



Consultation summaries

Community Housing Study 2018

Department of Communities
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Introduction

The follow consultation summaries for Entities 1 to 14 are summaries of the conversations that took place between the external consultees and the PwC project team. They reflect the views and perspectives of the external consultees as stated to the PwC project team.

The order of the consultation summaries in this document has been randomised and does not reflect the sequence in time in which the consultations originally took place.

Entity 1

Consultation summary – Entity 1

Mergers and the Asset Transfer Program

- Asset transfers have worked successfully in other jurisdictions, to build economies of scale and less reliance on government. Would want to see more transfers across the sector.

CHO strengths and value proposition

- Key elements of CHO value proposition are:
 1. The ability to access CRA, GST, discounts on utilities rates, local council rates, pro-bono expert assistance, can claim stamp duty when property is purchased.
 2. Service delivery. Whilst not always funded CHOs do what they can to support tenants sustain tenancy, particularly for high risk tenants, including education on housekeeping, standards for keeping a house, restrictions on certain things that have a detrimental impact on their tenancy. Link them to support services where available.
- The Housing Authority funds a tenant support program for tenants in public housing what would be useful for community housing tenants to access this also.

CHO strengths and value proposition (continued)

- CHOs have more flexibility. Where someone has been previously evicted, they will consider the circumstances and can offer second chances. Their arrears policies are flexible as to when they is implemented depending on the person and their circumstances.
- Downside of small CHO is that there is no head office, everything is done from scratch as there is no in house expertise in policy, financial asset management.
- Need to balance percentage of high risk tenancies with other tenancies to ensure maintenance budget is manageable.
- When something is damaged try to fix it straight away and charge the tenant. Encouraging them to maintain the standard of the house & not walk away leaving significant damages and bad debts.
- Have a long term plan for asset renewal but need to invest money as there is no government support.
- Challenging to turn over old properties in small regional areas which are in decline.

Consultation summary – Entity 1

Future performance monitoring

- Do not currently measure outcomes.
- Would be good to measure:
 - Transition on housing continuum and transition to home ownership
 - Social outcomes from stability that housing provides.
- In future would want greater availability of information from the department and to work in partnership with them. Some of the CHOs are smaller and could benefit from expert assistance in managing stock portfolio, legal/policy assistance.
- There is a recent example of the housing authority needing to rehouse some tenants and did not contact CHO to see if they could assist, which could have done if they'd been approached.

Entity 2

Consultation summary – Entity 2

Mergers and the Asset Transfer Program

- ATP was frustrating process, with lack of transparency. Larger providers of Access and Foundation benefitted most while other CHOs got what remained. Even Tier 1 growth providers. Didn't transfer enough for growth leverage to be realised.
- COAG / NAHA target of 35% to CHOs never implemented. Some CHOs only received half of the COAG commitment and this has led to a weakened and jaded sector.
- Contractually, government should be less of a micro manager and set policy and outcomes and leave CHOs to deliver.
- The recent positive rhetoric from Dept Communities has been welcomed, and is a cause for optimism.

CHO strengths and value proposition

- Key elements of CHO value proposition are:
 1. Cost model of CHOs vs public housing. The ability to access CRA and bond aggregator.
 2. Service delivery. Need 'good soil to make a garden grow', ie need the right basis and support for a client to flourish. CHOs work more closely with tenants and some bring a community engagement and development focus.

CHO strengths and value proposition (continued)

- Currently not maximising CRA as only 17% of sector. Could get significantly more income from Federal government (estimated at around \$40M) if were 35% of sector.
- CHOs spend more time working with tenants, including tenant education and aligning expectations. Do more regular rent inspections (for this CHO, every 3 months rather than every 12 months) and debt management. Rent inspections are done where able in conjunction with the support services provider, if there is one. Often this the only visitor someone may have so important to prevent isolation and ensure tenant is OK. Case loads for CHOs are lower than state government so can provide more personal service. CHOs can also facilitate support from local council, support service providers if required.
- Should keep tenancy management and support services separate but providers should always strive to work together in partnership. Tenancy management to work closely with wrap-around support services to proactively pinpoint the cause of any issues and reduce likelihood of eviction occurring.
- The CHO has a community development focus. Trying to create meaningful change including reducing the stigma of social housing. Eg., Encourage tenants to maintain front of property as well as inside and working with tenants and communities so that community doesn't automatically blame social housing tenant.

Consultation summary – Entity 2

CHO strengths and value proposition (continued)

- Work to influence tenants attitude of ‘social housing for life’ where for many there’s prospects of the person transitioning to private housing.
- CHOs business models’ have greater flexibility in allocating the right person to the right property. However current Communities policy and practice inhibits this, as houses under management are provided under different programs with limited flexibility to switch tenancy to the most appropriate house (example of single parent with 4 children in 3 bedroom one bathroom house, while single man with a disability is in a 4 bedroom house. Better outcomes for both groups if switched houses).
- Also need more flexibility in switching houses where there’s no longer a need for them (ie sell house in one small community that’s not required to purchase house in the nearby town where there’s significant need).
- Could be better funding of services that help people if they get into difficulties with tenancy. THRIVE will be the next support program for government housing that would be useful for the CHOs to be able to access.

