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THE FUTURE OF COMMUNITY TENANCY SCHEMES

By

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1. INTRODUCTION

With the restructuring of the Department of Housing it is appropriate to reconsider the future of the Community Tenancy Scheme.

When the CTS was established it was intended that, while it would provide housing for households in crisis pending their being housed permanently by the Department of Housing, it nonetheless was the basis on which a community based housing scheme was to be developed. At that time it did not seem that the Housing Commission was likely to head in this direction.

CTS also was intended to take advantage of a variety of means of obtaining houses for renting to those in need. The DOH, being fundamentally a public works agency, obtained its stock from constructing new housing. The creation of the CTS provided an opportunity to obtain additional stock for supply side housing assistance by renting houses at market rents from the private or public sector (usually departments with stock awaiting later development) and then on-renting them at less than market rents (25% of income).

Recurrent funding for the difference between the market and the income related rents and the cost of administration was made available by the Commonwealth as part of a specific purpose program and by the State by way of matching funds.

CTS generally provided houses which were intended to be emergency, short term, accommodation, although, since the intention was for CTS to be an alternative to traditional public housing, permanent housing was not impossible, at least at the start of the scheme.

It was also expected that the management of CTS should be able to give households more support by arranging assistance from support services and generally being more interested in the welfare of clients. It was seen as more than just a housing operation. It was also considered that there were households which were unlikely to approach the DOH for housing but were nonetheless in real need. CTS, being less formidable and more in touch with community and assistance agencies, should fill a gap.

CTS organisations were generally established as separate corporate bodies, as a company or as an incorporated association under the Associations Incorporation Act. On the board of the Associations there were supposed to be representatives of clients and local community and expert groups.

CTS grew out of an initiative of the department responsible for community welfare - the social workers department - which had a different culture from the DOH which was essentially a public works operation with a rental housing administration.

This had two consequences. There was no great sympathy for the new initiative from the DOH (this has not been assisted by a belief that the CTS staff award resulted in them receiving more than DOH staff for less work). Secondly, the

CTS operations tended to be staffed by people with a community work background, often with considerable personal commitment to the job.

2. ISSUES

2.1 New Approach to Provision of Housing Assistance

An essential part of the restructuring of the DOH is the development of Client Service Teams (CTS's) to be the "Owners" of the assets and responsible for the provision of customer services to those on the waiting list as well as existing tenants.

CST's will be able to obtain stock in the most efficient and effective manner - including purchase, lease or even direct subsidy of tenants, in appropriate cases.

CST's will be encouraged to involve tenants in management of stock, including handing over responsibility for aspects of management, subject to appropriate accountability mechanisms.

There hopefully will be little difference between the performance of a CTS and a CST, at least so far as the customer is concerned.

There will be a tendency for the CST's to be more bureaucratic and hidebound. The accountability pressures are greater when an operation is under direct Ministerial direction than when it is at arms length from government.

2.2 Why Should not CTS be a Community Managed CST?

If the CST's are successful, it is arguable that the stock and the staff of the CTS could be taken over by the DOH operation and integrated into the CST's. The staff of CTS operations would fit in well into the new teams. The CST's, being responsible in the first instance for decisions about the acquisition of new stock, should have the same flexibility in obtaining stock as have the CTS operations. The objectives about the service to clients should be much the same.

In other words, the DOH operation is moving to become more like the CTS operation, only bigger. Why then should the CTS remain? As a pilot program it has had its ultimate success - it has provided the model for the older organisation to emulate.

On the other hand there is a good reason for CTS's to continue, if in a somewhat different form (ie., as fully fledged Housing Associations). They will provide an alternative structure to the DOH. CTS's would be there to compete with the DOH.

There should be more organisations providing housing services, rather than less. The DOH is probably too large an organisation, even if it does manage to

decentralise its operations. There is no guarantee that the reforms will bring about real changes in approach to customer service within the DOH and the Ministry of Housing will need alternative suppliers of services.

All the other reasons put forward for the continuation of CTS, its community base, flexibility, alternate housing acquisition, tenant involvement, etc., should be provided by a good CST. The thing to do is to ensure good CST's by providing them with competition from Housing Associations.

There is also a role for community based housing associations to act as an agent for the DOH. In some country towns or where there are special needs or management demands, a CTS could contract to manage DOH houses.

3. THE FUTURE OF CTS

3.1 As Good As CST?

If CTS's are to survive as Housing Associations they will quickly need to show that they are as efficient and effective as the CST's. An analysis will need to be done once the Teams are up and running.

Clearly, intangibles such as community involvement and quality of service will need to be taken into account, but the cost differences cannot afford to be too great.

3.2 Bigger or Get Out?

It is most likely that most CST organisations will need to get bigger if they are to survive. Some, of course, may be able to survive as small organisations in country towns or where they are special needs. Others may be able to share infrastructure and retain some autonomy of operation.

Generally this will need amalgamations and/or gaining contracts to do the work of other agencies.

Doing DOH work either directly or on an agency basis may be difficult because of the different awards under which the staff of the DOH are employed and that under which the staff of CTS are employed. There is a strong case for an enterprise agreement which allowed free movement of staff and functions between the DOH operation and the CTS operation.

3.3 Capital Funding

It is also apparent that, if a CTS is to become a self funding Housing Association, it will need to have its financial arrangements restructured. An on-going, properly structured and staffed HA cannot live from year to year on recurrent

funding. It must be structured with a capital base which allows it to earn its way, with agreed funding of rebates if that is the manner by which the DOH operation is to be held accountable.

Just how this could be done is dependent on the outcome of other policy reviews and decisions. The most likely way is by the transfer of stock from DOH management to the Housing Associations.

3.4 A Single Waiting List

This would raise the issue of the waiting list. This is a difficult but crucial matter. How are the 'wait your turn' and the needs based lists to be reconciled? Can there be a State-wide list on which all recipients of housing assistance have to be listed? If Housing Associations do not house from the same list as the DOH, how can substantial amounts of stock be transferred from the DOH to the Housing Associations?

A deal of difficult work faces the new policy people in the forthcoming Ministry.

3.5 Accounting for Rent Rebates

Another matter is the issue of accounting for rent rebates. Will the operators of the rental stock have to bear these costs internally, or will they be able to be held accountable on a market rents basis, with grants from government being received for the cost of the rebates? If it is the latter how will government fund the cost of the rebates? One way may be the returns on assets which the rental housing operators would have to pay, directly or indirectly to the government.

These issues are also faced by the rental housing operation run directly by the Department.

4. CONCLUSION

It is evident that the fundamental and welcome changes now underway in the Department of Housing will require major change in the community sector.

Hopefully the customers will not easily be able to tell the difference between the service delivered by the two sectors.

While this would be good from the point of view of the tenants, it will mean that the community sector will have to be able to compete with the Department's operation in efficiency terms.

What is important is that the sector itself should cause the changes rather than having the changes thrust upon it. I am sure that this conference will play an important part in the change process.