

KIWI REVOLUTION: Community housing steps out of the shadows

> *Change is in the air. Long the Cinderella of New Zealand's social housing sector, non-government organisations are finally invited to the ball. How will this dance play out, and will organisations succumb to the charms of Australian suitors? Tony Gilmour and Natalie Jameson investigate.*

Since the launch of the report *Home and Housed: a vision for social housing in New Zealand* in August 2010, there has been an increasing realisation that something must be done. The social housing system was failing, and affordable housing in short supply.

Dr Alan Johnson, chair of the independent Housing Shareholders Advisory Group set up to advise government, concluded:

'There is no one magic bullet but one of the things missing in New Zealand, compared to overseas, is a substantial level of third party provision of social housing. We have a model of state housing that hasn't changed greatly from the 1940s so there aren't the options available to meet the variety of needs now and to help people move from state to home ownership... Simply, we think we need a new approach... this means providing community sector participation in new ways.'

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Kiwi social housing

Currently, public housing agency, Housing NZ Corporation (Housing NZ), provides around 67,000 homes, with nearly nine in ten residents paying income-related rents. This is funded through the Income-Related Rent subsidy, which makes up the difference between a tenant's income-related rent and a property's market rent. Those from Britain will recognise this approach as similar to the 'good old days' of Housing Benefit.

Community housing is run by regional and neighbourhood organisations, with several catering to Māori culture groups. Most of their properties are owned by government, and the provider's involvement is focused on tenancy management. There is also a sizeable local government social housing sector.

New Zealand's community housing sector is proportionately one of the smallest in the developed world. The scale and funding of Housing NZ has kept the sector in the shadows, as has its reliance on private sector and philanthropic loans, private donations and cooperative funding.

Revolution from the right

With what cannot be described as lightning speed, government finally passed social housing reform legislation in November 2013.

The most significant goal of the Social Housing Reform Programme has been to grow the community housing sector to 20% of all New Zealand social housing by 2020. To provide some context, community housing's share is currently only 2%.

This scale of shifting to not-for-profit is truly revolutionary. Back in 2009, Australian housing ministers agreed to increase the community housing sector's share from 11% to 35% by 2014. They're probably up to 20% now, which is not a bad performance – an 81% increase over five years – though helped by billions of dollars through a Nation Building Economic Stimulus Plan.

New Zealand aims to go much faster, and with fewer dollars.

Devil in the detail

The Social Housing Reform Programme aims to bring more social housing providers into the market, and develop a 'purchaser/provider' split and greater transparency in the allocation and funding of social housing. This idea is a contestable free market, though a little challenging when you have one Goliath (Housing NZ) and many Davids (smaller community housing organisations).

Government requires community housing organisations to be regulated and, in return, they can access income-related rent subsidies in the same way as Housing NZ. Interestingly, these subsidies will not be available when social housing is provided by councils or for existing community housing tenancies. The changes started on Monday 14 April, 2014, as this edition was going to press and details of how it will all work are eagerly anticipated.

The funding of the capital grant aspect of the social housing system was taken away from Housing NZ in July 2011 and given to the Ministry of Business, Innovation and Employment through a new entity – the Social Housing Unit – to ensure value for money and transparency. The latest step in the 14th April reforms sees the Ministry of Social Development take control of housing allocations. This is a policy master-stroke compared to Australia. One of the reasons for the slower than expected growth of community housing in Australia since 2009 is that funding control remains with state governments. Public housing agencies have been reluctant to actively encourage the growth of up-start community housing rivals.

A broader change in New Zealand is making social tenancies reviewable, rather than being for life. This echoes moves in other countries, and is the final step in 'residualisation' – making social housing a last place of refuge for people with high needs, rather than a mixed portfolio of lower income and high needs tenants.

Encouraging pathways into the private rental market and into home ownership is all well and good, assuming there is sufficient affordable accommodation available. In many parts of New Zealand, this isn't the case and, with Auckland accepting the unhappy mantle of the world's sixth most expensive city, cynics might wonder how long it will be before the holders of

the purse strings realise they can get more bang for their buck by 'encouraging' prospective tenants to move to lower rental areas. It also creates tremendous uncertainty for those already facing significant challenges and vulnerabilities.

Growing capacity

The community housing sector cannot grow miraculously – it needs careful nurturing. Government committed \$104 million for a social housing fund to be used for community housing projects over three years. Community housing organisations stepped up to the mark and committed the money within 18 months, only to discover plans to provide more funding have now changed. Crown assets are currently being reviewed with a view to some potential transfers, the details for which are not yet known.

The peak body, Community Housing Aotearoa, is playing a significant role. Founded in 2004, the organisation was, for many years, close to folding, mainly due to 'stop-start' funding. Thankfully, Jane Mackenzie, who has been with CHA for four years, has witnessed the organisation's transformation that could be compared to 'a phoenix rising from the ashes'. Three-year funding from the Social Housing Unit has had a major impact, and the peak body now has over 65 members.

In October 2013, Community Housing Aotearoa signed a memorandum of understanding (MOU) with Te Matapihi – the peak body representing Māori housing interests. This relationship of mutual assistance and collaboration comes based on an understanding of the broad history and social background of Treaty of Waitangi relationships. The two organisations believe their MOU is unique and look forward to working closely together.

Comparative perspectives

Although New Zealand will be one of the last developed countries to move social housing away from a mid-century modernist ideal, the approach appears measured and considered. Creating an independent funding and regulatory body is a strong foundation for community housing sector growth. It echoes the 'single domain' approach in Britain where councils, housing association and arm's-length management organisations have often been given a (relatively) level playing field.