Future performance monitoring

- East Kimberley and West Kimberley Transitional Housing is essentially ‘conditional housing’ where tenants agree to meet certain outcomes. This has separate tenancy management and support provider who work together. Longer term aspirations program trying to eliminate intergenerational dependency on social housing.
- Currently developing a community development framework. Measures should be holistic. Focus on factors including stability, safety, affordability, suitability, quality and consistency.
- Outcomes shouldn’t be too prescriptive as different tenants will have different needs (ie outcome / target for percentage of tenants who move onto private accommodation isn’t practical for long term disability clients).
- What is the government doing about the Affordable Housing Crisis? Need Social Housing strategy which includes CHOs working in partnership with government as a pivotal element.

Entity 3

Consultation summary – Entity 3

Mergers and the Asset Transfer Program

- The organisation did not receive assets or take part in the mergers, and made no comment on these programs.
- The organisation's assets were transferred during the 1990s, and were 20 years old when originally moved from Housing to the provider.
- The main comment was that standards expected for returned assets are set higher than those transferred.

CHO strengths and value proposition

- The strengths of small CHOs were highlighted:
 - Close relationships with the clients, and the ability to respond rapidly to their needs.
 - They are able to support clients to take the next step in to private accommodation (e.g. by giving rent references and support through the application process).
 - Maintenance of the assets is often cross-subsidised through Child Protection funding streams or own-source revenues (fundraising and in kind donations).
 - Some small organisations are able to raise up to \$80k in cash annually from the local community, with whom they have close ties.

CHO strengths and value proposition (continued)

- Explorations in the past with larger CHOs to transfer management of the assets to their portfolios fell over because of the financial viability challenges with low occupancy crisis dwellings, and concern on the part of the small CHOs that the dwellings would become less available to respond to intermittent demand from their client group. Vacancy rates can sometimes be high in this type of accommodation.
- Another obstacle was the need for security and protection of clients in crisis and transitional housing means it is not appropriate for them to be given any property a larger CHO may have available or for a large range of people to know the location of the crisis accommodation.
- The client mix – very high needs next to incompatible needs residents and the general community – was also an obstacle.
- Some small CHOs which can raise significant own-source revenues believe they offer a higher standard of accommodation relative to the Department and other CHOs. The philanthropic funds and in kind assistance enable them to do this.

Consultation summary – Entity 3

Future performance monitoring

- At present, CHOs do not collect much in the way of relevant outcomes data and they are not requested to do so. Most data collected is focused on inputs and outputs which is resource intensive, and CHOs would prefer to focus resources on meaningful outcome measures.
- Key focus areas for impact measurement suggested include:
 - Safety
 - Health and wellbeing
 - Education
 - Employment

Entity 4

Consultation summary – Entity 4

Mergers and the Asset Transfer Program

- Overall the Mergers and ATP were successful in growing the sector and enabled step change in capacity.
- On an individual program basis:
 - SCHIP - there were \$210M in capital grants in May 2007 which was meant to lead to a \$260M outcome (\$50m leverage). This leverage wasn't fully achieved, and \$60-80m was spent on homelessness and high needs housing, rather than supporting growth stock.
 - PHLP – double sector to 9,000 homes over 5 years. 3,000 meant to be delivered to CHOs, 1,200 actually transferred.
 - SLA 300 – title transfers were delivered.
 - Nation building – up to 1,500 were to be allocated to CHOs. Number allocated was unpublished, but assumed to be <1,000. Concerns about original commitment wasn't follow through on.
- Lost the momentum after 2013 as no sector consolidations process post merger and no strategic follow through.
- There is an opportunity cost to not continuing to grow. Large back end systems have been built that can service more than the front end so not as efficient as it could be if it were larger.

Mergers and the Asset Transfer Program (continued)

- Government policy required CHOs to front end development to meet growth targets. CHO's preference was to start small and learn over time, and not to have to accumulate higher levels of debt early on without the build / sell model of cross subsidy. This has resulted in a higher risk second tranche of development with more sales, especially considering property market trends.
- Need a Community Housing Strategy and forward vision for any future transfers. Also Housing Authority should have an outcomes framework rather than set housing policy. Extra policies requires additional resources which takes away funding from other areas like supporting the clients.
- Government could provide yield gap funding to enable more growth.
- State has a large unfunded maintenance liability. Should sell property when it is 15 years old, to limit maintenance costs and enable new stock to be built. This will reduce long term maintenance liability and lead to more stock available (low cost private housing and new social housing). Also means that stock is updated to suit the needs and locations of current clients. Sale could go into trust fund to reinvest in asset renewal / refurbishment.

