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department of disability,
housing & community services

COMMUNITY HOUSING DISCUSSION PAPER

MINISTERS HOUSING ADVISORY FORUM

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COMMUNITY HOUSING DISCUSSION PAPER
for
MINISTERS ADVISORY FORUM

Purpose

The purpose of this discussion paper for the Ministerial Housing Advisory Forum on Community Housing (the Forum) is to outline the views of the Department of Disability, Housing and Community Services (the department) on the way ahead for Community Housing, in order to facilitate discussion of key issues and agree an Action Plan at the Forum. In doing this the paper:

- identifies capital and recurrent resources available to the community housing sector, and which underpin the future structure of the sector;
- identifies key recommendations from earlier reviews and reports on community housing in the ACT;
- draws together key directions from these reports in the context of current government policy and funding for community housing, and
- proposes an Action Plan for Community Housing.

The Action Plan

The existing framework for the Community Housing sector is the *Community Housing Framework* which was released by the ACT Government May 2003, following an extensive consultation process on future directions for community housing in the ACT. (Attachment 1)

In implementing the various strategies outlined in the Government's Community Housing Framework, the department initiated the following series of reviews, which were conducted in consultation with the sector, and all of which have been considered by the sector in some detail.

- 1) Development of a leasing program for community housing (GAPP Consulting July 2003, consultations 2004)
- 2) Consultation on options for an external appeals system for community housing (Morgan and Disney January 2004)
- 3) Review of the Constitution and Funding Arrangements for Community Housing Canberra (Joint government and community steering committee and consultation report by RPR Consulting Government Decision October 2003, CHC membership vote April 2005)
- 4) Review of funding for community housing in the ACT (SGS Consulting January – September 2005)

The findings and recommendations of these reviews are summarised in Appendix 1. With a wealth of reviews and policy documents, the sector and the department agree

that it is time for a specific Action Plan, which should include implementation of the various recommendations in a consistent way, within the known resources.

The Action Plan will include the following

Framework for National Action on Affordable Housing

Commitment 1: To create a National Sector Development Plan for not for profit housing providers, which will enable them to participate in large scale affordable housing initiatives. This will provide opportunities to engage private and local community partners in the delivery of affordable housing at a lower cost.

ACT Context

Resources

- The need to operate within the overall resources of the CSHA's \$1.05m per year and the ACT Government's 2005/06 Budget commitment to ongoing recurrent funding of \$450,000 per year (recognising opportunities for capital growth identified below);

CHC

- The role of CHC as an affordable housing provider; CHC's membership and constitution needs to be structured to give government the security needed to focus capital monies towards asset growth;

Sector Viability

- The nature of the sector with only 2 large housing associations, and the rest of the sector consisting of small organisations which do not generate sufficient rental income to be self funding and in the longer term are not viable without additional resources from government;
- The consistent theme of reviews that small organisations should partner or amalgamate to achieve economies of scale and viability if they are to attract government funding;
- The sector needs to pursue other forms of funding such as access to Commonwealth Rent assistance, joint venture partnerships and access to other funding sources;

Sector size

- Growth of property numbers in the sector is likely to be relatively small and incremental.

Common Waiting List

- Equity and access issues and the increasing demand for social housing require the development of a common waiting list for social housing;

Principles for Government Funding

- Funding for community housing organisations must follow the same principles as for funding of other community services and organisations: it must be open and transparent, and it should be directed towards consistent, high quality service provision for tenants in accordance with well established local and national standards;

Quality of Services

- There is a need to promote the broader individual and community benefits of community housing by quantifying non-shelter outcomes.

1. Framework for National Action on Affordable Housing

The Framework for National Action on Affordable Housing (Framework) provides a detailed action plan for national action on affordable housing and a process for collaboration with key stakeholders. It is the result of considerable consultation with national representatives from Housing, Local Government, and Planning portfolios and was endorsed by a joint meeting of ministers on 4 August 2005. This is the overarching national framework within which the Community Housing sector will operate.

