

# CHIAVIC NEWS

THE VOICE OF THE VICTORIAN COMMUNITY HOUSING INDUSTRY SUMMER EDITION 2019/20



**SPECIAL  
UK EDITION**



**Community Housing**  
INDUSTRY ASSOCIATION **VICTORIA**



# WELCOME FROM THE CHAIR

Welcome to our special UK edition of the CHIA Vic News; we wanted to share the knowledge and insights from our CEO, Lesley Dredge's study tour to Britain in October. Lesley attended the National Housing Summit, held by CHIA's counterpart the National Housing Federation, and met with housing associations, regulators and government to see what we can learn from their experiences.

We can only look on in admiration at the scale and continued growth agenda in the UK and that 25 per cent of Scotland's housing stock is social housing and the UK Government has an ambitious goal to construct 300,000 social housing properties per year by the mid-2020s through the creation of a housing

accelerator to help it succeed.

You will read about a land-tax based approach to mandatory inclusionary zoning and about The National Housing Federation's innovation incubator, which is fostering collaboration between housing associations to help them tackle their biggest challenges and equip them to deliver on their social purpose.

Not that the UK has all the answers, like us, they are working on ways to increase tenant engagement and enhance their customer experience. Tenants' expectations of our services are increasing, after all they are purchasing a service even if they don't have a choice who to buy that from. Like any purchasers, they should have expectations and ways to engage with their landlord to ensure they receive a proactive service and connected experiences across multiple channels.

Our sector needs to ensure we rise to the challenge to meet our customers' needs and support them to increase their aspirations regarding quality services. CHIA Vic's has a key priority within our strategic plan to build awareness, engagement and trust in the community housing value proposition and you can help us do this by informing us of the work that you do in tenant engagement and your customer experience.

In Australia, data-informed practice and changed funding models for services such as disability and health are creating more competitive environments, providing service users with greater choice and control. This has led to some exciting innovations in these sectors as they design their services to align with customers' needs and expectations and we are watching closely.

Our tenants deserve to be provided high-quality services as if they had a choice of who their landlord could be, so it's interesting to learn how Wales and England are working on increasing tenancy engagement to influence service delivery.

Happy reading and, on behalf of CHIA Vic, I wish you all an ambitious and prosperous New Year.

**Roberta Buchanan**  
CHIA Vic Chair



## UK GOVERNMENT'S AMBITIOUS GOAL

The UK Government has an ambitious goal to construct 300,000 per year by the mid-2020s. To achieve this, it has created a housing accelerator, Homes England, to actively disrupt the housing market. Homes England's Market Engagement Analyst, Patrick McNamara, explains how the organisation is reducing barriers to building houses and investing in modern construction methods to increase productivity.

### HOW DO YOU DISRUPT THE HOUSING MARKET?

Homes England is the UK Government's housing accelerator. We were formed to solve the nation's housing crisis by releasing more land to developers who want to make a difference, and investing with partners and places to deliver new homes where they are needed most.

Disrupting any market, regardless of one as entrenched in tradition as the housing market, requires intervention of capital but also of ideas. This is why Homes England brings together public sector skills, development capability and banking experience into one agency.

### STRATEGIC PARTNERSHIPS

Funding for housing associations is not new in England, but the changes that Homes England has made to its grant programmes are. We have fundamentally changed from a project by project approval process to a programme approach, delivered through a strategic partnership. This approach has provided our partners with the long-term certainty they need to plan for their growth, attract private sector investment into their business and deliver new homes at pace.

In 2018, we launched our first wave of eight strategic partnerships, which we have since increased to 23 partnerships with 27 housing associations. These housing associations work across all areas of England and together will deliver over 40,000 affordable homes starts by March 2022, supported by a £1.7bn funding package as part of the government's £9bn affordable housing programme.

Our approach was designed in partnership with the National Housing Federation (a membership body for Housing Associations) and our sponsor department the Ministry of Housing, Communities and Local Government, to understand the barriers housing associations face on delivery and design of a revised investment framework to tackle these barriers and increase the delivery of new housing supply.

This new way of working means that housing associations can use their funding flexibly across their development programmes and respond quickly to local housing demand, the ebb and flow of their development pipeline and market changes. But this programme is not just about funding, it is a relationship. Each strategic

partner and their Key Account Manager from Homes England meet quarterly to discuss how the partnership is performing, challenges in the market and to explore more opportunities to work together.

