organisations including churches, charitable bodies and local government. A total of 80 organisations have received funding under the Housing Partnership Program. The Department provides funds for the purchase or construction of properties, and not for recurrent purposes such as staff costs and maintenance. While partnership organisations often have expertise in community service provision they usually do not have housing expertise as their core business.

2.47   Churches make up the majority of partnership organisations. Churches Community Housing (CCH), part of the NSW Ecumenical Council, was established in 1996 to encourage and resource church participation in government funded community housing. Thirty six different religious organisations manage 423 government funded community housing properties. Churches Community Housing explain their arrangement as:

> A public church partnership delivering community housing services in an arrangement between a government department/agency and a church/church agency, where each contributes resources to the creation of a service which delivers community housing.[47]

2.48   Local government is also involved in the provision of community housing partnerships. Twenty five local government authorities are directly involved in government funded community housing provision managing a total of 127 properties, mainly in rural areas. According to the Local Government and Shires Associations of NSW, councils across New South Wales provide self care units, hostels and nursing homes for elderly people and purpose build dwellings to meet the needs of women and children, young people and people with disabilities.[48] In addition to being a community housing provider, local government also provides a range of supports to local community housing providers and schemes, including involvement of councillors on management committees, community grants and the use of council-owned housing.

Crisis accommodation

2.49   The social housing system supports approximately 8,000 individual users of crisis accommodation. Through the Crisis Accommodation Program (CAP) and the CSHA, short and medium transitional accommodation is provided for people who are homeless and in crisis. Recurrent funding by State and Commonwealth governments for organisations providing support services for tenants in crisis accommodation is also provided via the Supported Accommodation Assistance Program (SAAP), administered by the Department of Community Services (DoCS). SAAP aims to ensure people who are homeless or are at risk of homelessness have access to secure accommodation and the necessary support. In 2000, the Commonwealth and State governments signed bilateral agreements for funding SAAP IV over the period 2000-2005. According to NCOSS the key goals for the NSW Government under SAAP IV are:

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[47]   Supplementary submission 27, Churches Community Housing Inc., p5

[48]   Submission 19, Local Government and Shires Associations of NSW, p2

- improved services for Aboriginal people

- improved linkages with a range of other agencies

- promoting innovative service delivery

- stronger commitment to people with complex needs.[49]

Effectiveness in meeting the needs of clients

2.50   A central tenet of community housing is to provide appropriate housing and support services designed to meet the specific needs of clients. According to the evidence to the inquiry, social housing has seen an increasing proportion of tenants with medium to high support needs. While this may be the case, some participants in the inquiry expressed the opinion that community housing is not only about providing housing for people with complex needs, but is also a flexible and generalist sector that can accommodate a broad range of tenants. This section considers the effectiveness of the current system in addressing the *housing* needs of community housing tenants, as well as the wider impact of community housing on tenants' health, social participation and general wellbeing.

2.51   The first community housing customer satisfaction survey was conducted in 2000/01 as part of the 1999-2003 CSHA National Housing Data Agreement performance framework. The survey found that over 80% of community housing tenants were satisfied with the overall service they received. This compared with the 70% level of satisfaction for public housing. Only Tasmania had a higher overall satisfaction rating than New South Wales.

2.52   In addition to overall satisfaction, the survey sought comment on the condition of the home, its location, maintenance and non-maintenance services, availability of information, treatment by staff, extent to which the organisation provides support and referrals and the tenants' involvement in decision making. Interestingly, the survey showed that tenants highlighted treatment by staff as the aspect most influential in determining overall satisfaction:

> The most influential parameter is the treatment by organisation staff followed by the staff's knowledge of policies and procedures. In other words, the local and responsive management style of community housing is more influential than the home itself (both location and condition) when considering the satisfaction of community housing tenants.[50]

2.53   Other than staff responsiveness, tenant participation in decision-making rated highly. Tenants' satisfaction was linked to the degree to which they felt consulted and included in the running and decision-making aspects of the organisation. In relation to tenant involvement, the highest levels of involvement and satisfaction came from tenants of co-operative housing. Eighty-six per cent of co-operative tenants attended meetings, social events and other activities organised by the co-operative. This compared with 17% of

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49   Submission 50, NCOSS, p5

50   Submission 28, National Community Housing Forum, p17

tenants in housing associations with 78% saying they had little or no involvement with the association. The Department noted that in the case of larger housing associations opportunities for tenant participation in the management of their organisation is limited.[51]

2.54   The Office of Community Housing, through the Department's Tenant Participation Program, is currently working to make available a wider range of tenant participation options for community housing tenants. OCH has established a steering committee with representatives from the sector to consider the future direction for tenant participation for community housing. The steering committee engaged an independent consultant who is expected to report back to the committee within the next several months. The Tenants' Union of NSW is supportive of tenant participation, but believes that it must not be a mandatory condition of access to community housing, and that procedures must be in place to ensure that those tenants on boards of management do not have access to confidential information on, or undue influence over, other tenants.[52]

2.55   The 2001 survey found that many tenants derive additional non-shelter benefits from living in community housing. According to the National Community Housing Forum:

> Over half (52%) felt that their quality of life had improved *a lot*. … Some related to housing security generally – 'feel more settled' (90%), 'enjoy better health' (71%) … But perhaps the most significant were the outcomes that relate to the newly important public policy goals of social and economic participation – 'grow in confidence' (77%), 'start education and training' (57%), 'better job situation' (44%).[53]

2.56   Shelter New South Wales also conducted a tenant satisfaction survey in 2002. The survey was sent to both community housing association tenants and co-operative housing tenants. The overall response from tenants was positive, with the following results:

- 70% 'like where they live a lot', while a further 19% 'like where they live' (an overall satisfaction of 89%)

- 87% said their lives had changed for the better since they moved into community housing. The three most commonly cited reasons were, in order of frequency, improved financial circumstances, security of tenure, better environment to raise children

- 94% said there had been no serious dispute with their housing association or co-operative.[54]

2.57   For the last five years the Productivity Commission has been collecting national data on the performance of community housing. Their latest publication on housing, *Report on*

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[51]   Submission 54, Department of Housing, p43

[52]   Submission 49, Tenants' Union of NSW Co-op Ltd, p10

[53]   Submission 28, National Community Housing Forum, p17

[54]   Submission 47, Shelter NSW Inc, p16

Government Services 2003 provides information on the performance of community housing in each State of Australia using key performance indicators under the headings of effectiveness and efficiency. The effectiveness of the community housing sector is measured in two ways: firstly through measuring the match of rental dwellings to household size. The Report shows that the proportion of community housing households with overcrowding at 30 June 2002 was 1.7% in New South Wales, compared with 1.3 % in Australia as a whole.[55] Secondly, effectiveness (in terms of affordability) is determined by calculating the proportion of household income remaining after paying rent. The 2003 report shows that this was 74.2% in New South Wales, compared to an average of 71.9% in Australia overall.[56]

2.58   Efficiency of the community housing sector is also measured in two ways, the first being the rent arrears indicator. The rent arrears indicator is the rent collected as a proportion of that charged: in 2001 this was 92.5% in New South Wales, and 95.5% in Australia overall.[57] The second measure of efficiency of the community housing sector is the level of community housing occupied. The proportion of community housing stock occupied by tenants at 30 June 2002 was 98.2% in New South Wales, compared to 96.5% nationally.[58]

2.59   The Productivity Commission also included other statistics relating to tenant satisfaction in community housing. The proportion of tenants rating location aspects as important and meeting their needs as at 2002 was 85.5% in New South Wales, and 85.4% as an average in all of Australia.[59] The Commission also reported that the proportion of tenants rating amenity aspects as important and meeting their needs in 2002 was 78.5% in New South Wales, and 82.4% nationally.[60]

2.60   According to the Department of Community Services, the community housing sector has been effective in providing long term housing for homeless people. In 1999/2000 650 SAAP clients left SAAP services for community housing. The Youth Accommodation Association also argue that the SAAP program and the options of public and community housing have played an important and effective role in breaking the cycle of youth homelessness. For this reason, YAA argues that the sector must continue to target young people and is concerned that recent OCH surveys indicate the number of young people successfully applying for community housing is falling.[61]

2.61   Research conducted by the Australian Housing and Urban Research Institute (AHURI) also found that community housing has had a positive impact on strengthening

55   Productivity Commission, *Report on Government Services 2003,* Table 16A.16

56   Productivity Commission, *Report on Government Services 2003,* Table 16A.25

57   Productivity Commission, *Report on Government Services 2003,* Table 16A.22

58   Productivity Commission, *Report on Government Services 2003,* Table 16A.23

59   Productivity Commission, *Report on Government Services 2003,* Table 16A.17

60   Productivity Commission, *Report on Government Services 2003,* Table 16A.18

61   Submission 52, Youth Accommodation Association of NSW, pp1-2

communities. Their 2001 report highlighted that community housing had the capacity to find locally driven and flexible solutions, respond to changing circumstances and provide a social mix to break up concentrations of disadvantage.[62] Additional research into the non-shelter needs of community housing tenants is currently underway through the AHURI research program. AHURI has conducted separate surveys on the housing needs of recently arrived migrants, sole parents and people with mental illness.[63]

2.62   Many housing associations now conduct their own internal tenant satisfaction surveys.[64] They use these surveys to assist them in improving service delivery with an aim to better meet the needs of clients. In 1999 stakeholders established the National Awards for Excellence in Service to Tenants and Communities as one way to encourage best practice and celebrate community housing projects achieving excellence. Organisations are judged on their capacity to provide sustained benefits to tenants and the local community, tenant satisfaction, effective referral and support links, involvement with the local community and active promotion of social housing.

Areas of dissatisfaction

Maintenance

2.63   According to both the National Community Housing Tenant Satisfaction Survey and the Shelter NSW survey, the area of repairs rated the highest in relation to tenant dissatisfaction. According to the former, 65% of respondents expressed satisfaction with the time it took for their maintenance problem to be fixed, while 32% expressed dissatisfaction (compared with the national average for dissatisfaction of 27%). The Shelter NSW survey also asked tenants about the disadvantages of their current community housing. While the two main responses were 'no answer' or 'none', the following responses included 'lack of facilities or maintenance' (10.7%), 'other' (10.2%), and 'community housing too small' (9.6%).[65] The Commonwealth Department of Family and Community Services in their 2002 National Social Housing Survey found 57% of New South Wales community housing tenants were satisfied with maintenance services, compared with the national average of 64%.[66]

2.64   In their evidence, the Department acknowledged that if there was one major area of dissatisfaction, "it was about maintenance, which is a common problem for all housing

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[62]   AHURI Research Project, *How does Community Housing Help Strengthen Communities*, in Submission 48, ARCH, p34

[63]   For more information, see www.ahuri.edu.au

[64]   Submission 31, Wentworth Area Community Housing, p3

[65]   Submission 47, Shelter NSW Inc, Appendix 2, Question 34

[66]   Commonwealth Department of Family and Community Services, National Social Housing Survey, May 2002, section 4

managers".[67] The Federation of Housing Associations also agreed that New South Wales has performed slightly worse than the national community housing average on maintenance. In evidence to the Committee they explained what they believe to be the reasons for this:

> We think that is because half of our stock is leased on the private rental market it is much harder to manage the maintenance of the private rental properties because that is the responsibility of the owner. … We have a lot less control over the maintenance of the stuff we rent on the private market.[68]

2.65 The Committee understands that aside from major maintenance issues or housing upgrades and redevelopment, long term housing providers are responsible for maintaining properties, including contracting tradespersons to undertake maintenance work. In New South Wales, while the responsibility remains with the provider, "services must be purchased from the monopoly government agency."[69] Major maintenance work is carried out though Resitech, an arm of the Department of Housing.

2.66 Some witnesses expressed concern about the arrangements for responsibilities for asset management under the current legal and financial provisions for community housing. The Department of Housing has recently completed a condition audit of all community housing properties and is negotiating with providers on asset plans to bring stock to a maintained state. The Department believes that it is essential to protect the total asset investment and supports the introduction of a whole sector maintenance fund rather than the current arrangements:

> Under the current system organisations with small capital portfolios are unable to generate necessary funds for future maintenance liabilities and remain reliant on recurrent assistance from Government while large organisations can build a surplus from their stock.[70]

2.67 While the housing associations take on many of the responsibilities of landlords, including maintenance, property and public liability insurance and local government and water rates, the FHA claims associations have little control or ability to negotiate on their own behalf with local contractors. In addition, the FHA suggests that for major maintenance and development proposals involving Resitech, the Office of Community Housing and the housing association, housing associations are often excluded from major decisions.[71]

2.68 A major recent initiative in South Australia, ComHouse, is addressing the issue of the provision of maintenance service in community housing. ComHouse is a non-government, non-profit entity whose primary objective is to supply maintenance services required by the

67   Ms Carol Mills, Deputy Director General, Corporate Strategy, Department of Housing, Evidence, 12 February, 2002, p7

68   Morgan-Thomas, Evidence, 12 February 2002, p44

69   Submission 28, National Community Housing Forum, Supplementary Submission, p5

70   Submission 54, Department of Housing, p65

71   Submission 34, NSW Federation of Housing Associations, p35

funding agreements between South Australian Community Housing Authority and community housing organisations.[72] ComHouse's asset base consists of contributions from participating providers, 2.9% of rental income on each property.[73] According to evidence to our inquiry, there are important benefits of such a fund:

> The advantages are high quality services, lower administrative costs, more systematic asset management and providing for the maintenance liability off the budget.[74]

2.69　The Department of Housing believes that ComHouse is an interesting model for New South Wales to consider.

> This [maintenance funding] has been a significant issue for us in New South Wales where you have a number of really small providers that do not have much capacity to generate income to save for the maintenance. One of our lessons from long-term public housing is that if you do not allocate sufficient funds on an annual basis for maintenance you soon build up a big liability. We have been looking at ways in which both the large and small can have access to appropriate maintenance. So it is a model in South Australia worth examining.[75]

Housing in head leased properties

2.70　The Tenants' Union, through the Tenants Advice and Advocacy Services (TAAS), found that there were a number of concerns raised by tenant advocates regarding evictions, repairs and respecting the privacy of tenants, particularly in relation to rental properties head leased from the private market.[76] According to the Tenants' Union, community housing providers often place the wishes of the landlord above the needs of the tenant. They also suggest that there is some discrimination by providers seeking to provide 'good' tenants for a head leased property. The Union argues that this is a problem in rural areas where the use of black-list databases listing tenants who are said to have breached residential tenancy agreements is more common:

> With the informal databases that occur in rural areas and the shortage of capital stock, the most vulnerable tenants are unlikely to access community housing.[77]

2.71　Other witnesses told the Committee that there was less satisfaction with head leased accommodation due to concerns about the security of tenure. The Department acknowledged this issue was a concern for some people:

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[72]　Submission 28, National Community Housing Forum, p30

[73]　Submission 54, Department of Housing, p57

[74]　Submission 54, Department of Housing, p57

[75]　Mills evidence, Department of Housing, 12 February 2002, p8

[76]　Submission 54, Department of Housing, p64

[77]　Submission 49, Tenants' Union of NSW Co-op Ltd, p7

> The perception that living in a capital property is more secure than living in a leasehold property because it is a reality that leases change. If you live in a capital property you know that that is your home whereas a leasehold property is certainly your home but it is a home that might change over time.[78]

2.72 The organisation providing individual advocacy to people with disability, People with Disabilities (NSW) Inc, also expressed concern about what they believe is a growing reliance on private sector rental arrangements. This reliance, they say, provides limited capacity for community housing associations to provide accessible stock. They suggest that the flexible service delivery framework being implemented by the NSW Attorney General's Department could be adapted to provide a model for use in the community housing sector:

> This would enable community housing agencies to appropriately meet the various service needs of their Tenants, Staff and Board Members with disability.[79]

Structures for tenant participation

2.73 Shelter NSW told the Committee that while there are relatively high levels of tenant participation in community housing, there are no structures to ensure that this is effective across the sector. According to Shelter, this causes difficulties when advocacy services seek to consult community housing tenants on broad issues such as changes to legislation, policy and funding. In addition, Shelter suggests that tenants do not always have the necessary management skills to allow them to be effective advocates, and they believe that the government and providers should develop formal tenant participation infrastructure and training for community housing tenants.[80] In evidence to the Committee, the Department acknowledged the concerns over tenant participation on boards of management.

> As the range of skills required grows, we have found some tension about the level of representation directly on boards and whether members who are not tenants can represent tenants' interests. The skilling and future direction work must take account of those sorts of issues.[81]

2.74 Organisations such as the Association to Resource Co-operative Housing (ARCH) suggested that their tenants are sometimes dissatisfied with the responsiveness of management. According to ARCH, the capacity of co-operative housing to provide responsive and efficient housing is affected by factors such as the lack of participation in management by tenant members due to increased administration and accountability requirements.[82] ARCH argues that co-operatives have little legal redress against members

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[78]   Ms Alison Wannan, Acting Executive Director, Office of Community Housing, Evidence, 12 February 2002, p16

[79]   Submission 43, People with Disabilities (NSW) Inc, p4

[80]   Submission 47, Shelter NSW Inc, p21

[81]   Mills, Evidence, 12 February 2002, p13

[82]   Submission 48, ARCH, p41

who do not participate in management. The current relationship between tenants and their co-operatives is governed by the *Residential Tenancies Act* and disputes are resolved through the Residential Tenancies Tribunal. According to ARCH, there needs to be better co-ordination between different legislation and policies guiding the delivery of co-operative housing. In their submission they recommend that the New South Wales Government look to legislative change that better supports the landlord/tenant relationship within housing co-operatives and that consideration be given to the development of a regulatory framework that reconciles differences in conflicting legislation.[83] The regulatory framework of community housing is addressed in Chapter 5.

Adequacy of surveys

2.75   In addition to concerns with the current operation of community housing, the Committee is aware that there has been some criticism of the surveys conducted to date, based on the limited capacity to compare the findings. Some witnesses felt that the tenants participating in the survey may be responding to the choice between the housing they have and no housing at all. In this context, they argue, tenants may rate their current housing situation highly. Witnesses also acknowledged, however, that comparisons are made with the private rental market, "which fails miserably for people on low incomes."[84]

The Committee view

2.76   As mentioned above, the Office of Community Housing is working, through the Department's Tenant Participation Program, to make available a wider range of tenant participation options to community housing tenants.[85] As stated earlier, OCH has established a steering committee to consider options for improving tenant participation in community housing accommodation. The Committee encourages the Office of Community Housing to ensure that suggestions and recommendations made by the steering committee that aim to improve tenant participation are implemented in a timely manner.

2.77   In relation to the major issue of tenant dissatisfaction with maintenance, the Committee believes the government should investigate ways to improve responsiveness to tenant requests for repairs. In particular, the Committee recommends that the Department address the concerns of the NSW Federation of Housing Associations and others that the private rental market is not responding in a timely manner to maintenance requests. In addition, consideration should be given to ensuring appropriate consultation and decision-making procedures are in place for major maintenance and development proposals involving Resitech, the Office of Community Housing and housing associations. The Committee believes there is value in considering models for sector-based umbrella

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[83]   Submission 48, ARCH, p44

[84]   Ms Annette Wade, Co-ordinator, Tenants Union of New South Wales, Evidence, 16 April 2002, p51

[85]   Submission 54, Department of Housing, p43

management arrangements such as the South Australian ComHouse model as a way of addressing the delivery of maintenance services to community housing properties.

2.78 The Tenants' Union of NSW expressed other concerns in relation to tenants accommodated by private rental properties including difficulties with evictions, repairs and the rights of privacy of tenants. The Committee believes that the Department should undertake additional research on the private rental market's involvement in community housing. The Committee believes this to be a significant issue given that 42% of community housing stock is head leased from the private rental market. In particular, this research should consider the appropriate roles and responsibilities of private rental properties in the community housing context, and the effectiveness of the relationship between the private rental market and community housing providers.

Recommendation 2

That the Office of Community Housing ensure that suggestions and recommendations made by the steering committee established to consider options for tenant participation are implemented in a timely manner. In particular, the Office of Community Housing should give consideration to:

- a comprehensive training program for tenants

- ways to ensure confidentiality for all community housing tenants

- the establishment of formal tenant participation infrastructure.

Recommendation 3

That the Department of Housing review the current arrangements for asset management, maintenance and development of community housing properties, and in particular:

- ensure appropriate consultation between Resitech, the Office of Community Housing and housing associations

- consider establishing a sector-based umbrella management arrangement, such as the South Australian ComHouse, model as a way of addressing the delivery of maintenance services to community housing properties.

Recommendation 4

That the Department of Housing undertake research or commission independent research into the appropriate roles and responsibilities of the private rental market in the community housing context, and in particular consider:

- responses to requests for maintenance and repairs

- the effectiveness of the relationship between the Department and housing providers, and the private rental market

- tenants' rights to privacy in the private rental market

- concerns for tenants in rural and regional New South Wales

- concerns for tenants with a disability.

Links between community housing providers and government and non-government support services

2.79   As we have outlined in this chapter, an increasing number of community housing residents have high to very high support needs. In this climate, the linkages between community housing providers and government and non-government support services are critically important. The partnerships and linkages to support services involve three different aspects of the community housing system: the Office of Community Housing, community housing providers and government and non-government support services.

2.80   Ms Carol Mills from the Department of Housing told the inquiry that linkages with support services are a distinctive feature of community housing:

> Another distinguishing characteristic of community housing—and one that we are encouraging and growing right through the housing system, but one that has been a feature all along— is that a very strong tension in community housing is to be in a partnering arrangement, to draw on the strengths of the local community. There are, therefore, a lot of formal and informal relationships and links at the local level between the housing providers and other support providers in the community.[86]

2.81   In the last ten years, the Office of Community Housing (OCH) has developed a number of supported community housing initiatives involving partnership arrangements with government and non-government agencies. Under the recently established initiative, Partnership in Community Housing Program, OCH seeks to develop joint community housing projects with other agencies. A number of partnerships already exist between OCH and government agencies. For example, the partnership between the Office of Community Housing and the Department of Community Services (DoCS) through the Crisis Accommodation Program provides for clients who have long term housing needs and short term support needs. In this program, support is progressively withdrawn as clients are able to manage independently. DoCS is also responsible for providing support

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[86]   Ms Carol Mills, Deputy Director General, Corporate Strategy, Department of Housing, 12 February 2002, p5

to over 25,500 clients through the Supported Accommodation Assistance Program (SAAP).[87] DoCS explained the importance of its relationship with the community housing sector as:

> …especially significant for DoCS because community housing organisations are seen as having the capacity to organise partnerships with other community support services to assist and sustain tenancies. This makes them appropriate housing providers for clients with high and complex needs.[88]

2.82   The Office of Community Housing has also recently established a partnership with the Centre for Mental Health and several Area Health Services. In this partnership model, community housing providers supply housing services in the Central Coast and Campbelltown areas with NSW Health funding clinical services. In addition, support services will be provided by non-government mental health organisations.[89]

2.83   In addition to the linkages between the Office of Community Housing and government and non-government support services, a number of housing associations have negotiated their own arrangements with local support providers. In their submission, the NSW Federation of Housing Associations outlines five types of links between housing associations and government and non-government support services:

- informal contact

- meetings between agencies

- representation on boards of management

- community consultations

- partnerships through support agreement. [90]

2.84   Most commonly housing associations are generalist housing providers and while they support their tenants in a range of different ways, they do not usually provide direct specialist support. Most associations receive assistance from, and form partnerships with, external agencies. Some of the non-government agencies include Aboriginal land councils, disability support services, women and family support services, church support services and migrant and refugee services. Housing associations also have links with a range of government services including local councils and the NSW Departments of Community Services, Heath, Ageing, Disability and Home Care and Juvenile Justice.

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[87]   Submission 53, NSW Department of Community Services, p2. The issue of crisis accommodation and SAAP will be discussed further in Chapter 6.

[88]   Submission 53, Department of Community Services, p4

[89]   This model is currently on trial and if successful will be considered for expansion, in Submission 54, Department of Housing, p34

[90]   Submission 34, NSW Federation of Housing Associations, pp123-124

2.85   The Federation of Housing Associations told us of the importance of regular interagency meetings with government and non-government agencies involved in providing housing and support services. The meetings provide an opportunity to share knowledge about community needs and issues and to keep up to date on the services being provided by other organisations and changes in demand for local services. The meetings also play an important role in facilitating referrals for housing association tenants with particular support needs. However, according to the Federation, while numerous government agencies are members of interagencies, their attendance is variable.[91]

2.86   A number of submissions explained the links they had established with other local services. In the metropolitan area there are numerous housing associations such as Wentworth Area Community Housing (WACH). WACH has 13 partnerships with other agencies including disability services, youth and women's refuges and mental health services. Each of these partnerships has established a Service Agreement "to ensure that the roles and responsibilities of each partner are clearly understood and the aim of the partnership is effectively achieved."[92] According to the NSW Federation of Housing Associations, the move to formal support agreements 'reflects a maturing of the sector'.[93] In addition to stipulating roles and responsibilities, housing agreements cover issues such as the service objectives, tenant selection and evaluation processes, conflict resolutions measures and confidentiality agreements.

2.87   In rural communities, links and partnerships with other services can result in a greater level of co-ordination in the delivery of housing and other services to community housing tenants. One such service, Deniliquin Community Tenancy Scheme Inc,[94] recently formed an informal housing alliance with two other housing providers, Vinnies Reconnect and Vinnies Emergency Accommodation:

> In the spirit of collaboration that exists in many rural communities, the three organisations have recently moved into shared offices in a centrally located building. This co-location allows support to flow automatically between the organisations with appropriate referrals easily accessed.[95]

2.88   Another regional community housing provider, the Narrabri Community Tenancy Scheme, explained the importance of linkages to support services:

> Good linkages with support services assist tenants to achieve housing outcomes and ensure that tenants needs are met. Regular contact with the support services together with written support agreements assists the tenant, Scheme and support agency to all work together in achieving positive goals.[96]

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[91]   Submission 34, NSW Federation of Housing Associations, p126

[92]   Submission 31, Wentworth Area Community Housing, p6

[93]   Submission 34, NSW Federation of Housing Associations, p128

[94]   Now known as Homes Out West

[95]   Submission 29, Homes Out West, p9

[96]   Submission 16, Narrabri Community Tenancy Scheme, p20

2.89   According to evidence to the inquiry, community housing associations have been very effective in organising supports for high needs clients. According to DoCS this is due to their level of staff resources:

> Information has been provided to DoCS that the average property portfolios of community housing association officers is much lower than those of DOH Client Service Officers although there are wide variations across the community sector. … (This) lower property portfolio ratio allows them more opportunity to both interact with clients and to work with other community agencies to develop support packages for clients at risk.[97]

2.90   A number of housing co-operatives also provide support for tenants. As ARCH explains, co-operatives are made up of resident members who are both tenants and social housing landlords. Unlike other community housing providers, there is no professional infrastructure, and therefore:

> …the capacity to take on tenants with very high levels of additional infrastructure support needs must always be carefully assessed by the members.[98]

2.91   Due to the nature of co-operatives, many of the linkages between housing co-operatives and community support services are informal. ARCH explained that a majority of co-operatives also play a key support role to tenants in crisis, with members providing support for tenants suffering "illness, psychiatric breakdowns, addictions or other forms of dysfunction":[99]

> A key advantage is that members have maintained their independence, avoided crisis centres, hospitals, nursing homes and institutions because the co-operative community becomes a key support environment, with clear economic spin offs to government and the community.[100]

2.92   A small number of co-operatives have established links with support services, such as services for people with physical disabilities and services for culturally and linguistically diverse groups. The Committee visited the Tamil Senior Citizens Housing Co-operative who explained that links with local services, such as the Tamil Senior Citizens and local Migrant Resource Centre, had contributed to their capacity to operate as a successful and independent co-operative.[101]

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[97]   Submission 53, Department of Community Services, p7

[98]   Submission 48, ARCH, p60

[99]   ibid.

[100]   ibid, p61

[101]   Site visit, Tamil Senior Citizens Housing Co-operative, 19 August 2003

Concerns with the linkages between community housing and support services

2.93   The Committee is aware of the tension that exists in the expectation that a housing system, often conceptualised as a 'bricks and mortar' system, should be providing a broad range of social, cultural and economic support services. However, as evidence to the inquiry demonstrates, this relationship between housing and support is the very thing that distinguishes community housing. Very often, it is access to the necessary support that ensures a tenancy can be successfully maintained. This is all the more important, the evidence demonstrates, as the percentage of community housing tenants with complex needs increases.

2.94   According to NCOSS, there is an increasing need for support services across the board in social housing. They argue that the areas of greatest need for support are access to mental health services, drug and alcohol detoxification and specialist counselling services for women and children. According to Ms Catherine Mahony, Senior Policy Officer with NCOSS, there is a particular need for culturally appropriate services, particularly for Aboriginal women accessing SAAP services:

> When you look at particular groups you see that trauma victims, often with limited English language skills, require specialist counselling and will require ongoing support for a number of years. Women who have been sexually abused, who have experienced domestic violence or who have been incarcerated in the correctional system require specialised support services. A number of these women are Aboriginal women who make up a high proportion of the clients. As I mentioned earlier, 21 per cent of SAAP clients are Aboriginal women. There is a need not only for those services; there is a need for culturally appropriate services for Aboriginal women.[102]

2.95   Ms Patricia Martin, Deputy President of the NSW Federation of Housing Associations and Chairperson of the Hume Community Housing Association, told the Committee of Hume's major concern with support service arrangements:

> It usually comes through requests from support organisations who require housing. For example, we have houses that are related to the Drug Court and to Health. What happens is that they are support people who do not have any experience in managing the houses. It is usually approached either through the Office of Community Housing through the Department of Health to us to form a partnership whereby we manage and the support agency supplies the support. It requires probably lengthy discussion in that a formal agreement has to be formulated and signed. Probably the biggest problem is the Office of Community Housing identifies houses, we get them online and it takes a long period of time for the support agency to put people in the house. It is obvious that you are losing rental money on that property whilst you are waiting for the support agency. That is probably one of the most frustrating things that we find.[103]

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[102]   Ms Catherine Mahony, Senior Policy Officer, NCOSS, Evidence, 16 April 2003, p18

[103]   Ms Patricia Martin, Deputy President, NSW Federation of Housing Associations, 12 February 2002, p51

2.96   The Committee understands that where formal agreements are signed, housing associations are able to apply for financial support to assist with staff loading. According to the Federation of Housing Associations, there is a reluctance of government and non-government support agencies to sign formal agreements with housing associations as well as a reluctance of key government agencies to sign joint guarantees of service to assist housing associations develop links with agencies at the local level.[104]

2.97   Shelter NSW also has some concerns with the way housing and support services are linked. In the survey conducted by Shelter, 21% of respondents said that their housing provider provided support or linked them with a support service while 38% were not aware of what their housing provider did, or whether they could link them with another service. In addition, 67% said they found the support service themselves, with no help from the housing association:[105]

> … one of the things that is interesting about this survey is that it appears to us, and it was confirmed by feedback from our members in the supported accommodation program networks, that there is probably room for better linkages because the same client group is housed in community housing as in public housing, with similar sorts of needs.
>
> In that survey it was very clear that most tenants in community housing were not aware that their community housing organisations could provide them with referral to other support agencies or what have you.[106]

2.98   Shelter NSW expressed a particular concern with the current linkages between community housing and support services and people receiving support through the Supported Accommodation Assistance Program (SAAP):

> One of the concerns from the SAAP program of community organisations is that there needs to be better links and better more formal links. … Generally speaking, community housing organisations that you are speaking about here provide the housing and then link people to support services to provide support. One of the things that SAAP bodies say is that with the medium-term accommodation in particular there is probably a need for the SAAP organisations to continue to provide that rather than to transfer that sort of housing to community housing. So, the support and the accommodation are interrelated service provisions. That is a particularly big concern for them in the medium term. It is horses for courses, and one of the advantages about local organisations is that they can address the issue of horses for courses easier than a large centralised bureaucracy.[107]

2.99   In their evidence to the Committee, Churches Community Housing argued that best practice requires that the management and support services be separated, as they are two very different functions. Mr Derek Yule, Executive Officer, Churches Community Housing

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[104]   Submission 34, NSW Federation of Housing Associations, p134

[105]   Ms Blunden, Policy Officer, Shelter NSW, 16 April 2002, p9

[106]   Ms Mary Perkins, Executive Officer, Shelter NSW, Evidence, 16 April 2003, p11

[107]   ibid.

