

Public housing transfers in Australia: past, present and prospective – emerging findings

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Introduction

- Debate on public housing transfers in Australia revived post-2007
- Stated aim for ‘*up to 35%*’ of social housing managed via CHPs by 2014 (15% in 2011) implied expectation of substantial stock transfer
- C/W Govt preference for *title transfer* recently reconfirmed
- Incremental restructuring of UK social housing over 20 years through council housing transfers:
 - From 1989, 1.2 million homes transferred with tenants in situ
 - 180 local authorities (>50%) handed over all council housing; + many ‘partial transfers’
 - HA majority social housing owners by 2008
- Seen by some as key reference point for efforts to reform (rescue?) Australia’s public housing
- Transfer experiments since 1990s largely unresearched

Research purpose and questions

- Aim: through review of existing experience, to identify issues needing to be addressed in implementing housing transfers on larger scale
- Research questions:
 1. What forms of management/asset transfer have been tried over last 10-15 years?
 2. What objectives have management/asset transfers aimed to fulfil and how far have these been met?
 3. What has been learnt from existing experience
 4. What forms and scale of transfer are currently envisaged across Australia?
 5. How does the Australian experience compare with the UK?
 6. What should be the conceptual foundations and best practice principles of larger-scale management and asset transfer?
 7. What policy, operational and financial barriers would need to be overcome to support larger scale tenanted transfers in future?

Methodology

- Policy/literature review
- National SHA survey
- Case study work – 6 post-2009 transfers in 3 states (incl 6 tenant focus groups)

Case study	Transfer type	Location	CHP(s)	Dwellings
1. NSW Social Housing Initiative 'vesting'	Asset transfer	State-wide	Various	6,000
2. Vic Asset Conversion Strategy	Asset transfer	Melbourne	Various	575
3. NSW Property Transfer Program (whole of area)	Management transfer	Blue Mountains	Wentworth Community Housing	425
4. NSW Property Transfer Program (CHP capacity building)	Management transfer	SW Sydney	St George Community Housing	580
5. Aboriginal Housing Victoria	Management transfer	State-wide	Aboriginal Housing Victoria	1,300
6. Tasmania – Clarendon Vale /Rokeby	Management transfer	Hobart periphery	MA Housing	500

Defining 'public housing transfers'

- 'Stock transfer' standard term in UK but not really appropriate in Australia
- Public housing transfers as yet undertaken mainly about delegation of management to CHPs – SHA retains ownership
- Researcher definition excludes vacant property transfers (except in SHI)
- Prior to Nation Building Stimulus SHI housebuilding program, 10,500 homes transferred – of which only 1,000 with title [see next slide]
- Equivalent to only about 3% of total public housing stock
- SHI transfers added 10,800 homes transferred via management outsourcing and title handovers – homes developed *by SHAs for CHPs*

Public housing transfers in Australia to 2012

	ACT	NSW	Qld	Vic	WA	SA	National total
Pre-2011 management outsourcing	200	7,900	200	1,400			9,500
Pre-2011 title transfers		400		600			1,000
SHI transfers 2010-2012	100	6,000	2,600		1,300	600	10,800
Grand total	300	14,300	2,800	2,000	1,300	600	21,300

Notes: 1. National total also includes small number of SHI transfers in Tas. 2. ACT total includes 132 homes subsequently subject to title transfer

- Excluded from our definition of transfer: SHA vacant and newly built (pre-SHI) properties – hence, zero scores for WA and SA
- Vast majority of transfers in NSW – programs ongoing since 1990s
- SHI transfers relatively large in number but no tenant consultation issues
- Most experience of *tenanted transfers* in NSW

Housing transfer drivers in the UK and Australia (highly generalised)

Driver	Importance	
	<i>Australia</i>	<i>UK</i>
Revenue maximisation	High	Low
Leveraging private finance for new supply	High*	Low
Enhanced governance/contestability	Moderate	Moderate
Operational efficiency	Moderate	Low
Tenancy service improvement	Moderate	Moderate
Leveraging private finance for stock upgrade	Low	High
Tenant/community empowerment	Low	High
Enhanced long term asset management	Low	High