### MODERN METHODS OF CONSTRUCTION

While our new relationship with housing associations is creating inroads to the housing crisis and delivering new homes across all tenures, this alone will not solve the housing crisis and reach the UK Government's target of 300,000 homes constructed per year by the mid-2020s.

To reach the 300,000 target needs more partnerships, greater collaboration but also a recognition of the barriers in the existing market. To reach the government's goal will require a 40 per cent increase in the current construction workforce if the industry continues to rely on traditional construction methods. This means that construction needs to become one of the country's most productive sectors.

Homes England are taking on this challenge by investing in Modern Methods of Construction (MMC). In May, Japan's biggest housebuilder and MMC expert, Sekisui, announced its move into the English housing market in a £90m deal with Homes England and UK-based developer Urban Splash. By helping bring in one of the world's largest and most innovative housebuilders, we are bringing in the international expertise needed to upskill the construction sector.

It is not just international investors who are playing a role in the English housing market - housing associations are now beginning to make the change into innovative forms of housing delivery. Accord, one of Homes England's strategic partners, are delivering new homes through their own factory LoCal Homes. Another partner, Places for People, has launched a 750 home, £100m deal with MMC home manufacturer Ilke Homes. This new and innovative approach to housebuilding is changing the industry and disrupting the market to help solve the housing crisis.

**Patrick McNamara, Homes England**



## The Family Violence Workforce Census is open.

We need to hear from you.

Take part now



## TENANTS IMPACTED BY FAMILY VIOLENCE?

Workers in Victoria's housing sector who sometimes come into direct contact with people affected by family violence are being encouraged to complete a new workforce census.

The findings aim to build a deeper understanding about the different workforces that intersect with family violence to ensure that you are supported to respond to women and children experiencing family violence and that there is a no wrong door for victims who need help or advice. The census can be filled in here:

[research.orima.com.au/fsv](https://research.orima.com.au/fsv)

It will take no more than 15-20 minutes to complete and is anonymous, with data deidentified.

# SCOTLAND'S PLAN FOR AMBITIOUS GROWTH

Scotland's population is similar to Victoria's but, during a trip to Glasgow, CHIA Vic's CEO Lesley Dredge discovered that is where the similarities end; an enviable 25 per cent of Scotland's housing stock is social housing, compared to Victoria's 3.5 per cent, and its social housing sector is made up of over 150 housing associations and six co-operatives.

Scotland is part way through implementing a five-year government program to develop 50,000 new homes, with 35,000 of those to be social housing.

About two thirds of the homes are to be delivered by the sector, with Local Authorities building the remainder. I was particularly interested in finding out how the sector geared up to deliver this ambitious growth and what we could learn if we were faced with a similar program. We still live in hope!

In Victoria, we talk about how the sector would need some time to get to the stage of being able to deliver around 3,000 each year, but the Scottish HAs were looking at somewhere between 30,000 and 35,000 in five years from a standing start.

My meetings included the Scottish Regulator, a few HAs – both small and large – and our counterpart, the Scottish Housing Federation. Their generosity with time and information was brilliant and their openness was equally grand, particularly when associated with their famous whiskey!

When I expressed envy about having such a growth problem, all I spoke to talked about the Scottish focus and commitment to social justice on both sides of politics. There is a broad commitment to fairness within society. While I think that Australians see themselves living in a fair and egalitarian society, we have not seen that ideal translated to housing for those in need and housing is not a bi-partisan issue.

But back to Scotland. The sector seemed to take gearing up in their stride – much the way the Australian community housing sector stepped up to deliver the National Building stimulus. Their advice was to plan as if the growth announcement was imminent.

Their advice to us was:

**Land** – They suggested that CHOs buy land and, if that is not possible, identify potential sites for developments. This includes redevelopment opportunities where greater density is possible, government land whether surplus or not and sites owned by other CHOs where partnership may be possible. The HAs talked about having masterplans for sites in the bottom drawer ready to be dusted off if money became available.

**Expertise** – Understand the nature of the expertise you will need to gear up and where to get it. How and who would you buy in; could you work with a larger HA who has an existing development team?

The Scottish peak said its members wanted forums where they could talk about their plans and develop partnerships with others. In a time of plenty, competition between HAs melted away, they said, and was replaced by a sincere desire to partner and collaborate. While the growth program was backended with most of the delivery between years three to five, they are well on the way and are confident they will successfully build the homes required, so whatever they did worked.

