An Inquiry into Affordable Housing Industry Capacity

Information and engagement paper – June 2015

The Australian Housing and Urban Research Institute (AHURI) has commissioned an Inquiry into Affordable Housing Industry Capacity. The Inquiry is being conducted by researchers from the University of NSW, RMIT, Swinburne University, the University of Queensland and the University of Tasmania.

The purpose of this paper is to inform affordable housing industry stakeholders about the Inquiry, and engage them in its development from an early stage.

The focus of the Inquiry is on Australia’s small but growing affordable housing industry, and its capacity to restructure the social housing system to better deliver housing for low-moderate income households.

The key questions for the Inquiry are:

a) What can be learned about the capacity of Australia’s affordable housing industry from recent transfers from the public housing sector?

b) What can be learned from overseas experience of social housing restructuring and affordable housing industry development?

c) How can Australian governments and industry players most effectively grow capacity in the affordable housing industry?

1. Background to the Inquiry

Over the past 20 years, social housing in Australia has declined relative to the wider housing system, led by the decline in public housing provided by State and Territory governments. At the same time, community housing providers (CHPs) have grown and developed their functions beyond their traditional social housing role, and other actors – including some for-profit players – have begun to play a part in the financing, development and delivery of affordable housing.

Governments have looked to the emerging affordable housing industry to lever private sector finance, increase housing supply, effect urban renewal, innovate in the delivery of housing services and other programs for social inclusion, and achieve greater tenant satisfaction. To those ends, governments have taken steps to: expand the affordable housing industry through transfers of housing from the public housing sector to CHPs; develop a CHP regulatory regime; and adjust housing subsidies (for example, restructuring CHP rents, and offering incentives to private investors in affordable housing under the National Rental Affordability Scheme). As governments look to further restructure social housing, the question of the capacity of the affordability housing industry – and how properly to build it – is crucial.
2. How the Inquiry will be conducted

In accordance with AHURI’s Policy Development Research Model, the Inquiry will combine original research projects with an expert Inquiry Panel. The research will comprise two major local research projects, supplemented by two smaller international research projects.

Public housing transfers in Australia: recent programs and implications for industry development

State and territory governments have in the past carried out mostly small scale programs that have transferred public housing management and, in a few cases, assets to alternative landlords. Now, several large transfer programs are proposed or underway in Queensland, South Australia and Tasmania. This research project will consider how these programs have addressed capacity constraints in their pace, processes and resourcing.

The research will involve document analysis and modelling, and interviews and focus groups with housing providers involved in transfer programs and other stakeholders. Project team: Hal Pawson (leader), Vivienne Milligan, Edgar Liu, Chris Martin (UNSW), Michelle Gabriel (UTas), Rhonda Phillips (UQ).

Building Australian affordable housing industry capacity: a review and a road map

Drawing on the lessons of the other three research projects, this project will review the present structure and capacity of the Australian affordable housing industry, critically assess government and industry-led capacity-building strategies and initiatives, and develop support plans to guide the industry’s future development path, in the context of possible large-scale transfers of public housing to alternative providers.

The research will involve a nationwide survey of capacity issues identified by affordable housing providers, an assessment of the current level of investment in capacity building, and interviews and focus groups with CHP executives and board directors, finance and development partners, training providers and regulators (to be conducted in Brisbane, Melbourne and Sydney). A review of leading practice in building organisational capacity will also be included. Project team: Vivienne Milligan (leader), Hal Pawson, Edgar Liu, Chris Martin (UNSW), Rhonda Phillips (UQ) and Angela Spinney (Swinburne).
Social housing restructuring and affordable housing industry development in federal systems

This research project will review the recent history of social housing restructuring in four federated states – Austria, Canada, Germany and the United States – and consider the implications for the development of an affordable housing industry in the Australian federation. Project leader: Dr Julie Lawson (RMIT).

Supporting the transition of public housing to third sector control: the UK experience

This research project will identify and evaluate capacity-building actions taken with respect to the housing association sector in England and Scotland during the 1990s, when that sector was in a state of underdevelopment comparable to today’s Australian affordable housing industry. Project leader: Adjunct Professor Duncan Maclennan (RMIT).

The Inquiry Panel and the final report

The Inquiry Panel will be a source of expert advice on the findings of the research projects and help inform the final report of the Inquiry. Comprising six to eight experts in policy making, affordable housing development and organisational capacity building, the Inquiry Panel will convene twice over the course of the Inquiry (27-28 October 2015, and in April 2016).

The final report concludes the Inquiry by bringing together the findings of the research projects and information from the Inquiry Panel.

3. Inquiry timeframe

The table below indicates the expected timeframe of the Inquiry.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>International research</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major research I: public housing transfers in Australia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major research II: building Australian affordable housing industry capacity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inquiry Panel</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final report</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4. Engaging the affordable housing industry

The success of the Inquiry depends on its engagement with stakeholders in the affordable housing industry.

Now we seek your views on some initial questions about ‘the affordable housing industry’ and the concept of ‘capacity’ (see below). Please let us know what you think about these basic concepts of the Inquiry.

In August 2015 we will be asking affordable housing industry leaders, policy makers and regulators to participate in separate teleconferences about the design and scope of the Inquiry.

And over the second half of 2015, and the first half of 2016, we will be asking for your participation in the Inquiry’s major local research projects, particularly the nation-wide survey, focus groups and interviews.

We will provide updates on the progress of the Inquiry via the project homepage and social media, and Inquiry outcomes will be published by AHURI.

You are welcome to contact Inquiry researchers at any time – see ‘Contacting the Inquiry’ below.

What is ‘the affordable housing industry’?
The Inquiry proposes to take a broad view of this term, to include non-government organisations that produce and manage housing subject to affordability requirements set by government, namely:
- registered CHPs, Indigenous Community Housing Organisations and other affordable housing providers; and
organisations working with them, including:
- government funders and regulators, industry and consumer groups, professional associations, financiers, developers, consultants, training providers, and joint venture partners.

Engagement question:
Would you define the ‘affordable housing industry’ differently? Should any other organisations be included for consideration? Should any be excluded from consideration?

What is ‘capacity’?
Applied to the affordable housing industry, ‘capacity’ refers to the ability of the industry to carry out some amount of affordable housing provision and management.
The Inquiry proposes to consider the capacity of the affordable housing industry in terms of the framework set out by Connolly and Lukas:
- Mission, vision and strategy;
- Governance and leadership;
- Finance;
- Internal operations and management;
- Program delivery and impact;
- Strategic relationships.

Engagement question:
Do you think about ‘capacity’ in different terms? Does your organisation use a conceptual framework to consider its capacity or capabilities?

Contacting the Inquiry

If you would like more information about the Inquiry or its progress, or if you have information that you would like to share, please contact the Inquiry team at UNSW:

Prof Hal Pawson
h.pawson@unsw.edu.au

A/Prof Vivienne Milligan
v.milligan@unsw.edu.au

Dr Edgar Liu
edgar.liu@unsw.edu.au

Dr Chris Martin
c.martin@unsw.edu.au