

Public housing stock transfers: national picture

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Presentation overview



- Research
- Scale and distribution of transfers – past, recent and prospective
- Transfer objectives and drivers
- Transfer models
- Tenant involvement in transfers
- Financial and accounting considerations and barriers
- Transfer impacts
- Conclusions and next steps

The research



- Funded by AHURI.
- Research team: Hal Pawson (project leader), Vivienne Milligan, Ilan Wiesel (UNSW); Kath Hulse (Swinburne).
- Methods: state survey, 6 case studies, interviews, focus groups, policy workshop.

Pawson, H., Milligan, V., Wiesel, I. and Hulse, K. (2013) *Public Housing Transfers: Past, Present and Prospective*, AHURI Final Report No 215, AHURI, Melbourne

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What are public housing transfers?



- Public housing transfers defined as including:
 - ‘Management outsourcing’
 - ‘Asset transfers’ (or ‘title transfers’)
- Main interest is *tenanted transfers* (transfer of property management and/or ownership where tenants change landlord) but Social Housing Initiative (SHI) asset transfers also covered to probe terms of such transfers

Public housing transfers in Australia to 2012

	ACT	NSW	Qld	Vic	WA	SA	National total
Pre-2011 management outsourcing	200	7,900	200	1,400			9,500
Pre-2011 title transfers		400		600			1,000
SHI transfers 2010-2012	100	6,000	2,600		1,300	600	10,800
Grand total	300	14,300	2,800	2,000	1,300	600	21,300

Notes: 1. National total also includes small number of SHI transfers in Tas. 2. ACT total includes 132 homes subsequently subject to title transfer

- Vast majority of transfers in NSW – programs ongoing since 1990s
- SHI transfers relatively large in number but no tenant consultation issues
- Doesn't include SHI properties constructed by community housing providers

Transfers planned and/or proceeding 2013

Jurisdiction	Program/ completion date	Properties	Comments
QLD	Logan Renewal Initiative – 2013	Up to 5,000	Second stage tenders under assessment July 2013
QLD	Statewide transfer – by 2020	Approx 45,000	Framework not yet published
SA	Better places, stronger communities – by 2018	Up to 5,000	Initially 2 x 5-600 property packages
TAS	Better Housing Futures phase 2 – 2014	Up to 3,500	Tenders for 3 property packages under assessment, July 2013

Note: All proposed as management outsourcing only

Public housing transfer drivers



Driver	Importance	
	Australia	UK
Revenue maximization	High	Low
Leveraging private finance for new supply	High*	Low
Enhanced governance/contestability	Moderate	Moderate
Operational efficiency	Moderate	Low
Tenancy service improvement	Moderate	Moderate
Leveraging private finance for stock upgrade	Low	High
Tenant/community empowerment	Low	High
Enhanced long term asset management	Low	High

**for title transfers*

Transfer models – as exemplified by case study programs

Case study	Transfer type	Location	CHP(s)	Dwellings
1. NSW Social Housing Initiative 'vesting'	Asset transfer	State-wide	Various	6,000
2. Vic Asset Conversion Strategy	Asset transfer	Melbourne	Various	575
3. NSW Property Transfer Program (whole of area)	Management transfer	Blue Mountains	Wentworth Community Housing	425
4. NSW Property Transfer Program (CHP capacity building)	Management transfer	SW Sydney	St George Community Housing	580
5. Aboriginal Housing Victoria	Management transfer	State-wide	Aboriginal Housing Victoria	1,300
6. Tasmania – Clarendon Vale /Rokeby	Management transfer	Hobart periphery	MA Housing	500

Case study transfer models differ in terms of:

- Asset transfer vs management outsourcing
- Whole of area vs client group-specific
- Place management/renewal vs tenancy & property management
- Tenant empowerment vs 'business as usual'

Tenant involvement in transfers

- Tenant/community consultation on planned transfers generally v. limited (expt. AHV)
- Dialogue constrained by short timescales and competitive model of successor landlord selection
- Individual tenant choice approach - lack of clear incentives for switching
- Tenant decisions on tenancy transfer critically important to operational cost effectiveness
- Resident understanding of transfer motivations often negligible
- 'Individual choice' housing transfer model widely seen as compounding business risk and managerial inefficiency

Messages about tenant choice.....

'You cannot be forced to transfer to community housing. However, in some circumstances, Housing NSW may not be able to continue to manage your tenancy and property if you decide not to transfer to community housing. If this is the case, you may be asked to move to another public housing property' [Departmental leaflet]

In some cases, there may not be alternative public housing available in your area for you to transfer to. Housing NSW may then ask the community housing organisation to manage your tenancy and property on its behalf. If this is the case, you will remain a tenant of Housing NSW [same leaflet]

The rumour that went around was that if we don't sign up we might be sent to some place like [remote outer metropolitan housing estate] so I just signed up [tenant involved in inner Sydney transfer].