* for title transfers

Existing and emerging transfer models

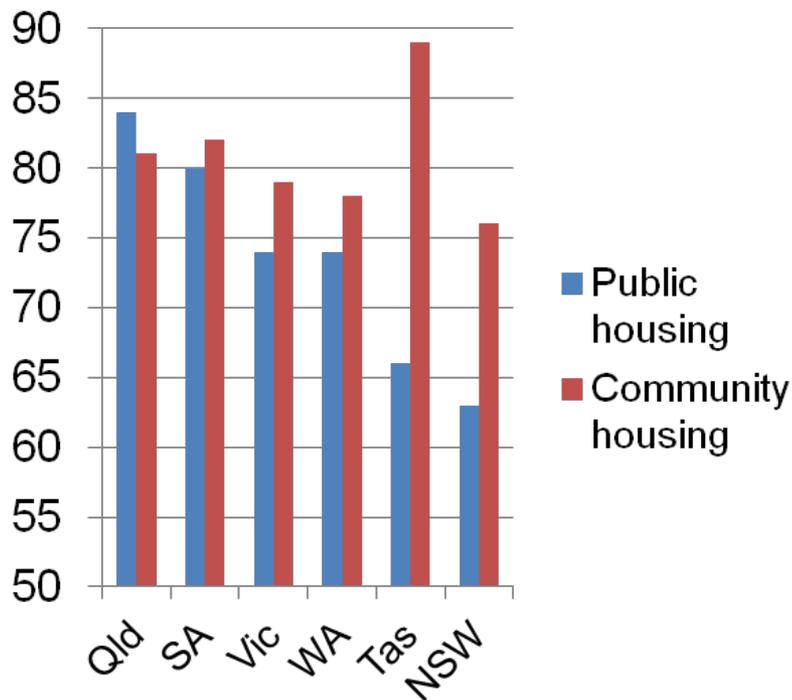
- **NSW** – numerous ‘whole of location’ and other management outsourcing transfers to existing CHPs – mainly ‘managed’ rather than competitive; (2010-2013 SHI ‘vesting’ program included competitive element)
- **Victoria** – AHV ‘cultural empowerment’ transfer; experimental ‘asset conversion’ (title) transfer in 2008
- **Tasmania** – 2013 BHF ‘place management’ management outsourcing transfer program – Up to 4,500 tenancies (35% of stock) – competitive
- **Queensland** – 2013 Logan management outsourcing transfer – up to 4,000 tenancies – competitive; plans for 90-100% handed over by 2020
- All contrast with UK where predominant form has been 100% transactions with title, mainly to newly created ‘local housing company’ style HAs

Housing transfer impacts in Australia

- Social housing system diversification – a.k.a. CH sector boosted in scale
- Enhanced investment
 - Leveraged financing of additional supply
 - Public housing property upgrading
 - ...But investment impacts dampened by insignificance of title transfers
- Former public housing tenants possibly benefiting from:
 - (a) 'More responsive' CHP tenancy services , and (b) CHP social/economic renewal programs
 - ...but evidence from tenant focus groups so far weak – perhaps because of wider legacies of stock quality and inappropriate allocations
- Local transfer impacts opaque without clearly defined/published objectives
- Title transfer leveraging goals quantified but...
 - State Govt imposed targets not always accepted by recipient CHPs
 - deliverability of agreed targets (e.g. as in NSW SHI vesting) not yet clear
- Almost total absence of evaluation

SHA/CHP customer satisfaction comparison

% of tenants satisfied with overall landlord service, 2010 (AIHW)



- UK 'stock transfer' HAs record highest satisfaction ratings of any social landlord type
- Potential scope for clearer and more consistent corporate focus in 'single purpose organisations'

Process/operational considerations – tenant choice

- Transfers cast as a ‘top-down’ ‘managerial’ exercise implemented under existing legislative frameworks
- Little or no community consultation on transfer terms – specification for successor landlord
- Tenancies transfer only when individual tenants ‘voluntarily’ consent – creates managerial complexity and financial uncertainty
- Absence of legally assured protection of existing tenancy conditions saps tenant confidence
- No legal scope for tenant choice via collective decision or ‘mandated transfers’
- Wide consensus that existing ‘tenant choice’ framework incompatible with scaled up transfer activity

Transfer barriers, risks and future prospects (1)

- Dysfunctional financial framework for social housing steadily emasculating SHAs
- But despite worsening annual losses, public housing counted as an ‘asset’ which, if transferred, damages p&l account
- CHPs cannot (as in UK) borrow sufficient finance to purchase at ‘fair valuation’ because:
 - Public housing valued by estd. sale price not ‘as a business’ (factoring in future rental income, m&m liabilities)
 - Prospective CHP rental income insufficient to service substantial borrowing because impoverished client group and limited CRA

Transfer barriers, risks and future prospects (2)

- Without political will to override ‘accountancy objections’ future transfers possibly limited to management outsourcing
- Would severely restrict potential gains in terms of:
 - Enhanced asset management
 - Beneficial introduction of commercial disciplines into social housing management
- Risks
 - Unmanaged competitive ‘portfolio allocations’ could result in chaotic and inefficient spatial outcomes
 - No firm assurance on continued CRA eligibility for CHP tenants

Issues to be addressed if larger scale transfers contemplated

- Wider financial unsustainability of social housing
- Policy must be structured to achieve justifiable long term goals – enhanced asset management, customer service, social inclusion and empowerment
- Need for agreed state level (national?) accepted minimum property condition standards
- Legislated reform needed to promote practicability (e.g. on tenant choice) and accountability
- Logical to consider potential practical benefits of custom-created recipient CHPs (e.g. in relation to staff transfer)
- Inclusive policymaking principle calls for longer lead-in times – esp. to facilitate tenant involvement and CHP due diligence

Background references

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Acronym dictionary

- C/W – Commonwealth
- SHA – State Housing Authority
- CHP – community housing provider
- CH – community housing
- SHI – Social Housing Initiative
- AHV – Aboriginal Housing Victoria
- CRA – Commonwealth Rent Assistance
- HA – housing association (UK)



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