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**Building Blocks**  
**Housing Challenges and Opportunities For NSW**

I am here to discuss some of the major opportunities and challenges facing community housing in the next few years – some of which are already occurring.

This is my personal opinion based on being a housing provider for the past 20 years and participating in numerous sector activities during this time.

If I refer to community housing - I mean housing associations as this is my foundation – my apologies to co-ops, aboriginal housing churches and other community housing organisations.

The NSW Strategic Policy Framework for Community Housing headline is:

From 13 to 30,000 properties – we have not quite reached 13,000 - though if we count the last few weeks of stock transfers then we must be well over this figure!

The vision for community housing:

- More opportunities
- Responsive services
- Stronger communities

This implies growth that will see community housing more than double its current size.

Where will new supply come from and just as important -  
Who will obtain it?

For the past decade community housing has been busy:

- expanding our portfolios
- moving from the old community management model to implementing skills based boards
- producing policy and procedure manuals,
- being accredited
- developing and implementing long term asset management plans
- developing meaningful tenant participation
- engaging in multiple supported housing partnerships
- coping with limited IT systems,
- building a skilled workforce,
- becoming registered
- having risk management plans
- implementing change every second month

We are flexible and can quickly respond to our changing environment

Some housing associations are thriving and rapidly expanding.

This is based upon

- the associations strategic objectives, location and success in the expression of interest process for additional stock
- how well they perform in the performance based registration process will also influence

How is the sector growing?

Currently Stock Transfers from the Department of Housing to preferred housing associations are occurring at a rapid rate - at least three associations in Sydney are coping with transfers between 300 - 400 units of housing.

Three core objectives of the stock transfer program relate to

- Community Housing viability
- Community renewal
- Positioning for the future

It is easy to see that tenants and housing associations will benefit from these arrangements and indeed associations can plan for the future.

Increased housing stock will bring additional resources for an organisation, an increase in staff numbers along with hopefully an increase in income and capital base.

However we already know that stock transfer properties often have long term asset liabilities.

Fortunately an amount of money is available to address the backlog of maintenance, with additional funds accessible for a 2 year period to meet unforeseen liabilities-

We hope there is enough money.

Already this is a critical issue that highlights different standards between community and public housing.

Also if stock can be redeveloped into more appropriate housing at a later date - in particular the fibro cottages, bedsits and stock at the end of its life cycle, then community housing will be able to further provide tenants with improved housing outcomes.

It is well known the Department of Housing has experienced financial losses in delivering services and maintaining properties to a reasonable standard.

[A challenge for housing associations is to ensure we generate sufficient income and do not inherit financial burdens.](#)

[Will community housing be successful in working on public housing estates?](#)

Community housing has a very good track record of working in the community

- Of understanding local issues and working together with tenants and a range of community agencies
- It is here that we will be very successful
- We have the benefit of a much smaller staff/ property ratio – around 1 staff member to 160-180 properties as an average for larger associations.
- The Department of Housing ratio is on average 1 staff member for 400 properties.

Clearly community housing can devote more service delivery time to tenants.

The involvement of Argyle Community Housing in Claymore demonstrates how a community can be turned around and the lives of tenants and their families be significantly improved.

The 2005 National Social Housing Survey results for community housing indicate:

- 94% of tenants feel more settled
- 73% feel part of the community

If we maintain this then our success is guaranteed from a service delivery viewpoint.

[How else is the sector growing?](#)

[Public Private Partnerships](#)

Bonnyrigg style will continue – the sector is gaining new skills and is fully aware we have to work with a diverse range of private sector partners.

- We will need to leverage investment by attracting non government borrowing.
- We have charitable status so are exempt from many taxes which also makes us attractive to the private sector.
- We have the ability to generate income by engaging in fee for service activities.

There is a requirement for new financing arrangements to assist in the delivery new housing supply.

Work has commenced in this area.

We will work with financial institutions and developers in order to deliver new housing projects.

This will depend on how financially healthy associations are - as financial contributions are expected and as a result - equity in property will occur.

[The challenge will be for a range of associations to become involved and ventures not be limited to just the largest associations.](#)

Those of us who engage in new business will understand commercial business terms, undertake due diligence and protect core business as well as new business.

Already a number of associations have experienced what this means in terms of developing new expertise.

The sector will be involved in the supply of new housing.

The time of relying solely on government funding for continued existence has disappeared.

If we are not ready then our interstate cousins in community housing will be more than happy too!

#### [Affordable Housing](#)

Is this the long awaited dream for community housing providers?

Or will it be a bitter disappointment ?

Several projects are underway but still small scale and not as fast or as large - as first anticipated.

