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Hierarchy or Network? Transforming Social Housing in Metropolitan Melbourne

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Abstract: Australia's social housing stock is being both expanded in scale and delivered through a wider variety of organisation forms. Nonprofit community housing groups are increasingly important 'growth providers', building new housing under the National Rental Affordability Scheme. State housing bodies are moving towards partnership with the private and nonprofit sectors to refurbish troubled public housing estates. Based on interviews with community housing staff and directors, regulators, city officials and support organisations in metropolitan Melbourne in 2008, the paper critically investigates the depth and scale of the transformation. In particular it evaluates whether there has been a move from hierarchical to networked governance of social housing. The city region case study approach allows identification of organisations supporting the social housing sector, an understanding of network dynamics and an assessment of the relative strength of state agencies. Evidence from metropolitan Melbourne points to a continuing strong role of the state public housing body in controlling both social housing providers and the network of sector support organisations.

INTRODUCTION

Through these new actions, we will give families and communities a greater say in determining their own futures. We will develop new leading-edge approaches to delivering services and expand our services into areas where they have the greatest impact. We will cut red tape for community groups and forge strong new partnerships with communities, businesses and other levels of government ('A fairer Victoria': Victorian Government, 2005a, p.1)

Working in partnership with the sector, the Office of Housing is delivering an ambitious social housing reform agenda to further support and sponsor social housing across the state ... This strategy emphasises strategic partnerships with rental housing agencies, local government and private industry ('Shaping the future of social housing': Victorian Government, 2006a, p.1).

The Australian state of Victoria has established a clear agenda for transforming delivery of services, including low-cost housing, through partnership working. Policy documents are infused with terms such as 'working together', 'project teams' and 'co-operation'. Housing partnerships cover *social housing* for low income residents, delivered by both the state's public housing department (the Office of Housing, OOH) and nonprofit 'community housing' providers. Also, partnerships help provide *affordable housing* to rent by low/moderate income earners in schemes often built by private developers assisted by VicUrban - the state's urban renewal agency. This paper uses metropolitan Melbourne as a case study to test the depth of the Victorian state's commitment to partnership working. In particular it questions whether there has been a move from social housing delivery through hierarchical methods, with power exercised by the state, to more networked approaches where power is diffused.

The conceptual framework for this research is a branch of organisational theory known as 'new institutionalism'. Moving beyond Max Weber's (1947) characterisation of institutions imposing an 'iron cage' of control on society, new institutionalism places them within a broader, more complex and networked milieu (DiMaggio & Powell, 1983; 1991). The move from traditional hierarchical relationships between governments and housing providers based on a principal/agent relationship with an active/passive power balance, towards more networked forms of governance, has been documented in detail (for example 1995; Kickert & Koppenjan, 1997). The transformation been characterised as a move from 'government' to 'governance' with the latter 'self-organising, inter-organisational networks characterised by inter-dependence, resource exchange, rule of the game and significant autonomy from the state' (Rhodes, 1997: p.15). In social housing, the role of networks has been researched in England (Mullins et al., 2001a), Ireland (Mullins et al., 2001b) and the Netherlands (van Bortel & Elsinga, 2007). This paper uses similar approaches, applying them for the first time to an Australian case study.

RESEARCH METHOD

Fieldwork took place in Australia during 2008 as part of an international doctoral project investigating the role of networks in building community housing capacity. This paper presents research on the Melbourne city region, with data from San Francisco (Gilmour, 2008) and Manchester (Gilmour, 2009b) presented separately. In each city region three community housing providers were selected on the basis they had characteristics more related to the market, to the state or to civil society. This follows the hybrid organisation model of Evers and Laville (2004). The three Melbourne organisations are Community Housing Limited, Melbourne Affordable Housing and Port Phillip Housing Association (Table 1). Semi-structured interviews were held with 22 staff and directors of these organisations, and 27 other stakeholders such as public officials, financiers, consultants, academics, support organisations and peak bodies. Many of the stakeholders were identified using snowball

sampling, asking interviewees who else they would recommend contacting. Quotations in this paper have been kept anonymous to protect confidentiality. The interviews were supplemented by analysis of community housing organisations' internal and external documentation, websites, research reports, government statistics and previous surveys.

The research uses a city region, in Lavorel's (2004) term, as a 'window', through which to observe relationships between social housing network actors. The spatial dimension chosen to frame research for this paper is the *city region*. This concept has been popular with urban planners for many years, and is going through something of a revival (Harding, 2007). It can be defined as 'the areas upon which a city's economic pull is felt' (Price Waterhouse Coopers, 2007: p.9). Although this definition provides little guide on where to draw the boundaries, as connections often extend across city region administrative boundaries:

the utility of the notion of the city-region ... is not that it avoids ambiguity, fuzziness and overlapping 'boundaries' but that it encourages relational understandings of the internal and external dynamics of territories that have some degree of functional integrity but are very rarely defined administratively. It generates intelligent questions about the interaction between, for example, employment locations, the geography of land and property values, the operation of labour and housing markets and transportation systems (Harding, 2007: p.451).

Harding's analysis of why city regions are a useful frame of analysis reinforces the need to think beyond traditional local government boundaries. Although boundaries are redrawn from time to time, they rarely keep pace with economic and social changes. The complex spatial overlay in cities provides the framework within which social housing providers operate.

METROPOLITAN MELBOURNE

Melbourne's rapid growth to become one of the classic Victorian cities of the British Empire followed a mid-nineteenth century gold rush (Briggs, 1968). Frenzied speculation soon gave way to civic pride, establishing 'Marvellous' Melbourne as Australia's second largest city. The 760,000 hectare city region, referred to in this paper as metropolitan Melbourne is largely mono-centric (Figure 1). At its heart is a European-style compact city centre, complete with trams and ubiquitous coffee shops. Beyond the inner and middle ring suburbs, which mainly act as city dormitories, the urban hierarchy breaks down with a series of urban centres providing local employment. The outer metropolitan areas are predominantly small town and rural in character. Within 150 kilometres of the city, but beyond the conurbation are Geelong with a population of 156,000, Ballarat with 78,000 and Bendigo with 76,000 (ABS, 2008).