Consultation summary – Entity 4

CHO strengths and value proposition

- Key element of CHO value proposition are financial aspects:
 1. The ability to access Commonwealth funds (including CRA, GST, NRAS), and bond aggregator.
 2. Also access to private and philanthropic funding.
 3. Client service capability.
- Currently not maximising CRA due to rent setting process. If rents were property-based rather than income-based CRA could be optimised with minimal impact on clients.
- State is also not maximising CRA as CHOs are significantly below 35% of sector NAHA target. If achieved 35% target the state would receive double the current CRA (around \$35M to \$40M per year). Other states (Tas, NSW, VIC and SA) are getting more CRA due to a higher percentage of CHOs.
- Bond aggregator is likely to be in tranches of \$100M so WA CHOs could be too small to access this opportunity. May issue \$50M tranches but this would refinance existing debt rather than provide new growth.
- Maintenance costs are generally covered by CRA (provided property isn't too old).

CHO strengths and value proposition (continued)

- CHOs offer choice in the market. They have a more sensitive allocation process and can be flexible in finding someone who is a good fit for the property. Through intensive interviews and risk assessment process they can determine the support a client requires and whether they can sustain the property. Have specific programs for high risk clients.
- Larger CHOs could provide the housing and facilitate support programs from specialist providers. Housing provider has greater knowledge about the support needs of their clients and can connect them with existing programs (rather than programs trying to find the people themselves).
- CHOs have built support service partnerships between government, other NFP organisations and philanthropic and can co-design support for clients.
- Greater scale attracts more philanthropic funding for support services so growth and consolidation are important to achieve this.
- Could be better funding of services that help people transition out of social housing for those with capacity to do so. THRIVE is a support program for government housing that would be useful for the CHOs to access.

Consultation summary – Entity 4

Future performance monitoring

- Australian Social Value Bank – software program from the UK that measures outcomes and splits into outcomes from housing, support programs and other. Downside is that it is resource intensive.
- Measures should be holistic as tenancy support is vital to achieving good outcomes.
- “Sensitive allocations” – matching tenants to suitable properties. There seems to be some emerging experience of reduced evictions / tenancy instability.
- Tenant satisfaction surveys. Some CHOs achieve satisfaction levels of 85%-95% across more than 20 measures.

Entity 5

Consultation summary – Entity 5

Mergers and the Asset Transfer Program

- The organisation did not receive assets or take part in the mergers. It was felt that smaller CHOs should have been given the opportunity to participate as could have achieved growth. Have indirectly participated through MOUs with larger growth CHOs.
- The cessation of asset transfers in 2012 created uncertainty for the sector and limited future growth. The sector needs new transfers to make borrowing financially sustainable.
- CHOs and department would have a better relationship if went back to model where each CHO had one single contact at the Department who got to know and understand the CHO.

CHO strengths and value proposition

- Strengths of the sector:
 - Offer choice to the market with wide range of services / housing along with a range of expertise.
 - Through peak bodies have leverage to lobby / advocate for clients. The sector can also advocate or provide advice for individuals.
 - Provide greater security of tenure than open market or public housing as greater consideration of clients circumstances before evicting them.

CHO strengths and value proposition (continued)

- Financial advantages of CHOs in that they are able to receive CRA, tax concessions, as well as private sponsorship/fundraising.
- Overall cost of maintenance is roundly breakeven with income on a whole portfolio basis (needs mix of high needs/low needs clients to achieve this).
- Capital works are funded by sponsorship and other income (e.g. grants, commercial rents). It is felt that maintenance are more sensitive to customers needs than larger CHOs or the Department as maintenance staff get to know customers and their idiosyncrasies. This reduces the risk of escalating customers' behaviours or anxiety.
- CHOs can provide both tenancy accommodation and support services provided the functions are split. NDIS will disrupt sector as the policy framework appears to be moving towards a position where these two services will be provided by separate organisations. This is based on the rationale of placing choice in the hands of the customers.
- Joint Ventures are useful as require less upfront capital. Can use surplus from rent to build more houses. Better for cash flows and balance sheets.

Consultation summary – Entity 5

Future performance monitoring

- Department doesn't provide feedback on current annual reporting. Would be useful to know how they are tracking relative to others.
 - At present, CHOs do not collect much in the way of relevant outcomes data. NDIS will require them to report annually on relevant client outcomes.
 - Consider holistic outcomes to be important to stay true to organisation values. Satisfaction surveys would be of value. Key focus areas for impact measurement suggested include the hierarchy of needs as well as:
 - Security of tenancy
 - Safety
 - Vacancy rates
 - Homelessness rate
 - Measures need to consider client circumstances. For example, while there is capacity for some clients to move up the housing continuum into independent living, given that most are on a fixed income they are unlikely to move out of social housing. There is a need for ongoing subsidy.
- Previously the DSC would help an organisation fill vacancies. This was seen as a useful service that should be restarted (either by Department, Peak Body or other).
 - This is currently being considered by NDS

Entity 6

Consultation summary – Entity 6

Mergers and the Asset Transfer Program

- The organisation did not receive assets or take part in the mergers, and made no comment on these programs.
- This has limited the ability of similar small CHOs to generate growth for the last 8-9 years, and the lack of a clear strategic vision for the community housing sector has been challenging.

