



nsw Federation of  
Housing Associations inc

# NSW Federation of Housing Associations

## Strategic Plan 2009 – 2014

June 2009



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## Summary

### Our Mission

- The Federation's mission is to support the development of a not-for-profit rental housing sector that compares to any around the world, and makes a difference to the lives of lower income and disadvantaged households across the state.

### Our Vision

- We see housing associations being present in all housing markets, providing a full range of housing products to ensure that such households are not excluded and that those with specific needs can be housed appropriately and responsively.

### Our approach

- We aim to provide leadership to the housing association sector in NSW by drawing on the talents of the sector, its leading edge practice, and on evidence from research and examples around the world.
- The Federation will represent the aspirations and interests of housing associations to all other stakeholders – government, industry and the wider community.
- We will provide advice to members, government and potential partners on the best ways to expand the sector's activities and meet the highest standards of service to tenants, applicants and communities.
- We will support and resource individual members to manage at the highest standard and the industry to build the capacities needed to continue to develop.

### Our Strategic Outcomes for 2009-2014

This strategy aims to achieve 21 outcomes over the next five years organised under five outcome areas:

- Establish a framework for industry development
- Setting a strategic advocacy agenda
- Positioning the Federation to maximise its influence
- Strengthening the membership base
- Expand and restructure the Federation business to ensure that its core role as an industry body is sustainable

The first two focus on the sector itself. The remaining three focus on the Federation's approach to its business

## **1 Establish a framework for industry development**

### *Outcomes*

- *There is an industry wide transition to a new vision for the sector*
- *The Federation supports the capability of individual organisation to be effective in a more complex business environment;*
- *The Federation develops new industry structures to support the associations' business*
- *Comprehensive information base established to promote and support the industry*
- *The workforce needed for a growing & changing sector is available and supported*
- *New opportunities are created by promoting the sector to the commercial stakeholders*
- *The scope of the industry's activities broaden to include complementary services for related service systems (eg. aged care) and by operating nationally*

## **2 Setting a strategic advocacy agenda to support sector development**

Over the next five years the Federation will not simply be reactive, but will pursue five advocacy priorities that are critical to the sector's development:

### *Outcomes*

- *Systematic advocacy is undertaken to achieve an increase affordable housing*
- *Systematic advocacy is undertaken to ensure adequate funding*
- *Systematic advocacy is undertaken to ensure access to the required workforce*
- *Systematic advocacy is undertaken to establish the sector's new place across the housing market, rather than limited to government programs*
- *The sector is cohesive*

## **3 Positioning the Federation to maximise its influence**

### *Outcomes*

- *The Federation becomes bolder*
- *Our mandate from and support for members is based on leadership*
- *We are proactive by drawing on the leading edge of members' practice*
- *We are much more engaged in national activities*
- *Clearer delineation of roles between Community Housing Division and Federation – leading to increased Federation role*

***4 Strengthening the membership base to increase our influence and reflect the broader composition of the sector***

*Outcomes*

- *Broaden membership to reflect role as the industry associations for a wider industry*
- *Engaging the members to build leadership mandate and responsiveness*

***5 Expand and restructure the Federation business to ensure that its core role as an industry body is sustainable***

*Outcomes*

- *Expand Federation business by establishing new/ strong profit centres*
- *Review business areas and model to ensure business model can support our strategy*

# 1. Context and drivers

## *1.1 The development of the community housing sector*

Community based not-for-profit housing is now poised to become a substantial alternative housing provider across the housing market.

In the first 12 to 24 months of this strategy, the sector is likely to double in size, mainly due to the largest investment in social housing ever made in this country as part of the Commonwealth's economic stimulus package.

While community housing has existed as a distinct sector since the late 70s, the systematic development of a sector of community based social housing providers began in 1982 with the establishment of the Community Tenancy Scheme. By the end of this strategic plan, housing associations (as community tenancy schemes became) will have been operating across the state for 32 years.

But during that time, the role of the sector has evolved greatly. Without putting much weight on an exact typology, it is useful to consider four stages four stages (for a full description of these see Appendix 1):

1. Establishment – responding to unmet needs 1982 -1992
2. CHP growth & consolidation phase – offering choice 1993 - 1995
3. Professionalisation phase 1996 - 2004
4. Preparing for large investment capacity 2004 – 2009

In the first 10 years the sector grew by 100 homes a year. Over the next 10 years, it grew by 700 a year. In the past 5 years it grew by 1,400 a year. The average size of associations has grown even faster over this time from 40 homes to 575, and the largest have grown from 100 to 2,600.

However this pattern of accelerating growth will be dwarfed in our next phase by growth that is likely to be in the order of 7-9,000 a year.

### *Moving into the market 2009 – 2014*

The next phase is only just taking shape. But it is likely to see the emergence of the industry from out of the margins of social housing, to become a major part of the housing industry.

For the first time there is a consensus that non-profits will come to manage a far larger share of social housing, currently managed by public housing. And in the first two and half years, we will see the largest expenditure ever seen on social housing.

But there is also good reason to believe that the sector will begin to be a recognised option in most housing markets, delivering a range of products to households in the bottom half of the market. It is also fair to believe that associations will be major agencies in their communities, with significant influence in both social and economic development.