New Zealand's Income-Related Rent Subsidy, on the face of it, appears better for community housing organisations than Australia's penny-pinching and fixed amount Commonwealth Rent Assistance or Britain's Universal Credit. On paper, strong cashflows should put New Zealand community housing organisations in a better position than their Australian compatriots for raising debt finance.

The problem in New Zealand is the very large mountain to climb in terms of scale and capacity-building. When Australia embarked on similar reforms in the late 1990s and 2000s, the sector already had at least a decade's experience of modest scale tenancy management. The British reforms of the 1980s and 1990s overlaid an eight century heritage of not-for-profit housing provision.

Funding and assets also look tight in New Zealand. Both Britain and Australia poured billions into the sector, respectively for stock improvement and building new homes to prevent a recession. Asset and tenancy management transfers from the public sector have been strong features in Britain and, to a lesser extent, Australia. Will New Zealand follow suit?

The elephant in the room

Building the New Zealand community housing sector brick by brick will be a slow and laborious task. One likely development could be activity across the Tasman – Australian providers taking over New Zealand organisations, or New Zealand Government inviting them in. Some Australian providers are already operating interstate, with one already operating in South America, South Asia and South East Asia. The Pacific could be their next target.

International sharing of best practice is no bad thing. However, that is different to running trans-national social housing organisations. Taking Europe as an example, very few providers cross national boundaries. In Australia, only a handful of community housing organisations operate across state borders, and no more than a couple could be described as truly national.

Housing systems vary considerably, as do tenant needs. Governments want to protect their own 'local' investment and not see profits spirited to another jurisdiction. So the Tasman may prove a barrier to wholesale takeovers. At their core, community housing organisations have a strength of understanding their own community's needs – not something that a corporate model can do terribly well.

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Can we ask ourselves: Are our neighbours in need better off?

International idea sharing would be best encouraged by forming alliances and partnerships between community housing organisations. This is a growing trend in many countries, including Australia, and should be welcomed in New Zealand. Ideas sharing between peak bodies in Australia and New Zealand, and transfer of best practice knowledge by housing consultants are also supported by the authors of this article.

The first dance

Whichever approach is taken to capacity-building in New Zealand, it needs to be a carefully planned and coordinated approach. Funding helps but does not solve all problems. Mechanisms to encourage information sharing, and establishing policy and practice forums, can be equally important.

Having waited a long time for an invitation to the ball, the Cinderella New Zealand community housing sector needs local peer support rather than advances by trans-Tasman suitors.

(The views expressed in this article are those of the authors, not their organisations)



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all I want for Christmas...



> *Alison Cadman from Dwell Housing Trust has been making a social housing wish list, and checking it twice.*

When I got back home after my travels to Australia and the UK late last year where I studied the growth of not-for-profit social housing organisations, I started to write a wish list of changes I wanted to see in New Zealand social housing. At the time, it felt like we had as much chance of getting these changes as Santa Claus coming.

Someone actually suggested I write to Santa, so I did.

Dear Santa,

For Christmas, I really want a housing strategy. I have been asking you for one for years and I'll keep asking you until we get one!

My study tour confirmed that New Zealand really needs a housing strategy. When I was away, I saw numerous examples from central and state governments, as well as city councils, of how effective it is to have a framework that sets targets; a framework that guides all the partners, and outlines the actions and changes needed to improve the supply, quality and outcomes of social housing.

I'm not sure if you have little helpers for this, but the other thing I want is a stable and consistent housing policy environment. The community housing sector has been patient, and has coped with endless changes and inconsistency, but it's kind of getting a bit like A Christmas Carol, waiting for Scrooge to see the ghost of Christmas future for there to be a change of heart. Bah! Humbug!

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I'd definitely also like a funding programme that will enable real growth of the community housing sector. We need a programme that is more than getting best leverage for government dollar and risk management. I saw lots of examples of how we could do it better. Moving away from project-based funding to an allocation basis would be sweeter than any candy you can give us.

Let's have three-year funding for organisations – not just the sector – with the agreement that organisations deliver an agreed number of homes. It's happened before and I saw the positive outcomes of this approach. We'd all be singing Santa Claus is Coming to Town then, and the opportunities would be coming to town as well – and wouldn't be lost as they are now. However, to do that, we need long-term appropriate investment – actually, every country needs that, so, sorry, but you'd better get very busy now all over the world for this Christmas. When you're making your list of those who've been naughty and nice, the governments of New Zealand, Australia and the UK have to go on the naughty list for their inadequate funding of social and affordable housing.



Alison Cadman (second from left) at construction site in Dorset, England.



Construction site of community land trust project, in partnership with a housing association in Dorset, England.

I need you to tether New Zealand to your sleigh and drag it into the 21st century. We are years behind most of the world with our small community housing sector and our dominant state social housing provider. It doesn't work anymore and we have to fix it quickly – maybe you could fix it in your workshop? Not sure if you have enough elves to help us with this...

“ *When you're making your list of those who've been naughty and nice, the governments of New Zealand, Australia and the UK have to go on the naughty list for their inadequate funding of social and affordable housing...* ”

I loved the housing associations I visited – I picked some great ones. There is nothing like the UK housing associations in New Zealand. I know it's not all perfect over there but there is so much evidence-based learning for us.

The investment of money, finance and stock transfer has been a hugely successful model that we need to embrace here.