
Unravelling housing



A report on a study tour supported by
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EXECUTIVE SUMMARY

Housing need in New Zealand is now well documented, and affordable housing is a critical issue. Not-for-profit housing organisations could play a much greater role in addressing New Zealand's affordable housing issues. How we do this was the focus of my study tour.

I travelled to Australia and the UK to look at the growth of not-for-profit social housing organisations. The growth in the provision of social and affordable housing by not-for-profit organisations has significantly changed the landscape of social housing in the UK and now increasingly in Australia. The scaling up of these organisations – through government financial investment, the transfer of stock, and other initiatives – has proved to be a highly successful method of increasing the quality and supply of social and affordable housing. There is now a huge amount of evidence-based experience that New Zealand can learn from.

To achieve the potential of our not-for-profit housing sector in New Zealand, we need the will to make real change, a strategy, changes in government policy, and adequate investment and tools. We also need a focus on strong, safe, mixed communities where people want to live. We need different models and new ways of operating.

I am delighted to have been granted a Winston Churchill Fellowship and I am very grateful to the Trust for accepting my application. The learnings from my study tour will be forever valuable to me personally and professionally, and I hope will somehow help people in housing need in New Zealand.



Visiting Riverwood North in Sydney – a redevelopment project with Housing NSW and a private sector property developer with St George Community Housing as a partner.

DEFINITIONS

I have used terms as each country uses them.

Social housing: An umbrella term referring to rental housing that may be owned and managed by governments and/or by not-for-profit organisations. It is rental housing for low/moderate income households (primarily on income support) that also face multiple barriers to accessing and sustaining housing.

Affordable housing: Accommodation in which the total housing costs are affordable for those living in the housing unit. The commonly accepted guideline for housing affordability is a cost that does not exceed 30% of a household's gross income. Affordable housing is usually, although not exclusively, provided by social housing providers and can comprise both rental and home ownership.

Community housing: Social and affordable housing provided by not-for-profit community organisations. This term is used primarily in New Zealand and Australia.

Housing associations: UK term for social and affordable housing provided by not-for-profit community organisations.

Not-for-profit social housing organisations: An umbrella term for all the terms for social/affordable housing provided by not-for-profit organisations – i.e. community housing organisations and housing associations.

Third sector housing: Housing that is not provided by the private market (first sector) or public/government agencies (second sector). Third sector is housing provided by community not-for-profit and social enterprises.

Public housing: Social housing in which the property is owned by a government authority, which may be central or local. In New Zealand we refer to **state housing**. The term public housing is used in Australia.

Market rental housing: Housing offered for rent on the open market. There are no restrictions as to the type of client group, and rent setting is governed by demand and supply conditions on the open market.

Home ownership: This includes rent to buy, shared equity or shared ownership assistance facilitated by a housing provider for eligible social and/or affordable housing clients.

Private home ownership or market sales: Units for sale on the open market. There are no restrictions as to potential purchasers, and the price is determined by demand and supply conditions on the open market.

Council housing: A council house, normally part of a council estate, is a form of public or social housing owned by a local authority/government organisation. This term is used primarily in the UK.

INTRODUCTION

The purpose of my trip

To travel to Australia and the UK to research the growth of not-for-profit social housing organisations (also known in New Zealand as the community housing sector). The focus was on exploring different models of social housing provision and funding, and I was particularly interested in social enterprise.

The question I wanted to answer was:

‘What do we need to do in New Zealand to create an environment that will enable real growth of the community housing sector?’

Whom I met and why

In total I met with over 30 organisations and individuals, including housing providers, government agencies, social service agencies, peak bodies, tenant groups, financial organisations, councils and researchers. These are listed in [Appendix one](#).

I was very careful in my choice of housing organisations to visit and interested in those that have a clear, strong vision that, along with provision of affordable housing, emphasises making a positive contribution to **people and places**. Organisations that:

- are **values based**
- clearly demonstrate that those **values are at the core of what they do**
- have strategic goals that include **tenant wellbeing and community development** as well as increasing housing supply
- have a clear geographical area.

Values provide a framework for how we treat each other, how we treat customers, and how we achieve our vision and the outcomes we want. Growing the community housing sector in New Zealand is not just about more leverage for the government dollar, it's about achieving better outcomes for people and communities, as well as government. We must insist that the growth of community housing in New Zealand is driven by values and the vision of achieving better outcomes for people living in our homes and the wider community. Examples of strategic goals that attracted to me to particular organisations are in [Appendix two](#).

The power of meeting

In this age of the internet and social media we can forget the power of face to face contact. My study tour gave me the opportunity to explore ideas, ask questions, ask further questions, and really get to the heart of matters. I have built long-term relationships that I'm sure will have ongoing professional benefits.



Team at Longhurst Housing Group, Lincolnshire, UK

BACKGROUND AND CONTEXT

Housing need

I could do a whole report on housing need in each country and comparing this need across the countries, but that's not the focus of this report. Housing need in New Zealand is now well documented and there are many other reports and information that discuss and outline this.¹

Community housing organisations are independent of government and any profits they make are usually reinvested to provide further services, rather than distributed to shareholders or members. Globally, the community housing sector is highly diverse but, as a general rule, community housing organisations tend to be values-based, provide affordable homes for rent and home ownership – often along with other support services – and focus on improving social capital.

In most Western countries the community housing sector has grown in size and importance in recent decades. This growth can be seen as one aspect of a trend for governments to move away from owning and managing affordable housing and towards taking a more enabling role by encouraging greater diversity of provision.

Up until now, the community housing sector in New Zealand can be seen as exemplifying a 'no. 8 wire' approach. For example, the Wellington Housing Trust (which I have worked for since 2003) has, with very limited resources and a great deal of commitment, innovation, and perseverance, helped many people with their housing needs over its 30-year history. It provides housing and services to people on low or moderate incomes whose housing needs are not being met by other providers. The Trust is one of the longest-established community housing organisations in New Zealand.²

Background – UK

Up until 1979, most social housing was provided by local councils. Following numerous government initiatives, the role of council housing has been reduced and housing associations have increased in importance. In 1985, UK housing associations ran only 13% of all social housing. The rest were council houses. By 2007, it was half and half. By 2012, only 40% were still in council hands, against 60% owned by housing associations.³

Housing associations are independent, not-for-profit social businesses that generally provide both homes and support for people in housing need, as well as key community services. Housing associations (HAs) vary in size from those with fewer than 10 homes to those providing more than 50,000. They also vary in quality – I don't believe we should follow the examples set by some.

¹ Two reports that are useful for an overview of the current issues in New Zealand are:

1. September 2010. Department of Building and Housing. *New Zealand Housing Report 2009/2010: Structure, Pressures and Issues*. Available from <http://www.dbh.govt.nz/UserFiles/File/Publications/Sector/pdf/2009-2010-nz-housing-report.pdf> [Accessed May 2014].

2. March 2012. New Zealand Productivity Commission. *Housing Affordability*. Available from http://www.productivity.govt.nz/sites/default/files/Final%20Housing%20Affordability%20Report_0_0.pdf [Accessed May 2014].

² For more on Wellington Housing Trust and the community housing sector in New Zealand see www.dwell.org.nz

³ 2014. Meek, J. *Where will we live?* London Review of Books [Online] vol. 36 no. 1 pp. 7-16. Available from <http://www.lrb.co.uk/v36/n01/james-meek/where-will-we-live> [Accessed January 2014].

HAs are now the main providers of affordable housing in England, providing 2.5 million homes to 5 million people. According to the National Housing Federation (NHF), HAs 'build almost all the nation's new affordable homes. During the recession, they delivered almost half of all new homes, building around 45,000 in 2009/10.'⁴

Background – Australia

Much like New Zealand, social housing in Australia is predominately provided by departments of state and commonwealth governments. Housing provided is generally seen as welfare accommodation for low income earners, social security recipients, and people with support needs such as the elderly and people with disabilities. Despite rapid and large growth in the community housing sector, most social housing still is provided by public housing. However, this is changing.

Federal and state governments in Australia have adopted a variety of tactics to increase the supply of affordable housing, and growing the community housing sector is a core part of their strategy. In 2009, the Australian Housing Ministers set a goal of expanding the nation's community housing supply to comprise up to 35% of total social housing by 2014. From 1998 to 2008, the community housing sector grew from 6% of the social housing stock to nearly 11%. Since 2008, and the provision of A\$1 billion in Nation Building money, there has been further significant growth. A couple of examples of the growth of organisations:

Yarra Community Housing - Melbourne

| Year | No. of units managed | No. of staff |
|------|----------------------|--------------|
| 2008 | 600 | 25 |
| 2012 | 1,723 | 80 |

St George Community Housing – Sydney

| Year | No. of units managed |
|------|----------------------|
| 2005 | 1,100 |
| 2013 | 4,200 |



Inside Yarra's Elizabeth St Common Ground

⁴ March 2012, National Housing Federation: *What is a housing association? How associations deliver decent homes and strong communities.*

KEY LEARNINGS

1. A STRATEGIC APPROACH IS NEEDED

The UK and Australia – and most OECD countries – have embraced the added value of the community housing sector and the benefits of growing it. This has resulted in efforts to grow the provision of social and affordable housing by the sector, resulting in significant change and growth. Change has been happening in New Zealand for many years, but this has been much slower than in other countries.

Where growth has been most successful it has been the result of a planned cohesive approach from governments and/or local authorities. This has included such things as housing strategies, consistent housing policy, regulatory frameworks, and enabling funding processes. I will comment on these below.

a) Housing strategies

I saw numerous examples of housing strategies from central and local governments. I mentioned the Australian government's strategy to grow the community housing sector above. Successive UK governments have had housing strategies – there have been numerous titles for each strategy and too many to mention.

Strategies create the framework that details how all the partners will tackle the challenges and issues within the local and national housing systems. A strategy also creates the vehicle for all partners to share information and collaborate so the quality and supply of social housing can increase.

More importantly, strategies set targets. In 2007 the New South Wales (NSW) state government developed 'Planning for the Future, New Directions for Community Housing in NSW'. They set this target 'To grow community housing from 13,000 to 30,000 homes over the next 10 years.' When I was there in 2013 they had almost reached that goal. Housing NSW (the state government housing agency) has even published guides for local councils on how to develop a local housing strategy.



For more on Bristol city's housing strategy and their strategic housing partnership see [Appendix three](#).

‘However beautiful the strategy, you should occasionally look at the results.’ Winston Churchill

b) Housing policy

Central and local government housing policies have a huge impact on housing in many complex ways. A stable, consistent, evidence-based housing policy environment was one of the key factors mentioned by many when discussing what helped the growth of housing associations in the UK. The UK housing policy environment is extensive and well formed. While it might not be all perfect ‘at least the UK has the housing policy it needs’ was a common comment from those to whom I spoke.

c) Regulation

Both Australia and the UK have government regulatory authorities for not-for-profit housing organisations. England, Scotland, Wales, and Ireland all have their own independent social housing regulatory authorities. In Australia, each state has their own regulator and their own standards for community housing only. However, while I was there work had begun on national standards and a national system.

The rationale for a regulatory framework is that it protects taxpayers’ investment in social housing and ensures social housing tenants are appropriately housed and have stability of tenure. It also gives assurance to private sector organisations that the organisation registered is well governed and managed and provides quality services to their tenants and communities.

There is general agreement that the establishment of regulatory authorities was appropriate if there was to be significant investment in not-for-profit organisations. There needs to be some accountability and regulation seems to be the framework that is most effective. The concerns of the organisations I met with were that the requirements of the regulatory authority should not be too onerous and that the compliance requirements were proportionate to the investment made by government.

The Social Housing Reform (Housing Restructuring and Tenancy Matters Amendment) Bill was introduced by the New Zealand government in 2013 and it included the introduction of a regulatory authority. The regulatory authority will come into effect on 14 April 2014. See [Appendix four](#) for more on regulation.

2. THERE HAS TO BE GOVERNMENT INVESTMENT

In the UK, the change in housing associations began in 1974 when the government started giving

It is estimated that £34 billion was invested by governments in HAs from the late 1980s until 2010.

them grants to build more homes than their then modest resources would otherwise have allowed. But the transformational step came in 1988, amid the anti-statist policies of Margaret Thatcher’s radical third term. At this time, HAs were given 100% capital grants to build – 100% of the cost of the housing development. This was intended to build the

capability of housing associations.