Within 5 years we might envisage a sector managing of 25 organisations managing, say, 45,000 homes. The average size would be 1,800, the largest might manage around 5-10,000 in NSW and more if they have become national. But this projection may be at the conservative end.

This is the possible context for this strategic plan.

## ***1.2 The evolution of the Federation***

The NSW Federation of Housing Associations was formally launched 15 years ago, at the beginning of the second phase of the sector's development. Its evolution too can be seen in a number of phases (for a full description of these see Appendix 1):

1. *Establishment phase* – 1993-1998: which focussed on creating a new identity for housing associations and building resources for the sector
2. *Maturing phase* – 1999-2003: which gave priority to building the professionalism of the sector and supporting its management to a very high standard (This was the period of its first 5 year strategy)
3. *Expanding with the sector* – 2004-2008: this also saw the Federation play a key role in implementing registration, developing a State strategy for growth and developing financing options like NRAS (This was the period of the Federation's second five year strategy).

### *A new strategy for a new business environment – 2009-2013*

This new strategy will carry the Federation through to its 20<sup>th</sup> year. It will require very considerable change.

In this period, the question of who our constituency is will be reopened; partly because of the changing face of the sector and partly to provide a clearer voice and leadership for the industry. This will particularly involve working much more co-operatively with the aged care sector, the Aboriginal housing sector, homelessness and disability.

Our business will need to expand into new areas to support the growing expectations of the Federation. We will provide a stronger focus and more comprehensive range of services to support the new business activities, scale and professionalism of many in the sector. The Federation itself will need to grow substantially to provide the diversity, flexibility and efficiency that can only be enabled by scale. This may require the adoption of a new business model.

We will find new ways of working nationally, as many of the structures, relationships, opportunities and providers become national.

It will be a priority for the Federation to support the cohesion of the sector in the face of great change. And it will be a priority to maintain our value to, and the support of, our members by placing more emphasis on communication and demonstrating how we take up their issues, needs and aspirations. The Federation must renew and demonstrate its leadership in the sector.

### **1.3 Key drivers for the next five years**

#### *Growth drivers*

- Substantial Commonwealth incentives, which include wider range of stakeholders
- Currently limited state resources – global economic downturn will impact for at least half the life of this plan
- Possibly offset by large scale social housing economic stimulus spending in the first half of the strategy time frame
- Strong government commitment to growth and devolution of public housing

#### *Reshaping & repositioning the sector – changing members and relationship to HNSW*

- Increased integration/ co-operation in areas of the business between public and community providers
- New national frameworks – esp regulation, industry body
- New players – particularly national organisations
- New entrants to the sector
- New range of players – aged care provider, substantially boosted homelessness sector
- Changing business model for co-ops (and churches) – umbrella “housing associations”

#### *New member service drivers*

- New business areas like significant property development, financing, regeneration, housing plus
- New geographical spread, creating challenge for community engagement
- Commercialisation, risks to service imperative
- Substantial workforce demands

#### *New challenges to meeting the needs of members and represent the sector*

- Largest members have internal capacity
- Polarisation in the sector and preferential treatment by government

### **1.4 Current organisational position – feedback, risks, financial position**

#### *Feedback*

The following strategy has been based on discussions with staff, the Board and with key stakeholders. RPR Consulting facilitated a number of meetings – two with Federation members, one with the Community Housing Division, and two the Federation Board.

## *Risks*

- *Growth*
  - Failure to grow the business in line with changes in the sector; and changing demand
- *Reputation and relevance*
  - Maintaining provider confidence in the Federation's expertise and ability to provide assistance – the risk that new CEOs in the sector seek their own business solutions without the Federation?
  - That the Federation doesn't deliver the role the CHD feels it should have, or if some of the Federation's activities are not in line with government directions
  - It proves difficult to partner with other major stakeholders: like financial institutions and aged care providers
- *Competition*
  - The increasingly national nature of the industry limits the role and scope for the Federation
  - Difficulty of working as a peak body with multi-jurisdictional members
- *Funding*
  - There are no firm commitments by the CHD about the level of future funding for the Federation. This will be subject to conclusions about the role of the Federation
  - Overreliance on CHD for funding
  - The ability to fund the things we want to do will depend on the effectiveness of how the Federation markets its services and its ability to broker services it can't deliver in-house
  - Ability to diversify the business within the parameters we set for our role, to increase income
- *Human resources*
  - Inadequate succession plans
  - Establishing right level and mix of skills to deliver on our strategic priorities
  - Ensuring all staff have core knowledge of the important high level changes happening in community housing, as they unfold
- *Spreading ourselves too thinly*
  - Balancing demand with the need to prioritise within each part of our business
  - Identifying the new business priorities and opportunities
  - Correctly identifying which parts of the expanding business do we need to be experts in ourselves (versus brokering in services)
- *Organisational structure*
  - Current structure does not reflect changing sector needs
  - Current structure does not provide maximum utilisation of internal capabilities
  - Current structure does not enable effective management or business development

## *Financial position*

The Federation is in a relatively strong financial position. It has net assets of around \$100,000 which has been increasing modestly each year.