CHO strengths and value proposition

- The CHO assets in which the Department of Communities maintains an interest were all developed as joint ventures. The state's participation typically took the form of capital grants with shared equity, either 75:25 (state : CHO) or land value + \$10k per bedroom plus aged specific extras (CHO contribution). This demonstrates the asset outcomes achieved by CHO and State joint ventures.
- However, capital grants for joint ventures have become unavailable in recent years, hindering this growth channel.
- CHOs contribute capital through CRA, council rate exemptions, and GST exemptions on construction. Some Band B units enable cross subsidy of the portfolio.
- Responsiveness to client needs is a key advantage offered by the Community Housing sector. An example given was the ability of CHOs to reflect the views of clients who are ageing or have a disability in the design of properties.

CHO strengths and value proposition (continued)

- While many small CHOs view their core purpose as being to provide a service, asset ownership is seen as key to ensuring high quality maintenance and access.
 - This has flow-on effects for the delivery of strong services and outcomes.
 - Maintaining control over quality is the key concern when it comes to accessing assets managed by the Department or larger CHOs. This is of particular concern in remote or rural areas, where larger CHOs with an asset management focus are hesitant to work because of the weak economies of scale.
 - Large maintenance contracts have failed in regional areas because of a lack of responsiveness to emergency callouts.

Future performance monitoring

- Key outcomes of social housing, including aged care in particular, include safety, cleanliness, security of tenure, and regular asset maintenance.
- The most important things to monitor are the operational outcomes, such as rental arrears and occupancy rates. Wider outcomes are difficult to measure in themselves, and are considered intangible.

Entity 7

Consultation summary – Entity 7

Mergers and the Asset Transfer Program

- The organisation received assets through the ATP.
- There is a view that transfers should not be limited to title transfers, and management transfers should also be considered. Growth targets need to consider whole portfolio and prior growth already achieved and therefore capacity to take on more assets and debt.
- There is a perception that the asset transfer program was better than other states as it had fewer restrictions. New, unencumbered stock with minimal requirements is needed to achieve future growth.
- There is a perception of a lost opportunity having made the initial investment but not kept assisting to grow. Currently have fully utilised cash flow capacity so minimal additional growth is possible from the current position.
- CHOs such as this one attempt to maintain a structure that will enable the organisation to grow when new opportunities are presented, however this is perceived to be becoming increasingly difficult to sustain without a sector strategy in relation to growth of the social housing portfolio and the role of the community housing sector within such a strategy.

Mergers and the Asset Transfer Program (continued)

- The relationship with department is not seen to be working well, loss of partnership approach.
 - Sometimes CHOs feel like they are seen as a threat/competitor rather than as a partner. Government is regulator, funder and competitor which can create these problems.
 - There is a perception that the Department has little awareness of the governance responsibilities CHOs have. A recent example highlighted concerned contract terms which were agreed in principle and then reversed by DoC after CHO board approval. The sector is underutilised as a consequence.
- CHOs are regulated and benchmarked, while there is a perception that the Department is not. There is no public data available which is vital to work out who is best to deliver different services to different groups requiring housing.
- Would like to work with the Department to build a vision for social housing in WA, as there is currently an absence of strategy and vision, especially with respect to partnership between CHOs and the Department.

Consultation summary – Entity 7

CHO strengths and value proposition

- The key strengths of CHOs are seen to be:
 - Ability to access CRA, and the bond aggregator.
 - They work efficiently with other support providers to sustain tenancies. CHOs understand tenant profile and get to know high risk tenants to work with them to get a sustained tenancy
- CHOs are smaller and more nimble so can do things differently. They can partner with other organisations for innovation.
- CHOs can reinvest in growing housing, whereas potentially any savings for Housing Authority are transferred to other government departments.
- CHOs are focussed on enabling people who can, to transition out of social housing.
- There is a yield gap, in eastern states asset transfers assisted in closing the yield gap. Need assistance to close this through access to state land, diversity of tenants.
- If CHOs were bigger could access the bond aggregator which has longer tenure and fewer restrictions than banks. This is a lost opportunity.
- Current barrier to growth by dictating percentage of Band B tenants allowed.

Future performance monitoring

- Suggested models for outcomes measurement:
 - Developing wellbeing measures using Outcomes Star to measure outcomes.
 - Measures should be what is the maximum outcome along the housing continuum a person can achieve, do they have security, feel safe, can they positively age in the home, have access to health services.
 - Measure positive and negative exits.
 - Also reviewing impact demand to understand how to meet unmet demand.
 - 50 homes / 50 lives is an example of a collaborative project with high success rates. Need to have high levels of trust in partnership to succeed.