There is no single strategic planning authority for metropolitan Melbourne. State government is powerful, with the 31 local councils in the city region having a relatively limited role. Victorian councils powers, duties and functions are specified by the Local Government Act 1989, which is state not national legislation. In Australia 'state governments have the power to change local government boundaries or amalgamate existing councils, as well as to dismiss democratically elected local councils' (Mercer & Jotkowitz, 2000: p.176). For example, Melbourne City Council was dismissed in 1980. Later Premier Jeff Kennett dismissed all Victoria's local councillors in 1994, replacing them with public commissioners for three years to force an amalgamation of metropolitan councils from 56 to 31 (Forster, 1999: pp.156-7).

Victorian councils have limited ability to set distinct housing policies. The City of Port Phillip in Melbourne has proactively used planning tools and investment strategies to leverage national and state funding for social housing, but they are the exception not the rule. Their 1997 Housing Strategy focused on minimising the impact of gentrification. With no specific

mandatory provisions to enforce developer contributions, such as Britain's s.106 of the Town and Country Planning Act 1990, Port Phillip have relied on a creative interpretation of Victoria's Planning and Environment Act 1987 (Gurran et al., 2008: p.57). Port Phillip and Melbourne City Council established and supported community housing organisations, using them as joint venture partners in affordable housing schemes (Milligan et al., 2004).

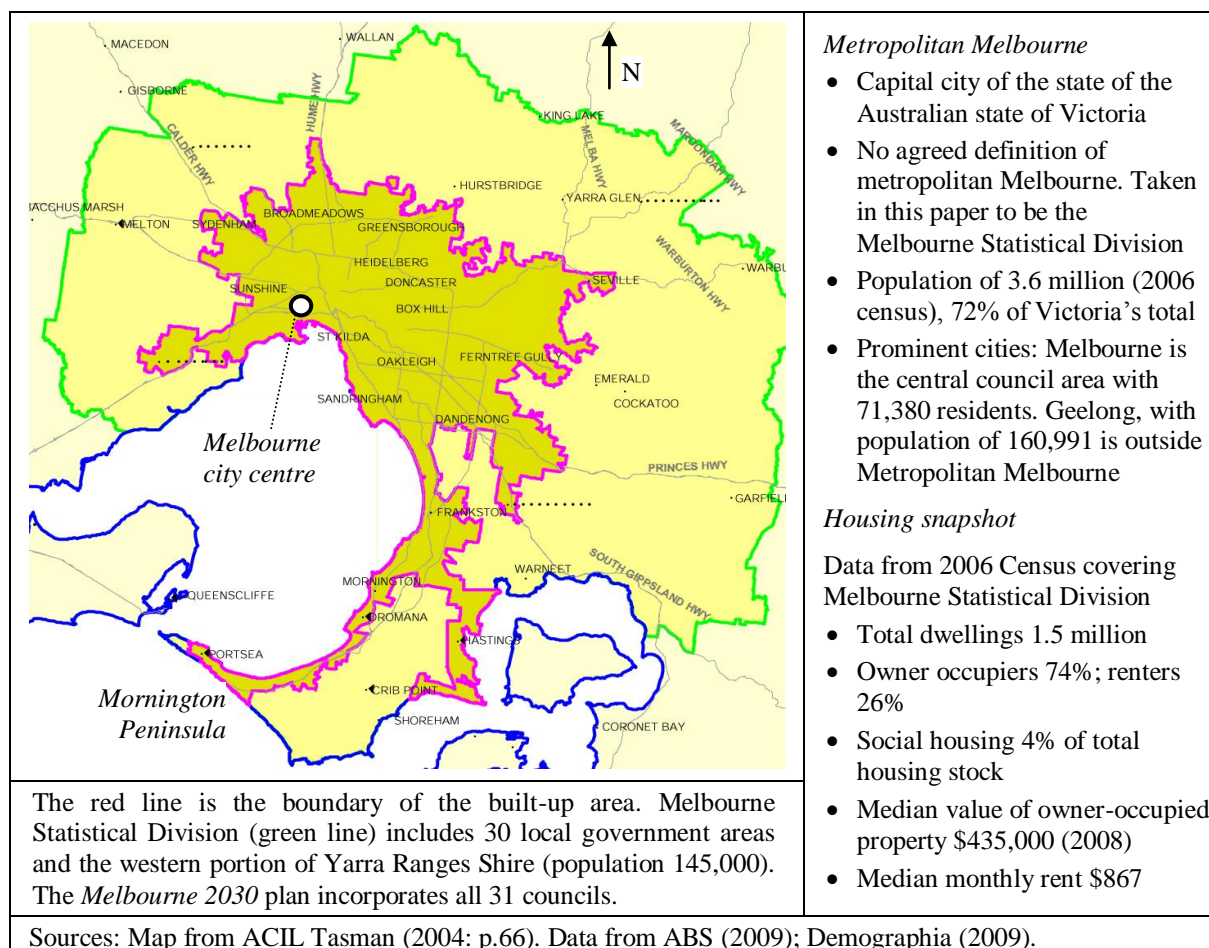


Figure 1: Melbourne city region

There is little structured coordination between the 31 local councils in metropolitan Melbourne. Similar to other Australian capital cities, Melbourne has over the last 50 years produced a succession of metropolitan plans. The latest, *Melbourne 2030* (Victorian Government, 2002), commits to increasing the affordable housing supply for low and moderate earners. New homes are to be located close to public transport and employment, within a city region edged by growth boundaries. Supply will be increased 'through joint programs with the Urban and Regional Land Corporation [VicUrban], the Office of Housing [public housing authority], local councils and the not-for-profit sector' (*ibid*, p.117). Mention is also made of de-concentrating public housing by mixing private, affordable and social housing within neighbourhoods. *Melbourne 2030* is strong on vision but weaker on implementation, which the plan states will need 'ongoing discussion between state and local government, with sustained cooperation and coordination' (*ibid*, p.172). In practice, plan delivery is through direct action by state agencies and departments (such as VicUrban, and OOH in the Department of Human Services), and the power of Victoria's budget to encourage partnership working and influence actors such as councils and community housing providers.