It's income has increased by 50% over the past seven years. More importantly, the composition of its income has also changed. Government grants have declined from 75% to 55% of income (Until 2008-09 government grants also declined in real terms over each of the last six years.) Sales and services have increased from 20% to 42% of income. The growing training business has been a major part of this change. Training income has increased from 8% to 30%. Membership fees have declined as a proportion of all income from 5% to 4%, although they have remained constant in real terms. However, this is fairly low and has not grown in line with the growth of the sector's turnover.

As Federation business has expanded, its cost structure has also shifted somewhat. Staff costs have increased in real terms by 47%. As a proportion of all expenditure they have increased from 64% to 72% of costs. Over that period, the cost of premises has increased by only 11% in real terms, and has declined as a share of all costs. However, further growth will require larger premises with larger relative contribution to costs. Most other overheads have been reduced in real and proportional terms.

Our key financial challenges are:

- To continue to reduce our dependence on Government grants
- To diversify our sales and services to lessen reliance on training
- Increase member income in line with growth of the sector
- To fund an increase in staffing to reflect greater specialisation and management structure
- To scale up the business, with associated overheads.

#### Change in financial structure past five years - \$ and proportion by category

	\$	\$	%	%
	2003-04	2008-09	2002-03	2008-09
Government grants	619,381	615,416	70.2%	49.1%
Service fees	63,222	167,256	7.2%	13.3%
Training fees	63,915	371,235	7.2%	29.6%
Membership fees	45,946	54,395	5.2%	4.3%
Publication sales	3,748	4,852	0.4%	0.4%
Interest	5,825	17,359	0.7%	1.4%
Other	80,849	23,030	9.2%	1.8%
	<b>882,886</b>	<b>1,253,543</b>	<b>100%</b>	<b>100%</b>
Conference	25,464	19,895	2.9%	1.6%
Contractors	70,521	101,958	8.0%	8.4%
Employee	562,562	870,435	63.9%	71.5%
Temporary staff	0	4,000	0.0%	0.3%
Equipment & furniture	10,880	12,429	1.2%	1.0%
Printing, post & stat	28,101	51,729	3.2%	4.2%
Property	93,207	82,588	10.6%	6.8%
Travel/ accommodation	25,245	23,197	2.9%	1.9%
Other	64,287	51,043	7.3%	4.2%
	<b>880,267</b>	<b>1,217,274</b>	<b>100%</b>	<b>100%</b>
	2,619	36,269		

## 2. Positioning the Federation in the new environment

### **2.1 Core roles**

The following roles are fundamental to its business and mission:

The Federation:

- is the body that represents the interests of housing associations in NSW – to government and to wider industry partners.
- works to develop the sector and its emerging role
- brings together the sector to share experiences and collaborate on approaches
- supports the sector's performance
- Undertakes the research necessary to support the development of the sector and the support for performance
- Keeps the sector informed

### **2.2 Community Housing Division and Federation – agreeing roles**

The Federation has worked with the Community Housing Division (CHD) to map and agree on respective roles at a high level. This document has been developed and now provides a framework for negotiating roles and the appropriate form of engagement between CHD and the Federation around specific areas of activity.

### **2.3 Changing role**

There are a number of ways in which the drivers for the five years covered by this plan require changes in the Federation's role or in the focus of the activities it undertakes to fulfil its roles.

*Represents the interests of its members*

- Over the life of this strategy we expect to see the representative function of the Federation broaden. Currently it is the largest peak in the community housing sector.
  - It is likely to broaden to be the only provider peak, broadening the understanding of housing association to include umbrella structures whose members or clients are co-ops or local church housing projects.
  - It may also build a stronger co-operative representative role with related sectors like age care, disability housing, Aboriginal housing, and homelessness accommodation services.
  - It may broaden its associate membership to include suppliers and partners to the housing association sector.

- The Federation will now need to work far more actively with other partners in related industries, such as aged care and the wider housing industry.
- While over the last 10 or so years the Federation has played a role on the national stage through CHFA, the previous NCHF, ACOSS and other organisations, the growing influence of the Commonwealth and of national arrangements means that this will have to increase substantially.
  - One very significant potential change may be far greater integration of state based industry bodies nationally.

#### *Sector development*

- The Federation will continue to advocate for public policy changes that drive the development of the sector. It will continue to undertake research on new areas of activity and business models to support areas of sector development. And it will continue to develop resources to support such development.
- However it will now explore ways in which it can:
  - Develop industry strategies owned by the sector rather than government (eg. Workforce strategies)
  - Provide industry benchmark data to support and promote the sector.
  - Provide or co-ordinate sector infrastructure if appropriate – eg group insurance, IT

#### *Brings the sector together*

- The Housing Association Meetings will continue to be central, as will specific working groups, forums, seminars, conferences and events.
  - However, in earlier phases there was a focus on managers of associations and on regional meetings. There has now been a fundamental shift to focus on classes of practitioners within the whole workforce through our growing number of ‘networks’. This means a major shift to responding to professional needs as well as general organisational ones.

#### *Supports the sector’s performance*

- The Federation has undertaken three types of activities to support the sector: good practice resources, training, and advice (from the Hotline to consultancies).
- The role of good practice resourcing requires evaluation and review. The method of delivery will certainly have to change. But there are questions about the need for whole of business good practice guidance and advice, and this may need to be limited to (a) emerging areas and (b) benchmarking information rather than general practice advice.
- The provision of consultancy services will need to be more clearly focussed and be replaced by providing more referral, directory and service provider panels. More emphasis may need to be given to specific tools to complement practice advice.