Schedule 1 of the Framework identifies those activities, which can readily be aligned nationally and will provide important information and infrastructure to facilitate the implementation of subsequent schedules in the Framework. This Schedule outlines four commitments to be fulfilled by June 2006, namely:

1. Create a **National Sector Development Plan for Not for Profit Housing Providers**, which will enable them to participate in large scale affordable housing initiatives;
2. Adopt a **national approach to defining and analysing affordable housing need at geographic levels and how it can be reflected in planning policy and regulations**. It will support the identification of tenures, products, and price points necessary to meet household needs;
3. Review current subsidy streams and investigate the potential to strengthen certainty in light of the commitment to **increase the role of the private sector and the development of the not for profit sector** and to leverage new investment in affordable housing;
4. Examine the benefits of a national agreement on affordable housing and implement a work plan to identify mechanisms and policy initiatives that will **deliver increased affordable home ownership and rental opportunities**.

The work on Commitment 1 leads us to the discussion of the role of CHC below.

2. Available resources for community housing

The 2005-2006 ACT budget saw the introduction of a recurrent stream of \$450,000 for the sector. This is significant, given that CSHA funding is only \$1.05m. The ACT Government has provided over the past 3 years \$9m in capital funding. (About 35 houses) It has also provided \$7m to Housing ACT to purchase properties to be leased back to the sector (about 21 houses).

There is no additional capital funding identified for 2005-6, however, the department's view is that future additional resources for Housing ACT could be shared with the sector, at a rate commensurate with the comparative sizes of public and community housing. At this level, capital funding will provide incremental growth in the sector. However, the sector has the capacity to lobby for additional capital funding.

Similarly affordable housing strategies to date have not generated significant increases in the stock of community housing. For example, Community Housing Canberra has delivered 19 properties over 7 years – an average of 2.7 properties per year.

The current funding levels for Community Housing are well known. As stated above, the CSHA provides \$1.05m per year and the ACT Government provided \$1.4m over 4 years from 2002-2006. As of the 2005-2006 ACT Budget it has been confirmed that there will be recurrent funding of \$450,000 per year. The allocation of \$450,000 recurrently is welcomed by the department, and its allocation as a recurrent funding stream has not been discussed with the sector. The Department is keen to use some of the funds to address viability issues, but it is not acceptable to increase recurrent funding to the sector by 50% from \$1.05m to \$1.5m and have no increase in housing provided by the sector. There needs to be a balance. The department would want a growth in properties in addition to increasing organisational resources.

In addition, the department is already working with the sector to attract Commonwealth Rent Assistance, which may inject a further \$400,000 per year in to the sector. The department has agreed to do some financial modelling about the potential of the sector to attract maximum CRA.

Other ways to grow the sector need to be investigated by the sector. The ACT is the only jurisdiction where the sector does not attract funding from outside government. If the sector is to have any independence from government it will need to do its own work investigating other funding sources such as private finance and joint ventures using existing community housing assets, the land release program and so on.

A sector development plan should be developed by CCHOACT as an outcome of the two positions funded by the department for 2005-2006 to undertake strategic planning. The plan will be informed by organisations' assessment of their capacity, priorities and own strategies for addressing viability, and the Action Plan agreed to as a result of the Ministerial Advisory Forum.

It is widely acknowledged that there are few economies of scale for small organisations. A sector development plan would need to address how these diseconomies of scale are to be dealt with. Government will not subsidise the operations of an organisation independently of the organisation's ability to provide services to tenants, and its willingness to do so in a way, which provides the best use of available resources.

The departmental and government goals of supporting organisations to achieve desired tenant focused service delivery and outcomes, and to do so through delivery of quality services, will only be achieved if those organisations are viable.

The government has committed in the Social Plan to improving the regulatory framework of community housing, has funded CCHOACT to provide training and sector development to implement the Good Practice Guide across the sector, and over time would expect the sector to work towards achieving the national community housing standards. These expectations are aimed at providing quality services to tenants, and will require the sector to take active steps to structure itself in a way, which makes the best use of available resources.

3. The role of CHC in Affordable Housing

Increasingly, there should be a focus on CHC, which was established as the vehicle for expanding community housing, to be the vehicle for progressing affordable housing initiatives, particularly those that bring additional resources to the sector through private sector finance, such as the *Village Vue* project and joint venture arrangements such as City Edge and the recent agreement to proceed with Housing ACT in its Lyons Joint Venture on the former Burnie Court site.