PUBLIC HOUSING RENEWAL

Social housing in Victoria is dominated by the state's public housing department, the Office of Housing (OOH). As Lawson and Milligan (2007: p.154) note, this is a national characteristic: 'the social housing system in Australia is still dominated by large public landlords with exclusive domain'. At 30th June 2007 the OOH managed 63,277 public housing units and employed 1,140 staff (Victorian Government, 2007b). There is a close integration between public and community housing, with the latter directly funded and regulated by the OOH. Many properties remain state owned and leased under contracts to community housing groups. From the OOH website, public and nonprofit housing are so closely integrated that a casual observer may think them the same:

The Office [of Housing] owns and manages or provides funds to agencies for over 77,000 properties, including long term public housing, community housing and Aboriginal housing; short to medium-term crisis and transitional housing (Victorian Government, 2009).

Victoria's public housing dates from the establishment of the Victorian Housing Commission in 1938, following a public campaign to improve inner-city Melbourne slums. By the 1940s the focus had shifted to building in the northern and western suburbs where post-war industry was locating (Howe, 1988). State housing authorities sold many of their properties to tenants at a discount, with Victoria transferring 31 per cent of stock built between 1955 and 1969, mainly on suburban estates (Hayward, 1996: p.17). By the 1960s the focus shifted to inner-city slum clearance and Victoria was the most enthusiastic Australian state in replacing traditional housing with high-rise blocks. Approximately 10 per cent of Victorian public housing is in 44 high-rise towers, located in 9 inner city council areas (McNelis, 2001: pp.7-8). From the 1970s Australian public housing became increasingly targeted to low income groups, especially those at risk of homelessness or unable to access the private rental market. Targeting high needs groups accelerated after the 1996 Commonwealth State Housing Agreement (CSHA), leading to a fall in rental income and financial problems for state housing authorities (Hall & Berry, 2007). By 2003 only 4 per cent of public housing tenants relied solely on earned income (Victorian Government, 2003).

The location of Melbourne's public housing reflects historic development rather than current needs. As well as having significant high rise dwellings in the inner city, there is a relatively good supply of public housing in the outer metropolitan and regional areas, although these are not always the location of new employment opportunities (Victorian Government, 2002). Across the private and public sectors, three quarters of low cost rental properties are in the outer suburbs and the Mornington Peninsula (Victorian Government, 2004). Figure 2 shows higher concentrations of public housing not just in the centre but in outlying areas. Inner city public housing now forms a relatively high proportion of the affordable housing stock in these areas, and has a number of locational advantages for transport and jobs (Foard et al., 1994).

The principal problem with Victorian public housing is the quality of the stock. The Bracks state government, elected in 1999, faced a major backlog in public housing repairs following the cut-back in national CSHA funding after 1996. Their 'Growing Victoria Together' policy started renewal of 13 public housing estates in 2000 (Victorian Government, 2001). The current aim of the OOH is to 'make public housing a more desirable place to live, with improved amenities and access to social networks' (Victorian Government, 2006b: p.2). State finances permit little net increase in public housing stock, although there is continuing re-development. In 2006-7 net housing stock increased by 133 units comprising 385 new properties constructed and 252 demolitions (Victorian Government, 2007b).