I also took the opportunity to talk to those I visited about whether they have a greater focus on tenants, like their English neighbours, than we seem to have in Australia. And yes, the Scottish social housing system actively promotes the primacy of tenants in the architecture of their system and the way they operate. For example, the statutory objective of Scottish regulation is, 'to safeguard and promote the interests of persons who are or who may become—

- (a) homeless,
- (b) tenants of social landlords, or
- (c) recipients of housing services provided by social landlords.'

The Victorian Housing Act has a different emphasis, 'to provide a regulatory framework to encourage the development of rental housing agencies serving the housing needs of low-income tenants...'

That is not to say that we, in Victoria, are not interested in tenants and their experience in community housing. However, it seems that our systems have different starting points – perhaps this difference reflects the age and maturity of the respective sectors, with the Victorian sector being fairly young in relative terms.

The Scottish regulator summarises his approach to regulation under three headings:

**1. Landlord self assurance** – an annual Assurance Statement is required, 'to confirm to their tenants and us that they are meeting regulatory requirements.'

**2. Empowering tenants and other service users** – 'We promote a strong tenant voice. It is important that landlords involve tenants and other service users in the scrutiny of their performance...we empower tenants by publishing landlord performance information in accessible and useful ways. To enable them to ask questions and hold their landlords to account.'



Image courtesy of Michelle O'Connell

**3. Risk-based regulation** – this approach is more familiar to us but the main risks the Scottish regulator considers are:

- poor outcomes for tenants
- poor quality of tenants' homes and failure to invest adequately in the homes
- poor financial performance and management
- poor governance.

The Scottish regulator has been independent since 2011 and its board reports directly to the Scottish Parliament. The board, which is chaired by an ex banker, is made up of two tenants, a lawyer, a retired CEO of an HA and an independent person. The level of engagement of the regulator with tenants may surprise many here. Not only are its tenant representatives on the board, but the regulator also has a scrutiny panel of tenants and tenant assessors who provide advice to him on the areas and HAs to investigate.

**'IT IS IMPORTANT THAT LANDLORDS INVOLVE TENANTS AND OTHER SERVICE USERS IN THE SCRUTINY OF THEIR PERFORMANCE...WE EMPOWER TENANTS BY PUBLISHING LANDLORD PERFORMANCE INFORMATION IN ACCESSIBLE AND USEFUL WAYS.'**

If you are interested in reading more about Scottish Regulation then a good place to start is the Scottish Social Housing Charter and the annual report of the regulator of performance against the Charter.

Our systems are young and developing and there is still much to learn from the UK.

**Lesley Dredge**, CHIA Vic

# INNOVATORS

## TACKLE SECTOR'S MAJOR CHALLENGES



Creating a new housing model to break down barriers to home ownership, providing tenants with a healthy alternative to take away food and designing discreet adaptations to allow aging in place are all innovations that have been made possible by an award-winning program established by England's trade body for housing associations.

The National Housing Federation developed its award-winning innovation program *Creating our Future* in recognition of the need for housing associations across the country to collaborate and innovate on a sector-wide scale. The aim was to tackle housing's biggest challenges and equip the housing associations to deliver on their social purpose in a changing world.

Program manager Bethan Buck says, 'We wanted to develop staff capabilities in housing associations across the country to have the tools to innovate in this changing environment, as well as foster a culture of collaboration across the sector.'

Together with innovation experts, 'What If! Innovation, who have worked with companies across the globe, the program brought together more than 450 people from over 250 housing associations. A series of workshops and webinars identified key

**'I THINK, WHILE THE WILL IS THERE, PEOPLE DON'T ALWAYS KNOW HOW TO DO IT.'**

challenges and gathered insights, culminating in a 16-week ideas incubator period. During the incubator stage selected staff were seconded from their organisations to use insights to develop a product or service to tackle their regional challenge.

'All five teams involved developed excellent ideas, which are now being taken forward by the sector,' Bethan says.

### JUST ONE

**The problem:** how can we make housing affordable for a generation who have been priced out?

Just One is a new model for home ownership based on home owners buying just 1 per cent of a property and eventually gaining full ownership rights. Owners pay slightly above market rent in return for automatic purchase of small percentages - removing the need to put away money for a deposit.

The team are working towards getting their pilot product to launch and bringing organisations on board to support this. The aim is to have people living in Just One homes for the first time in 2020.

### BUILDING BETTER

**The problem:** how can we build more high-quality homes?

Building Better will work across the housing association sector to create a set of ready to use designs for offsite manufacture using modern methods of construction (MMC). They will use collective purchasing power to buy homes at a price that works for all housing associations. Finally, Building Better will feedback information on these builds to improve future designs.

