

**Community Housing Organisations:  
The Third Force  
in  
Public Private Partnerships  
for  
Housing**

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**National Stakeholders Roundtable  
Partnering with the private sector  
Entering a new phase in the delivery of community housing  
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# Aim

Draw on housing policy context and history and roles of community housing organisations (CHOs) here and overseas to assess their broad potential to contribute to PPPs for community renewal and affordable housing

# Why Are We Here?

- Address growing affordability challenge and concern for communities with concentrations of disadvantage
  - ⇒ the result of market and government failure
- Declining and uncertain Commonwealth funding affecting growth in and service delivery under traditional approaches to housing
- Unwillingness of governments to invest or carry financial risk on budget
- More diverse needs, markets and communities requiring tailored responses
- Demonstrated success of private and not for profit involvement in area renewal, community building, affordable housing supply, social/tenure integration and local economic/employment development, especially overseas (under diverse models)
- New opportunities emerging for demonstration of innovative approaches to financing and delivery of affordable housing and estate/community renewal in most states

# What Are We Trying to Do?

Grow affordable housing options and improve community outcomes in disadvantaged areas

BY

- Establishing an impetus to innovation and bringing on board more stakeholders
- Emulating overseas 'successes' where appropriate
- Capturing leverage opportunities in current system – e.g. rent subsidies, tax incentives, value locked in existing public housing sites, development margins, ethical investment
- Adopting partnering approaches to complex challenges

# **Issues and Opportunities for Community Housing**

# Trajectory of the Community Housing Sector

- Diverse sector within and between jurisdictions
- Progressive development over 25 years
- Well established organisations – many over 20 years
- History of networking, collaboration, sharing good practice
- Demonstrated capacity to initiate/innovate
- Increasingly professional boards and workforce
- Performance oriented and accountable
- High standards of tenant satisfaction
- Emergence of 'growth' organisations
- Low profile outside particular operating milieu
- CHOs have evolved specialised capacities ...
- Community values are core

# Current Strengths of Community Housing Partners

- Understand and demonstrated success in long term tenancy and property management
- Skilled in assessing client needs
- Experienced brokers and partners with support providers
- Skilled in community building and tenant participation
- Locally connected
- Local market knowledge
- Help to build local acceptance of change/innovation
- Long term players in a community
- Understand public policy context
- Have tax status benefits

# International Comparison

- Much larger not for profit sectors and individual organisations in Canada, US, England, Northern and Western Europe
- Structure characterised by small number of large providers
- Rapid growth of select providers over last two decades
- Successful adaptation to enhanced roles with few failures
- Diverse functions centred on housing
- Magnet for housing professionals
- Robust relations with finance and development industries - often drive partnerships
- Mature and better defined relationship with government embedded in regulation and business independence
- Tenant voice/involvement has expanded
- Valuable moderating influence between public and private sectors – protection from market and government failure?

# Broadening Community Housing

- New or expanded roles – property development, complex financing, large scale tenant relocation, leadership in community building, greater involvement in local economic development/employment generation, more sophisticated partnering and contract management processes
- Delivering new products – different rent setting ('affordable housing'), shared equity, 'renewable' renting, workforce housing
- Engagement in longer term multifaceted projects eg Bonnyrigg

# Organisational Impacts

- Smaller to larger scale of business
- More diversified business
- More complex business structures
- Growth on balance sheet - generates innovation potential
- Shift from voluntary 'not for profit' agency to social enterprise capable of producing a surplus
- Higher standards of governance (= private corporations)
- From 'funded agency' to 'partner'
- New skills – eg 'qualifying' home buyers, equity partner

# Some Broader Challenges

- Experience and understanding of all parties - government, CHOs and private sector - in new models is limited in Australia
- Complexity and experimental nature of new arrangements
- Policy development/support is lagging ideas, interest, enthusiasm of potential partners
- Unlikely that a coherent or stable policy framework will emerge – major risk factor
- Lack of specialised agencies/ dedicated capacity to facilitate, arrange and support development of new approaches, especially at regional level
- Contrasting social and commercial cultures/experience of potential partners – opportunity and a threat
- CHOs still have comparatively weak businesses – small scale, limited balance sheets and risk exposure, core activities rely on annual funding
- Expectations of tenants – higher service standards

# Implications for the Community Housing Sector

- Need rapid investment in capacity building by public **and private** sectors
- Should consider selective international skills transfer
- Must remain grounded in principles of community engagement and development
- Continue professionalisation – expand role of AHI, universities, training providers
- Try different options but keep strategic planning/business strategies under close review
- Strengthen before and after evaluation mechanisms
- Enhance risk management framework
- Public sector needs to respond to new risks through adapting funding and regulatory arrangements
- CHOs should pursue greater private sector engagement with their agencies
- Raise community housing's profile with media and with public housing tenants
- Strengthen alliances with private sector specifically to drive positive policy change

# Conclusions

## **Australian lead CHOs well placed to transition to new models:**

- Have complementary skills and experience to private partners
  - Are effectively engaged in local communities
  - Understand tenancy related and policy risks
  - Are focused on social and community outcomes
  - Can assist in gaining tenant support
- Desirable role to mitigate public and private excesses
- Receptive agencies that can be readily strengthened

## **Priorities for action:**

- Stronger and clearer public policy support for lead CHOs
- Investment in capacity building by public and private sectors
- Active engagement with potential private partners