Since the 1990s, the capital grant percentage of cost has reduced until the latest reduction in 2010. 'There has been a 63% real-terms cut in capital investment in affordable housing in 2010 Comprehensive Spending Review 2010' (NHF).⁵ Capital grants are now at 20% percentage of cost. And yet the government still expects HAs to produce the same number of homes.

It is estimated that £34 billion was invested by governments in HAs from the late 1980s until 2010. The UK has had a continual funding stream since the major changes of the 1980s and this has been the key to the scaling up of HAs. While the percentage funded has decreased, there has always been some funding available. But 'nowhere near enough' was a common comment made to me.

In Australia, the environment is complex due to the numerous government funding streams and services for such things as transitional housing, rooming houses, homelessness services, and other support services funding. Also, each state has a different response to increasing the supply of community sector homes and funding the sector.

In Victoria, the capital grant programme started with A\$125 million in 2005, then A\$310 million in 2008



Monitors showing tram schedules in apartment building owned by South Port Community Housing, Melbourne

to 2012 and then the Nation Building money of A\$700 million in 2009. The national A\$1 billion Nation Building funding was a response to the global financial crisis by the then government and it was primarily about job creation and spending money in the building industry. It also included a smaller bucket of money for property upgrades and repairs.

Each state used the money differently. Many states, like South Australia, gave the money to public housing and little went into community housing. In Victoria, they put about half of it into community housing. According to one government official, 'My team pumped out A\$20 million to the registered sector in a very short period of time.'

In Victoria, community housing organisations were given capital grants of 75% – sometimes higher – of the cost to build new build housing projects. In NSW, the grants were 75 to 80%.

Compare this level of funding to New Zealand's Social Housing Fund which was \$104 million for the three years from 2011 to 2014. This money was spent in 18 months. The New Zealand government will also only fund up to 50% of the housing development costs. Previous to 2011, funding was largely in the form of interest-free loans and suspensory loans with some grants.

Since the Nation Building funding ended in Australia, there has been no more capital funding available in any state – so they have no ongoing dedicated capital funding. Many commented that the 'tap has been turned off'.

⁵ National Housing Federation <http://www.housing.org.uk/> [Accessed February 2014]

a) There has to be enabling funding processes

Key to the distribution of government investment is the funding programmes and processes used by government agencies.

Personally, one of the great aspects of my study tour was being with housing experts/professionals and sharing my professional experiences. I often felt vindicated when describing the experiences and frustrations – mostly with funding processes – of working in community housing in New Zealand. For people with extensive housing experience and qualifications to agree that our approach is not enabling and to see that there are other ways, was very affirming.

Most people I talked to in the UK described the positive outcomes that their three year funding contracts have. Organisations are given money on the proviso that they will deliver an agreed number of homes. They are able to peruse and seek out opportunities in the knowledge they have the funding available. It gives them much leverage with developers or councils or whoever their partners are.

Long-term planning and funding commitments have enabled organisations to take advantage of opportunities as they arise, and helped achieve economies of scale through, for example, entering into partnering arrangements with property developers and suppliers.

In Victoria, staff from community housing organisations spoke about the **'partnership approach'** that the Office of Housing Victoria took. The state government staff worked closely with community housing organisations staff on housing projects and proposals for funding. By the time a proposal got to senior staff for approval 'we knew the proposal and we knew it would be approved as we had worked closely with the organisation to make sure everything was in place'.

In New Zealand, we need a funding programme that is more than about getting best leverage for government dollar and risk management. I saw lots of examples of how **we could do it better**. Moving away from project-based funding to an allocation basis would be a great start. Also the one-size-fits-all approach and the contestable nature of funding processes have resulted in a what I think is a 'best up, best dressed' outcome. New Zealand suffers from a lack of housing knowledge and expertise in government. There is not the knowledge there to convince ministers and design processes. I talk about this later.

b) There has to be support for the building of organisational capacity

As organisations or businesses grow, they have to increase their capability and capacity to manage the increased business.

Capacity-building funding is essential for helping community housing organisations to grow their professional expertise and organisational ability. This was acknowledged in Australia and the UK with governments there sharing the cost of such things as legal and other advice needed regarding the best structure for new ventures, common IT systems (that are used by governments for measurement), financial modelling, training etc.

In Victoria, the state government provided approximately A\$1 million for the capacity building of

community housing organisations to enable them to meet the requirements of the new regulatory authority and to increase their capability to do more. They funded the peak body to provide training and other services.

Capacity building seems to be dirty words currently in New Zealand. Funding and support for capacity building has fluctuated over the years. Funding was available at one time through the Housing Innovation Fund (administered by Housing New Zealand). The funding was a valuable resource that enabled many of our organisations to really step up. It also enabled many organisations to be set up. But no funding is currently available despite our current government saying they want 20% of all social housing in the community housing sector by 2020. Who paid/pays for the capacity building of Housing New Zealand? Government. So why shouldn't they support the business development of community housing if they want the sector to grow and play a greater role?

In the UK there were long periods of funding available to housing associations to scale up and this funding was 'totally needed and appropriate' – this comment represents the attitude of the people I met with. This investment created the environment the UK has now and without it 'we wouldn't be where we are'.

3. PRIVATE SECTOR BORROWINGS

Private sector borrowings are a large feature of the UK housing association sector. Since the late 1980s in the UK, HAs have funded the building of affordable new housing, matching £34 billion of government grants with £60 billion of privately raised investment.⁶

Since 2008 though, the lending environment for HAs in the UK has been very different and very difficult. It is now very difficult for HAs to secure long-term finance from high street banks or building societies. Typically, loan facilities are now only available for short terms – most seem to be three or five years with some up to seven years at the most. This means HAs are renegotiating finance more regularly. Also, banks are offering less margin reductions than they did pre-2008. This is forcing many HAs to look for other sources of financing and many are now getting finance from the capital markets. In [Appendix seven](#) I describe the experience of the Longhurst Group, a Lincolnshire organisation, in raising a bond.

The capital markets clearly see HAs as a secure and desirable investment with each bond issued being bought quickly. Most of the purchasers of bonds are UK financial institutions and most HAs said there was a small pool of investors.

HAs can also get bonds with other HAs in a group scheme through The Housing Finance Corporation (THFC). THFC is an independent, specialist, not-for-profit organisation that makes loans to regulated HAs that provide affordable housing throughout the UK. THFC funds itself through the issue of bonds to private investors and by borrowing from banks.

⁶ March 2012, National Housing Federation: *What is a housing association? How associations deliver decent homes and strong communities.*

4. THERE HAS TO BE STOCK TRANSFERS AND THE USE OF DIFFERENT VALUATIONS

The other major factor in the creation of the UK's housing association sector was large scale transfer of housing stock from council/government control and ownership to HAs. The 1988 government made it possible for councils to sell their housing stock wholesale (or estate by estate if they preferred) to



Council allotment, Bristol, UK

HAs, some especially created for the purpose and some existing ones. The first wave of stock transfers was relatively small-scale. It was under the New Labour government that the policy took off. This transformed the provision of social housing across the UK.

The terms and conditions of stock transfers varied considerably from organisation to organisation and transfer to transfer and no one formula was used. In many cases the transfer was done at zero cost to the HAs, but in most cases the value of housing stock and anticipated rental revenues was

borrowed against. The proceeds of this debt raising were used to pay a purchase price to the council. Each stock transfer and the conditions were evaluated on a case by case basis.⁷ Many HAs I visited explained the conditions of the transfers and these are too complicated to include in this report.

There has been some stock transfer in some Australian states. Most of this has been transfer of management not title (ownership). In 2013, Queensland State Government made the decision to transfer the management of all its public housing to the community housing sector. Other states are now deciding what to do with their public housing stocks.

In [Appendix five](#) I have included some research on UK stock transfers and their impact. And in [Appendix six](#) there is an example of a stock transfer to Bristol Community Housing Foundation, which is comparable to the New Zealand environment.

Valuation of social housing assets

There is no doubt that if New Zealand's community housing sector is to grow significantly then we have to follow the lead of the UK and transfer some of the assets of Housing New Zealand to community housing organisations. One of the biggest barriers to this happening is the way New Zealand's government-owned social housing stock is valued. It is currently the second largest asset on the government's books because it is valued at a market valuation. The deferred maintenance and

⁷ 27 February 2009, Hal Pawson, Emma Davidson, James Morgan, Robert Smith and Rebecca Edwards. *The Impacts Of Housing Stock Transfers in Urban Britain*. Available from <http://www.jrf.org.uk/sites/files/jrf/britain-housing-urbanFULL.pdf> [Accessed December 2013]

social use of the stock is not taken into account. In the UK social housing assets are valued as follows:

- Market value – subject to tenancies
- Existing use value, social housing⁸

This means a lower value that reflects the purpose of the housing.

5. THERE NEEDS TO BE A NUMBER OF GOVERNMENT INTERVENTIONS

a) Inclusionary zoning

The UK's Section 106

Land costs are a large part of any housing costs. For affordable housing to be possible we need to have access to land at less than market rates. In England, Section 106 of the Town and Country Planning Act (1990) requires that a proportion of the new houses built have to be affordable housing. These decisions are part of the planning consent process for local authorities and they decide how much should be in affordable housing. Generally, it is 20%. All HAs I met with said that 60 to 80% of their developments are now on land that comes to them via Section 106.

Also, in small rural communities 'exception sites' are made available. These are outside the boundaries set for development and can be used for affordable housing for local people.

HAs have to have good relationships with property developers – local and national – as the developers tend to approach the HAs they know and have a relationship with when opportunities arise. Developers generally don't want to have to tender or go through a bidding process to obtain a HA partner.

HAs have less flexibility about what they do on Section 106 land as the developer dictates most aspects, such as the number of homes, the type, and design and specifications. So good relationships with developers are also important to ensure HAs can try to influence design and get the specifications they want. HAs can't do private sales, but can do shared home ownership on Section 106 land.

Most HAs I met with mentioned the disadvantages of Section 106 land. Often developers will offer HAs the less attractive parts of the land or development – like sections beside railway lines or busy roads, near factories, or not close to amenities. In London this is worse and more often the homes being made available are small.

The London organisation Notting Hill Housing (NHH) does not use Section 106 as much as other HAs, instead opting for other ways of obtaining land and development opportunities. The economic downturn has created many positives for NHH – and other London HAs – with the availability of land

⁸ July 2005. Office of the Deputy Prime Minister, UK: *Guidance on Stock Valuation for Resource Accounting*. Available from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/11574/138934.pdf [Accessed February 2014]

and opportunities increasing significantly. Out of the top five residential developers in London, three are HAs.

However, generally HAs were positive about Section 106 and all felt that without it there would be a lesser supply of affordable housing. Most felt that there would be disastrous consequences if it was repealed and despite the pitfalls, Section 106 was a key mechanism for growth in supply.

Many HAs, particularly some of the bigger ones, have now reached the stage where they have assets, knowledge, and expertise that allow them to operate in markets other than just social housing. Many talked about how they can now be the lead property developers themselves and not just ride on the coat tails of private sector developers. If enabled, they can undertake all of a development and use a whole site how they want without depending on a partner.

Inclusionary zoning in Australia

Currently, there are few planning tools or mechanisms for inclusionary zoning in most states of Australia. However, state development agencies can give access to land or property at a reduced cost. Some city councils have been proactive in making some sites available for affordable housing. There are also some initiatives like councils requiring developments to target a percentage of the sale of homes to those on moderate incomes. There is a lot of advocacy for more planning tools.

b) National Rental Affordability Scheme

A large initiative in Australia since Nation Building funding has been the National Rental Affordability Scheme (NRAS). It's an incentive by the government to increase the supply of affordable housing. The government pays the difference between the market rent and an affordable rent. The scheme is intended to encourage large-scale involvement in affordable housing, so providers have to be providing over 100 homes. Many community housing providers are using this scheme. For a full description of NRAS see [Appendix eight](#).

c) Another initiative in Australia

While in Sydney, I visited City West Housing. They were established by the City of Sydney to provide housing to people with housing needs in their city. They receive from the council a percentage of the development contributions paid by property developers when they build new housing. In 2012, their income from this was approximately A\$6 million. City West also receive land from the council. They do not consider themselves to be a community housing provider, although they are registered with the NSW Housing Registrar. They are a great example of a way local councils can facilitate affordable housing.