Inc told the Committee that while churches have traditionally provided both management and support services:

> It is very difficult to provide the support and then have to come in in some way and say that the tenant is not doing the right thing by getting behind in their rent. The problem that has faced some churches—not all—is that there is a need to separate management and support services. Most of them have now agreed to that or are in the process of doing it.[108]

2.100 According to Mr Yule, experience shows that outcomes for tenants are significantly improved where management and support structures are separate.[109] Mr Yule told the Committee that the issue of the separation is being addressed, with most churches having completed or in the process of separating management structures from support services:

> One of the ways we are doing it in Sydney is to establish a housing association that particularly targets the management of church properties. We are in the process of setting that up… That has been an issue for churches because they have traditionally performed those roles. In most cases it has been okay. As you have said, they are fairly large organisations and most of them have a property department and a separate support department, and within the organisation it has been quite distinct and separate. But it can present a problem.[110]

2.101 A number of witnesses and submissions also raised concerns about the funding arrangements for support programs. According to Churches Community Housing, the sector's most significant source of funding, the Community Housing Assistance Program does not fund the costs of support provision.[111] NCOSS told the Committee that there is only limited funding available to enable SAAP services to adequately meet the growing demand for out-reach support to clients living in community housing, particularly for complex needs clients.[112] In addition, housing associations told us that are not funded for the time it takes to develop and maintain support partnerships.[113] According to the Department of Community Services, the promotion of initiatives such as the Partnerships in Community Housing Program would encourage a greater rate of uptake by agencies.[114]

2.102 Other witnesses expressed concern about the access to support services for people with complex needs and people living in regional areas. According to NCOSS there is currently limited access to specialised medium to long term supported accommodation options for

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108 Mr Derek Yule, Executive Officer, New South Wales Churches Community Housing Inc, Evidence, 16 April 2002, p41

109 ibid, p42

110 Mr Derek Yule, Executive Officer, New South Wales Churches Community Housing Inc, Evidence, 16 April 2002, p41

111 Submission 34, NSW Federation of Housing Associations, p133

112 Submission 50, NCOSS, p13

113 Submission 34, NSW Federation of Housing Associations, p133

114 Submission 53, Department of Community Services, p10

clients with complex needs.[115] One regional community housing provider told the Committee of the difficulty in rural and regional communities to access support services, particularly for drug and alcohol counsellors and mental health services.[116]

2.103   The Tenants' Union of NSW suggested that community housing providers should be mindful not to work outside their area of expertise but engage local support services. They argue that providers are landlords and need to be careful that they do not blur the responsibilities between landlord and support services.[117] The Department of Community Services warned that any that reduction of staffing resources of community housing providers would impact on their capacity to build effective and innovative links with appropriate and necessary support services.[118] The Federation were concerned about the limited capacity of housing providers to ensure tenants accept the offered support, as tenants have the right to refuse support without losing their tenancy under the *Residential Tenancies Act*.[119]

The Committee view

2.104   The Committee understands the importance of support services to community housing tenants. These support services, including health and community services and family support, provide everything from crisis interventions to long-term support. Support services assist people with complex needs and importantly, assist people to maintain a tenancy in the social housing sector. The Committee believes that community housing's distinguishing feature is its capacity to be locally responsive and responsible – making it much more than a 'bricks and mortar' system. As evidence overwhelmingly showed, it is the access to appropriate support services that can make the housing arrangement viable. In the words of one witness, "services are the most important thing in housing." [120]

2.105   The Department is currently developing a Supported Housing Strategy to guide the delivery of both public and community housing assistance for people with support needs. The Committee understands that two programs are currently being trialed as a part of this Strategy. The Committee supports the establishment of the Supported Housing Strategy as crucial to ensuring an integrated, co-ordinated and consistent approach to the provision of assistance for people with support needs. We believe it should be integrated with the Five Year Strategic Policy Framework proposed in Recommendation 1.

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115   Submission 50, NCOSS, p14

116   Submission 29, Homes Out West, p10

117   Submission 49, Tenants' Union of NSW, p20

118   Submission 53, NSW Department of Community Services, p8

119   Submission 34, NSW Federation of Housing Associations, p135

120   Ms Phyllis Miller, Vice-President, Local Government and Shires Associations of New South Wales, Evidence, 16 April 2002, p27

2.106   The Committee considers that the Supported Housing Strategy should, at a minimum, address the concerns of the sector as outlined above, as well as consider ways to ensure that regular inter-agency meetings are attended by relevant government representatives. Our Committee is acutely aware of the value of interagency collaboration, from our travels into metropolitan and regional New South Wales for our recent inquiry into child protection services.[121]

2.107   The Committee believes that formal agreements between housing providers, tenants and support services are an important way to ensure the effective and professional delivery of support to community housing tenants. The Department of Housing told the Committee that while this has only been occurring over the past three to four years, it has gained increasing acceptance "because it helps people define their relative roles in providing a service."[122] The Committee believes that all support arrangements should be accompanied by a formal agreement signed by all parties involved, including the community housing provider, government and non government support services and the tenant.

2.108   The Committee is aware of the problems with SAAP services, and in particular their use as medium to longer term accommodation rather than, as intended, an emergency accommodation service. In addition, other evidence has called for an overall housing strategy to ensure greater co-ordination within the sector, for example between housing and support services. These issues are dealt with in Chapter 6.

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[121]   For more information see Legislative Council Standing Committee on Social Issues, *Care and Support. Final Report on Child Protection Services*, Report 29, December 2002, p16

[122]   Wannan, Evidence, 12 February 2002, p11

Recommendation 5

That the Department ensure that the Supported Housing Strategy is integrated with the Five Year Strategic Policy Framework, and disseminated to relevant government and non-government agencies. The following issues should be considered in the development and implementation of the Strategy:

- measures to ensure attendance of government services at regular inter-agency meetings

- reasons why some community housing tenancies fail with consideration of early identification of need and referral to support services

- separation of housing management structures and support service structures

- access to support services in rural and regional New South Wales

- liaison with the relevant government agencies in relation to funding for support services, particularly in mental health services, drug and alcohol detoxification, specialist counselling services for women and children and culturally appropriate services

- adequate links and formal agreements with Supported Accommodation Assistance Program (SAAP)

- adequacy and appropriateness of involvement of community housing providers in assisting with referral to and provision of support services.

Recommendation 6

That, in relation to support arrangements, the Government promote the use of formal agreements signed by all parties involved, including the community housing provider, government and non government support services and the tenant.

Chapter 3   Models of community housing provision

There are a range of different models providing community housing in New South Wales. As outlined in Chapter 2, these models include housing associations, housing co-operatives, and housing provided by non-for-profit organisations such as churches and local government. The fourth model, only recently conceived as a community housing model, is managed by crisis accommodation providers. These models provide a range of different accommodation options, including crisis accommodation and medium and long term accommodation. There is also a range of accommodation types within this mix, including single dwelling accommodation and congregate dwellings such as group homes or boarding houses, providing housing targeting various groups within the community. This chapter looks at a range of issues which impact on the provision of community housing in New South Wales. The terms of reference for the inquiry direct us to overview the effective size of community housing providers and models for accommodation and support in metropolitan, regional and rural areas. These issues are dealt with below together with a brief overview of innovative approaches in the delivery of community housing from other jurisdictions.

Large vs small community housing providers

3.1   Evidence to the inquiry presented a diverse range of views on the most effective size of housing providers. Many witnesses argued that the efficiency, investment raising capacity and competitive effects of community housing are significantly improved the larger the community housing organisation. Other evidence suggested that many of the advantages of community housing, particularly in relation to tenant participation, diminish as housing organisations become larger. The Local Government and Shires Associations of NSW suggest that while economic viability is an important factor in determining the size of community housing organisations, the capacity to be responsive to the local community must also be considered:

> This [responsiveness to the local community] is what makes it community housing, and distinguishes it from state government housing and the private sector.[123]

3.2   This section overviews the debate on the size of community housing projects, including definitions, advantages and disadvantages of small and large providers and models from overseas.

How big are 'large' and 'small' providers?

3.3   There is no commonly used definition of 'large' and 'small' providers. For their surveys of community housing providers, the Department of Housing defines small providers as those managing less than 100 properties, medium providers as those managing 100 to 299 properties, and large providers as those managing over 299 properties. However, many providers manage significantly less than 100 properties, with 29% of providers in this State

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[123]   Submission 19, Local Government and Shires Associations of NSW, p4

managing fewer than five tenancies and 44% managing six to 25 tenancies.[124] At the other end of the spectrum, there has been a recent shift towards larger providers, with 80% of all long-term housing stock now managed by only 18 providers.[125] For example, the largest provider in New South Wales now manages over 700 tenancies.[126]

Advantages and disadvantages of large providers

3.4   In the evidence presented to the Committee, the sector generally agreed that the main advantages of large providers are that they can:

- achieve economies of scale

- be flexible due to the size of their budgets

- afford to employ professional staff in specialised positions

- attract highly qualified board members.

3.5   It is interesting that the Department of Housing perceives an additional benefit, which is that large providers have "an enhanced ability to manage more complex clients to have more professional relationships with other support providers",[127] including establishing formal relationships and service protocols with support services.

3.6   Many witnesses speculated on the size at which community housing providers begin to achieve economies of scale. The National Community Housing Forum in a 2001 discussion paper suggested:

> There is clear evidence that overall, cost efficiencies are gained at around 200 units.[128]

3.7   Evidence from the Department of Housing supported the view that large providers can achieve economies of scale. This evidence showed a significant difference in the management costs of large and small providers, with providers managing less than 30

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124   Submission 28, National Community Housing Forum, Attachment, *An overview of the Community Housing Business and Key Functions*, p12

125   Ms Carol Mills, Deputy Director General, Corporate Strategy, Department of Housing, Evidence, 12 February 2002, p6

126   Submission 28, National Community Housing Forum, Attachment, *Developmental Trends and Issues in Community Housing*, p4

127   Carol Mills, Evidence, Department of Housing, 12 February 2002, p7

128   Submission 28, National Community Housing Forum, Attachment, *Viability and Community Housing*, p6

tenancies receiving annual property management funding of $1,700 per property and providers managing over 400 properties receiving $720 per property.[129]

3.8   The main disadvantage of large providers was seen to be the difficulty of retaining community responsiveness. The Committee heard evidence that:

> …a great paradox of community housing is that [if] it is going to achieve what it says it will achieve in terms of flexibility, tenant participation, responsive management and so on, then it needs to be small. The larger it gets, the harder it is to do those things.[130]

3.9   Patricia Martin, the chair of Hume Community Housing, the largest community housing provider in New South Wales, gave evidence that:

> …at the moment we are managing 700 properties and, while this does not present a problem as far as office management, our board is concerned about growing too big and about service delivery to our tenants. We have a high commitment to tenant participation and, once you reach 1,000 properties, you have to work very hard to retain that tenant contact.[131]

The United Kingdom experience

3.10   The Committee noted that the community housing sector in the UK is made up of much larger providers than in New South Wales with some UK associations larger than most Australian State housing authorities. The Committee heard that ten years ago the UK sector went through a period of research into and debate concerning the most appropriate size for community housing providers, and finally resolved that both large and small providers could be effective, with the quality of management being the most important element. However, in the UK context a small provider is one which manages less than 500 units, a medium provider up to 2,000 and a large provider over 2,500.[132] According to Professor Bill Randolph from the University of Western Sydney, one of the benefits of the scale of these associations means that professionals and resources are brought into the sector:

> …There was a deliberate attempt at that time to change the character of the staffing and the skills base of the sector… This was related to the resources that were going in to the sector and the growth and size. Once you get to a certain size you will start to attract people with the sorts of skills that we are talking about.[133]

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129   Mills, Evidence, Department of Housing, 12 February 2002, p7

130   Mr Michael Darcy, Senior Lecturer, School of Applied Social and Human Sciences, University of Western Sydney, Evidence, 13 February 2002, p19

131   Ms Patricia Martin, Deputy President, New South Wales Federation of Housing Associations, Evidence, 12 February 2002, p48

132   Professor Bill Randolph, Urban Development, University of Western Sydney, Evidence, 13 February 2002, p5

133   Randolph, Evidence, 13 February 2002, p6

3.11   There was conflicting evidence on the desirability of large organisations, as demonstrated by the UK experience. Professor Randolph argued that:

> … until you get to 1,000 units you are not really playing a grown-up game. If you are serious about bringing the community housing sector into the twenty-first century you have to think about the size of those organisations.[134]

3.12   In contrast, Mr Kelvyn Enright, President of the NSW Federation of Housing Associations, is of the opinion that:

> If you look at the United Kingdom experience … you will see that you need to be pretty wary when you start to push organisations such as that to more than 1,000 properties. The big ones in the United Kingdom have monumental difficulties.[135]

3.13   Some of these difficulties include reduced contact with tenants, management difficulties and the logistical problems associated with providing housing and support services to people over a large geographical area. Mr Enright went on to emphasise the importance for large organisations of remaining based in a particular location:

> The big message that came out of the United Kingdom … said, 'Do not get out of your area.' The organisations that have got out of the area are the ones that have lost focus.[136]

3.14   The Committee also heard evidence concerning the way UK providers are retaining community involvement in spite of their size. UK providers have used a number of different mechanisms, including tenants sitting directly on management committees, tenant forums, tenant representative councils, and regional tenants councils that feed into central tenants councils. According to housing consultant Helen Wood, providers in Australia need to be aware of the options available to larger organisations to facilitate tenant participation.[137]

Advantages and disadvantages of small providers

3.15   In the evidence presented to the Committee, the sector generally agreed that the main advantages of small providers are that they can:

- be community-based

- actively involve tenants in management

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[134]   Randolph, Evidence, 13 February 2002, pp4-5

[135]   Mr Kelvyn Enright, Executive Director, NSW Federation of Housing Associations, Evidence, 12 February 2002, p48

[136]   Enright, Evidence, 12 February 2002, p53

[137]   Ms Helen Wood, Housing Consultant, Evidence, 13 February 2002, p7

- effectively meet the needs of groups with common backgrounds or experiences, such as the aged or those from particular cultural or linguistic communities.

3.16 The community-based nature of small providers means that they are more personalised and less bureaucratic, and therefore less intimidating for clients to access. This is particularly important for high-needs groups.

3.17 Evidence suggested that one of the disadvantages of small providers was that they do not have the capacity to employ staff in specialised positions, such as qualified accountants. Small providers also struggle to attract suitable board members with skills in budget management and strategic planning. Some types of small providers such as co-operatives rely solely on the contribution of their members, which inherently restricts the pool of skills available.

3.18 In addition, small providers have less flexibility due to their smaller budgets, and have less scope to implement new programs or subsidise certain tenants through other income. Other evidence suggested that smaller projects had limited opportunity to expand their housing reach.

Size and the effectiveness of community housing

3.19 The Committee believes the critical question around the appropriate size of community housing organisations centres on what constitutes an effective community housing provider. We consider that the definition of 'effectiveness' should not be restricted just to cost effectiveness.

3.20 The evidence presented to the Committee showed that there is general acceptance among community housing providers that large organisations have greater capacity to be cost-effective and to achieve lower management costs. However, the evidence presented also demonstrated agreement that using a broader definition of effectiveness, which includes wider benefits in tenants' lives, shows that both large and small providers can be effective. According to Churches Community Housing:

> … the effectiveness of a program needs to be considered not only in terms of financial outcomes, but also in terms of the stability and security it enables in the lives of the recipients.[138]

3.21 The Committee also heard that the quality of the organisation's management is more important than its size in determining effectiveness:

> There are well-managed, effective housing associations of every size. These housing associations are characterised by staff and boards who respond well to changing features of the environment, and who plan for the future. Other housing associations require more capacity building to enhance their effectiveness, whether they are managing 30 or 300 properties.[139]

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[138] Submission 27, Churches Community Housing Inc, p12

[139] Submission 34, NSW Federation of Housing Associations, p76

3.22 Thus, it is not clear that becoming bigger is desirable for all providers:

> While on the surface increasing the scale of organisations may form an economical approach to rapid growth, a range of factors first need to be taken into account that impact on the optimal size of organisations – location, tenant involvement and target groups. Balancing economies of scale with local responsiveness is critical in adequately meeting housing needs. For many small providers growth is not a desirable option.[140]

3.23 Evidence received during the inquiry suggested that, rather than encouraging all providers to grow, it is more important to consider the needs of the community, and the most appropriately sized organisation to meet those needs:

> The purpose of growth should be to achieve the appropriate size for the housing association's community, given the size and needs of the community.[141]

3.24 The Committee heard that the issue of growth is especially problematic in rural and regional areas, where organisational growth, for example through amalgamation, may lead to providers having a regional rather than a local perspective. Providers in these areas also need to be aware of the potential for amalgamation to create an additional layer of bureaucracy and added management costs which may in fact require more funding,[142] rather than achieving economies of scale. (The issue of amalgamation is dealt with below.)

3.25 Many of those who made submissions and gave evidence emphasised that diversity is a key strength of the community housing sector, and that the existence of both large and small providers is a necessary part of this diversity. This is likely to require actions to bolster the viability and cost effectiveness of smaller providers. In this respect, the Committee supports the Department of Housing's call for the consideration of options for resource sharing amongst smaller providers.

3.26 One option suggested by the Association to Resource Cooperative Housing is for a secondary co-operative structure to assist smaller co-operatives with a range of tasks including accounting, maintenance and performance requirements.[143] Other witnesses such as Ms Mary Perkins from Shelter NSW also suggested that secondary co-operative arrangements are a useful way to assist smaller providers so they can remain viable and accessible to the community and tenants:

> Where there is real merit in small organisations having that close connectedness with particular communities or particular groups of clients with defined needs, there are mechanisms you can use to try to get some of the economies of scale

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[140] Submission 28, National Community Housing Forum, Attachment, *Viability and Community Housing*, p8

[141] Submission 34, NSW Federation of Housing Associations, p75

[142] Submission 28, National Community Housing Forum, Attachment, *Viability and Community Housing*, p16

[143] Ms Karine Shellshear, Executive Officer, Association to Resource Cooperative Housing, Evidence, 12 February 2002, p24. The issue of secondary co-operatives is discussed further in Chapter 2.

into those organisations that are much more easily attained by larger organisations. That is why we have supported that policy in our submission that we wanted to see a secondary co-op established in the co-op area that would provide some of the management support to co-ops in a centralised way. So, you can juggle with models to try to get the best outcome with a variety of on-the-ground management models depending on what the needs of that community are or the desires of that community.[144]

3.27 Another support mechanism, which was discussed in the previous chapter, is South Australia's ComHouse. The Committee understands that a particular focus of ComHouse is to assist small providers that do not have much capacity to generate income to save for the maintenance. The Committee believes that the Department of Housing together with the appropriate resourcing agencies should consider these and other strategies to assist smaller community housing providers. We consider that the recommended Five Year Strategic Policy Framework should be the vehicle for consideration and development of the issues relating to size of community housing organisations.

Recommendation 7

That the Department ensure that community housing continues to be provided in a range of sizes. The development of future community housing projects should ensure that a range of factors are taken into account when determining size, including economies of scale, location, tenant involvement, local responsiveness and target groups.

Recommendation 8

That the Department of Housing liaise with community housing peak organisations to investigate strategies to assist smaller community housing providers, including Secondary Co-operatives and the model for maintenance services in South Australia, ComHouse.

3.28 In considering ways to improve the effectiveness of larger providers, the Committee believes the sector should consider the way some large UK providers are seeking to overcome a lack of community engagement. UK providers have used a number of different mechanisms, including tenants sitting directly on management committees, tenant forums, tenant representative councils and regional tenants councils. These options may allow New South Wales providers to expand and achieve the cost effectiveness of large providers without losing their community responsiveness. The Committee believes the government should encourage large providers in New South Wales to consider implementing some of these strategies.

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[144]   Ms Mary Perkins, Executive Officer, Shelter NSW, Evidence, 16 April 2002, p11

Recommendation 9

That the Department of Housing liaise with the NSW Federation of Housing Associations and tenant representative groups to consider ways to enhance community engagement in the larger community housing providers, with particular consideration given to tenants sitting directly on management committees, tenant forums, tenant representative councils and regional tenants councils.

Appropriate community housing for rural, regional and metropolitan areas

3.29   The Committee was asked to consider appropriate models for community housing in rural, regional and metropolitan areas. While community housing comprises approximately 8.4% of all social housing stock in New South Wales, in rural areas community housing makes up approximately 11% of social housing. According to the NSW Federation of Housing Associations the distribution reflects the availability of housing association and church properties outside of the metropolitan areas.[145] Ms Alison Wannan from the Office of Community Housing explained the division of metropolitan, regional and rural housing:

> What we mean for metropolitan New South Wales is clearly the greater Sydney area. Regional means Newcastle, bits of the Hunter Valley along with the Illawarra and Shoalhaven. It is the coastal fringe. Rural New South Wales within this includes the far north and south coasts and then obviously everything further inland across the great divide. … If we look at the models on the ground, they are quite different, which is a good thing because they should be responding to different need as it occurs across the State.[146]

3.30   There are many issues affecting the delivery of community housing across New South Wales. For example, submissions from the major resourcing agencies all commented on the ineffectiveness of the current financing and development models for community housing. Many believe that the models are hampering the development and expansion of community housing in this State. The issues of equity, title and partnerships will be dealt with later in this report. The sections below deal with issues specific to rural and regional areas and metropolitan Sydney respectively.

Issues for rural and regional community housing[147]

3.31   A range of views were expressed on this term of reference with many witnesses concerned with diversifying the models and improving access to community housing in regional and rural New South Wales. Some of the concerns with community housing in rural and

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[145]   Submission 34, NSW Federation of Housing Associations, p105

[146]   Ms Alison Wannan, Acting Executive Director, Office of Community Housing, 12 February 2002, p9

[147]   Other issues raised in evidence such as the for need new models of management and accountability structures are discussed in Chapter 4

regional areas include the lack of services available, limited public housing stock and lack of housing choice.

3.32   In a submission from Murray Shire Council, the General Manager Mr Greg Murdoch explained the dilemmas facing small towns in the region. According to Mr Murdoch, there is an inequity in the provision of social housing in smaller towns in favour of providing housing in the larger centres of Wagga and Albury:

> Mathoura (Est Population 700) has no public housing except for a community based retirement village with 6 units. The income from these units barely covers annual maintenance and cannot fund new units… Within the town there are many residents living in substandard Caravan accommodation that could fit the criteria for need in a larger centre. However, they choose to live in Mathoura which is their home.[148]

3.33   The Northern Region Young Women's Accommodation Project also told the Committee that many of their clients are forced into the private rental market because of the shortage of public and community housing in the area.[149] Other witnesses were troubled by the limited purchase of stock in rural and regional New South Wales. The Local Government and Shires Associations of NSW told the Committee:

> With the economic decline of many rural and regional centers in NSW, the Department of Housing has been reluctant to purchase or build housing in areas where its future financial return on capital properties is uncertain.[150]

3.34   The Associations argue that while there are difficulties balancing social justice and equity of access to housing with economic viability, more should be done to find flexible, alternative options for housing in rural and regional areas. They suggest consideration should be given to better use of private sector options, for instance use of transportable homes or funding the upgrading or conversion of vacant premises over shops, in exchange for capped rents over a period of time.[151]

3.35   Other witnesses are concerned that, as many rural and regional community providers are small, they are struggling to remain viable and are experiencing difficulties attracting board members. The NSW Federation of Housing Associations reports that many rural associations:

> Have been denied growth funds for many years, have high levels of leasehold properties and therefore high costs and many are concerned with their sustainability.[152]

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[148]   Submission 14, Greg Murdoch, General Manager, Murray Shire Council, p1

[149]   Submission 15, Northern Region Young Women's Accommodation Project, p1

[150]   Submission 19, Local Government and Shires Associations of NSW, p5

[151]   Submission 19, Local Government and Shires Associations of NSW, pp5-6

[152]   Submission 34, NSW Federation of Housing Associations, p111

3.36   Other participants such as the Department of Community Services expressed their concern about the lack of support services in rural and regional New South Wales. This lack of services has resulted in the diversification of many community housing providers who have expanded their role beyond tenancy management to:

> For example, run employment services, conduct training (living skills, computer literacy) and operate information services to tenants.[153]

3.37   In relation to links between community housing and support services, DoCS believes that more needs to be done to assist them in their support of homeless people and tenants accommodated through SAAP. Their concerns relate to the new partnerships initiatives being promoted in the Partnership in Community Housing Program. The Program aims to "increase the diversity of housing supplied to low income households who have a high need, particularly those disadvantaged by geographical and social isolation." DoCS is concerned with the trend of metropolitan rather than rural and regional community housing associations pursuing innovative partnership arrangements:

> While DoCS is aware of the constraints upon community housing associations in rural areas, it considers that greater emphasis needs to be given to encouraging and supporting innovative approaches among rural-based organisations.[154]

3.38   While the Department is of the view that more viable management structures are needed across the social housing system, in relation to regional and rural communities it argues that:

> Change strategies in rural areas need to be guided by the social housing rural strategy and recognise the importance of maintaining locally responsive forms of housing assistance where needed for these communities.[155]

3.39   In February 2002, Ms Alison Wannan, then Acting Executive Director for the Office of Community Housing told the Committee that the Department had a rural strategy coming out. The Committee understands the rural strategy is still under development. Ms Wannan said that the Department was particularly keen to look at options for rural growth centres such as Griffith and Orange. In addition, Ms Wannan said:

> We will be looking at restructuring and working with some of the under performing providers and potential for future partnerships with church organisations in priority areas.[156]

3.40   Over the past five years the government has embarked on a process of regional amalgamations of smaller community housing organisations to ensure they operate over a larger geographical area. A report prepared by the Federation of Housing Associations

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153   Submission 53, Department of Community Services, p7

154   Submission 53, Department of Community Services, p10

155   Submission 54, Department of Housing, p65

156   Ms Alison Wannan, Acting Executive Director for the Office of Community Housing, Evidence, 12 February 2002, p10

found that the government funding agencies at the time underestimated the complexities of amalgamating up to four housing associations. Only limited additional resources were provided to assist housing associations to amalgamate. The Federation suggested that the government:

> … also expected efficiencies from very early in the process – yet we now know that even the corporate sector finds mergers and acquisitions very difficult.[157]

3.41 While improvements are clearly needed, the news on rural and regional community housing is not all bad. A number of submissions pointed to innovations such as the multiple occupancies[158] in rural communities and the formation of alliances with other local housing providers.[159] In relation to regional amalgamations, the Committee visited the North Coast Community Housing Co-operative and was told that the amalgamation of housing associations, Clarence Housing Association and North Coast Community Housing Company, while initially difficult, has resulted in some improvements over time in management co-ordination, administration and tenant advocacy and support. Representatives from the new organisation stated that while there are efficiencies in establishing the organisation, it is still unclear whether there are significant improvements in the costs associated with travel and contact with tenants.[160]

The Queensland model

3.42 Community housing in Queensland has developed to respond to the particular needs of a population that is dispersed throughout many regional, rural and remote areas across the State. The Queensland government has implemented several provisions to deal with the dispersed and decentralised community housing sector, including developing a *Community Housing Plan 1999-2004*, a *Community Housing Resource Worker Program*, and forming a new *Housing Company*.

3.43 The community housing sector in Queensland is in a unique position as the only jurisdiction to have a current finalised State-wide policy framework.[161] The aim of the *Community Housing Plan* is to develop the frameworks and infrastructure necessary to achieve a diverse and sustainable community housing system which:

- provides quality and cost-effective services

- responds flexibly to the needs of tenants and communities

- is recognised as a leading and effective social housing provider

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[157]   Submission 34, NSW Federation of Housing Associations, p112

[158]   Submission 47, Shelter NSW; Submission 49, Tenants' Union of NSW Co-op Ltd, p18

[159]   Submission 29, Homes Out West now known as Deniliquin Community Tenancy Scheme Inc, p9

[160]   Site visit, North Coast Community Housing Company, 21 August 2003

[161]   Submission 28, National Community Housing Forum, p25

- delivers affordable, secure and appropriate housing for people in housing need

- has an emphasis on responsive and supportive models of tenant management

- contributes to the social, economic and environmental wellbeing of Queensland communities.[162]

3.44   The National Community Housing Forum recognises that this plan is particularly relevant in Queensland:

> In Queensland, community housing provides the only affordable housing in many locations where there is little public housing due to the constraints of distance and cost. However, a State based plan that, like this one, draws on the *Strategic Framework for Community Housing in Australia (1999-2003),* is an important policy that provides a shared vision for all the government and non-government players in the State.[163]

3.45   The Queensland Department of Housing has also been instrumental in establishing the *Community Housing Resource Worker Program.* As the New South Wales Department of Housing explains:

> They have also funded a *Community Housing Resource Worker Program* to work in conjunction with voluntary Regional Community Housing Councils to provide targeted support to providers in each of their 10 regions in respect of viability and growth strategies, amongst a range of other objectives.[164]

3.46   As the community housing organisations are dispersed in rural Queensland they are quite small and relatively weak in securing private funding. This has been addressed by the development of a new Housing Company:

> One recent initiative in rural central Queensland is the formation of a new *Housing Company*, which amalgamates six small co-operatives. As housing organisations in Queensland hold their own titles, this provides an asset base of about 130 properties, making the new company much better placed in a mixed funding environment, rather than relying totally on government funds for growth.[165]

Issues for metropolitan community housing

3.47   The Department of Housing in evidence to the Committee explained the different types of community housing in metropolitan areas:

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162   Queensland Department of Housing, available at:
http://www.housing.qld.gov.au/ch_online/publications/ch_five_year_plan/vision.htm

163   Submission 28, National Community Housing Forum, p26

164   Submission 54, Department of Housing, p58

165   ibid.

> In metropolitan Sydney, one feature we find at the moment, in terms of housing associations, is that we have considerably large numbers of large and medium geographical based providers so they have a locality. … We have some gender specific providers—one for men and one for women. They have grown up around traditionally the homeless groups of people but have since diversified. The range of services, we have co-operatives for culturally and linguistically diverse communities. Some examples are a number of Indo-Chinese communities, a number of communities from either India or Sri Lanka and some Spanish-speaking communities as well. We have mixed-income models. That means we have people who earn very low, low and medium incomes—people who might be earning up to, say, about $40,000. CityWest is an example of a community housing provider. It is not funded completely separately from everything else we are talking about today but it is an example of a mixed-income model.[166]

3.48 The Department told the Committee they would be interested in developing future models of a supported housing company.[167] The Department of Housing submission notes one of the key strategies to strengthen the provision of community housing in this State is the development of a specialist supported company in inner Sydney to provide better, more seamless services for complex needs groups.[168] The Department undertook a consultation process in the second half of 2002 and is currently refining the most appropriate model for a supported housing company. While the Committee received only minimal information on this proposal, we understand that there is general support for the idea, however stakeholders await further details on the strategy prior to making any further comments.

3.49 According to other evidence to our inquiry, among the greatest dilemmas for applicants and tenants of social housing in the Sydney metropolitan region is the high property costs, inflated rental prices and higher than state average living costs. These conditions have a significant impact on community housing, particularly on providers with high ratios of lease hold properties. As stated elsewhere in the report, nearly half of community housing properties are lease hold properties. The NSW Federation of Housing Associations argue:

> The volatility of the Sydney private rental market and historically low vacancy rates means that leasehold properties can be hard to come by – particularly at or around the median rent. There is much competition for these properties for much of the real estate property cycle and housing associations find that landlords may discriminate against difficult to house clients.[169]

3.50 In relation to the government's growth strategy, amalgamations of larger housing associations in metropolitan areas have been relatively successful, although not without some problems. The NSW Federation of Housing Associations argue that the metropolitan amalgamations have probably been more successful than those in rural and regional NSW due to the shorter distances between organisations making communication, travel,

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[166] Wannan, Evidence, 12 February 2002, p9

[167] ibid.