Entity 8

Consultation summary – Entity 8

Mergers and the Asset Transfer Program

- No comments made on WA’s specific experience with these initiatives. Other Australian jurisdictions have progressed further with asset transfers. For example NSW has made the clearest, most significant commitment to transfers, despite a reduced focus on the potential complementary roles of public and community housing organisations.
- The role the Community Housing sector should play across the housing continuum in WA is a key strategic decision for the State government. Options include:
 - Complementary roles, with PH focused on the highest need / most subsidised tenants, and CHOs focused on lower needs / band B tenants.
 - Competitive roles, with PH and CH serving the same clients, providing them with more choice and options. In such a small market, this is not likely to be viable.
 - Full CHO provision.

CHO strengths and value proposition

- Community housing organisations are already collecting data on outcomes including tenant satisfaction, eviction rates, maintenance, arrears, rent lost and tenant perceptions of their dwellings and services. These data tend to support the value CHOs bring in terms of tenant outcomes.

CHO strengths and value proposition (continued)

- Social housing development and management requires a subsidy by definition. CHOs are able to attract Commonwealth Rent Assistance, a key funding stream to be leveraged for new development to meet growing need. This is their key value proposition.
- Housing departments therefore need to make a strategic decision about the level at which state government is able and prepared to provide a subsidy for social housing.
- The extent to which CRA must be leveraged to develop and run social housing, and the structure of any state subsidies, should flow from this strategic decision.
- The development of the bond aggregator by the Federal government, to be accessed by CHOs, could be taken as a signal that they expect increased CRA expenditure. Further asset transfers could position the WA community housing sector to access this more readily, e.g. enabling them to access the aggregator with sufficient scale.

Future performance monitoring

- Performance monitoring questions are considered secondary to the strategic questions about the CH sector’s role on the housing continuum in WA. The priority should be to set strategic direction, ensure operational outcomes are being adequately measured, and then to focus on wider outcomes.

Entity 9

Consultation summary – Entity 9

Mergers and the Asset Transfer Program

- It was and remains difficult for the sector to see the State’s policy framework for these initiatives, and how they are measuring success. Clarity around the intent of transfers would be seen as a good thing.
- For example, the organisation has had no visibility of the outcome of the WATC modelling work. There is an impression that a NAHA target of transferring 35% of social housing assets to the CH sector was not achieved. There was a lack of strategy guiding State and Federal programs, and a lack of clarity with respect to the policy and growth strategy for the sector in WA.
- On the impact of asset transfers on the State government’s balance sheet, “the evidence is unclear”, especially given the ongoing maintenance liability associated with assets.
- Indigenous CHOs are in need of governance support along with asset transfers to attain scale for ongoing viability or new business models.
- In response to the agenda item around what could have been done better with respect to the ATP:
 - Clearer assumptions and expectations to inform commitments from Communities and CHOs; and
 - Clarity around the State’s policy position.
 - AHURI has evidence regarding what makes a good transfer. Draw on success of housing transfers in other parts of Australia and in the UK.

CHO strengths and value proposition

- There are two key elements to the CHO value proposition:
 1. The ability to access Commonwealth funds (including CRA, GST, NRAS) and superannuation fund investment into bonds guaranteed by a proposed Federal guarantee. Many are charities which attract donations. NDIS funds may become a potential source available to CHOs.
 2. CHOs are mission and values driven organisations, which have a positive ethos underpinning their service delivery, along with a commercial focus.
- Not all CH providers are equal. Some models deliver exceptional tenant outcomes, which are tracked and measured. Some focus more on asset management.
- There are some very good small providers who have demonstrated good business models, but have not been given the opportunity to scale up.
- Many small providers are not well geared to manage and maintain houses. Aggregation for smaller organisations may be important for effectiveness. The role of “niche” housing providers must be considered in terms of their value proposition to clients.
- There is potential for the community housing sector to partner with the private sector to deliver innovative programs like NRAS to grow supply.

Consultation summary – Entity 9

CHO strengths and value proposition (continued)

- There is an opportunity to look past contestability between Communities and the CH sector, with a focus on how to best support vulnerable people, and a recognition that the public and community sectors are “all on the same team”.
- For example, it was suggested that CHPs can grow social housing stock through accessing initiatives through NHFIC, including the bond aggregator, further capital gains tax discounts and managed investment trusts, along with current advantage of CRA. Access to State Government land (with long term peppercorn leases) along with inclusionary zoning provisions will facilitate this growth opportunity.
- The superannuation industry have expressed an interest in investment if the government policy framework were clearer.
- In the future, it was noted that it would be important to put in place independent structures to monitor performance against outcomes measures across the public and community housing sectors.

Future performance monitoring

- An example of good outcomes setting and reporting is the East Kimberley Transitional Housing Program.
- Examples of existing measures included the Productivity Commission ROGS and the work being done in the Communities Regional Services Unit.
- The regulatory frameworks don’t include public housing – need a level playing field.
- Consideration should be given to how regulatory frameworks facilitate positive tenant outcomes and CHP sustainability.
- Other potential outcomes measures suggested:
 - Reductions in the length of the Joint Wait List;
 - Eligibility criteria based on need;
 - Stock appropriateness for the needs of the person;
 - Tracking the rate of homeless amongst those evicted from public and community housing;
 - Positive transitions out of social housing;
 - Consumer-led options and consumer input into housing choice;
 - Better identification of and response to tenant needs at the beginning of tenancies, and provision of the right supports to sustain and maintain tenancies.