6. ORGANISATIONAL WELLBEING IS KEY

The business models of the organisations I met in Australia had undergone rapid growth and adjustment over recent years. Developments common to all organisations included significant and

fast increases in their balance sheets and revenue, and the introduction of or increase in levels of debt financing. All acknowledged this had an impact on their organisational wellbeing in many ways.

The Scottish Housing Regulator's report 'Social Landlords in Scotland: shaping up for improvement (July 2009)' sets out the characteristics of an organisation that delivers good outcomes. I found this a useful list to guide my research and for future reference for my work:

- Good leadership and a commitment to delivering quality services and improvement
- Clear organisational plans and priorities
- Sound self-evaluation and performance management, based on good quality cost and performance data
- Good business planning and financial management
- An appetite for management change to secure improvement
- Responsiveness to tenants and locally-focused customer services
- Strong connections with local partners and funders
- The pursuit of value for money, benchmarking, market testing, and modern procurement
- Resources, and staff training and development, aligned to improvement activity.⁹

I was given, and read, numerous strategic, business and other plans. The many aspects of good planning are well documented elsewhere – likewise for many of the other aspects of the list above. I will make some comments about governance, leadership, staff, and training as there are some interesting aspects I gained from my discussions.

a) Governance

Governance is a key part of any successful organisation and was a key part of the growth of the organisations I met with. Having governance board members with the right skills and experience clearly contributed favourably to the organisations. Most of the people I met with in Australia who have been through recent growth stated 'you need a good board'.

Most saw 'good' as meaning people who were open to, and in fact, welcomed change; who were strategic or 'big picture' thinkers; people who had business skills and experience; who managed risk as opposed to being managed by risk; who had appropriate financial management knowledge; and who knew about housing and people in housing need. Another important quality was relationship building – as one CEO said to me 'there was a lot of networking and charming to be done'.

All the organisations I visited in Australia talked about the significant change that had occurred in the makeup of their boards in recent years due to the government investment, increase in growth, and the new scrutiny by their regulators. Most boards had taken on people with 'corporate' and 'commercial' backgrounds. Mostly this was positive, but there were many comments that while the business skills were useful, many feared their boards had 'lost their heart and ear for those in need' and were too

⁹http://www.scottishhousingregulator.gov.uk/stellent/groups/public/documents/webpages/shr_shapingupforimprovement.pdf
[Accessed January 2014]

focused on the number of houses they owned and managed as opposed to the needs of the people living in the homes.

The demands on board members in Australia were high during periods of rapid growth, so it was clear board members also had to have the time and make the commitment to give to this work. Most board members still work on a voluntary basis and are paid for expenses only, but this was changing.

One Australian board member I met with told me one positive aspect about the regulation system was that this gave them (the board) assurance they were performing and achieving to a required standard. They said 'I knew about running a building company but that doesn't mean I know about social housing so having the regulatory system is not only good for government and the community but for those of us on boards as well.' The regulator has also clearly given feedback about the ability and skills of boards and this has made a difference.

Organisations in Australia and UK have also developed more complex governance arrangements to deal with their increased exposure to financial risk. Many have established purpose vehicles and other corporate structures to manage risk in different parts of the business.

Due to a number of demands and influences, boards in the UK now have to pay greater attention to risk management. With HAs diversifying the range of activities they are undertaking and entering into more and more commercial activities, the required skills and experience of boards are changing. The UK regulator of HAs is now checking that boards are aware of risks and have appropriate risk management in place.

Many of the HAs I met with had board members from local councils and representatives of their communities that were appointed by councils. With stock transfer came nomination rights from council for board members. There were mixed opinions about whether this was a positive thing or not. Some felt that having a system whereby people had to be on the board to represent their organisation's interests didn't necessarily mean that that person had the right skills, experience, or attitude to be on a board.

b) Leadership/management

Good leadership was often cited as one of the keys that enabled organisations to grow.

I asked the CEOs and other staff about what leadership skills and experience they felt were needed to manage change and growth. From this questioning and discussion I have formed this list of leadership qualities:

- know what you don't know – and have the confidence to say you don't know
- expand your knowledge as needed – get advice
- seek diverse opinions to inform your decision-making
- cultivate good communication and listening skills
- put the interests of your staff, organisation, and community before any personal agenda
- have the strength to make difficult decisions when needed

- have a vision and be able to hold onto it and the values of your organisation
- have the ability to think long-term
- focus on what's achievable and what you have achieved
- take an organisational development and community development approach – it's not just about individual building projects
- have the strength to keep challenging

c) Staff

One of the things I love about working in housing is that people are passionate about it. Almost everyone I met with had housing 'under their skin' – or, as one person described it, they were a 'housing tragic'.

When asked what their biggest challenges had been during their period of growth, several Australian HA CEOs said it was the ability to recruit the right staff and bring long term staff along for the journey. One organisation did a 'cultural survey' and were shocked to discover how disenfranchised some staff had become. The results showed their staff felt left behind and forgotten. Many struggled with what the new business like approach taken by organisations. Most people said to me that you cannot assume that your staff are happy and willing participants in the busy, high demand times, and the changes in organisation, so you need to regularly check in.

Many also talked about taking the time needed to get the right people. Several Australian CEOs described their time of growth as so busy they 'just needed more hands on deck' so ran some very quick employment processes and at times appointed people without a good employment process. Once the intense period was over, they realised they had employed the wrong people.

HAs, in the UK especially, fulfil a diverse and wide-ranging role within communities as well as their core house-providing functions. This is reflected in the diverse roles performed by their staff. As one CEO said to me, 'it makes staff the most important asset of any housing business'.

A common theme from people I met with was that getting the right skills, culture, and leadership within organisations is vital.

'It's not enough that we do our best; sometimes we have to do what's required.'

Winston Churchill

7. HOUSING IS A PROFESSION

I was struck by the depth of experience, skills, and knowledge of almost all the people I met with in the UK and the depth of experience that exists in the social housing sector there. There is a culture of social housing as a profession and a career that we do not have here in New Zealand. Most people I met with had completed a social housing qualification and this is common, with all HAs telling me they offer to pay the expenses of those staff who wish to complete the qualifications.

For example, at the Curo Group – a UK HA based in Bath - the four members of their executive team have, combined, over 60 years social housing experience. This is an organisation that manages around 12,000 homes.

Any profile of a staff member – particularly in management teams – emphasised the years spent working in social housing and the HAs they had worked for.

There are numerous – hundreds – of housing qualifications and courses in the UK. These include university based qualifications, courses and qualifications run by the Chartered Institute of Housing (CIH), and numerous training and qualifications run by the Centre for Housing and Support. While you could argue this is due to population, the evidence I saw was it is because there is a strong culture and value attached to experience and qualifications, as evidenced by this CIH statement: 'We believe that it is crucial to the sector that individuals and organisations have the skills and knowledge they need to deliver excellence for their customers.'

Contrast this to New Zealand where in recent years key government social housing positions have been filled by people with minimum or even no experience of the housing sector, let alone the social housing sector. Housing New Zealand is seen as part of the public service in New Zealand and so it is accepted that anyone who has experience in any type of role can move into Housing New Zealand. For example, if someone is a general manager at Corrections they can move into a general manager role at Housing New Zealand. In recent years, many Housing New Zealand staff with long-term experience have left. Little value is given to the need to have experience in housing. Added to this is the fact that we currently have our 15th Minister of Housing since 1980 – 15 ministers in 33 years. Ministers of Housing are also generally placed very low in the Cabinet ranking, indicating the level of importance the portfolio has – our current Minister is ranked number 13.

In Australia, there is a significant amount of experience. A culture of housing as a profession is also emerging.

Our notion of 'public service' in New Zealand seems different to other countries – but that's another report.

8. WE NEED MIXED TENURE DEVELOPMENTS

The UK HAs I visited all undertake new build housing developments that have a mixture of social rental, affordable rental, and shared home ownership. The majority have some market rentals and/or market sales as well. There are principally two drivers for mixed tenure developments – financial and achieving balanced communities. The combination depends on a number of factors, including whether the project is on Section 106 land and whether the HA is receiving a government subsidy for the project. Almost all their acquisitions are now new builds.

In housing policy terms, awareness of the importance of tenure mix has been steadily increasing for many years now. A study by the Chartered Institute of Housing Scotland found that overall, mixed

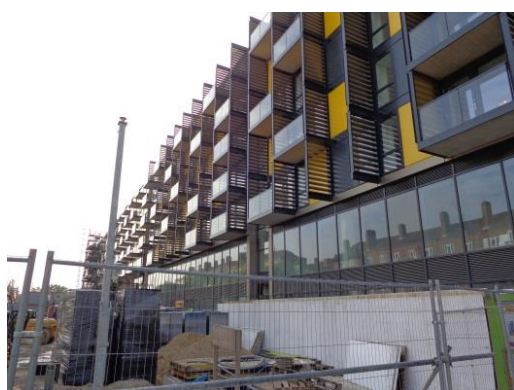
tenure developments were seen as an essential component in achieving balanced and sustainable communities.¹⁰

The evidence of the need for mixed tenure developments has meant the UK government has actively promoted other types of low cost homeownership initiatives in areas dominated by social housing. While this is to promote tenure mix, it is also partly to make government investment go further.

Since 1979, HAs have helped 380,000 people on lower incomes to buy their own home, or a share in it, through shared ownership. In 2007/08, the average income of a household buying a shared ownership home was just £26,000, compared with £43,000 for the average first-time buyer (NHF).¹¹

Australian community housing organisations are also moving into mixed tenure developments. [Appendix ten](#) has examples from Notting Hill Housing in London and Common Equity Housing in Melbourne, Australia.

Most individual HAs also provide a continuum of housing services as well. An example is Notting Hill Housing who 'offer a range of tenancy types to meet the needs of people in different situations and with different support requirements'. Notting Hill Housing covers the whole housing continuum. It provides housing services that include 'extra care' for people with dementia, yet it also sells £1 million properties on the private market.



Notting Hill Housing's new development 'The Bloom'



One of the homes 'dressed' as a show home

9. ORGANISATIONS CAN PROVIDE A RANGE OF SERVICES

In 2013, the message from officials in New Zealand government agencies was that community housing organisations in New Zealand should decide what their core business is and focus on that. There is an opinion that community housing organisations shouldn't be providing a range of services or that social service agencies shouldn't be in housing. With this ringing in my ear, I was interested to see the huge range of services that UK HAs provided.

¹⁰ September 2012. Chartered Institute of Scotland. *The challenges of developing and managing mixed tenure housing*. Available from <http://www.cih.org/resources/PDF/Scotland%20Policy%20Pdfs/Mixed%20Tenure/Mixed%20tenure%20report%20September%202012.pdf> [Accessed January 2014]

¹¹ March 2012. National Housing Federation. *What is a housing association? How associations deliver decent homes and strong communities*.

Curo's list of services is a good example of what UK HAs are doing:

- Affordable Rent homes – we own, manage, and develop homes for people on low incomes.
- Supported accommodation – we provide supported accommodation for young people, temporary accommodation for homeless people, supported housing for a variety of client groups, and sheltered housing and Extra Care for older people.
- Key worker homes – working in partnership with NHS trusts and other employers, we can provide homes for their staff.
- New Build HomeBuy – we provide homes on a part buy, part rent basis.
- Rent to Buy – we provide homes on a part buy, part rent basis.
- Mixed development – on our development sites, we can provide affordable housing for rent, or sale through Shared Ownership.
- Community development – we support local neighbourhoods through the development of initiatives to regenerate communities.
- Property services – we provide high quality repairs, maintenance, and property management services.

Many Australian groups are also providing a range of services. Here's Yarra Community Housing's:

- Housing Information and Referral
- Crisis Housing
- Transitional Housing
- Long-term Affordable Housing
- Specialist housing models – including Supportive Housing and Youth Foyer
- Community Development Projects

Another service – and income stream – for Yarra Community Housing, and many other community housing organisations, is the management of public housing. This is becoming more common in Australia. Most charge a 3% fee for management of public housing.

Providing a range of housing services has enabled community housing organisations to be entrepreneurial and derive income in other ways. It has also created opportunities for some cross subsidisation.

Most importantly though, organisations in the UK and Australia have the ability to provide the range of housing products and services that their communities need.