[168] Submission 54, Department of Housing, p67

[169] Submission 34, NSW Federation of Housing Associations, p110

meetings and so on easier.[170] The Committee visited the Hume Community Housing Association in 2002, one of the largest providers in the State.[171] Hume is the result of the amalgamation of two smaller housing associations and according to their submission, the amalgamation has resulted in advantages for the organisation and its clients:

> We would state categorically that it is much easier to manage and offer a quality service with a larger staff, even though the tenants to staff ratios are increasing. … The ability to afford better resources including equipment, computers and software, and to allow staff to specialize in their work areas are the main reasons for this.[172]

Addressing specific needs

3.51　An issue raised in submissions relevant to community housing in all areas is the limited choice of appropriate housing for specific target groups. For example, the Committee was told that there is inadequate housing for families and children with child protection concerns. The South West Sydney Scarba service identified that a large proportion of families housed in community housing are single parent families.

> Multi level, adjoining housing is inappropriate for families with small children. Supervision of children is made more difficult in multi level housing, thus impacting on the safety of children and the stress levels of parents. Lack of choice in type and place of housing is of concern for families where isolation is a major risk factor in Child Protection.[173]

3.52　The submission author argues that single level housing close to amenities, including effective transport, is essential to reduce the risks associated with social isolation and ensure the wellbeing of families and children.[174] The organisation People with Disabilities also raised the issue of the limited availability of community housing to provide accessible stock for people with a disability.[175] The Committee understands that this issue is also affecting other targeted groups receiving community housing, including young people, elderly people, people with a mental illness, and people from culturally and linguistically diverse communities.

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[170]　Submission 34, NSW Federation of Housing Associations, p112

[171]　Site visit, Hume Community Housing Association Company, 21 May 2002

[172]　Submission 20, Hume Community Housing Association Company Ltd, p3

[173]　Submission 7, South West Sydney Scarba Service, p1

[174]　Submission 7, South West Sydney Scarba Service, p1

[175]　Submission 43, People with Disabilities, p1

The Committee view

3.53   The Committee accepts that the government and community housing providers are seeking ways to ensure there are a range of appropriate models for rural, regional and metropolitan community housing. The Committee is aware that the Office of Community Housing is currently implementing the rural social housing strategy and working with public housing, Aboriginal providers and CAP/SAAP organisations in some rural areas to develop more viable social housing management models and appropriate forms of housing assistance.

3.54   However, the evidence to this inquiry indicates that further work is required. In particular, the Committee believes that encouragement and support is required for housing providers in rural and regional New South Wales to explore innovative approaches to partnership arrangements. In relation to metropolitan areas, we believe consideration should be given to the development of more affordable housing options and a supported housing company. Both of these issues should be considered in the development of our recommended Five Year Strategic Policy Framework.

3.55   In relation to amalgamations, the Committee understands that the amalgamations in rural, regional and metropolitan areas, while initially problematic, generally have been a positive initiative. The Committee believes that, based on the experiences of previous organisations undergoing amalgamation, the government must ensure that there is adequate funding for the costs associated with establishment, management, training and support for future amalgamations. We also believe that the government should consider ways to ensure there is adequate and appropriate housing choice for specific target groups and explore innovative approaches to partnership arrangements.

Recommendation 10

That the Department of Housing ensure that the rural social housing strategy considers ways to encourage and support housing providers in rural and regional New South Wales to explore innovative approaches to partnership arrangements, including consideration to establishing a Housing Company based on the Queensland example.

Recommendation 11

That the Department should consider strategies to deal with issues specific to community housing in metropolitan areas including:

- ways to address the problems of high housing costs

- the development of a supported housing company.

Recommendation 12

That the Department ensure that all future rural, regional and metropolitan amalgamations of community housing organisations are provided with the necessary financial and administrative support to assist them in creating a new organisation.

Recommendation 13

That the Government, together with community housing providers, ensure there are adequate and appropriate housing choices for specific target groups, including families and children with child protection concerns, people with disability, young people, elderly people, people with a mental illness, and people from culturally and linguistically diverse communities. This should be considered as part of the recommended Five Year Strategic Policy Framework.

Approaches to community housing in other jurisdictions

3.56   The Committee understands that New South Wales continues to have a significant level of unmet need for affordable, appropriate and accessible housing. In this context, there is an ever-increasing demand for effective models of social housing, and in particular community housing. One of the key concerns of this inquiry is the most appropriate models for the delivery of community housing and support services. This section considers the evidence presented to the Committee of approaches to community housing provision from other States and Territories and from overseas.

Funding and rents

3.57   As discussed in Chapter 2, while the Commonwealth State Housing Agreement is the primary source of funds for community housing, stock is financed from a wide range of sources. The evidence to this inquiry argued that one of the key issues confronting the sector was to increase the range of sources of finance available to the social housing system. As discussed elsewhere in this report, many community housing providers are looking to utilise private finance which is premised on the ability of providers to manage and control assets.[176]

3.58   In the United Kingdom funding is provided through government grants and private sector finance.[177] The government grant is a direct grant (called the Social Housing Grant) and it can come either from local government or directly from the *Housing Corporation*.[178] The private sector can also be used to finance housing associations. The Committee heard evidence that:

> One of the main differences is the ownership of land and whether housing associations in Australia will ever be allowed to hold their own assets. In the UK this has always been the case. If you allow asset bases it would allow you to lever in private funding, because the private sector is not going to be happy to lend without some kind of collateral security.[179]

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[176]   Submission 28, National Community Housing Forum, pp13-14

[177]   Submission 54, Department of Housing, p60

[178]   Wood, Evidence, 13 February 2002, p2

[179]   Wood, Evidence, 13 February 2002, pp2-3

3.59   In the United Kingdom private sector funding is not so much envisaged as a desirable supplement to government grants, but more of a necessity for sector development and expansion. Professor Randolph from the University of Western Sydney gave evidence that:

> The British model works: you have approximately 50 per cent public grant and 50 per cent private funding for all new developments. That is how it is done. You can only do that if you are off the public sector budget and housing associations offer that opportunity, which is why they are transferring thousands of stock to housing associations from local government. That is the only way that government can see that new resources of the amount required to improve the stock and remodel it can be brought into the sector.[180]

3.60   Private sector funding brings a new dimension to the professionalism that is required of housing associations as there are necessarily more responsibilities associated with private sector finance. The Committee heard evidence that as a result of not having private sector finance:

> It (the New South Wales system) has a management focus. It is providing good housing management services. But they do not have a role in developing or in financial asset management decisions because that is all done through the Office of Community Housing or the Department of Housing.[181]

3.61   While rent is an issue not often mentioned in the New South Wales context, in the United Kingdom rents are a key issue. One of the major problems associated with rents in the United Kingdom arose due to private sector finance:

> The big negative thing of the private mixed funding housing association system is rents. That has been a big problem. What immediately happened once private funding came in is that rents rose.[182]

3.62   The problem was addressed or at least minimised by the United Kingdom *Housing Benefit* scheme, which is the UK equivalent of *Commonwealth Rent Assistance.* As the Federation of Housing Associations explained:

> The Housing Benefit is attached to the tenant but meets the full cost of housing provision. In Australia, rent assistance is only a contribution to rent and cuts out at a certain level of market rent. There is no UK equivalent of the Commonwealth State Housing Agreement.[183]

3.63   While the United Kingdom has a very extensive rent provision program, the rising costs of rent associated with private investment put considerable strain on the system. As Professor Randolph explained, the Housing Benefit system is a "very generous system":

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[180]   Randolph, Evidence, 13 February 2002, p11

[181]   Wood, Evidence, 13 February 2002, p7

[182]   Randolph, Evidence, 13 February 2002, p12

[183]   Submission 34, New South Wales Federation of Housing Associations Inc, p94

It also meant that the housing benefit bill ballooned and all the way through the early 1990s this was a huge problem. That has a knock-on effect of welfare dependency. That is a big issue that has not properly been resolved. It was certainly a big negative of private funding.[184]

3.64   Another major feature in the UK rent system is that housing associations are allowed to charge 'cost rent' to cover their costs, which is rare in New South Wales.[185] The Committee heard evidence about the benefits of such a rent:

> This [cost rent] is critical because it means that people who run housing associations and social housing providers know what it costs to do that business. They form their judgements, their decision-making and their management structures and all the rest of it to ensure that those costs are minimised and that public funds are used effectively.[186]

Partnerships, title and equity

3.65   As will be discussed in detail in Chapter 6, many witnesses argue that the arrangements for partnership, title and equity in New South Wales have not been adequately addressed and are impeding the expansion of the sector. Churches Community Housing suggest in their submission that they have the capacity to increase community housing stock by bringing new assets into the mix. The church 'sector', representing a range of denominations including Catholic, Anglican, Protestant and Orthodox churches, have a wealth of under-utilised church owned assets that can be developed for community housing. A principle concern of Churches Community Housing is how housing is brought on line through a partnership between government and a church or church based organisation.[187]

3.66   According to the evidence, South Australia has resolved these issues and realised the potential for such partnerships. South Australia works within a 'collaborative policy framework' which means that the resources of the government and churches can be brought together under specified principles to meet the needs of the population in a collaborative manner.[188] These principles are as follows:

> In South Australia, the government's contribution in a project is amortised over a maximum period of thirty years. On completion of the term, the church will retain the land including all improvements. The church cannot withdraw from a project in less than twenty years without the permission of all parties. However, if they withdraw after twenty years but before the end of the term, they are liable for the

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184   Randolph, Evidence, 13 February 2002, p13

185   ibid, p5

186   ibid.

187   Submission 27, Churches Community Housing

188   Submission 27, Churches Community Housing, p12

remaining government investment established by a pro-rata formula that takes into account the current market value of the property.[189]

3.67 The arrangements for church participation have also been addressed in Victoria where there is a strong church presence brokered by Ecumenical Housing Inc. Ecumenical Housing conducts research, promotes community housing, resources individual projects, and links them with both government administrators and the sector more broadly.[190] Victoria's Ecumenical Housing Inc. have negotiated policy frameworks, protocols and deeds of agreement that overcome title and equity issues that have impeded partnerships with churches in New South Wales.[191]

3.68 Victoria also has a number of other housing models for co-operative housing. Victoria has two types of housing co-operative models: a rental model, and a program to support common equity co-operative housing, (the CERC program). The rental model is similar to the New South Wales program, whereby the co-operatives rent from the government. Under the CERC program, however, ownership is held in the sector and is administered by Common Equity Housing Limited (CEH).[192] CEH is an unlisted public company whose shareholders include the common equity housing co-operatives (CERCs) to which it leases.

3.69 The New South Wales Department of Housing has suggested that the CERC program has distinct advantages, including the:

- need for government to contact only one entity

- development of a high level of project management and financial and investment expertise in the organisation

- greater bargaining power to seek further investment is provided by the combined equity and rent base.[193]

3.70 Despite these advantages there have been some concerns raised by ARCH about the problems encountered between the Victorian government and CEH:

Rents are based on cost and include components for the administration of the scheme and for loan repayment. The government provides a rental rebate that ensures that householders pay no more than 25% of their income in rent. One of the tensions that has emerged relates to the possibility that rents could be set at a higher rate than necessary, which would result in no increase in rent for many tenants, but an increase in rebate income for CEH... this issue has led to increasing scrutiny of CEH and conflict between the government and the sector.

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[189] ibid.

[190] Submission 28, National Community Housing Forum, p24

[191] Submission 27, Churches Community Housing Inc, p13

[192] Submission 48, Association to Resource Co-operative Housing, p89

[193] Submission 54, Department of Housing, p55

> The ambiguity about CEH's role as program provider/sector representative also appears to have caused some problems.[194]

3.71 According to other evidence, housing associations in the United Kingdom have also been innovative and willing to be involved in partnerships for estate renewal:

> Their ability to use their assets wisely and effectively has transformed the delivery of housing assistance in the UK.[195]

Joint ventures and specialised housing associations

3.72 There are a number of housing associations in Victoria that have expanded in size and as a result are developing specialist expertise. This specialist expertise includes the ability to undertake complex and more innovative social housing projects, partnerships with local government and stakeholders and joint ventures with the private sector.[196]

3.73 The New South Wales Department of Housing in its submission expressed interest in these models and explained the workings of one such association:

> Port Phillip Community Housing Association (PPCHA) in Victoria has a partnership arrangement with the local government authority, the City of Port Phillip, to manage their housing stock and develop new housing opportunities for residents of the area. This has extended beyond one-off projects to involve a five-year joint venture, which includes long-term planning to address housing needs. [197]

3.74 Other housing associations in Victoria are being established specifically (in addition to generalist housing providers) to provide specialist care and assist people with complex support needs. The NSW Department of Housing considers this strategy a key aspect for consideration in New South Wales as a capacity building exercise. Two Victorian examples suggested include Wintringham (assisting older homeless people) and Singleton Equity Housing Limited (for people with a disability and the capacity to contribute finance towards their housing).[198]

3.75 Joint venture development arrangements which generate a surplus for reinvestment in social housing as a way of reducing reliance on government funding and diversifying the stock available for community housing are being tried in a number of other States.[199] Queensland is one such State, having recently established the Brisbane Housing Company. This new company is envisaged to:

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194   Submission 48, Association to Resource Co-operative Housing, p90

195   Submission 34, NSW Federation of Housing Associations, p96

196   Submission 54, Department of Housing, p62

197   Submission 54, Department of Housing, p56

198   Submission 54, Department of Housing, p62

199   ibid, p55

> …Build, buy and manage 600 units. The company will involve a diverse range of shareholders including the Queensland Department of Housing, Queensland Treasury, Brisbane City Council and up to 15 community based housing organisations, churches or charities. The company aims to attract funding from Government, private developer contributions and make use of its ability to claim GST tax credits for GST costs and tenants' ability to receive Commonwealth Rent Assistance.[200]

Crisis and transitional housing

3.76　　The issue of crisis and transitional housing was addressed in many submissions and is discussed throughout this report. In relation to innovative arrangements occurring in other jurisdictions, the Committee was told about changes to the Victorian community housing infrastructure via the mandatory implementation of the Transitional Housing Management (THM) Program. This program is intended to assist households in crisis as a result of homelessness or impending homelessness and it is intended to provide a bridge between a person's current housing crisis and long-term, stable housing.[201]

3.77　　The New South Wales Department of Housing reviewed the THM program commenting:

> The model is of interest as it takes a coordinated approach to separating housing and support services. This particular aspect of the THM is not dissimilar to what is occurring at a local level in NSW between SAAP and other support agencies and housing associations through partnership arrangements.[202]

3.78　　While the idea of a transitional program between crisis housing and long-term stable housing is positive, there needs to be relevant changes to accommodate such a program, as the Department of Housing noted:

> THM agencies with high needs clients who are assessed as eligible for priority public housing are finding their stock is becoming 'clogged' by the lack of exit housing to accommodate these tenants.[203]

3.79　　South Australia has a similar service in the *Multi Agency Community Housing Association (MACHA)*. This association provides long-term accommodation to high needs chronically homeless adults (similar to the THM program in Victoria). These adults are referred to the Association by support services working in Adelaide. The MACHA currently operates 135 units in the Adelaide CBD and is gradually expanding outside this area.[204] The relationship between MACHA and the support services who refer people to them is very important:

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[200]　ibid.

[201]　ibid, p56

[202]　ibid.

[203]　Submission 54, Department of Housing, p56

[204]　ibid, p57

MACHA take all their tenant referrals from member agencies (ranging from Aboriginal services, SAAP women's services, and St Vincent De Paul night shelter). The 'umbrella' association works closely with these services that continue to provide support as long as the tenant needs it.[205]

3.80 Chapter 6 contains further analysis of crisis accommodation in New South Wales, as well as the future development of various community housing models and approaches.

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[205] ibid.

Chapter 4   Governance

This chapter examines the governance of community housing organisations – that is, their management structures, decision-making processes and operational policies. Community housing organisation governance is provided by a board or committee that is responsible for decision-making, with a secretary, treasurer and chairperson having particular responsibilities for administration, finance, and meetings respectively. In line with the philosophy of community housing, tenant participation in the management of their housing is a key feature. The governance models featured in housing associations, partnerships and housing co-operatives are assessed below.

Governance of housing associations

4.1   Housing associations are managed by a community-based board of directors or management committee.[206] In many cases, housing associations employ staff to whom the Board can delegate the day-to-day running of the association.

4.2   Community participation on housing association boards and committees is voluntary, and boards typically include members from several relevant community spheres. The Federation of Housing Associations (FHA) provided the Committee with the following breakdown of the backgrounds of housing association board members:[207]

Background	Percentage
Community and support	41
Tenants	21
Business	14
Professional	9
Local Government	8
Government	5
Aboriginal organisation	2

4.3   The Committee heard that in recent years, many housing associations, and particularly the larger ones, have been seeking board members with useful skills and experience:

> Larger housing associations are moving towards expertise based boards and, although tenants are often involved in board decisions, new ways of involving tenants are being considered. The experience of many housing associations is that tenants do not necessarily have the skills required to manage a large community housing organisation.

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[206]   Submission 34, NSW Federation of Housing Associations, p159

[207]   ibid, p160

Large housing associations have annual incomes of over $1 million and boards must ensure that they have appropriate controls in place over the collection and expenditure of those funds. As organisations grow, the responsibilities of board members for the activities of that organisation also grow. Board members must have the skills to satisfy themselves that all external and internal probity requirements are met…

Smaller housing associations are less likely to move to a fully fledged corporate governance model. There are two reasons for this: firstly it can be difficult to recruit board members, for example in rural areas; secondly the level of resourcing required to support a corporate governance model is not usually present in a small housing association. Small housing association boards are more likely to be involved in day-to-day operational matters rather than set up elaborate systems to monitor activities.[208]

4.4 Under this 'corporate governance' model, the Board is responsible for setting the strategic direction of the housing association, while delegating duties to staff for the day-to-day running of the association.[209]

4.5 The FHA noted that the corporate governance model is a relatively recent development in housing associations:

Five years ago only one or two housing associations had moved towards a governance model with boards that included positions for people with targeted expertise such as solicitors, accountants, support agencies or local government. In 2002 the majority of housing associations have moved to a governance model or are considering the move.[210]

4.6 A number of local housing associations made submissions to the Committee detailing their association's governance structures. For example, the Narrabri Community Tenancy Scheme, which manages 54 properties, explained the process for appointing members to their Management Committee and described their current Committee:

Nominations for Management Committee are canvassed through the local press and by staff and committee networking to promote our service. We currently have a committee of 17 members drawn from a diverse range of backgrounds and interests. These include

- DoCS disability worker (President)

- Retired councillor, Red Cross NSW Divisional Councillor, Board member of New England Area Health Services and holder of an OAM (Vice President)

- Primary Producer and President of local Sheltered Workshop (Vice President)

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[208] Submission 34, NSW Federation of Housing Associations, p159

[209] ibid.

[210] ibid, pp159-160

- Retired bookkeeper and active community worker (Vice President)

- Community Aid Co-ordinator (Secretary)

- Retired councillor and active Lions Club President (Treasurer)

- Practicing Solicitor (Patron)

- Five tenants hold committee positions, including two tenant representatives.[211]

4.7 The Narrabri Community Tenancy Scheme also explained the activities undertaken in governing their community housing organisation:

> In recent years there has been a shift from 'hands-on' management to governance… Corporate governance is considered the foundation of our organization and to ensure that a clear management structure is maintained, we have detailed policies and procedures in place:

> Management meetings are held monthly, Executive meet monthly in between so that Executive in effect meets on a fortnightly basis. All of management is actively involved in all areas of the organization…[212]

4.8 These appear to be typical of the arrangements in effect in other housing associations.

Governance of housing partnerships

4.9 Community housing provided by Churches Community Housing, the most significant participant in housing partnerships in New South Wales, is run in a similar manner to housing associations, with boards or management committees appointed to community housing organisations. Mr Derek Yule, the Executive Officer of Churches Community Housing, explained:

> The church sector has in place specific Boards or Management Committees to manage its community housing portfolios etc. These boards seek the nomination of suitable skilled, qualified and experienced persons from within the church communities. However there will be an acknowledgement that they also need representation from the wider community and specific appointments will be made from professionals to ensure that all aspects of their management responsibilities are met.[213]

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[211] Submission 16, Narrabri Community Tenancy Scheme, p5

[212] ibid, p26

[213] Yule, Correspondence to Director, 12 September 2003.

Governance of housing co-operatives

4.10   The key difference between co-operative housing and housing associations is in the management model. In co-ops, the Board of Directors is made up of co-op members (that is, tenants):

> Tenant members pay rent to the co-operative and are collectively responsible for all aspects of housing management including rent collection, maintenance of the properties, and allocating vacant properties to new tenants. This work is unpaid but allows co-operative members to exercise a higher level of control over their housing than is possible for public and other community housing tenants.[214]

4.11   Usually the Board of Directors is small and elected by the members to manage the day-to-day operations of the co-op. However, in the case of small co-ops, the Board of Directors sometimes consists of all members of the co-op with equal control. Boards of Directors must meet at least every three months.[215]

4.12   Each co-op annually elects a chairperson, secretary and treasurer. Many co-ops also form sub-committees to share the workload – such as a finance sub-committee which would assist in paying bills, banking rents, or preparing for an audit.[216] The Board of Directors is legally responsible for managing the co-op and for decisions made (although members may be involved in decision making at monthly meetings). Members or paid staff may share the work involved in running the co-op.

4.13   ARCH described the management responsibilities of housing co-operatives, which are quite substantial, and involve tenancy and property management (including selecting tenants, collecting rents and undertaking or organising repairs and maintenance), financial management (such as budgeting), organisational management (such as planning and policy work, mandatory reporting) and asset management.

4.14   The Committee visited several housing co-operatives during the course of the inquiry, and held discussions with a number of tenants. In all cases, the tenants who spoke to the Committee were enthusiastic about the model of governance and particularly the opportunity it provides for tenant control over management of housing. Co-op tenants acknowledged that the co-op model was not one that would suit all social housing tenants, since it required a significant amount of input from tenants. Indeed, some tenants indicated that the workload could sometimes be excessive. (This lends support for the idea of a secondary co-operative, discussed in Chapter 3.)

4.15   For further information on tenant participation in governance and management, refer to Chapter 2.

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[214]   Submission 54, p13

[215]   ARCH, *Co-operative Housing Resource Manual Volume 2*, May 2002, p10, p14

[216]   ibid, p16

Stakeholder reflections on community housing governance

4.16   The Committee received very few comments on the efficacy and transparency of community housing's governance. The Department's general view was that the majority of community housing organisations had successful governance models. Ms Ready gave evidence that:

> Most organisations that operate in the community housing sector operate exceedingly well in terms of their management systems and the outcomes that they achieve, as do the boards of management and their understanding and management of organisations.[217]

4.17   This is reflected in the level of tenant satisfaction with management-related matters:

> Survey respondents expressed a high degree of satisfaction with the:
>
> • Availability of clear information from the provider about policies and procedures;
>
> • Way they are treated by provider staff; and
>
> • Staff knowledge about the organisation's policies and procedures.[218]

4.18   The Committee heard that there is room for improvement in the management of some community housing organisations. While many of the anecdotes about emotionally charged disputes and collapses of organisations described to the Committee are the result of personality conflicts, some systemic issues have also been raised. The Department of Housing, in commenting on what it considers to be the issues needing to be addressed in the community housing sector, noted:

> …the need to improve organisational accountability and corporate governance of some providers. Performance and ethical problems emerging in the sector over the last 18 months have involved providers with insufficient corporate governance. This has affected small providers and larger rural organisations. Better frameworks to support organisational governance and the targeting of resources to address the variable skill levels of staff and management boards is needed to gain more consistent performance across providers.[219]

4.19   ARCH considers that housing co-operatives are experiencing some management problems:

> In 2001, ARCH commissioned a study into the difficulties being faced by NSW housing co-operatives in managing their operations. The main findings of that study were:

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[217]   Ms Lynne Ready, Acting Executive Director, Office of Community Housing, Evidence, 11 November 2002, p4

[218]   Submission 54, Department of Housing, p42

[219]   ibid, p65

- All co-operatives are experiencing difficulties in sustaining tenant participation in management. This is a critical problem as participation is fundamental to the success of co-operative ideology and practice

- Strategies for co-operative financial sustainability are limited at present

- Administration and accountability requirements present a significant barrier to tenant participation in management of co-operatives and a significant drain on co-operative resources…[220]

4.20   ARCH recommends secondary co-operatives as a means of dealing with some of the management related difficulties facing housing co-operatives. It describes secondary co-operatives as ones that provide "administrative support, financial support, technical assistance and/or access to resources for users of housing co-ops (primary co-ops)".[221]

4.21   Details were provided about how secondary co-operatives operate in England:

> In England, secondary co-ops generally are used on a fee for service basis, with fees set at an amount based on the Housing Corporation's benchmarks. Services provided by secondary co-ops include management of finances, rent collection and arrears, repairs and maintenance and administration of tenancies. They may also hold joint waiting lists for co-operatives that they work with and provide dispute resolution facilitation.

> Most co-operatives use secondary co-ops to perform the range of financial and administrative tasks associated with co-operative management, but preserve those tasks associated with human resources (eg tenant selection, decision making, induction, disputes) for themselves.[222]

4.22   ARCH's submission recommends that the Office of Community Housing fund a secondary co-operative to undertake management support activities for housing co-operatives in New South Wales.[223] The Committee has recommended in Chapter 2 that the Department investigate the option of secondary co-operatives.

Assisting governance: training and support

4.23   Training and support for community housing organisations is provided through the peak representative bodies and the Office of Community Housing. These activities are briefly described below.

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[220]   Submission 48, ARCH, p73

[221]   ibid.

[222]   ibid, pp73-4

[223]   ibid, p74

Departmental initiatives

4.24 The Department of Housing advised the Committee that in recent times it had been working to improve corporate governance amongst community housing providers by preparing guides for management boards on corporate governance and business ethics as well as other training.[224]

4.25 The Committee also notes the guidance provided by the proposed Performance Management Framework (PMF), discussed in detail in Chapter 5. The PMF includes corporate governance as a desired outcome, aiming for "clear and effective arrangements…for internal control and transparent decision-making" and "appropriate arrangements…in place to ensure the organisation is accountable to stakeholders." Specific indicators are provided to guide community housing organisations.[225]

4.26 Other recent Department of Housing initiatives for improving corporate governance, accountability and skill levels within the sector are detailed in the Department's submission to the inquiry:

> Most community housing provider board and management committee members are unpaid and bring highly specific skills to the organisation. In 2001, the Department developed two sets of resources designed to support board/management committee members in developing new skills. The resources covered the two most complex aspects of organisational management: human resources management (recruitment, supervision, training and support of paid staff and volunteers) and, proactive financial management (identifying areas of strong and weak financial performance, setting internal benchmarks, and making accurate budget projections).[226]

4.27 The Department has also undertaken work on:

- preparing guides for management boards on corporate governance, and business ethics and associated training requirements.[227]

- the development of resources on corporate governance for housing providers, focusing on the specific aspects of housing delivery

- the distribution of quarterly data on housing, tenancy and financial management indicators to housing associations, including peer and sector wide consultations

- the proposed development of risk management and business assurance tools that will be guides for both providers and the Department to assess the management of risk.[228]

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[224] Submission 54, Department of Housing, p67

[225] Supplementary submission 54, Department of Housing, p12

[226] Submission 54, Department of Housing, p48

[227] ibid, p67

4.28   Further details were provided in the hearing by Ms Alison Wannan, Acting Executive Director, Office of Community Housing:

> The Federation of Housing Associations has a training program that assists boards as part of its annual work. In this financial year, our organisation will put together some work on corporate governance for boards. We will outline from a housing perspective the responsibilities and decisions that governance of a housing company involves. It is about moving from the normal requirements that any incorporated organisation has as part of our responsibilities to the Department of Fair Trading or the Australian Securities and Investments Commission or whatever, which is one level of getting the boards right. We have recognised that there is a gap. That is why we are producing a manual focussing not just on how to operate a not-for-profit board—there are many of those around—but on what it means to manage a particularly large organisation with sizeable funds and what this means in terms of business planning, performance indicators, good financial ratios and financial statements and other more sophisticated levels of analysis. We are doing that in recognition of the fact that we have a gap at present.[229]

4.29   A number of submissions noted the role of the National Community Housing Standards and accreditation in improving management and governance.[230] These cover whether board and committee members are aware of their legal responsibilities, whether the organisation has a written policy covering conflicts of interest, and checks and balances to prevent mismanagement of funds. The FHA commented:

> Whilst the standards do not guarantee that housing associations will be well managed and well governed, they do provide a guideline for housing associations seeking to improve their management.[231]

Representative organisations

4.30   The Department of Housing funds three representative organisations that provide training and resource support for community housing providers. The organisations are: the Association to Resource Co-operative Housing (ARCH), which supports co-operative housing; the NSW Federation of Housing Associations, which assists housing associations; and Churches Community Housing, which is the peak group for church providers of community housing.[232]

4.31   The Committee notes the important role of the representative organisations in providing resources to community housing organisations. The Department of Housing advised us of the valuable outcomes that have resulted from its funding of representative organisations:

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228   Supplementary submission 54, Department of Housing, p4

229   Wannan, Evidence, 12 February 2002, p13

230   See for example Submission 34, NSW Federation of Housing Associations, p161

231   ibid, pp157-158

232   Submission 54, Department of Housing, p8

Significant outcomes from these funding arrangements have included:

- development and delivery of business and housing management training for housing associations, housing co-operatives and other community housing providers

- operation of a Housing Advice Hotline for housing providers

- development of sector specific policy templates and other housing management tools

- continuing education programs

- research into issues affecting the development of the community housing sector

- partnership projects between the Department and churches

- operational support for community housing providers seeking or administering government funding for rental housing assistance and

- a community housing web-site providing information and contact points for potential community housing clients.[233]

4.32 The FHA also considers the Department's funding of representative organisations to be a successful mechanism for supporting community housing:

> The Federation strongly believes that the current arrangements are effective and efficient in meeting the range of needs of the whole sector.[234]

4.33 A number of community housing organisations specifically commended the support provided by their representative organisations. For example, the Narrabri Community Housing Tenancy Scheme wrote:

> The NSW Federation of Housing Associations is our main support service. The Hotline, which provides legal advice, is an invaluable service, as providers need to be sure that the advice they give and receive is the correct advice. The Federation of Housing is also our main, if not sole, provider of training. The Federation are a Registered Training Organization and the training, workshops and seminars are aimed at the housing sector and therefore very pertinent and informative. The training etc is often carried out in response to the needs of the sector.
>
> The NSW Federation of Housing produce a range of materials including Housing Hints and Good Practice Guides. These publications have been the basis for many of our organisation's policies and procedures and ensure that the sector is kept informed and professional.[235]

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[233] Submission 54, Department of Housing, p48

[234] Submission 34, NSW Federation of Housing Associations, p139

[235] Submission 16, Narrabri Community Tenancy Scheme, p25

4.34   Similarly, when the Committee met with members of the Tamil Senior Citizens' Housing Co-operative Ltd, they advised that the resources and advice provided by ARCH were extremely useful.

Training

4.35   Recognising that adequate training of boards and committees is essential to good governance, the sector has made this a focus. Such training aims to provide staff and board and committee members of community housing organisations with the necessary skills and knowledge to effectively manage their community housing organisation.

4.36   A variety of training programs and manuals are offered by both the Federation of Housing Associations (FHA) and the Association to Resource Co-operative Housing (ARCH). Both organisations emphasise the importance of practical and affordable courses to develop the skills of people involved with co-ops and housing management.

