



SHELTER

because housing matters

**SUBMISSION PFR352 - Q SHELTER -
IDENTIFYING SECTORS FOR REFORM -
1ST STAGE OF THE HUMAN SERVICES
PUBLIC INQUIRY**

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Summary

- Housing is a human right and a known social determinant of health. It is a fundamental necessity that impacts on health, and intersects closely with other essential life domains such as transport, employment, community participation and connectedness, access to services and education.
- The community housing sector has the capacity and capability to manage more social housing stock and to contribute to neighbourhood renewal and the provision of diversified portfolios along the spectrum of social and affordable housing. In Queensland community housing providers manage 11,586 dwellings including households experiencing disability, Indigenous households and households with people who speak English as a second language.
- There is significant unmet need evidenced through substantial social housing waiting lists, the rate of homelessness in Queensland and demand on support services from people seeking help to find, secure and maintain housing. Community housing providers want to play a role in addressing unmet need including more opportunities for strategic partnerships, better use of existing resources and improved flexibility of program delivery. There is an urgency to achieve increased supply. It is essential to ensure that reforms are evidence-based and are proven to be effective at increasing the capacity to meet demand.
- A diversified and decentralised community housing sector creates important opportunities in a vast State like Queensland where regional differences impact on housing needs and opportunities.
- The community housing sector is now regulated through a national system including tiers of registered providers depending on size, and capacity to undertake development projects. This system creates a new level of certainty and quality regarding housing provision by community providers.
- The community housing sector has significant capabilities and a track record in housing people assessed as having high and very high needs.
- There is a significant trend towards consumer directed care approaches to human service delivery and the merits of this approach for housing provision should be carefully examined and considered. Any move towards contestability, competition and consumer directed care need to take into account the level of vulnerability of some people in social housing or who are seeking social housing. Some people will require considerable support to benefit from system reforms.
- Q Shelter is very aware of the risks of procurement processes that are costly and competitive for the sake of competition. Q Shelter supports the view of other housing providers (submission 235) that co-production and service design with public social procurement processes helps to mitigate these potential risks. Using this approach there is scope and potential in having diversified housing providers across community and public housing provision. System reforms should avoid causing attrition just because smaller providers can't afford the costs associated with commissioning processes.
- Rapid and frequent changes to landlords is disadvantageous to very vulnerable people who have often experienced significant disruption to important relationships, and displacement from housing and neighbourhoods due to housing insecurity and other challenges.



- The best approach to reforms will be through careful staging to test procurement processes at an appropriate scale to identify issues and negative, unintended consequences so continuous improvements are possible.
- Robust evaluation and measurement of outcomes is essential as a basis for engaging organisations with a proven track-record of success and retaining organisations that perhaps lack scale but make a significant contribution to client outcomes that may be regionally sensitive and highly specialised.
- Q Shelter acknowledges the existing role of private housing providers and considers there are greater opportunities to engage the private sector through strategic relationships with community housing providers. There is a need for capacity to realise opportunities presented in the over-supply of some market segments and serious under-occupancy in some hot-spot locations such as where mining is in decline.
- Any changes to procurement to reflect greater contestability and competition will naturally generate some capacity building challenges in the sector. Industry bodies at the state and national levels should be closely involved in continued discussions about the best policy settings, and even more importantly about effective implementation that is subject to monitoring and evaluation.



1. Introduction

The Productivity Commission's inquiry into human services has identified social housing as one area of potential reform where greater competition, contestability and informed consumer choice may result in improved outcomes.

An important starting point is to acknowledge that housing is a human right and a known social determinant of health. It is a fundamental necessity that impacts on health, and intersects closely with other essential life domains such as transport, employment, community participation and connectedness, access to services and education.

This submission highlights the role of community housing in achieving diverse, inclusive and strong communities. It focusses on the potential for community housing providers to play a greater role in:

- increasing the supply of housing in response to existing and emerging demand
- increasing the quality of housing through renewal and improved approaches to maintenance
- improving neighbourhoods through a broader approach to community renewal and neighbourhood revitalisation linked to other key domains such as social support, transport and employment.