Building Better has received support from Mark Farmer, author of *Modernise or Die*, and seed funding from housing associations. They are in the process of designing homes that work for multiple housing associations, with a view to begin building homes next year.

### HACKING HOMELESSNESS

**The problem:** how can we prevent homelessness?

Hacking Homelessness supports housing associations to reduce their homelessness footprint by using data to intervene earlier to avoid evictions.

Their pilot scheme showed 85 per cent of evictions could have been identified at an early stage. They have

had lots of interest in their idea and have worked with tech firm EPAM to develop a digital platform, which they launched at the National Housing Summit.

### INVISIBLE CREATIONS

**The problem:** how can we support homes to adapt as people get older and their needs change?

Invisible Creations are attractive, dual-purpose and discreet adaptations, strategically placed around the home to help reduce decline in health and make daily living easier.

Launched as a business at the National Housing Summit September 2019, they have attracted a lot of attention. Earlier this year they were invited to meet the then Prime Minister, Theresa May, and were awarded the Foundations Healthy Housing Innovation Award.

'We're delighted that the ideas generated from the Futures (program) have already been hugely successful and we're even more excited to see them progress further,' Bethan says.

'I think, while the will is there, people don't always know how to do it. There's an understanding that innovation is important and that we want to be innovative. I think we've lacked some of the tools or the structures to actually see what that looks like and make it happen.'

In January 2020, the federation will launch a second, larger phase of the program.

'We are going to tackle different challenges in each region of the country. We have funded the programme collectively with housing associations who will come together to choose their regional challenge. Through the Housing Futures programme, staff will develop innovation capabilities to tackle these challenges, and have the potential to create viable businesses,' Bethan says.

'Our ambition is for every housing association in the country to benefit from the power of innovation by working together. It's a huge task and we are excited to get started to tackle housing's biggest challenges.'

**Kate Robertson**, CHIA Vic



Image courtesy of VisualHunt.

# THROUGH A TENANT LENS

**Brexit has consumed the UK for the past three years and many social commentators have argued that domestic policy development and programs have been ignored. Poverty has increased and homelessness has risen.**

Even so, a social housing Green Paper was launched in August 2018 entitled *A New Deal for Social Housing*. Residents across the country were asked for their views on social housing; almost 1,000 tenants shared their views with ministers at 14 events across the country, with over 7,000 submitting their opinions, issues and concerns online.

The Green Paper sets out five core themes:

1. tackling stigma and celebrating thriving communities
2. expanding supply and supporting home ownership
3. effective resolution of complaints

4. empowering residents and strengthening the regulator
5. ensuring homes are safe and decent.

**'BE BRAVE – GIVE CONTROL TO YOUR TENANTS – OUR CUSTOMERS PULL TOGETHER OUR ANNUAL CUSTOMER MAGAZINE – THEY INCLUDE THE INFORMATION OUR CUSTOMERS WANT TO KNOW, IN AN ACCESSIBLE FORMAT – WE NEVER MANAGE TO PREDICT EVERYTHING THEY WANT TO KNOW MORE ABOUT!'**

While submissions were required by the end of 2018, nothing has been heard since from the government.

#### TOGETHER WITH TENANTS

Post Grenfell and the Green Paper, there is a greater awareness of the need to listen to tenants and to enable them to have a voice.

Housing associations work hard to create a positive relationship with their tenants and residents, alongside aiming to provide safe, decent and affordable homes. The sector has a longstanding commitment to engaging with tenants and residents, and there are many great examples of how housing associations have shaped their organisations around the needs and views of the people they house.

**'MAKE INVOLVEMENT MEANINGFUL FOR EVERYONE – WE FIND WAYS FOR OUR CUSTOMERS TO BE INVOLVED IN ALL RECRUITMENT, WHETHER IT BE DIRECTLY PARTICIPATING ON INTERVIEW PANELS OR ORGANISING A CHAT AND A CUPPA WITH POTENTIAL NEW RECRUITS – EVERYONE CAN TAKE PART WHATEVER THEIR ABILITY.'**

– Insights from early adopter Advance Housing and Support Ltd

However, housing associations know they do not always get it right for everyone and are not always as accountable as they should be to their tenants and residents. They also recognise the lack of consistency between landlords. Some tenants and residents have said their landlord feels distant and this has led to a lack of trust in housing associations in some places.

The English peak body for community housing, the National Housing Federation (NHF), spent considerable time working with tenants, residents, tenant representative groups, members and others to understand what practical change is needed to address this. The result is *Together with Tenants*, a project that aims to strengthen the relationship between housing associations and their tenants and residents.