4.37   The programs run by the FHA and ARCH cover a wide range of aspects of community housing from formal, accredited courses such as the FHA's Certificate IV in Community Housing Work, to less formal, shorter courses on financial management and business planning which provide a focus on day to day skills. Many of these programs are offered in conjunction with other organisations such as the Graduate School of Business at UTS, the Law Federation and the GST Start-up fund, who provide a combination of expertise and funding. The FHA has also introduced a training program for Aboriginal Housing providers – HOME (Housing Our Mob Equally) based on its well-regarded course, Housing Association Training Program In New South Wales (HATPIN).

4.38   As well as a similarly broad range of courses, ARCH has also developed comprehensive manuals and guides to encourage "good practice" amongst Housing Co-operatives. These manuals are designed to provide easy to understand guidance and are widely available to members of housing co-operatives or people interested in becoming involved in one.

4.39   The Australian Centre for Cooperative Research and Development (ACCORD) noted the importance of training, particularly for co-operatives (as they are managed by tenant members):

> Adequate ongoing training and education of co-operative managers and members is recognised by co-operative researchers and practitioners alike as a key to sectoral co-operative success. Research … indicates that training is most effective when it is accredited and provided by those with specific expertise in co-operative housing. Further, strong co-operative sectors require minimum standards of training for management board members, which may be delivered 'in house' or by external bodies…[236]

4.40   We have been impressed by the proactive approach taken by the sector in relation to training. For example, the FHA routinely works to identify and address training needs within the sector:

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[236]   Submission 22, Australian Centre for Cooperative Research and Development, pp12-13

> We regularly conduct training needs analysis of the sector to determine what the current and future training needs are likely to be. Housing associations meet twice a year, usually in February and August. At those meetings and at our bi-annual community housing conference we carry out training needs analyses… Not all issues identified can be usefully addressed with training. In some cases a different approach will be required such as intensive resourcing of one housing association or changes to the Federation's Housing Management hotline.[237]

4.41 Both ARCH and the FHA evaluate the quality of delivery and the content of its training sessions via feedback from participants and trainers. The FHA explained:

> We collate this feedback on a quarterly and annual basis for both internal and external reporting purposes… In 2001 we conducted a standardised skills audit of housing association board members and will develop a similar audit for housing association staff in 2002. This will become an annual event in order to measure movement in skills in both boards and staff. These measurements are intended to inform the Federation whether we have provided the right training to meet the training needs of housing associations that we had earlier identified in our planning.[238]

4.42 As a result, the FHA has developed strategies for future training needs, including courses focusing on:

- Negotiation, establishment and maintenance of agreements with other stakeholders – for example local government, employment programs and support providers

- Development of more sophisticated strategic plans – larger housing associations have a business plan that relates to their housing funding. Diversification will require a different approach to planning

- Development of financial and other viability indicators and benchmarking of good practice

- Organisational restructuring and change management

- Community renewal, regeneration and employment and the skills needed to make them work

- Asset management – housing associations increasingly want to manage their own assets, organise and plan for maintenance

- Development – currently only City West Housing has this in-house capacity

- Frontline management and human resource management – the skills to manage larger staff teams will be required as housing associations grow

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[237] Submission 34, NSW Federation of Housing Associations, p143

[238] ibid, p146

- Critical incidents and occupational health and safety.[239]

4.43   ARCH has also identified future training priority areas:

- Team building

- Communication

- Dispute resolution

- Governance

- High level tenancy, organisational and financial management

- Asset management

- Quality management

- Building strategic alliances

- Information technology.[240]

4.44   The Federation of Housing Associations provided statistics on attendance at recent courses:

- 50 new community housing workers attended the New Worker Induction Training, a two-day course between November 2000 and July 2001

- 254 people attended one or more of the modules of the Housing Association Training Program in NSW between 1995

- 32 days of training for 280 participants in 2000-2001

- training of 300 people in 35 locations on establishing a tenancy[241]

4.45   In relation to provision of training to housing co-operatives, ARCH advised of the following attendance figures for 2000-2001:

- 45 days of training for 524 participants from 28 co-operatives. 97.5% rated their satisfaction as very satisfied

- Tailored training to 12 housing co-operatives across the State…

- 300 calls on [the] phone advice line

[239]   Submission 34, NSW Federation of Housing Associations, p151

[240]   Submission 48, ARCH, p65

[241]   Submission 34, NSW Federation of Housing Associations, pp143-144

- 64% of housing co-operatives participated in the quarterly Regional Meetings.[242]

4.46   However, these raw attendance figures are not helpful in illustrating the extent to which training is accessed by the sector. The Committee has been unable to obtain any data on participation rates that indicate the *proportion* of board and staff members that have been trained and any patterns in attendance or non-attendance (such as access issues for rural and regional housing organisations).

4.47   St George Community Housing (SGCH) suggests that the sector does not use the high quality resources and training available to it to the extent that it could. SGCH argues that this is a result of:

> … the recency in the availability of the programmes, distance, cost, and the historic capacity of providers to survive on their own due to the absence of any such offerings.[243]

4.48   SGCH suggests this should be rectified by making training compulsory for staff and the Board, through the inclusion of a minimum training hours benchmark that is monitored by the funding body.[244]

4.49   The Committee received submissions expressing concern about the level of funding allocated for training, both for housing associations and housing co-operatives.

4.50   The FHA, for example, submitted:

> There is an under-investment in training and resourcing housing associations in NSW. We believe that considerably more training resources need to be provided in a sector that is experiencing this level of growth and rate of change. Demands for greater accountability by government can only be satisfied if the necessary investment in training and resourcing is delivered.[245]

4.51   The FHA further notes that it considers the Department's emphasis on the application of user pays strategies to training in the community housing sector to be inappropriate. The Federation argues that its shift to a fee-based service has meant that housing associations' funding benchmarks do not cover the cost of training. This is particularly the case for smaller and regional housing associations, who often struggle to afford training, with obvious implications for the skill levels of those associations. The FHA submitted:

> Therefore we find that the current operations of the Federation are unsustainable: housing association funding benchmarks are set too low to support a significant increase in fee-for-service, and resourcing funding is set at too low a level to

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[242]   Submission 48, ARCH, pp63-64

[243]   Submission 51, St George Community Housing Co-operative Ltd, p10

[244]   ibid, p10

[245]   Submission 34, Federation of Housing Associations, p148

properly address the resource needs of a growing and engaged community housing sector…

Our current level of resourcing and training funds is approximately $60 per property per annum. This represents a significant decline since 1996/97 when resourcing and training funding per property was $85.50 per property (inflation adjusted).[246]

4.52   The Association to Resource Co-operative Housing expressed some concern about its ability to meet the training and support needs of housing co-operatives in New South Wales, as a result of insufficient resources and high demand:

In general, the kind of ground support needed by a significant number of co-operatives across the State goes well beyond the capacity and role of a State-wide peak organisation like ARCH which has only three education and resource workers to develop, train and support housing co-operatives across the whole of the NSW metropolitan, non-metropolitan and rural areas.

Whilst ARCH plays a significant catalyst role in developing new groups to comply with Government requirements, and is proactive in influencing existing co-operatives by creating effective training and management tools … it is not in a position to offer the extensive on the ground, hands-on support at a local level that many co-operative members would benefit from, nor does it have the powers of arbitration that are demanded when a co-operative reaches a crisis situation.[247]

4.53   The Australian Centre for Co-operative Research and Development (ACCORD) also considers the funding of training for co-ops to be unsatisfactory:

Under the current operational guidelines, co-operatives are allowed to spend up to $1000 or 1% (whichever is greater) on member training activities per year. In a housing environment characterised by deregulation and the rise of user-pays, this amount is starkly inadequate.[248]

4.54   ACCORD noted a further difficulty for co-ops in that:

The Association to Research Co-operative Housing is currently not a registered training body, due to the expense of such registration. In contrast, the NSW Federation of Housing Associations is an accredited body. While NSW co-operators are able to participate in the Federation's training activities, these activities do not deal with issues specific to the needs of co-operatives as a particular form of housing provider. ARCH provides free unaccredited training in these areas, but reports that this training is accessed on an inconsistent basis.[249]

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[246]   ibid, p149

[247]   Submission 48, ARCH, p68

[248]   Submission 22, Australian Centre for Co-operative Research and Development, p14

[249]   Submission 22, Australian Centre for Cooperative Research and Development, pp12-13

4.55   ACCORD recommends a review of existing training arrangements for the co-operative housing sector with a view to developing an accredited training program 'which maximises the expertise of ARCH'.[250]

4.56   The Committee notes that the evidence we received from ARCH does not specifically identify the lack of accreditation as an issue hampering their provision of training to housing co-operatives. We suggest that consultation between the Office of Community Housing, and organisations that resource and represent housing co-operatives should occur to determine the need for the development of an accredited training program specifically aimed at housing co-operatives.

Recommendation 14

That the Department of Housing consult with the housing co-operative resourcing and representative organisations to determine the need for the development of an accredited training program specifically aimed at housing co-operatives.

Committee comment on governance, training and support

4.57   The Committee has found it difficult to draw conclusions about the efficacy and transparency of community housing governance and the adequacy of training and support. This is not only a result of the relatively small number of comments about these issues in the evidence and submissions received by the Committee in the course of the inquiry. Assessment is also complicated by the considerable number of recent initiatives and proposals aimed at boosting support and training for the community housing organisations and, ultimately, improving their governance. This includes, most notably, the Performance Management Framework and the new guides and resources on corporate governance.

4.58   In view of changes planned and those already undertaken, the Committee considers it to be premature to suggest specific recommendations in this area. However, the Committee is of the view that the Office of Community Housing should monitor the efficacy of community housing governance and the measures designed to support it as those changes come into effect.

Recommendation 15

That the Department of Housing monitor the efficacy of community housing governance and the measures designed to support it as recent changes come into effect.

4.59   Evidence provided to the Committee makes it clear that training of board and committee members and staff is the key to good governance. It is apparent that the representative organisations take seriously their role as trainers, and provide high quality training resources

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[250]   ibid, p13

that address identified training needs. Nevertheless, it is unclear to us whether participation rates are sufficient to ensure the level of skills necessary for high quality governance and accountability. The Committee therefore recommends that the Office of Community Housing review the level of participation in board, committee and staff training, and determine whether there is a need for the development of measures to increase attendance, perhaps including compulsory minimum training levels.

Recommendation 16

That the Department of Housing review the level of participation in training for board and committee members and staff and the need for measures to increase attendance if participation levels are low.

4.60   The Committee notes the sector views about inadequate funding of training for community housing organisations. Given the undoubted importance of training for provision of high quality management and services, the Committee considers it appropriate that the Department review the adequacy of funding allocations for training of community housing organisations.

Recommendation 17

That the Department of Housing review the adequacy of funding allocations for training of community housing organisations.

Chapter 5   Regulatory and Reporting Frameworks

This chapter examines the regulatory and reporting frameworks operating in the community housing sector, and assesses their effectiveness in promoting accountability and corporate governance. A brief overview of the existing framework is provided, together with participants' comments on its efficacy. Proposals for improvements to the regulatory and reporting systems are also considered.

Existing regulatory framework for community housing

5.1   As with most States in Australia, New South Wales does not have a statutory framework for regulation of community housing.[251] Existing legislation gives few powers to the Department of Housing (through the Office of Community Housing) to develop and support the community housing sector. There is no legislated definition of community housing, nor is there a summary of the sector's role and objectives in the context of social housing provision.

5.2   In evidence to the Committee in 2002, the then Director General of the Department of Housing explained the historical development of community housing regulation in New South Wales:

> The community housing sector is in transition from what originally started out as a small community managed sector that was established to provide crisis and short-term housing. That sector, which is now in the process of becoming a professional sector, is one that is growing in size and in professionalism. We are seeing, therefore, a transition in our regulatory approach and our performance systems that have to be able to support that changing environment.[252]

5.3   Several provisions regulating community housing in New South Wales currently exist, but these are ad-hoc and frequently are not specific to the community housing sector. The following sections assess the provisions currently regulating community housing in New South Wales.

5.4   It should be stressed that, in discussing the need for, and use of, regulatory tools we do not mean to suggest that the community housing sector is malfunctioning. The Department emphasised to the Committee that the majority of community housing organisations are managed and operated extremely well.[253] This does not, however, negate the need for effective regulation of the provision of services and the use of government funded resources.

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[251]   South Australia is the only state with legislation for community housing.

[252]   Mr Andrew Cappie-Wood, Director General, Department of Housing, Evidence, 11 November 2002, p1

[253]   Ms Lynne Ready, Acting Executive Director, Office of Community Housing, Evidence, 11 November 2002, p2

The *Housing Act 2001*

5.5   The *Housing Act 2001* outlines the functions and powers of the NSW Land and Housing Corporation generally.[254] Relevantly, this includes the power to enter into joint ventures for the purpose of provision of housing (Part 8) and the granting of funding to councils and other organisations (Part 6). The Act does not specifically make reference to community housing or community housing providers.

Corporations law

5.6   The Committee notes that, because community housing organisations are corporate entities, most aspects of their business are covered by legislation that applies to corporations generally. In New South Wales, a community housing organisation can be incorporated as a company limited by guarantee, an incorporated association, a co-operative society, a statutory religious or charitable corporation, or local government.[255] The minimum standards set down in the various forms of incorporation are slightly different, but all provide protection for individual members of boards and committees.

5.7   Associations and cooperatives are governed by the *Cooperatives Act 1992* and the *Associations Incorporation Act 1984* and are regulated by separate parts of the NSW Department of Fair Trading.[256] Corporations law has higher levels of reporting and governance requirements than associations or co-operatives law. Companies limited by guarantee come under the regulatory powers of the Australian Securities and Investments Commission (ASIC).

5.8   Corporations law is problematic as a means of regulating community housing. Ms Mills, from the Department of Housing, explained:

> The providers, being independently incorporated entities, are administered by means outside the control of the Department of Housing. So that is one of the issues for us. [There are] instances where the expectations and standards of adherence to the funding agreement may not be met, but the organisation may still meet the broader requirements of the Australian Securities and Investments Commission [ASIC] or the Registrar of Co-operatives. Again, at the moment there is no system in place for resolving those two, sometimes quite different, viewpoints about the performance of an organisation.
>
> We have a number of instances where the small scale of our housing providers means that, even if they are covered by ASIC, for example, they are not of a scale such that that organisation would want to conduct an investigation into. Similarly with the Registrar of Co-operatives. Although we have been building a stronger relationship over a number of years, some of our primary objectives are quite different. Organisations that we have found to be very poor performing have met the basic requirements of the Registrar of Co-operatives in terms of annual

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[254]   *Housing Act 2001*

[255]   Robyn Kennedy and Associates, *A Regulatory Framework for Community Housing in Australia – Vol 1*, NCHF, December 2001.

[256]   Supplementary submission 34, NSW Federation of Housing Associations, p156

reports and would not be deregistered by the Registrar of Co-operatives, but those organisations are not ones in which we would have confidence.[257]

Funding agreements

5.9   Where recurrent funds are provided through the Department of Housing, the funding agreement can serve as a regulatory tool. The agreement takes the form of a contract between the Department and the community housing provider. Approximately 80% of community housing properties are funded through such agreements.[258] The provider is required to report quarterly against recurrent funds received, and the Department of Housing contracts auditors to conduct an audit program.[259]

5.10   There are a number of shortcomings in using funding agreements as a regulatory tool, as described by Ms Lynne Ready of the Office of Community Housing:

> The funding agreement applies only to housing providers who receive recurrent funding, that is, leasing subsidies. So providers who number in the hundreds and who have small amounts of capital stock are not covered by this agreement. That is one of the things that is problematic at the moment.[260]

5.11   In addition, the key sanction available for poor performance is withdrawal of funding, which obviously would have serious repercussions for the tenants, as it:

> …puts at risk the tenancies between the housing provider and its tenants and the leases held on the private market. The funding contract has no power to compel an organisation to transfer its leases to another provider.[261]

5.12   Ms Ready also explained that the funding agreement contracts do not facilitate timely resolution of problems:

> Our current contract does not set time frames for resolution of issues, so we find that we might conduct a review, a reasonable period is given for resolution of those issues, and those issues do not get resolved. Time frames drag on, and it appears no action has been taken.[262]

5.13   The National Community Housing Forum (NCHF) also considers the use of funding agreements as a regulatory tool to be problematic:

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[257]   Ms Carol Mills, Executive Director, Housing Systems, Department of Housing, Evidence, 11 November 2002, p4

[258]   Supplementary submission 54, Department of Housing, p1

[259]   Cappie-Wood, Evidence, 11 November 2002, p1

[260]   Ready, Evidence, 11 November 2002, p2

[261]   Supplementary submission 54, Department of Housing, p1

[262]   Ready, Evidence, 11 November 2002, p3

A particular problem with the use of contracts as a method of regulation of the community housing sector is that the usual remedy for breach of contract is damages, quantified either by the actual loss suffered by the innocent party or by a reasonable pre-estimate of damage included in the contract itself… which must not be in the nature of a penalty.

… In the absence of any special contractual provision, the right to terminate arises only on *serious* breach, a very uncertain area of action, particularly as wrongful termination of a contract is itself a serious breach which then provides the other party with the right to terminate and seek damages. It should also be noted that termination is often an unsatisfactory means of resolving a problem between a Community Housing Authority (CHA) and a CHO as termination can mean closing down the provider with consequent effects on the security of tenure, affordability and appropriateness of the accommodation occupied by the provider's tenants.[263]

Registration

5.14 The registration of community housing organisations in New South Wales is provided for under the *Residential Tenancies (Residential Premises) Regulation 1995*, which is made pursuant to the *Residential Tenancies Act 1987*. According to the long title, the Act provides for matters including:

> …the rights and obligations of landlords and tenants under residential tenancy agreements; to make provision with respect to excessive rent increases and rents; [and] to confer functions on the Consumer, Trader and Tenancy Tribunal of New South Wales with respect to landlords and tenants…

5.15 Narrowly focused, the *Residential Tenancies (Residential Premises) Regulation* allows (but does not require) community housing organisations to register as social housing providers in order to access provisions relating to long term leases and advice about changes in rent.[264]

5.16 The regulation provides for two classes (Class 1 and 2) of registration. Under the registration guidelines, Class 2 organisations are those that:

- comply with the Department's insurance standards and rent policy

- comply with reporting requirements

- comply with funding agreements and associated guidelines

- comply with all relevant legislation.[265]

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263   Robyn Kennedy & Co, *A Regulatory Framework for Community Housing in Australia,* Vol 2, National Community Housing Forum, December 2001, p60

264   Submission 34, NSW Federation of Housing Associations, p173

265   Mills, Evidence, 11 November 2002, p6

5.17   There are currently no guidelines regarding which organisations fall within the Class 1 registration category.[266]

5.18   The Department has raised three main problems with the system of registration as it is currently provided for under the regulations:

- It is voluntary

- There is no system for suspending registration. Organisations can meet minimum requirements, become registered and hence gain access to the benefits provided for under the *Residential Tenancies Act* but there is no provision to de-register them if they no longer meet the requirements

- The regulations provide for only two classes of registration, creating limited mechanisms for differentiating organisations.[267]

Administrative regulatory tools

5.19   The Department also has available to it a number of administrative actions that allow it to influence the community housing sector. These include:

- Setting policy guidelines for community housing providers with regard to certain areas

- Review periods under five-year head leases

- Undertaking reviews of management and financial corporate governance

- Undertaking specific inquiries about individual organisations, where appropriate.[268]

Accreditation

5.20   Accreditation of the community housing sector has been established as a standardised national system through the National Community Housing Accreditation Council, the National Community Housing Standards Manual and administration units in each State and Territory. Seeking accreditation is voluntary for community housing providers.

5.21   The Council is the supervising body which sets and reviews the national standards and ensures consistency in their implementation. This body consists of representatives from jurisdictions implementing the standards and those jurisdictions seeking to, representatives of tenant interests, experts in community housing and experts in accreditation.

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[266]   ibid, p7

[267]   Mills, Evidence, 11 November 2002, p8

[268]   Cappie-Wood, Evidence, 11 November 2002, p1

5.22   The standards for accreditation are set out in the Manual and are expressed as a list of indicators in seven key areas of service provision including: tenancy management; asset management; tenant rights and participation; working with the community; organisational management; evaluation, planning and service development; and human resource management. Full three year accreditation is achieved if an organisation has met 65% or more of the indicators set out in the manual, while one-year accreditation is attained by organisations meeting 50% of the standards.

5.23   Information we have received during the inquiry suggests that the accreditation system has broad support amongst stakeholders. Hume Community Housing Association, the first housing association to be accredited, submitted:

> The triennial accreditation cycle is an excellent tool with enforced deadlines for the organization to regularly review their policies, procedures and activities.[269]

5.24   The New South Wales Federation of Housing Associations (FHA) also supports the accreditation process:

> The National Community Housing Standards work well in building a culture of good practice within community housing and have proved very successful as a quality improvement mechanism.[270]

5.25   St George Community Housing also considers accreditation useful:

> The introduction of a formal Accreditation process has enabled the providers to aspire to 'being accredited'. Already, the process has demonstrated the ability of better managed organisations to improve their systems and processes to an advanced position. Accreditation needs to be further fostered and assistance given to the smaller providers so that they may reach this new level of professionalism.[271]

The adequacy of the existing framework

5.26   From the evidence detailed above, the Committee has concluded that current provisions for the regulation of community housing are piecemeal and inadequately targeted to the sector. Regulation by the Department of Fair Trading and ASIC is either inadequate or inappropriate, and there are virtually no legislated regulatory mechanisms for the provision of community housing. The Department has little statutory power to enforce policies and procedures or to retract stock if providers are experiencing problems or have breached funding agreements.

5.27   In this weak regulatory environment, dealing with poor performance has been difficult. In its submission to the inquiry, the Department of Housing noted:

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[269]   Submission 20, Hume Community Housing Association, p4

[270]   Supplementary submission 34, NSW Federation of Housing Associations, p5

[271]   Submission 51, St George Community Housing Association, p12

> … the lack of an effective regulatory framework for community housing has restricted the capacity of the Department and the sector to effectively deal with poor performance and serious breaches by providers. [272]

5.28   This is a problem identified by many of the stakeholders. For example, the NSW Federation of Housing Associations considers performance management to be a key failing in relation to the regulation of community housing:

> There are a couple of housing associations that have had considerable difficulties and have not performed well. Their problems have not been addressed in a way that is designed to assist those organisations out of their difficulties. The current approach to housing associations in trouble appears to have been punitive rather than working out ways in which they can be assisted.[273]

5.29   Shelter NSW concurred:

> While community housing providers are subject to the regulatory requirements of their particular form of incorporation, there are few formal structures that relate directly to their mode of business activity; and intervention is likely to be on an *ad hoc* basis rather than being the result of clear structures and processes. Given the scale of the public assets involved, and the risk to tenants of any failure, this is an important issue.[274]

5.30   Overwhelmingly, those providing evidence to the Committee have endorsed in principle the further development of the regulatory system for community housing. The Association to Resource Cooperative Housing (ARCH), for example, submitted:

> The co-operative housing sector supports and welcomes the on-going development of the regulatory framework to which Government funded co-operative housing ventures are accountable.[275]

5.31   St George Community Housing similarly commented:

> Appropriate and effective mandatory regulatory mechanisms for the community housing sector should be developed.[276]

5.32   The FHA indicated that:

> The current regulatory framework is piecemeal and does not deliver the outcomes that government wants. Nor does it provide effective regulation from the point of

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[272]   Submission 54, Department of Housing, p65

[273]   Submission 34, NSW Federation of Housing Associations, p181

[274]   Submission 47, Shelter NSW, p41

[275]   Submission 48, ARCH, p75

[276]   Submission 51, St George Community Housing, p13

view of the sector. There is a strong case for change – particularly as the sector grows and becomes more diverse in its funding sources.[277]

5.33 The FHA added a caveat:

> …our support for broad regulation is conditional on the type of regulation provided. In essence we argue that it should be independent and it should be enabling regulation. That is, the purpose of regulation should be so government can ensure and encourage the quality provision of services that it funds or facilitates.[278]

5.34 The Committee acknowledges the Department of Housing's work in recent years seeking to address some of the problems with the current regulatory system.[279] The work has included:

- improving monitoring of quarterly reports from housing associations

- realigning staffing to dedicate positions to performance management and monitoring

- further investigating options for improved regulation with the sector including explaining legislative requirements.[280]

5.35 Nevertheless, it is clear that further work is required to ensure effective corporate governance and accountability in the community housing sector. The following section outlines a proposed new regulatory and reporting framework, based on suggestions of inquiry participants.

Broad principles for a new regulatory system

5.36 The Department of Housing notes the following overall objective of a new regulatory system:

> In brief the principal policy objective to be achieved through regulation should be the promotion of viable and well governed not for profit organisations which deliver housing for low income households consistent with government housing policy. It should result in value for money housing where public and private resources are maximised to achieve government objectives, whilst recognising the autonomy of community providers and promoting flexible housing responses to local needs. The performance standards that would underpin a regulatory regime

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[277] NSW Federation of Housing Associations, *Regulation of Community Housing*, p1

[278] Supplementary submission 34, NSW Federation of Housing Associations, p178

[279] Information about the Department's work on the Performance Management Framework and the extended registration system are detailed further below.

[280] Submission 54, Department of Housing, p66

should be common to both government and non government providers (with additional requirements about governance for the non government providers).[281]

5.37   The Department emphasised that in proposing a new regulatory framework, it does not aim to exert more control over the community housing organisations. Rather, it seeks to ensure that the risks to the government and the community are minimised:

> A couple of times you asked whether we wanted to control them and the answer is no, but as a government agency and as the funder, we want to ensure that appropriate securities are in place to protect both the government investment and the community outcomes. One of the challenges for us, again picking your point that it is a small sector and that is true, is that in non-government terms it has the largest asset of any non-government sector in Australia. We have over $1 billion of assets now invested in the community housing sector. In addition to that, we have an annual recurrent leasing program of in excess of $35 million.[282]

5.38   The National Community Housing Forum (NCHF) considers the essential criteria of any new regulatory framework to be:

- accountability

- innovation

- proportionality

- transparency

- consistency.[283]

5.39   For ARCH, the key to successful regulation of community housing includes:

- transparent performance expectations

- a stress on the rights and responsibilities of both parties

- being flexible rather than prescriptive

- a risk management approach focussed on constructive and early intervention

- being enabling rather than disengaging

- avoiding duplication and complexity

- avoiding unnecessary intervention.[284]

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[281]   Supplementary submission 54, Department of Housing, p1

[282]   Mills, Evidence, 11 November 2002, p5

[283]   Mr Adam Farrar, Executive Director, NCHF, Evidence, 11 November 2002, pp20-21

Statutory regulation

5.40 The key stakeholders agree that any regulatory framework should be statutorily based. The Department of Housing, for example, submitted:

> … the Department considers that legislation to regulate community housing is essential. These powers should be outcome focussed and enabling. Legislation should meet objectives about safeguarding the public interest through promoting a sustainable, well governed and managed housing sector, which encourages innovation whilst ensuring good performance and representing value for money. A regulatory system should be tiered and proportionate to the risks of the different size providers in the sector…[285]

5.41 A legislative basis to regulation is also supported by other inquiry participants. Shelter NSW submitted:

> New regulatory legislation is needed to ensure the sector is accountable to government and the community, and to provide greater security for potential private investors. The legislation should cover the entire community housing sector, and not just that in receipt of CSHA funding.[286]

5.42 Churches Community Housing maintains that:

> Legislation will ensure that the sector has a strong commitment from government to its future and that the sector will continue to develop along best practice principles for tenants, providers and government alike.[287]

5.43 In 2001, the National Community Housing Forum published a study jointly funded by the Queensland, NSW, ACT, Victorian and Tasmanian Governments, on regulatory options for community housing. Concerning legislation, the NCHF noted:

> A legislative framework for community housing is needed. Reliance on contracts alone is almost unenforceable and is not transparent. However, it would be desirable to expand and amend existing housing acts rather than develop new legislation.[288]

5.44 The report provided further details:

> … legislation allows for a clear statement of the regulatory powers available to the relevant authority and the rules applicable to the industry. A number of other benefits were noted which are unavailable under other regulatory models. Without legislation, regulatory options such as registration and negative licensing cannot be

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[284] Submission 48, ARCH, p75

[285] Supplementary submission 54, Department of Housing, p4

[286] Submission 47, Shelter NSW, p42

[287] Yule, Correspondence to Director, 2 September 2003, p2

[288] Submission 28, NCHF, p35

effectively implemented and options to compel adherence to the terms of a funding agreement may be limited and/or difficulty to enforce.[289]

5.45   Benefits of legislation identified by the NCHF study include:

- certainty with respect to rights, obligations and required standards

- provisions to enable the achievement of policy objectives

- authorisation of a range of regulatory powers not available in contract law

- exemptions and specific provisions in other applicable legislation

- binding rights of appeal for both service providers subject to regulation and consumers

- the ability to use provisions which encourage self enforcement

- the potential to make program policies and guidelines subject to public scrutiny through processes such as the use of disallowable instruments.[290]

5.46   The FHA endorses the idea of legislation to regulate community housing, as long as it complements rather than replaces existing legislation. It advocates integrating community housing into the *Housing Act* rather than creating a new stand-alone act.[291] The FHA submitted:

> A legislative approach will provide assurance for government that it has appropriate regulatory powers to ensure that its social, economic and other objectives are met whilst managing the risks inherent in community housing. We also believe that legislation is the preferred approach to provide certainty and recognition for the sector and ensure that housing association business is viewed in its entirety, not just as a single housing program.[292]

5.47   The FHA commented further:

> The NSW Federation of Housing Associations has consulted widely with housing associations and considered the concerns of all stakeholders in developing this policy position. There is widespread agreement that regulation is required if government is to assure itself that it can effectively and efficiently manage its exposure to risk in this sector. Seeking accountability for government funds and desired outcomes is a legitimate desire for government funding agencies.

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[289]   Kennedy et al, Vol 2, p70

[290]   ibid, p51

[291]   NSW Federation of Housing Associations, *Regulation of Community Housing in NSW*, October 2002. Cited in supplementary submission 54, p6

[292]   Supplementary submission 34, NSW Federation of Housing Associations, p2

At the same time, housing associations are increasingly seeking the assurances they need that their affairs will be regulated in a way that does not stifle their innovation or autonomy but ensures that excellence in service delivery is promoted and the good reputation of the sector protected.[293]

5.48 Other stakeholders also emphasised the need to ensure that creating a legislative basis for regulation does not curtail the flexibility of the sector. For example, Churches Community Housing advised:

However, our concerns are that legislation will need to be well drafted so as it does not stifle the flexible and unique nature of community housing. Community housing by nature is actually defined by the needs of a particular community and how that community is then resourced to meet the need. If the community housing sector was to be defined by legislation there is every possibility that it will become a social housing provider similar to Housing NSW and therefore lose its distinctive nature.[294]

5.49 Similarly, ARCH told the Committee:

We envisage legislation that is not onerous and does not stymie innovation, which strikes a balance between respect for sector independence and the need for Government accountability, without being prescriptive. We need to look to legislation that can anticipate change and allow for creative responses to changing social, economic and demographic circumstances.[295]

5.50 The Committee notes that South Australia has adopted a legislative approach to regulation of community housing, specifically the *South Australian Co-operative and Community Housing Act, 1991.* The Act also established the South Australian Community Housing Authority (SACHA) to administer the Act on behalf of the responsible minister. SACHA's functions and powers are outlined in Section 16 of the *South Australian Co-operative and Community Housing Act, 1991.*

5.51 The establishment of SACHA ensures that there is centralised coordination of the South Australian community housing sector's regulation and funding. SACHA describes the provisions of the Act as follows:

The Act provides a legal structure, which contains enabling mechanisms for government [ie SACHA] to implement regulatory functions in respect of corporate governance, including powers of intervention where a community housing organisation (CHO) is experiencing financial and/or management difficulties…

The Act also provides additional powers such as the ability to enter into contracts, to determine rents, to prescribe accounting and record keeping standards and audit requirements in order to be able to monitor the activities of CHOs. It includes powers to investigate the management of CHOs and where necessary

[293] Supplementary submission 34, NSW Federation of Housing Associations, p1

[294] Yule, Correspondence to Director, 2 September 2003, p2

[295] Shellshear, Correspondence to Director, September 2003, p4

enables the Authority to remove the name of a CHO from the register of CHOs registered under the Act.