The letter threatened people, the way it was written. It said that if you don't sign you will be moved to somewhere else.[NSW tenant]

I was really scared and worried that I have no choice and I must transfer to [CHP]. [NSW tenant]

The case for title transfer?



- Many community housing providers naturally favour title transfer as offering autonomy and ‘irreversibility’ and can be attractive to governments.
- Potentially title transfers could also:
 - Eliminate counterparty risks of management transfers where asset care responsibilities are divided
 - Through greater independence conferred by asset ownership, maximise CHP entrepreneurialism and innovation
 - Facilitate more responsible, rational and efficient long term asset management planning

But financial and accounting considerations.....

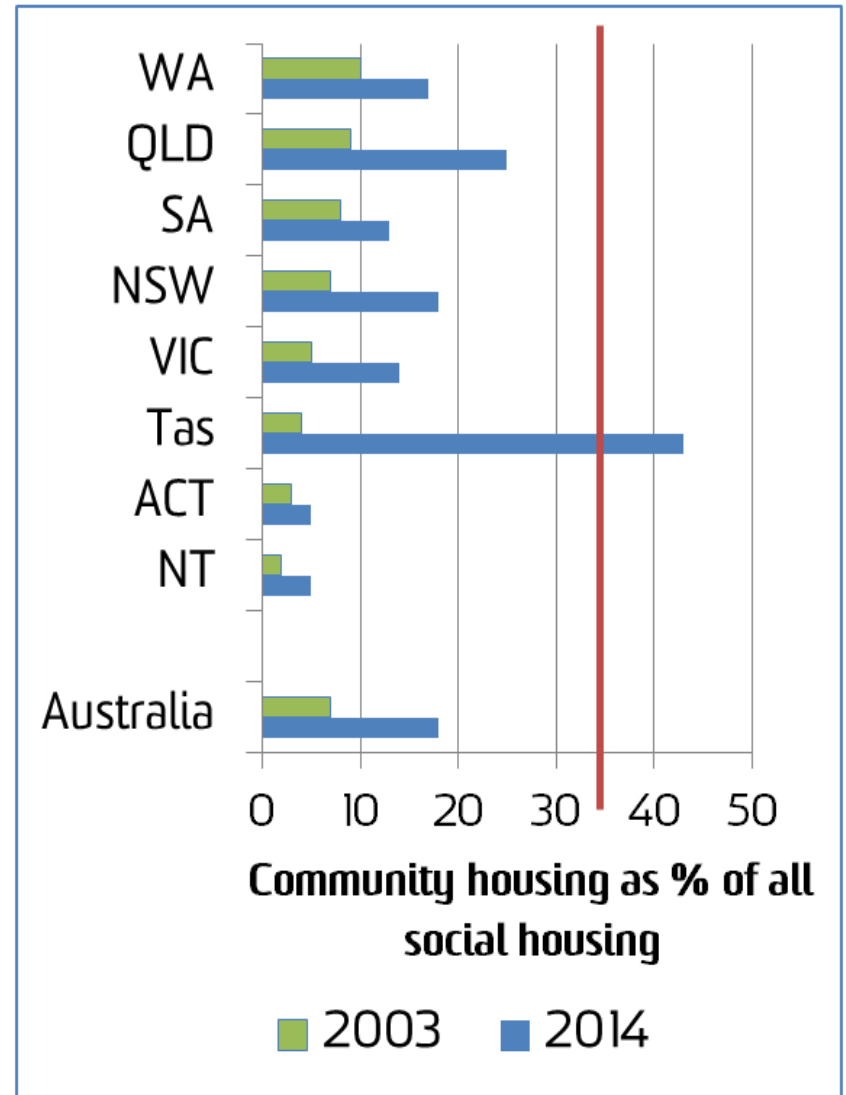
Financial and accounting considerations

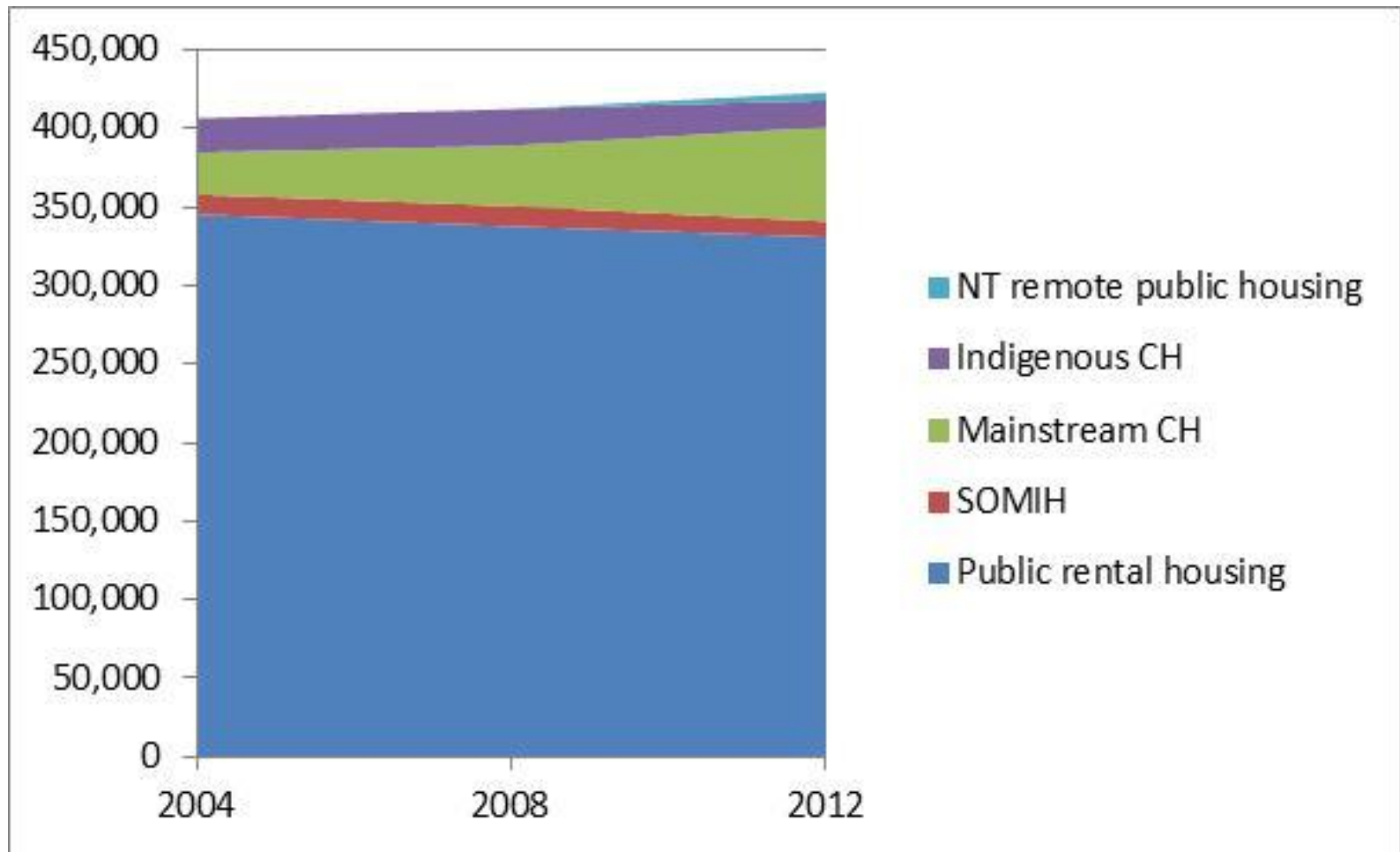
– title transfers

- Title transfers can generate ‘financial payoff’
 - Percentage leverage??
 - Division of leveraged resources – property upgrading vs. new development
- State Government incurs ‘budget loss’ because book value of assets booked as recurrent expenditure loss for year of transaction. Scale of loss reflects:
 - expectation that title transfers at nil consideration
 - method used to value public housing in the relevant jurisdiction
- Differs fundamentally from UK transfer model where:
 - Council housing valued ‘as a business’ not a saleable asset, with outstanding upgrading needs fully accounted for
 - Acquiring HA pays transfer price funded through borrowing secured against future revenue stream

Transfer impacts

- Diversification of social housing system
- Enhanced investment
 - Leveraged financing of additional supply
 - But investment impacts dampened by insignificance of title transfers
- Former public housing tenants possibly benefiting from:
 - 'More responsive' CHP tenancy services
 - CHP social/economic renewal programs
- Almost total absence of evaluation





Size/composition of social housing sector 2004-2012

Source: Calculated from Table A3.10 in Australian Institute of Health and Welfare (2013) Australia's Welfare, AIHW, Canberra. Based on data from AIHW analysis of National Housing Assistance Data Repository.

Conclusions

- Transfers to CHPs seen by some as possible salvation of unsustainable public housing
- Not tenable to simply replicate methods used to date – need for new process approaches – including on:
 - Tenant consultation/choice
 - Successor landlord selection
 - Staff transfer
- Even if negative impacts on state govt budgets containable, modest scope for asset-underpinned leverage no substitute for capital funding
- Questions about financial viability
 - Very low income client group - revenue inadequate for long term provider viability even with RA – allocations policy implications
- Political will?