



More Efficient Service Delivery by Non-Government Organisations – A Case Study in Housing

There are opportunities, from the sector’s perspective, where government expenditure can be reduced through transferring services to non-government organisations, especially in instances where the sector can demonstrate efficiencies, quality service delivery and better outcomes for clients.

An example of how this can be achieved, with minimal or no risk to government, is through the transfer of tenancy, maintenance and housing services to registered Community Housing Providers (CHPs).

Community Housing is rental or rent-to-buy housing provided to low-to-moderate income and/or special needs households, managed by NRSCH registered community-based organisations that own, lease (from government or others) or have received a capital or recurrent subsidy from government to lease private rental properties for such purposes. Community Housing organisations typically receive some form of government assistance, such as direct funding or the provision of land and propertyⁱ.

Despite growing wait-lists, the number of public housing households has decreased over the last decade (328,736 in 2009 to 304,532 in 2018). In contrast, there has been an increase in the number of households in community housing, from 38,524 to 80 233 (table 18A.4). This in part reflects transfer of some public housing stock (head-leases and/or title) to the Community Housing sector (table 18A.2), in line with government policy to expand the role of community housing in the provision of affordable (and often social) housing. Community Housing organisations are working in partnership with the Australian, State and Territory governments, and the private sector, to increase the supply of affordable housing — many new social housing dwellings are, or will be, owned and/or managed by community housing organisations.ⁱⁱ

In the Northern Territory, the Community Housing sector is relatively undeveloped in comparison to other states and territories. At the present time, there are an estimated 374 community housing dwellings in the NT, or 6.9% of all affordable and social housing (excluding state owned and managed indigenous housing in remote communities).

TABLE: SOCIAL HOUSING COMPOSITION – PUBLIC AND COMMUNITY HOUSINGⁱⁱⁱ

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
#Dwellings								
Public Housing	111341	64295	51413	33293	32686	7005	11181	5017
Community Housing	35345	14486	11116	8062	11561	5980	895	374
Total	146686	78781	62529	41355	44247	12985	12076	5391
CHP share of social housing (%)	24.1	18.4	17.8	19.5	26.1	46.0	7.4	6.9



There are many good reasons why the growth of the community housing sector in the NT should be actively pursued, particularly during a period of budget repair.

1. Registered Community Housing Providers (CHPs) are well regulated and required to demonstrate strong and proven capacity for governance and operational excellence. Regulators include:
 - a. National Regulatory System for Community Housing (NRSCH)
 - b. ACNC
 - c. ASIC
 - d. State or Territory Funding Deeds and performance standards
 - e. Licensing Boards (where applicable)
 - f. NDIA / NDIS (where applicable)
 - g. NRAS (where applicable)
2. Rental income is generally better for CHPs than for Government due to the tenant's eligibility for Commonwealth Rent Assistance (CRA), thus enhancing revenue. CRA payments from the Commonwealth do not apply to public housing tenants.
3. Tax, Stamp Duty and GST liabilities do not apply to eligible Public Benevolent Institutions (i.e. the majority of CHPs).
4. NRSCH regulations require high property and maintenance standards. The additional cash flow from CRA enables assets to be well-maintained, often rejuvenated and, in the case of head-leased properties, generally returned to the government in an improved condition, thereby protecting the asset and improving the living experience for tenants.

The NRSCH requires an ongoing proportion of revenue per annum to be provisioned for ongoing, cyclical maintenance. This provides safeguards for asset replacement as well as repairs and maintenance.
5. Cost efficiencies can be achieved through lower overheads and smaller management teams. For example, an existing community housing provider based in Darwin is able to manage 172 properties with 8 FTE staff (scalable to 350 properties with existing staff) – a very lean footprint.

Additionally, CHPs are unburdened by a cumbersome procurement process. They are therefore able to negotiate significant contractor (e.g. pest control, air conditioner cleaning, fire and safety checks) discounts due to scale and without the margins often placed by contractors when responding to government contracts.
6. There is the potential for higher quality, highly responsive tenancy management. CHPS can be more agile, more proximate, better placed to liaise and build relationships with tenants, and ultimately be more responsive to their needs and to ensuring issues are managed and resolved (e.g. pro-actively manage anti-social issues as well as assist in referring tenants to support services where required and welcomed). They are less encumbered by what are typically unwieldy, rule-driven public housing tenancy management systems and generally have state-of-art IT systems for the collection of the rigorous data required to meet NRSCH compliance.