The Act provides the regulatory structures to ensure program accountability, financial stability and the professional management of program assets through program reporting and accountability measures.[296]

5.52 The South Australian legislative approach was identified by a number of inquiry participants as a successful model. Further details about the South Australian model appear in Chapter 3.

Regulatory tiering

5.53 The Committee also heard evidence in favour of a **tiered approach** to regulation, in which the level of regulation is dependent upon performance and risk. The NSW Federation of Housing Associations, which supports regulatory tiering, explained the approach in this way:

> A tiered regulatory system is one in which those organisations that are higher risk to government receive higher levels of scrutiny by government. For instance, an unaccredited organisation that is small and has historically poor performance will be more closely regulated that a large, accredited organisation that is performing well.[297]

5.54 The NCHF also advocates a tiered approach:

> The community housing sector in Australia is one of fairly marked differences. It ranges from small, rural housing associations to large urban and regional organisations and cooperatives of varying sizes and operating models… These differences can be recognised through tailoring regulation so that it is appropriate to the form of community housing being regulated. For example, the regulatory issues applicable to co-ops are different in a number of ways to those associated with other forms of community housing. A flexible approach to regulation, such as one which reflects the nature of risks, is generally likely to minimise costs to both CHAs and CHOs and deliver and effective and efficient regulatory scheme.[298]

5.55 The Department of Housing has indicated that it supports a tiered approach to regulation, provided it is "inclusive of all non-government housing providers (irrespective of scale)."[299] The Department told the Committee that it favours a:

> … risk-based approach to regulation [but] additional work is required about the differentiation of risk. Risk should be determined according to the nature of

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[296] Guide to Regulation of the Community Housing Sector in South Australia, SACHA, p4

[297] Supplementary submission 34, NSW Federation of Housing Associations, p6

[298] Kennedy et al, Vol 2, pp69-70

[299] Supplementary submission 54, Department of Housing, p5

housing business and scale, not type of housing providers (eg not a universal approach to churches which is different to cooperatives, and different from housing associations).[300]

Specific components of a new regulatory system

5.56   The Committee was pleased to note broad areas of agreement between the Department and stakeholders concerning the key features of the new regulatory system. The consensus is strongly in favour of a regulatory framework that is established in legislation and underpinned by an effective system for managing performance. Specific reform proposals are discussed below.

Legislation

5.57   As noted above, the stakeholders generally indicated support for the development of legislation to regulate community housing. Unfortunately, we did not receive a great deal of evidence or submissions with detailed proposals for the content of the legislation. This section collates the information provided to us during the inquiry.

Definition and role of community housing and the regulator

5.58   The Department's submission suggested that any legislation should include an:

> Overarching definition and role of non-government housing providers. Emphasis should be on not for profit provision rather than defining types of housing providers.[301]

5.59   The FHA also advocated inclusion of a definition of community housing and of the regulator's role:

> Community Housing is currently not defined in the Housing Act… The Act should include a definition of community housing that properly describes the sector now as well as in the future…[302]
>
> The body that regulates community housing should be clearly named, defined and its objectives set out…A common understanding of the objectives of the purpose of the regulator will deliver a more robust and better structured funding and administrative program than currently exists…
>
> The regulator should have the power to monitor performance of community housing organisations and intervene in organisations that are significantly under-performing.[303]

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[300]   ibid.

[301]   ibid, p 6

[302]   Supplementary submission 34, NSW Federation of Housing Associations, p4

<u>Resourcing</u>

5.60 Participants also suggested that legislation should provide for statutory powers for the Department to fund and resource community housing. The Department argued that while this should include the power to enter into funding agreements, it would go beyond that, and provide for more general allocation of resources and the repayment of surpluses.[304]

5.61 The NCHF sees funding contracts as continuing to "be required to delineate arrangements such as payments, reporting, monitoring and performance requirements".[305] In its report on regulation, the NCHF envisaged funding contracts that are variable rather than identical for providers regardless of the risk involved.[306]

5.62 The FHA also noted the need for legislative powers to fund providers:

> The legislation should ensure that the community housing administrator has powers to provide, and withdraw, funding to community housing providers for a range of defined purposes and in a range of defined circumstances. This head of power is important because it provides a formal mechanism to manage funding programs and asset transfers… The legislation (or regulations attached to the Act) should set out the names, objectives and principles of the funding programs.[307]

5.63 The Committee has addressed this issue in Recommendation 24 below.

<u>Registration system</u>

5.64 The Department of Housing considers registration to be an essential part of any new legislatively based regulatory system:

> It is appropriate to have a registration system… registration is one of the core components of the legislative process.[308]

5.65 Substantial work has already been undertaken by the Department in developing a registration system that is multi-tiered, and that would allow for suspension of registration status.[309] The proposal allows for six classes of registration, with Class 1 representing an organisation with "comprehensive and reliable performance information on all outcomes, … consistent pattern of meeting or exceeding performance indicator benchmarks across

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[303] Supplementary submission 34, FHA, p4

[304] ibid.

[305] Supplementary submission 54, Department of Housing, p7

[306] Kennedy et al, Vol 2, op cit, p61

[307] Supplementary submission 34, NSW Federation of Housing Associations, p4

[308] Mills, Evidence, 11 November 2002, p6

[309] Supplementary submission 54, Department of Housing, p2

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all outcomes, [and] evidence of strong internal business assurance arrangements".[310] A Class 1 organisation is one that "the Department has a high degree of confidence about entering into complex financing and contractual arrangements to provide innovative community housing solutions".[311]

5.66   At the other end of the scale, a Class 2C organisation has "basic performance information on most outcomes [and] a variable pattern of meeting…benchmarks".[312] Such an organisation needs support in managing its financial and contractual arrangements. Providers that fail to provide performance information or consistently fail to meet benchmarks will have their registration suspended, and will be subject to full reassessment within six months.[313]

5.67   To implement the registration system, the Department proposes the establishment of a Performance Review Team, which would be responsible for assessing providers both for registration and performance management:

> This team will be responsible for assessing organisational performance against the performance criteria prior to determining the registration status of a provider.[314]

5.68   The Performance Review Team will operate at 'arms length' from service delivery and will ensure that their decisions are transparent to service providers.[315]

5.69   The NCHF agrees that registration should be established in legislation, and in fact argues that any community housing legislation should include provision for registration.[316] It also suggests that that registration should be the basis for funding and access to capital assets, and there should be provision for deregistration in cases of serious breaches.[317]

5.70   The NCHF report noted:

> The proposed registration system can also operate as a negative licensing system. Breaches of the legislation or of funding agreements could result in de-registration and hence loss of eligibility for funding as well as other penalties such as repayment of funds and activation of the statutory charge on properties where applicable. Of course, where the legislation provides the regulatory authority with powers of investigation and intervention, de-registration would be likely to act as a

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[310]   ibid.

[311]   ibid.

[312]   ibid, p3

[313]   ibid.

[314]   ibid.

[315]   ibid.

[316]   Supplementary submission 54, Department of Housing, p7 and Kennedy et al, Vol 2, p72

[317]   Supplementary submission 54, Department of Housing, p7

final sanction rather than as a primary response to breaches and/or poor performance.[318]

5.71   The FHA supports the concept of 'the registration of housing associations by an independent regulator,'[319] and argues that:

> Registration systems should be part of the Act and should clearly identify what the different levels of registration are. The purpose of registration should be defined in the Act and the way in which it should be applied. This could include linkages to other Acts that use the registration system…
>
> Various levels of registration should ensure that the levels of registration reflect different standards, abilities and risks that apply to more sophisticated large organisations compared to small organisations. The registration system should clearly identify the skills and capability levels of every registered organisations.[320]

5.72   While noting that the proposal has been developed in 'good faith' ARCH advised that it is unable to fully support it at this stage, as there has been insufficient consultation:

> Whilst representatives involved in the development of the proposal support the current documentation as sighted at the beginning of 2003, it should be noted that it has not gone to the broader community housing sector for consultation, as was intended. As such, any proposal for the introduction of such radical change to the community housing registration system should be tested with the sector in terms of its practical application, perception and implications.[321]

5.73   Churches Community Housing expressed a similar reservation:

> As the 'peak' for the Church Sector, Churches Community Housing has appreciated the involvement in the development of the new tiered Registration System.
>
> While supportive of the current draft documentation it will be necessary for the wider church sector to be involved in consultation before the final documentation is approved and accepted.[322]

5.74   The Committee concludes from the information relayed in this section that the Department's proposal for a tiered registration system has received the general support of the community housing sector. However, we note the reservations of the peak groups relating to the need for further consultation with their sectors on the details of the registration system. The Committee therefore recommends that the tiered registration system proposed by the Department be finalised in consultation with the industry. It

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[318]   Kennedy et al, Vol 2, p73

[319]   Submission 34, NSW Federation of Housing Associations p178

[320]   Supplementary submission 34, NSW Federation of Housing Associations, pp4-5

[321]   Shellshear, Correspondence to Director, September 2003, p9

[322]   Yule, Correspondence to Director, 2 September 2003, p3

should be implemented as part of the legislative amendments proposed in recommendation 24 at the end of this Chapter.

Recommendation 18

That the Department of Housing finalise the details of its proposed tiered registration system in consultation with the community housing sector.

Regulation of title and capital assets

5.75   The legislation should include provisions relating to title and capital assets. Further details about this issue are examined separately in Chapter 6.

Appeals and complaints mechanisms

5.76   A major shortcoming in the existing system is an absence of appeals and complaints mechanisms, both for providers and consumers.

Appeals by consumers

5.77   Consumers do not at present have a right to appeal decisions made by providers. However, a pilot project has enabled access to review in limited circumstances through the Housing Appeals Committee (HAC). The HAC, describing itself as "an independent administrative review body reporting to the Minister for Housing",[323] may review decisions about matters such as:

- eligibility for housing

- the waiting list

- rental subsidies

- property modifications relating to medical needs.[324]

5.78   Established in 1995 originally to review decisions of the Department of Housing, the Housing Appeals Committee was trialled between 2001 and 2003 as an appeals body for community housing.

5.79   The Executive Chairperson of the Housing Appeals Committee advised us about the operational framework of the HAC:

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[323]   Submission 12, Housing Appeals Committee, p1

[324]   Submission 12, Housing Appeals Committee, p1

> This pilot has been set up in consultation with the Office of Community Housing, the Federation and the Association for Resourcing Co-operative Housing… We work directly to the Minister for Housing; we are not a separate tribunal with separate legislation. We have been established by the Minister because the Commonwealth-State housing agreement expects States to have an independent review process.[325]

5.80   The Committee heard that the appeals mechanism established under the pilot project is a voluntary scheme:

> As to the pilot, it was our idea that people should enter it only voluntarily rather than suddenly introducing a process whereby all community housing providers— there are a lot of them—are subject to an external appeals process…
>
> We have learnt from that process that in starting the pilot with community housing it is important to have willing participants. If they are not willing participants they will not tell their clients about the appeals process and administer it in a way that makes it possible or easy for a client to appeal. As an alternative, we have made it a voluntary process through the pilot. We hope that at the end of the pilot a number of organisations will be able to tell their peers that it did not hurt, did not scare the horses and is a valuable process that is worth doing. Even if it becomes compulsory at the end of the pilot, it will have been tested in a more neutral environment. That was the basis on which we started the pilot which goes until June [2002].[326]

5.81   In May 2003, the Department of Housing received a draft evaluation of the external appeals pilot. While the details of the evaluation have not been finalised, the main finding was that the pilot successfully provided efficient and cost effective reviews of community housing decisions that provided benefits to applicants, tenants and providers.[327]

5.82   In its submission to the inquiry, the HAC emphasised the importance of the appeal process and recommended that it be made compulsory:

> Currently participation in the Community Housing External Appeals System is voluntary. There is a wide-ranging degree of commitment to an appeals system within the community housing sector. Some providers have an effective and accessible appeals process, some have an appeals process but perhaps do not actively encourage their clients to utilise it and others do not appear to have an appeals process at all… In the interests of natural justice clients should have access to an appeals system. The participation in an appeals process, internally or externally, ought to be considered compulsory. The Housing Appeals Committee considers that the decision to undertake an appeal process is a basic client right and should not be governed by the organisations decision not to offer this service to their clients. An effective appeals system ensures that services are provided

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[325]   Ms Lynden Esdaile, Executive Chairperson, Housing Appeals Committee, Evidence, 12 February 2003, p31

[326]   ibid, pp32-33

[327]   RPR Consulting, *Draft Evaluation of the Community Housing External Appeals Pilot,* May 2002, p5

fairly and equitably and that housing providers are accountable for the decisions they make.[328]

5.83   While the HAC sees some advantages in a legislatively based appeals process, it does not advocate a more formal approach to hearings:

> I certainly would not want to get into a more formal hearing process. One of the crucial elements we have been able to offer to clients is a non-threatening and responsive process for a lot of people because in two-thirds of the cases we agree with the housing provider's decision. Frequently for the person to feel it has been of any value to them it is about them actually having a say, a day in court, getting it out to an independent body that can look at whether or not it is all fair. They still may not like our decision but we get very few complaints.[329]

5.84   ARCH supports an external appeals mechanism for community housing tenants and applicants:

> ARCH and representatives of the Co-operative Housing Sector participated in the development of Community Housing Appeals mechanism that would ensure administrative review rights, and we have strongly supported a strategic policy position to ensure tenants in community housing have the right "to independent scrutiny of decisions affecting their lives and futures".

> In this respect, we recommend strong support to the establishment of an External Appeals System that becomes a permanent feature of the community housing sector for the purpose of protecting the rights of tenants and applicants to fair and reasonable treatment because this constitutes good practice and is in accord with principles of natural justice.[330]

5.85   ARCH notes that the existence of an appeals system provides benefits beyond ensuring individuals have access to a review of decisions made that impact upon them. It also encourages continuous improvement in policies and practices of providers, and encourages the development of internal review systems.[331]

5.86   Churches Community Housing is also supportive:

> CCH believes that an effective appeal mechanism is a basic right for community housing tenants and that an external appeals mechanism is an essential and appropriate part of community housing.

> We endorse the use of the Housing Appeals Committee to provide access to external appeals for all community housing tenants and for those applicants desiring placement in community housing properties.[332]

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[328]   Submission 12, Housing Appeals Committee, p3

[329]   Esdaile, Evidence, 12 February 2003, p39

[330]   Shellshear, Correspondence to Director, September 2003, p5

[331]   ibid, p5

[332]   Yule, Correspondence to Director, 2 September 2003, p2

5.87   The Federation of Housing Associations indicated its agreement with the extension of the HAC to community housing:

> The Federation has specifically endorsed the use of the Housing Appeals Committee to provide access to external appeals for … all community housing applicants and tenants and so participation in the system should be a requirement for all associations.
>
> We believe that effective appeals – including external appeals – is a basic right for tenants. However, we also believe that being subject to such an external appeal procedure will help to strengthen the eligibility, allocation and other tenancy policies and practices of organisations, and so will also benefit providers.[333]

5.88   The NCHF argued that an effective appeals process is a fundamental right for all social housing applicants and tenants. The NCHF considers that the appeals process should be compulsory, independent and external. The NCHF noted the benefit of having a legislatively based system with legally binding decision-making powers, but argues that the community housing appeals system should not be different to that applying to public housing, which does not have a legislatively based appeals mechanism.[334]

5.89   A similar point was made by the FHA, which maintains that community housing and public housing should face the same requirements in terms of appeals. The FHA favours enshrining appeal rights in legislation for community housing as long as public housing appeals were also legislatively based, and argues against the HAC having determinative powers in community housing appeals if it is not similarly empowered to make determinations for public housing:

> Preferably, the role and powers of the HAC should be included in an amendment to the Housing Act, but should not be limited to any legislation or amendments specific to community housing.[335]

5.90   The Department acknowledged these concerns, noting that:

> Determinative powers do not apply to public housing and their application to community housing cases would create additional differences between social housing landlords in NSW. Such changes, if applied, would be better considered as part of system wide changes, rather than applied to one part of the social housing system at a point in time.[336]

5.91   A reservation expressed by the NCHF was that any external appeals body should be aware of the particular circumstances applying in the community housing sector:

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[333]   Farrar, Correspondence to Director, 29 August 2003, p4

[334]   Clough, Correspondence to Director, 29 August, 2003, p1

[335]   Farrar, Correspondence to Director, 29 August 2003, p4

[336]   Wannan, Correspondence to Director, 26 September 2003, p2

> …it is essential that an external appeals panel understands the constraints that community housing providers work within and can review decisions effectively in an environment of over-demand.[337]

5.92 A similar concern was raised by ARCH in relation to co-operative housing:

> Other judiciary bodies such as Consumers, Traders and Tenancies Tribunal (CTTT) have not demonstrated a good track record in their understanding of the particularities of the Co-operative Housing Sector…
>
> In this respect, whilst it is reasonable to assume that a Housing Appeals Committee should have determinative powers (and sanctions at its disposal), and it is recognised that the proposed HAC will be bound by the policies of the housing provider (or fall back on the National Community Housing Standards) there is nevertheless a high level of apprehension that a new outside body will adopt a "one-size-fits-all" modus operandi and fail to do adequate research to bridge the gap between a theoretical view of how things should work and a practical gutsy knowledge base of how things *actually work best* on the ground.[338]

Appeals by providers

5.93 The Federation of Housing Associations argues that the new regulatory framework should include a right of appeal for providers:

> In relation to providers, the Department's proposed performance management framework includes a provision for appeals against decisions relating to assessments against performance and registration criteria.[339]

5.94 The FHA considers the right of appeal for providers to be essential:

> Community housing organisations must be able to appeal decisions of the regulator and to ask for an independent review of decisions that are made. For instance, the level of registration that is provided may well be the subject of challenge. The provision of an appeals system is a suitable form of resolving disputes between the regulator and the organisation.[340]

5.95 In its evidence before the Committee, Shelter NSW also raised this issue:

> One thing we would argue, when it comes to regulation, is that there needs to be an appeal mechanism for the community housing providers themselves in the event of a dispute with the funding body or whatever.[341]

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[337] Clough, Correspondence to Director, 29 August 2003, p2

[338] Shellshear, Correspondence to Director, September 2003, p6

[339] Supplementary submission 34, NSW Federation of Housing Associations, p5

[340] ibid.

[341] Mr Harvey Volke, Policy and Liaison Officer, Shelter NSW, Evidence, 16 April 2002, p10

5.96   ARCH's view is that service providers are entitled to transparency and accountability in decision making in the same way the clients and tenants are:

> In order to be consistent and transparent for all parties, and to have … the same right to independent scrutiny of decisions affecting their operations or for co-ops, their lives and futures, it is important for providers to have access to a neutral context, and the opportunity for appropriate mechanisms of appeal to:
>
> - resolve differences
>
> - ensure due process
>
> - ensure fairness in accessing resources and
>
> - demonstrate transparency and two-way accountability between Government and providers.[342]

5.97   Churches Community Housing holds similar views:

> We expect that community housing providers must be transparent and held accountable for all their actions. Therefore it is necessary that providers must also have access to an appeals mechanism. We believe that it is an essential requirements that all stakeholders within the sector must be held accountable for their decisions and actions.[343]

5.98   The Committee agrees that both tenants and providers should have access to an external appeals mechanism. Given the extent of support for the Housing Appeals Committee's recent trial in providing an avenue for appeal for community housing, we consider it appropriate that the HAC be the source of appeal for community housing tenants and applicants on an ongoing basis. We would prefer that the HAC be established in legislation that sets out its functions and powers, but note arguments that community housing should not be subject to appeals requirements that differ from those applying to public housing. The Committee therefore recommends that the HAC appeals process continue to be administratively based for the time being. However, we suggest that the Department review the appropriateness of incorporating into the *Housing Act* the right of appeal to the HAC for all social housing.

Recommendation 19

That the Department of Housing extend the operations and functions of the Housing Appeals Committee to include community housing tenants and applicants, and consider the incorporation into the *Housing Act* of a statutory right of appeal for all forms of social housing.

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[342]   Shellshear, Correspondence to Director, September 2003, p7

[343]   Yule, Correspondence to Director, 2 September 2003, p2

5.99   In relation to appeals for providers, we did not receive information on options available. However, the Committee notes that the Department of Housing intends including appeals and complaints processes for decisions made in relation to the registration and performance management systems.[344] Depending on the administrative reporting structure created, this appeals mechanism could be used as the basis for a more general appeals process for providers who seek a review of the Department's decisions about other decisions. The Committee recommends that the Department of Housing examine means by which providers can obtain access to an independent review of decisions made concerning their registration, performance management and other appropriate administrative decisions.

Recommendation 20

That the Department of Housing examine means by which providers can obtain access to an independent review of decisions made concerning their registration performance management and other appropriate administrative decisions.

Complaints about service delivery

5.100   Community housing providers have identified the lack of mechanisms for dealing with complaints about delivery of community housing services as a problem with the current system. Note that this issue differs from dissatisfaction with decisions by the Department, it relates specifically to complaints about the housing services provided by community housing organisations. The NSW Federation of Housing Associations commented:

> The Office of Community Housing receives complaints about housing associations from time to time. The extent of complaints is unknown to us, nor the exact nature of those complaints. However, the whole sector is sufficiently concerned about those complaints to wish to address them constructively…

> The Office of Community Housing has had a draft complaints policy in draft format for over a year. Despite the policy, most housing associations report that complaints are not properly investigated and are never properly resolved. There is no time when a complaint is deemed to be 'closed' and housing associations are unsure how to finalise a complaint and ensure that all parties to the complaint are satisfied.

> Housing associations seek a transparent and open process for dealing with complaints and ensuring that they are received, dealt with and resolved as quickly and decisively as possible.[345]

5.101   The Department explained the complaints handling process as follows:

> …when situations arise—and they do reasonably regularly—where people are dissatisfied with an organisation, they will make a complaint to us because they

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[344]   Supplementary submission 54, Department of Housing, p3. See also below for further information

[345]   Submission 34, NSW Federation of Housing Associations, p181

know we provide the funding for the organisation. They might make a complaint to their local member or someone from Parliament in the same way. We have a duty to look into each of those situations where a complaint is made, although we have developed a complaint policy that pushes that responsibility upon organisations to investigate their own complaints and where there is no satisfactory outcome for us to become involved.

We have tried to put in place a system whereby the sector manages their own complaints but at the same time, our system of audits and the information that we receive mean we have to act if we see an irregularity. Our approach is to work with the organisations around a plan to improve performance or to improve whatever it was that brought the issue about. That is always our first approach and that works successfully in most cases that come up before us—90 per cent.[346]

5.102 The Department advised that complaints about community housing are dealt with under the Department of Housing's client feedback and complaint policy. The Department acknowledged the need to review the policy to "more adequately reflect and accommodate community housing arrangements", including recognising the role of boards and the timeframes required for communicating with boards about complaints.[347] The Committee was told that the new complaints policy for the Office of Community Housing would ensure that organisations or individuals were informed about any complaints about them so that they have an opportunity to respond.

5.103 According to the Department, the new procedures are still in draft form and are expected to be finalised in 2003-2004.[348] The evidence we have received suggests that the new complaints procedures have been in draft form for more than two years already and it seems that a further 18 months' consideration would constitute an excessive delay. Given the importance of an effective complaints process, the Committee considers that the policy should be finalised and implemented as a matter of priority.

Recommendation 21

That the Department of Housing finalise and implement a complaints-handling policy to deal with complaints about community housing service delivery.

Accreditation

5.104 The general viewpoint among inquiry participants is that, while accreditation is a valuable tool for ensuring standards, it should be neither compulsory nor legislatively based.

5.105 ARCH emphasised that accreditation should be:

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[346]   Ready, Evidence, 11 November 2002, pp4-5

[347]   Wannan, Correspondence to Director, 26 September 2003, p2

[348]   Wannan, Correspondence to Director, 26 September 2003, p2

…seen as complementing Government requirements, building on the bench-marks of minimum acceptable standards, to encourage best practice through (continuous) quality improvement. In this respect, accreditation reflects a qualitative process, re-defining ways of achieving outcomes through potentially innovative means of service delivery.

Accreditation is essentially industry owned and driven and should be seriously identified as independent of Government performance requirements. At the same time, it should be recognised that accreditation serves as an extension to the regulatory system…[349]

5.106   ARCH noted that because they are based on volunteer effort, for many housing co-operatives the substantial workload required to attain accreditation has served as a disincentive.[350]

5.107   The FHA commented:

The accreditation system should remain focussed on good practice and quality improvement…The accreditation system should not be a core part of the regulatory system but it should be linked in. Meeting or exceeding standards should mean that those organisations that are accredited represent a lower risk to government. Therefore, the level of scrutiny applied within the regulatory environment may be lower.[351]

5.108   The NCHF agrees:

Accreditation is a central and important part of the system. It should remain voluntary, however, to maintain a quality improvement focus.[352]

5.109   The NCHF's 2001 Report on Regulation noted further points arguing the advantages of a voluntary accreditation system over a mandatory one in the case of community housing:

Mandatory accreditation … implies significant costs which would be difficult to justify in the community housing context given the lower level of risk compared to other industries where there is mandatory accreditation…

… introducing a mandatory accreditation system for community housing providers would appear to potentially involve over-regulation and unnecessary cost.[353]

5.110   The Committee believes that there is a good case for retaining accreditation as a voluntary, non-legislative scheme. The Committee sees the accreditation process as an adjunct to the

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[349]   Shellshear, Correspondence to Director, September 2003, p9

[350]   Shellshear, Correspondence to Director, September 2003, p10

[351]   Supplementary submission 34, NSW Federation of Housing Associations, p5

[352]   Submission 28, NCHF, p35

[353]   Kennedy et al, Vol 2, p59

regulatory scheme, providing the sector with best practice goals rather than minimum standards. As such it is appropriate that accreditation continue to be non-compulsory, and should be retained in its present form.

Location of regulator

5.111 One matter that was the subject of divergent views is the location of the regulator. At present, the Office of Community Housing performs a number of roles in relation to the community housing sector including support, funding, facilitation and regulation. The Standards and Accreditation Unit is also currently located in the Office of Community Housing and is overseen by a committee with an independent chair. The ability of one organisation to perform all of these roles has been questioned during the inquiry. For example, the NSW Federation of Housing Associations has argued that the current location of the unit affects its ability to be independent as well as the transparency of the process.[354]

5.112 In particular, the appropriateness of funding roles being combined with regulatory roles is a concern to many inquiry participants who argue that, in the interest of transparency and accountability, regulation should be independent of funding administration.

5.113 The Shoalhaven Community Housing Scheme for example submitted:

> It is of concern that the funding body has also appointed itself as the arbitrator on issues of ethical behaviour and good governance. It is strongly recommended that this role should be separated and administered by an independent body that has no vested interest in the financial role of the organization. We believe that some matters have been inappropriately handled by the Office of Community Housing in its role as the funding body, and that its role of regulation should be restricted to the reporting requirements of the funding agreement.[355]

5.114 A similar concern was expressed by the Australian Centre for Co-operative Research and Development (ACCORD), which noted:

> … a key tension which arises where service providers are simultaneously resourcing agencies, funding regulators and … advocates for their sector. There has certainly been some confusion within the co-operative sector in recent years about the various roles which ARCH and OCH play…[356]

5.115 The FHA advocates separating the regulator from the funder:

> We believe that good practice regulation requires a regulator that is independent of funding administration. Similarly, the administration of standards and accreditation should also be independent and separate from funding

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[354] Submission 34, NSW Federation of Housing Associations, p166

[355] Submission 21, Shoalhaven Community Housing Scheme, p12

[356] Submission 22, ARCH, p12

administration. A decision to separate these functions is critical to future independence.

The current administrative arrangements are not sufficiently robust to provide the independence of regulation that we believe is required. Regulation should include the responsibilities of both the funding body and the funding recipient. We do not believe that the funding body should be responsible for its own regulation.[357]

5.116 The Churches Community Housing also identified this as an issue:

Concern/criticism was also expressed that the administrative regulator of community housing was located within the Department of Housing and questions were raised as to the appropriateness of the same body being both funder and regulator. There was a preference expressed for a regulatory model that separates accountability from funding control.

The suggestion of a legislatively based independent regulator was viewed favourably. The model must reinforce core values such as honesty, transparency and open communication.[358]

5.117 Mr Adam Farrar submitted that while the rationale for joining all social housing related functions into one Department was not unsound, losses and risks arose:

Partly it has reduced transparency – something that is very important as a new system is being built. This has been exemplified in the abandonment of strategic planning … the lack of information about decision making, and the loss for a number of years of external advice or scrutiny. It has reduced by adding layers of reporting.[359]

5.118 Mr Farrar noted that the interests and needs of public housing often overwhelm those of the community housing sector. However, he did not argue for a separation of the Office of Community Housing and the Department of Housing, rather:

…it is a strong argument for ensuring that the Office of Community Housing is retained with all its capacity within the Department structures and that we do not see a blending of public and community administrative arrangements…[360]

5.119 He argued further that it is essential that the regulator role be kept separate from the roles of funder, funding administrator and policy development.[361]

5.120 Shelter NSW suggests that OCH should maintain a regulatory role, but should report directly to the Minister:

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[357] ibid.

[358] Submission 27, Churches Community Housing, p25

[359] Submission 40, Mr A Farrar, p10 (personal submission)

[360] ibid.

[361] ibid, pp10-11

> In addition to its functions as program manager, OCH should also undertake regulatory functions, with investigative and interventionist powers… To avoid potential conflicts of interest, OCH should be removed from the formal reporting structure of the Department of Housing, and should report directly to the Minister for Housing.[362]

5.121 The Department advised that it foresees the regulator as remaining within the Department but in 'a separate administrative stream'.[363]

5.122 The Committee notes the importance of transparency in gaining industry support and the community housing sector's view that transparency requires a separation of the funder and regulator of community housing. The Committee believes that the Department should devise a structure that ensures administrative separation of the funding and regulatory functions of the Office of Community Housing, with consideration being given to having the regulatory functions reporting directly to the Minister.

Recommendation 22

That the Department of Housing ensure that the funding and regulatory functions relating to community housing have administratively separate reporting lines, with consideration given to having the regulatory function reporting directly to the Minister for Housing.

Performance management under the new framework

5.123 As discussed above, effective performance management is dependent on effective performance reporting. The Department of Housing has made the development of a performance management framework a high priority.

5.124 According to the Office of Community Housing, the Performance Management Framework (PMF) is an integrated system of performance reporting and management designed to sit across performance management arrangements already utilised by the sector, including quarterly reports and accreditation.[364] A pilot of the Framework was completed in March 2003.[365]

5.125 The PMF includes nine service outcomes covering service quality, corporate governance and financial sustainability, with 29 Key Performance Indicators serving as performance

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[362] Submission 47, Shelter NSW, p42

[363] Supplementary submission 54, Department of Housing, p6

[364] Office of Community Housing, *Focusing on outcomes for Community Housing in NSW – Proposed Performance Management Framework*, 31 May 2002, p4

[365] Wannan, Correspondence to the Director, 26 September 2003, p2

measurement tools.[366] The model involves three different levels of reporting based on "size of provider, level of risk, and the complexity of financial or contractual arrangements".[367]

5.126   The objectives of the new performance reporting mechanism are to ensure that:

- Streamlined and consistent arrangements are in place to collect performance information and to undertake performance assessments of all community housing providers

- Credible and useful comparative information is available to both the Office and community housing providers on key performance indicators

- Clear and transparent information is available to community housing providers on the Office's overall assessment of their performance

- Comprehensive information is available to community housing providers on the overall performance of the community housing sector in a format that facilitates and encourages continuous improvement

- Comprehensive information is available to the Office on the relative performance of community housing providers to inform funding allocation decisions and to guide policy development.[368]

5.127   A Performance Review Team will be established within the Office of Community Housing, which will be charged with implementing both the performance management and the registration systems. It will collate and analyse performance information and evaluate individual providers and the sector as a whole. A complaints and appeals system will be incorporated to enable the Performance Review Team's decisions to be reviewed.[369]

5.128   The second facet of performance management is taking action on poor performance. The Department explained that it was important that there be facility for intervention where standards were not being met:

> There should also be another … improvement to the current system: the ability …to intervene if an organisation was performing poorly or if there were concerns about misappropriation or something else. The type of intervention we suggested in the draft [PMF] related to the appointment of a person either to work in that organisation or to work with that board. We have a history over the past few years of appointing administrators to organisations that were not performing well. In most instances that has delivered a successful outcome for the housing association or co-operative, but at present it is done only at the request of the board…

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[366]   Supplementary submission 54, Department of Housing, p12

[367]   ibid, p2

[368]   Office of Community Housing, *Focusing on outcomes for Community Housing in NSW – Proposed Performance Management Framework*, 31 May 2002, p4

[369]   Supplementary submission 54, Department of Housing, p3

> There have been instances when the Office of Community Housing, as the current administrator, had significant concerns and believed that an administrator should be appointed but had no capacity to enforce it. It was left to the discretion of the board whether that would happen—regardless of whether the board then sought funding for that role from the office. We think that is important. We also think it is important to spell out in what circumstances that would occur and what the role of that intervention might be.[370]

5.129 In order to improve its ability to take action in instances of under-performance, the Department proposes that there should be a formal performance agreement between the regulator and the provider:

> This relates basically to replacing what is presently a funding agreement relationship with most of our providers with a proper contract that spells out, in a more contractual way, the mutual roles, responsibilities and objectives of the programs being funded, the purpose of the funding and so on. Those agreements would then form the basis of the performance management system and accountability.