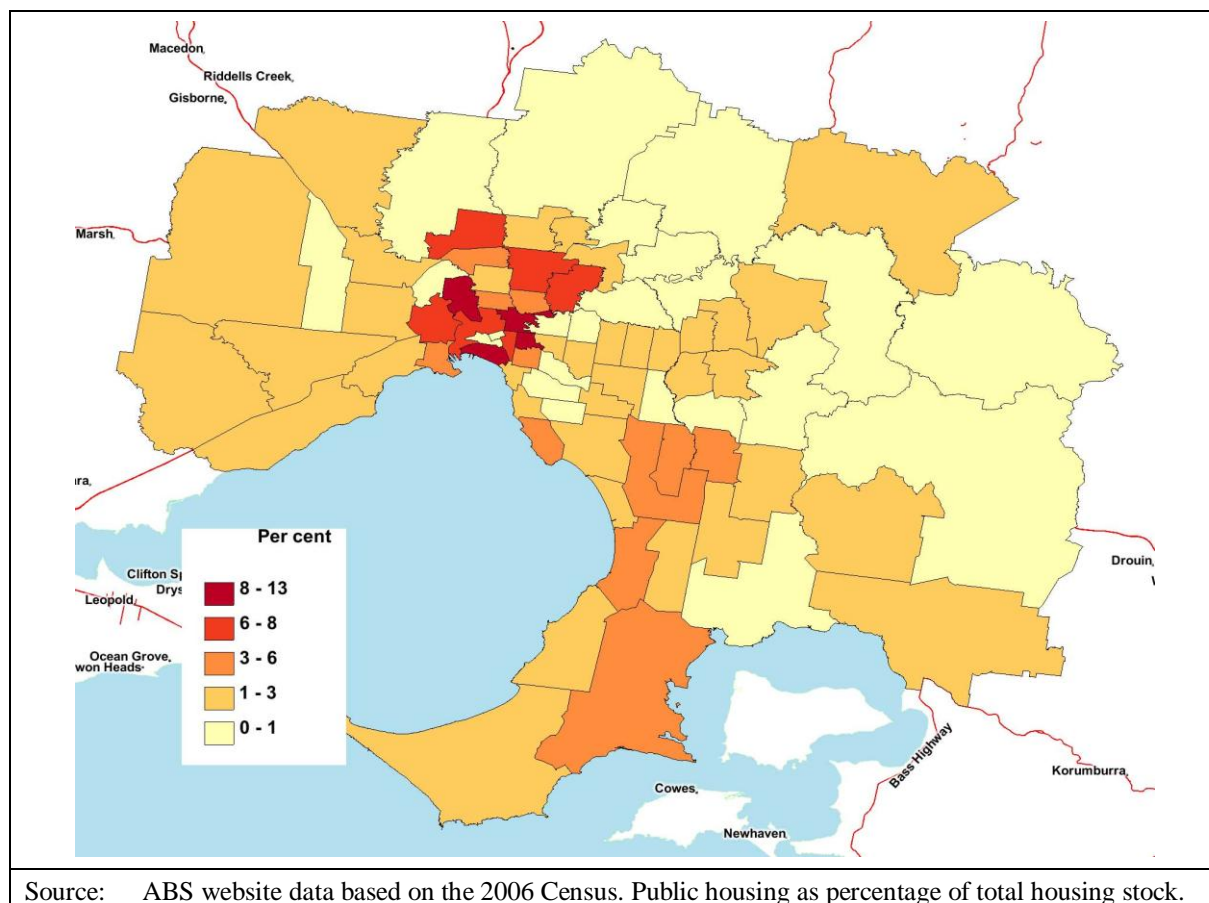


Figure 2: Public housing distribution, metropolitan Melbourne, 2006

A further challenge in Victoria is that demand for public housing continues to out-strip supply. There are 34,150 people on the waiting list, equivalent to 50 per cent of total stock, and 7,850 existing tenants awaiting transfer (Victorian Government, 2007b). The OOH has started a small number of partnership arrangements with private developers, detailed below, leveraging income from more intensive land use. However, Victoria shows little enthusiasm for stock transfer to the community housing sector, unlike England and New South Wales (NSW) in Australia. The state of Victoria continues to hold public housing assets, valued at \$12.7 billion in June 2007 (Victorian Government, 2007b). The only transfers have been of a small number of units in May 2008. These were to housing associations who already manage the tenancies, for example Melbourne Affordable Housing received ownership of 32 units.

Victoria's first major redevelopment of an inner city public housing estate, moving from single-tenure public housing to mixed-tenure public and private is at Kensington. Here, between 2002 and 2013, a public-private partnership is re-developing a public housing estate built in the 1960s in a \$77 million scheme (Victorian Government, 2006b). Private developer Beckton Group demolished one of three high-rise towers, and 15 blocks of walk-up flats. The final scheme will provide 436 public and 421 private dwellings, although it will be public tenants who live in the two towers, not private purchasers. On-site public housing will reduce by 145 units (25 per cent) at Kensington, with the intention of an off-setting increase in public housing in nearby areas (Hulse et al., 2004). Place management of the entire site, and services for public housing tenants, will be provided by Urban Communities Limited, an independent community housing organisation established by the state in 2008. Urban Communities plan to develop further affordable housing stock in Victoria in their own right (Milligan et al., 2009).

The Kensington project is one of the few schemes transforming Victorian public housing involving a nonprofit as partner. No community housing organisations are mentioned in the 23 schemes in ‘Social housing in Victoria, major projects 1999-2006’ (Victorian Government, 2006b). The OOH engages private developers (and increasingly high profile architects) for public housing redevelopment, but plans to remain as tenancy manager for most schemes. Following Kensington, the next major inner city redevelopment will be at Carlton where 192 public housing units will be transformed into 245 public and 550 private homes. Although most of the \$250 million can be financed through land agreements with developers, \$50 million will be contributed by state government (Victorian Government, 2006b). Tenders under currently under consideration from three private developers and two consortia. Promisingly for the community housing sector, a news release mentions providing ‘a mix of public, community managed and private apartments’ (Victorian Government, 2007a).

TENURE MIX

In calculating tenure mix shown in Figure 3, care was taken interpreting census numbers as landlord type is based on respondent selection, and there can be confusion between public and community housing providers. More reliance was placed on the Victorian Government’s (2007b) figures for social housing that is financially supported by the state. However, these numbers exclude housing managed by local community housing groups but not CHSA funded - typically serving aged or disabled tenants or providing crisis accommodation. Therefore an adjustment was made based on Gilmour and Bourkes’ (2009) research indicating that for Australia in 2007, CSHA funded community housing organisations provided 34,672 units compared to 21,215 from non-CSHA funded organisations.