10. WE NEED OTHER MODELS

a) Community Land Trusts

While in the UK, I looked at Community Land Trusts (CLTs) and I saw some examples of these while visiting the Wessex Community Land Trust Project.

A CLT is a non-profit, community-based organisation run by volunteers that develops housing or other assets at permanently affordable levels for long-term community benefit. It does this by separating the value of the building from the land it stands on and, in the case of shared-equity homes, fixing the resale percentage. The CLT holds the asset in trust for long-term community benefit.



Meeting with Chair of Queen Camel CLT

CLTs range in size, can be rural or urban, and provide a variety of housing tenures as well as other community facilities, including workspaces, energy generation, community food, and farming. They take a variety of legal forms and may or may not have charitable status. Despite the diversity in the sector, CLTs tend to have two common aims:

- Meeting a range of local needs – housing is just one of their uses.
- Providing long-term community benefit.

There are a number of benefits to setting up and running a CLT and you can read about these in [Appendix ten](#) along with what the Wessex Community Land Trust Project does.

b) Cooperative housing

Common Equity Housing Ltd (CEHL) is an Australian HA and an example of cooperative housing. They are one of the biggest HAs in Victoria – by balance sheet, not staff – with 2,100 homes. How they work is that each housing estate or development sets up an individual co-op. This local co-op is the landlord and the tenants pay rent to their co-op. Each co-op keeps 45% in their own accounts and does repairs and maintenance and pays rates and other expenses for their estate. The other 55% gets paid to CEHL, which undertakes new developments and pays interest and mortgage, insurance, capital items, staffing, and provides advice (for example, on tenancy tribunals hearing) along with templates and guides.

In the UK, there are housing cooperatives providing rental accommodation as well as many home ownership models.

c) Group structures

Group structures are being used more in New Zealand, with community housing organisations having multiple organisations and companies to enable them to provide services and undertake developments.

Group structures are very common in the UK and the Longhurst Group is an example. Longhurst Group is the parent company and there are five member companies of the Group. The Group has what they call a 'federal structure' that allows its member companies 'to do what they do best'. Each of the member companies has the freedom to do what's right for their business and local community, while prospering from the shared learning and corporate services that come with being part of a stable and influential group.

The corporate services Longhurst Group provides to the five companies include development, HR, financial management, and communications. Three out of five member companies are stock holding companies, managing 17,900 homes and working in more than 40 local authority areas. Each company has its own distinct identity.

Within their communities, the Notting Hill Housing Group offers a range of tenure types and rent levels up to full market rent along with home-ownership schemes. The businesses that make up the Notting Hill Housing Group are empowered to be self-sufficient and run their own affairs. 'Some are in business to make more money than others. But they all have a role to play in meeting London's housing needs. We all share values, interests and one common purpose – good, affordable homes for people who couldn't get one without us.'¹²

d) Social enterprise

I've saved the best to last! There are several reasons for my interest in social enterprise:

- Outputs are measured in terms of social and community wellbeing, not just in money (as in the private sector).
- I'm inspired and excited by the use of business disciplines and methods to achieve social outcomes.

The definition of social enterprise is subject to much discussion by academics and practitioners. 'Social Enterprise UK' are the national body for social enterprise. They represent their members to support and help grow the social enterprise movement. Their definition of social enterprise is:

'A social enterprise is a business that trades to tackle social problems, improve communities, people's life chances, or the environment. This might sound like charity work, but social enterprises are businesses. They make and do things that earn money and make profits like any business. It is how they work and what they do with their profits that is different: working to make a bigger difference, reinvesting the profits they make to do more good.'¹³

¹² <http://www.nottinghillhousing.org.uk/about-us/our-business/notting-hill-housing-group>

¹³ <http://www.socialenterprise.org.uk/about/about-social-enterprise>

Interestingly, a lot of the UK HAs do not define themselves as social enterprises, although they meet the definitions. HAs use many terms including:

- 'social business'
- 'ethical business'
- 'group of companies that operate in the social and commercial housing market as well as the care and support sector'
- 'profit for social purpose organisation'
- 'community based housing association'
- Notting Hill does describe itself as a social enterprise – 'Notting Hill Housing is a large, well established social enterprise'

Attitudes and language are changing and social enterprise is becoming a much more understood and used term. The people and organisations I met with had a range of attitudes towards social enterprise. Some felt the fact that HAs received government funding and were regulated excluded them from being described as a social enterprise. But the majority felt this didn't make a difference and that HAs were working totally in the social enterprise space. All, however, agreed they straddled the space between charity and social enterprise. Many organisations have companies that are social enterprises.

The UK HA sector posted record net surpluses of over £2 billion in 2012/13, according to the Social Housing Magazine. The figure represents an increase of 259% on three years ago.¹⁴ All surpluses made by HAs are reinvested into their services. In their last financial year, Notting Hill Housing made a £55 million surplus.



The cover of Derwent Living brochure

Why is social enterprise important for community housing organisations in New Zealand?

Social enterprise is an important model for New Zealand for two main reasons.

1. Firstly, there is a real mismatch between the funding and support available for the community housing sector and the size of the housing problem in New Zealand. Current indications are this is likely to be the case for some time.

¹⁴ <http://www.socialhousing.co.uk/uk-surpluses-break-through-2-billion/7001300.article> [Accessed February 2014]

The community housing sector in New Zealand is under-developed and fragmented. Support for the sector is very small and there isn't the commitment to provide the stable funding streams it needs to grow significantly. Yet it has the potential and enthusiasm to be operating on a much larger scale – as has happened in the UK, Australia, and other countries. The community housing sector therefore needs to be innovative, creative, and entrepreneurial.

Social enterprise offers models that could see organisations derive a portion of their income from providing a range of housing services and activities. It also offers a range of ways of cross subsidising many activities.

2. Secondly, community housing organisations can provide a wider range of types and tenures of social housing to assist in building mixed communities. They offer a mix of home-ownership products, general needs rental housing, and specialised supported housing, thus contributing to the creation of more balanced and sustainable communities.

For many decades, social housing has been seen as a welfare tool in New Zealand. This has only been strengthened in recent years with Housing New Zealand now only able to house people with the highest needs. However, housing should be about balanced, stable, and strong communities. Social enterprise is one way of moving social housing out of the welfare space. It offers a way of providing affordable housing that is not just for people with high needs.

HAs as social enterprises contribute much to the social and economic wellbeing of their communities. They create strong communities and wellbeing – not areas of high deprivation – which is one reason why other countries and governments are turning to community housing organisations for the provision of social housing. More about social enterprise and examples of social enterprises are in [Appendix eleven](#).

Social Enterprise UK undertook a survey asking organisations what were the barriers to their becoming more socially enterprising. 49% chose 'lack of appropriate business skills or experience', 45% chose 'lack of access to investments/loans', 42% chose 'lack of knowledge about social enterprise and where to start' and 18% identified 'scepticism from trustees'.¹⁵ This survey rang true for me and I suspect many community housing organisations in New Zealand have similar barriers.

Hybrid organisations

My report is long enough and I do not want to introduce more concepts but it is worth talking briefly about the term "hybrid organisations". As a result of the changes in the UK, US, Europe and now Australia we are seeing a housing third sector which some literature describes as new forms of hybrid organisations. **Organisations that embrace a mix** of defining values, characteristics and behaviour of public entities, private companies and the third sector.¹⁶

¹⁵ <http://www.socialenterprise.org.uk/news/survey-shows-charities-want-trade-social-enterprises-but-face-cultural-barriers-and-poor-access-finance> [Accessed April 2014]

¹⁶ April 2013. Milligan, V., et al. *Understanding leadership, strategy and organisational dynamics in the not-for-profit housing sector*, AHURI Final Report No.204. Melbourne: Australian Housing and Urban Research Institute.

11. WE NEED A PLURALISTIC SOCIAL HOUSING MARKET

New Zealand is now unique in the OCED countries because central government dominates the provision of social housing. It has been widely recognised that the model of having dominant government housing organisations is one that no longer meets the current needs of New Zealand. If we want real change in the efficiency and delivery of social housing in New Zealand, then we have to create a pluralist market and have a diversity of social housing providers. Housing New Zealand and other public housing organisations are not equipped to provide specialised supported housing and recognise that they are unable to deal with some groups as effectively as specialist community-based providers.

If there's one standout learning for me from the UK and Australia, it's that this model works and is much needed here. The main reasons are:

- There are increasing levels of housing need that public housing alone cannot or is not best placed to meet.
- More providers create an environment that encourages quality and innovation and ensures efficiency.
- And, mostly importantly, more providers give customer choice.

In any city or area of the UK there are now several big social housing organisations – not one or two dominant ones. Derby, a city the size of Wellington, has 13 social housing providers. The latest one was established in 2012 by a group of around 80 residents when their council transferred their housing into their ownership. In Bristol, a city with a population of approximately 428,000, there are 18 housing organisations – including HAs and council housing organisations.

Multiple organisations are working together in very dynamic and proactive ways to ensure better outcomes for their communities. One example is the Bristol Housing Partnership – a partnership of HAs, Council's landlord services, and the Strategic Housing division. Its aims include improving housing standards and making sure affordable housing is used effectively in the city.

Another example is in Derby where social housing organisations have a 'procurement consortium', which includes HAs and council housing organisations. They separate out the labour costs and material costs of any new development and the consortium procures the materials. The savings have been significant for all involved.

12. IT IS NOT JUST ABOUT THE NUMBER OF HOMES

One of the great things about my study tour was being able to experience organisations that are about strong, stable, and balanced communities as well as providing homes.

One aspect of social housing reform in New Zealand that my organisation and I are uncomfortable with is the government's focus on only housing people with what is categorised as 'high needs'. We know from experience that this approach simply increases the concentration of the most socially and economically disadvantaged people in the same area and creates ghettos. Experience in New

Zealand and overseas show the costs of this approach for communities include poor health and social outcomes, low educational achievement, and high crime. It also means higher costs for government.

The UK HAs work to build strong communities and provide services that are much more than just housing provision. They generally provide both homes and support for people in housing need, as well as key community services. According to the National Housing Federation they invest £435 million a year in neighbourhood services – ranging from anti-social behaviour programmes to job training schemes, business start-up initiatives, and IT classes.¹⁷



I was delighted and inspired by the tenant-focused services and management of the UK HAs. Tenant led and tenant focused services, along with outcomes for tenants, are part of their key performance measures and the UK government's regulation system. Tenants are referred to as 'customers' in the UK and Australia. Tenant choice is one of the stated main drivers for change in social housing provision in Australia.

Tenant participation frameworks are well established in the UK and enshrined in legislation and the regulatory authority performance measures. There are numerous tenant rights and tenant participation organisations, requirements, and guidelines. There are organisations, courses, and conferences that look at and guide how housing provision can benefit from effective tenant involvement and empowerment.

New Zealand lags behind the rest the world in tenant rights and tenant participation.

Tenant focused organisations working to create strong, stable, balanced, and healthy communities. It's what we need. How do we make it all happen?

¹⁷ March 2012. National Housing Federation. *What is a housing association? How associations deliver decent homes and strong communities.*

KNITTING IT ALL TOGETHER – WHAT WE NEED TO DO IN NEW ZEALAND

We need real change that goes all the way

There has been significant change and a lot of growth in the community housing sector in New Zealand in the last 10 years and more. Government support has helped create valuable opportunities and more homes for people in need. The Housing Innovation Fund programme developed skills and capacity in the sector and helped us gain confidence in our role. The sector has also developed partnerships with the private sector and relationships with government. The recent Social Housing Fund has enabled some organisations to increase the number of homes they provide.

But the change and growth has been slow compared to other countries and the community housing sector – and the New Zealand government – haven't achieved as much as we could have given all of the effort expended. We are a small country and should be able to be nimble and quick. Why aren't we? The answer is complex and I only have some ideas why.

Firstly, there hasn't been the political will to undertake the real changes that are needed. While governments for the last 10 years have had the growth of the sector as part of their housing policies, the investment and actions needed for real change have not happened. My own view is this is partly due to the strong culture in New Zealand that the state provides social housing. And also partly because there has not been the strong lobbying in New Zealand that has been seen in the UK where there are many large umbrella organisations raising awareness of housing need and homelessness.