> They would vary according to the class of registration and according to the kind of assistance being provided to the organisation. …It was also proposed that there would be standards and targets for outcomes to be met. They would obviously become part of the agreement but would vary from time to time according to the class of registration. We also proposed basic requirements regarding record keeping and reporting—again, fairly standard—and that they should be spelt out.[371]

5.130 Moreover, the Department argues that the PMF should make provision for responses that are proportionate:

> We are most anxious to ensure that the level of guarantee that we can give to the Government and the community is in accord with the level of risk. That is where we see a gap in the regulatory framework. There are very few actions we can take other than by a most circuitous route where there may be situations rising where the Government is concerned about the efficiency, effectiveness, misappropriation or some other elements of the business that the investment is not being effectively managed. It is a risk management approach, recognising their independent organisations and also recognising that they are administering very large annual, recurrent and capital investments of government.[372]

5.131 The NCHF also considers that there should be a spectrum of intervention measures:

> These could range from training and support in good practice from the appropriate peak/resourcing bodies, to sanctions imposed by the regulator.[373]

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[370] ibid.

[371] ibid.

[372] Mills, Evidence, 11 November 2002, p6

[373] Clough, Correspondence to Director, 29 August 2003, p2

5.132   The community housing representative bodies were generally supportive of the Performance Management Framework. The FHA, for example, stated:

> The Federation believes that the proposed PMF is the centre-piece of any effective regulatory regime and embodies best practice principles. There is nothing equivalent in any other jurisdiction.
>
> The key to its value is that it takes a risk assessment and preventative approach. That is, it gathers just enough information, regularly enough to understand where potential risks are emerging across the key aspects of the business, to enable early intervention. By so doing, it can prevent the failure of the organisation or its key services.[374]

5.133   The FHA did note, however, that the benchmarks had not yet been finalised, and that further consultation should be undertaken before the benchmarks are adopted.[375]

5.134   ARCH commented favourably on the PMF, but expressed concern about supporting documentation relevant to co-ops:

> … we are satisfied that the PMF in itself will not be onerous for housing co-operatives, will ensure a level of accountability and will be explicit in its expectations of co-operatives, enabling them to perform at the level required by Government…
>
> Our concern, however, is that limited focus has been given to related guiding instruments that govern the operations of housing co-operatives in NSW and provide definition of Government expectations for housing co-operatives. The NSW Operational Guidelines for Co-ops dates back to 1998, is critically out of date and in certain areas inoperable. Whilst only verbal commitments have been made to address the Guidelines, these remain an anachronism and could present incongruity with expectations and requirements under the performance management framework.[376]

5.135   In his evidence, the then Executive Director of the NCHF, Mr Adam Farrar, described the PMF as 'best practice':

> My understanding is that best practice in Australia is clearly the performance management framework that is being piloted in New South Wales because that has now attempted to move from getting bits of paper in, to clearly identifying what are the risks, so that you can say, "The viability or the performance of this organisation is beginning to show some problems. How can we step in and manage those problems effectively?"[377]

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[374]   Farrar, Correspondence to Director, 29 August 2003, p4

[375]   ibid.

[376]   Shellshear, Correspondence to Director, September 2003, p7

[377]   Farrar, Evidence, 11 November 2002, p24

5.136   NCHF perceives the following advantages in the Department's Performance Management Framework:

- As an outcomes based regulatory approach it will facilitate adequate and consistent reporting whilst enabling a flexible approach to undertaking the business of community housing

- The information generated will be able to be used by providers to improve their performance, as well as by administrators to inform funding decisions and policy development

- It concentrates on early risk management, thereby ensuring that potential problem areas can be identified and (ideally) managed before they blow out into actual or bigger problems.[378]

5.137   Churches Community Housing also advised of its support for the PMF:

> We believe that it contains the principles of best practice management and is necessary for any regulatory process to function effectively.
>
> The Performance Management Framework should not however be seen as independent of other mechanisms in the sector, eg the Registration System and the National Standards and Accreditation requirements etc. And effective consultation with the whole sector will be necessary to enable benchmarks to be set that are acceptable and the framework finalised.[379]

5.138   Given the overwhelming support for the Performance Management Framework in the community housing sector, the Committee considers it appropriate that it be rolled out. We have noted the industry views on the need for further consultation and suggest that full consultation with the sector (including tenants' representatives) be undertaken by the Department in finalising the Framework. The Department has advised that an information campaign will commence for housing providers in late 2003, and that the PMF will be rolled out on a trial basis across the sector in 2003/2004.[380] Provided there is a satisfactory outcome of the trial, the Committee recommends that the Performance Management Framework be implemented across the State without further delay.

Recommendation 23

That the Department finalise the details of the Performance Management Framework in consultation with the community housing sector, and implement it without further delay.

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[378]   Clough, Correspondence to Director, 29 August 2003, p2

[379]   Yule, Correspondence to Director, 2 September 2003, p3

[380]   Wannan, Correspondence to Director, 26 September 2003, p2

Summary of new scheme proposals

5.139   This section draws together the various strands of the regulatory framework recommended in this Chapter.

5.140   The Committee's approach in considering the regulatory framework has been to suggest a scheme that enables the Department to support and develop community housing, provide properties and funding to organisations with specific conditions attached, and ensure satisfactory service and governance standards with minimal risk to public funds.

5.141   The Committee proposes a new regulatory scheme be incorporated into legislation by amendment to the *Housing Act*. The amendment should include, at a minimum,

- a definition of community housing

- the role and functions of the regulator

- powers for resourcing and provisions for funding contracts

- governance frameworks

- a multi-tiered registration system, and

- provisions relating to title and equity.

5.142   Minimum standards would be safeguarded through the Performance Management Framework, the registration system and funding agreements, and policed by an administratively separate regulator such as the Performance Review Team. The accreditation process would provide a quality system to encourage continuous improvement in service standards and management.

5.143   An appeals process through the Housing Appeals Committee would be available to all community housing tenants and applicants, and will further encourage quality management decisions. Providers will also have access to review of administrative decisions relating to the regulatory framework themselves.

5.144   The continued involvement of the community housing peak organisations and the sector as a whole will be necessary to ensure the new regulatory framework has credibility and is supported and 'owned' by the industry. The sector has not had opportunity to consult in relation to certain aspects of the system, and in relation to other aspects, significant time has elapsed since discussions took place. The Committee therefore recommends that, in finalising the legislation and the constituent parts of the new framework, the Department consult further with the peak organisations and tenant representative groups.

Recommendation 24

That the Minister for Housing prepare an amendment to the *Housing Act* that incorporates:

- a definition of community housing

- the regulatory role and functions

- powers for resourcing and provisions for funding contracts

- a multi-tiered registration system, and

- provisions relating to title and equity.

In drafting the amendment, the Minister should ensure that further consultation with the community housing industry and tenants representatives occurs.

Chapter 6   The future of community housing

> The question that Committee members ought to ask themselves is: Where should community housing be in 20 years time? What role will it play? Will it be constrained to a small, perhaps very specialised role for a highly dependent population, or will it move into a sector which, basically, takes on the private rental market where the private rental market fails? That is the critical issue. What are the conditions that would allow it to take on that wider role—to provide real choice for people in need of affordable housing? At the moment you have either got to get on a waiting list and wait for seven years before you get in, or you live in an unsuitable and highly unaffordable rental property.[381]

Community housing provision varies across Australian states and territories, with New South Wales having the largest community housing sector in Australia. All jurisdictions have recognised the role of community housing as a major provider of housing, particularly for people with support or other needs. The evidence to this inquiry was overwhelmingly in support of community housing as a flexible and innovative model for the provision of accommodation and support services. This inquiry comes at a time of growing concern about the affordability of housing in this State, particularly in metropolitan and regional centres. Community housing is one model aimed at providing affordable housing to people on low to moderate incomes, or people with particular needs. This chapter looks at the future for community housing in New South Wales.

As evidence to this inquiry has shown, the community housing sector has changed significantly over the last ten years. In Chapter 2 we recommend that the NSW Department of Housing should as a matter of priority develop a comprehensive Five Year Strategic Policy Framework by 2005 to guide the future development of community housing in New South Wales. This is especially important in light of the changes that have occurred since the development of the current 1996 strategic plan for community housing. Many of the recommendations made in this report have dealt with specific changes we believe should be incorporated into the new policy document. This chapter addresses the major issues confronting the sector over the next five to ten years, and in particular options for building the capacity of the sector. The chapter considers the recent growth strategies including the increased reliance on leasehold properties and the transfer and redevelopment of public housing stock. It also considers the financing of social and community housing, and in particular the adequacy of the Commonwealth State Housing Agreement. The chapter then looks to ways to build capacity in the future, such as partnerships, title and equity. The chapter concludes with a discussion on the establishment of a housing register and crisis accommodation options.

Growth of the community housing sector

6.1   Nationally, the community housing sector grew from 10,000 units to over 28,000 units in the decade up to 2001, with the majority of the growth occurring in the last five years of that period.[382]   Many believe that while that growth is significant, there is scope for

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[381]   Randolph, Evidence, 13 February 2002, pp5-6

[382]   National Community Housing Forum, *Viability and Community Housing*, Discussion Series, Paper No.5, November 2001, p5

community housing to grow substantially in the next few years. Community housing currently makes up only 8.4% of the social housing system in New South Wales and many witnesses suggested that community housing should play a more significant role. As witnesses explained, there is a role for both public and community housing within the social housing mix.

6.2   One of the issues the sector is currently grappling with is how to deliver sustained levels of growth in community housing. In this report we have addressed a number of issues where the community housing sector is seeking to 'grow' the sector and make it a more efficient and effective system. For example we have dealt with amalgamations, the creation of new large organisations particularly in regional areas and the establishment of umbrella organisations such as ComHouse to provide support across the sector. We have also addressed the adequacy of management and operational policies and reporting and regulatory frameworks for improvements in corporate governance and accountability.

6.3   The growth of community housing over the past five to ten years has occurred in part as a result of increases in head leased properties and also from the transfer of public housing stock, and the redevelopment of that stock. These issues are discussed briefly below.

Head leased properties

6.4   As discussed in Chapter 2, close to half of community housing stock is head leased from the private rental market and according to a number of witnesses this is an area of tenant dissatisfaction, particularly in relation to evictions, repairs and respecting the privacy of tenants.[383] Other concerns include security of tenure and the capacity of the private market to provide accessible stock, particularly for people with a disability and elderly tenants.[384]

6.5   The Committee understands that while there have been some negatives associated with head leasing, many in the sector believe the strategy has been effective in providing a greater number of properties than otherwise would have been available and a greater level of flexibility. It was also suggested that community housing can contribute to social housing viability in part due to its demonstrated capacity to negotiate cost effective leasing arrangements with the private sector.

6.6   While the strategy has been successful, the Department told the Committee that future community housing development should be focused elsewhere. As the Acting Executive Director, Office of Community Housing, Ms Alison Wannan explained:

> For the future, some of the issues we are looking at are to do with umbrella management arrangements and increasing capital stock to reduce reliance on leasehold properties.[385]

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383   Submission 49, Tenants' Union of NSW Co-op Ltd, p6

384   See Chapter 2 for more details

385   Ms Alison Wannan, Acting Executive Director, Office of Community Housing, Evidence, 12 February 2002, p10

6.7   In their submission, the Department acknowledges that the limited community housing asset base inhibits the financial viability of the sector, and while the leasehold arrangements provide flexibility enabling providers to adjust to changing needs, the ratio does not allow providers to fully cross-subsidise operational costs through rent from capital properties. In addition, it requires a continued source of recurrent funding to maintain provision levels over time.[386]

6.8   In Chapter 2 we recommend that research should consider the appropriate roles and responsibilities of the private rental market in the community housing context, and the effectiveness of the relationship between the private rental market and community housing providers. In addition, the Committee supports the government's stated intention to lessen the reliance on leasehold properties.

Transfer of public housing stock

6.9   The stock transfer program has contributed significantly to the growth of the community housing sector. The New South Wales government policy of the transfer of stock is a response to a commitment made in the 1995 Housing Policy Green Paper to improve the choice for clients of government housing programs. In evidence to the Committee in 2002, the then Director General of the Department of Housing, Mr Andrew Cappie-Wood, told the Committee of some of the advantages to the transfer process:

> Properties that are owned tend to be slightly newer, because of the recent growth in the community housing area, and where there have been stock transfers from public housing to community housing they have gone over with some upgrade. So, effectively, maintenance backlog has been reduced by that process, and you know it will be a better asset-to-need mix. So asset realisation in that area is less than it is in public housing.
>
> One of the other important aspects of the community housing program is that we look to redevelop existing public housing stock that is old — say the old fibro homes on large blocks of land. Quite often we turn over some of those redevelopment sites to community housing. So this stock is new, providing a much more cost-effective way of utilising the value of the land and, in the process, providing targeted and well-designed accommodation.[387]

6.10   There have been some successful examples of the transfer of public housing projects to community housing. One such example is the transfer of Proctor Way in Airds to Argyle Community Housing. The Claymore housing estate located in Airds had been experiencing bad publicity for many years.[388] Despite a long waiting list of people wanting accommodation, the Department of Housing had difficulty placing people in the housing project.[389] In 1995 the Department of Housing approached Argyle Community Housing to

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386   Submission 54, Department of Housing, p64

387   Cappie Wood, Evidence, 12 February 2002, p2

388   National Community Housing Forum, available at: http://www.nchf.org.au/improve.htm#build

389   Department of Family and Community Services, available at: http://www.facs.gov.au/cando/casestudies/proctor.html

begin a trial management of 25 properties in Proctor Way.[390] Argyle initiated a number of community building strategies including community meetings, social activities, regular clean-ups and opportunity for tenants to become involved in management and decision making processes.

6.11 According to evidence, the success of the transfer of stock to Argyle Community Housing was also due to links with many support services and other organisations in the area, including church based support:

> Argyle has attracted additional support providers to the area. In 1996, in response to a need identified by Argyle, the Sisters of Joseph moved to a house in Proctor Way. This group provided 24-hour community support, material aid, adult literacy and homework tutoring for school aged children.[391]

6.12 Proctor Way is now a flourishing community, with Argyle Community Housing managing more than 80 properties in the area. The coordinator of Argyle Community Housing, Mr Brian Murnane, said that one of the keys to the success of the Proctor Way development has been the support services' involvement:

> Development of good links with local community service agencies has been an important and effective way of addressing the support needs of our tenants.[392]

6.13 Some in the sector told the inquiry that there should be greater consideration of expanding the stock transfer program, particularly in rural and regional areas. The Federation of Housing Associations argues that options for the stock transfer of public housing in small towns should be investigated on the basis of potential cost saving:

> Firstly, there would be no duplication of effort currently expended on managing two small portfolios. The costs of providing two separate sets of infrastructure in the same town would be reduced … Secondly, we know that community housing costs reduce per unit as the size of the portfolio increases. … Thirdly, housing associations are able to source local maintenance services quickly and efficiently (and) Fourthly, a high ratio of capital properties to total portfolio in a medium to large organisation results in financial viability.[393]

6.14 As discussed earlier in this report, other witnesses believe that the lack of choice in many rural towns is one of the most significant problems facing tenants in rural and regional New South Wales. Many believe that the transfer of stock to a single housing provider in small towns would further diminish tenant choice.

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[390] Department of Family and Community Services, available at:
http://www.facs.gov.au/cando/casestudies/proctor.html

[391] Submission 27, Churches Community Housing, p7

[392] Department of Family and Community Services, available at:
http://www.facs.gov.au/cando/casestudies/proctor.html

[393] Submission 34, NSW Federation of Housing Associations, p116

6.15   Shelter NSW, while supporting stock transfer as one way to provide positive outcomes for tenants within the social housing system, argues that there are a number of issues that need to be considered prior to any transfer of stock. While most transfers have occurred through the transfer of untenanted redevelopment sites, there are a small number of tenanted transfers. Shelter stresses the importance of preserving the rights of tenants in tenanted stock transfers. In this regard, they recommend that tenants should have the right to choose either individually or collectively via ballot if they wish to transfer, choose between different providers and have their rents and conditions guaranteed after the transfer.[394]

6.16   In a recent study, Dr Michael Darcy discovered some disturbing facts about the current transfer arrangements and its impact on tenants:

> The way that stock is being transferred at the moment is excluding tenants, I believe. The recent study I did over the last year or two was initiated by New South Wales Shelter. It had tenants coming to it saying, "Community housing is supposed to be about choice. We have basically been presented with no choice at all. We have been told our house is being transferred to the community housing organisation. Our choice is transfer to the community housing organisation or move." That was a fairly disturbing report for me to hear. I have been a promoter of community housing, and I still am. I am not arguing for a minute that we should go back to the old public housing system, that we should not have multiple providers and so on. But that report was very disturbing to me. When we went into this study in a more detailed way and looked at how stock was being transferred in various places, we discovered that while the overarching aim of having multiple providers was supposed to be about tenants' choice, the way that this has translated into operational policies is actually taking choice away from tenants. That is because transfers are being treated as property transactions and have nothing to do with the preferences of tenants.[395]

6.17   Dr Darcy explained that property transactions are transferred in large blocks which means that a whole multi-storey building, a street or group of streets will be transferred. Dr Darcy told the Committee he was unclear on the reasoning for this:

> The protocol that was developed between the Office of Community Housing and the department states that is because they have to be capable of separate title. In fact, in most of those cases, they are not on separate titles at all; they are on super lots because the public housing system has been developed in ways to get around the planning system. There are hundreds of houses on a single title. Even when you transfer 50, 60 or 100 units at a time, they are not actually capable of separate title without all sorts of work being done to move pipes and wires and all sorts of other things to enable that to happen.[396]

6.18   Dr Darcy speculated on the reasons why the sites are being transferred in this way:

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[394]   Submission 47, Shelter NSW, p25

[395]   Dr Michael Darcy, Senior Lecturer, School of Applied Social and Human Sciences, University of Western Sydney, Evidence, 13 February 2002, pp19-20

[396]   Darcy, Evidence, 13 February 2002, p20

> They are being transferred in large lots to suit the management needs of both the public and community housing organisations. The management needs of the public housing authority are often, in the cases we identified, the problem street or the problem block which the public housing organisation wants to get rid of. The public housing authority would go about decanting the tenants. If it could not decant the tenants, it would tell the tenants they would have to go to the community housing organisation with the house or be moved somewhere else. So it could break up a problem block or problem street and divest itself of the problem. The community housing associations see it in a slightly different way. They see it as being more efficient in terms of their tenancy management, but also in terms of tenant participation and community development type activities, if all of their tenants are in one street or one block. That makes it easier for them to get tenant organisation going and so on.[397]

6.19   Dr Darcy suggested that many of the public housing estates have been just as effective as community housing associations in building tenant involvement and community participation. For example, the Riverwood housing estate, as part of the neighbourhood improvement program, provided for a community development worker funded by the Department of Housing to assist with building tenant councils, community involvement of tenants and so on. Dr Darcy explained that the initiative was largely based on the fact that people have a common interest in that they have a single landlord and can get involved in street issues, security, tree planting and fencing:

> When the department decided to transfer stock to the association…in blocks, away from that, the community development worker there was at a loss. She could not understand, she saw that as being completely counter to the whole effort that she had been asked to put in over the past three or four years. Effectively it was breaking up the estate on which she had based her community development work so that someone else could do microcommunity development within the estate.[398]

6.20   According to some witnesses, one of the driving forces behind the transfer of stock is that the single public landlord needs to be broken up into more diverse management structures. The Committee was told that one difficulty with this process is that tenants do not get a lot of say in these decisions. Dr Darcy again:

> Fairly clearly, when you get into the process—and I have been closely involved in that through the Housing Assistance Plan Advisory Committee—the main motivator for the transfer program is basically to grow the community housing sector as fast as possible so that we can see whether it is comparable. The victim of that in the short term is real choice and real participation for tenants.[399]

6.21   Professor Randolph also suggested that more needs to be done to ensure greater levels of tenant participation:

> …one of the problems with the big stock transfers that has come up in recent years is that they have been criticised for essentially being lumps of local

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[397]   ibid.

[398]   ibid.

[399]   Darcy, Evidence, 13 February 2002, p21

authities which have been sawn off and essentially has not changed their management structures. There is a new proposal to put together things called community mutuals and these are housing associations which essentially have a much higher level of tenant involvement and are essentially owned by their tenants. … Different models are being developed all the time to address some of the critical issues facing associations in the United Kingdom. Some of these new models that involve greater levels of tenant participation and some sort of mutual ownership might offer some potential solutions, particularly if we are talking about breaking up the large DOH structure and evolving it.[400]

6.22 The Committee understands that many in the sector support the strategic transfer of stock to community housing providers where there is clear evidence that the transfer will result in improved outcomes for tenants, as well as a more efficient and effective social housing sector. Others argue that transfer can provide worthwhile management improvements, but it is not a valuable growth strategy. Witnesses suggested that the transfer of stock is not the answer to the affordable housing crisis, as it does not add to the overall social housing stock:

> I do not think growing community housing by shifting stock from the public housing sector for that very reason is an answer. That is not what we are proposing. Stock transfers are a reasonable option for some management reasons. We spell out very carefully in our submission that there are often good community development and management reasons to negotiate stock transfers from public housing to community housing. But simply to use that as a mechanism to grow community housing at the expense of public housing is not a strategy that we are recommending or supporting.[401]

6.23 The Committee understands there are many advantages to the stock transfer program, redevelopment and the relocating of public housing stock to the community housing sector. Evidence has shown that there are advantages in the management of stock including more efficient maintenance services and improved community development. There are however a number of issues of concern, particularly in relation to tenants' rights to choose their type of housing and participation in decision making and management.

6.24 In light of this, Committee believes that for any future transfers of public housing stock to community housing, every effort should be made to ensure tenants who may be affected by the transfer are consulted in the decision making process. In addition, the Committee believes that the government should ensure that where a transfer occurs, all efforts are made to involve tenants in developing the new organisation and management structure.

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[400]   Professor Bill Randolph, Professor, Urban Development, University of Western Sydney, Evidence, 13 February 2002, p13

[401]   Ms Mary Perkins, Executive Officer, Shelter NSW, Evidence, 16 April 2002, p5

Recommendation 25

That the Department of Housing ensure that tenants who may be affected by transfer of public housing to community housing be consulted in the decision making process. In addition the Committee believes that the Department should ensure that where a transfer occurs, all efforts are made to involve tenants in the new organisation and management structure.

6.25   In relation to building the capacity of community housing, the Committee acknowledges that the transfer of stock has resulted in a significant growth of community housing stock. The issue of ways to increase the investment in the sector is discussed below.

Financing the community housing sector

6.26   The issue of the growth of the sector is contentious, particularly in relation to whether the growth should be the responsibility of the private sector or based on public subsidies, or a combination of both public and private investment. In this section we consider the adequacy of the current financing of the community housing sector, including the Commonwealth State Housing Agreement and rents and Commonwealth Rent Assistance. We also consider the evidence from witnesses proposing ways to attract funding to allow for the growth of the community housing sector.

The Commonwealth State Housing Agreement

6.27   As noted earlier in the report, the Commonwealth State Housing Agreement is the primary source of funding for rental housing assistance in New South Wales. Mr Andrew Cappie-Wood explained that the factor shaping the social housing support system generally is the "nature of the funding flows":

> The biggest underpinning element of that is the Commonwealth State Housing Agreement, which sees the Commonwealth and State governments entering regular agreements for future funding, usually on a four-year cycle. At this point in time the Commonwealth-State has an agreement as seeing the steady reduction in funds into the social housing system.
>
> Since 1995-96 there has been, in 2001 real terms, across Australia a $290 million reduction in funding going into the social housing system. In New South Wales that represents close to $70 million in 2001 terms in that period of time. We are in a shrinking funding environment and that is placing pressure upon the whole system to make sure that it is as efficient and effective as possible. There are some legacies of previous Commonwealth-State Housing Agreements and these agreements go right back to the early 1940s. In the past the Commonwealth has insisted that the States borrow funds for the provision of public housing, which has accumulated a very large debt and the public housing system currently services that debt, which costs $85 million a year. Most of that comes from tenant rents.[402]

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[402]   Cappie-Wood, Evidence, 12 February 2002, p2

6.28 According to ACOSS, CSHA funding has declined in real and nominal terms since 1991-92. They argue that in 1996 the CSHA brought in a series of funding cuts which reduced the Commonwealth's contribution to funding since that time. While $89.7 million was negotiated with States and Territories for GST compensation, ACOSS suggests that the package can not be regarded as additional funding for housing, "as it is compensation for the higher costs now borne by housing authorities."[403]

Table 2: **Government expenditure on Commonwealth State Housing Agreement assistance in nominal and real terms since 1991-92 and the total number of public housing units.**

Financial year	Actual CSHA funding $m	GST compensation $m	CSHA funding (less GST comp.) in real terms 2000-01 dollars	Number of public housing units At 30 June
1992-93	1 485.4	—	1 716.9	360 909
1993-94	1 419.6	—	1 623.8	366 746
1994-95	1 509.6	—	1 600.6	n/a
1995-96	1 489.8	—	1 643.5	n/a
1996-97	1 353.4	—	1 468.3	358 068
1997-98	1 207.4	—	1 293.2	360 577
1998-99	1 276.6	—	1 363.1	362 447
1999-2000	1 331.0	—	1 394.2	362 967
2000-01	1 406.5*	89.7	1 316.8	n/a
2001-02	1 392.4*	89.7	1 264.8	n/a
2002-03	1 387.4*	89.7	1 229.6	n/a

Source: Department of Family and Community Services unpublished data and Annual Reports of the Housing Assistance Act[404]

* Includes additional amount for GST compensation

6.29 In a 2001 discussion paper, the National Community Housing Forum argued that one of the crucial drivers of change for the sector is to secure ongoing resources. They suggest that the current CSHA is not large enough to deliver a sufficient level of growth to make a difference. They argue that regardless of whether or not the sector seeks rapid growth, "we need to find ways to face the fact that the future of the CSHA as an ongoing source of capital grants is now uncertain."[405]

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[403] ACOSS, *Public and community housing: a rescue packaged needed*, ACOSS INFO 323, 14 October 2002, p3

[404] ACOSS, *Public and community housing: a rescue packaged needed*, ACOSS INFO 323, 14 October 2002, p3

[405] National Community Housing Forum, *Viability and Community Housing*, Discussion Series, Paper No.5, November 2001, p6

Rents and Commonwealth rent assistance

6.30 One of the problems for community and public housing is the falling income levels of social housing tenants and thus the falling income streams associated with the current income related affordable rents. According to the National Community Housing Forum (NCHF), income related rents mean that community housing becomes part of the income support system or in other words becomes "welfare housing". NCHF are not arguing that welfare housing does not have an important role in the housing market, rather, that it should not be the only role for the community housing sector.[406] As rents constitute a housing provider's income stream, the rent policy has a major impact on the viability of those providers. For this reason, HCHF argue:

> The twin issues of affordability and viability and the need to find additional, private sector dollars for social and affordable housing means a review of rent policy is going to be a crucial element of sector development.[407]

6.31 As a number of witnesses have identified, one of the ways that community housing could be made more viable is by community housing tenants attracting Commonwealth Rent Assistance (CRA) to contribute to the total rental costs.[408] Commonwealth Rent Assistance is paid to individuals and families who are renting privately or who are in community housing and receive some other welfare payment. Public housing tenants are currently not eligible for CRA. While CRA is the major mechanism for achieving affordability for tenants in community housing (and in the private market), the National Community Housing Forum suggests that the "ceiling structure is set so low that in many markets tenants still struggle with their housing costs."[409] In a recent paper, joint authors National Shelter and ACOSS conclude that while the Rent Assistance program does assist with affordability for some recipients, it fails to deliver affordability for over one third of Rent Assistance recipients. In particular, they found that:

- 35% of Rent Assistance recipients exceed the Commonwealth government's own measure for housing affordability by spending more than 30% of their income on rent

- 9% of recipients spend more than 50% of their income on rent

- Over the past ten years, housing support has shifted away from the supply of low-cost public and community housing and towards direct financial assistance. (In the ten years to 2003-04, Commonwealth spending on Rent Assistance increased by 7% in real terms to $1.92 billion while base grant funding to the CSHA decreased by 54% to $1.28 billion)

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[406]   National Community Housing Forum, *The CSHA, workforce disincentives, rents and private finance*, Policy Advisory Committee (PAC) Discission Paper, March 2003, p3

[407]   ibid, p4

[408]   ACOSS, *Public and community housing: a rescue packaged needed*, ACOSS INFO 323, 14 October 2002, p6

[409]   National Community Housing Forum, *The CSHA, workforce disincentives, rents and private finance*, Policy Advisory Committee (PAC) Discission Paper, March 2003, p2

- There are higher numbers of Rent Assistance recipients in areas where there is high unemployment, which suggests that on its own the Rent Assistance is not providing low income people with the flexibly to move to areas of higher employment

- There are significant disparities between capital city rents paid by low income people and those paid by people in regional areas. Rents in Sydney are on average $68.86 a fortnight higher than those elsewhere in NSW

- Rent assistance is not available to students over 25 years in receipt of Austudy or people on low wages.[410]

6.32 The study suggests that these results call into question the adequacy and structure of the Rent Assistance program and therefore:

> ACOSS and National Shelter recommend that a more thorough review be undertaken of the efficacy of the Rent Assistance program in delivering housing affordability to low income Australians. Such a review should examine regional variations in rent; the effectiveness of the program to assist people to 'move to where the jobs are'; and the benefits of a possible rebalancing of Australian Government funding for housing assistance towards improving the supply of affordable housing.[411]

6.33 According to the Department of Housing, currently only a small proportion of Rent Assistance is recouped by community housing providers and options to secure greater social housing benefits are being investigated.[412]

Attracting funding for the growth of the sector

6.34 A number of witnesses argued that there is a need to find a more flexible and choice-driven affordable housing market. Professor Randolph suggested that, if the community housing sector is to significantly expand, strategies other than stock transfer must be considered, including attracting private investment and rent setting.