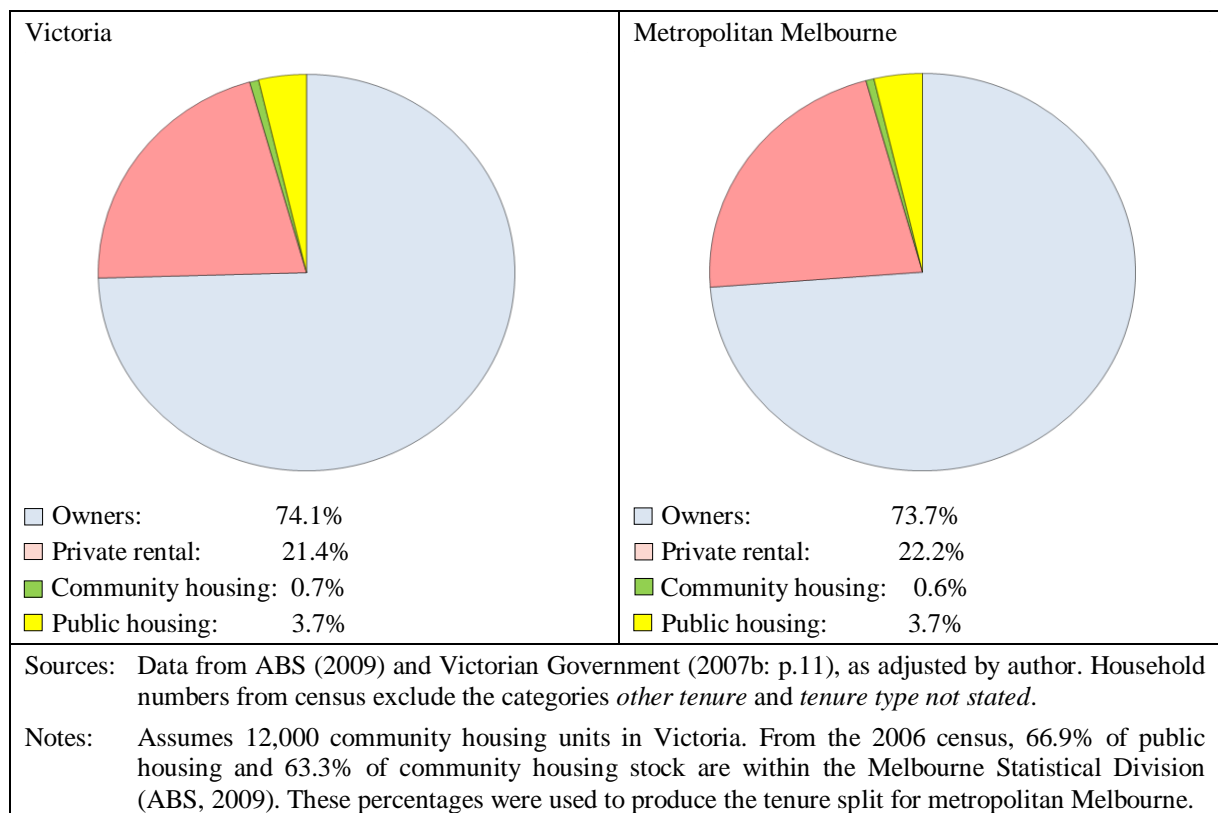


Figure 3: Victoria and Melbourne housing tenure estimates, 2007

From Figure 3, social housing comprises just 4.3 per cent of metropolitan Melbourne's housing stock, a low figure by international standards. Of the social housing stock, 86 per cent is public housing controlled by a single organisation, the OOH. Community housing organisations manage only 0.6 per cent of stock in metropolitan Melbourne, one third less than the 0.9 per cent estimated national figure (Gilmour & Bourke, 2009). There is little difference in housing tenure between metropolitan Melbourne and the state of Victoria, although the proportion of social housing is slightly higher (at 4.4 per cent) in the state than the city region. This is not a pattern evident from recent research on two other city regions which found substantially higher levels of social housing in the core of the city region. Gilmour (2009, forthcoming) found social housing 7.4 per cent of stock in the City of San Francisco, compared to only 2.9 per cent total for the wider Bay Area. The corresponding figures for the City of Manchester were 34.1 per cent, and for Greater Manchester 24 per cent.

COMMUNITY HOUSING

The smallest type of tenure in Figure 3 is properties managed by community housing groups. With exception of a small number of charitable, religious and council run nonprofits, most community housing groups were formed from the late 1970s onwards. Part of the sector's growth was a reaction to criticisms that public housing agencies were bureaucratic, resistant to change and offer limited consumer choice. Community housing was seen to be flexible for people with special needs, responsive to particular neighbourhood needs and popular with tenants (Jones et al., 2007). From the 1984 CSHA, a portion of national funds for state housing authorities were quarantined for community housing providers, though often properties were leased from the state with the sector's role limited to tenancy management and minor property repairs. The 1990s were a period of increased professionalisation of community housing organisations and growth in numbers of properties managed. With market solutions encouraged, several entrepreneurial community housing providers began developing new affordable properties, diversifying from property management (Milligan et al., 2004).

Finance for Victorian community housing has become more generous this decade, starting with the Social Housing Innovations Project providing \$94.5 million for 800 additional units over 2001-3. This scheme expanded both public and community housing stock. It was followed in 2003 by the Strategy for Growth in Housing for Low Income Victorians of \$70 million over 2003-7, aiming for 430 new properties. This funding was for community housing providers partnering with councils or the private sector (Victorian Government, 2006a). Finally, the 2007 state budget awarded a record \$510 million for social housing with community housing allocated \$300 million to build 1,550 affordable homes (Government of Victoria, 2007). This was of symbolic importance as it was the first time the community sector received more money than public housing. The Victorian Government finance community housing by providing 75 per cent of construction costs, with no on-going subsidy. The missing slice of funding is through bank loans or cross-subsidisation from market profits.

Australia is in the early stage of introducing a national tax credit scheme to supplement existing state-administered models. Launched in 2008, the National Rental Affordability Scheme (NRAS) aims to increase the supply of affordable rental housing by 50,000 units over five years, with a further 50,000 units proposed if the scheme is successful. Incentives are offered to institutional investors to fund the development of housing rented at below 80 per cent of market rents to tenants on low to moderate incomes. Financial support is through a tax credit paid annually, valued at \$6,000 per dwelling for ten years. Additionally, state governments make minimum annual contributions of \$2,000 per dwelling for ten years (Australian Government, 2008). Tax credits are bid for competitively, although community

housing providers are favoured in the establishment phase (2008-2010) to allow them to build capacity. The first allocations, announced late in 2008, awarded 3,899 tax credits. Victoria received 696 credits to assist five organisations, second only to NSW. Case study organisation Community Housing Victoria received the largest allocation in Australia, for 507 credits across four states (Australian Housing Minister, 2009).