We need to recognise the value of the community housing sector

I also don't believe we have completely embraced the added value of the sector. We need the community housing sector to grow in New Zealand because it:

- is able to leverage additional resources to match government investment, including capital, land, and community, and business input
- is able to be more innovative and develop flexible housing solutions
- is better able to meet special needs and the needs of specific households
- has greater ability to respond to the needs of local communities
- gives social housing customers greater choice
- provides models that can recycle and retain investment better than local or central government or the private sector.

For real enduring change to come there has to be a will – recognition of this added value and benefits of the sector – and then the frameworks put in place to make real growth happen.

We need a plan

My trip confirmed what I have been saying for years – New Zealand needs a housing strategy. Housing affordability is a complex issue. We need a comprehensive and strategic approach on lots of

fronts to tackle the issues – including investing in social housing and making best use of the existing social housing assets and housing spending. Social housing is recognised as New Zealand's second largest asset, yet there is no overarching plan guiding this asset. Compare this to the planning requirements for the largest asset – state highways – and the contrasts are sobering. The New Zealand Transport Authority has developed a whole-of-government practice working model.

We need appropriate investment

Real growth in the community housing sector isn't going to happen without significant investment. New Zealand does spend a lot of money on housing – through the accommodation supplement, Housing New Zealand, etc. Yet despite much documented evidence that the spending is not effective, the situation does not change.

We also need to make land and assets that are in public ownership available at below market value (or nil value) for social and affordable housing. This is not part of the current policy frameworks and there only seems the desire to maximise the returns of publicly owned resources.

The New Zealand government also has to support capacity building/business development for community housing by working alongside the sector to help identify needs and provide investment for these to be met. Scaling up a small number of organisations will not achieve the change needed and we will not realise the full benefits of community focused and responsive organisations.

We have to have appropriate long-term finance. This needs to be affordable, stable, and sustainable. An alternative finance organisation and facilities that can incorporate private investment are much needed.

We need the right housing policy and planning

There are limitations in the current New Zealand environment to make real change because there aren't the public policy settings, planning mechanisms, or tax settings. Without these it is difficult for New Zealand to begin to really resolve its housing problems. We need the provision of social and affordable housing to become a government priority and part of our national infrastructure planning.

As we plan for our future housing needs, we need to be incorporating new ideas and new ways of achieving affordable housing. Community housing providers are well positioned to develop and implement new ways of working. Social enterprise will benefit individuals and communities – economically, socially, and environmentally.

Many New Zealand community housing organisations already **embrace** the **social enterprise** space, with many providing a range of housing services and products – such as social rentals, affordable rentals, leases to Housing New Zealand, rent to buy, and shared home ownership schemes. There are opportunities to create mixed-tenure developments which include selling homes at market rates to cross-subsidise rental homes. But we have to remove the barriers. Again – we need a comprehensive policy framework to support the growth of community housing organisations so they can provide more homes.

We need more housing expertise

Our culture of under valuing housing expertise and experience does not serve us well and is a significant factor in the ever changing and inconsistent housing policy and operational environment in New Zealand. We have to welcome, seek out and embrace housing experience and knowledge. It should be an essential competency in the appointment to key government positions.

There are numerous people who have social housing experience who are not working in the area in New Zealand. We have to utilise and retain the housing experience and expertise that exists in New Zealand now. A vision for social housing and a long term housing strategy will help attract the talent and people we need. As will establishing housing focused courses and university qualifications.

There is significant skill and expertise within the community housing sector and this needs recognition. We are skilled professionals managing complex social businesses and providing diverse housing services. Sector professionals need to be part of shaping the future. The Minister of Housing should have a community housing professional as an advisor or someone from the sector on secondment in their office. We have demonstrated our capabilities and potential, it's time to build on the experience that exists.

We need a new way

If you visit an HA in the UK as part of a tour or conference or read their website, then you might think they are the same type of organisation as many social housing organisations in New Zealand or Australia. But **there are no organisations like the UK HAs in New Zealand** and really experiencing and exploring what they do, and how and why, revealed to me a whole new world. A world about tenant focus and tenant choice. A world where organisations provide a range of housing services and house a range of people. A world not far away from New Zealand in some ways but another universe in others. I was inspired by these social enterprises and organisations that are about stable and strong communities and providing tenant-focused services.

The risk of getting it wrong

As I write this in early 2014, my worry is that New Zealand is heading toward an environment where community housing organisations are told they must only house those with the highest need. Being told by government who must be housed will prevent organisations from actually working in their communities. A danger of this approach is that organisations become just an agency of government. We also have a proposed tax law which is flawed and will limit organisation's ability to generate alternative and mixed revenue streams and undertake cross subsidisation. We also have regulation which has requirements that are disproportionate to the government investment available. We will not achieve the better outcomes for people and communities we need in this kind of environment.

In New Zealand we need our government to recognise the potential and dynamics of organisational hybridity and ensure that community housing organisations have sufficient autonomy to manage their own businesses, use their capabilities, grow and pursue innovation. At the same being sufficiently accountable to government, the people they house and to the wider community for their performance.

In summary

We need the commitment from governments to grow the community housing sector in New Zealand to be backed up by:

- the right planning
- changes in housing policy
- adequate long-term investment (realistic capital investment and subsidies as well as stock transfers)
- a restructuring of housing spending
- an environment that will enable other models of provision
- the business development support necessary to grow the community housing sector

As we create the future, let's knit together all the strands, not just some. Let's stitch a new pattern and fabric. Then we can create something warm, flexible, strong, and durable that can be worn by our people and communities now and for years to come.

Let's remember it's about people, and people are our strongest thread.

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'Men occasionally stumble over the truth, but most of them pick themselves up and hurry off as if nothing ever happened.' Winston Churchill

APPENDIX ONE: ORGANISATIONS AND PEOPLE I MET WITH

| Organisation | Description of services/programmes |
|--|--|
| Australia | |
| Yarra Community Housing, Melbourne | YCH is one of the larger community housing organisations in Victoria; and is registered as an 'Affordable Housing Association'. YCH provides a range of accommodation types, including rooming houses, studio apartments and one and two bedroom units. Tenancies are available from crisis to long term. www.ych.org.au/ |
| Housing Registrar of Victoria, Melbourne | The Housing Registrar registers and regulates community housing agencies in Victoria. www.housingregistrar.vic.gov.au |
| Elizabeth Street Common Ground (Homeground Services), Melbourne | Elizabeth Street Common Ground opened in August 2010 and provides permanent, affordable, high-quality housing to 65 chronically homeless people, many of whom had been homeless for more than 10 years. An additional 66 apartments exist for low income workers and students. The Common Ground model combines the two essential ingredients for ending homelessness: good quality permanent housing and tailored support services. Elizabeth Street Common Ground is a partnership between HomeGround Services, Yarra Community Housing, the Victorian Property Fund, the Victorian and Federal Governments and Grocon. www.homeground.org.au |
| Women's Housing Ltd, Melbourne | Women's Housing Ltd manages a portfolio of transitional housing properties. These properties are for women and women with children for a short period of time whilst a plan is developed for more permanent longer term housing. www.womenshousing.com.au |
| Community Housing Federation of Victoria, Melbourne | CHFV represents 73 community housing organisations, from the industry's largest organisations that own and/or operate thousands of properties housing many thousands of tenants, to the smallest one or two dwelling operations. www.chfv.org.au/ |
| Australians for Affordable Housing, Melbourne | Australians for Affordable Housing is a coalition of national housing, welfare and community sector organisations, established to highlight the problem of housing affordability in Australia. www.housingstressed.org.au |
| Southport Community Housing Group, Melbourne | SPCHG provides good quality, secure, long-term accommodation for people on government pensions, benefits and allowances, sick or disabled people, including those with limited mobility, young people between 15-25 years old including single parents, who are homeless or insecurely housed. http://www.spchg.org.au/ |
| CEHL Ltd, Melbourne | Common Equity Housing Limited (CEHL) is a registered housing association established in 1987 to provide lower income earners access to rental properties that they manage and control on a co-operative and secure basis. www.cehl.com.au |
| Office of Housing, Victoria | Public housing, community housing, disability supported accommodation services and other related support for Victorians most in need. www.dhs.vic.gov.au/ |
| Ben Wong Global Mark, Sydney | Global-Mark is the preferred certification body to accredit NSW-based community housing providers and has also been selected, as the certifying body to accredit Victorian Aboriginal Community Housing Organisations (ACHOs) against the Victoria Aboriginal Community Housing Standards. www.global-mark.com.au |
| NSW Federation of Housing Associations | The NSW Federation of Housing Associations is the peak industry body for housing associations in NSW. www.communityhousing.org.au |
| Roxane Shaw NSW Registrar, Sydney | The Registrar of Community Housing is responsible for registering and regulating community housing organisations in New South Wales. www.rch.nsw.gov.au |
| St George Community Housing, Sydney | St George Community Housing is a Class 1 Community Housing Provider. The organisation has been in operation since 1985. SGCH is now recognised as the largest provider of community housing in NSW, providing services to over 8,500 individuals. SGCH's purpose has evolved to include the provision of not |

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| | only secure, affordable housing but a range of other innovations that support people to improve their lives and engage in their communities. www.sgch.com.au |
| SEFA, Sydney | SEFA has been established to provide tailored finance to social enterprises on commercial terms together with targeted business advice and support. www.sefa.com.au |
| City West Housing, Sydney | City West Housing provides affordable housing for people in high need either living or working in the City of Sydney local government area who are unable to secure affordable, long term housing in the local area. www.citywesthousing.com.au |
| England | |
| Bristol Community Housing Foundation Ltd (Now United Communities) | BCHF started in 2002 and within the first ten years BCHF successfully completed over 450 homes as part the major regeneration project of Upper Horfield as well as other housing projects across Bristol. BCHF supports a range of community projects aimed at making a positive difference to the communities where they work. www.unitedcommunities.org.uk/ |
| Curo Group, Bath | Curo is a housing association and support organisation based in Bath, providing affordable homes and high quality care and support services across the West of England. They manage 12,000 homes and are building around 300 new homes every year. www.curo-group.co.uk/ |
| Triodos Bank, Bristol | Triodos Bank is one of the world's leading sustainable banks. Their mission is to make money work for positive social, environmental and cultural change. www.triodos.com/ |
| South Gloucestershire Council, Bristol | A local authority that like many other councils runs a choice based letting scheme - HomeChoice service. People can apply for the service, search and view available properties, bid for properties and track the progress of their bids. |
| Elim Housing | Elim Housing was established in 1973 and comprises Elim Housing Association and Elim Housing Services. The association owns and manages around 800 homes in England and Wales and this comprises a diverse stock of general needs and supported housing. www.elimhousing.co.uk |
| Wessex Community Land Trust Project - | The Wessex CLT Project is hosted by Wessex Community Assets. It was set up in 2010 to help communities deliver affordable homes and establish CLTs. I visited Upper Culm Community Land Trust Ltd and Queen Camel Community Land Trust. www.wessexca.co.uk/projects/community-land-trusts |
| The Bristol Foyer | The Foyer Federation was established in 1992, alongside the first five Foyers. Since then, the Foyer network has grown rapidly and now operates in over 120 urban and rural communities across the UK, providing safe, quality assured environments, where experts reconnect up to 10,000 young people each year with personal development opportunities. The Bristol Foyer offers emergency and short term accommodation – and many other facilities - for young people who are homeless or threatened with homelessness. http://www.1625ip.co.uk/What-We-Do/Live-in-Supported-Housing/Foyer.aspx |
| Longhurst Group, Boston, Lincolnshire | Longhurst Group is the federal structure of 5 member companies. Each member of the Group has the freedom to do what's right for their business and local community, while prospering from the shared learning and corporate services. Three out of five of our members are stock holding companies, managing over 18,000 homes and working in more than 40 local authority areas. They provide the full spectrum of personal support – from debt advice to specialist dementia care – for thousands of people in need. www.longhurst-group.org.uk/ www.landh.org.uk |
| Derwent Living, Derby, | Derwent Living is a 'profit for social purpose' housing organisation providing affordable housing to suit a range of lifestyles. Formed in 1964, Derwent Living manages more than 20,000 properties in the Midlands, Yorkshire and the South East. www.derwentliving.com |

