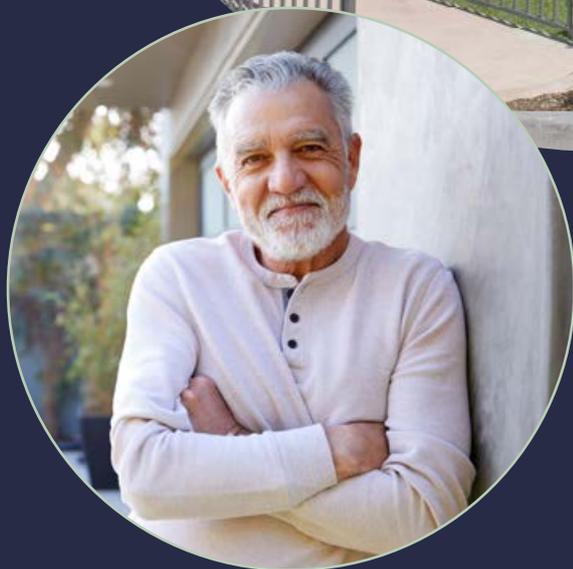


# NSW Community Housing Industry Strategy

2023–27



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# About the Community Housing Industry Strategy 2022–27





‘The Strategy was developed mindful of the critical need to improve outcomes for tenants.’

## 1.1 Introduction

This Community Housing Industry Strategy 2022–27 (the Strategy) has been prepared by the NSW Community Housing Industry Council (CHIC). It aims to:

- maximise the community housing sector’s contribution to the delivery of social and affordable housing in NSW, including by growing supply and/or by enabling effective partnerships and collaborations, and
- maximise public value.

The Strategy was developed mindful of the critical need to improve outcomes for tenants. It also supports the NSW Government’s obligation under the *Housing Act 2001* to ensure that registered community housing is developed as a viable and diversified component of the NSW social housing sector (Object j of the Act).

The Strategy was recommended by the CHIC to the NSW Government, via the Secretary of the Department of Communities and Justice (DCJ), to inform:

- the implementation of current NSW Government housing strategies – Housing 2041; Future Directions; Strong Family, Strong Communities; and Closing the Gap National Agreement targets, and
- the development of any new social housing strategies in NSW.

## 1.2 About the NSW Community Housing Industry Council

The CHIC comprises members from the community housing and government sectors, as well as independent members.

In accordance with its Terms of Reference (ToR), the role of the CHIC is to provide advice to government on policies and strategies for the development of the community

housing industry—including Aboriginal community housing—in NSW.

It aims to support the growth of the industry and optimise the contribution the industry can make to meeting government objectives and community needs in order to strengthen the broader NSW social housing system.<sup>1</sup>



**‘The industry recognises the opportunities it provides to better meet the housing needs of NSW citizens, and to maximise public value.’**

## 1.3 The role of the CHIC in developing this Strategy

In its ToR, the CHIC was tasked with the specific responsibility of developing, recommending to government, and, if approved, monitoring and/or implementing a NSW Community Housing Industry Strategy.<sup>2</sup>

Developing this Strategy has been a key task of the CHIC over the past two years.

The Strategy is industry-led and its content reflects the direction the industry aspires to. The industry recognises the opportunities it

provides to better meet the housing needs of NSW citizens, and to maximise public value. It also recognises that industry sustainability and growth are key to the health of the broader social housing system going forward. As such, the direction and actions in the Strategy aim to achieve these aspirations.

The Strategy was debated regularly by CHIC members and progressed with input from a broad range of government and industry stakeholders, both within and outside the CHIC.

<sup>1</sup> CHIC Terms of Reference, page 3

<sup>2</sup> Ibid, page 4



The aspirational nature of the Strategy means that some actions are presented as optimal for the sector, but may not be supported at this time by government or certain sections of government. The submission of the Strategy to the NSW Government asked that even if these actions do not have current government support, they be noted as the desired direction of the industry and be considered and explored on a regular basis, so as to continually test their value to both government and industry.

CHIC endorsement of the Strategy as submitted to the NSW Government was made on this basis. It reflects full CHIC support for the continued consideration of all actions within the Strategy but does not necessarily reflect full endorsement of specific actions as they are written.

## 1.4 Implementing the Strategy

To support implementation, the Strategy was aligned with Housing 2041. It was also aligned with Future Directions, Strong Family, Strong Communities and Closing the Gap National Agreement targets.

The CHIC will develop action plan/s to outline how specific actions may be directly implemented or integrated into existing plans for implementing NSW social housing strategies.

The action plan/s will also outline a process to ensure meaningful community housing sector input into the development of any new social housing strategies which are considered by the NSW Government over the five-year life of this Strategy.



‘The CHIC will develop action plan/s to outline how specific actions may be directly implemented or integrated into existing plans for implementing NSW social housing strategies.’

# 2

## The community housing industry



The community housing industry is characterised by both what it provides and who provides it.

