

Positioning community housing effectively to deliver affordable housing: Strategies and Options

Background

In March 2006, the NCHF Policy Advisory Committee considered issues and options related to positioning community housing better to deliver affordable housing. Their discussion has been summarised in a paper published in April 2006. The strategies identified below arise from the PAC discussion, and more information on the background to the strategies is available in the April 2006 paper, which is available at www.nCHF.org.au/publications.html.

It is likely that the role of community housing in a broader affordable housing industry, including initiatives developed through the Framework for National Action on Affordable Housing, will vary from jurisdiction to jurisdiction, depending on the chosen route to developing affordable housing products and the existing operational frameworks. Nationally, however, some issues are constant, if not consistent in their application. The Framework's role in developing consistency and coordination for national housing policy has been broadly welcome by the industry.

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1.

Support the development of a sound policy environment through the Framework for National Action on Affordable Housing

A stable policy environment will be necessary to reduce uncertainties for the providers, financiers and developers that are involved in affordable housing. A stable income stream, including government commitment to a funding model, will be needed in order to inform providers' current and future capacity to enter into long term development partnerships. The level of funding and subsidy available will be an important element that determines which configurations of partnerships will be viable over the long term. These policy issues should be pursued through the Framework, as the main vehicle for government collaboration on affordable housing. It will be vital that the full range of industry stakeholders be involved in the development of the Framework.

2.

Develop a product file that pulls together state level information on affordable housing to enable the promotion of affordable housing as an asset class

The promotion of affordable housing as an asset class will be a key strategy to engage new stakeholders. As an asset class, the risks will be established and potential returns can be estimated. An initial step towards the development of affordable housing as an asset class will be to create a product file. The file would pull together state level information on current projects and operating structures in order to promote a more or less cohesive product. Ultimately, a National Industry Council will play an important role in developing collective understanding of affordable housing in this way.

3.

Establish a clearinghouse of existing projects and research for access by stakeholders nationally

There are a variety of affordable housing projects in Australia, both which have been completed and are in development, that demonstrate a range of funding and management arrangements. Currently it is difficult to locate information across these activities, especially as not all projects involve state government agencies. Research is likewise being undertaken by government and industry bodies in relation to a range of issues touching on affordable housing. Maintaining a national clearinghouse on affordable housing projects and activities would act as a ready resource for any individual or organisation seeking information about activity and research in the industry.

4.

Establish a mechanism for sharing viable development models, ideally as an element of a clearinghouse

Information sharing processes will be of key importance to the promotion of models. While there could be some limits to this due to concerns about commercial in confidence, mechanisms are needed to enable discussion of several key questions:

- > What models currently work?
- > What models are being considered?
- > What analysis of models has been done?

5.**Identify viable development models in a range of operational contexts**

The transferability of models may be limited at the moment due to the variations in state operational and legislative systems. Identifying the key elements of viable models, however, will assist governments and the sector to identify which elements of the operational environment need to be stabilised nationally.

Three important issues that need to be addressed in any model are: equity and title, rent setting and subsidies. Organisations will need sufficient capitalisation to undertake projects and ongoing cash flow to maintain properties and raise debt finance for future projects. While these issues are on the national policy agenda, developing models will assist the discussion by identifying minimum viability requirements.

6.**Map current industry regulatory and accreditation frameworks and their requirements**

Mapping jurisdictions' regulatory and quality improvement frameworks would enable better national understanding of the range of regulatory requirements and the professionalism of the sector provided through the National Community Housing Standards. Regulation has been highlighted as an element of a possible new Affordable Housing Agreement to replace the Commonwealth State Housing Agreement. Identifying the characteristics and assessing the efficacy of existing systems would be an important element of shaping national agreement on the role and purpose of regulation and accreditation.

7.**Ensure that industry regulatory and accreditation frameworks are complementary**

Ideally, accreditation and regulation processes should be parallel and complementary in order to decrease the duplication of preparation and documentation and to increase participation in voluntary accreditation. Moreover, the relationship between these two systems – their goals and functions – should be made clear to providers.

8.**Survey the current industry standards, accreditation and regulatory systems to ensure that they enable organisations to meet the current social and business challenges**

Accreditation and regulatory systems (and the capacity to promote them) should be maintained to ensure community housing providers are supported to meet new and emerging social and business challenges. Building provider capacity through quality improvement and regulation systems will be a valuable and important element of these frameworks.

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9.

Pursue a professional development plan for people in the industry

As organisations increase their participation in affordable housing projects and alternative growth strategies, skills for new business activities may need to be developed or improved. Areas for skill expansion include: development, project management, financial and business planning, financial modelling, community development and long term asset management. These skills will be required in people who also have a good understanding of the mission and values of community housing.

At early stages of growth, organisations can contract many of the necessary skills on a project basis and build skills within the organisation over time. Some skills, such as financial modelling and business planning, however, fall within the organisation's core capability requirements. Long term asset management is a key management area for housing organisations and when an organisation has over 500 properties, it will require dedicated management and staff. As the organisation grows, it will become more efficient to maintain a sufficient level of activity to provide sufficient work for high calibre staff (and therefore retain staff).

10.

Promote training for specific regeneration and community building skills

Promoting community housing's strength in current and future community regeneration initiatives will be an important means of positioning community housing as the preferred delivery vehicle amongst new and existing alternatives. Community housing can play an important role in fostering both social and support outcomes through regenerating current neighbourhoods and cultivating sustainable communities in new areas. Making regeneration and community building skills a priority in a professional development plan will enable the sector to expand the existing skills base and recognise the importance of this work.

11.

Establish a regional register of contractors with the necessary management or workforce skills to assist community housing in the delivery of affordable housing projects

As providers increase their activities in affordable housing, contracting professionals with the requisite skills will assist organisations to build organisational capacity. A regional register of people with certain skills would assist organisations to contract people who have the necessary skills as well as a good (or developing) understanding of community housing.

12.

Examine the preconditions for successful partnerships between organisations with potentially different business motivations, noting the work done by the Community Housing Federation of Australia

The ability to form and foster partnerships with a wide range of sector interests will be a determinant in community housing's success in an affordable housing system. On the part of governments, a dedicated unit or centre for affordable housing with the capability to broker deals, coordinate policy and link different levels and agencies of government will be useful to cultivate a positive environment for affordable housing.