- The Federation has grown its training business and been operating under the trading name: Centre for Training in Social Housing. As the social housing workforce becomes increasingly fluid, we may need to further expand our training mission to cover the whole social housing profession whether within community or public housing organisations.
- One of the major drivers is the increasingly national scale of policy and operations. The Federation's practice resourcing may need to be more explicitly integrated with the national market, to manage potential competition, to reduce duplication and open to wider market.

#### *Undertakes research*

- Research to date has been focussed on exploring particular areas of community housing business and producing reports.
- There may need to be a substantial shift to providing industry data in key areas (eg salary benchmarks) as business information for providers, benchmarking and promotion of the business capacity.

#### *Information provision/ communication*

- The central communication tool for the Federation has been its newsletter, and the main publications have been hard copy guides, fact sheets and reports. Over the past few years this has been increasingly expanded to include a more active web site, and e-bulletin strategy.
- However, the resources devoted to communications and information has been marginal. It has rarely included a media strategy. In the coming period significantly more specialised resources may need to be devoted to communications and a greater use of electronic publishing and information.

## **2.4 Business model**

The existing business model was set up almost 10 years ago to focus on good practice support, while maintaining the representative role of a peak. Since then, the training business has greatly expanded, requiring the establishment of a new trading name for this business, but without a change in the overall structure. This issue will be compounded if new business units are created to take on new functions.

As the Federation grows, the current structure is creating silos of information and resources. This needs to change, to provide more flexibility in the way staff work, information is held and utilised, and projects are undertaken.

The current management structure concentrates too many operational responsibilities in two of the senior managers. It will be crucial to devolve some of these in order to manage the challenges of growth.

A review of the business model will be a priority early in the next year.

## 3. Creating a vision for the sector's next phase

### *3.1 A changing paradigm*

Over the life of this strategy the community housing sector will move into a fundamentally new paradigm.

- Instead of its business being defined by a number of Housing NSW programs, it will identify its own business opportunities – facilitated, but not determined, by government subsidies.
- Community housing will no longer be a social housing niche, but rather a significant part of the social housing system, managing around a third of social housing. The sector in NSW will manage more social housing than the public housing systems in Tasmania and the two Territories combined.
- Community housing providers will no longer be seen as operating outside the general housing market (as public housing has come to be), but rather as the principal types of business in the bottom end of the housing industry/ and housing market.
- Community housing providers will no longer simply provide tenancy management services, but will undertake a continuum of housing activities and a range of housing products. Community housing providers may complement their core housing role with significant activities as social enterprises.

### *3.2 Leading the new vision*

These changes will not be effective if they are imposed on the sector, or if they are restricted to only a handful of providers in the sector. Such a potentially significant change in the industry will be achieved most effectively if the industry generally explicitly seeks the new roles and is clear about what they entail. It will be most effective if the sector's long established values and mission are translated into the new world.

There is a key role for the Federation to explore and explain the new potential for the sector with its members.

### *3.3 Our Mission and Vision*

#### *Our Mission*

- The Federation's mission is to support the development of a not-for-profit rental housing sector that compares to any around the world, and makes a difference to the lives of lower income and disadvantaged households across the state.

*Our Vision*

- We see housing associations being present in all housing markets, providing a full range of housing products to ensure that such households are not excluded and that those with specific needs can be housed appropriately and responsively.

*Our approach*

- We aim to provide leadership to the housing association sector in NSW by drawing on the talents of the sector, its leading edge practice, and on evidence from research and examples around the world.
- The Federation will represent the aspirations and interests of housing associations to all other stakeholders – government, industry and the wider community.
- We will provide advice to members, government and potential partners on the best ways to expand the sector's activities and meet the highest standards of service to tenants, applicants and communities.
- We will support and resource individual members to manage at the highest standard and the industry to build the capacities needed to continue to develop.

## 4. Strategic objectives

### ***4.1 Overview of strategies***

The strategies below aim to reflect the Federation's changing roles and changing approaches described in section 2 above.

It aims to achieve 20 outcomes over the next five years organised under five outcome areas:

- Establish a framework for industry development
- Setting a strategic advocacy agenda
- Positioning the Federation to maximise its influence
- Strengthening the membership base
- Expand and restructure the Federation business to ensure that its core role as an industry body is sustainable

The first two focus on the sector itself. The remaining three focus on the Federation's approach to its business

#### ***1 Establish a framework for industry development***

##### *Outcomes*

- *There is an industry wide transition to a new vision for the sector*
- *The Federation supports the capability of individual organisation to be effective in a more complex business environment;*
- *The Federation develops new industry structures to support the associations' business*
- *Comprehensive information base established to promote and support the industry*
- *The workforce needed for a growing & changing sector is available and supported*
- *New opportunities are created by promoting the sector to the commercial stakeholders*
- *The scope of the industry's activities broaden to include complementary services for related service systems (eg. aged care) and by operating nationally*

#### ***2 Setting a strategic advocacy agenda to support sector development (see also Outcome 12)***

Over the next five years the Federation will not simply be reactive, but will pursue five advocacy priorities that are critical to the sector's development:

#### *Outcomes*

- *Systematic advocacy is undertaken to achieve an increase affordable housing*
- *Systematic advocacy is undertaken to ensure adequate funding*
- *Systematic advocacy is undertaken to ensure access to the required workforce*
- *Systematic advocacy is undertaken to establish the sector's new place across the housing market, rather than limited to government programs*
- *The sector is cohesive*

### **3 Positioning the Federation to maximise its influence**

#### *Outcomes*

- *The Federation becomes bolder*
- *Our mandate from and support for members is based on leadership*
- *We are proactive by drawing on the leading edge of members' practice*
- *We are much more engaged in national activities*
- *Clearer delineation of roles between Community Housing Division and Federation – leading to increased Federation role*

### **4 Strengthening the membership base to increase our influence and reflect the broader composition of the sector**

#### *Outcomes*

- *Broaden membership to reflect role as the industry associations for a wider industry*
- *Engaging the members to build leadership mandate and responsiveness*

### **5 Expand and restructure the Federation business to ensure that its core role as an industry body is sustainable**

#### *Outcomes*

- *Expand Federation business by establishing new/ strong profit centres*
- *Review business areas and model to ensure business model can support our strategy*

## Appendices

### Appendix 1 – the development of the sector & the Federation

#### *Development of the Sector*

##### *Establishment – a housing system to respond to needs – 1982-1992*

Over the first years of CTS, 61 community based providers were established in towns and suburbs across the state managing 2,088 tenancies. The organisations ranged in size from 21 properties to just over 100. The majority of properties were private headlease, but the new Local Government & Community Housing Program began to provide funds for a small number of capital properties.

The distinguishing objectives of CTS were to provide an alternative provider who would create access for the people who were excluded by public housing. It focused on needs. And it intended to have an impact on the operations of the private rental market. Crucially, it intended to lay the basis for future non-government housing system, and stressed partnership with government, robust planning, data and response to local needs.

The sector grew by 5% each year to the beginning of the 90s to reach around 3,100 homes. But in the early 1990s CTS ground to a halt as it fell out of government favour and the sector languished for two years.

##### *Community Housing Program growth and consolidation – 1993-1995*

1993 was a watershed for community housing across Australia, and particularly in NSW. In 1993 a new Commonwealth program, the Community Housing Program, replaced LGCHP and doubled the funding. At the same time it required states to establish the infrastructure for a growing sector – including industry bodies to resource capacity building. The Federation, which had been established in 1992, became a significant player.

In NSW, a new Minister initiated a major review that led to a social housing system that was genuinely contestable between public and community housing. CTS became ‘housing associations’ which should manage between 200-300 properties. The range of models expanded with affordable housing programs through debt finance (SHSP) and Building Better Cities initiatives. Rolling 3 year strategic plans to grow the sector were developed. These flagged growth through stock transfer, debt finance (SHSP), capital growth targets, accreditation and training. The Minister committed to doubling the sector over the next 5 years.

A key change at this time was a deliberate consolidation of the sector by encouraging amalgamations and targeting growth. Between 1993 – 1996 the number of associations fell from 59 to 47, while the number of homes grew from 3,050 to 5,160. The average size of associations grew from 52 to 110.

### *Professionalisation phase – 1996-2004*

Over the next 8 years the number of providers stayed more or less the same, while the sector grew in the number of homes managed and professionalism.

In 1995 the first training program, HATPIN, was rolled out across the sector. In the same year, the industry Code of Practice was launched to drive quality. By 2002 HATPIN had been replaced by the accredited housing qualification, the Cert IV in social housing. By 1999 the quality assurance provided by the Code had been added to with the first accreditation system under the National Community Housing Standards (1998). It also grew in reputation and innovation, with initiatives such as the Claymore community renewal led by Argyle.

Over this time the sector grew steadily from 5,000 to 11,500 (an average of 10% a year), through strategies that included the first round of stock transfer. The average association managed 267 homes, with the three largest managing between 750 and 1,000.

However, during this period, the independence and distinct role of the sector began to be questioned. The administration returned to the Dept of Housing. There were a number of suggestions to subsume the key business roles within the Department which were resisted by the Federation on behalf of the sector. Some tensions arose between the two provider systems around transfers and growth, which began to slow. In 2002 the future of the sector was referred to a Parliamentary Inquiry, which reported at the end of 2003.

### *Preparing for large investment capacity – 2005-2009*

The most recent phase in the sector's development has been framed at one end by the response to the report from the Upper House Inquiry and the introduction of a registration system, PBRs. At the other end, we have the first new supply delivered through a Federal government tax incentive aimed at supporting private investment and larger scale development by non-profits.

The inquiry recommended that a legislative base be given to the sector, including statutory regulation, and that the sector should play a substantially greater role. This led to a formal government strategy to more than double the sector. PBRs, introduced in 2005, which was an administrative version of the statutory regulation, provided the robust assurance of performance. It had a major impact on the sector, with many number of weaker organisations failing under the increased scrutiny, or some feeling that the regulatory burden and risk of missing new opportunities was too high. There were significant mergers.