The core purpose of the community housing industry is to deliver housing solutions for people whose needs are not met in the private market, in order to improve their wellbeing and independence. These ‘sub-market’ community housing products and services encompass social housing, affordable housing and private rental assistance products – delivered within a government policy framework that defines the targeting, eligibility and type of assistance for different needs.

While there are other forms of housing assistance delivered by government, non-government organisations and for-profit providers, the community housing industry consists of organisations that are formally recognised and regulated under NSW Government legislation as sharing a commitment to client outcomes and working within the government’s social policy framework. These registered community housing providers (CHPs) and Aboriginal community housing providers (ACHPs) are required to meet both the eligibility criteria and statutory requirements under the National Regulatory System for Community Housing (NRSCH).

**‘The core purpose of the community housing industry is to deliver housing solutions for people whose needs are not met in the private market, in order to improve their wellbeing and independence.’**



Historically, community housing started as local services that received grant funding from government to deliver small-scale tenancy management services or tenant-managed housing projects – whilst the vast majority of housing assistance was delivered through public housing that was owned and managed directly by government. Over the last 20 years, the community housing industry has matured in terms of its scale and diversity, to currently manage over one-third of NSW’s social housing.

As at 30 June 2022, there were 186 registered CHPs operating within the NSW jurisdiction. Of these, 176 were registered under the NRSCH and ten under the NSW Local Scheme (NSWLS).





Thirty-three of these CHPs are Aboriginal community-controlled organisations. Some of these CHPs and ACHPs operate at-scale – as tenancy managers, housing developers and place managers – whereas others focus on local or niche roles. Some have plans for significant growth, whereas others plan to consolidate as either a standalone local provider or through partnerships, joint ventures or amalgamations.

While government also partners with the private sector and other non-government organisations on housing initiatives, the legislatively recognised role and regulated nature of registered CHPs and ACHPs uniquely characterises the key features of the community housing industry – namely:

- CHPs and ACHPs are independent of, but regulated by, the NSW Government – ensuring that public investment in community housing is protected. While registration in the community housing industry is voluntary, access to government assistance is dependent on CHPs being registered and regulated.
- CHPs and ACHPs are required to demonstrate ongoing compliance with legislated standards for protecting tenants’ rights; facilitating access to support for vulnerable tenants; maintaining property condition and housing amenity; and building local partnerships to contribute to socially inclusive communities.

### The community housing industry in NSW



- CHPs and ACHPs are required to demonstrate their commitment to tenant outcomes and promoting opportunities for tenants to be involved in their community.
- CHPs and ACHPs that receive NSW Government assistance are required to enter into a Community Housing Assistance Agreement to ensure that public investments are only used for the provision of housing aligned to public policy objectives.

In addition, the 33 Aboriginal community-controlled CHPs state within their charter their explicit social purpose of serving either a discrete or broad set of Aboriginal communities/groups in NSW and are recognised as being authentically embedded within recognised Aboriginal communities. Partnerships with ACHPs present unique opportunities of investing in First Nations economic development through procurement activity.

The community housing industry is now widely recognised for its track record in:

- ✓ delivering best-practice tenancy management, support coordination, sustainable asset management and socially integrated housing development and place planning
- ✓ ensuring high standards of financial management, probity and governance – supported by professional boards with extensive business and community experience promoting opportunities for tenant participation and community engagement in designing and planning housing services
- ✓ offering a continuum of social and affordable housing solutions to meet the housing needs of vulnerable households and those requiring support to transition to housing independence
- ✓ mobilising policy, financing and planning system levers to address government priorities.

The Community Housing Industry Strategy seeks to better leverage the positioning and maturity of registered CHPs and ACHPs to grow and improve community housing. This includes building on the existing legislative and NRSCH regulatory framework, the demonstrated industry capacity in recent major government initiatives (e.g. Social and Affordable Housing Fund [SAHF] and the Social Housing Management Transfer [SHMT] program) and enablers such as the National Housing Finance and Investment Corporation (NHFIC).





‘The Community Housing Industry Strategy seeks to better leverage the positioning and maturity of registered CHPs and ACHPs to grow and improve community housing.’

# 3

## Vision



The community housing sector’s vision is to improve the wellbeing and independence of people who face significant barriers to accessing secure, affordable and appropriate housing – by leveraging community housing as the preferred vehicle for growth and service improvement.



This vision aligns with Housing 2041 (the NSW Government’s Housing Strategy) and Future Directions for Social Housing (Future Directions) strategies which outline the government’s priorities for housing over the next 20 years and also outline aspirations for the community housing industry to own and manage a growing volume and greater proportion of social and affordable housing – leveraging NSW and Australian Government investment to increase overall housing supply and improve client outcomes.

The vision also aligns with National Agreement on Closing the Gap 2019–29 targets, priority reforms and the Aboriginal Housing Office Strong Family, Strong Communities strategy – which is a ten-year plan to improve the wellbeing of NSW Aboriginal families and communities through housing.

Under this vision, the ongoing policy, commissioning and stewardship role of government would be increasingly implemented through partnerships with registered CHPs to:

- increase the proportion of the social housing portfolio<sup>3</sup> owned/managed by CHPs
- grow the total portfolio of community housing dwellings<sup>4</sup>

- improve the outcomes achieved for assisted households
- increase the number of households transitioning to housing independence.