The recent decision of the combined Housing Ministers and Local Government and Planning Ministers, to embark on a 3 year program to develop an Affordable Housing Plan, with the first year focused on the development of capacity in the community housing and non government sector to enable it to produce affordable housing, clearly identifies CHC as the only existing vehicle to undertake this within the ACT.

There is clearly a need for a strategic approach to achieving the most value from additional capital funds, when they become available, for community housing, and within the context of this national affordable housing framework, the capital funding would be best placed with CHC.

If Government is to further enhance the capacity of CHC as part of the Affordable Housing Plan, it will be imperative that the structure of CHC is changed to enable access to equity in community housing properties. This must be done in way that gives the ACT Government the security it requires to pass over to CHC a Territory asset worth over \$100m.

It is important to note that many of the principles that the government has previously identified in the CHC review will still need to be delivered. However, it may be possible to discuss alternative solutions.

In CHC's hands the asset can be leveraged off to create additional affordable housing. Without the transfer of the assets to CHC, CHC will have limited ability to raise the capital needed or to interest potential investors to join with CHC in future property development. It is worth remembering that the two major CHC ventures to date, Village

Vue and City Edge, and more recently agreement for the Lyons joint venture, are all underpinned with land provided by the ACT government.

Should CHC get out of tenancy management? It seems quite inefficient for Housing ACT to lease the property to CHC, and CHC to lease it on to another Community Housing Provider, fund CHC to manage the properties, and then have CHC work out how to fund its providers to manage the same properties. If the constitutional changes are made and the properties are transferred to CHC, this should take ACT Housing out of the loop. CHC could head lease on properties, but leave all tenancy management to the lessees. This would leave CHC free to focus on property development of affordable housing.

It also opens up the question: Should CHC member organisations be funded directly by government rather than Government funding CHC and CHC funding those organisations. Alternatives to be considered could include a model where CHC would not receive government payment but would rather charge its members the affordable housing rent, and the department would fund the community housing organisations to support their provision of direct services. CHC would have the asset and the rental stream to fund its operations and expansion of affordable housing. There are models like this that work elsewhere: Common Equity Limited in Victoria is an umbrella organisation which utilises its scale and expertise to achieve value for money and to bring required skills to a project, but properties are allocated to members. Other options should also be considered.

4. Viability of Community Housing

What are the viability issues for community housing organisations in the ACT and how does this impact on quality of service for community housing tenants?

There are many levels and types of viability for community housing organisations. Viability, in terms of organisations being self-financing, has been estimated by one study to require economies of scale in the order of 2000 properties. The size and structure of the community housing sector in the ACT means that this type of viability is not likely in the foreseeable future.

However, since there is \$1.5m per year available for community housing through a combination of ACT and CSHA funds, there is the capacity for Government to continue to subsidise the operations of community housing. But under what conditions should government make the decision to subsidise any particular organisation? The considerations for government are as follows:

Every organisation must be able to deliver consistent, high quality services to tenants. The Community Housing Forum in December 2004 reinforced this as an issue for organisations. Some broad based community organisations said that they cross-subsidised their housing operations with government funding for other services. Other small organisations said that without volunteers they lacked organisational capacity to maintain a baseline level of service to tenants.

Reinforcing this very important issue, the leasing program review recommended a

full-time housing manager for most organisations, as the minimum level of staffing needed for a consistent level of service to be provided to tenants. The dilemma is that many organisations with their current level of properties do not warrant a full-time housing manager.

This inevitably points, at a minimum, towards the need for a shift in the sector to partnership arrangements, and where organisations chose to, even the amalgamation of organisations so that the grouping has a critical mass of properties which in turn can generate the resources to make the organisation or group viable, in conjunction with some level of government funding. The outcome for tenants would be that the grouping is able to provide a consistent service level.

A closely related issue is that of the funding of new organisations. The department agrees with the principle proposed by review of the leasing program, that where there is already an existing organisation providing housing management services to respond to a particular housing need, there would need to be a strong rationale for directing funding to another or new organisation providing the same service without clearly identified additional benefits or a basis for ensuring viability for the new organisation.