By the end of the period, housing associations managed 18,400 homes and the number of associations had fallen from 43 to 28. The average size was 660 homes, with the largest five associations managing between 1,000 and 3,000. New structures, such as consortia and national providers were formed. So too were umbrella associations or management companies to provide key business functions for local church housing and co-ops.

Over this period, the basic conditions for far greater independence and engagement were put in place. A new, stronger income stream was provided by new rent structures (and affordability subsidies). Regulation provided strong assurances to stakeholders and investors. Work began to strengthen balance sheets. Most important, engagement with private investors, lenders and developers increased substantially – the largest being a major PPP to redevelop a public housing

estate. At last providers began to have access to funds and incentives to leverage other investment, and to undertake their own development.

At the same time, associations added to the range of tenants they served with increased management of moderate income housing (supported by a Centre for Affordable Housing) and far greater focus on very high needs tenants, particularly those with mental illness, with HASI and other specific programs.

#### *Moving into the market 2009 – 2014*

The next phase is only just taking shape. But it is likely to see the emergence of the industry from out of the margins of social housing, to become a major part of the housing industry.

For the first time there is a consensus that non-profits will come to manage a far larger share of social housing, currently managed by public housing. And in the first two and half years, we will see the largest expenditure ever seen on social housing.

But there is also good reason to believe that the sector will begin to be a recognised option in most housing markets, delivering a range of products to households in the bottom half of the market. It is also fair to believe that associations will be major agencies in their communities, with significant influence in both social and economic development.

Within 5 years we might envisage a sector of 25 organisations managing, say, 45,000 homes. The average size would be 1,800, the largest might manage around 5-10,000 in NSW and more if they have become national. But this projection may be at the conservative end.

This is the possible context for this strategic plan.

### ***The evolution of the Federation***

The NSW Federation of Housing Associations was formally launched 15 years ago.

#### *Establishment phase – 1993-1998*

In its first five year ‘establishment’ phase, the Federation gave priority to building a cohesive identity for housing associations in NSW, breaking away from their programmatic identity as ‘CTS schemes’. It provided the key tools and practices to build a sector whose identity rested on aspiring to professional standards, quality service delivery and managing growth and change with confidence. Two of the main resources the Federation built for the sector over this time were the Code of Practice and the Housing Associations Training Program in NSW (HATPIN). It also provided an auspice for the resourcing of the Aboriginal housing sector – Kungala. The major external influences during this period was the establishment of a ‘growth strategy’ by government linking to amalgamations to create a number of larger associations as a platform for the sector’s future development.

#### *Maturing phase – 1999 - 2003*

In its second ‘maturing’ phase, the Federation gave priority to building the professionalism of the sector and supporting its management to a very high standard. It sought to build the

infrastructure of such a sector. The Federation aspired to work with its members to push the boundaries of current practice. Two of the main resources that it developed during this period were the Good Practice Unit (promoting good practice through resources, training and eventually, tailored consultancies) and its accreditation as a Registered Training Organisation delivering nationally accredited training in social housing management. It also focused on identifying and supporting best practice in organisational governance.

The Federation adopted its first 5 year strategy during this time with two major objectives – to support the sector to achieve accreditation (and to focus its resources on such organisations); and, within the context of professional standards, to protect the diversity of the sector by supporting both large and small associations.

#### *Expanding with the sector – 2004-2008*

This was the period of the Federation's second five year strategy.

In this period the Federation's strategic objective shifted from focussing on accredited members, to balancing our work for members between supporting struggling members, maintaining core services, and facilitating the leading edge development of the sector.

This period saw the Federation's business – particularly its training – expand significantly. It established a trading name for this work – the Centre for Training in Social Housing – and delivered substantial training to Housing NSW staff and in other jurisdictions. This reduced our heavy reliance on government funding as well as building reputation and relationships.

It also saw substantial support provided to associations arising from regulation. New resources were developed and facilitation provided to help members engage with the new business and private sector partnerships. A series of professional peer support structures were established to reflect the growing complexity and diversification of the workforce. Expanded communication with and drawing on the expertise of members became a focus. We sought to expand the range of relationships with external stakeholders.

We played a leading role in: developing the Planning for the Future strategy; the implementation of the registration system and the subsequent development of legislation and statutory regulation; encouraging serious government consideration of title transfer; and the development of new national financing initiatives such as NRAS and the new NAHA.

#### *A new strategy for a new business environment – 2009-2013*

This new strategy will carry the Federation through to its 20<sup>th</sup> year. It will require very considerable change.

In this period, the question of who our constituency is will be reopened; partly because of the changing face of the sector and partly to provide a clearer voice and leadership for the industry. This will particularly involve working much more co-operatively with the aged care sector, the Aboriginal housing sector, homelessness and disability.

Our business will need to expand into new areas to support the growing expectations of the Federation. We will provide a stronger focus and more comprehensive range of services to support the new business activities, scale and professionalism of many in the sector. The Federation itself will need to grow substantially to provide the diversity, flexibility and efficiency that can only be enabled by scale. This may require the adoption of a new business model.

We will find new ways of working nationally, as many of the structures, relationships, opportunities and providers become national.

It will be a priority for the Federation to support the cohesion of the sector in the face of great change. And it will be a priority to maintain our value to, and the support of, our members by placing more emphasis on communication and demonstrating how we take up their issues, needs and aspirations. The Federation must renew and demonstrate its leadership in the sector.