> A lot of the public housing stock in New South Wales is in family housing when we know that that is not where the growth of the sector will be. The growth of the sector will be in small housing. It is in the wrong location. Public housing is very much involved in trying to address those issues. Community housing could play a real role there … This issue of attracting private funding I think is critical. If community housing carries on doing what it is doing it will get better at what it is doing. It could carry on what it is doing for the next 10 or 20 years and it could grow modestly. …

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410 National Shelter and the Australian Council of Social Service (ACOSS), *Rent Assistance: does it deliver affordability?*, September 2003, p4

411 ibid, p4

412 Submission 54, Department of Housing, p63

> I think the issue of attracting private funding is tied up with a number of quite complex issues. There is the issue of high rents. We all know that rents are set on affordable criteria, which is a good thing and we would not want to decry that. Interestingly, if you read a lot of the literature about community or public housing, nobody mentions rents at all, whereas in the United Kingdom rents are at the centre of the system. Associations are allowed to charge cost rent to cover their costs. If you ask people about cost rents here they do not know what you are talking about. That is critical because it means that people who run housing associations and social housing providers know what it costs to do that business. They form their judgments, their decision making and their management structures and all the rest of it to ensure that those costs are minimised and that public funds are used effectively.[413]

6.35 As evidence has demonstrated, funding from the CSHA is declining and in this environment it is very difficult to imagine that with the CSHA as the main funding source, social housing can grow. One of the issues for the government and sector to decide is exactly what role community housing will play in the next ten to twenty years. That is, will community housing be a small and specialised sector for primarily low income tenants with complex needs, or will it expand into a sector which, in the words of Professor Randolph "takes on the private rental market where the private rental market fails?"[414] This will have a major impact on the nature and level of the funding that will be required to support the sector. The Community Housing Federation of Australia (CHFA) in a recent policy document argues that there is "value in the development of community housing as both niche *and* volume providers of low cost housing."[415]

6.36 Many witnesses argue that community housing must continue to attract financing from external sources, including other government agencies and community or private sector sources, if it is to have long term sustainability. In the event of increased private sector finance, existing standards and regulations such as the National Community Housing Standards and National Accounting Framework will need to change to provide the private sector with the necessary guarantees for security:

> (As) the sector moves towards using private finance to fund growth the standards may need to incorporate a greater emphasis on issues like risk management, in order to provide greater assurance to the private sector.[416]

6.37 The Committee has recommended in Chapter 2 that the Department of Housing should develop a comprehensive Five Year Strategic Policy Framework by 2005 to guide the future development of community housing in New South Wales. We believe that in the development of that strategy, the government must consider whether community housing

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[413] Randolph, Evidence, 13 February 2002, pp5-6

[414] ibid.

[415] CHFA, Development of a viable and sustainable Community Housing sector – draft, 2001, p.1, in National Community Housing Forum, *Viability and Community Housing*, Discussion Series, Paper No.5, November 2001, p8

[416] National Community Housing Forum, *Viability and Community Housing*, Discussion Series, Paper No.5, November 2001, p11

is to take on the wider role and provide greater options for affordable housing across metropolitan, regional and rural New South Wales. While there are obvious cost implications in the expansion of the sector, the Committee firmly believes that given the considerable waiting lists in public and community housing, the rising housing costs and, as outlined in Chapter 2, the anticipated rise in 'stressed households', the New South Wales Government should look to expanding the community housing sector. The Committee firmly believes that the government needs to clearly articulate a policy commitment to the creation of new opportunities for growth and ensuring a diversity of contributions from public and private investment.

6.38   In relation to the responsibilities for funding, the Committee believes that social housing should be the responsibility of both government and non-government agencies. The Committee supports the evidence that, without attracting alternative sources of funding including other government agencies and community and private investment, there is little likelihood that the sector will be capable of significant growth. However, the Committee would not encourage the reduction in public subsidy and would like to see further discussions occur between State and Federal governments on the possibility of improvements to the current arrangements for rental assistance and changes to rent subsidies. The Committee notes that the NSW Department of Housing in its submission pointed to the need for assessment of rent policy eligibility criteria and management options to maximise benefits from Commonwealth Rent Assistance within the social housing system.[417] We believe that the issue of rent policy is central to ensuring the affordability and viability of the community housing sector.

6.39   In relation to the decline in funding coming to State and Territory governments though the CSHA, the Committee believes that the State Housing Authorities should continue to negotiate with the Commonwealth government to provide greater investment in social housing. Based on the evidence presented to this inquiry, the Committee believes that the viability of public and community housing is seriously compromised by the chronic under-funding by the Federal government.[418] While this Committee is unable to make direct recommendations to jurisdictions outside New South Wales, we encourage the Federal government to reconsider the current funding arrangements for social housing, and in particular the funding provided under the CSHA. In addition, the recommendations made by ACOSS, National Shelter and others about the need for a thorough review of effectiveness and efficiency of the Rent Assistance Program in delivering housing affordability to people on low incomes should be drawn to the Federal government's attention.

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[417]   Submission 54, Department of Housing, p66

[418]   See in particular, ACOSS, *Public and community housing: a rescue packaged needed*, ACOSS INFO 323, 14 October 2002

Recommendation 26

That the Department of Housing ensure that the Five Year Strategic Policy Framework includes a commitment to the creation of new investment opportunities and considers the most appropriate public and private funding options. In particular, the Department of Housing should review the current rent policy with a view to ensuring the affordability and viability of the community housing sector.

Recommendation 27

That the Minister for Housing bring to the attention of the Federal Minister for Housing, the need for a thorough review of the efficacy of the Rent Assistance program in delivering housing affordability to low income Australians.

State Environment Planning Policies

6.40   A small number of witnesses to the inquiry noted that State Environment Planning Policies had the potential to increase social housing stock provided by other agencies. State Environment Planning Policies (SEPPs), administered by the Department of Infrastructure, Planning and Natural Resources, "deal with issues significant to the state and people of New South Wales."[419] According to the government website, they are made by the Minister for Planning and may be exhibited in draft form for public comment before being gazetted as a legal document.[420] While there are currently over 70 SEPPs in existence, there are three relevant SEPPs relating to housing policies: SEPP 5 for housing aged and disabled persons; SEPP 10 – retention of low-cost rental accommodation; and SEPP 70 – affordable housing.

6.41   SEPP 5 aims to increase the supply and choice of housing for older people or people with a disability. According to the website, such housing is permitted, with council consent, wherever houses, flats, hospitals or 'special uses' are permitted in or adjoining urban areas, except for some environmentally sensitive lands. The policy contains development standards and the issues that councils must consider when determining development applications.

> For example, the council must be satisfied that future residents will have reasonable access to services they require, taking into account, convenience, affordability and the type and scale of housing. SEPP 5 Guide should be read in conjunction with this policy. [421]

6.42   In relation to SEPP 5, in a recent statement the Minister for Planning and Infrastructure, Hon Craig Knowles, MP explained that the State government would review SEPP 5 and

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[419]   www.planning.nsw.gov.au/asp/sepp.asp, p1

[420]   ibid, p1

[421]   www.planning.nsw.gov.au

"work towards a more focussed housing strategy for older people and people with disabilities:"[422]

> A key objective of the review would be to eliminate developers exploiting SEPP 5
> by building medium density housing projects that don't cater for older people and
> people with disabilities.[423]

6.43   The Committee understands that, while not dealing exclusively with providing low cost housing, SEPP 5 increases the housing options for older people and people with disabilities across income groups, particularly in rural and regional areas, by increasing supply and moderating housing prices.

6.44   SEPP 10 aims to retain stock of low cost rental accommodation available in identified areas of the State. While originally applying to the inner suburbs of Sydney, Newcastle and Wollongong, SEPP 10 now covers the 53 local government areas in the Greater Metropolitan Region. The government website explains that the policy requires the local council's consent, and the Director-General of the Department of Urban Affairs and Planning's concurrence, to "demolish, alter or change the use of a boarding house." Consent is also requires to strata-subdivide a low-cost residential flat building or boarding house. The policy also required that, before granting consent or concurrence, the council and the Department take into account the availability of comparable accommodation, however it is not mandatory for them to refuse a proposal if such accommodation is not available.[424]

6.45   The State Environmental Planning Policy 70 - Affordable Housing (Revised Schemes) identifies the need for affordable housing provisions in the greater metropolitan region. Gazetted in May 2002, the SEPP 70 extends the life of affordable housing provisions relating to the City West project (Sydney Regional Environmental Plan No. 26), Willoughby Local Environmental Plan 1995 and South Sydney Local Environmental Plan 1998. According to the government website, schemes such as these are helping to provide affordable housing in areas undergoing significant redevelopment.[425]

6.46   According to People with Disabilities (PWD) the Affordable Housing State Environment Planning Policy held great promise in providing stock to other agencies such as local government for the provision of social housing. PWD in their submission suggest that "developer resistance" had stalled the project.[426] PWD also argue that the current project is limited to major development in larger centres such as Sydney, and this does not address the critical issue of accessible stock availability in rural and regional New South Wales.[427]

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[422]   Hon C Knowles, MP, Minister for Planning and Infrastructure, 'Review of SEPP 5', Media Release, 28 May 2003, p1

[423]   ibid, p1

[424]   www.planning.nsw.gov.au

[425]   ibid.

[426]   Submission 43, People with Disabilities, p4

[427]   ibid, p4

6.47   As the Committee received very little information on the state environment planning policies it is difficult for us to make firm conclusions on the SEPPs' capacity to assist people with their housing needs. We note however, that SEPPs may possibly provide opportunities to grow the community housing sector. On the limited evidence available to us, we believe there is value in further exploring the use of these plans to support partnerships arrangements with other government and non government agencies in the provision of affordable housing. In particular, we encourage the Department of Planning and Infrastructure to complete its review of SEPP 5 with a view to ensuring housing projects adequately cater for older people and people with disabilities, particularly for people on low incomes. In relation to SEPP 70, we believe that this policy provides the potential for the increased involvement of local government in social housing provision. The Committee supports the comments made by People with Disabilities that consideration needs to be given to the expansion of the policy to areas of need in regional and rural centres.

Recommendation 28

That the Department of Infrastructure, Planning and Natural Resources ensure that the review of SEPP 5 – Housing for Aged or Disabled Persons is completed in a timely manner with a view to ensuring housing projects adequately cater for older people and people with disabilities, particularly for people on low incomes.

Recommendation 29

That the Department of Infrastructure, Planning and Natural Resources ensure that SEPP 70 – Affordable Housing is actively explored as a option to provide affordable housing in areas undergoing redevelopment in the greater metropolitan region. In addition, the Department should consider options for affordable housing in areas undergoing significant redevelopment in rural and regional centres.

Ways to build capacity

6.48   We received a considerable amount of evidence on the ways to expand the sector and develop the capability of the community housing sector. In their submission to the inquiry the Department of Housing outlined their priorities over 1999-01 as:

> … the expansion of community housing in high need areas, the increased provision of supported housing, the development of additional new partnerships with local government, churches and community organisations, the provision of additional housing in rural NSW and the gradual expansion of the co-operative housing sector. An overarching objective was to enhance the financial viability of the community housing sector.[428]

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[428]   Submission 54, NSW Department of Housing, p28

6.49   In this section, we consider the expansion of community housing though housing partnerships and the issues of title and equity for churches and for housing associations and co-operatives.

Encouraging housing partnerships

6.50   One means by which the community housing sector could be expanded is through increased use of housing partnerships. Housing partnerships between the Department of Housing and other organisations such as churches, local government authorities and charities currently account for 5% of community housing properties. Churches manage approximately 4% of community housing properties in New South Wales (423 properties), while some 127 properties are managed by local government authorities.[429]

6.51   Churches Community Housing noted the great potential for housing partnerships to provide more housing resources to people in need:

> Public church partnerships have a proven record of delivering housing options for a wide range of people… By using a vacant or under-utilised church asset as a base for a social housing development, government's capital investment is greatly reduced. Churches hold significant assets in high need areas. Often these areas have little or no land available for purchase. When land is available it is generally outside of the cost-benefit parameters of public agencies. By entering into a public church partnership under-utilised church owned land can be made available to deliver improved housing outcomes in areas government would otherwise be locked out of under current budget parameters…
>
> Many churches and particularly church agencies are looking to develop their assets for community housing. The potential is enormous and largely untapped. Not only are community housing units delivered but also integrated care management packages are often included in these projects.[430]

6.52   An example of a successful partnership model is the partnership between the Balranald Shire Council (BSC) the Deniliquin Community Tenancy Scheme (DCTS) and MacKillop Rural Community Services (MRCS). The submission from MRCS explained the establishment of the partnership:

> The partnership has been successful in obtaining from the Office of Community Housing (OCH) funding for the construction of six independent living units for young adults with an intellectual disability… The application to OCH included provision of land by BSC, a commitment from MRCS to ensure the provision of support services for the tenants and DCTS managing the tenancy.[431]

6.53   Departmental initiatives in support of housing partnerships have included funding of $15 million per year under the *Community Housing Strategy*, supporting the establishment of Churches Community Housing as the representative and resourcing body for churches

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[429]   Submission 54, p13

[430]   Supplementary Submission 27, Churches Community Housing, p6

[431]   Submission 38, MacKillop Rural Community Services, p2

involved in community housing provision, and funding to assist the Local Government and Shires Associations to employ a housing policy officer.[432]

6.54 The Local Government and Shires Associations of NSW (LGSA) argued that this compares unfavourably with other jurisdictions where partnership initiatives are funded and supported more extensively. For example, in Victoria, the Social Housing Initiatives Program provided $92 million to community partnerships over a three-year period.[433]

6.55 The LGSA believes that the interest of local government authorities in participating in housing partnerships is not matched by the Department's interest in facilitating them:

> Local Governments' historical commitment to community housing has primarily involved the provision of land. However, it has also extended to undertaking the role of project development manager and financial management, to fast tracking the building and development approvals, the waiving of fees, coordinating the architectural design of the project, providing the landscaping and the internal fit out of properties.[434]

> … it would be fair to say that the Department of Housing's Community Housing programs have not effectively been opened up to other stakeholders, such as local government, for partnership projects. Often there has been significantly more interest in undertaking joint housing projects amongst councils than there has been funding made available. While it is recognised that funding is limited and the Department of Housing has an obligation to deliver a wide range of housing options that are appropriately located, councils have been inadequately informed of joint funding opportunities. The allocation of specific funding to joint projects, clear timeframes for submitting applications and some well-developed funding models would significantly guide and promote innovation. Such improvements in joint funding options would result in State government funding for social housing provision being stretched further.[435]

6.56 The example of North Sydney Council, which had a four year joint venture with the Department of Housing between 1995 and 1999, is cited to illustrate problems with establishing and maintaining partnerships:

> North Sydney Council recognised that it was becoming harder for the Department of Housing to purchase or build social housing in the local area. As a result Council, using funds from its own capital works reserve and funding secured through Section 94 (Environmental Planning and Assessment Act) from the private sector for the loss of low cost housing stock, agreed to combine these funds into an agreed three year funding program with the Department. This process ensured that social housing continued to be developed in the local area in line with local priorities. Management of this housing stock is undertaken by Community Housing Lower North Shore.

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[432]   Submission 54, Department of Housing, pp11-13

[433]   Submission 20, Hume Community Housing Association, p3

[434]   ibid, p2

[435]   ibid, p3

> This like several other initiatives was a one off. Much effort and good will was invested by the Council, the local community housing provider and the Department in this project. Unfortunately, it would appear that the model has not been widely publicised nor assessed as to its application across a broader field of stakeholders.[436]

6.57   The LGSA considers that the Department of Housing has provided inadequate encouragement for participation in housing partnerships:

> To date, there has been little leadership taken by the NSW State Government to encourage information exchange and discussion about alternative State based partnership funding models for application by the community housing sector…

> This lack of information across the sector is highlighted in the unresolved issue about amortisation. This is a major issue not just for local government but also community organisations with assets. There have been numerous councils interested in contributing land to address local housing issues, however similar to the State government, they want to exercise caution in protecting their assets in the long term. There is no clear State government recognition of these concerns, nor the development of a transparent policy and program that clearly applies to all potential partners. At present, partnership projects are negotiated by the State government on an individual basis, little accessible information is available on these projects about each partners' financial contribution, how risk is shared and title arrangements.[437]

6.58   The Committee believes that the Department should consider means by which housing partnerships can be facilitated. Specific recommendations are made below.

Title and equity: Housing partnerships

6.59   Disagreements over title and equity arrangements for housing partnerships are argued to be a significant impediment to the establishment of new housing partnerships. At present the Department of Housing usually requires a *tenants-in-common* title for housing developed as a result of partnerships, with equity shared in the same proportion in perpetuity.[438] Churches Community Housing argue that this creates inequities for the partner who has brought the land to the project, "because the land values will increase over time while what is built on the land will depreciate."[439] Moreover, that partner is expected to give up sole title over the land being brought to the partnership.

6.60   Churches Community Housing explained the impact:

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436   Submission 20, Hume Community Housing Association, p3

437   ibid, p4

438   Supplementary Submission 27, Churches Community Housing, p7

439   ibid.

> As churches normally contribute the land component in a public church partnership they often express a number of significant concerns with this … leading to withdrawal of the offer in many instances.[440]

6.61   The obstacle is not only the inequity of the situation: there are often legal and philosophical impediments as well:

> Churches approach the question of title and equity from the perspective of *stewardship* and legal rights and responsibilities. Churches have a sense of *stewardship* over the property that has been entrusted to their care. This sense is based on the notion of "holding in trust" for future generations what has been developed by past and current generations over the years. As well, each major denomination has been established and is governed by an Act of Parliament. Ordinances under each Act govern their dealings with property to which they are stewards in trust. Consequently, for many churches, legal and institutional restrictions will not allow them to share, diminish or relinquish title. These twin realities of stewardship and legal responsibilities have not been fully understood or appreciated by public agencies in relation to housing projects.[441]

6.62   The NSW Ecumenical Council made a similar argument in its submission:

> There is a strong desire to work together in the area of housing and considerable goodwill on the part of both the churches and the State Government. Nevertheless, there are barriers which often stop potential partnerships from going ahead. The most important of these barriers relate to who holds the equity in the land and buildings of the partnership community housing ventures. While it has not always been the case, in recent years the Department of Housing typically requires equity to be shared between the relevant church and the Government, using the "tenant in common" form. This freezes the Government and the churches proportionate shares in perpetuity …
>
> In some denominations there are legal difficulties which present virtually insurmountable obstacles to transferring title in the way current Department of Housing Policy appears to require. Similarly, in at least one denomination, mortgages on church land are not allowed …
>
> The Government retains the same proportion of the equity throughout the partnership but in the long run the relative contributions of the partners may be very different from the initial proportions. Churches typically bring land to the partnership while the Government may fund the buildings constructed on the land. In general land values increase while buildings depreciate. The churches may even have funded the maintenance of the buildings. It is considered unjust by some if the equity shares are frozen in the proportions of the resources that the partners initially bring to the venture and do not take account of the changing value of contributions over time.[442]

6.63   On this subject, Churches Community Housing submitted:

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[440]   ibid.

[441]   ibid, p5

[442]   Submission 32, NSW Ecumenical Council, p3

The concept of partnerships as a way of maximising resources to generate new community housing units has received a lot of attention. However, the potential for partnerships in New South Wales is far from realised. Over the last twelve months $10 million dollars worth of church assets have been proposed for public church partnerships (representing 8 different churches/agencies) with only $3.6 million likely to progress. Of those progressing, projects that are located in the inner ring of Sydney will usually have churches contributing between 50% to 60% of the equity with the public agency contributing the remainder. The other $6.4 million of potential assets have been withdrawn due to a range of inter-related issues including title and equity. Many more millions of dollars worth of church assets have been unsuccessfully offered. Proportionately, public church partnerships that are progressed to actual delivery of new housing units are far fewer than those that have been offered. **The substantial stumbling block is the question of title/equity**.[443]

6.64 Churches Community Housing gave examples of public-church partnerships that did not eventuate due to title and equity disputes. One was a proposal by the Uniting Church's *Burnside*, to contribute $1 million to assist with developing youth housing co-operatives in partnership with the Department of Housing. This project was not undertaken, however:

> The Trust spent nearly three years unsuccessfully negotiating with government in relation to how each party would secure its interest in the partnership. Eventually, Burnside withdrew its money and the Trust ceased to operate. Not one unit of housing was delivered, and $1 million worth of opportunity was lost.[444]

6.65 Churches Community Housing explains that the practices in other program areas allow for church partners to retain title over land and to vary the equity held by each partner during the life of the partnership agreement:

> Many of the major service programs (for example, health and education) undertaken by churches may involve some form of public investment, ranging from provision of capital grants to recurrent funding and/or "one off" assistance. When churches develop a particular project, for example a school – they will often contribute the land with the government (usually Federal) providing capital grants for infrastructure. The church and public agency enter into a partnership funding arrangement setting out each parties' rights and responsibilities. Normally the Federal Government has a 20-year pro rata interest reflecting their contribution. In Year One this may be 80% Government equity, and 20% Church equity, declining over the 20 years of the agreement until the Government equity is nil. The church signs an agreement to deliver education services over this 20-year period. If the building's use changes to a non-educational usage then the church has to pay out the government's remaining equity.[445]

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443   Supplementary Submission 27, Churches Community Housing, p4, original emphasis

444   ibid, p8

445   Supplementary Submission 27, Churches Community Housing, p3

> … Their starting point is that churches will retain title with a shared equity based on contributions which will be amortised over 20 years (for example) until the church has full equity.[446]

6.66   The NSW Ecumenical Council points to the shared equity provisions in South Australia as a good working model:

> … in South Australia there is a "Collaborative Policy Framework" in which the churches provide the use of their land free of cost and the Government provides the funds to build houses on the land. The two partners together determine in advance the length of the agreement on a project by project basis. This is normally between 20 and 30 years. At the end of the agreement the church retains the land including all improvement. The church has the right of withdrawal after an agreed period, usually 20 years, but if it withdraws before the end of the agreed term it has to pay the remaining value of the improvements.[447]

6.67   Churches Community Housing considers that part of the problem lies in the government's attitude to the assets. They cite the National Community Housing Forum report, *Title and Financial Independence*:

> Increasingly, there is a view in government that public funded capital assets should be viewed as public assets. From this point of view, the assets are seen as held in trust for the government, and increasingly leased from government. The public interest is seen as a control of a public asset. But this mistakes the public interest (in fact, it confuses the public interest with the corporate interest of a public agency). Rather the public interest relates to a public, housing outcome (note the comma). Government should ensure that the capacity to provide that outcome is secure and sustainable. But efficiency requires that the provider control how assets are managed to achieve that outcome.[448]

6.68   CCH criticises "the fixation on assets by public agencies rather than being focused on increasing services"[449] and argues that the government should take a different approach:

> At the very core of a public-church partnership is that the public agency is not primarily acquiring an asset; it is purchasing a service under specified terms and conditions within a collaborative framework.[450]

6.69   It is argued that a more flexible approach could result in significant cost savings to the government:

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[446]   ibid.

[447]   Submission 32, NSW Ecumenical Council, p4

[448]   National Community Housing Forum, *Title and Financial Independence*, p3, cited in Supplementary submission 27, Churches Community Housing, p5

[449]   Supplementary Submission 27, Churches Community Housing, p9

[450]   ibid, p5

The New South Wales Housing Department at present signs leases with private developers for lengthy periods, eg 15 years, and pays market rentals throughout the period of the lease… Since market rentals cover the cost of the land as well as the buildings, arrangements in which churches supply the land free of charge for (say) 30 years could easily provide the same housing resources more cheaply than leasing from private developers.[451]

6.70   An expansion in housing services could also eventuate:

In the current financial climate where enormous upgrading and maintenance requirements absorb substantial amounts of the State housing budget and limit expansion of stock **churches have the capacity to increase community housing stock by bringing new assets into the portfolio.**[452]

6.71   CCH suggests several alternative models that seek to overcome the obstacles to greater church involvement in partnerships. One such model, a 'full grant with service agreement', involves the church providing land or other assets, with the public agency contributing resources to build or redevelop existing assets. The church and government agency would then sign an agreement to provide housing services for a particular period of time, such as 20 or 30 years.

6.72   CCH sees a number of advantages in the 'full grant with service agreement' model, pointing out that it provides for:

- Clearer finance, accounting and asset accountability

- Increase in stock and geographical spread of stock, especially in high cost areas

- Ability to access private sector funding to further increase stock numbers as there is title with full equity to borrow against

- Facilitates effective asset management including upgrade and redevelopments

- Certainty of service with potentially limited impact from changing government priorities in housing, and

- Funder/ provider clarification.[453]

6.73   Possible disadvantages are identified as:

- Change in government policy settings re: low income support which may impact on income streams

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[451]   Submission 32, NSW Ecumenical Council, p4

[452]   Submission 27, Churches Community Housing, p2 (original emphasis).

[453]   Supplementary Submission 27, Churches Community Housing, p10

- Time limited framework (though there is the strong possibility of renegotiating a new service agreement after the initial terms of the contract.)[454]

6.74 CCH also noted that each partner is exposed to some risks by this arrangement. The risk to government is that it transfers public resources to a private organisation. For churches, the risk is reduced flexibility in the use of their land with potentially no financial rewards.[455]

6.75 Another model suggested by Churches Community Housing is "grant with amortisation". CCH describes this as similar to the previous model, with a grant and service agreement being signed, but the government grant is amortised over a period of up to 20 years. If the church withdraws the services before the end of the contract, it is required to pay back the remaining government investment. The CCH notes that models of this nature are in place in Victoria, South Australia and Queensland.[456]

6.76 CCH considers that each of these models is a relatively secure and cost effective investment for the government, as the church is likely to seek to extend its service beyond the initial contract period. The additional resources that churches often integrate into their provision of housing – such as counselling, case management and disability support – are also advantageous.[457]

6.77 The Department's advice in relation to title and equity is that the funding arrangements sought by churches, such as amortisation of properties, are outside current Department of Housing policy.[458]

The Committee view

6.78 The evidence presented to this inquiry suggests there could be significant advantages for government in a more flexible approach to title and equity in the housing partnership context. While the current approach does ensure that public assets and funds are kept in government hands, it also has the result of discouraging greater investment in partnerships by churches and local governments. Such investment is crucial to the expansion of social housing in New South Wales.

6.79 In a time of serious social housing shortfalls, the Department should consider proposals for non-government funding being used to expand community housing stock, as long as public funds, equity of access and tenants' rights are safeguarded. We believe that the experience of other jurisdictions and programs, where partners are able to retain title and vary equity arrangements, suggests that this approach could be viable.

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[454] ibid.

[455] ibid.

[456] ibid, p11

[457] ibid, p13

[458] Submission 54, Department of Housing, p13

6.80 The Department did not address in detail the issue of transfer of title and equity to community housing providers. The Committee believes that, given the potential advantages identified in evidence, there is a sound argument for reviewing Department of Housing policy on these matters. The review should be undertaken in consultation with church and local government representative groups, and be incorporated into the Five Year Strategic Policy Framework.

Recommendation 30

That the Department of Housing review its policies relating to title and equity arrangements for housing partnerships.

Any changes to title and equity arrangements should ensure safeguards are maintained for public funds, equity of access and tenants' rights.

Title and equity: housing associations and housing co-operatives

6.81 For housing associations and co-operatives, title and equity are issues because they believe the sector's ability to expand is impeded by the current arrangements. The problem, as they see it, is that while community housing organisations do not have title over their properties or control of the equity, they are unable to raise finance that could enable them to purchase or lease additional stock.

6.82 Ms Morgan-Thomas, Executive Officer of the FHA, told the Committee:

> The lack of access to title is an important barrier for housing associations at the moment. I know that this morning the Department of Housing mentioned that we manage more than $1 billion worth of stock. I want to make clear that that stock is owned by Land and Housing Corporation or private landlords; it is not stock that we control title to. It is difficult to do asset management if you do not control title.
>
> Importantly, housing associations could have the capacity to go out and get private sector finance and expand the ability of community housing to meet needs if we had access to title, if we were able to use that as working capital.[459]

6.83 The FHA provided further information on this in their submission:

> The question of how to attract private finance to community housing seems, to many, to hinge on whether housing associations are able to raise loans against their assets. Capital properties are currently used fairly passively: they are simply used to house people. Housing associations, individually or jointly, could make more active use of these properties, including upgrading or selling them as they reach the end of their economic life, with the funds used to buy other properties. This would allow the asset to be used as an investment, as well as allow the

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[459] Morgan-Thomas, Evidence, 12 February 2002, pp46-47

managing housing association to meet changing housing needs more effectively. Housing associations could also bypass the current borrowing restrictions on government and bring much needed private sector capital in to the social housing system.

Clearly, if housing associations do not hold title to the properties they manage, it will be very difficult for them to secure any substantial amounts of money.[460]

6.84 The FHA cites a number of advantages in having title rest with individual housing providers, including:

- Being able to operate as effective, autonomous agencies providing a contract service to the government within clearly defined parameters

- Being relatively secure from changes in government policy which might erode the sector

- Being able to engage in asset management activities such as buying, selling and development in order to tailor the stock portfolio to meet demand

- Having control of surpluses generated by the properties in order to expand and improve services

- Being able to raise private finance with the properties as security.[461]

6.85 Similarly Shelter NSW submitted:

The question of who holds title to community housing properties is the single most important issue, the resolution of which will determine how community housing will grow. At present title to all capital properties … is held by the NSW Land and Housing Corporation (the Department of Housing). While this remains the case, it is impossible for community housing providers to raise private finance against the assets and to grow to better meet demand.[462]

6.86 The issue of title and equity is also of concern to housing co-operatives. The submission from ARCH observed that the Department of Housing documentation relating to the original Rental Housing Co-operative Program noted that the aim of the program was to develop housing co-operatives that were democratic, with equity owned in common by the co-operative.[463] The guidelines for the program stated:

Generally, title shall be held by the co-operative. The loan provider (mortgagee) will hold a first mortgage over the property. LGACHP funds will be secured by the Department with a second mortgage, as a repayable interest free loan. Fifteen

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[460] Submission 34, NSW Federation of Housing Associations, p35

[461] ibid, p36

[462] Submission 47, Shelter NSW, p26

[463] Department of Housing, *Rental Housing Co-operative Program Guidelines,* 1991, cited in Submission 48, p55

percent of the project's final cost shall be a non-repayable grant ensuring the project's ongoing compliance with the program guidelines. At any point in time a co-operative's net equity is equivalent to the project's current value minus the outstanding amounts owing under the first and second mortgage…[464]

6.87 ARCH notes that the current title and equity arrangements do not reflect those which were foreshadowed by these guidelines.[465] ARCH submits that:

Putting surplus funds to use by raising mortgages to buy equity was intended as a means by which to regenerate funds back into the co-operative communities to continually assist the most disadvantaged and expand the sector through partnerships with the private sector. This has not been made possible.[466]

6.88 The arrangements envisaged involved equity and title being held in common by the co-operative: individual co-op members would not have individual equity.[467]

6.89 The Australian Centre for Co-operative Research and Development (ACCORD) argued that the current restrictions on title and equity holding by co-operatives have negatively impacted on the sector:

The NSW programme is characterised by some significant limitations. First, the leasing model upon which the programme is based limits the benefits of co-operative living to its members. This is primarily related to the fact that neither the co-operatives nor their individual members retain any equity in their housing. One of the key factors which has supported the development and expansion of co-operative housing sectors in other States and overseas has been the capacity of these sectors, with practical government support, to utilise the equity in their housing stock to leverage further private and community sector assets…

In brief, the current NSW leasing programme remains tied to a dependence model, where the co-operatives involved are simply reliant upon government stock and funding, and have highly limited control over the expansion of their co-operatives or the capacity of the sector as a whole…[468]

6.90 Shelter NSW suggests that, in the current environment, expansion of the sector through greater government funding is unlikely, and reliance on the private rental market has proven unsuccessful. Shelter argues that, for these reasons, raising private finance is the only alternative means of expanding social housing. Shelter NSW considers that this raises the question of who should hold title to community housing stock and recommends that:

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[464] Department of Housing, *Rental Housing Co-operative Program Guidelines,* 1991, pp8-9, cited in Submission 48, ARCH, pp56-57

[465] ibid, p57

[466] ibid, p58

[467] Submission 22, ACCORD, p2

[468] Submission 22, ACCORD, p7

> Options be explored for transfer of title to the community housing sector in such a way as to maximise the possibilities for growth of the sector, via raising of private sector finance; and also to ensure that title is transferred in such a way as to protect public resources and public accountability.[469]

6.91 The potential problems for the government in transferring title and equity were canvassed during the inquiry. The FHA acknowledged:

> From the State government's point of view, the issue is one of how to supplement sector funds "off budget", that is, how to reduce the impact on the public purse. Set against this is the understandable desire of the government to be able to regulate and monitor the sector effectively. The capital properties in question have been paid for with public money for the specific purpose of providing a service to those in housing need. The government does not want to lose control of the operation to the extent that the public assets are not being managed effectively for the intended purpose, and must retain the ability to redirect social housing resources to meet changing needs.[470]

6.92 Ms Wade, Co-ordinator, Tenants Union of New South Wales gave evidence that:

> Certainly a lot has been written about this and we know that there is a big push from the community housing sector to hold title. We are aware that it is predominantly about raising finance. We would not be unsympathetic to that need. Our concern is about tenants' security of tenure… Academics have had a look at this, but none have been able to satisfy us that tenant security is safe and that there would not need to be a turnover of stock; that is, selling stock to be able to manage the financing.
>
> Individual community housing organisations should not hold title. In many cases we are transferring public housing assets as fully bought and paid for by State and Federal funding, taxpayers' funding. To think it could potentially be sold to private investors would involve high subsidies. Our concern is about the capacity of community housing managers and whether they possess the necessary business acumen. I am not convinced that they do. We are aware of at least one inner-city community housing provider that is insolvent…[471]

6.93 Dr Darcy also flagged possible problems:

> If I were a community housing provider I would certainly like the freedom of being able to say that we control the equity for this stock and we can go to private institutions and borrow against it and so on. But there are serious public accountability issues on that basis because we are talking here about public funds. There is a history in some States, not in New South Wales, I am glad to say, of the public sector handing over equity in stock to community organisations who then use it in very unaccountable ways. I could refer you to some of the examples that I cited in the report I wrote for National Shelter in 1996.