5. Structure of the Sector

How do we define what type of community housing sector in the ACT we want?

Identifying the type of sector that we want is central to moving forward on viability issues. As identified in previous reports, initiatives to expand community housing have focussed on increasing the number of properties or responding to a particular client need at a time, with the issue of viability for organisations being a secondary issue.

The capacity for organisations to deliver a quality service for tenants has emerged as a key issue in the development of a leasing program and the funding review. Agreeing on what is a realistic size for the sector as a whole and the organisations within it is important for getting the most out of our existing investment in community housing and achieving the desired tenant outcomes.

Some smaller organisations such as the cooperatives have made it clear that they are happy to continue to operate with their current number of properties, do not expect to grow and do not expect government funding.

Any group of people can and have formed themselves in to a community organisation. It is not the business of government to tell private citizens that they can or cannot form community organisations. However, government does have to make serious decisions about which groups and which services to fund, and it must do so for reasons which are transparent, well understood, and publicly defensible.

The funding of community housing organisations must be subject to the same level of justification and public scrutiny as any other community sector funding arrangement. The reviews undertaken to date have consistently made recommendations about the large number of small organisations, which say they cannot provide a service to tenants with their current staffing levels.

The next step is not for government to step in and fund the organisation. The next step is to look at what would be an efficient use of resources, consistent with quality outcomes and services for tenants, and the maintenance of enough diversity for people to have a choice about housing provision. This is particularly important where the person receives services to support areas of their life. No one provider should control every aspect of the person's life.

The Reviews have all recommended a funding regime where fewer organisations are funded. The Department completely supports an approach where organisations are encouraged to partner and amalgamate so that within their group they can attract sufficient resources to be viable.

It is not defensible to the community to put an ever increasing amount of resources in to funding organisations, which does not increase service provision to the community.

6. What is Community Housing: what is in and what is out?

There are different view points on what is community housing in the ACT, such as whether this extends to short-term housing programs managed by community organisations or supported accommodation, as well as whether it includes Aboriginal and Torres Strait Islander housing. Is community housing also defined as providing skilled and quality housing management services, and should this be a requirement for being recognised as a community housing organisation?

The Framework recognises the diversity of the community housing sector in providing affordable housing options to low income households, including organisations providing supported housing for people with disabilities, housing co-operatives, housing associations and community service organisations.

Many existing organisations were established to meet a specific housing or community need, and their focus and interest is less on housing management activities (or attracting private finance).

The Department's view is that it is the quality of service and outcome for tenants, rather than type of organisation, that is important. How tenant outcomes are defined and measured is a key issue in assessing quality of service, and is a key challenge for government and the sector in determining how funds are allocated. There is scope for the sector to have a range of organisations, meeting a range of housing needs.

7. Tackling Complexity of Issues and Needs

The Community Housing Framework identifies the need to strengthen collaborative partnerships within the sector and with other community sector organisations. From the Department's position, this does not imply that it will only support partnership models in allocating resources but that the role of community housing organisations is to work effectively with other organisations in brokering support for tenants as required.

In the move to community housing management model at Ainslie Village, a key issue will be establishing effective partnerships between the housing organisation and support provider. The protocols that will be developed as part of this process may provide a model for sector-wide agreements.

8. Access and Equity

Given demands for social housing, transparency and equity of access to community housing continues to be an issue that is raised in many forums on community housing. While the Report on Government Service Provision reports that 89% of new allocations to community housing were to people with special needs, the fact that community housing organisations have their own waiting lists and there is little information on these adds to queries about access and equitable policies.

The department supports the option of a shared waiting list for public and community housing. A key issue is how to minimise the need for applicants to have to contact several organisations. As part of its resourcing of the sector in 2005/6, CCHOACT will be commencing work on waiting lists, including examining the feasibility of a common application form and links with Housing ACT's Applicant Services Centre.

9. Measuring the outcomes and benefits of the Community Housing.

There have been several reports nationally and internationally on the non-shelter outcomes through community housing, as well as substantial anecdotal evidence in the ACT. The National Social Housing Survey also includes a section where it asks tenants on the benefits they've received through community housing. However, how to measure or quantify these benefits – and whether or how it differs from other housing options - has been a continual challenge.