Tenants are involved in every facet of the project, including participating and chairing the advisory group. The NHF has been overwhelmed with the response from HAs and they have 130 early adopters (out of about 700) eager to participate.

The first step was to develop a *Charter* for HAs to commit to. The HAs would then work with their tenants to assess their performance against the charter to date and determine how to improve and implement all elements of the charter over time.

#### THE PLAN

**1. A new requirement in the National Housing Federation Code of Governance for boards to be accountable to their tenants and residents.** This introduces a commitment at board level to value

the voice and experience of tenants and residents, and use this insight to inform decision making.

**2. A new *Together with Tenants Charter*,** which aims to ensure all tenants and residents know what they can expect from their housing association landlord, regardless of where they live, what type of home they live in or who their landlord is.

**3. Tenant and resident oversight and reporting of progress against the charter.** This introduces tenant and resident oversight and public reporting against the commitments set out in the charter to give tenants and residents a stronger role in holding their landlord to account.

**4. Giving tenants and residents a stronger collective voice with the regulator.** Linking the *Together with Tenants* approach to regulation in this way will ensure the plan has teeth and action is taken where necessary to protect the rights and interests of tenants and residents. This is to ensure that the charter doesn't become a tick-box exercise. It is also an important step in housing associations opening themselves up to better scrutiny.

Many tenants and residents expressed concerns during the consultations about what would happen if the oversight and reporting of the charter only happened at a superficial level. These important issues will be explored further with the early adopter organisations and the Tenant Advisory Panel and Member Steering Group.

Lesley Dredge, CHIA Vic

#### THE CHARTER

**Relationships** – housing associations will treat all tenants and residents with respect in all of their interactions. Relationships between tenants, residents and housing associations will be based on openness, honesty and transparency.

**Communication** – tenants and residents will receive clear, accessible and timely information from their housing association on the issues that matter to them, including important information about their homes and local community, how the organisation is working to address problems, how the organisation is run, and information about performance on key issues.

**Voice and influence** – views from tenants and residents will be sought and valued and this information will be used to inform decisions. Every individual tenant and resident will feel listened to by their housing association on the issues that matter to them and can speak without fear.

**Accountability** – collectively, tenants and residents will work in partnership with their housing association to independently scrutinise and hold their housing association to account for the decisions that affect their homes and services and the quality of the homes and services they provide.

**Quality** – tenants and residents can expect their homes to be good quality, well maintained, safe and well managed.

**When things go wrong** – tenants and residents will have simple and accessible routes for raising issues, making complaints and seeking redress. Tenants and residents will receive timely advice and support when things go wrong.

## ACACIA CONNECTION - EMPLOYEE ASSISTANCE PROGRAM

CHIAVIC has partnered with Acacia Connection, a National EAP provider, for our organisation. Your Employee Assistance Program (EAP) is a confidential counselling service to help all employees deal with personal or work-related issues in a positive way. In addition, Acacia can also provide the following:

### OTHER SERVICES

Acacia Connection offers services that cover the entire employment life cycle including pre-employment testing; workshops and training; employee passion and culture surveys; executive coaching; EAP counselling; mediations and investigations; and exit interviews and outplacement.

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To support HR with workplace issues through guidance and advice
- **Workshops & Training**  
On-site, group training, on Mental Health and Well Being topics
- **Workplace Mediation & Investigations**  
Independent arbitration and resolution by specialist workplace mediators
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Expert support for retirement, retrenchment or outplacement packages

Call 1300 364 273  
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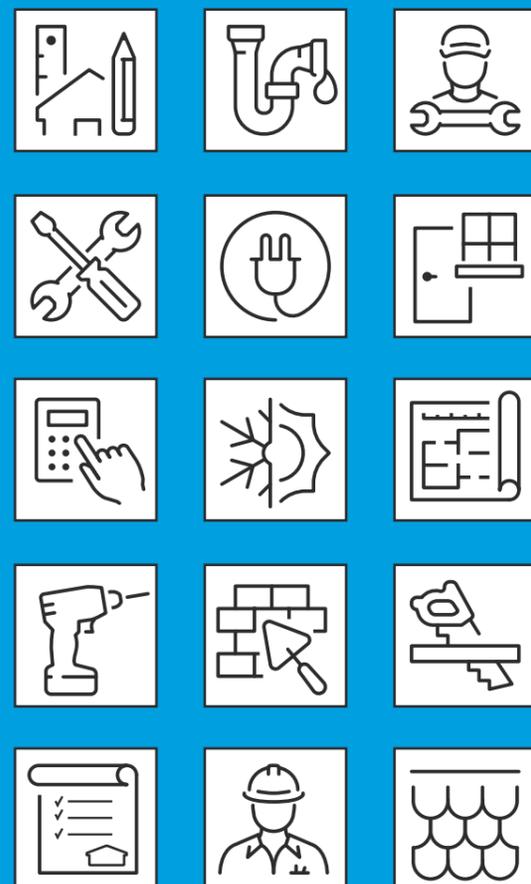
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## TENANT ENGAGEMENT