Following the 2003 increase in state funding, Victoria's community housing regulation moved from control through management contract to provider registration. The Minister stated registration would 'provide the necessary protections for investment of taxpayer funds, social housing tenant conditions and confidence for investment by the private sector' (Victorian Hansard, 2004). Victoria's regulation was largely copied from overseas, as an OOH employee noted 'our model was focused, very much focused on the UK model. We don't apologise for that'. However, unlike in England, the Victorian Housing Registrar does not operate at arm's length from government, as s.80 of the Housing Act 1983 (amended 2005) makes clear: 'the Registrar is subject to the direction and control of the Minister in carrying out any function' (Victorian Government, 2005b: p.54). The Registrar is a senior officer within the OOH, the state department responsible for approving grants to community housing providers. This close coordination between community housing regulation and funding is similar how England's Housing Corporation operated between 1974 and 2008. However, Victoria copied a model that was heavily criticised in England's Cave (2007) Review, and superseded in December 2008 by a system separating the two functions.

Victorian community housing providers can register as *housing associations* to develop and manage affordable housing, or *housing providers* if they just intend to manage (Victorian Housing Registrar, 2007a). Once registered, the state has sweeping intervention powers including transfer of business to another association or provider for non-compliance with statutory rules (Victorian Housing Registrar, 2007b). Both the extent of these powers, and the low degree of transparency through publicly available documents, are in contrast to England. Registration is compulsory if the state provides grants, or properties to manage, and requires organisations to pass rigorous tests. The process can take up to six months and is sufficiently complicated that several community organisations decided not to register, preferring to hand their leased properties back to the state or partner with a larger group. This was part of the strategy behind regulation, to re-order the community housing sector. As an OOH official admitted: 'actually getting agencies to merge in with registered agencies ... is part of our strategy. There is some rationalisation going here as well. It's not just about the introduction of a regulatory framework, it was inevitable that there had to be some rationalisation'.

Victorian community housing organisations had to register by the end of 2008 to be eligible for funding, and Table 1 is an analysis of the 23 organisations that have completed the process. Most registered as providers, with 8 classified as associations and allowed to develop new housing. The latter are predominantly, although not exclusively, the largest existing groups in terms of properties managed. Many providers deliver specialised services (for elderly or disabled people) or for distinct groups (the homeless, women etc). Several providers do not have a website which makes them hard to research. One organisation, Community Housing Limited, has ambitions to provide affordable housing across Australia and overseas. Most other organisations, with the exception of Common Equity Housing, focus on certain neighbourhoods in metropolitan Melbourne with only three operating solely in regional Victoria. The top six 'growth' associations in Table 1 have started to become more flexible in their geography, managing housing in across several suburbs in the metropolis.

Table 1: Ranking of Victorian community housing organisations, 2009

Name, ranked by housing stock			Est.	Scope	Registration and date	
1	Community Housing Limited ■	2,000	1993	National	Association	Sep 2005
2	Common Equity Housing	1,700	1987	State	Association	Nov 2007
3	Yarra Community Housing	600	1980s	Metropolitan	Association	Sep 2005
4	Supported Housing (Housing Choices)	574	1993	Metropolitan	Association	Jun 2005
5	Port Phillip Housing ■	538	1985	Metropolitan	Association	Sep 2005
6	Melbourne Affordable Housing ■	425	1986	Metropolitan	Association	Sep 2005
7	WAYSS	360	1970s	Metropolitan	Provider	Jun 2008
8	North East Housing	255	-	Metropolitan	Provider	Dec 2008
9	Loddon Mallee Housing	254	1978	Regional	Association	May 2005
10	Hanover Welfare Services	250	1964	Metropolitan	Provider	Dec 2008
11	Wintringham Housing	235	1985	Metropolitan	Provider	Aug 2008
12	South Port Community Housing	175	-	Metropolitan	Provider	Dec 2008
13	Active Property Services	160	1997	Metropolitan	Provider	Oct 2008
14	Rural Housing Network	113	-	Regional	Association	Jul 2007
15	Women's Housing	110	-	Metropolitan	Provider	Jul 2007
16	Servants in Hawthorne	37	1988	Metropolitan	Provider	Nov 2007
17	Eastcoast Housing Association	-	-	Regional	Provider	Dec 2008
18	Footscray Rental Housing	-	-	Metropolitan	Provider	Oct 2008
19	Homeground Services	-	1991	Metropolitan	Provider	Jun 2008
20	Northcote Rental Cooperative	-	-	Metropolitan	Provider	Oct 2008
21	South East Housing Cooperative	-	-	Metropolitan	Provider	Nov 2008
22	Sunshine/St Albans Coop	-	-	Metropolitan	Provider	Dec 2008
23	Victorian Women's Housing	-	1996	Metropolitan	Provider	Aug 2008
<p>Source: Search of all Victorian registered agencies as at January 2009 on the website of the Victorian Housing Registrar: www.housingregistrar.vic.gov.au</p> <p>Notes: ■ case study organisation; '-' not disclosed; <i>Est</i> - established, normally date of earliest member if group structure; <i>Scope</i> refers to geographical coverage Data taken from individual websites and annual reports. Community Housing Limited and Melbourne Affordable Housing stock numbers prior to 2009 merger activity. Numbers are tentative as there is no consistency in recording data.</p>						

Several Victorian community housing organisations have amalgamated in response to regulatory and financial changes. Mergers and group structures increase capacity, by allowing employment of more professional or specialist staff than would be possible by a single association with few building projects or modest numbers of tenancies to manage (van Bortel et al., 2008). Melbourne Affordable Housing (MAH), formed by a merger of two organisations in 2003, itself joined the Housing Choices Australia (HCA) group in 2009. HCA was formed by a merger in 2007 of three disability housing associations as 'in order to grow and make a material contribution to the under-supply of housing, especially for people with a disability - capacity and capability could only be achieved through joining together and operating at scale' (Housing Choices Australia, 2008: p.6). HCA currently operate as a group 'shared services management model' with common directors across three separate operating entities. The enlarged group incorporating a further four operating units from MAH will not necessarily be a simple structure, and the costs of complexity may outweigh scale economies.