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| National Housing Federation, Birmingham | The national organisation for housing associations in England. They represent the work of housing associations and campaign for better housing. www.housing.org.uk/ |
| Home and Communities Agency | The Homes and Communities Agency is the national government housing and regeneration agency for England, with a capital investment budget of around £4bn for the period 2012-15. They are also the regulator for social housing providers in England. www.homesandcommunities.co.uk/ |
| Shelter, England | Shelter is a charity that works to alleviate the distress caused by homelessness and bad housing. They do this by giving advice, information and advocacy to people in housing need, and by campaigning for lasting political change to end the housing crisis for good. http://england.shelter.org.uk/home |
| Homeless Link, London | Homeless Link is a national charity supporting people and organisations working directly with homeless people in England. They represent homelessness organisations among local, regional and national government. As the national collaborative hub for information and debate on homelessness, they seek to improve services for homeless people and to advocate policy change. http://homeless.org.uk/ |
| Notting Hill Housing Assn, London | Notting Hill Housing is a leading London housing association. They are also one of the largest property developers in London. www.nottinghillhousing.org.uk |
| Joseph Rowntree Foundation, London | Joseph Rowntree Foundation is an endowed foundation funding a UK-wide research and development programme. Joseph Rowntree Housing Trust is a registered housing association and provider of care services managing around 2,500 homes. www.jrf.org.uk |
| USA | |
| Seattle, Washington | Meeting with representatives from DESC, Plymouth Housing Group, Tacoma Housing Authority, Seattle Housing Authority, Catholic Housing Services, Capitol Hill Housing |
| Central City Concern, Portland, Oregon | Central City Concern is a not-for-profit agency serving single adults and families in the Portland metro area who are impacted by homelessness, poverty and addictions. Founded in 1979, the agency has developed a comprehensive continuum of affordable housing options integrated with direct social services including healthcare, recovery and employment. www.centralcityconcern.org |
| REACH Community Development, Portland, Oregon | REACH is a nonprofit affordable housing development and property management company, begun in 1982 in response to neighbours' concerns about deteriorating housing conditions in Southeast Portland, Oregon. Today, REACH owns and manages a portfolio of 1,852 units of affordable housing located across the metropolitan region. www.reachcdc.org |

The trip was split into two parts. Two weeks were spent in Victoria and New South Wales in Australia in May 2013. I then travelled to the UK in September and October 2013. After the UK I went to the west coast of the US and visited housing organisations in Seattle and Portland.

I haven't explicitly included the US experiences in this report. The organisations I saw there were social enterprises and they have added to my desire to see the growth of social enterprise in the New Zealand social housing environment.

The US experience was incredibly useful, if only to realise that New Zealand housing systems are not so expensive and complex, and that our housing funding is not administered by the equivalent of the Inland Revenue Department!

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APPENDIX TWO: EXAMPLES OF VISION AND VALUES STATEMENTS

Examples of vision statements that inspired me to choose an organisation:

1. Bristol Community Housing Foundation: **'More Than Just a Roof:** Having a positive impact on residents lives by providing great homes and communities across the wider Bristol area'.
2. South Port Community Housing in Melbourne:
Our vision is to:
 - provide long term rental housing that is fair and respectful of a person's needs and human rights
 - promote a sense of belonging and community for our residents
 - inspire decision-makers and attract funding resources to support SPCHG.
3. The UK, Bath based organisation Curo has this mission statement: 'To make a positive and profound contribution to the neighbourhoods we work in - inspiring and empowering people to succeed in life.' And these are their values:
 - a renowned customer service culture
 - great properties and places
 - ethical care and support services
 - happy, safe, popular neighbourhoods
 - help for people needing work
 - lobbying for positive social change.



'Respectful' is one of Curo's values

One organisation I visited had their values written all over their office walls. 'Our values drive everything, even our office décor'. They were one of my favourite organisations and I hope one day I'll have the opportunity to work there!

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APPENDIX THREE: EXAMPLE OF A HOUSING STRATEGY

Homes4Bristol is Bristol's Strategic Housing Partnership made up of representatives of housing and related stakeholders in the public, private and voluntary sectors, for example: private developers; housing associations; council housing; private landlords; advice agencies; the financial sector; supported housing.

The partnership played a major role in developing Bristol's housing strategy 'My Home is My Springboard for Life' and now delivering it.

The 7 outcomes of the strategy are:

1. Deliver the properties and tenures in shortage, ensure links to jobs, services and transport options
2. Make best use of existing housing, especially empty homes
3. Contribute to sustainable and cohesive communities; encourage resident involvement
4. Provide advice and intervention across agencies to prevent crisis, increase choice and access
5. Improve housing offer to better meet a range of housing needs
6. Ensure good quality homes with high energy efficiency, safety, minimum standards and effective management/upkeep
7. Improve and maintain independence and inclusion by providing effective support eg for disabled people and other potentially vulnerable groups.

The members of this group I met with were passionate about the difference having a housing strategy has made to addressing the issues. They felt it was incredibly valuable as it had built relationships and trust and a sense of the partners joining together to tackle the issues of housing need. 'Before the strategy we just sat and moaned about the problems and each other. We didn't know where to start or what to do. We probably won't solve all the issues but we are already making a difference due to having a planned and cohesive approach. We should have done it years ago.'

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APPENDIX FOUR: REGULATION

With the introduction of a New Zealand regulatory authority I was particularly interested in regulation in the UK and Australia. The UK has a long established regulation system and parts of Australia within the last decade. I was also interested in accreditation as for several years the community housing sector in New Zealand has been advocating for the introduction of an accreditation scheme for New Zealand community housing organisations as a transition to regulation. This could be a way of the sector developing its capability while a well thought out and designed regulation system is developed and implemented.

In Victoria and NSW community housing groups have to be accredited for some of their state funded contracts for various housing services e.g. homelessness support services. I discussed with people I met with what each of their accreditation and regulation systems do and the difference of each. They are all in favour of regulation that 'ticks the boxes for government and private investment' but regulation is 'not a quality improvement or business development tool as accreditation is'.

All felt it was accreditation that gives them the assurance they are providing the best services they can to their customers. From their descriptions accreditation takes a deeper and more business development approach and numerous examples of how accreditation takes a deeper approach were given. An example is: both regulation and accreditation require that policies are in place. With regulation it's 'just' a matter of providing the policy while with accreditation they have to provide policies as well as demonstrating that their staff and/or governance board know the policy and how they action them. Most felt accreditation was a much more powerful measure than regulation. 'We are about housing people – not ticking government boxes'.

All the providers I spoke to in Victoria really felt that regulation had gone too far and the requirements were too onerous. They were frustrated that they have to go through another process due to the national regulatory framework. They were also frustrated – and in some cases bitter - that limited staffing resource is being used on regulation/compliance while at the same time they have to let housing development staff go - because there is no capital funding to undertake new projects. Over the time of the Nation Building money and their rapid growth they had taken on internal project managers and other development related staff. These now have to be made redundant 'yet regulation and its burden stays, it doesn't make sense'.

UK regulation is long established. There have been numerous changes - especially in recent years - since the time it was first established with the Housing Act 1988. In England, housing associations are funded and regulated by the Homes and Communities Agency (HCA) - the exception being funding in London which from April 2012 became the responsibility of the Greater London Authority. The HCA's predecessor until 2008 was the Housing Corporation. The Housing Corporation's regulatory role was split out to a separate body from 2010, the Tenant Services Authority (TSA), but merged again into the HCA from April 2012. There is now a Housing Ombudsman for tenants who have complaints.

The English regulation standards have changed significantly since the current government's major reforms in 2010 and have been 'slimmed down significantly'. Primarily this was done as part of the government cutting back on the number of quasi government agencies and as cost cutting – less

government costs to monitor and enforce regulation. It was also in response to years of feedback from the sector that regulation has gone too far and was too onerous. Most people I met with seemed pleased with the new changes and felt they were more reasonable than they had been in the past.

Some of the key themes from my discussions and the evidence read are:

- The design of regulation is critical. It should be designed to support the growth of a sector – not just a small number of bigger organisations.
- It should be designed with strong performance standards and give groups time to achieve these - along with capacity and development money to achieve them.
- Regulation should be designed to grow the capacity and capability of organisations as well as monitor their capacity and capability and outcomes.
- In Victoria, Australia, groups had up to 3 years to register – and therefore meet the standards to become registered. The state government provided around \$A1 million to enable organisations to meet the required standards within the 3 years. Significant funding was given to the Victoria peak body for training and capacity building activities.
- The hidden agenda of government is that regulation will mean fewer providers.
- Regulation should not only be about risk management but enabling and ensuring groups are meeting standards that will achieve good outcomes for tenants.

Sadly the New Zealand regulatory authority has been rushed through in a matter of months since the Bill was introduced. To me as I write this it feels like yet another ad hoc rushed piece of New Zealand housing legislation and we have lost another opportunity to enable real growth of community housing in New Zealand. Currently it feels like the regulation authority is simply another compliance burden which will stretch the already limited resources of organisations.

New Zealand was in a unique position to develop an effective regulation system that would meet the needs of government, the community housing sector and private sector while giving assurance to the wider public. I believe this system needed to be:

- tenant-focused
- intelligent
- and proportionate.

Regulation should protect the interests of tenants and customers who use the services provided by community housing organisations. The focus should therefore be on:

- securing good outcomes for tenants and other service users
- helping tenants to hold their landlords to account
- driving improvement in the provision of social housing and
- achieving better outcomes for government investment. [Back to body of report](#)

APPENDIX FIVE: RESEARCH ON UK STOCK TRANSFERS

A 2009 Joseph Rowntree Foundation study found that most HAs which took over and renovated council estates had exceeded the official standards for good homes, in terms of facilities and living space; had given tenants a bigger say in estate management compared to supposedly more democratic councils; and had gone beyond their remit to invest in community facilities like libraries and schools.

In addition, the Joseph Rowntree Foundation research says that following the transfer of stock four key themes were apparent; 'a more customer focussed approach; a growing interest in neighbourhood management; a greater trend towards functional specialisation (e.g. designated rent arrears staff); and a 'more active' style of management.' The research also notes that average tenant satisfaction tended to improve after transfer, and that evictions rates were lower under HAs (0.43%) when compared to traditional provision (0.70%).¹⁸

The Rowntree Foundation study is one of many that prove the scaling up of HAs by government financial investment and transfer of existing stock is a method of increasing quality and supply of social housing that has proved highly successful.

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¹⁸ . 27 February 2009. Hal Pawson, Emma Davidson, James Morgan, Robert Smith and Rebecca Edwards. *The Impact of Housing Stock Transfers in Urban Britain*

APPENDIX SIX: EXAMPLE OF STOCK TRANSFER FROM BRISTOL COMMUNITY HOUSING FOUNDATION

Bristol Community Housing Foundation (BCHF) began life in 2002 and was set up by Bristol City Council to redevelop a housing estate that was very poor quality with poor social outcomes. The Council was going to redevelop the site itself but then had a change in approach and went with a HA model so it could utilise other financing mechanism - like cross subsidisation and private sector borrowing (something it couldn't do itself). Once BCHF was established and registered the Council gifted it the land. The Council still had involvement – on the board and they demolished the houses as required.

BCHF entered into a partnership with a private sector property developer and sold half the land to them and then contracted them to build the homes they wanted on their land. The sale of the land partly funded BCHF's homes (around 50/50). The rest of the money they needed they borrowed so no government funding was used in this project.

Almost 1000 homes were built in total in phases over 5 years. BCHF and the developer ended up with roughly 50/50 each. BCHF have gone on to develop other projects of various sizes and through a variety of means – borrowings and with government subsidy etc. The Council has continued to gift them land – mostly small lots on which they have built 3 to 6 homes.

Capacity wasn't an issue for the Council when making this decision as they knew that the right people could be recruited to the organisation and they were assured by regulation and their ongoing involvement. Plus of course there was the whole housing policy and environment well established in the UK.

BCHF are very small in UK terms at around 1700 homes. They are a very strong values based organisation and are very committed and passionate about being a local Bristol HA, knowing their communities, being part of their communities and caring about their tenants. They pride themselves on the fact that '90% of tenants think of BCHF as a local organisation. Of these, 92% think this has a positive impact on the quality of services that BCHF delivers.'

They don't want growth for growth sake but growth that achieves better outcomes for their city.