## TAKING HEART FROM RESIDENTS' FEEDBACK

You say tomato, I say Gardener's Delight. You say customer engagement, I say tenant involvement. Words can be a bit of a problem, as we found in our work for the Welsh Government and Regulatory Board for Wales (RBW).

Tenants at the Heart is the RBW's review of how housing associations involve residents in decision making and shaping services. As part of this we at the Housing Quality Network were asked to survey tenants, other residents, board members, staff, and other stakeholders, and hold focus groups to explore the issues.

When it came to the words to use – customers, residents, tenants, engagement, involvement, participation, we were reminded of Shaw's comment on two nations divided by a common language. But some tenants cut through all that to say to us, 'Why don't you just call me by my name?' or urge us to look straight to the core of what's needed.

With that in mind, let's move swiftly on to what we found. RBW found that there can be no 'one size fits all' for involvement, because language, methods, purpose and structure are all 'contested territory'.

That said, we did find some answers to the key question of what tenant involvement is for. Words that came up frequently were about sharing, talking, listening, honesty, trust and mutual respect. Few residents or staff/board members mentioned 'power' or 'empowerment'. One tenant's comment that the need was to 'embolden ourselves' seems nearer the mark: tenants and residents demanding respect and receiving it. That is not to place the burden on individuals; rather, the onus must be on housing organisations to create the conditions where tenants feel able to express their wishes and be heard.

So, we argue that resident involvement is not primarily to bring about specific practical outcomes. Rather, it should

engender a relationship of mutual trust, built through honest dialogue and respect and be embedded at every level.

Tenants, staff and board members alike told us they wanted quick and easy ways to communicate. There's an appetite to build trust by seeing that action is being taken swiftly when needed.

Asked about the sort of dialogue they wanted, participants returned to the theme of 'listening' and building relationships. Tenants wanted to be properly informed, to have a chance to give their views, object if necessary, and have genuinely open discussion.

That brings us to another word: listening. We found that it's not enough simply to hear what tenants are saying. Tenants wanted to know that housing associations have acted on what is said. And they want to know that the organisation has learnt, so that problems don't recur.

Asking about trust and respect moved the discussion into a series of related issues of openness, power, accountability and, above all, dialogue. Fundamentally it was about the culture of an organisation, the mindset of staff and its leadership. People want to see organisations being committed to dialogue, and to making the changes that residents feel are needed. That will involve some power sharing and compromise.

The need for specific structures cannot be discounted: associations will still have to decide on what frameworks and responsibilities will best embrace, embed and promote resident involvement and, as

one participant noted, frameworks within which to conduct dialogue and take action will underpin the work. As noted by our colleague Rob Gershon, the lead for HQN's Residents' Network, structures are important to ensure improvements become embedded and can survive changes of leadership.

How do we know that tenant involvement works? Participants in our study felt they would know it was working by both practical results and achievement of better understanding. This could be summarised as 'Listen, act, learn'.

When asked to summarise in a few words the key ingredient for successful engagement, 'listening', 'communication', 'trust', 'transparency' and 'honesty' were the top choices.

We asked where participants think we are now on the resident involvement journey, and how far there is to go. Some tenants expressed a feeling that the relationship is difficult, and power very unbalanced. But, results from asking people to rate their organisation were more positive, suggesting that housing associations in Wales are doing quite a good job.

We distilled three key points from our study responses on the approach that organisations need to take for successful tenant and resident involvement:

1. **Actively listen to what your tenants and residents are saying to you, take action on what is said, and learn – be ready to change.**
2. **Work to create a culture of respect at all levels of the organisation to enable you to build a relationship of trust with tenants and residents.**
3. **Monitor your progress in building a relationship of trust with tenants and residents, develop techniques for measuring success, and feed back the findings into further improvement.**

RBW asks everyone involved to consider what they are trying to achieve, and for every housing association to work with its tenants to determine what approach is right for them. **Janis Bright**, Housing Quality Network



# CONTRIBUTION TO DELIVER SOCIAL HOUSING

UK housing association Network Homes is proposing a revised system of inclusionary zoning for England that will provide certainty for developers, deliver more affordable housing, and remove negotiation and revision from the process. Network Home's Research and Policy Manager Reuben Young explains why.

