

# ALL TOGETHER NOW: Housing alliances come of age

> *In a sector where 'collaboration' normally means a merger, Tony Gilmour considers whether community housing providers can benefit from alliancing approaches.*

In the complex world of stock transfers, private finance and structured development projects, the future often seems to belong to big and bold housing providers. A few years ago the Commonwealth hinted that 5,000 properties was about the right portfolio size. This is also the size of the larger transfers being talked about in Queensland.

But what about neighbourhood organisations – that act as 'community anchors' – working in close partnership with support providers? Can a mega housing association covering a vast continent really understand what a local community needs? Given mega mergers seem to be out of fashion in Britain and the Netherlands, perhaps there are ways to gain scale economies but remain locally grounded.

## Collaboration approaches

In discussions about how community housing organisations can reach scale, the most common suggestion is that there should be mergers. However, mergers are only one possible form of collaboration.

“ *Can a mega housing association covering a vast continent really understand what a local community needs?...* ”

Collaboration approaches are on a spectrum of risk and return. Mergers involve a high degree of integration between two organisations, potentially delivering large savings but with a greater risk of dissatisfaction from existing directors, senior staff and tenants. In contrast, looser partnerships deliver modest cost savings but are generally low risk as existing power and control systems remain in place.

Research on English community housing organisations suggests there is a spectrum of collaboration approaches, as shown in the diagram below. These range from complete independence, to a forced merger. Each of the options has varying degrees of independence and integration associated with the approach.

“ *Alliances require a great level of trust between the two organisations...* ”

## What's an alliance?

There is no agreed definition of what an 'alliance' is, or how it might differ to other forms of collaboration such as partnerships and contracts. Often these terms are used inter-changeably.

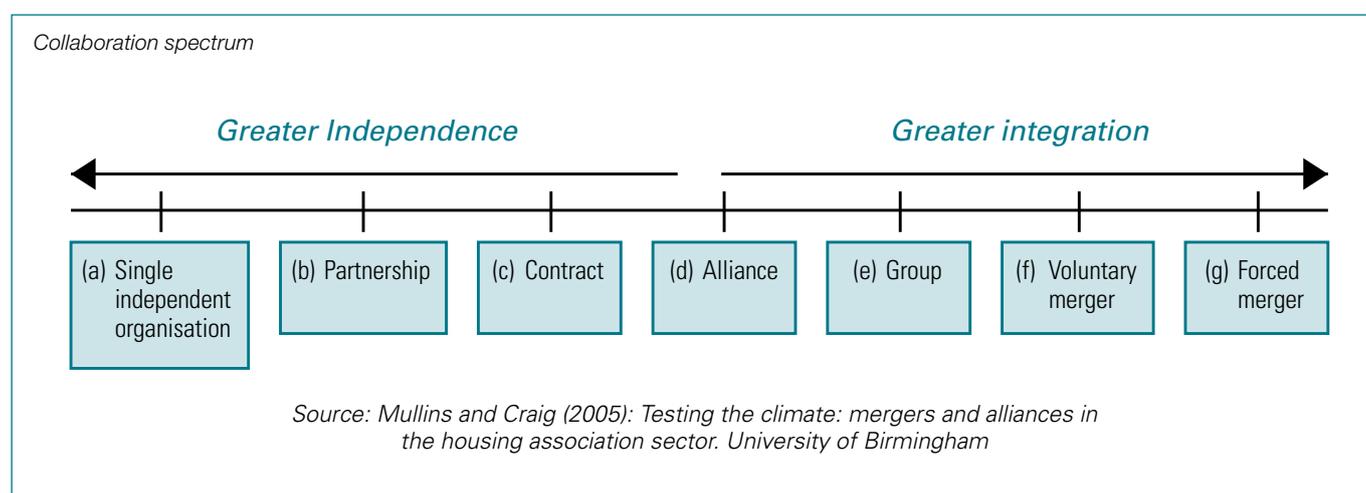
Generally speaking, an alliance is where a wider range of functions are dealt with by agreement with the members but each organisation preserves their independent identity. This is unlike a partnership, which is an arrangement between organisations involving a high level of autonomy and flexibility but needing a constant process of renegotiating the relationship.