It is important to also consider that community housing providers require capabilities in collaboration, coordination and service integration to meet the needs of tenants. It is a risk that procurement processes impact negatively on the potential for collaboration, particularly in relation to people with high and complex needs. It is also a risk that procurement processes override and undermine local and regional services that have achieved a level of decentralisation and local responsiveness. In a vast State like Queensland, this level of decentralisation and local responsiveness has created unique responses to very localised challenges. Queensland's history is one where localised responses have often been the only way achieving housing suitable to local needs and as a result, some organisations have established and maintained high levels of trust with tenants and the broader community. It is essential that the possible impacts of contestability and competition in regional and remote areas are fully considered.

This submission supports opportunities for community housing to provide increased levels of social housing as a result of stock management transfers yet also suggests that reforms need to protect the capacity for collaborative and coordinated practice with other agencies. Q Shelter also cautions against constant cycles of change in who manages stock purely for the sake of competition. It must be considered that tenants benefit from continuity in their relationship with community housing providers where that relationship has proven to deliver quality tenancy and housing management and positive tenant outcomes. It is suggested that there should be continuity in providers where providers have demonstrated a proven track record in successful tenant outcomes combined with organisational viability and sustainability. In some instances, stock management transfers may be a way of ensuring that local and regional specialists achieve an improved level of sustainability as a basis for continuing to provide a responsive and regionally sensitive approach to housing provision.

It should also be noted that many households currently housed in social housing experience a very high level of vulnerability and their needs can be multiple and complex. Q Shelter is strongly supportive of mechanisms for improving client choices about their housing however some households will need a significant amount of support to fully engage with those opportunities. Not all vulnerable households receive ongoing support because there is a lack of support programs generally and also because few if any support programs can assist people for the duration of their need. Any reforms need to address how vulnerable tenants and prospective tenants will be adequately supported where the introduction of mechanisms increasing the level of choice may unintentionally disadvantage those tenants in the processes of finding and securing a housing option.



2. About community housing in Queensland

Community housing is provided by a range of non-government entities in Queensland, in a sector now regulated through the National Regulatory System for Community Housing (NRSCH). Q Shelter is funded to provide capacity-building support to the community housing sector with a focus on the processes of achieving and maintaining registration under the NRSCH. In this role, Q Shelter well-understands the role of the sector in providing vulnerable Queenslanders with housing choices that are affordable, accessible and appropriate to their needs. In many examples, Queensland providers have emerged and been active over decades in regional, rural and remote communities, not only providing housing to vulnerable people, but harnessing significant social capital in the process of delivering that housing.

Community housing providers have capacity and capabilities for growth and responsiveness to diverse needs. Careful reforms could improve supply, improve neighbourhoods and strengthen links with support services assisting vulnerable people as they consider and choose their housing options. This submission highlights the importance of a diversified community housing provider sector with a commitment to effective and transparent evaluation, and to making continuous improvements resulting in measurable benefits to end-users.

Community housing in Queensland has some clear, existing strengths:

- A proven track record in housing people with the highest needs including important areas of specialisation
- Capabilities in managing diverse stock under different funding programs and different rent settings
- Proven capabilities in providing regionally sensitive responses that are unique depending on local housing needs, demands and fluctuations driven by bigger picture trends such as:
 - a changing mining sector
 - tourism
 - increasing populations due to push factors from more populated, urban hotspots.
- Flexibility and responsiveness to changing trends, issues and opportunities.
- Continuously improving governance through attracting and retaining skills-based boards
- Existing capabilities in working seamlessly with the specialist homelessness sector and other support services to assist people in the process of finding, getting and keeping their tenancy
- Under the NRSCH, community housing providers are regulated and are required to demonstrate how they maintain their registration.

The provision of community housing in Queensland is in a broader housing context where significant undersupply in the past has impacted negatively on people's access to private rental housing and entry to home ownership. In key hotspots significant tourism and mining activity have variously reduced access to housing opportunities or rendered local housing markets in a state of rapidly declining house prices and oversupply. The latter scenario is especially current in certain key locations in Queensland impacted by mining industry trends such as the shift from construction to operations in coal seam gas mining, and the general mining downturn resulting in reduced mining workforces in hotspots such as the Central Highlands. In all of these scenarios, community housing has played its part through responsive initiatives yet has also been somewhat limited in the scope to respond because of program and stock limitations.