The department will support the sector and CCHOACT to work on ways to evaluate tenant outcomes. This will include:

- **A formal cost-benefit analysis of community housing that attempts to quantify non-shelter outcomes and broader individual and community benefits;**
- **Documentation of tenancy support provided by community housing organisations to meet needs of tenants by organisations reporting time spent and emerging issues over next year.**

Appendix 1. SUMMARY OF REVIEWS ON COMMUNITY HOUSING

1. Stock Transfer Evaluation (Kla Report)

This report evaluated the effectiveness of the stock transfer program and the vehicle of Community Housing Canberra (CHC) as a suitable structure for expanding community housing. The report found that the stock transfer program had worked well and that the structure of CHC had provided a basis for undertaking other types of affordable housing development, but there were outstanding issues in relation to the accounting treatment of the assets and the role of CHC in property development:

The structure has provided benefits in establishing an organisation better able to respond to community housing needs and initiate new proposals in different ways than that which would be available through a direct government instrumentality. Such matters as an independent board and off budget financial arrangements have been generally beneficial.

Difficulties have arisen as a result of the accounting treatment required to be applied to the transfer of housing stock and the Government will need to determine the future approach before further transfers can take place. This may involve a review of the structure and a review of the nature of the asset to be transferred.

Another key focus of the report was whether the funding for the program was cost neutral with the public housing system. At the time of the report, the revenue received by CHC was less than Housing ACT due to its tenant profile and the average property costs were higher, primarily due to higher administrative overhead costs for CHC associated with issues of scale.

While the evaluation analysed the financial aspects of the program in terms of CHC and discussed the role of CHC in developing the community housing sector, the viability of the tenancy management organizations under CHC was not part of the terms of reference for the evaluation. Organizations that received properties through the stock transfer program had to meet general eligibility criteria, but the allocation of properties was not necessarily tied to a broader sector development plan linked to viability of organizations or meet specific quality requirements.

This has led to viability issues for some organizations – as noted in comments on the funding review:

the cessation of the stock transfer program has left some community housing organizations in a position of being too big to rely on volunteer labour and too small to meet resource costs.

Of the nine organizations established, two were existing community housing organizations (APSSA, Havelock Housing Association); three were new housing

organizations (Poachling, SOUL, Tamils); and three were primarily organizations funded for support that extended into housing (Barnados, CCHYP, Northside Community Services and Koomarri). The majority of these organizations manage less than 50 properties, with more than half having less than 10 properties. There remained several existing community housing organizations that did not participate in the stock transfer program, as well as emerging organizations seeking properties to respond to specific needs, such as Billabong Aboriginal Corporation and TAS Housing.

The other outstanding issue relates to the role of CHC in developing the sector. The Kla Report found that:

The structure and prime operations of CHC mitigate against it performing the role of peak body for the community housing sector. This has been recognised and a new peak body the Coalition of Community Housing Organizations of the Australian Capital Territory (CCHOACT) is being established and CHC is a member of the new organisation. CHC should still provide leadership and innovation in the community housing sector.

While there is a clear view that CHC should not be the peak body, the issue of what it means for CHC to provide leadership or a role in supporting and developing the sector remains unclear. This unresolved issue also emerged in the consultations on the proposed structure and new Constitution for CHC.

2. Review of the Community Organizations Rental Housing Assistance Program (Brian Elton and Associates, 1998)

The key recommendation from this 1998 review was that community housing should not be allocated through CORHAP. At that time of this report, it was envisaged that future allocations of properties for community housing would occur through the stock transfer program.

While nearly all properties managed by community housing organizations under CORHAP were transferred to CHC as part of the stock transfer program, the demand for properties to meet specific housing needs has led to a number of properties being allocated to community housing organizations in the past five years. This allocation of properties has primarily responded to the demand for community-based housing for Aboriginal and Torres Strait Islander people (Billabong Aboriginal Corporation); people with disabilities (TAS Housing, Centacare); and people with mental health issues (Havelock Housing Association). However, while these allocations are consistent with the broad requirements of CORHAP, the process could be improved to be more accountable, transparent and equitable for community housing organizations.