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[469] Submission 47, Shelter NSW, p27

[470] Submission 34, NSW Federation of Housing Associations, p35

[471] Wade, Evidence, 16 April 2002, pp52-53

For example, stock might have been handed over to a small co-operative housing association on the basis that they were providing housing to low income people. Once they had the stock in ownership they basically changed their allocations policies, made sure that all the people who were housed in those housing estates were people who they liked and got on with and were a bit like them. That is a serious equity issue. We are talking about public funds that are allocated for the most needy people and to ensure affordability. If you hand them over completely to non-government organisations you risk those accountability questions, and the equity questions arising from that.

I cite another example in a small rural area in a small State where the housing association was handed over stock and were refusing allocations to people with social characteristics or personal backgrounds of which the management committee did not approve, but the State Government in that case could do nothing about it because they had been given title of this stock to that organisation and it was a private organisation. They could certainly refuse them further stock and further funding but the horse had bolted. If you are going to go down that path you have to think very seriously about its consequences.[472]

6.94 The Committee notes that it is common in other jurisdictions for community housing organisations to hold title over their assets. For example, in Victoria, CHOs hold title over some 29% of stock administered by the housing department in June 2001. In Queensland, the proportion is 69%, with 39% in Western Australia and 76% in South Australia.[473] The NCHF noted:

The most significant difference is between states in which community housing organisations hold title and those in which they do not. Most significantly, title to all capital funded stock in NSW is held by the land and housing corporation while in SA and Qld most organisations hold title in their own right.[474]

6.95 In relation to co-ops, ARCH stated:

NSW is the only jurisdiction in Australia where government funded housing co-ops are denied title and equity.[475]

6.96 Inquiry participants identified several alternative models for title and equity. For example, ARCH noted four possible models:

Model 1 Title transfers to the co-operative, with Government interest in the property secured by way of a non-repayable mortgage secured over the whole asset. This is effectively a grant system. This resembles most closely the program in Queensland.

Model 2 Title transfers to the co-operative, with Government interest in the property secured by a mortgage or debenture income stream to Government

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472   Darcy, Evidence, 13 February 2002, pp15-16

473   Supplementary submission 28, NCHF, p16

474   Supplementary submission 28, NCHF, p17

475   Submission 48, ARCH, p57

based on the co-operative's capacity to pay. This resembles most closely the program in South Australia.

Model 3 Title transfers to the co-operative, encouragement is given to raise private finance through limited subordination of government interest.

Model 4 Title transfers to a co-operative controlled second tier organisation, which is encouraged to raise finance for new development.[476]

6.97 The NSW Federation of Housing Associations notes three possible alternative models: title being held by the government or a quasi-government agency; title being held by individual housing providers; or, title resting with a sector-based intermediary.[477]

6.98 The FHA's preferred option is the establishment of a sector-based intermediary to hold title, arguing that it "has the potential to combine many of the benefits of a government based agency with the community sector control and independence sought by providers".[478] Such an entity could be established, according to the FHA, in a number of ways, such as:

- Creating a company with each housing association as a subsidiary. Housing associations would be shareholders in the parent company and would have the normal rights and responsibilities of shareholders in directing its activities. Any provider which failed to meet the operational and service criteria could be wound-up and re-absorbed into the parent company

- Endowing certain housing associations with the capacity to hold title and/or act as finance-raisers and developers on behalf of the other housing associations within their area or region

- A combination of the above.[479]

6.99 The FHA suggests that the benefits for government in this proposal are:

- Roles and responsibilities could be established by contract, without the necessity for complex and time-consuming legislative processes

- A large umbrella organisation would be able to engage in development and asset management functions for the sector, without exposing government funded assets to the level or risk associated with giving title to individual housing associations

- The organisation could attract tax benefits available to non-profit sector organisations which are not available to government agencies

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[476] ibid, p59

[477] Submission 34, NSW Federation of Housing Associations, p35

[478] ibid, p36

[479] Submission 34, NSW Federation of Housing Associations, p36

- The organisation might also be more likely to attract philanthropic and community sector financial support that a government agency

- The government would only have to deal with one agency (or a small number of agencies) rather than many, and could remain thoroughly at arms length from the housing associations themselves.[480]

6.100   Shelter NSW also favours consideration of a sector-based agency to hold title:

> While acknowledging the concerns of many, Shelter believes that the interests of both community housing and the community itself may be best served by title being held by an agency which is accountable and responsible for public funds. This agency would provide a solid institutional basis against which private finance could be raised. It could on-lend funds to not-for-profit community housing providers on an equitable and strategic basis.[481]

6.101   The NSW Tenants Union expressed cautious support for having a title holding entity, providing acceptable financial plans and risk assessments are completed:

> We are concerned that a central body holds the title if that occurs, because that would allow smaller co-operatives for community housing bodies to be players in the game. Yet, if they hold their own title they are not able to maximise it.
>
> If there is a proper regional needs analysis or method for determining means and some central body holds and divides the resources, that would be a fairer way for smaller organisations to obtain resources. We believe that there needs to be far more work done on the New South Wales market on whether there is an ability to attract additional resources. We have heard about the selling of bonds or equity loans. We believe there needs to be some risk analysis done on what extent we can go down the track and what extent houses need to be sold on top of an asset management structure. While we are not unsupportive of a model, there needs to be a risk analysis. That would be a good recommendation from this Committee.[482]

6.102   Dr Darcy considered the benefits of controlling title and equity to be maximised through a sector-based agency approach:

> I also believe that if we are really talking about getting large-scale private investment into the sector, you really need to keep the asset together. You really need to be able to manage the asset across the State in ways that allow you to look for the best of opportunities, cross subsidise where necessary and plan. If you just hand over equity, and at the moment I do not know how many hundred small organisations, you will lose that ability to plan.
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> I refer you to the work done by the Affordable Housing Research Consortium which was presented at the national housing conference just a couple of months ago. That research shows that there are certainly institutional and large investors around who are very interested in what they would call quality paper and secure

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480   ibid, p37

481   Submission 47, Shelter NSW, p27

482   Wade, Evidence, 16 April 2002, pp52-53

investments. What they are after is something where they can rely on a return over time, not where they can make small-scale housing loans. It seems to me that the best thing to do is to look to some sort of intermediary corporation, quasi government or quango type operation, which would be responsible for assembling investments and holding the equity and would be seen in a position to plan the distribution of new stock development on the basis of business, service and equity provision plans provided to them by small organisations such as housing associations or, for that matter, regional offices of the Department of Housing.

We certainly need to get a lot more investment and that investment is not going to come from government. We are not going to get large scale new capital from the Commonwealth so it is the private sector investment we are looking at. To be serious about it, we are talking about institutional investors on a large scale. If we are serious about taking the social housing stock from 6 per cent, 12 per cent or 20 per cent—something which will have an impact on the private rental market— then you are talking about a lot of money and you need to assemble it fairly rapidly…[483]

6.103   Looking to other jurisdictions, the Committee understands that the Victorian model for housing co-operatives involves a public unlisted company, Common Equity Ltd, which is funded by the government, and which is responsible for purchasing, developing and on-leasing properties for the co-operative sector. Under this model, Common Equity Ltd receives 60% of rental returns and is responsible for monitoring compliance with government regulations, major maintenance of properties and assists co-ops with training and start-up grants. Individual co-ops are required to manage the tenancies and day-to-day maintenance. Common Equity has an operating surplus of $2 million per year which is used, together with loans, to expand the co-operative housing sector.[484]

6.104   The Department of Housing acknowledged a number of advantages with this model, including:

- Government has only one entity with whom they have to make contact

- A high level of project management, and financial and investment expertise has been developed in the organisation

- The combined equity and rent base provides much greater bargaining power to seek further investment.[485]

6.105   Successful examples in the UK and Europe, where access to title is commonplace, were also presented to the Committee:

It is clear that most European housing associations have reached the size and capacity that they have because of their ability to obtain government subsidies and mix these with private sector funding.

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[483]   Darcy, Evidence, 13 February 2002, pp15-16

[484]   Submission 54, Department of Housing, p55

[485]   ibid.

> Housing associations in the UK have been extraordinarily innovative and willing
> to be involved in partnerships for estate renewal in a way that governments find
> very difficult. Their ability to use their assets wisely and effectively has
> transformed the delivery of housing assistance in the UK.
>
> … In return, housing associations expect to meet regulatory obligations to
> government and ensure that government funds and private sector funds are spent
> responsibly and ultimately house more people, more effectively.[486]

6.106 In view of the critical shortage of social housing stock, the Committee considers that all reasonable and prudent measures that enable expansion through non-government financing should be facilitated. It appears to us that there is broad agreement that a sector-based intermediary agency could potentially enable an expansion of community housing with minimal risk to government resources and provision of services.

6.107 While it is clear that further analysis of the risks and benefits of the various proposals is required, the Committee believes that the Department should review its title and equity arrangements for housing associations and co-ops to examine opportunities for raising private finance to expand the sector. Particular consideration should be given to the establishment of sector-based intermediary agencies to hold title for the housing association and housing co-operative sectors respectively. Provided this arrangement would retain the necessary standard of accountability, security of tenure and provision of housing services, the Committee considers it has much to offer as a model.

Recommendation 31

That the Department review its title and equity arrangements for housing associations and co-operatives to examine opportunities for raising private finance to expand the sector. In particular, consideration should be give to the establishment of sector-based intermediary agencies to hold title and equity for the housing association and housing co-operative sectors.

A social housing register?

6.108 Throughout the inquiry there was considerable debate about the need for a common waiting list, or a social housing register, for the provision of affordable housing in New South Wales. A central social housing register would mean that people seeking rental housing and rehousing assistance would be listed on a common database, accessible to all participating housing providers.[487] Currently, community housing providers manage their own separate waiting lists, however, a shared social housing register would be overseen by the Department.

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[486]   Submission 34, NSW Federation of Housing Associations, p96

[487]   Submission 54, Department of Housing, p50

6.109   The creation of a social housing register is considered long overdue by some, who see it as a logical method of ensuring appropriate services to those who seek affordable housing. Shelter NSW suggested that:

> The NSW Government should accelerate the work being done on the establishment of a Social Housing Register so that tenants have access to greater choice, and so that all applicants have greater equity of access to appropriate housing.[488]

6.110   This view is supported by the NSW Department of Housing, which investigated options for a social housing register in 2000. The conclusions of their investigations supported the creation of a social housing register in a range of other options:

> A social housing register should be considered as one of a range of tools for integrating the delivery of rental housing assistance. Other tools include improved information for client on their housing options and improved skills in assessing clients with complex needs.[489]

6.111   The Department sees the potential for important benefits in a housing register:

> People simply want accommodation and it is almost immaterial as to how that happens or who provides it. In terms of issues such as common housing registers or other forms of seamlessness of access to government assistance to home ownership in times of crisis, people want help; they do not necessarily want to go to every last door.[490]

6.112   While clearly advocating the implementation of some form of social housing register, the Department was keen to point out that such a register should not result in the community housing sector losing its focus on local needs:

> That does not mean that we want to turn the system into some homogenous, grey sludge; we are looking for something that is much more responsive locally.[491]

6.113   While this evidence suggests that local interests are compatible with such a system, others are firmly of the view that community housing providers with their local focus are much more able to manage such interests:

> Because community housing organisations manage their own waiting lists, they can also be more flexible with their allocation processes than can the Department of Housing. This means they can have more scope for ensuring that tenants are housed with compatible neighbours or set up allocation procedures that recognise local priorities.[492]

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[488]   Submission 47, Shelter NSW Inc, p5

[489]   Submission 54, Department of Housing, p50

[490]   Mr Andrew Cappie-Wood, Director General, NSW Department of Housing, Evidence, 12 February 2002, p13

[491]   Cappie-Wood, Evidence, 12 February 2002, p13

[492]   Submission 53, NSW Department of Community Services, p7

6.114 Housing associations and community housing providers expressed some ambivalence about the register, torn between what they see as a potential tool for expansion and improvement of the sector, and the prospect of losing independence and control to the Department of Housing:

> The shift towards a common housing register has important symbolic meaning for housing associations. On one hand housing associations now house enough people for their participation in a register to be meaningful – housing associations are proud of that achievement. On the other hand, housing associations are concerned that their distinctive competencies and, ultimately, their autonomy will be threatened by the development of some forms of the register.[493]

6.115 Finally, while debate about the need for the social housing register generally revolved around tenant and logistical benefits versus housing association concerns, there was also concern raised about the type of social housing register to be introduced:

> For New South Wales it is envisaged that a common register is the most suitable model and that only community housing providers would enter into partnership. The disparity in size between Public Housing Services (PHS) and community housing providers suggests that a register combining both arms of the social housing sector would be unworkable.[494]

6.116 While acknowledging the concerns of some stakeholders, the Committee believes there is value in the establishment of a central social housing register so that people seeking assistance would have access to all participating housing providers. We believe this would provide a seamless service delivery system and ultimately provide tenants with better choice of housing provider. The Committee believes that in developing a central social housing register, the Department should ensure that community housing's focus on local needs is not eroded.

Recommendation 32

That the Department of Housing, together with non-government community housing stakeholders, develop a central social housing register. In developing a central social housing register, the Department should ensure that community housing's focus on local needs is not eroded.

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[493] NSW Federation of Housing Associations (2000a) *Social Housing Register – a housing association perspective,* NSWFHA, unpublished, 1st August, p2

[494] ibid, p2

Homelessness and crisis housing

6.117 As demonstrated early in this report, statistics indicate there are an increasing number of people affected by the rising housing costs across Australia, and particularly in metropolitan Sydney and larger regional centres. As noted in Chapter 2, housing costs in Sydney have risen by 40% over the last 5 years, outstripping increases in average weekly earnings, with rents rising from between 2% to 14.7% annually in Sydney and regional areas.[495] In addition, many more families are experiencing housing stress, paying more than 30% of their income in housing costs with an increasing number in extreme housing stress. According to ACOSS, 25,076 people and families in New South Wales are spending more than half their income in rent every week.[496]

6.118 As explained in Chapter 2, the Supported Accommodation Assistance Program (SAAP) is the major governmental response to homelessness and is jointly funded by the State and Federal governments. Ms Mills from the Department of Housing explains the current arrangements for crisis housing:

> About 90 per cent of those properties are now provided for long-term housing. The remaining 10 per cent are for people who are either in crisis housing, where we jointly fund the program with the Department of Community Services. Through the CSHA we fund the physical dwellings, and the Department of Community Services, through the SAAP program, funds the staffing and the recurrent costs for those properties. Increasingly under our strategies in that area, we are also growing transitional housing. So, rather than keeping people in crisis accommodation for unreasonable lengths of time, we are growing at the exit options for those people, where they can have a more stable living environment, more like a private community environment, with outreach support while they require it.[497]

6.119 SAAP aims to provide secure accommodation and support for people who are homeless or at risk of homelessness. The NCOSS submission explains the importance of appropriate housing options for people exiting SAAP services:

> In order to achieve greater independence, it is essential that clients exiting from SAAP services are able to access housing options to meet their medium to long term needs. At the very least it should be possible for these clients to move beyond crisis accommodation and towards enhanced housing security.[498]

6.120 A number of submissions have highlighted particular problems with the current crisis and transitional housing systems. They argue that there are bottlenecks in the crisis system as people stay for long periods in crisis housing due to the lack of medium to longer term

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[495] Shelter NSW, Housing Directions Statement, State Election 2003, p6. For more information see Chapter 2

[496] This group are living in private rental and are all on some form of Centrelink payment or benefit, in ACOSS, *Public and community housing: a rescue packaged needed*, ACOSS INFO 323, 14 October 2002, p5

[497] Mills, Evidence, 12 February 2002, p6

[498] Submission 50, NCOSS, p6

housing. According to NCOSS, another issue of concern is the rate at which exiting SAAP clients go back into the SAAP system and fail to access community and public housing options. NCOSS expressed their concern with the recent decision to introduce bonds of four weeks rent and renewable tenancies and believes such reforms will have a direct impact on disadvantaged people, including SAAP clients:

> These two reforms will affect the affordability of social housing as well as the housing security it previously offered to tenants… Although it is still unclear whether these reforms will apply to community as well as public housing, their application to public housing will create barriers for exiting SAAP clients.[499]

6.121 The Department of Housing submission argues that new housing and support models are needed to better assist the large proportion of homeless people with complex needs and indigenous people who are homeless. They suggest that additional pathways and exit housing opportunities are critical to overcoming the current bottlenecks in the crisis system. The Department explains the priorities in this area:

> Improved asset management practices and more transparent tenancy and property management arrangements are also needed. Future CAP initiatives will be guided by CAP Strategic Directions in alignment with SAAP IV reforms and other cross-agency initiatives through the Partnership Against Homelessness.[500]

6.122 In particular the Department has outlined the following strategies to implement CAP Strategic Directions in alignment with SAAP IV reforms:

- Diversifying crisis and medium term housing and support options for homeless people, particularly complex needs groups

- Developing new models to better assist indigenous people

- Continuing to develop exit housing options for people leaving crisis accommodation and develop new pathways for homeless people to obtain suitable longer term options

- Developing alternative forms of assistance to meet specific need, eg. further use of leasing and brokerage funds

- Improving asset management practices in CAP, including the introduction of planned maintenance

- Developing more sustainable financing arrangements for CAP through various strategies including negotiations of a cost-rent policy for property management with DoCS

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[499] Submission 50, NCOSS, p8

[500] Submission 54, Department of Housing, p66

- Coordinating CAP with broader homeless strategies, including Partnership Against Homelessness initiatives.[501]

6.123 It appears to the Committee that the principal problem for the crisis accommodation program is the absence of exit housing. As described above, the Department has formulated a number of commendable strategies to develop and improve the provision of crisis accommodation. However, without an expansion of the social housing sector, these are unlikely to be adequate to resolve the difficulties facing the crisis accommodation program. To put it simply, crisis accommodation will continue to be overloaded as long as there is insufficient medium or long term accommodation options for people ready to leave their crisis accommodation. As a result, crisis accommodation is at risk of becoming, by default, a less satisfactory form of medium or long term housing. This in turn blocks access for other clients needing crisis accommodation.

6.124 We believe that community housing has much to recommend it as an appropriate provider of housing for people exiting SAAP services, particularly its flexibility and the access to support services it can provide. We are hopeful that implementation of the recommendations in this report will help build the capacity of community housing, and enable the sector to address the unmet demand for housing assistance. As access to exit housing is expanded, access to crisis accommodation will also be improved.

6.125 In the meantime, the development of crisis accommodation through the Department's CAP Strategic Directions should be retained within a broader strategic framework for the community housing sector as a whole. The Committee believes it should be integrated with the Five Year Strategic Policy Framework it has recommended in its first recommendation.

Recommendation 33

That the Department include the Crisis Accommodation Program in the proposed Five Year Strategic Policy Framework.

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[501]   Submission 54, Department of Housing, p68

Appendix 1

Submissions Received

No	Author
1	Mr Brian Noad
2	M/- K McManus
3	Ms Susan Jesson
4	Councillor Margaret Howes, Ballina Shire Council
5	Confidential Submission
6	Confidential Submission
7	Ms Jenni Hutchins, South West Sydney Scarba Service
8	Ms Janet Hadson
9	Mr Adam Johnston
10	Dr Michael Darcy, Social Justice and Social Change Research Centre, University of Western Sydney
11	Mr F Crook
12	Ms Lynden Esdaile, Executive Chairperson, Housing Appeals Committee
13	Mr Graham Thomas
14	Mr Greg Murdoch, General Manager, Murray Shire Council
15	Ms Linda Wimble, Co-ordinator, The Northern Region Young Womens Accommodation Project
16	Ms Debbie Tribe, Manager, Narrabri Community Tenancy Scheme Inc.
17	Mr Colin James AM, Director, Ian Buchan Fell Housing Research Centre, The University of Sydney
18	Mr Brian Dixon, President and Honorary Treasurer, Nelson Bay Housing Co-Operative Ltd
19	Mr Brendan Hartnett, Director – Policy, Local Government and Shires Association of NSW
20	Ms Lesley Wyatt, Co-ordinator Finance and Development, Hume Community Housing Association Company Ltd
21	Ms Marg Bicskos, Co-ordinator, Shoalhaven Community Housing Scheme Ltd
22	Dr Jo Barraket, Australian Centre for Co-Operative Research and Development
23	M/- C J Danzey
24	Mr Phil Escott, Chairperson, Marrickville Area Community Housing Co-Operative Limited
25	Confidential Submission
26	Ms Kerri Jackson, Executive Officer, The North Coast Community Housing Company Ltd
27	Mr Derek Yule, Executive Officer, Churches Community Housing Inc.

28	Mr Adam Farrar, Executive Director, National Community Housing Forum
29	Mr Geoff Mann, Housing Manager, Homes Out West
30	Colonel Ivan Lang, Chief Secretary – "Trustee", The Salvation Army Australian Eastern Territory
31	Mr Nick Sabel, Executive Officer, Wentworth Area Community Housing
32	Reverend Dr Ray Williamson, Executive Secretary, NSW Ecumenical Council
33	Mr Bill Johnston, Director Social Policy and Research, Centacare, Catholic Community Services Sydney
34	Ms Eleri Morgan-Thomas, Executive Director, NSW Federation of Housing Associations Inc
35	Ms Deborah Georgiou
36	Mr Doug Pinch
37	Ms James Heywood, Eastern Suburbs Rental Housing Association Ltd
38	Sister Mary Quinlan, Executive Officer, MacKillop Rural Community Services
39	Confidential Submission
40	Mr Adam Farrar
41	Confidential Submission
42	Mr Warren Welsh, Housing Co-ordinator, The Burdekin Association Inc
43	Mr Rob Lake, Manager Systemic Advocacy, People with Disabilities (NSW) Inc
44	Ms Debbie Hamilton
45	M/- Sui Giang, Fairfield Housing Committee
46	Ms Unis Goh, General Manager NSW & ACT, Mission Australia
47	Ms Mary Perkins, Executive Officer, Shelter NSW Inc
48	Association to Resource Co-operative Housing
49	Ms Annette Wade, Co-ordinator, Tenants' Union of NSW
50	Mr Alan Kirkland, Director, Council of Social Services of New South Wales
51	Mr Patrick Yeung, Chief Executive Officer, St George Community Housing Co-Operative Limited
52	Mr Adrian Pisarski, Executive Officer, Youth Accommodation Association of NSW
53	The Hon Faye Lo Po' MP, Minister for Community Services, Minister for Ageing, Minister for Disability Services, Minister for Women
54	Mr Andrew Cappie-Wood, Director General, NSW Department of Housing

Appendix 2

Witnesses at Hearings

12 February 2002

Mr Andrew Cappie-Wood   Director General

NSW Department of Housing

Ms Carol Mills   Deputy Director General, Corporate Strategy

NSW Department of Housing

Ms Alison Wannan   Acting Executive Director

Office of Community Housing

12 February 2002

Ms Karine Shellshear   Executive Officer

Association to Resource Co-Operative Housing (ARCH)

Mr Paul Van Reyk   Private Consultant

12 February 2002

Ms Lynden Esdaile   Executive Chairperson

Housing Appeals Committee

Ms Karren Antony   Program Development Officer

Housing Appeals Committee

12 February 2002

Ms Eleri Morgan-Thomas   Executive Director

New South Wales Federation of Housing Associations

Mr Kelvyn Enright   President

New South Wales Federation of Housing Associations

Ms Patricia Martin   Deputy President

New South Wales Federation of Housing Associations

13 February 2002

Professor Bill Randolph   Director, Urban Frontiers Program, University of Western Sydney

Director, University of New South Wales–University of Western Sydney Australian Housing and Urban Research Institute

Ms Helen Wood   Housing Consultant

13 February 2002

Dr Michael Darcy   Senior Lecturer

School of Applied Social and Human Sciences, University of Western Sydney

16 April 2002

Ms Melissa Blunden   Policy Officer

Shelter NSW Inc

Mr Harvey Volke   Policy and Liaison Officer

Shelter NSW Inc

Ms Mary Perkins	Executive Officer
	Shelter NSW Inc
Mr Phillip French	Chairperson
	Shelter NSW Inc

16 April 2002

Ms Ros Bragg	Deputy Director, Policy
	New South Wales Council on Social Services
Ms Catherine Mahony	Senior Policy Officer
	New South Wales Council on Social Services

16 April 2002

Ms Beverley Giegerl	Chairperson
	Standing Committee on Community Planning and Services
	Local Government and Shires Associations of New South Wales
Ms Phyllis Miller	Vice-President
	Housing Reference Group
	Local Government and Shires Association of New South Wales
Ms Stephanie Smith	Housing Policy Officer
	Local Government and Shires Associations of New South Wales

16 April 2002

Mr Derek Yule	Executive Officer
	New South Wales Churches Community Housing Inc.

16 April 2002

Ms Annette Wade	Co-Ordinator
	Tenants Union of New South Wales
Ms Carmen Jauregui	Policy Officer
	Tenants Union of New South Wales
Mr Nicholas Warren	Policy Officer
	Tenants Union of New South Wales

11 November 2002

Mr Adam Farrar	Executive Director
	National Community Housing Forum

11 November 2002

Mr Andrew Cappie-Wood	Director General
	NSW Department of Housing
Ms Lynne Ready	Acting Executive Director
	Office of Community Housing
Ms Carol Mills	Executive Director, Housing Systems
	NSW Department of Housing

Appendix 3

Site Visits

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13 February 2002	St George Community Housing Cooperative
21 May 2002	Hume Community Housing
19 August 2003	Emoh Ruo Cooperative Housing, Erskineville
19 August 2003	Tamil Senior Citizens Housing Cooperative, Enfield
21 August 2003	Anglicare Grafton Diocese
	The Committee viewed Anglicare's community housing tenancies in Maclean, Iluka and Yamba
21 August 2003	North Coast Community Housing Association, Yamba

Appendix 4

Similarities and Differences between Public and Community Housing

1.4 Similarities and Differences Between Public and Community Housing

Public Housing remains the largest provider of rental housing assistance in NSW and is an important reference point for the community housing sector. The following table provides a summary of the key similarities and differences between Public Housing, and the three categories of long term community housing provider.

Table 1.1: Characteristics of community and public housing

Aspect	Public Housing	Long term community housing
Size	129,000 properties	9,444 properties
Role in delivery of housing assistance	Main form of long term housing assistance	Additional source of long term housing assistance
Background history	Some state funded housing provision from the 1920s Enormous growth from late 1940s to 1970s funded by the CSHA and associated loan schemes	Various funding programs introduced from the early 1980s to provide medium and/or long term housing for households in need while waiting for an offer of public housing Needing housing of a type or in a location not available from public housing Belonging to a community of community of interest willing to commit resources to the provision and/or management of housing in partnership with the NSW Department of Housing
Funding and Resource Allocation		
Planning and resource allocation mechanism	Department of Housing Corporate Plan Annual CSHA resource bids Public Housing Regional Business Plans	Department of Housing Corporate Plan Annual CSHA resource bids Office of Community Housing business plan Business plans of individual community housing providers
Income for property acquisition, up-grading & major maintenance	CSHA Assistance also provided by the NSW Government	CSHA
CSHA Resource Allocation	Distributed to Public Housing Regions based on agreed resource allocation criteria	Tied to specific geographic locations and program purposes according to agreed resource allocation. Funding for new properties is distributed to eligible community housing providers through an annual, competitive Expression of Interest Process
Income for minor maintenance, rates & insurance	Tenant rents	*Housing associations*: Tenant rents & CSHA *Housing partnerships*: Tenant rents *Housing co-operatives*: Tenant rents

Aspect	Public Housing	Long term community housing
Clients Minium eligibility criteria	Households meeting Department of Housing eligibility criteria	*Housing associations*: Households meeting Department of Housing eligibility criteria *Housing partnerships*: Households meeting Department of Housing eligibility criteria, proportion of Departmental equity *Housing co-operatives*: At least 2/3 of households in each co-operative must meet Department of Housing eligibility criteria
Additional Eligibility criteria	None	*Housing associations*: Yes – usually relates to the provider's geographic catchment area. Can also relate to personal characteristics such as gender, cultural background etc. *Housing partnerships*: Yes – must be a member of the target group for which the housing is provided eg. Person with a disability *Housing co-operatives*: Yes – must be a member of the target group or community of interest the co-operative was formed to serve, eg specific cultural or ethnic background. Must also be willing to participate in the life of the co-operative including housing management
Waiting list kept	Yes – 'The Housing Register'	*Housing associations:* Each provider has a waiting list. Applicants must also have a current application for public housing. *Housing partnerships*: Depends on the number of properties and frequency of vacancies. Organisations with a small number of stable tenancies tend to accept applicants only when a vacancy arises *Housing co-operatives*: As for Partnerships
Applicants prioritised and offered housing on the basis of need	Yes	*Housing associations:* Yes *Housing partnerships*: Yes – if organisation operates a waiting list *Housing co-operatives*: Relative need is weighed against other factors such as capacity to participate in housing management activities, and likely 'fit' with the culture of the co-operative
Rent paid	25% of gross household income, or market rent if this is lower. Tenants not eligible for CRA	Tenants are eligible for Commonwealth Rent Assistance (CRA) – 25% of CRA is included
Tenancy Legislation	Residential Tenancies Act, 1987 Some additional terms for all social housing tenants, others only to public housing tenancies	Residential Tenancies Act, 1987

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Aspect	Public Housing	Long term community housing
Quality Service Delivery		
Performance & service improvement	Best Value Inspections since 2000	Community Housing Accreditation System based on National Community Housing Standards Pilot Best Value Inspections in 2001. Coverage to be extended in 2002 to another 5 providers
Client feedback mechanisms	Department of Housing Client Feedback Unity National Customer Satisfaction Survey	Policies and procedures of the individual community housing provider Office of Community Housing complaints management procedures and DoH Client Feedback Unit. National Community Housing Satisfaction Survey (Pilot 2001)
Privacy	Provisions of the Privacy and Personal Information Protection Act Department of Housing, Privacy Code of Conduct	Privacy Code of Conduct for Community Housing Organisations (based on the Department of Housing Privacy Code of Conduct)
External Appeals	Housing Appeals Committee Residential Tribunal	Housing Appeals Committee since 2001 (if provider has taken the optional step of listing with the Committee) Residential Tribunal