PARTNERSHIP WORKING AT VICURBAN

VicUrban are a good example of the transformation of a traditional government department into a commercialised, arms-length affordable housing agency. Founded by state government as the Victorian Urban and Regional Land Corporation in 1975, to stabilise land prices by establishing land banks, the Corporation soon moved beyond residential land release into a developer role. The organisation was corporatised in 1997, with the Minister appointing directors and setting broad strategy but no longer involved in the organisation's day-to-day running. In the last decade, the organisation was given broader social planning and environmental obligations, and re-branded as VicUrban in 2003 after merging with the Docklands Authority. VicUrban's role is 'as a participant in the market ... to raise the standard of urban living, delivering communities in metropolitan and provincial Victoria that are resilient to social, economic and environmental challenges' (VicUrban, 2008a: p.6).

Improving housing affordability is one of VicUrban's five core objectives. For example 'Aurora', their largest residential scheme to date for 8,000 homes on Melbourne's urban fringe, aims to deliver 30 per cent of units affordable for the lowest household income quartile (VicUrban, 2007). For more centrally located schemes and higher density developments, there is a target of 5 per cent of units to be 'offered to an accredited not-for-profit housing provider for affordable rental housing' (VicUrban, 2006: p.16). In Melbourne Docklands, Australia's largest development scheme, VicUrban are promoting affordable units for rent. In partnership with OOH, private firm Land Lease and nonprofit Melbourne Affordable Housing, VicUrban are developing 76 market rate and 57 social dwellings. Due to be completed late in 2009, the scheme aims to house low-paid workers employed in retail and catering in Docklands. Built by the private developer, the units will be sold at a reduced price to a community housing group for long term tenancy management (Melbourne Affordable Housing, 2008). VicUrban are Australia's only land agency partnering with community housing organisations.

Understanding actors such as VicUrban is important in appreciating new approaches to transforming social housing. Like England's Homes and Communities Agency, VicUrban are weaving together social/affordable housing and urban regeneration. This helps support the state's planning objectives, making VicUrban a key player in meeting targets in Melbourne 2030 Strategy (Gleeson & Coiacetto, 2005). Some 23 of 27 VicUrban's current projects are located in metropolitan Melbourne, not regional Victoria (VicUrban, 2008b). VicUrban's model of leverage income from commercial schemes to subsidise affordable housing is one that will become harder following the recent downturn in financial and property markets. Their income of \$251 million in the year to June 2008 was mainly from property profits, with only a modest \$50 million state grant (VicUrban, 2008a). VicUrban's partnership with community housing providers is a powerful way to build the sector's capacity, transferring property development and planning skills. In addition to the Docklands scheme, VicUrban are partnering with Supported Housing Limited, a community housing group assisting people with disabilities, and working with Community Housing Limited on three sites.

CITY REGION HOUSING NETWORKS

During fieldwork in Melbourne, snowballing techniques identified a variety of organisations that support social housing providers. This is either because of the direct services they provide - such as training, consultancy or research - or through their role in building networks. For the community housing sector, the most important is the Community Housing Federation of Victoria (CHFV). In Australia, the trade bodies such as CHFV are top-down, promoted by government as *peak bodies* to represent a sector of social service providers, giving public

officials a single point of sector contact. The Community Portal (2009) lists a complex patchwork of 66 different peaks, ranging from housing to the Alcohol and other Drugs Council of Australia. CHFV was 78 per cent funded by the Victorian state in 2007-08, unlike comparable bodies overseas who received no public funding in San Francisco and 3 per cent in England (Gilmour, 2009a). The Community Housing Federation of Australia (CHFA), the national community housing 'peak of peaks', is entirely funded by national government.

Financial dependence was thought by a number of interviewees to force Australian peak bodies to adopt a less aggressive stance with government, and avoid high-profile public lobbying: 'we're part of the club, we're funded so you're part of the game' (Executive, peak organisation). This can bring advantages, for example influencing housing policy before publicly announced. The disadvantage is that their independence is compromised: 'we know that the peaks are captive to government, we know that in many cases they have to run their press releases past government officials' (Executive, Australian community housing provider). Their vulnerability was shown when social housing peak bodies in Queensland and the Australian Capital Territory were de-funded in 2007 following political disagreement.

Partly in response to the close relationship between state governments and the community housing peak bodies a new national trade association, PowerHousing Australia, was established in 2006. The peaks were seen by some in the sector to work for smaller providers, not those developing new properties: 'what we need is for those organisations that have the capacity, the desire and the demonstrated ability to be able to grow the sector to have a voice' (PowerHousing member). PowerHousing are selective about which organisations can join, and are said to have refused entry to a provider considered insufficiently entrepreneurial. However, exclusivity is not expected: two case study organisations are members of both PowerHousing and CHFV, one is just a member of the latter. PowerHousing have explored forming a consortium for joint property development and fund-raising, and procurement partnerships for IT, insurance and vehicles. These ventures are intended to generate income for PowerHousing although at the time of fieldwork (mid 2008), no products had been launched. Probably their most important role is disseminating ideas through peer networking:

Getting the CEOs of these organisations who effectively have to drive these various initiatives, getting them into one room just for a conversation is incredibly valuable. Because we all pick up what is happening in different jurisdictions (PowerHousing Member).

Relations between PowerHousing and the peaks are often strained: 'they've been launching some pretty substantial personal attacks, which is upsetting' (Peak Body Executive). However, a PowerHousing member's view is that their role is complementary to the community housing federations: 'we're not looking to replace you. We're not a threat to you. We're just a different market niche that's not being well represented'. The growth of parallel service providers such as PowerHousing follows similar trends in the US and England, where the last decade has seen a substantial diversification of support organisations. The fastest pace of innovation has been through what Gilmour (2009a) terms 'networked capacity building organisations', particularly those such as PowerHousing seeking to cross-subsidise from income generating activities (consultancy, procurement etc.) to member support. There has also been a growth in virtual social housing organisations, using web technology to build low-cost, independent networks. For example, with Australia's Tenant Support Network (TSN):

There's no formality around the organisation, it's not incorporated. There's nothing that would normally be called 'legitimate' about it. It doesn't have a formal front. It's simply a group of people who have found a resource useful and a resource that is supportive. It is fundamentally organic (Capacity Support Executive).