Entity 10

Consultation summary – Entity 10

Mergers and the Asset Transfer Program

- The ATP was quite successful for Tier 1 providers
- Overall it was a structured, positive process for introducing more stock into the social housing system with greater levels of wrap-around service.

CHO strengths and value proposition

- Key strengths of the CHO sector include:
 - The high level of service and individualised support offered to clients, which keeps them in housing.
 - The ability to commission, working through SLAs, MOUs and other such arrangements.
 - The mutual support and partnerships undertaken by the Community sector.
- Wrap-around services offered by specialist CHOs are rooted in an understanding of working with vulnerable, at-risk, or offending people in the community.
- There is potential, and some support, for these service-oriented organisations to “farm out” asset management to specialist CHOs or the public sector.

CHO strengths and value proposition (continued)

- Currently, the financial viability challenges of managing housing assets in smaller organisations pushes the sector to accommodating lower risk tenants. A better quality of property would also lead to better outcomes.
- The link between the asset management and service components of the CHO sector are key, but do not necessarily need to be combined within single organisations. 50 lives 50 homes is a good example of a new service model and multiple organisations working together.
- Separating them could be beneficial in terms of facilitating newer models of service, such as assisted rental, over outdated models such as transitional housing (an example for higher risk tenancies). Small, focused service-oriented organisations supported by public / community asset managers. Department of Communities funding streams (beyond Housing and encompassing Child Protection, Disability and Mental Health) must be more coordinated to facilitate this kind of specialisation and unbundling in the sector. This would be more efficient and result in better outcomes for clients.
- Building trust and strong relationships between the CH sector and Communities is also very important.

Consultation summary – Entity 10

Future performance monitoring

- The sector as a whole, public and community, has not been very good at identifying key outcomes and tracking and managing performance against them.
- The Communities merger should have the aspiration of making contract management easier, with a focus on outcomes. There are still multiple points of contact with the Department, and duplication, and the benefits of the merger are yet to flow through to the sector.
 - The Crisis Accommodation Program was a noted counterpoint, as the recent streamlining has resulted in helpful improvements.
- The Communities merger is seen as exciting, but they “need to get their act together” with coordination and organisation. Ensure it is not overcomplicated and clients aren’t be over or under serviced.
- An overall, coherent strategic plan setting the State’s policy intent, direction, and view of the key outcomes to be targeted would be highly welcome. Definition on the State’s view of the desired relationship between Communities and the Community sector would be seen as very helpful.
- The Minister “gets it”, and this came across in the briefing held by CHIA WA.

Future performance monitoring (continued)

- When considering outcomes, it will be important to consider changing demographics of the workforce and population requiring assistance.
- Exit outcomes are identified as particularly important for future performance monitoring.
- Improving the capacity to share outcomes and information between organisations across the sector would be very beneficial.
 - With respect to this, the example of people with high needs transitioning from small, focused organisations to larger CHOs or the public / private sector or assisted rental, was given as a case in point.
- Other outcome indicators suggested for monitoring included:
 - Family reunification; stability of employment; financial inclusion; client identified objectives; educational attainment; healthy relationships; health outcomes; re-conviction rates; loneliness / social isolation; belonging and community participation.
- Ultimately measure a co-ordinated approach

Entity 11

Consultation summary – Entity 11

Mergers and the Asset Transfer Program

- There is a perception that whilst a small number of CHPs benefited significantly from the capacity building that the ATP provided, most CHPs did not benefit from these measures.
- The absence of policy and strategic direction since 2012 has also been a key challenge, and there has been very little “social housing dividend” since that time.
- There is a perception that commitments were not met in full – e.g. the PHLP was intended to transfer the management of 3k dwellings, but only 1.2k were ultimately transferred.
- Taken together, it is believed that these have impeded the growth of WA’s larger CHPs in contrast to other jurisdictions which have supported alternative provision. The state is therefore missing out on CRA funding streams.
- While title transfers are important, the sector has the understanding that it is the cash flow, rather than the collateral, which is key for growth. The South Australian model, where Renewal SA assets are held in trust by CHOs with rights to turn them over, is cited as a potential model which gives CHOs access to cash flow and reduces long term maintenance liabilities.
- Affordable housing ownership, as emphasised in the Affordable Housing Strategy, is not an alternative to social housing, as they cater to people at very different points on the housing continuum. The AHS has little to say about the Band A end of the continuum.

