Developments in Affordable Housing: Completing the Jigsaw

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Change, Challenge, Innovation, Inclusion
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Background to Study

2004 AHURI study first stock take of non profit affordable housing developers

- Identified small number of well performed players handicapped by lack of policy frameworks and funding
- Described 8 largest providers with 1,200 properties financed and developed

2005 AHURI report – blue print for an industry

2008 AHURI-funded update now underway (completion end 2008)

- Aspects: policy, governance & regulation, models, client outcomes
- Methods: provider survey, stakeholder interviews, financial analysis, focus groups with residents
## Sector Developments since 2004

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
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<tbody>
<tr>
<td>Adoption of State / Territory</td>
<td>- Variable scope, direction and scale</td>
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<td>affordable housing strategies</td>
<td>- Victoria, ACT strongest</td>
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<td>Using the planning system</td>
<td>- Advances in all jurisdictions, SA most comprehensive</td>
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<td>Financing</td>
<td>- New products e.g. Homestart SA, Community Banking, Westpac, NAB</td>
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<td>Regulation</td>
<td>- NSW, Victoria, WA, ACT new models</td>
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<td>- More oriented to growth providers; helping to drive capacity building</td>
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<td>Governance</td>
<td>- Govt. formed entities less prominent;</td>
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<td>- Amalgamations and group structures in existing CHO sector</td>
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<td>- Major shift to skills based boards</td>
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<td>Capacity building</td>
<td>- Private (pro bono) and public investment</td>
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<td>- New professional network, PowerHousing</td>
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<td>- National capacity building fund (announced today)</td>
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<td>Emerging national directions</td>
<td>- 2008 NRAS</td>
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<td>- 2009 NAHA</td>
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<td>- Nationally consistent regulation</td>
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Provider Developments

- Established affordable housing developers have continued to grow
- 2 new developers have established at ‘scale’
- Growing number of aspirants and newly anointed growth providers
- First cross state / national providers
- Some traditional non profits with asset base re-entering the field
- Title transfers in ACT and Victoria
- Variety of strategic private / community partnerships and business models emerging

City West Housing, Pyrmont Sydney (Milligan 2004)
### Preliminary Classification of Affordable Housing Providers

<table>
<thead>
<tr>
<th>Category</th>
<th>No.</th>
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<tbody>
<tr>
<td>1: Providers already procuring at scale</td>
<td>9</td>
</tr>
<tr>
<td>2: Growth providers intending to scale up, some with limited procurement experience</td>
<td>12</td>
</tr>
<tr>
<td>3: Providers with some limited procurement experience, unclear growth path</td>
<td>8</td>
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<tr>
<td>4: Growth partners (growing through management services linked to supply)</td>
<td>4</td>
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<tr>
<td>5: Traditional asset ‘rich’ agencies expanding</td>
<td>6+</td>
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City West Housing, Waterloo Sydney (Milligan 2008)
At Scale Providers – Survey Results

- 3220 dwellings developed in total; nearly 3 fold increase since 2004
- 2740 new supply
- Have 6120 properties under management
- 28% of staff time spent on development activities
- All but 1 providing tenancy services
- Main development challenges:
  - Planning approval
  - Site acquisition
- Critical success factor
  - Skills based board
- Growth Strategies
  - geographic expansion, mergers/amalgamations, diversifying functions, income and product mix

Note: Numbers do not include properties acquired in 1980s by Common Equity Housing Ltd
Some Issues

- Nearly 3 fold growth, but mostly in Victoria, viability still an issue
- Positioning for growth - opportunistic or strategic?
- Pressure on agency missions, core tasks, strategic directions
  - High needs or income mix?
  - Community anchorage or geographic expansion?
  - Pursuing commercial opportunities?
  - Selecting suitable partners?
- Reliance on state governments (changing)
- Coordination of effort across government agencies, although good leadership in some jurisdictions
- State differences – rules, client eligibility, funding, delivery frameworks
- Complexity / politics of project assembly
- Capacity / business systems / workforce development – resources needed now with flexibility of use!
The Future Picture?

- Rapid growth and change, accelerating
- Period of heightened risk – housing market cycle, new products, new partners, fluid policies
- Flurry of amalgamations, group structures and new players – but likely to settle out to less developers overall
- 100 dwellings a year minimum feasible development program?
- New business models
- New brands e.g. Common Ground, Housing Choices
- Innovation – tenure options, affordable housing design, green housing, community governance models, roles in urban renewal
- Financial viability / affordability challenge remains significant, especially in NSW
- But clear evidence of an emerging, self generating industry at last!