With the exception of Havelock Housing Association, which has sufficient scale through other programs to support its organisational infrastructure, the number of properties allocated to these organizations has not been of a scale to provide sufficient capacity. The funding for organizations such as Billabong Aboriginal Corporation and TAS Housing has primarily come from sources outside of the Community Housing Program,

such as the funding provided by the ACT Government specifically for Indigenous Housing (BAC) and Disability ACT (TAS Housing).

The development of a leasing program in the Framework responded to the issues raised in the consultation process about the need for a transparent and accountable allocation process for community properties; the Review of CORHAP about the need for a separate program for community housing and the Kla Report about the stock transfer program not being able to proceed without resolution of the implications for Housing ACT's balance sheet of the accounting treatment.

If community housing has separate leasing arrangements, there is still the need to address which organizations provide housing management for properties under CORHAP, including role of support organizations in undertaking housing management and the criteria for accessing properties.

3. Future Directions Discussion Paper and Consultation Report.

The Report, Community Housing in the ACT – Future Directions, documents the community consultations held on future directions. The Discussion Paper that informed the consultations is included as an appendix to the report. The Discussion Paper raised the following issues and options:

1. Core housing models of supported accommodation, crisis and transitional housing, and long term community rental housing with target number of houses allocated to each proposed model on an annual basis.
2. An integrated policy for selecting and allocating future tenants for community housing, including draft principles for a new tenant selection and allocations policy.
3. Development of a resourcing plan by community housing sector to support their organizations, management and staff.
4. Property holding options for future transfers, including possibility of a Statutory Authority or direct leasing arrangements with government
5. Supply measures to contribute to the target number of housing

While there was a range of responses to these responses, the Report noted three themes consistently recurred throughout the debate:

There was consensus that development of a community housing strategy should occur within the context of a broader social housing policy that includes public, community and private rental and home ownership;

Consultation participants were keen to ensure that means to expand community housing and ensure the viability of providers should not compromise its essential characteristics of value to tenants in terms of long term housing with security of tenure, participation in housing management, affordability, innovation, opportunities for community development, and a flexible and responsive service culture;

There are significant concerns about diminishing levels of public housing stock and fragmentation of CSHA resources. A strong sentiment was expressed that community housing should not compete for public housing resources, but be a distinguishable, separately resourced alternative. Where CSHA funding or stock is used to expand the community housing sector, participants expressed the view that ownership of assets should remain with the Territory.

4. CHC Structure Review

A Steering Committee was established in 2003 to recommend to Government a new corporate structure for CHC that would support its role in providing asset management and property development for community housing in the ACT, and would facilitate the expansion of community housing and formal transfer of the separately titled properties to CHC under conditions to protect the public interest. As part of this process, the Department engaged RPR to undertake consultations with stakeholders on the proposed changes.

In addition to issues around the proposed structure, the report identified a range of views and issues related to relationship between CHC and providers, and viability for small providers:

Some provider organizations do not see housing as their core business. They have made arrangements through CHC to obtain housing and to have it maintained. That is happening to their satisfaction.... Generally they have sufficient infrastructure to handle the administrative demands of reporting and dealing with CHC without too much angst.

For provider organizations whose core business is housing and those with a deeper, more personal commitment to community housing principles, there is a feeling of insecurity and some frustration in their relations with CHC. The administrative demands of dealing with the company are heavy for those reliant on volunteer resources. They are keen to see changes, which would address these issues. Some of these concerns arise out of their recent experience with CHC but some may be more structural in nature and relate to the viability of small collectives in a company such as CHC.

Peak organizations were generally of the view that systemic change is required to build a healthier sector and to contribute to the broader affordable housing agenda.

The Steering Committee reinforced the view of CHC providing a role of asset management and property development for all of the community housing sector. While the implementation of these recommendations has focussed on the introduction of a new Constitution, several issues raised through the review and consultation process continue to exist:

- Role of CHC in tenancy management;
- Tension between values and policies of some community housing organizations and those of CHC;
- The question of the extent of independence of CHC and the level of required accountability to government and community stakeholders for housing projects not funded directly by government;
- Role of CHC in providing asset management and property development services for all of the sector, and its role in monitoring or regulating performance of community housing organizations.