Community housing providers are ready for growth, would benefit from improved program flexibility and contract management, and have the infrastructure to be responsive to local and regional conditions including over and under-supply of housing.

A current snapshot of community housing provision in Queensland shows a sector capable of managing high-needs tenancies, with low rent arrears and high tenant satisfaction rates.



- Community housing providers in Queensland manage a total of 11,586 dwellings (Queensland Open Data Source, 2015)
- A Q shelter survey of Tier 1 and Tier 2 providers found they managed approximately 4000 units of affordable housing for low to moderate income households. Community housing providers have a proven capacity and capability in innovations that increase the level of stock and the diversity of the portfolio, creating housing pathways and new opportunities for people experiencing different levels of need.
- Eighty-six per cent of new tenancies are allocated to applicants with very high needs
- There are currently 54 regulated housing providers in Queensland including local Indigenous organisations
- There is a cluster of Tier 1 providers under the NRSCH with in-house development capacity and access to bank loan facilities
- There is a strong cluster of regional Tier 2 providers in key hot-spots with proven capabilities in working collaboratively with other housing and support providers, and as catalysts for change, growth and responsiveness in their regions
- Community housing providers have low rent arrears, receipting 99.9 per cent of rental income, and high occupancy rates at 97 per cent.
- Community housing providers achieve high satisfaction rates with 83 per cent of tenants reporting they are either satisfied or very satisfied with their housing
- Community housing providers can access Commonwealth Rent Assistance contributing to a sustainable business model
- Community housing providers can access various tax concessions including GST, also contributing to an effective business model
- The sector also has a track record in managing housing from the private rental market through head-leasing programs and housing that is classified as affordable rental housing acquired through programs such as NRAS. The management of diverse housing products enables providers to offer tenants choice and exit points to other forms of tenure as their circumstances change.

The following information highlights some household characteristics of people living in community housing. This highlights the majority of applicants are assessed as having the greatest need and that 16,636 households are currently on the waiting list (excluding those waiting for a transfer).

Table 1: Characteristics of households housed by community housing providers

Total Indigenous households	1,223
Total households with people living with a disability	2,977
Total households from a non-English-speaking background	387
Total households with a principal tenant aged 24 years or under	385
Total households with a principal tenant aged 75 years or over	572
Total new applicants on waiting list who have a 'greatest need'	14,903
Total applicants on waiting list excluding applicants for transfer	16,636
Total applicants for transfer on the waiting list	118
Total number of applicants on the waiting list	16,518

Source: Queensland Open Data Sets, Queensland State Government, 2015.



3. Opportunities and challenges through competition and contestability

3.1 Contestability

The community housing sector in Queensland has the capabilities and readiness to manage an increased level of social housing stock. At present the majority of social housing stock is managed by the public housing authority and Q Shelter suggests while the public housing authority may always have a role to play in the direct provision of social housing, that more diversification could achieve greater sector viability and improved efficiencies and responsiveness to local needs. It is particularly important that different providers with different strengths, locations and levels of infrastructure are enabled to offer and provide responsive housing solutions. In an environment of contestability, Q Shelter supports procurement processes that focus on tenancy management rights that best deliver positive outcomes for vulnerable Queenslanders in ways that are responsive to regional differences. In some examples this may be the public housing authority, and community housing providers also may be able to offer improved outcomes particularly where increased stock management improves viability and the scope for innovation.

Q Shelter supports policy settings that enable the transfer of some social housing from public sector management particularly where transfers contribute to regionally sensitive approaches, organisational sustainability, growth in stock, neighbourhood renewal and improved stock quality. Management transfers could be considered in situations where a strategic approach to assets including land opportunities are realised through a flexible and outcomes-focussed partnership with the Department of Housing and Public Works. Q Shelter notes that a submission from the community housing provider sector to the Inquiry (submission 235) suggesting greater contestability with a staged approach linked to outcomes measurement and using a social return on investment framework for measuring impacts. This approach links contestability to improved outcomes and an expectation of robust evaluation and measurement which is essential.