Leveraging community housing as a vehicle for growth and service improvement is intended to:

- deliver greater public value from existing social housing assets and funding, and mitigate the risk to government from an ageing social housing portfolio
- fast-track opportunities to implement the NSW Government’s Future Directions for Social Housing and Housing 2041
- maximise the social policy outcomes delivered through the government’s investment in social housing – in particular, the Premier’s Priorities and broader improvements in health and wellbeing associated with stable housing
- promote innovative and locally relevant solutions to unmet housing needs – within a risk-based regulatory framework that allows government to retain market stewardship.

3 Properties available for leasing under a Residential Tenancy Agreement that are subject to the NSW Government social housing eligibility and tenancy policies and/or properties available for leasing under a Residential Tenancy Agreement subject to the NSW Affordable Housing Ministerial Guidelines that are owned/managed by CHPs

4 Ibid

## 4

## Objectives



The industry strategy recognises that registered, not-for-profit CHPs and ACHPs offer strategic advantages and enhanced value for money in leveraging policy and taxation settings, assets, lower-cost finance and service management systems to improve outcomes for individuals, households and communities across NSW.

The framework proposes the industry strategy be aligned to the four pillars identified in

Housing 2041: supply, diversity, affordability and resilience. Within each pillar, an aspirational strategic agenda is outlined to guide policy development, decision-making and collaboration – recognising that the strategy is a living document that needs to evolve as the Secretary and Ministers respond to recommendations from the CHIC about proposed targets and specific actions for implementation.

## Our objectives

- Increased supply of social and affordable housing
- Excellent tenant outcomes
- Housing diversity and choice in every community
- Resilient and environmentally efficient housing supply
- Strong, viable and sustainable community housing

## Our priority areas



### Supply

#### More community housing

- Growth targets and pipelines
- Asset ownership and management
- Aligning supply with priority outcomes
- Contribution to economic growth of state and communities
- Working with local government



### Diversity

#### Flexible responses to community need

- Government policy that supports growth and innovation
- Growth opportunities for local and regional CHPs and ACHPs
- Better place planning
- Tenant outcomes measurement and benchmarking



### Affordability

#### More secure, affordable housing

- Affordable housing outcomes
- Investment markets for affordable housing



### Resilience

#### Strong communities, strong sector

- Sustainable housing and communities
- Strong partnerships with communities and government
- Ensuring long-term viability of the community housing sector
- Capital maintenance investment in better, more efficient housing

## Our foundations

- National Partnership Agreements (e.g. NHHA)
- Housing 2041
- Future Directions for Social Housing
- Strong Family, Strong Communities
- Closing the Gap National Agreement

These objectives align with and are supported by the four pillars of focus within Strong Family, Strong Communities being:

- housing solutions
- client outcomes
- growing the sector, and
- data and evidence.





## 4.1 Supply

By planning for the supply of new social and affordable housing over the next 20 years, including the amount, location and timing of new supply, the NSW Government and the community housing sector can deliver new housing supply in response to environmental, employment and investment considerations, and population and demographic change.

Housing 2041 outlines the following objectives in relation to supply:

- Support a pipeline of housing that creates choice for people and households at different prices, enabling people to live in homes of the right size with the right accessibility to well-serviced locations, positively shaping the communities of NSW.
  - Continuously monitor housing data and trends to deliver cross-sector, evidence-based decision-making.
  - Provide certainty and efficiency to support more stable and predictable supply patterns
- and market conditions that leverage investment, infrastructure and geography, and respond to changing conditions, needs and preferences.
  - NSW Government-led residential projects deliver wider public benefits including diversity, affordability, resilience and financial sustainability.
  - Government support and targeted intervention facilitate supply through reduced planning assessment times and red tape to stimulate economic growth and recovery.



The Strategy will support the delivery of Housing 2041's and Future Directions objectives through the following key actions:

#### 4.1.1 Housing supply targets and pipelines

Development of a community housing growth plan as an adjunct to Housing 2041 – based on a target of increasing CHP and ACHP ownership/management of social housing by 2025 and increasing the total number of community housing dwellings by 2030. The strategy to achieve this target would include:

- a coordinated plan for the release of new social and affordable housing delivery programs, which are similar to, or based on, the Social and Affordable Housing Fund (SAHF), Social Housing Management Transfers (SHMT) and Communities Plus
- a plan for leveraging NHFIC and local government affordable housing opportunities

to expand affordable housing

- a mechanism to facilitate an 'opportunistic pipeline' of CHP- and ACHP-initiated social and affordable housing projects
- a mechanism to expand opportunities for regional and smaller providers to leverage their local market position to lead smaller-scale social and affordable housing projects.

Housing supply targets should inform and be informed by the development of the 2023–27 Housing Action Plan. These targets should also recognise the implementation of Strong Family, Strong Communities and its focus on new supply and ownership transfer.