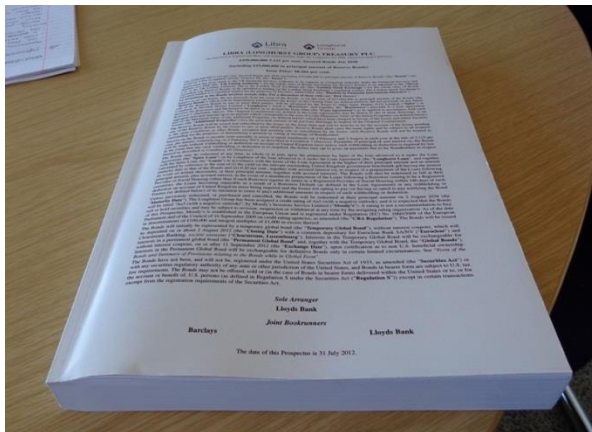
At the time of my visit they were merging with another local organisation to become United Communities.

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APPENDIX SEVEN: LONGHURST GROUP'S EXPERIENCE OF RAISING A BOND ON THE CAPITAL MARKETS

After much research, advice and work the Longhurst Group decided to get finances from the capital markets. They are one of about 15 HAs – that number is growing fast - that has issued a bond.

Longhurst issued a £225 million bond onto the markets in April 2013. The bond is for 30 years and they will pay 5.125% interest over this period. The positives are that they have stable finance and can predict costs for this extended period. The negatives are the bonds are secured against their properties and it is difficult to take properties out of the arrangement if needed – unlike bank finance security can't easily be renegotiated. It also cost approximately £100,000 to get the legal and other advice needed to develop the prospectus – which was about 3 cms thick!



The Longhurst Group bond prospectus

Generally however there is a positive attitude to bonds. The market clearly sees HAs as a secure and desirable investment with each bond issued being brought quickly. Most of the purchasers of bonds are the financial institutions of the UK and HAs said there was a small pool of investors.

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APPENDIX EIGHT: NRAS

A huge programme in Australia is the National Rental Affordability Scheme (NRAS). Most of the community housing providers I visited in Victoria and NSW were using NRAS and it is a significant funding stream.

NRAS was part of the Australian government's response to housing affordability issue. NRAS was set up at the same time as Nation Building to stimulate the supply of 50,000 new affordable rental dwellings by the end of June 2016.

Under NRAS, the Australian Government in conjunction with states and territories is providing financial incentives to:

- increase the supply of affordable rental housing
- reduce the rental costs for low to moderate income households
- encourage the large-scale investment and innovative delivery of affordable rental housing.

Approved participants are eligible to receive the NRAS incentive for each approved dwelling where the conditions of allocation for the dwelling are met. This included the condition that they are rented to eligible low and moderate income households at a rate that is at least 20 per cent below market value rent.

NRAS aims to encourage medium to large-scale investment in affordable housing (usually 100 or more houses). This means it is not generally available to small-scale, private, individual investors in the rental property market. Approved participants are usually property developers, not-for-profit organisations and community housing providers.

The NRAS incentive is paid per dwelling, and is indexed each year in line with the Rents component of the Consumer Price Index. The Scheme offers annual incentives for ten years. The two key elements of the incentive are:

- an Australian Government incentive per dwelling per year as a tax offset or direct payment
- State or territory governments may offer approved participants a contribution per dwelling per year in direct or in-kind financial support.

Eligible tenants are persons in low and moderate income households as tested against household income thresholds which differ depending on the household composition.

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APPENDIX NINE: EXAMPLES OF MIXED TENURE DEVELOPMENTS FROM THE UK AND AUSTRALIA

Notting Hill Housing - London

I visited the construction of Notting Hill Housing's new 170 home apartment block 'The Bloom'. One of the larger developments they have done on their own this development includes commercial space at the bottom and a GP practise, along with community space. The majority of the homes will be for shared home ownership. This project they are also doing with Hammersmith and Fullham Council. The council will be providing some subsidy which will enable lower income families to access some of the shared home ownership units. Some of the shared home ownership units will sell for £500,000! There will be private sales as well.

Notting Hill Housing currently struggle to enable low income families to be part of their shared home ownership programme due to the lack of government capital subsidy and the price of building and land so this subsidy from the council was a welcome initiative. They have several different shared home ownership programmes – rent to buy and part rent and part ownership.

Common Equity Housing Ltd (CEHL) - Australia



I attended this opening of CEHL's new development in inner city Melbourne. This benchmark development is a mix of cooperative housing and private housing (sale). The development has a mix of private owners, private tenants and housing cooperative members. It will be home to a mix of people including elderly, students, people with physical disabilities and key workers. The development provides 59 homes (43 two-bed and 16 one-bed), 25 of which are being retained by CEHL and 34 sold onto the private

market.

The project cost \$A30 million funded by CEHL in conjunction with a government grant of \$A9.2 million. The social/private composition 'will encourage community integration through a mixed tenure arrangement and enable CEHL to deliver the affordable housing units on a cash neutral basis (ie net profits from the sale of the private units will be channelled into CEHL's capital exposure on the project).'¹⁹ Their next proposed project is a \$A60m development that will include 200 units – 50 for them, 30 aged care, 50 sold to a nearby to hospital, and the rest private sale. [Back to body of report](#)

¹⁹ <http://www.cehl.com.au/>

APPENDIX TEN: COMMUNITY LAND TRUSTS

There are a number of benefits to setting up and running a CLT:

- CLTs are locally driven, controlled and democratically accountable
- CLTs can meet local housing need even in areas with very high house prices
- CLTs, by retaining an equity share in each property, provide housing that is permanently affordable, benefitting many generations of residents
- CLTs give the community an asset for the future
- CLTs genuinely empower local communities, where communities are part of the vision and solution for their local area.

The Wessex Community Land Trust Project (WCLTP) is an advice service for communities interested in leading the development of affordable homes for local people by setting up a Community Land Trust. The Project has been working with communities in Somerset, Devon and Dorset since May 2010 and is managed by Wessex Community Assets, a social enterprise specialising in community-ownership.

WCLTP is currently supporting 13 communities to establish CLTs. In each case, the community has chosen to work with a housing association (HA) using a form of partnership developed by WCLTP. This programme is designed primarily to deliver homes for rent for local people (because these are the properties most in demand) although some shared ownership properties are also being provided.

WCLTP oversees the entire process: advising communities on how to establish a CLT, helping with the selection of a HA partner, attracting the necessary funding, recruiting members and generally taking the scheme forward. The Project also works with CLTs to identify any future projects because, having established a CLT, most communities would like to use it for other activity – most commonly to save a pub or shop. If no projects are identified now, then it provides a ready vehicle for when they might arise. WCLTP is currently funded by a number of public bodies and charities and, in the future, will recover its costs from successful schemes. [Back to body of report](#)



Only in the UK could you have a village called 'Queen Camel'!

APPENDIX ELEVEN: MORE ABOUT SOCIAL ENTERPRISES AND EXAMPLES

What's the difference between a charity and a social enterprise?

Social Enterprise UK provides this very useful explanation:

Social enterprises and charities are not completely different – many organisations that describe themselves as social enterprises are registered charities but there are important similarities and differences.

What's the same?

- Charities and social enterprises both exist to fulfil a social mission.
- Charities and social enterprises both reinvest the majority of their profits (charities often describe these as surpluses) in doing social good.

What's different?

- Charities traditionally aim to fund their social mission through grants and donations.
- Social enterprises aim to fund their social mission through trading activities - selling products and services to customers.²⁰

Examples

Derwent Living, UK

As well as homes to rent for people on low incomes, Derwent Living in Derby, offers properties for retired people, homes for sale through part-buy, part-rent schemes, residential lettings and key-worker accommodation. The Derwent Living Group specialises in providing housing and facilities management services. It owns and manages more than 20,000 properties in the Midlands, Yorkshire and the South East. Derwent brings together an 'affordable housing ethos with a commercial edge'. It owns two for-profit companies and profits support its core purpose. Derwent Facilities Management Limited (Derwent fm) is a subsidiary of Derwent Living.

A growing force in the industry, Derwent fm is an expert in facilities management and student services. Offering integrated, bundled or individual services – such as cleaning, security or maintenance – to suit the needs of its clients. Derwent fm operates across a wide spectrum of clients including student accommodation, central and local government, private sector and health and education. This company pays Derwent Living around £3 million per year.²¹

Curo, UK

Curo have about 12,000 homes in the Bristol and Bath area and are considered to be a medium sized HA. Like many HAs they are the result of the joining together of smaller organisations. Up until the last few years they were a group structure but have collapsed that structure into one organisation.

²⁰ <http://www.socialenterprise.org.uk>

²¹ <http://www.derwentliving.com/>

They also have had significant stock transfers from local authorities and large amounts of capital subsidy investment over the years.²²

The current environment – low capital subsidy and lack of funding - has meant that Curo and other HAs have to be very 'commercial' in their approach and are being more enterprising. For example Curo have looked at their opportunity to generate other income being based in a tourist city and so they have been trialling a 'holiday let'. They own several properties in Bath city that are in very desirable areas for visitors. Their board does not wish to sell these despite the challenges of owning Georgian houses. They have turned one into a holiday let and this has been very successful with the usage being higher than expected. The income from this will now be used to finance the borrowings for a new development if it is approved by the Regulator.

This activity is causing some concern to the Regulator and they have yet to advise if this activity is permitted. HAs are not supposed to use their stock for any other purpose than social/affordable housing. However the government capital subsidy funding is now down to 20% so the Regulator is seeing more and more HAs using other mechanisms to generate income and financing and understands the reasons for this.

If Curo can do more holiday lets they will do these in collaboration with a local social enterprise. The social enterprise will undertake a lot of the work required to run the business such as bookings, supplies, cleaning and laundry. The intention is to do this with young unemployed people, creating job and skills training.

For a US perspective go to <https://www.se-alliance.org/what-is-social-enterprise>

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²² <http://www.curo-group.co.uk/>

APPENDIX THIRTEEN: THE OTHER POINT OF VIEW

There is much criticism of the housing association model in both the UK and Australia and it is worth noting these.

UK

The criticisms largely cover these areas:

1. HAs are not housing the most in need
 2. Stock transfer being a form of privatisation
 3. HAs maximising the density of developments
 4. The salaries of CEO of HAs
-
1. The Government sets the rents HAs may charge and most rents are paid by the government 'housing benefit' to HAs. There are now three different kinds of rent in Britain:
 - 'market rents'
 - 'social rents' - which is what council tenants pay, (in London typically about half market rent or less);
 - and 'affordable rents', currently pegged at 80 per cent of market rents.

In 2010 the new government cut by two-thirds the capital grant it gave to HAs. Despite this massive cut in the funding subsidy the government still wanted HAs to build the same number of houses. The only way the HAs could do that was by borrowing more money or diversifying as I have described above. The only way they could finance the extra debt was by charging higher rents. The indirect consequence has been the cost of the housing benefit has increased.

Most of the HAs I met with described the challenges of housing the most in need. The greatest challenge however is actually being able to supply enough homes to house all those that are in need.

2. Opponents of stock transfers argue that they were a way of purging the country of direct government responsibility for a service that should actually be provided by government. Also that they were another form of privatisation and one that cost the government a lot of money.

A report on stock transfers by the National Audit Office in 2003²³ judged the programme a success but conceded that if councils had been allowed to use grants and loans to renovate a million homes themselves, it would have cost £1.3 billion less than getting housing associations to do it. However the NAO said there were other benefits: shifting risk from taxpayers to the housing associations, getting repairs done faster and giving tenants a bigger say.

It is clear that the HAs model has been highly successful. There will always be people who think that governments should be the providers of social housing no matter what the outcomes of the government organisations. The real issues for me are what is the role of government in social housing and what level of funding should be provided?

²³ March 2003. National Audit Office. *Improving Social Housing Through Transfer*. Available from <https://www.nao.org.uk/report/improving-social-housing-through-transfer/> [Accessed January 2014]

3. Governments have cut the capital grant they give to HAs to help them build. One consequence of this is that they have to (some say been forced to) use whatever extra space they can carve out of each council estate they take over, or out of each new development they do, in order to reduce the land costs and construction costs and to maximise the number of houses on a site. They also need to build houses for sale or private rent for the purposes of cross-subsidy.

With the massive population increases being experienced in the UK and the drop in new supply of houses it seems to me that the HAs are taking the only course of action they can. One organisation I met with showed me two media articles on the same development. In one article they were being criticised for building too much on the site and in the other they were criticised for not doing enough as the housing need in the area was huge. Most I met with felt a bit like 'we are damned if we do and damned if we don't.'