- A clearer, “more mature” outcomes framework should be put in place alongside any future transfers

CHO strengths and value proposition

- Enduring focus on the most vulnerable and high-needs people is a key strength. Greater “residualisation” of the tenancy mix has been occurring in some instances, carrying increased costs and risks. Lower needs clients are opting to remain in private rental, which while positive in the current market, may pose longer term affordability impacts as the market improves.
- Community Housing Providers offer homes to people who would struggle to secure them in the private market. People generally need this service for economic reasons, for example ageing residents with fixed income. A proportion (20%+) have more complex needs.
- CHOs provide a nexus between wrap-around services and housing management. The “service brokerage” and tenancy sustaining aspects of the CHO offering is a key strength – helping tenants to access services that they would find difficult to identify and obtain by themselves, and to maintain tenancies.
- The value proposition of a scalable CHP sector in driving new housing supply outcomes is enhanced by their ability to attract CRA, GST input tax credits on construction and maintenance, stamp duty and land tax exemptions, rate exemptions, and charitable and philanthropic contributions. These are significant advantages over State government and private development in terms of social and affordable housing.

Consultation summary – Entity 11

CHO strengths and value proposition (continued)

- CHOs with diversified portfolios of social, affordable and private rental assets which are flexibly managed with sensitive allocations also offer tenants the potential for more stable transitions out of subsidised accommodation. Tenants can remain in situ while the CHO manages its portfolio to maintain ratios of social : affordable : private rental assets.
- The siloing of dwellings within different programs inhibits this kind of stability for tenants.
- To enable this model to work more effectively there is a need to reform tenancy laws, especially with respect to private rentals. These should integrate the public, community and private sector and should be updated to meet the needs of the present-day housing market, reflecting changing community attitudes to renting and home ownership.
- A harmonised system of regulation and strengthened tenancy laws would be desirable to support a focus on outcomes rather than process. This should potentially take the form of a strong national regulatory system for social housing.

Future performance monitoring

- CHOs should be involved in a co-design process for a new outcomes framework and social housing strategy, as opposed to simple consultation and comment processes.
 - This process should establish the evidence links between activity metrics and ultimate outcomes and draw on information from more mature markets nationally and internationally.
- It is important that basic elements of tenancy management are included in tenant outcomes measures.
- Generally supportive of more comprehensive outcomes tracking, but noted that smaller organisations will struggle to undertake effective measurement activities.

Entity 12

Consultation summary – Entity 12

Mergers and the Asset Transfer Program

- WA is behind other states in terms of the percentage of social housing stock that CHOs manage relative to the State.
- For some smaller organisations the assets transferred were not fit for purpose, yet they are required to maintain and improve property. Many struggle to cope with this.
- Ultimately leases should be for longer periods (i.e. 10+ years) to enable CHOs to work more strategically in terms of leverage to enable growth and embed support programs for those occupying properties. Many of the non-CHA CHOs are signed up to three year head leases, which have expired and are currently being rolled over on a fortnightly basis. This has been ongoing for some 18 months, and although it is appreciated that the Department is working to resolve this, the arrangements are restrictive in terms of support provision and organisational strategy.
- Recently have felt that Department of Communities sees CHO as a partner and it is more streamlined with better visibility about who is doing what and for whom. Also allowing sector to have input and influence in drafting documents rather than just telling CHOs how it has to be done.

CHO strengths and value proposition

- A key strength of the CHO sector is that they have a holistic approach to housing and sustaining tenancies; the approach is centred on the person. The public housing sector is perceived as being more focused on provision of the house, where CHOs consider the health and wellbeing of the client and the whole community.
- CHOs are driven by their mission so they stick by their tenants, knowing the alternative is homelessness. Therefore they have very few evictions as:
 - They know if there is a problem early on and react accordingly.
 - They work with tenant, family, friends, neighbours and community to understand the source of the problem and resolve it through a process other than eviction.
 - The relationship with tenants is not transactional. CHOs have tenant officers who have a greater understanding of complex tenancies.
- Sustainable tenancies have a positive impact in terms of cost savings to other government services such as health (general and mental health), justice services and crisis accommodation.
- CHOs have strong partnerships and collaborate with other organisations where they don't have the in-house skills to support a tenancy.

Consultation summary – Entity 12

CHO strengths and value proposition (continued)

- CHOs are working more together in partnerships with larger organisations assisting smaller ones. The community housing forum is opportunity to share knowledge and expertise.
- With head leases the Department is responsible for structural maintenance while CHO is responsible with long term maintenance (ie new bathrooms, kitchens etc). Long term maintenance is budgeted for by CHO.
- Not all social housing tenants receive CRA, therefore CRA funding for some CHOs is minimal.
- Community Housing rents are determined by a tenant's income; the amount of CRA available is also dependent on this. As such, depending on income / pension types CRA funding for some CHOs is minimal.

Future performance monitoring

- The CHO is currently using Outcomes Star to measure different parts of the organisation. Tenancy star is used for managing property, though this is in its infancy, and covers all domains of wellbeing. It is a good fit for the organisation but the survey is not for everyone, particularly given the time required to complete the tool. It may be too burdensome for other smaller organisations.

