

Public housing transfers to new landlords

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Presentation overview

- Defining transfers
- Recent transfer programs
- Perspectives for govts, CHPs and tenants
- Recent transfer models
- Title transfer: an outstanding issue
- Summary/conclusions

What is a PH 'transfer'?

- In this context, a change of social housing landlord
- Typically in Australia:
 - From state/territory govt to community housing (or Aboriginal community housing) entity
 - Management responsibility (not the asset) is transferred (some exceptions)
- Beginnings in NSW 1990s
- Ministerial agreement for larger scale transfers 2009
 - Aspirational target of 65:35 mix of public : community housing tenancies by 2014
 - Mostly to be achieved via tenant transfers
 - c. 45,000 existing tenancies transferred/identified for transfer by end 2020
 - Mainly in NSW, Tas and SA
- Latest announcement (2021) – 2,000 to add to existing 4,000 in Tas

Recent transfer programs

State	Transfer program	Location(s)	Homes	Lease years	Status
NSW	Management transfer	3 metro & 6 non-metro locations	13,677	20	Completed 2019
Vic	Aboriginal Housing	State-wide	1,522	Title transfer	3 phases 2016-18
Qld	Logan Renewal Initiative	Logan	4,700	20	Cancelled 2016
SA	Better Places Stronger Communities	Adelaide (2 parcels)	1,080	3 + 20	Completed 2015
	Renewing Our Streets and Suburbs (ROSAS)	State-wide (7 parcels)	4,000	20	Completed Sept 2017
Tas	Better Housing Futures	Rokeby, Bridgewater, Launceston, Devonport	3,915	10/20	Completed 2014 500 land title transfers 2016
			2,000		

Why do govts transfer tenancies?

- A more diversified & contestable social housing system
 - To drive 'commerciality, flexibility & innovation' (Plibersek 2009)
- Maximising rent revenues via additional RA income (all) in order to:
 - Enhance property condition (all)
 - Accelerate estate renewal (NSW, SA, Tas)
 - Improve social housing services (all)
 - Improve life outcomes for tenants (NSW)
 - Leverage new supply (Tas)
- Community housing sector capacity-building (all)
- Indigenous community self-determination (AHV, Vic)

What are the terms of the transaction?

- Receiving CHP takes ownership of rental income for duration of lease
- Becomes responsible for all tenancy and property management – except structural repairs
- Must honour contractual conditions framed by transferring state/territory govt – e.g. bringing properties up to given standard
- Must fulfil regulatory obligations under NRSCH
- Must implement tenancy allocation and management policies agreed with govt (usually v similar to PH rules)

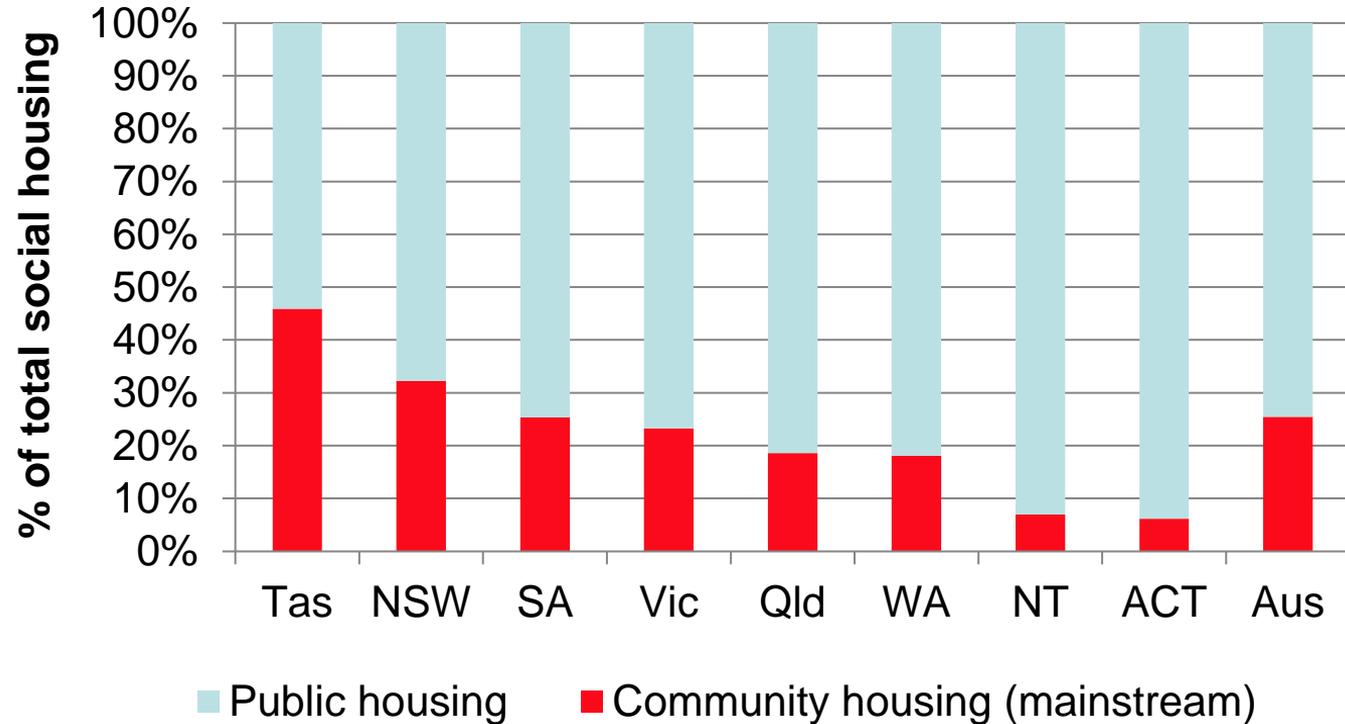
What are the implications for tenants?