In rainy England we call inclusionary zoning by the approachable term *Section 106*, or sometimes by the more convoluted but less obscure *developer contributions to affordable housing*. Whatever the name, the meaning is broadly the same: a proportion of homes in a given new development are prioritised for households who, for one reason or another, cannot access market housing.

But letting homes out for less than their market value essentially amounts to a tax. In the context of a shortage of homes in the areas people want to live that sees millennials in the UK spending £44,000 (SAUD 83,000) more in rent over the course of their 20s than baby boomers did at the same age, why would we want to tax new housing supply, the very thing that we need to take us out of the housing crisis that ensnares cities in both our countries?

Here are five reasons why.

## 1. IT'S NOT A TAX ON NEW HOUSING, IT'S A TAX ON LAND

When a developer eyes up a plot for a new scheme, they work out how many homes can fit there and what they'll be worth. Multiply these together and you get a gross development value (GDV). From this they'll deduct the cost of construction (labour, materials, and fees), a margin for profit/risk, and their affordable housing liability. The amount left over is the amount they can spend on the land.

This residual land value means if you tweak any of the other input costs, and apply the tweak to all developers universally, then all that happens is the developer spends less on land. The market

homes are no more expensive than they were before, and the same number of homes should be delivered, unless the reduction in the amount developers would spend takes the land price below its current use value. This would be very rare in areas of high housing demand because, by definition, they're the areas where housing is most expensive.

## 2. WE NEED MORE AFFORDABLE HOUSING

There are 8.4 million people in housing need in England. Submarket housing would be of enormous benefit to them all. If they claim a means-tested housing benefit, a reduced rent will create less of a poverty trap, because the taper rate that increases the effective marginal tax rate on additional earnings lasts for a smaller segment of the income distribution if the rent is lower. For these tenants the lower rent will also save the taxpayer vast sums of money in benefit spending. And for non-claimants, the money will mean more disposable income to spend or save.

The affordable housing brought forward by inclusionary zoning is particularly desirable because it creates mixed communities: people from diverse walks of life live together, rather than in segregated groups of lower income tenants and wealthy home owners.

## 3. IT MEANS MORE HOMES BUILT OVERALL

When you build a block of mono-tenure homes, the number

of people who can afford to move in and are looking to move to that place at that time is pretty finite, even in areas of high demand. So if someone else is building a block down the road, you have a strong incentive not to build your own at the same time - or if you're building both, you have an incentive to phase the development more slowly so you don't cause prices to fall. This absorption rate is a big barrier to increasing house building to the levels we need to escape our housing crises.

Inclusionary zoning makes this is less of a problem because you don't need to worry about demand for a lot of your homes, so more homes are built more quickly.

## 4. IT REDISTRIBUTES UNEARNED WEALTH

Taking money from landowners and giving it to low income people in the form of cheaper housing amounts to a redistribution of wealth from those who have not earned it and do not need it to those on low incomes, who would greatly benefit from the additional subsidy to spend in the productive economy or save.

I say 'have not earned it' because landowners don't increase the value of their land through their own efforts. It's jobs, amenities, and (usually publicly funded) infrastructure around the land that increases its value, and it's the housing crisis itself that offers landowners a windfall if they can sell their land to a housing developer. Let's take some of that windfall and use it for affordable housing instead.

## 5. IT'S FREE!

Policies that achieve social good without costing taxpayers any money are hard to come by. Making landowners (via developers) pay the bill for providing much needed low-cost housing won't cost government any additional spending at all. It really is a no-brainer.

## MAKING LAND DELIVER

At Network Homes we think developers should pay a flat tax on a prediction of the Gross Development Value (GDV) they submit when making a planning application. This tax would be paid to local government, who would use it to buy homes in the block for use as affordable housing. The price they pay would depend not on the market price of the day, but on the GDV they guessed earlier. For example, in a block of 20 identical homes with a predicted GDV of £6,000,000, local government would pay £300,000 per home, regardless of the market price.

This would encourage developers to predict the right value. If they predict too high, government buys no homes and uses the funds to build housing elsewhere, but the developer overpays in tax. If the developer predicts too low, government can buy up most of the homes in the block at a discount. So, they'll have to guess the right GDV and there won't be an opportunity to game the system by overpaying for land, only to negotiate down the affordable housing later on.