## 4.1.2 Asset ownership and management

Increased asset ownership remains a key aspiration of the community housing industry. This is evidenced by growth in CHP property ownership through the SAHF; National Rental Affordability Scheme (NRAS); opportunistic spot purchases through accumulated surpluses; title transfer of development sites by councils; and leveraging targets associated with the NSW Government's Asset Vesting Program (ended June 2021). It is also a feature of recent government investments in CHPs and ACHPs through the Community Housing Innovation Fund (CHIF) and Aboriginal Community Housing Innovation Fund (ACHIF).

To support this aspiration, the community housing growth plan should include a whole-of-government strategy on optimising the capacity of CHPs and ACHPs to borrow against their

balance sheet/cashflow e.g. through asset vesting. The strategy would include agreed targets and principles for decision-making – underpinned by evidence about the benefits to government and the community, including:

- past performance of CHPs and ACHPs in leveraging vested assets
- savings to government by fully removing any structural maintenance liability and asset replacement costs
- cost benefits of leveraging the capacity of CHPs and ACHPs to borrow from NHFIC for maintenance and upgrade in order to renew and improve the existing stock
- recognising the importance of higher value stock remaining with LAHC for Communities Plus and strategic sales.



**'Increased asset ownership remains a key aspiration of the community housing industry.'**



## 4.1.3 Aligning supply with priority government outcomes

Enhancements to government policy and strategies in relation to new supply, to allow more flexible and innovative housing solutions to drive the achievement of priority government outcomes aligned to the Premier's Priorities and emerging needs of people on the priority waitlist. The strategy to achieve this would include:

- linking CHP and ACHP growth opportunities to specific outcome targets linking growth opportunities for ACHPs to delivering better outcomes for Aboriginal people

- linking growth opportunities for local and regional CHPs to priority outcomes for young people, older women, women and children escaping violence, and rough sleepers.

Better access to information and data will play a key role in the achievement of supply outcomes. The establishment of the Housing Evidence Centre, the availability of information about Crown land and LAHC's LGA needs analysis will all play an important role in achieving better supply outcomes and opportunities.

#### 4.1.4 Contribution to economic growth of NSW and our communities

Investment by government and community housing providers in community housing and improved social housing has direct and indirect economic benefits for both the state economy as a whole and for individual households supported by community housing. Households with stable, affordable and secure housing contribute more to the economy over time through both increased economic engagement and reduced demand for state-funded services.

The Strategy will enhance these economic outcomes by:

- leveraging the flexibility of CHPs and ACHPs to fast-track ‘shovel-ready’ social

and affordable housing projects to support government economic stimulus packages

- leveraging CHP and ACHP ability to deliver more localised social and affordable housing projects in a range of metropolitan and regional areas
- leveraging the ability of ACHPs to deliver culturally appropriate and community controlled Aboriginal housing, in turn supporting better economic and social outcomes for Aboriginal communities
- support better tenant outcomes through the delivery by CHPs and ACHPs of best practice tenancy management.



#### 4.1.5 Working with the Federal Government

The community housing sector and this strategy acknowledges the important role of the Federal Government in supporting the feasibility of CHPs and ACHPs and the growth in supply in social and affordable housing, notably through Commonwealth Rent Assistance and the National Rental Affordability Scheme (NRAS).

The National Housing and Homelessness Agreement (NHHA), was due to be renegotiated

in 2022 (the current NHHA expires on 30 June 2023). The review carried out by the Productivity Commission in September 2022 also plays a central role in supporting supply. The community housing sector supports the development of a national housing strategy in conjunction with state governments and believes a renegotiated NHHA should be informed by the national strategy.

