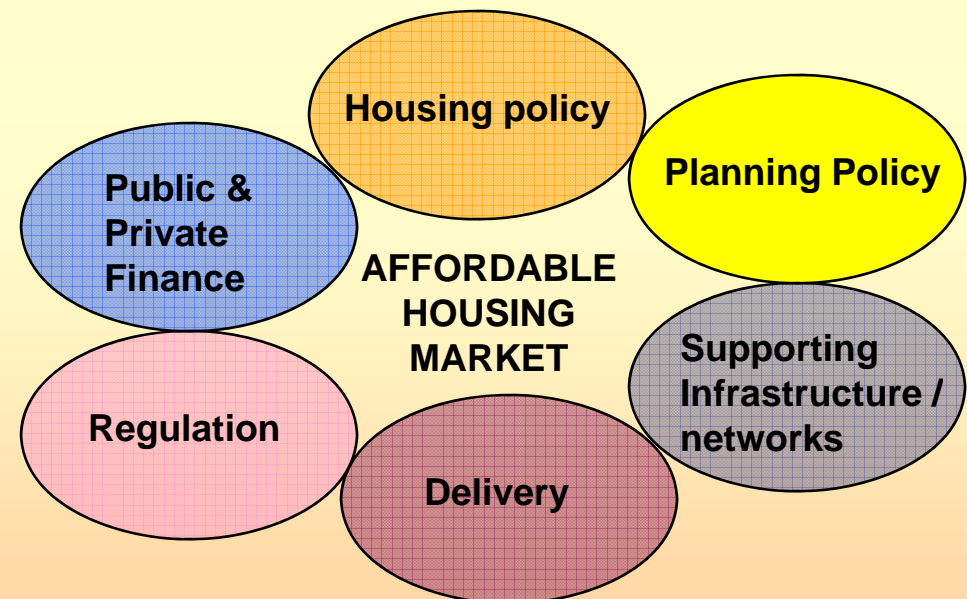


Developments in Affordable Housing: Completing the Jigsaw

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Conference**
**Change, Challenge, Innovation,
Inclusion**
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Background to Study

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

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



- 2005 AHURI report – blue print for an industry

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

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



Sector Developments since 2004

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

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



Preliminary Classification of Affordable Housing Providers

Category	No.
1: Providers already procuring at scale	9
2: Growth providers intending to scale up, some with limited procurement experience	12
3: Providers with some limited procurement experience, unclear growth path	8
4: Growth partners (growing through management services linked to supply)	4
5: Traditional asset 'rich' agencies expanding	6 +



At Scale Providers – Survey Results

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



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



Some Issues

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



The Future Picture ?

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