- Existing tenants retain existing tenancy conditions – e.g. on security, repairs service expectations
- Tenant becomes eligible for RA, but treated as CHP subsidy – 100% of RA added to base rent (25% of other income)
- May benefit from additional management input and/or more investment in property upkeep
- New landlord liable to be firmer but more efficient
- New landlord may operate in a more customer-focused style – regulatory focus on satisfaction rate a key driver

Who are the new CHP landlords?

- Mainly 'Tier 1' providers
 - 11 long-established (1980s) CHPs
 - Newer entrants Mission Australia Housing (NSW, Tas); Anglicare (SA); Centacare Evolve Housing (Tas); Junction & Women's Housing (SA)
- Successful bidders mostly from home state or partnerships/mergers involving an interstate & a local provider
- Leading to increases in CHP scales & broader geographic reach
- No UK-style corporatised models so far
- No for-profit providers

Social landlord mix 2019



Aspects of recent transfer models & processes

- Larger parcels – place-based (whole-of-location)
- Competitive bidding processes
- Longer ‘head-leases’ – usually 10-20 years
- Govt. expectations: wider social outcomes but limited supply
- Little tenant agency during transfer process but post-transfer tenant engagement plans
- Landlord change via PH estate renewal – e.g:
 - Vic ‘land lease’ model (CHL Ltd)
 - NSW Communities Plus

Title transfer: an unresolved issue

■ Status

- C/W Govt. supported 2009
- AHV and Tasmanian precedents (2016)
- Also 2008/12 SHI 'transfers'

■ State Treasury concerns

- Credit rating risk: but ratings agencies have already allowed for 'encumbered asset'
- Budget impacts: but long-term 'finance' leases will attract similar accounting treatment (as title) in public accounts
- Could prejudice future scope for major renewal (Treasury returns)

■ Privatisation concerns

- Further erosion of political control
- Preservation of housing
- Privatisation of jobs/essential services (Queensland)

■ CHP risks

- Contrary to efficient & optimal asset management/renewal
- Constrained balance sheet & thus organisational solidity/credit worthiness

Overall evaluation

- Main practical attraction: additional Commonwealth Govt funding via RA
- Potential scope for modest enhancement of management and/or maintenance services
- Govts need to be confident about new regime and about 'letting go'
- Moving social housing to arms-length from govt could beneficially insulate system from political volatility – but an environment of somewhat greater risk

References

- Pawson, H., Martin, C. Flanagan, K. and Phillips, R. (2016) *Recent Housing Transfer Experience in Australia: Implications for Industry Development*, AHURI Final Report no. 273, Melbourne: AHURI
- Pawson, H., Milligan, V., Wiesel, I. and Hulse, K. (2013) *Public housing transfers: past, present and prospective*, AHURI Final Report no. 215, Melbourne: AHURI