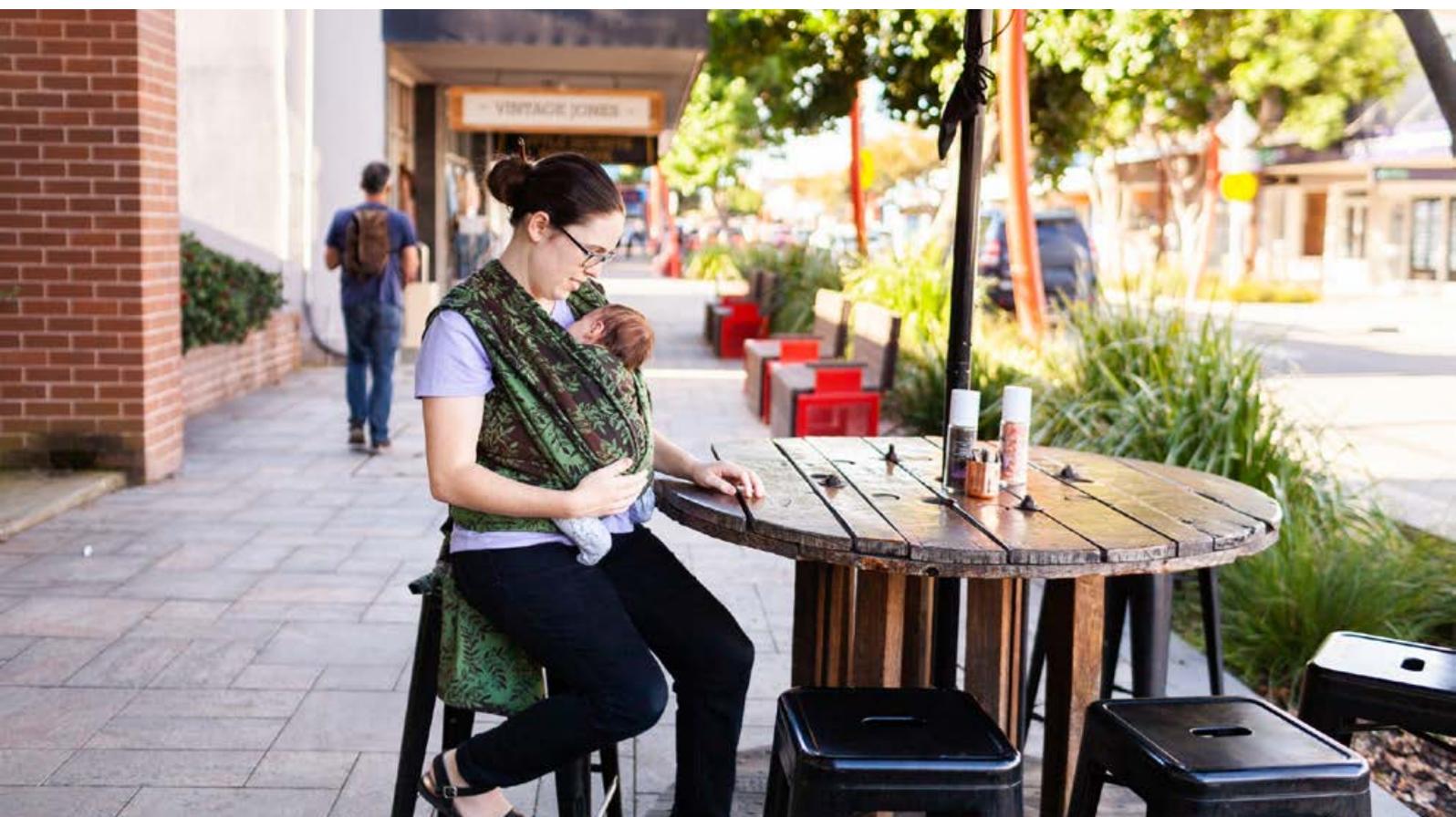
#### 4.1.6 Working with local government

CHPs have a strong understanding of the needs and aspirations of local communities. CHPs and ACHPs are part of those communities – they work and live there, employ local people and businesses and have a vested interest in the strength of those communities in the long term.

CHPs' and ACHPs' understanding of community is shared by local government. The community housing sector believes that stronger partnerships between CHPs/ACHPs and local government can deliver better housing outcomes for low-income tenants, whilst delivering

housing solutions that are appropriate for each local community. CHPs and ACHPs are flexible and diverse and this allows us to provide local housing solutions in a range of models that can be implemented in close consultation with local government and the community.

Local solutions should be developed in close consultation between CHPs/ACHPs and local governments. The further development of closer relationships between local governments and the community housing sector is a priority in this strategy.



#### 4.1.7 Collaboration and partnership with government

All levels of government and the community housing sector must seek to collaborate and partner more effectively to leverage the skills, capability and capacity of each partner to deliver on social and affordable housing outcomes, including tenant outcomes. The development of a national housing strategy will support this collaboration.

Better and earlier engagement by the community housing sector in the development of regional and city strategic plans is also important to help shape those plans and to promote the adoption of stronger social and affordable housing targets within the plans.



## 4.2 Diversity

Diversity refers to different types of housing and how a diverse choice of housing can reflect the needs and preferences of households.

CHPs and ACHPs play a pivotal role as place managers in vulnerable communities where they operate – covering locations with high concentrations of social housing; in mixed tenure precincts; and in local and regional communities serviced by local CHPs and ACHPs. The community housing industry has a strong focus on tenant outcomes, including:

- capacity to coordinate wrap-around support with housing solutions
- strong local community connections to engage with all parts of the service system
- promotion of genuine opportunities for tenant participation and community engagement in designing and planning housing and services
- flexibility to innovate to deliver person-centred services.

Housing 2041 outlines the following objectives in relation to diversity:

- New and updated housing must be easily adaptable to meet the changing and varied needs of NSW residents. This should include housing for people earning low to very low incomes; older people; younger households; multi-generational households; people living alone; people with disability; and essential workers in ‘hard to fill’ locations, such as teachers at small, remote schools.
- The social housing portfolio reflects the profile of cohorts seeking assistance.

- Culturally appropriate housing is available for people of all backgrounds.

This strategy recognises and supports the importance of improving outcomes for Aboriginal tenants and the focus in Strong Family, Strong Communities on Aboriginal-led co-design and the development through Services Our Way of trauma-informed, culturally appropriate service coordination and support for vulnerable families and communities.