Future performance monitoring (continued)

- Evaluation time/costs should be included in every tender from the beginning.
- Client satisfaction surveys that focus on hope, belonging and purpose.
- Outcomes measures should be simple, a consistent approach to reporting and accountability, meaningful. Should set up measure as part of the job.
- Suggested topics / themes for five questions would be:
 - How long tenancy in place?
 - Is client able to manage the tenancy?
 - Question about general wellbeing – has the tenants life improved?
 - Considering whether the housing is suitable to tenants needs
 - Basic demographic information.

Entity 13

Consultation summary – Entity 13

Mergers and the Asset Transfer Program

- Small Western Australian CHOs had some consultation and input into the process around these programs, but they had no direct impact. No further comments.

CHO strengths and value proposition

- The major strength of many smaller CHOs is that they are funded to deliver a service to vulnerable clients.
 - Buildings are typically leased from the Department of Communities or a larger CHO.
 - They often do not have repair or maintenance funds, so these activities must be undertaken by stretching other sources of funding (e.g. child protection service agreements, Commonwealth Rent Assistance and rental income, or other own source revenues).
 - The homes provided require significant maintenance as now just under 20 years old. There was also large maintenance expenses at the beginning as while the organisation consulted was given a purpose built place the time to report defects (6 months) was insufficient to identify all defects (18 months) especially plumbing problems.
- The strength of small CHOs in providing tailored services to vulnerable clients is complemented by larger CHO's strengths as asset managers.

CHO strengths and value proposition (continued)

- There has been some consideration and discussions about large and small CHOs entering partnerships where the larger CHOs manage their assets, but small, service-oriented providers, especially those focused on transitional or crisis accommodation, are concerned about losing their ability to maintain access to the property.
- The intermittency of utilisation in these kinds of service – which typically respond to women and children at moments of crisis, for example family and domestic violence – is difficult for larger CHOs to manage. Entries and exits from such accommodation can be rapid. Such accommodation is currently made viable by cross-subsidy from other sources of funds for crisis services or own-source revenues.
- Tenants frequently leave crisis accommodation with debts due to the underfunding of the model. However, private accommodation is not appropriate for people in this vulnerable position.
- Funding for major maintenance works at key intervals (e.g. every 10-15 years) would be considered helpful.
- There is a perception that in contrast, Communities housing can sometimes “set people up to fail” with a lack of sensitive allocation, issues with neighbours, and three strikes policies.

Consultation summary – Entity 13

CHO strengths and value proposition (continued)

- Smaller CHOs, which are part of the communities they come from, are more sensitive to the needs and priorities of vulnerable people in those areas.
- For example, women in crisis typically prioritise keeping the kids safe and avoiding further domestic violence. Home ownership is not on the agenda at this point.
- Allocations should be sensitive to these priorities, and to family dynamics – the example of a woman with six children in crisis accommodation was given. She may not want a 4-5 bedroom house as she would have three small children in bed with her, and the other three in a second bedroom. In such circumstances safety, as opposed to space, may be the first priority. Small CHOs are well-placed to exercise such sensitivity.
- This awareness of community and family dynamics also applies to the development of culturally appropriate new housing products.

Future performance monitoring

- Service oriented CHOs currently collect data on drug and alcohol misuse, sexual abuse and child abuse, self management and violence, as part reporting against other funding streams.
- More emphasis should be placed on housing outcomes (crowding, safety, school attendance and stability), while still ensuring client safety.
- The Homemakers program, a former Department of Housing initiative, was cited as a good example of a program contributing to tenant outcomes and being able to maintain a tenancy lease.

Entity 14

Consultation summary – Entity 14

Mergers and the Asset Transfer Program

- No comments.

CHO strengths and value proposition

- Community Housing Providers have potential to support the supply side of the social housing sector.
- The Department of Communities housing division's development activities are subsidised by its land bank, along with state and federal capital grants for construction. These policies have lost appeal, with the exception of the National Building program in response to the financial crisis. The Department's ability to drive supply is constrained as a consequence.
- The Community Housing sector is currently operating at a scale too small to make a major impact, and most are not pursuing aggressive growth strategies.
- However, there is significant scope to use tax and other benefits to drive increases in social housing supply, including:
 - Commonwealth Rent Assistance (\$2-3k per property);
 - GST exemption (10% off the cost of construction);
 - Local government rate exemptions;
 - State / Federal guarantees to reduce interest rates;

CHO strengths and value proposition (continued)

- A partnership with Housing to provide land grants (e.g. 20-25% of total house cost).
- The imperative should be to increase social housing supply, and through the above key value propositions CHPs can support this objective.
- The size of CHP balance sheets needs to be circa 5,000 properties to enable them to focus on increasing supply.
- CRA could be used to address maintenance backlogs in the first year or so after transfer, before being leveraged more extensively for growth.
- The Department enter into JVs with this scale of organisation to increase supply and move people off the Joint Wait List.
- The introduction of the Federal bond aggregator, which CHPs will be able to access, is another key advantage which they can bring to drive supply.

Future performance monitoring

- To form a base of comparison, it will be important to track outcomes for individuals on the wait list as well as those in housing.

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