## Appendix 2 – Operational Plan outcomes to achieve the strategic outcomes

In this section the operational outcomes required to achieve the strategic outcomes of this plan are listed. These will become the basis of each year's operational business plan over the next five years. In those business plans, these outcomes will be grouped under the Federations key result areas: capacity building, representing the sector, sector development and organisational.

### **1 Establish a framework for industry development**

*Outcome 1 – There is an industry wide transition to a new vision for the sector (beyond PFF)*

- The new Mission and Vision of the Federation is adopted by members – *KPI:* Adopted by November 2009
- The sector holds ongoing discussions on ways to achieve various aspects of the vision – *KPI:* At least one members forum on sector directions held each year; with an international speaker at least over two years

*Outcome 2 – The Federation supports the capability of individual organisation to be effective in a more complex business environment;*

- Members have access to assessment tools to identify and respond to capability gaps – *KPI:* Capability gap assessment tool available
- All members have access to/ directory of services required for new business (eg. development, financing) – *KPI:* List of key contractor types established and reviewed by July of each year; at least 5 contractors of each type listed
- A core set of costs-effective business consultancy services are available with specific application to housing associations – *KPI:* Core set of consultancy services identified biennially; each type of consultancy used by 5% of members annually.
- Timely advice on housing management issues is available via Hotline to front line staff – *KPI:* Hotline enquiries for 50% of housing associations each quarter
- Good practice information across all aspects of housing services is available to members in an accessible form; including on-line – *KPI:* all guides and briefs available to members on line
- Information to build understanding of emerging areas of business is available and promoted to members in a variety of forms: written, face-to-face and educational – *KPI:* Information on emerging areas sourced by 30% of members annually
- Accredited or recognised training is available for all occupation types within in the sector – *KPI:*
- All boards have support to ensure their capacity to provide best practice governance for social enterprises – *KPI:*

- Subsidised support is available for small associations to ensure they have access to a similar range of support as larger ones – *KPI*: Budget allocation for subsidised service set as % of all consultancy income.
- Provide support to other providers to undertake and maintain registration – *KPI*: 30% of potential new registrants access support within 2 years.

*Outcome 3 – The Federation develops new industry structures to support the associations' business*

- Business systems and services for which would more efficiently be provided through industry ownership or group purchasing are agreed
- Business cases and business models guide sector decisions
- Federation provides hosting or ownership structures for participating members
- Federation provides brokerage for private sector structures (eg. managed investment schemes) seeking to do business with members

*Outcome 4 – Comprehensive information base established to promote and support the industry*

- Enhanced research on new approaches and new aspects of the business/ service
- Strong information base on business and service practice in the sector
- Research and collect information on industry characteristics and benchmarks
- Use new information to promote the sector and opportunities

*Outcome 5 – The workforce needed for a growing & changing sector is available and supported*

- A workforce strategy is developed and regularly revised so the workforce needs can be anticipated and managed
- Professional development pathways are created and recognised training is available
- Mobility between related sectors is enabled

*Outcome 6 – New opportunities are created by promoting the sector to the commercial world*

- Promotion strategy developed and agreed by members
- Awareness and familiarity of sector built by regular liaison with industry bodies and by undertaking targeted joint projects
- Robust information on sector capabilities and benchmarks available to build understanding in commercial partners

*Outcome 7 – The scope of the industry's activities broaden to include complementary services for related service systems (eg. aged care) and by operating nationally*

- Relationship and targeted joint activities developed with aged care sector and disability housing sector

- Approaches to models and financing of aged accommodation or disability accommodation services disseminated to housing associations
- Joint membership of industry bodies extended to providers delivering services in more than one 'sector'
- Information about housing business opportunities and systems in other jurisdictions provided to members
- Federation advocates for nationally consistent/ shared systems to remove entry barriers to operation across jurisdiction
- Board considers costs and benefits of Federation operating as part of a single national system

## ***2 Setting a strategic advocacy agenda to support sector development (see also Outcome 12)***

Over the next five years the Federation will not simply be reactive, but will pursue five advocacy priorities that are critical to the sector's development:

### *Outcome 8 – Systematic advocacy is undertaken to achieve an increase affordable housing*

- Preconditions at state and commonwealth level are established as the basis of an advocacy agenda – *KPI: Advocacy strategy established by end of 2009*
- Advocacy pursued with stakeholders across state government, with the Commonwealth Minister, and with local government – *KPI: supply of affordable housing<sup>1</sup> in NSW increases by 2,000 properties under sector management a year*

### *Outcome 9 – Systematic advocacy is undertaken to ensure adequate funding*

- Funding advocacy agenda established – *KPI: established by end of 2009*
- Advocacy pursued with Commonwealth to provide substantial ongoing growth funds through the NAHA– *KPI: NAHA growth funds agreed by beginning 2010-11*
- Advocacy pursued with NSW Government to provide matching contributions for expansion phase of NRAS– *KPI: NSW government commits to match by commencement of applications for expansion phase*
- Advocacy is pursued with NSW government to provide substantial investment in affordable housing to leverage other financing– *KPI: New government investment included in 2010-11 budget*
- Advocacy is pursued with NSW government to provide a planning framework that facilitates affordable housing provision– *KPI: Increased number of councils empowered to include affordable housing requirements in planning consents*

### *Outcome 10 – Systematic advocacy is undertaken to ensure access to the required workforce*

- Workforce strategy developed – *KPI: Five year strategy in place by beginning of this plan*

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<sup>1</sup> In this context 'affordable housing' is being used to mean housing affordable to moderate income households with shallower subsidies. In other contexts the term may be used to include all rental housing affordable to low and moderate income households.