The following key elements should be considered in a well-managed process of reform. The transfer of management rights could be considered where the following is at play or achievable:

- Stock management transfers could help to achieve increased sustainability of community housing providers playing an important niche role or with a particular regional focus and presence.
- Stock management transfers create opportunities for leverage of various contributions to realise an increased level of stock combined with improved quality, maintenance and neighbourhood level outcomes in terms of renewal and social inclusion. This should be viewed more broadly than social housing stock and include a number of housing products on the spectrum of housing provision.
- The provider has a proven track record at maintaining the most vulnerable tenancies and can demonstrate their capabilities in housing people with high and complex needs.
- The provider can demonstrate seamless integration with the specialist homelessness service system and other support providers so that vulnerable tenancies are supported and sustained.
- The provider has a proven commitment to robust and transparent evaluation of outcomes.

Q Shelter notes the progress in other States in relation to Governments transferring the management of social housing stock to community, not-for-profit providers. In a state such as Tasmania this was a carefully staged process and there have been considerable transfer programs in South Australia and New South Wales as well.

The Inquiry report points out there is little in place to identify the most successful providers and to monitor quality and outcomes as a basis for making decisions about those providers best placed to fully realise the potential that management transfers offer. The report notes there has been an emphasis on measuring inputs and outputs rather than outcomes.



If this community housing sector is to play a role in managing increased social housing stock levels through transfers from public housing, or other contestability measures, it is reasonable to have in place a robust process of:

- identifying those providers in the best position to increase and/or improve stock and neighbourhoods as a result of the process
- identifying those with a proven track record in regionally sensitive responses where greater sustainability through increased stock is a basis for continuing to successfully offer housing responsive to local needs
- providing opportunities to organisations playing an important specialist role to grow and enhance their offerings
- ensuring the sector's commitment to and practice of independent, rigorous evaluation of outcomes.

3.2 An approach to reforms that sustains and encourages continuity, collaboration, coordination and service integration

Q Shelter is very aware that the capacity for collaboration, coordination and service integration is essential in meeting the needs of vulnerable tenants. An effective approach to reforms will avoid frequent changes to providers through competitive funding rounds just for the sake of competition as a principle, and instead will adopt co-design approaches to procurement based on:

- Robust regional planning building on recent sector-wide consultation about a Queensland Housing Strategy
- An outcomes measurement framework that engages organisations in measuring tenant and organisational outcomes including indicators that help to establish a relationship between inputs, outputs, organisational outcomes and results for tenants
- Procurement processes that encourage collaboration between organisations with different levels of infrastructure and different strengths so that growth in stock management rights for a local or regionally based organisation can be effectively linked with larger providers who can assist with maintenance, development of new stock and neighbourhood renewal where possible.

3.3 An approach to user choice that provides adequate support to vulnerable households

A submission to the Inquiry by the community housing sector (submission 235) highlighted that the current social housing system is impacted by a lack of supply and a significant gap between the extent of wait lists and the availability of stock. This makes real manifestations of tenant choice very challenging. While the principles of client choice are very important, it needs to be noted that many existing and prospective social housing tenants live with complex needs and are very vulnerable. Many people with complex needs receive little or no support. While concepts such as choice-based letting are commendable and worthy of support, Q Shelter is concerned that in a very constrained social housing market, that these types of reforms would further disadvantage already vulnerable tenants. A move to greater client choices needs to be accompanied by a support guarantee for the most vulnerable households and can only succeed on the foundation of a better match between levels of stock and waitlist demand.

The submission from the community housing sector (submission 235) highlights that higher-needs clients reliant of social housing require a closer and more trusting relationship with their landlord. Community housing providers have a proven capability in sustaining effective relationships with tenants and in linking tenants with support providers where support is available. Any move to choice-based letting for example, needs to guarantee support to vulnerable households and include robust evaluation to enable continuous monitoring and improvements where necessary.



There is danger in adopting choice-based letting approaches as a principle without a rigorous approach to implementation planning where the potentially negative consequences are well-considered and mitigated. Q Shelter suggests that a move towards greater contestability could occur in earlier stages of reforms while ideas of choice-based letting are subjected to further examination in the context of supply paucity and inadequate levels of individual and household support.