Partnerships and contracts tend to be used for specific projects, such as buying a new IT system or jointly bidding for a contract. By contrast alliances tend to be more wide-ranging in the areas they cover. Alliances require a high level of trust between the various organisations, and do not just rely on formally documented protocols.

## Enter the Housing Alliance

We no longer need to look at best practice overseas, as there is now a classic alliance here in Australia.

Back at a housing conference in Newcastle, New South Wales, in November 2010, a cluster of community housing CEOs chatted over a cup of tea. The leaders of Homes North, Housing Plus, Homes Out West and North Coast Community Housing found they had plenty in common – and not just their



# AIRPORT GROUP

*The Airport Group is an informal alliance of 13 like-minded, stock transfer housing associations that are committed to working in collaboration on issues of common interest. Together we manage 175,000 social homes across the North West and Pennine regions, home to over 400,000 people, giving the Group unparalleled knowledge of residents' aspirations.*

*From Liverpool to Bradford and from Preston to Chester the Airport Group operates over nearly 2,000 square miles, providing homes and support services for people; helping some who are the most vulnerable members of our communities. The Airport Group is an illustration of social value in action'*

*Interestingly the 'Airport Group' name came about because the founding CEOs were all based close to Manchester Airport. They're now flying further afield, well at least as far as Yorkshire.*

Flying high with a British housing alliance

favourite brew. All ran medium-sized housing organisations that do great work in regional areas, and all feared disappearing into a mega group.

During the first year and a half of existence, the four corporate leaders of the member organisations shared information and provided mutual support. Back then they were known as the 'Mastermind Group', and kept their existence hush-hush – though there were not, I'm assured, any secret rituals or strange handshakes.

The benefits of collaboration soon became clear and it was agreed all member organisations would extend the scope of the collaboration throughout their structures – both up to board level and across to senior management. Late in 2012, I met the group in Sydney and we worked through a 'coming out' strategy, including a snazzy new name. The Housing Alliance was born.

### Alliances revealed

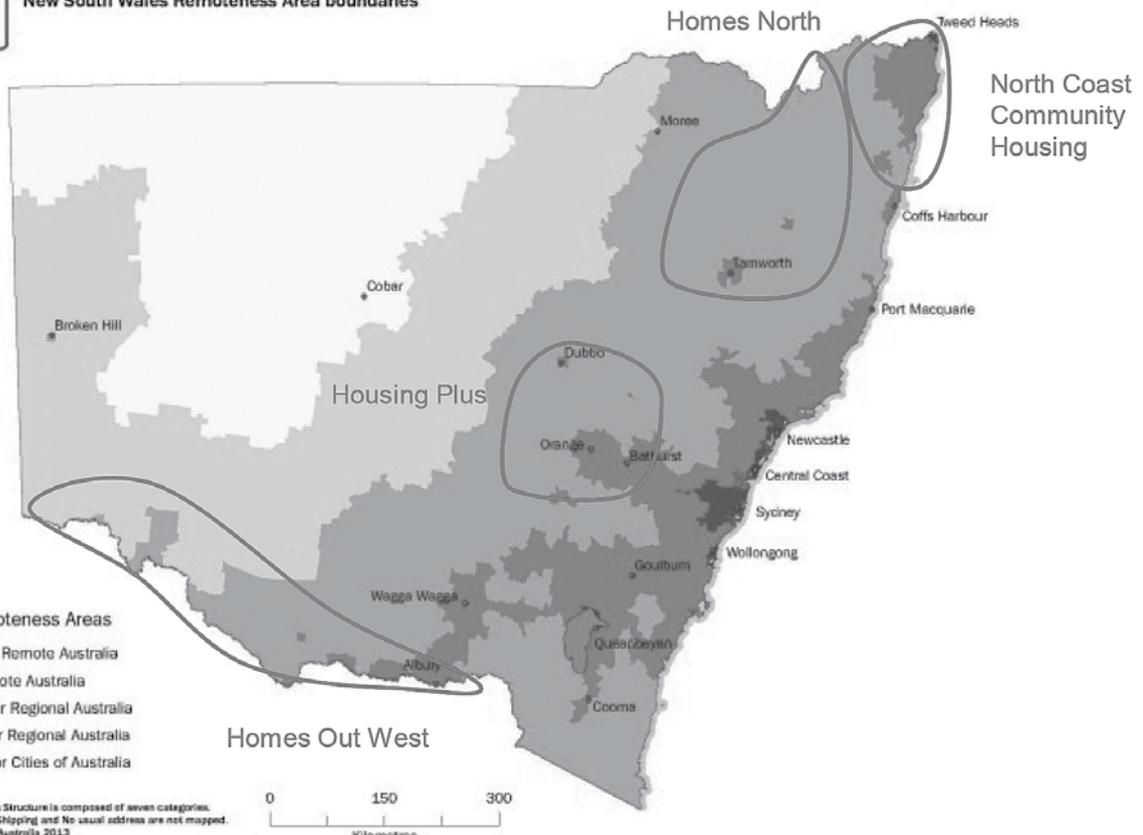
The Housing Alliance started up as a peer support network or – to use a phrase I heard used in Britain a few years ago – a therapy group for CEOs; a place to whinge (in Britain, quite vital) and share new ideas. Peer networks provide a safe environment to ask those questions that you might be embarrassed to ask in front of your staff.