4. None of the hundred names on the 2013 recent list of HAs chief executives' salaries, published by the journal Inside Housing, earns less than £100,000 a year; 16 of them earn more than £200,000. In September 2013 Places for People CEO topped the list at a 'staggering' £378,874 and on top of this other payments were made to him. Inside Housing – like numerous other publications and organisations – heavily scrutinises HAs. In their article on this salary they quote Places for People chair as saying salaries like this are needed to attract and retain people of 'high calibre'. The same sentiments is used by the banking and other corporate worlds to justify huge salaries. No matter what sector or industry it is, huge salaries to me are unjustifiable and wrong.²⁴

The HAs in the UK really are a third way so it is fitting that their salaries are not like other not-for-profit sector salaries but yet they should not be like private sector. I feel another important issue is the parity between all staff in a HAs. What is the difference between the CEO's salary and the tenancy officers or admin people for example?²⁵

Australia

There is some criticism in Australia on similar lines to the UK. The outstanding one is that HAs do not take those with the highest need.

Another common theme was the sector is over regulated and this has stifled innovation and prevented real change within the social and affordable housing space.

²⁴ <http://www.insidehousing.co.uk/regulation/places-for-people-group-chief-executive-tops-salary-survey/6528639.article>

[Accessed March 2014]

²⁵ <http://www.insidehousing.co.uk/home/analysis/the-theory-of-evolution/6528675.article> [Accessed March 2014]

APPENDIX FOURTEEN: ADVOCACY AND CREATING CHANGE

When asked why and how Victoria government choose to grow the community housing sector most people responded that it was due to some strong lobbying from those in the sector. That lobbying was driven by the changes in the UK and US housing environments and a vision of 'a better way'.

One comment that stands out is from someone who has extensive experience in government, community housing and private sector housing. 'Change came when the sector was clear that it wanted to grow and why it needed to grow and how it could grow. You need a strong clear voice to government as if the sector is muddled then government is muddled.'

Several people I spoke to said that the focus on housing development over the last few years in Australia has made their organisations very internally focused. Now that the period of rapid growth was over they were looking forward to becoming 'more active again in areas of social policy and advocacy'. They talked about how the biggest challenge facing community housing organisations now is how they continue to create more affordable housing when 'government pockets are empty' and the need is as great as ever. 'From that perspective our advocacy journey has just begun'!

Everyone was very supportive of their peak bodies and all felt their role was key to the development and future of the sector. Both the Victoria and NSW peak bodies are both partly funded by government and membership fees and services.



In England the National Housing Federation is the peak body that 'represents the work of housing associations and campaigns for better housing'. This organisation provides an impressive variety of services to members - training, insurance, advocacy, campaigns etc. They have even set up a finance company which predominately provides finance to low income people – 'the people living in housing association homes'. Their lending rates are lower than 'loan sharks' but not as cheap as banks. They have offices on high streets and are increasing their share of the market significantly.

The National Housing Federation run regular campaigns and while I was in England the 'Yes to Homes' was receiving much attention. The campaign was to help people across the country 'find their voice on the national homes shortage.' People across the country were being asked to sign a petition or contact their local politicians, saying 'yes to homes'.



In New Zealand we are cautious about lobbying and advocating to government as government also funds our peak body Community Housing Aotearoa. In Australia, Australians for Affordable Housing is a coalition of over 60 national housing, welfare and community sector organisations. The purpose: 'the coalition will highlight the problem of housing affordability and call on all levels of government to

make the changes necessary to ensure all Australians can find an affordable home.' A significant number of its members are community housing organisations and they fund the work of the coalition.²⁶ This coalition has created an independent voice that can say what needs to be said and it can challenge governments as needed.

I firmly believe we need some kind of housing campaign that raises awareness of the housing need in New Zealand and really challenges government policy and priorities.

²⁶ <http://housingstressed.org.au/get-the-facts/> [Accessed February 2014]

APPENDIX FIFTEEN: THE CONTINUUM OF HOUSING ORGANISATIONS

Many talk of the continuum of housing services. At one end is emergency housing and night shelters and at the other, home ownership. In recent years New Zealand government officials have spent much time developing a housing continuum and deciding where current housing providers and social service agencies sit on the continuum.

My study tour revealed to me a social housing organisation continuum as well. The elements of my continuum are:

- Independence
- Accountability/regulation
- Tenant focused services and tenant participation
- Community development
- Range of tenures
- Range of services
- Leverage
- Governance

At one end we have public housing organisations (Housing New Zealand and local council housing in New Zealand) with little independence, whose business policies and operations are heavily influenced by the political ideology of the time. They do not borrow against their assets to leverage further housing supply. Housing New Zealand's operations are heavily subsidised by government and their capital expenditure is 100% funded by government. Housing New Zealand even has to return a dividend to government. Wellington City Council was given a \$200 million government grant to upgrade its stock so it would remain in social housing.

These public housing organisations are unregulated and have minimal accountability for the services they provide to the people they house or the communities they provide services in. They are organisations that provide housing of last resort and so only housing those that have the highest need. They do not provide other services to their tenants.

At the other end of my social housing organisation continuum are the UK's housing associations. Housing associations are hybrid organisations that are independent, not-for-profit social businesses that generally provide both homes and support for people in housing need, as well as key community services. Most individual HAs also provide a continuum of housing services.

The UK housing association sector posted record net surpluses of over £2 billion in 2012/13, according to the Social Housing Magazine. The figure represents an increase of 259 per cent on the three years before. All surpluses made by a HA are reinvested into their services.

Where do Australia's and New Zealand's community housing organisations sit on my continuum? Probably somewhere in the middle. HAs and community housing organisations in Australia are not working in the same space as HAs in UK but more diversity is happening.

APPENDIX SIXTEEN - RESOURCES USED

L&H Homes

Asset Management Strategy 2013/18
Strategy Delivery Plan 2013/15
Annual Review 2011/2012
Making a difference the L&H Way
Putting you in The Picture
Welcome Pack
Numerous other resources

Longhurst Group

Business Plan 2013-2016
Shared strength, individual focus
Spire Homes – Providing homes, Improving lives
Keystone Developments – Crafting homes and communities
Friendship Care and Housing

Blue Skies Consortium

Curo

Curo's Big Plan for the Future 2012-2017
Foxhill Looking Forward -
<http://www.foxhillregeneration.co.uk/>
Open – Autumn 2013
The Year in Numbers 2012-2013

Elim Housing Association

Providing homes, supporting people

Upper Culm Community Land Trust Ltd

Local Allocation Plan

Derwent Living

CUSTOMERS FIRST Business Plan 2012 – 2014
Corporate Brochure 2013-2014
Derwent Living Way Brochure

Bristol Community Housing Foundation

History
Our Plan for the Future 2013-17

National Housing Federation

What is a housing association?
Risk management: a guide for housing association board members
Excellence in governance
Specialist insurance services for housing associations
Making the connection: Why Engage Politicians?
Business Plan 2013-2016

Common Equity Housing Ltd

25th Annual Report 2009-2010
26th Annual Report 2010-2011
27th Annual Report 2011-2012
Rental housing co-operatives... an essential option in a renewed social housing system
CERCUS - The CERC Program Newsletter

Yarra Community Housing

Annual Report 2010
Annual Report 2011
Annual Report 2012
660 Elizabeth Street, Melbourne

Women's Housing Ltd

Rooming Houses
Annual Report 2012

St George Community Housing Ltd

Annual Report 2012
Streets Ahead – various additions

Newleaf Communities

Newleaf Communities
Bonnyrigg Community Newsletter

HomeGround Services

Annual Report 2012
Strategic Plan 2012-2015

Community Housing Federation of Victoria

Annual Report 2012
Strategic Plan 2012-2015
Community Housing Fact Sheet
CHFV News 2013
Various other resources

South Port Community Housing Group Inc

Annual Report 2012
Business Plan 2012/2015
Stories from South Port
South Port Community Housing Group History

City West Housing

Growing Strongly - Annual Report 2012
Our Path Our People Our Future

Housing Registrar, Victoria

Housing Registrar Report 2010-2011
Housing Registrar Report 2011-2012
Presentation to New Zealand Housing Minister visit
Our regulatory framework
2. Compliance and performance
3. Financial viability
Final Report – Confidential

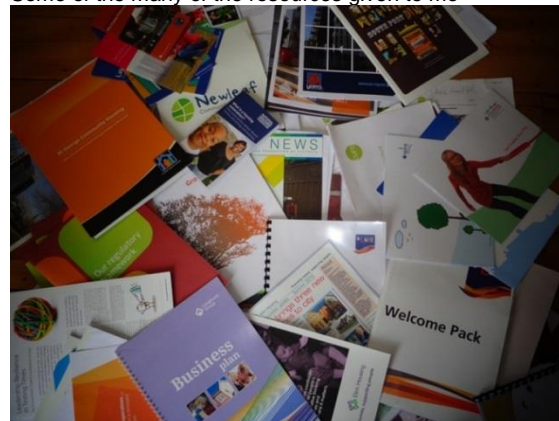
REACH Community Development, Portland, Oregon, USA

Life with REACH
REACH Strategic Plan 2011-2015
REACH Annual Report 2012

Renovating housing policy

October 2013 Grattan Institute, Australia Jane-Frances Kelly,

Some of the many of the resources given to me



APPENDIX SEVENTEEN: THE THANK YOUS

I'm so grateful to everyone I met for giving me time out of their busy lives, for sharing their learning and experiences and for being so open and generous. At times on my travels I felt tired and overwhelmed and felt some visits might be too much or not needed. I was proved wrong every time and after each meeting thought 'wow thank goodness I went there'. Everyone I met with gave me something new – small or big this aspect of my trip was amazing.

I am also very grateful to my family, friends and work colleagues who encouraged and supported me in many different ways.

There are too many people to thank but here are a few standouts:

- Wellington Housing Trust board for agreeing to me having time out of the office to undertake my study tour. In particular thank you to our Chair Paul Scholey. He encouraged me to apply for the fellowship, was a referee and reviewed my application. On top of this he contacted several colleagues in the UK and facilitated some of my most valuable and enjoyable experiences.
- Chris Coles and Fiona Burke for keeping our organisation going while I was away. Without knowing it, my trip coincided with a merger of our organisation with another – a huge amount of work and milestone. I am very grateful to my colleagues for their support, hard work and making sure I could be away confident things would be fine in the office.
- Greg Orchard from Wellington City Council for taking the time out of his very busy life to write a reference for my application.
- My special friends Kim and Doreen who gave me so much support in many ways and who put me in touch with some of their friends for me to stay with which helped my kiwi dollars go further in the UK.
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- Steve Watson who not only gave up a whole day to spend with me but organised visits to several community land trusts. I enjoyed so much our drive around Devon, Somerset and Dorset discussing systems theory, his experience of being the CEO at the time of the global financial crisis and meeting all the people we did, was a joy. Plus the wild pigeon salad – including gunshot pallet – was an experience.
- The team at Longhurst Group for all your time and sharing so many of your fantastic resources – such a valuable gift. And thanks for my only experience of mushy peas in the UK!
- Notting Hill Housing's CEO Kate Davies for giving me access to their organisation and for inspiring me in so many ways both professionally and personally. Ashlee was a delight – and I will always remember 'dressing' up to inspect their new development and walking around Shepherds Bush's fabric shops with him after our great day of work!

- Josh Crites who convinced me to visit Seattle and I am so happy I did. It's a fabulous city and we had such a great time there – the Chihuly exhibition was one of the most gorgeous things I have seen. Josh organised a meeting with 7 local housing people – with a big takeaway pack of coffee and great donuts – and it was fascinating and inspiring day.
- I am very grateful to James Brown for editing this report and giving me valuable feedback - and reminding me no one reads reports!
- Robert MacBeth for introducing me to some great people and organisations in Victoria, Australia and for sharing his knowledge and experience.
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- Finally but most importantly thanks and lots of love to my wonderful family. Not only did they agree to being left home twice for extended periods they encouraged me to do it, they supported me 150% and were very happy for me.

'Every day you may make progress. Every step may be fruitful. Yet there will stretch out before you an ever-lengthening, ever-ascending, ever-improving path. You know you will never get to the end of the journey. But this, so far from discouraging, only adds to the joy and glory of the climb.'

Winston Churchill



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