CHC has undertaken direct tenancy management for its development projects (Village Vue, City Edge) on the basis that it is more cost-effective for them; that it strengthens their charitable taxation status; that few community housing organizations are interested in managing an affordable housing (75% of market rent) model; and that the projects are not financially viable without a recurrent subsidy from government and cannot afford to pay a management fee to a community housing provider.

As CHC has started to move more down the affordable housing path, including direct tenancy management, its role in leading and developing community housing organizations continues to be one where there are different views.

Recent reports (Consultation on the Structure Review, the Funding Review and Leasing Program) have asked the question about whether the original structure of CHC, and its arrangements with community housing organizations, should be done another way. Specifically, they have raised the option of whether community housing providers (regardless of the source of the property) could receive funding directly from the Department for tenancy management. Under this approach, CHC would have no role in funding or overseeing tenancy management on the properties for which it held title. Its role would be limited to that of asset manager for these properties and other property development roles as negotiated with the Department. The Funding Review in its second option suggested that CHC could be allocated responsibility for asset management of all community housing properties.

At the heart of these issues is whether CHC is a resource for the sector or an independent organisation.

The vote on the new Constitution in April 2005 was not supported by a majority of members. In deciding future directions for community housing, and particularly its role in affordable housing, these underlying issues need to be resolved.

4. Development of Leasing Program for Community Housing (GAPP Consulting)

The development of a Leasing Program for Community Housing is a strategy of the Community Housing Policy Framework. This strategy responds to stakeholders' need for a consistent approach to arrangements for community housing organizations leasing

properties (Future Directions Consultation Report) and the recognition of CORHAP not being an appropriate vehicle (CORHAP Review).

The purpose of a new leasing program for community housing was to establish a consistent, transparent and sustainable policy and funding framework for headleasing properties to community housing providers. Underpinning the proposed guidelines were the principles that the leasing program should:

- support organizations to provide quality services and choice for tenants; and
- contribute to the long-term viability of community housing organizations.

The capacity of organizations to deliver a quality service for tenants emerged as a key issue in terms of how organizations should be funded and allocated properties under the leasing program. To address this, the work on the leasing program proposed the following arrangements for funding and allocation of properties:

- The program would provide funding for tenancy management, property management and office costs for these providers, to the extent that tenants' rents do not fully cover these costs. Funding would be accompanied by 3 year funding agreements and 3 year leases on the properties with an option to renew the leases for a further 3 years.
- All providers would eventually have a minimum of 30 properties with some providers picking up properties transferred from other non-funded providers over time. Properties would be allocated annually to providers on a needs basis, although in the first few years, allocations may be made to build the viability of individual providers. The HCHP would also aim to encourage partnerships between housing providers and other community based organizations to better meet the needs of tenants with complex problems.
- In assessing existing providers to be funded the Department would look at the number of properties currently managed by providers; their access to other sources of funding; the target needs being addressed by the provider and the capacity of the provider to meet the eligibility requirements of the program.

The Department released the draft guidelines and proposed funding approach for comment in 2004. While comments on the draft guidelines have been incorporated and can be addressed in the final guidelines, a key sticking point is the proposed funding approach: how the community housing sector should be structured i.e. the number of organizations that should be funded. Related to this is the level of funding available to the community housing sector, reconciling funding parity with public housing and maximising the outcomes from government and community investment in community housing, and the tension between diversity in the sector and viable management capacity.

These issues raised in the feedback on the leasing program related to funding and viability were:

- Practical growth strategy
- Suggestion of 8 providers for Program
- Further analysis of funding arrangements
- Additional roles of tenancy managers
- Discussion with organizations on transition arrangements
- Property management costs, including consideration of tenant damage
- Basis for portfolio of 30-50 properties
- Cooperatives and funding
- Position re new providers.

5 Review of Community Housing Funding (SGS Consulting)

The purpose of the funding review was to analyse the proposed funding approach undertaken for the leasing program and extend it to develop a sector-wide approach to funding that addressed issues raised in relation to the feedback on the leasing program and examined a process for establishing viability and sustainability of the sector (Strategy 2.1 of the Framework).