TSN was established when the NSW Government de-funded a tenant group that had been closely controlled by the state. An interviewee noted that subsequent refusal of state grants 'gave a level of independence that nobody else had ... [beyond] the tentacles of control'. Run by a retired public housing tenant, part-funded from his disability pension, the TSN is a rich resource linking 4,000 housing staff, tenants and academics in Australia and overseas.

Like the TSN, Australia's professional housing body caters for both the public and community sectors. The Australasian Housing Institute (AHI) was founded in 2001, modelled on England's Chartered Institute of Housing. While the organisations are comparable in their cross-domain scope and types of activities, their scale, networking and finance differ. Public funding provides 39 per cent of AHI income, although there is no fixed formula for state government contributions. In the financial year 2007-2008 the largest supporters were NSW (\$80,000) and Queensland (\$35,000) with no contribution from Victoria (AHI, 2008). According to an AHI interviewee 'depending on who's running the [state housing authority] you'll get money the one year but not the next. There's no certainty. It's all very whimsical'. Like PowerHousing, the AHI are seen as potential rivals to organisation such as CHFV, with the community housing peak bodies said by an interviewee to 'react very badly to the AHI because they felt they'd take their place' (Capacity Building Executive).

State funding supports not only peak and professional housing bodies, but also direct training. Melbourne's Swinburne University is Australia's sole provider of professional housing training: 'I guess we've got a monopoly. But there are good reasons for that. There's insufficient threshold number of students in any one state to warrant a stand-alone course' (Swinburne academic). Swinburne offers a tiered range of part-time, distance-learning qualifications for social housing employees in both the public and community sectors. However, without public funding it is unlikely that Australia's sole housing education resource would survive, as state housing authorities award 170 scholarships out of the total 180 enrolled students. Teaching and staff at Swinburne rely in part on grant support for research from the Australian Housing and Urban Research Institute, an organisation with income of \$3.5 million in 2007, 64 per cent from state and national government (AHURI, 2008). Finally, Victoria has established a community housing Sector Capacity Building unit, complete with a three year training budget of \$250,000. The unit is located in the OOH, linked with teams responsible for funding and regulating community housing organisations.

CONCLUSIONS

The metropolitan Melbourne case study provides contradictory evidence as to whether social housing delivery in Victoria is moving from a hierarchical to a networked governance approach. Public housing renewal, affordable housing initiatives by VicUrban and the expansion of the community housing sector all involve public-private-nonprofit partnerships. In these emerging organisational arrangements the state of Victoria is one of a number of participants, though often in a strong position through its financing, regulatory, land supply and planning roles. Recently van Bortel et al. (2009) identified 'second-generation' network research, which proposes the discourse of partnerships and networks may mask continuing state power. This has been supported by Gilmour's (2009a) research findings contrasting social housing networks in San Francisco, Melbourne and Manchester. Networks are not necessarily flat structures, but may contain hierarchies with one or more dominant actors.

Despite the changes on the periphery of social and affordable housing in Victoria, 63,277 homes equivalent to 86 per cent of social housing stock, remains under the direct control of the OOH and run along traditional, bureaucratic lines. Public housing redevelopment has been

limited to a few central Melbourne sites such as Kensington (436 units) and Carlton (245 units). The building program of new low rental housing is modest, even following the launch of NRAS which will bring 696 affordable homes in phase one. Therefore OOH looks set to remain the dominant social housing manager in Victoria, 30 times the size of Australia's largest nonprofit provider, Community Housing Limited. Victoria may have adopted aspects of English social housing policy and regulation, but has not followed with large scale stock transfers from the public to community housing sector. In the two decades to 2008 over 1.3 million English homes were transferred, in a move considered by Pawson et al. (2009: p.7) as 'the most fundamental restructuring of social housing in the post-war period'. However, an OOH interviewee suggested Victorian policy may change in the medium term as:

community housing is more responsive to the local community, that's what you don't have in a bureaucracy like public housing ... [Stock transfer] will happen in the future, that's why we've got to be clear now about building our capacity of housing associations. Because if we don't we will never, ever, ever achieve stock transfer.

Having defined capacity building as the barrier to a more fundamental transformation of Victorian social housing, the OOH consider it their responsibility to find a solution. By establishing a Sector Capacity Building unit, and influencing through funding the state's peak body (CHFV) and professional training, the OOH maintains control of much of Victoria's social housing network. The formation of the two main independent support organisations, PowerHousing and TSN, was driven by a wish to remain beyond state control. Compared to NSW, the San Francisco Bay Area and Greater Manchester, Victorian capacity support organisations are more under state control. In these other jurisdictions the support organisations have become entrepreneurial, generating greater independent income from consultancy, procurement commission or philanthropy (Gilmour, 2009a). This allows them to lobby independently without fear in the US or England of de-funding. By contrast in Victoria, the social housing network is hierarchical, dominated by OOH - the state housing authority.

In a further difference to social housing transformation in the US and England, Victoria has seldom used delivery organisations run at arm's-length from the Housing Minister for social housing finance, regulation and regeneration. There are no direct comparison in Victoria to HUD and the state tax credit allocation committees (US) or the Homes and Communities Agency and Housing Market Renewal Pathfinders (England). Perhaps not coincidentally, the main example of the use of an arms-length vehicle in Victoria has been VicUrban, an organisation delivering state outcomes through partnerships rather than bureaucratic control. This suggests a link between the institutional structures states use to coordinate social housing delivery, and the relative use of hierarchical and networked approaches. Victoria has retained community housing as a sub-set of public housing with funding, regulation and capacity building of community housing providers controlled by OOH staff. These three activities are located in adjacent offices on a single floor of the OOH's Melbourne headquarters, linked by what is both practically and metaphorically a 'corridor of power'.

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