The evidence supports this. From a tenant’s perspective, tenancy management by CHPs compares favourably to that provided by public housing agencies. Across Australia, 80% of community housing provider tenants are “satisfied or very satisfied” compared to 74% in public housing^{iv}.

		Unit	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
All households											
Sample size	Public Housing	no.	555	656	1078	622	568	511	514	539	5043
	Community Housing	no.	375	439	563	476	805	432	170	na	3 260
Very satisfied	Public Housing	%	24	33	45	33	40	36	30	30	32
	Community Housing	%	35.5	37.3	40.4	46.3	39.0	38.1	24.1	na	38.1
Satisfied	Public Housing	%	43	40	42	43	39	42	44	49	42
	Community Housing	%	43.2	42.0	41.3	38.7	41.4	39.3	45.9	na	41.8
Very satisfied or satisfied	Public Housing	%	66	73	87	76	79	77	73	79	74
	Community Housing	%	78.7	79.3	81.7	85.0	80.4	77.4	70.0	na	79.9

We are unaware why customer satisfaction data for community housing tenants in the NT is not available in ROGS, but tenant surveys from two of our Darwin and Alice Springs based CHPs support the findings above.

8. Asset under-utilisation is lower in community housing (10.3%) compared to public housing (16.9%)^v, enabling higher customer churn and lower turnaround times for new tenancies. In Darwin, the CHP vacancy rate sits at approximately 5.5% in the seasonal low period from November to February, and is lower from March to October. Indeed, CHPs in Darwin have a far lower vacancy rate at present than the greater Darwin private rental market.
9. CHPs are frequently mission based and are well placed to collaborate with local communities, including local businesses and philanthropists. They are entrepreneurial and able to form consortia and close collaboration with land owners, builders, developers, Aboriginal community-controlled organisations, other non-profit organisations and all levels of government to generate community-building and place-based projects that deliver social value and community impact. An example was the recently announced development in Tennant Creek by Venture Housing Company Ltd (Venture), which involved many local community stakeholders. Local employment and training outcomes, social outcomes and philanthropy are mooted as part of a further project currently being planned.
10. There is arguably no risk to NT Government in proceeding down this path. There are no costs incurred by, or income received by NTG under this model for the term of the lease.
 - (a) In return for a 20-year head lease to CHPs of urban public housing properties at scale to NT (i.e. local, existing and who understand the Territory), CHPs would carry out routine, regular maintenance and maintain properties to NRSCH standards.
 - (b) CHPs would collect rent that included CRA payments from the Commonwealth (an opportunity to leverage much needed Commonwealth funds to the Territory).
 - (c) There is a very reasonable prospect that the properties would be returned in improved condition at the end of the lease.

11. The transfer of management rights over 20-year leases (or longer) strengthens the cash flow and thus, borrowing capacity, of CHPs. It better positions them to leverage further development off this increased income and increases their ability to obtain finance for future housing development. Such a stock transfer thus increases the scale and capacity of CHPs and enables a greater propensity for the additional supply of affordable and social dwellings.
12. Well managed, entrepreneurial CHPs have demonstrated an ability to procure land (often free of charge) and build dwellings at prices well below those that NTG can achieve through government procurement processes. Having points of contact in the CHP who have delegated authority to make decisions in a timely manner, improves both the relationship with the developer and the price. In addition, CHPs are able to recoup any GST paid and are exempt from Stamp Duty. This provides additional value-for-money in determining the number of new dwellings that can be delivered for a given sum of capital. There are additional economic benefits that flow from such development, notably employment and training opportunities, monies spent on materials and the provision of the housing (which, in itself, and particularly in regional towns, assists in retaining and growing population and services).
13. The move to transfer public housing assets at scale to support the growth of the Community Housing sector in the NT would be consistent with developments nationally. For example, NSW FaCS has recently announced a new \$50m innovation fund targeted at affordable housing projects from small and regional CHPs. Nationally, the review of the NRSCH aims to ensure the regulatory framework supports the growth of the community housing sector into the future.

NT Shelter understands that the NT Government is currently considering a report by KPMG on the potential transfer of housing stock to Community Housing Providers. This is strongly supported and should be expedited in the current economic climate for the reasons highlighted above.

ⁱ Report on Government Services 2019, Part G, Chapter 18 pages 2

ⁱⁱ Ibid, page 4-5

ⁱⁱⁱ Ibid, Table 18A3

^{iv} Derived from ROGS, op.cit., Tables 18A.40 and 18A.42

^v Ibid, Tables 18A.5 and 18A.32