However, a couple of years after formation, the Housing Alliance is doing more shared activities that deliver real economic benefit. These include:

- Jointly procuring consultancy and research through a



### 2011 Australian Statistical Geography Standard: Remoteness Structure New South Wales Remoteness Area boundaries



Note: The Remoteness Structure is composed of seven categories. Migratory - Offshore - Shipping and No usual address are not mapped.  
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single contract with the Housing Action Network. In effect, professional advice can be sourced at one quarter the cost (and yes, I've seen this work in action – ouch!);

- Collective working on brand development, marketing, conference attendance and website development;

““ *There are plenty of other activities alliances can undertake, and I suspect the Housing Alliance is just at the start of a long journey...* ””

- Cost savings through taking less management time to access other peer support networks. For example, one senior Housing Alliance executive could be a member or director of trade associations; and
- Research and negotiations relating to sourcing new computer systems to provide integrated management services. Members of the Housing Alliance can build their knowledge but choose to individually procure particular systems.

There are plenty of other activities alliances can undertake, and I suspect the Housing Alliance is just at the start of a long journey. It has certainly helped put regional housing providers on the map – and, when all the members' tenancies are added together, the Housing Alliance sits comfortably as the fourth largest community housing 'group' in the country. Perhaps something to celebrate with more than a cup of tea?

““ *All alliances depend on close working relationships between member organisations and, in particular, between the bosses of these organisations...* ””

### Coming of age

Is alliancing the new black? Management approaches tend to follow fashions, and there may well be more organisations looking to follow a similar pathway.

The Housing Alliance has certainly helped save costs, encourage innovation and raise the issues of housing affordability challenges in regional Australia. Alliance members have a clearer vision of an independent future – not a remote office of an interstate or international housing group.

It is not yet clear how alliancing approaches will impact on the (slow) move to the national regulation of community housing. Most likely, individual member organisations will be regulated, not the alliance. Hence alliance members probably can't use their improved scale economies and purchasing power to justify Tier One status.

All alliances depend on close working relationships between member organisations and, in particular, between the bosses of these organisations. Levels of trust can be harder to maintain if staff change, and with an alliance there is not the same long-term structure in place as with a group or a merger.

Housing alliances may not be everyone's cup of tea, however, I suspect we'll see many more across the community housing sector over the next few years – all with a different blend; some strong and some weak. At least there will be greater variety of ways in which we deliver community housing. Though perhaps a little less work for consultants.



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Further information on the Housing Alliance is available at [www.housingalliance.com.au](http://www.housingalliance.com.au) and from Tony's report on 'Best practice alliances: an independent future for regional community housing providers' (2013), available at [www.housingaction.net.au](http://www.housingaction.net.au)