However housing providers in high demand areas are well placed to deliver affordable housing – we need the opportunity to develop new rent setting models such as City West Housing, discounted market rents etc

Community housing has the flexibility to develop and utilise multiple rent approaches. The current income based model is intrusive, inflexible and time consuming to administer.

Several housing associations have been managing affordable housing for the past 10 years - the Social Housing Subsidy Program – a limited and one off program that enabled the purchase around 230 units of housing in city and regional areas of NSW.

The community housing sector must have access to affordable housing and the range of incomes this will bring in order to:

- provide a range of housing options for tenants
- to balance the increasing supported housing programs we operate
- to have a mix of tenants that reflects the community we live in
- to be attractive to the private sector – a mix of incomes is essential in order to attract and service loan repayments

However optimistic we are – we will be informed shortly when the Affordable Housing Strategy is released next month.

We hope the content is meaningful and a significant amount of housing flows on from it – otherwise any growth will again be sporadic and opportunity missed.

#### [What else?](#)

- We need to have a strong policy environment that supports and assist the expansion of community housing whether in our current form or for innovative types of organisations we may develop.

- We need a raft of new housing products aimed not only at those most in need – but for low and middle income earners- who are also facing housing stress.
- We have emerging coalitions forming – some on a local level with several housing associations forming an arrangement to work as one for a specific housing venture.
- We also see providers from other states working with local housing organisations.

There is already a national body of housing organisations from almost all states - meeting on a regular basis and forming a national identity in order to catch the attention of key stakeholders and more importantly what we can offer each other in the form of knowledge and how we use our collective strength to influence.

#### What will happen to small organisations that are not located in growth areas?

The registration system has identified financial viability issues for smaller organisations – a number being related to historical funding formulas not being adequate.

Already there is a reduction in the number of housing associations operating - for a range of reasons - will this continue?

- Will we have a sector reflecting true diversity?
- We need to make certain that sector diversity is protected – that we have in place a range of viable business models which assist small organisations who provide well managed essential services - so they can remain.
- If associations want to remain the same - will it be easy for them to survive?
- Will have a tiered system of housing associations?
- Already larger associations are not being restricted to specific local geographic locations- some associations are rapidly spreading beyond established operating boundaries – what will this mean for smaller associations who are already established in the area?
- Will small organisations remain competitive – is tendering going to make it easy for them to stay?
- Is it easier for larger associations to tender and have the access to new business?

These are some of the difficult challenges facing Housing Associations.

#### Will we see a new period of selected growth associations?

- Who will they be?
- How will they be selected?
- Expression of Interest – open to all
- Tender bid – which could favour larger associations
- Will government provide additional resources for internal development work?
- Will we see fewer - but larger associations operating?
- Will the larger associations slowly overtake and consume the smaller ones?
- Will we become one stop shop front organisations?
- What will happen to related sectors especially those who run some form of housing - we are seeing larger associations employ specialist staff- community development, tenant participation activities – whatever we call it – there is cross over work between housing management and support work – often the roles cannot be clearly separated when we have a holistic approach and our aim is to improve tenants well being and living conditions
- Will this be seen as a duplication of service or will we maintain a clear separation of roles?
- How will we work with related sectors - and will policy makers view the different roles.

#### Major Changes

For many years we have delivered only tenancy and property services - a future will see us operate multifaceted services.

We will be involved in;

- Financing
- Project Development
- Community Renewal
- Provide entry points ranging from crisis assistance and supported housing to affordable housing and eventually new low income loan assistance for home purchase.

As stated earlier this seamless approach will require shifts in policy and creation of new housing products.

Government has clearly stated that public money for housing will target the most in need. As a result, there will be responsibility for someone to address the gaps - policy makers will be required to ensure associations will receive adequate subsidies for a range of housing products.

### Does community housing have a future?

For some housing associations – a very good one  
Stock transfers almost certainly will continue however this only addresses management issues and not increasing the supply of more social housing.

However for some associations that makes the decision not to embrace change or - cannot be involved in delivery new housing because of their location - then the future is not so rosy.

Again we need to make certain we retain diversity.

### Internal changes

Larger associations will be required to adjust internal structures to make sure staffing levels are appropriate.

We need to have a skilled pool of staff to draw upon – already there are some difficulties emerging with an ageing workforce and a sector that does not attract young people.

We will have rigorous internal monitoring and reporting systems in place.

We need a comprehensive IT system that is linked to all functions of our business.

We need to understand change management and the implications of large scale growth.

We also need to ensure that we maintain control over existing core business whilst at the same time seeking new business.

We need to maintain quality and good practice in our service delivery.

We need to support other related sectors as we become more complex in our business models.

Lastly, given that most new growth will come from the sector contributing funds and collaborating with the private sector then our relationship with government may change.

We will see community housing finally come of age.