The community housing industry is well positioned to deliver different types of housing, as well as a diverse choice of housing, for tenants across the life course. Community housing providers include large organisations that operate at scale and undertake major community redevelopments; to Aboriginal CHPs and Local Aboriginal Land Councils that offer community-controlled housing; to large social enterprises that leverage their assets to undertake smaller-scale community housing projects; to local CHPs and support services that manage small portfolios to address specific local community needs.

As a result, the community housing industry adds value through their capacity to achieve better tenant outcomes and better community outcomes through socially inclusive housing and place planning – while retaining the flexibility to adapt services to changing tenant and community needs.



**‘The community housing industry is well positioned to deliver different types of housing, as well as a diverse choice of housing, for tenants across the life course.’**



The Strategy will support the delivery of the objectives of Housing 2041, Future Directions and Strong Family, Strong Communities through the following key actions:

#### 4.2.1 Government policy that supports growth and innovation

Incorporating into the community housing growth plan a strategy for leveraging the government’s ongoing policy, commissioning and stewardship role in creating an environment that facilitates community housing growth. The strategy to achieve this would include:

- agreement on a government commissioning framework for community housing that reflects the contemporary service system with multiple asset owning non-government and government providers delivering services operating at scale and in a competitive environment
- legislative and planning system changes to significantly reduce the time needed for planning approvals for community housing projects
- identification of funding streams that facilitate new supply based on a co-contribution model to leverage external resources.



#### 4.2.2 Growth opportunities for local and regional CHPs

Small-scale management and title transfers to local and regional CHPs and small-scale local development projects linked to specific place

planning objectives and strategies – targeting vulnerable communities, difficult-to-service locations and regional priorities.

### 4.2.3 Growth opportunities for Aboriginal CHPs

Implementation of the Aboriginal Housing Office (AHO) Management Transfer Program and other growth opportunities linked to specific NSW 'Closing the Gap' priorities.

Under the Strong Family, Strong Communities strategy, the AHO is working with Aboriginal Community Housing Providers to promote sustainable growth within the sector – including a requirement that ACHPs either:

1. achieve registration under the NRSCH or the NSW Local Scheme (NSWLS); or
2. enter into a Management Agreement with a NRSCH accredited ACHP; or
3. are approved under the gazetted Community Benefit Scheme – Residential Accommodation (CBSRA) under the NSW *Aboriginal Land Rights Act (ALRA) 1983*; by 31 December 2022.



### 4.2.4 Supporting growth and capacity building in smaller providers

Providing support through capacity-building initiatives and growth opportunities for smaller Tier 3 CHPs and ACHPs is an important

element of improving diversity in housing and supporting the specific and culturally distinctive communities that these providers serve.

### 4.2.5 Better place planning

Integrating the Community Housing Industry Strategy into place planning through the LAHC Communities Plus, Greater Sydney Commission, Landcom affordable housing development and

other government social and affordable housing programs – by better defining the role and growth opportunities for CHPs and ACHPs in precinct place plans and major redevelopment projects.

### 4.2.6 Tenant outcomes measurement and benchmarking

Development and implementation of a common set of client outcome metrics and a measurement and reporting methodology (building off the NRSCH) for benchmarking across peer CHPs and with government housing providers – covering

client satisfaction, sustaining tenancies, personal wellbeing – and cohort-specific outcomes such as participation in education, employment and training, and transitions to housing independence.



## 4.3 Affordability

The community housing industry is a key delivery partner in the development and provision of safe, secure and affordable housing. Housing 2041 recognises that people live in diverse tenures based on their income and circumstances, and that housing should be affordable, stable and supportive of their aspirations and wellbeing.



Housing 2041 includes the following objectives in relation to affordability:

- Housing should respond to affordability challenges across the sector, including purchase and rental affordability, to ensure everyone can access the benefits of safe and secure housing in the right location, regardless of tenure.
- People should be able to access secure housing, local facilities, employment opportunities and jobs, and their personal networks, whether they own their home outright or with a mortgage or rent in the public or private market. This includes older women renters reaching retirement with limited assets.
- Reduction in waitlists for social housing for those most in need.

Housing 2041 recognises the growth of the community housing industry as a priority action. Historically, community housing growth has been associated with periodic management and title transfers of government housing stock – rather than a clearly articulated long-term plan. However, there are significant strategic opportunities in place or emerging that support the development of a longer-term plan to underpin growth – including the:

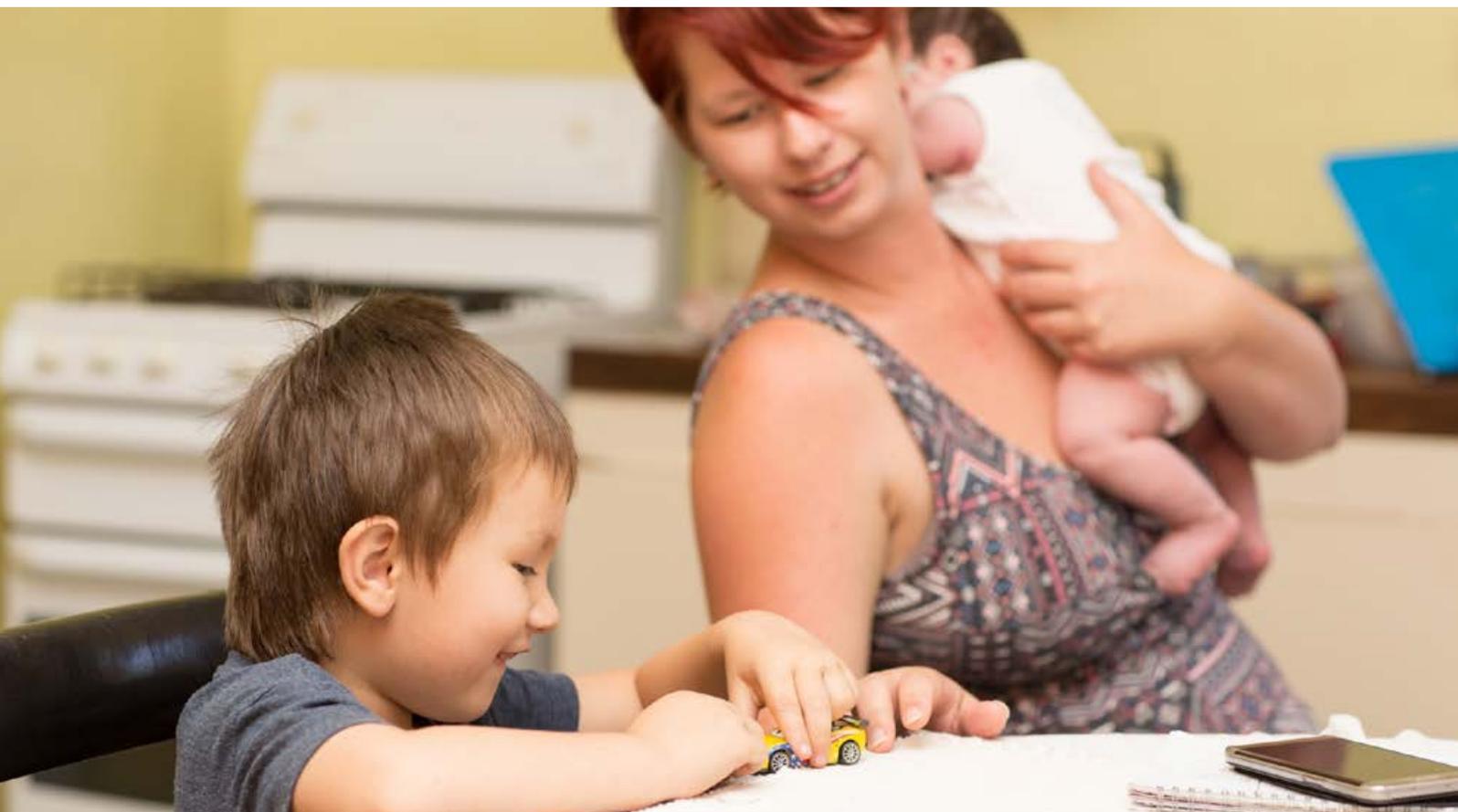
- CHP- or ACHP-initiated projects that leverage both existing assets under management and funding streams including SHMT properties, transfer of short-term leased LAHC properties to longer-term leases, and community housing leasehold program payments to deliver growth
- expansion of management and title transfer programs to provide a more sustainable financial basis to address maintenance backlog and enable responsive maintenance in an ageing portfolio
- National Housing Finance and Investment Corporation (NHFIC) rollout of the Affordable Housing Bond Aggregator to provide loans to registered CHPs for social or affordable housing
- expansion of SEPP 70 across NSW
- work on the Affordable Rental Housing Target scheme by the Greater Sydney Commission
- CHP-initiated proposals for using local government and private land/investments to deliver growth opportunities (e.g. surplus government land; Build-to-Rent with developers; Industry Super Fund investments).

The Strategy will support the delivery of the objectives of Housing 2041, Future Directions and Strong Family, Strong Communities through the following key actions:

### 4.3.1 Affordable housing outcomes

Development of an affordable housing strategy focused on expanding the continuum of social and affordable housing solutions to improve outcomes for households requiring support to transition to housing independence. The strategy to achieve this would include:

- increased flexibility in CHP and ACHP management of private rental assistance for households whose housing needs can be met in the private market
- housing solutions to assist young people and women escaping violence transition to greater housing independence
- CHP and ACHP participation in Build-to-Rent and affordable housing delivered through planning incentives and levies
- CHPs' and ACHPs' direct involvement in affordable housing schemes developed by councils
- better planning outcomes and management and regulation of affordable housing planning instruments
- consideration of home ownership opportunities for Aboriginal tenants on LALC-owned land.