The purpose of the funding review was to analyse the funding of community housing and determine a transparent, fair and equitable basis for funding community housing providers in relation to the range and level of activities to be undertaken by them.

The draft report recommended three options for funding of community housing.

The aim of the proposed Options 1 and 2 was to move towards viability of the sector by establishing benchmark payments for tenancy management services, tenancy support and asset management and developing a transparent process about how organizations would receive 'supplementary' funding. The report also notes broader policy issues, such as areas of definition of what is community housing (e.g. HHA's private leasing programs) or structure (e.g. CHC) that impede viability or resolution of funding issues.

The third option proposed systemic reform, involving a complete redesign of the community housing framework in the ACT. This option involved the establishment of large housing associations that would ultimately be self-funding utilising private finance, Commonwealth Rent Assistance and capital funding from ACT Government.

Feedback on this report has highlighted several tensions that have underpinned previous reviews:

- What sector do we want? What are we (government, community housing organizations) trying to achieve with community housing? What is meant by the principle of diversity?
- Clarifying the policy intent of parity with public housing and what this means for achieving viability of service delivery for community housing organizations in providing a baseline level of services for tenants;

- That policy objectives for expansion of community housing need to consider financial impacts and viability of community housing organizations;
- Clarifying role and structure of CHC in the community housing sector, including the funding arrangements with its providers and the extent of its asset management role for all of the sector;

Appendix 2. Summary of Current Strategic Policy Documents

1 Community Housing Framework

The key objectives of the Framework are to:

1. Expand community housing
2. Ensure quality of services
3. Engage stakeholders
4. Achieve tenant outcomes
5. Develop new housing models

The Framework outlined the key objectives and proposed strategies but did not address the financial impacts of the proposed strategies or viability issues for providers in detail, noting that these discussions would need to be considered in the context of the CSHA and ACT Budgets.

2 CSHA Bilateral Agreement 2003-2008

The key focus of the CSHA Bilateral Agreement for community housing are strategies to increase the role of community housing in affordable housing initiatives and activities that leverage private sector investment and/or non-government resources.

Private sector investment in the community housing sector in the ACT, given its size and structure, is unlikely to occur on a significant scale or without government intervention – either through direct subsidy (such as Private Leasing Scheme and Social Landlord Program) or facilitating access to land, either through direct transfer (e.g. City Edge) or agreement to a direct sale of land (Village Vue).

Related to increasing the role of community housing in non-traditional forms of acquiring assets is the strategy in the Agreement (and Social Plan) to review options for a regulatory framework for community housing. In other jurisdictions, changes to the regulatory system for community housing has been aimed at increasing private financial institutions' confidence in providing funding and addressing government concerns about how to protect assets. Traditional mechanisms for protecting assets in the ACT have been retaining ownership (CHC properties, CORHAP properties, Havelock House) or requiring a mortgage over the property (capital-funded properties)

Given viability issues and organisational resources of community housing organizations in the ACT, the assumption is that Community Housing Canberra will be the only vehicle for private sector investment and affordable housing strategies.

3 Response to the Affordable Housing Taskforce Recommendations

The Affordable Housing Taskforce Report recommended that Community Housing Canberra be recognised as an affordable housing provider and that the most appropriate

structure for it to do this be identified. It also recommended that further work be done on how the existing assets could be used to leverage private finance and expand affordable housing options.

4 Social Plan

The ACT Social Plan, released in 2004, has the objective of increasing the supply of public and community housing, including allocating additional resources. It also reiterates the Government's commitment to implement the restructure of CHC in partnership with the community and to improve the regulatory framework for community housing. The Government's commitment to building communities underpins all of the objectives and strategies, and presents a potential role for community housing, with its focus on empowerment of tenants and community development, in the social housing sector in the ACT.

5 Government Election Commitment – Community Housing

In its October 2004 Election Policy Statement, the Government stated that it would:

- Further develop the Boarding House program.
- Continue to support the growth of community housing as a means of providing a real choice in the social housing sector, and explore options to enable the continuation of the transfer of property or to facilitate the management of property.