- Systematic barriers to sourcing required workforce identified and strategies in place to overcome them – KPI: workforce shortages not reported as a major impediment to industry growth
- Professional development needs identified and PD services available with any necessary subsidies – KPI: No significant training gaps reported

*Outcome 11 – Systematic advocacy is undertaken to establish the sector’s new place across the housing market, rather than limited to government programs*

- Policy on the medium term place of housing associations in the housing market developed and discussed with sector – KPI: Federation policy document agreed by board & members by end 2009-10
- Strategy to promote the sector’s role in the housing market developed and pursued – KPI: communication with 80% of industry bodies on industry role by December 2010
- Public policy barriers to wider role (eg tax treatment) identified and program of lobbying for required changes implemented – KPI: Number of contacts with decision makers on policy requirements to broaden sector role

*Outcome 12 – There is general consensus across the sector about new directions; and the sector as a whole seeks to support opportunities for all associations to be part new directions – sector cohesion*

- Discussion of key sector directions regularly held with members
- Identify government policy directions that are not inclusive and advocate for changes
- Identify strategies to enable *all* members to develop their business (eg. shared business tools, information on new approaches)

### ***3 Positioning the Federation to maximise its influence***

*Outcome 13 – The Federation becomes bolder*

- The Federation will have actively influenced the policy direction and will engage more widely across government and industry – KPI: Board adopts at least one explicit advocacy objective annually and monitors impact
- The Federation will take business risks to support industry development – KPI: Industry development risks identified, accepted and managed

*Outcome 14 – Our mandate from and support for members is based on leadership*

- The Federation identifies industry development directions and win explicit acceptance from members for them – KPI: Annual member survey leadership question received acceptance and 80% agreement

*Outcome 15 – We are proactive by drawing on the leading edge of members’ practice*

- The Federation monitors innovation, best practice and new business approaches in the sector – KPI: All members interviewed on changing business practices twice a year

- The Federation informs and engages the sector on new practices – *KPI: At least one new business guide and/or workshop each year.*

*Outcome 16 – We are much more engaged in national activities*

- The Federation maintains direct relationship to Federal Minister and national stakeholders – *KPI: Quarterly contacts with Federal Minister or Minister’s office*
- Federation influences activities of our national peak – *KPI: Federation represented on CHFA Board*
- Federation directly influences the development of national approaches to community housing policy and industry development – *KPI: Federation represented on at least half relevant reference groups and makes submissions to all relevant requests*

*Outcome 17 – Clearer delineation of roles between OCH and Federation – leading to increased Federation role*

- Roles and responsibilities MOU established with Housing NSW and the Division – *KPI: MOUs established and reviewed biennially*
- Federation takes the lead in key areas of industry development and support previously led by Housing NSW – *KPI: Board identified lead roles achieved by 2012 and again by 2014*

***4 Strengthening the membership base to increase our influence and reflect the broader composition of the sector***

*Outcome 18 – Broaden membership to reflect role as the industry associations for a wider industry*

- Establish our leadership as the industry body, clarifying our services, unique strengths, and capacity to complement work of related industry bodies (eg ACSA)
- Proactively seek new members (eg Aboriginal providers) through a staged approach based on priorities and development of appropriate systems to service them
- Review fee structure for housing associations
- Establish new affiliate membership class for consultants and industry partners
- Develop and market our brand

*Outcome 19 – Engaging the members to build leadership mandate and responsiveness*

- Create a strong feedback loop and flow of information to members on outcomes
- Develop web-site forums
- Focus HA Meetings on advocacy issues
- E-bulletins to report on the key advocacy items agreed for that period
- Attend board/ CEO meetings with members
- Board more actively communicates with members

***5 Expand and restructure the Federation business to ensure that its core role as an industry body is sustainable***

*Outcome 20 – Expand Federation business by establishing new/ strong profit centres*

- New business – human resource services to fit with existing training
- Consolidate and expand existing consultancy business – clarify consultancy services that are appropriate fit with the organisations; establish a new Centre for Business in Social Housing with a strong brokerage in affordable housing services
- Consolidate and expand training business as a platform to spin off other businesses – focus on supporting career pathways; essential knowledge for new entrants; make strong inroads to Housing NSW training; adopt new delivery approaches (esp on-line) to add the ‘wow factor’ to training products and delivery
- Look to new markets in complementary sectors – eg aged care
- Priority on marketing activities; and rigorous costing

*Outcome 21 – Review business areas and model to ensure business model can support our strategy*

- Appoint consultants to review the Federation’s business model
- Establish new businesses units
- Restructure management and work organisation to maximise human resource capacity
- Identify role in expanding national industry framework
- Review approaches to delivering good practice resources/ advice