### 4.3.2 Investment markets for affordable housing

Incorporating into the community housing growth plan a strategy for leveraging institutional investment in affordable housing. The strategy to achieve this would include:

- agreement on a coordinated government and industry 'pitch' and marketing campaign
- working with NSW Treasury and DPIE to integrate the Strategy into Housing 2041 and future Action Plans.
- to promote CHP and ACHP affordable housing projects to Industry and Retail Superannuation Funds



## 4.4 Resilience

All community housing projects and programs face the same fundamental challenge of funding the gap between revenue gained from sub-market rents and the costs of housing services and planned and responsive maintenance – requiring a long-term, integrated approach to market stewardship.

This is compounded by an ageing portfolio with increased risk of safety failures and fire risks, ‘thin’ margins on community housing activities, and the historical lack of capital maintenance funding to ensure long-term viability without reducing overall supply.

Further, CHPs and ACHPs have advocated that key elements of conventional procurement approaches add significant additional costs, complexity and the risk of sub-optimum outcomes in delivering more and better-quality community housing.

Under the appropriate procurement, asset ownership and funding models, CHPs and ACHPs

offer strong competitive advantages in relation to viability and sustainability including the:

- capacity to attract additional resources which may not be available to government such as investment, access to (non-state government) land, waived development fees, equity contributions or Commonwealth Rent Assistance
- capacity to benefit from cost efficiencies such as tax concessions, waived developer profit, operating efficiencies, philanthropy or rates relief (for owned land)
- flexibility to innovate to maximise housing outcomes from available resources.

Key actions to realise these opportunities include:

#### 4.4.1 Sustainable housing and communities

Development of a roadmap for improving the energy efficiency of community housing, to provide certainty to the sector and support scaling up of retrofit measures. Key elements of the roadmap should include:

- establishing a clear trajectory for the introduction of new or enhanced sustainability requirements for both new build and existing housing, towards the goal of net-zero emissions
- analysis of the environmental performance of public and community housing stock, and modelling of cost-effective ways of improving efficiency at-scale
- a joint NSW Government and CHP/ACHP implementation plan, which outlines practical steps that can be taken to retrofit existing

housing to achieve desired energy efficiency standards. This implementation plan will need to consider how barriers to scaling up retrofit can be overcome, including funding and financing mechanisms.

- tools to support uptake of environmental, social and corporate governance and build CHPs’ and ACHPs’ capacity to embed sustainability in business practices, including decisions around capital maintenance
- support from government to drive innovation and uptake, including incentives/subsidies, engaging with industry to ensure the right skills are in place, designing and delivering the right types of infrastructure, and by delivering new approaches on government-owned land.



#### 4.4.2 Strong partnerships with communities and government

Development of a Community Housing Partnership Framework (CHPF) to codify a streamlined, lower-cost approach to procuring and managing community housing contracts for longer-term, large-scale initiatives. This would be similar to the SAHF, SHMT and Communities Plus schemes. Key principles for the guidelines should include:

- a collaborative approach to risk allocation decisions and managing uncertainty
- an obligation to consider and mitigate any significant negative impacts of contracting and commercial arrangements on CHP viability
- balancing government value for money and probity responsibilities with the costs of open tendering for CHPs and ACHPs
- minimising compliance and reporting burden
- flexibility to innovate.



#### 4.4.3 Capital maintenance investment in better, more efficient housing

Establishing a community housing capital maintenance strategy to fund legacy issues of stock transferred to CHPs and ACHPs with significant maintenance backlogs or those that are beyond economic repair. Key elements of the strategy should include:

- establishing a capital maintenance fund, in cooperation with the NSW and Commonwealth governments, to provide competitive access to a sustainable pool of funding for capital maintenance over the life cycle of the portfolio (including replacement costs for properties beyond economic repair). This is similar to the process adopted by LAHC for stimulus funding it received from Treasury
- arrangements to promote best-for-portfolio decision-making with the asset owner for the CHP and ACHP leasehold portfolio – to streamline approval processes for CHPs/ACHPs to renew or improve properties.

#### 4.4.4 Ensuring long-term viability of the sector

Development of tools and resources for both organisation-level and industry-wide strategic planning based on strong evidence about the main factors impacting registered CHP and ACHP viability, and the strategies for mitigating viability risks. Key elements should include:

- improved data and benchmarking capability to support strong CHP/ACHP performance
- joint NSW Government, NRSCH Registrar and registered CHP/ACHP analysis of the impact of internal and external factors that positively and negatively impact provider viability (e.g. NSW Government policy settings, rising costs of insurance/wages)
- CHP-/ACHP-led analysis of issues and options to achieve the right balance between community responsiveness and operational efficiency/effectiveness – in particular the opportunities and risks of:
  - growth for Tier 2 and 3 providers
  - diversification of CHP businesses to other social enterprises
  - sector consolidation and/or partnerships between CHPs/ACHPs.
- ACHP-led analysis of issues and options to improve the viability of Aboriginal housing – recognising the unique cost pressures facing ACHPs including working in regional and remote areas, and managing legacy issues of severe overcrowding and backlog maintenance
- CHP-/ACHP-led analysis of issues and options associated with workforce planning to support growth.