3.4 The role of the private sector

There are widespread community concerns in Queensland about the transfer of assets to private-sector entities. Q Shelter supports a role for the private sector while the ownership of assets remains with entities that are operated in public or community ownership. This could include government and also community-based, not-for-profit housing associations or companies. The latter have constitutions that require any transfer of assets including in the context of agencies winding-up, to other organisations with similar objects. Q Shelter suggests that the private sector can and does play an important role in housing provision including:

- As partners in programs of development or renewal
- As providers of various contract-based contributions such as maintenance.

Q Shelter also notes that a significant number of people on the Queensland One Social Housing System Register rely on private market tenancies and that services such as Q Stars and Rent Connect are essential in ensuring better access to private market tenancies especially in the context that social housing options are too few to meet demand. Private market tenancies already play a role through head-leasing programs that add some stock-availability to social housing providers. Overall, a strategy to examine and sustain the role of private market rental housing in responding to housing need should be developed. This could include higher level engagement of the real estate industry in addressing industry challenges and increasing capacity to work effectively with the community housing provider sector to ensure private market stock is available to people with high housing needs. It should be noted that some segments of the housing market (such as inner city apartments and declining mining regions) are facing existing or future over-supply. It is especially important that engagement with the private market occurs to achieve a strategic, opportunistic and regionally sensitive approach to oversupply.

It is noted that the private sector's involvement in managing social housing stock in the UK has required them to be registered providers under the national regulatory system. To date this has only progressed in limited ways.

One issue for Queensland is that there is a poor level of public debate about what title transfers to the community housing sector involves and little understanding that title transfers to not-for-profit associations or companies means that assets remain in community ownership and are governed by constitutions with social objects linked to addressing the needs of disadvantaged people.

As reforms are considered Q Shelter proposes that more open and informed debate is needed to examine the relative merits of possible title transfers involving not-for-profit, community based entities. At the same time, Q Shelter supports the view that asset transfers or sales to the private sector are laden with risk as illustrated in case studies supplied to the Inquiry by social housing providers (submission 235).

3.5 Bearing the cost of contestability and competition

Q Shelter notes that a submission from the community housing sector to the Inquiry highlighted that contestability and competition have some costs and risks to the diversity of the provider sector.

They caution that tendering should not only be on the basis of lowest cost but be decided with consideration for a range of other indicators of success including the relationship between cost and benefit. They also highlight that bidding costs can be very significant and may preclude smaller providers with a negative



impact on attrition. They suggest a more collaborative approach that capitalises on the longer-term relationships that community housing providers enjoy with tenants and that adopts an approach involving co-production and service design, and public social procurement approaches. Q Shelter is supportive of the latter approach given the level of risk to vulnerable tenants and that specialist and niche providers may themselves be at risk through how procurement unfolds.

4. Summary

Q Shelter supports greater contestability opening opportunities for community housing providers to grow, become more sustainable and contribute to improved stock levels as well as neighbourhood renewal. Q Shelter also supports increased opportunities for community housing providers to manage more stock where this contributes to sustainability linked to regionally sensitive approaches or other important specialisations.

Q Shelter is very aware of the risks of procurement processes that are costly and competitive for the sake of competition. Q Shelter supports the view of other housing providers (submission 235) that co-production and service design with public social procurement processes helps to mitigate these potential risks. Rapid and frequent changes to landlords is disadvantageous to very vulnerable people who have often experienced significant disruption to important relationships, and displacement from housing and neighbourhoods due to housing insecurity and other challenges.

The best approach to reforms will be through careful staging to test procurement processes at an appropriate scale to identify issues and negative, unintended consequences so continuous improvements are possible. Robust evaluation and measurement of outcomes is essential as a basis for engaging organisations with a proven track-record of success and retaining organisations that perhaps lack scale but make a significant contribution to client outcomes that may be regionally sensitive and highly specialised.

Q Shelter acknowledges the existing role of private housing providers and considers there are greater opportunities to engage the private sector through strategic relationships with community housing providers. There is a need for capacity to realise opportunities presented in the over-supply of some market segments and serious under-occupancy in some hot-spot locations such as where mining is in decline for example.

Any changes to procurement to reflect greater contestability and competition will naturally generate some capacity building challenges in the sector. Industry bodies at the state and national levels should be closely involved in continued discussions about the best policy settings, and even more importantly about effective implementation that is subject to monitoring and evaluation.