Our report - *Making Land Deliver* - will be published early January, 2020. Watch this space!

Reuben Young, Network Homes

# HOUSING'S IMPACT TICKS THE BOXES FOR CLIVE

West Londoner Clive Bowden now calls Australia home after moving to Melbourne with his Aussie-born wife five years ago. And, in a mirror of his first housing experience in the UK, one of his first tasks after beginning work at Port Phillip Housing (now HousingFirst) was moving boxes as part of an office relocation.

'After travelling in Australia for a year after university, I got a temporary job helping a housing association move boxes from their previous office to their new office, because it was falling to pieces and leaking,' Clive says.

The two-week contract turned into a trainee project management role with Notting Hill Housing, one of the UK's largest housing associations. At that time, it had 72,000 homes under ownership, and an asset base of about £2 billion.

'I ended up moving over into the New Business and Partnerships Team, which was tasked with partnerships, acquiring new business, and working with development partners to deliver affordable housing.

'I was putting together feasibilities for huge old power station redevelopments and working up the financial appraisals for those,' Clive says.

**'THE UK HAS A TRIED AND TESTED PLANNING OBLIGATION FOR DEVELOPERS TO DELIVER A CERTAIN PERCENTAGE OF AFFORDABLE HOUSING.'**

'We were developing 2,000 homes a year in London alone. It's huge numbers, in comparison to what we do here, and there was a mix of social rents, there was a mixture of low cost home ownership models, units for extra care, or dementia and learning difficulties, through to student housing, commercial and even private sale. And all of those profits were recycled and gifted over to the charitable trust.'

After moving to Australia, with his Melbourne-born wife Elizabeth, he eventually landed a position as General Manager, Development and Assets, with HousingFirst with his introduction to the organisation having echoes of his Notting Hill experience.

'When I started here, my first job was to facilitate the move from their office, that was in in pretty bad disrepair, so it was very

similar to how I started out at Notting Hill, moving boxes,' he laughs.

Clive says he saw similarities between his UK employer and Port Phillip.

'We've built a fairly big pipeline now, which we're looking at delivering nearly a thousand homes over the coming years, including securing the first public housing renewal program package with our development partners MAB, securing some pretty good finance through NHFIC, and being one of the first in Victoria to do so – that enables us to deliver more homes by working our assets bit harder. All of these things are enabling the organisation to do some pretty fantastic things and maximise the social impact that HousingFirst can have for its communities across Melbourne,' he says.

However, Clive was surprised to find there were major differences between the housing environment in the UK and Australia.

'I was probably a little bit naive thinking, "Oh, it's all based on UK law, it will all be very similar". But I quickly found out that that wasn't really the case.

'The UK has a tried and tested planning obligation for developers to deliver a certain percentage of affordable housing. Each council, depending on their focus on home ownership or affordable rent and demographic need, determines the percentage of affordable housing developers are required to deliver, and the split between low-cost home ownership and social rents, including specifying the number of one, two and three-bedroom properties,' Clive says.

'It's a lot more prescriptive, and, the developers had a lot more surety over what they have to deliver, and what the cost of that would be to the project.

'That doesn't exist here, although it's starting to come in now, albeit discretionary in some places. That developer obligation certainly helps with the supply of affordable housing in the UK.

'Also, in the UK, there are rolling programs of funding rounds, so you're always assured of some money. Here it has been more ad hoc and it seems to be driven by election dates,' he says.

The UK is also ahead in terms of sustainability in housing.

'There was a 20 per cent requirement for renewable energy as a condition of funding. And it baffles me that we don't have more solar panels being put up on the buildings here in Australia. It's something that I'm quite passionate about pursuing and putting on the developments here to make them as sustainable as possible.'

Clive and Elizabeth at Amboseli National Park, Kenya



**'IT BAFFLES ME THAT WE DON'T HAVE MORE SOLAR PANELS BEING PUT UP ON THE BUILDINGS HERE IN AUSTRALIA. IT'S SOMETHING THAT I'M QUITE PASSIONATE ABOUT PURSUING AND PUTTING ON THE DEVELOPMENTS HERE TO MAKE THEM AS SUSTAINABLE AS POSSIBLE.'**

Not that Australia doesn't have something over the UK.

'One of the things I was surprised the quality of the finishes in the homes that Port Phillip Housing was delivering, which was certainly over and above what we were delivering in London at the time I left...kitchens and bathrooms would generally be fitted with lino for example, whereas here they are tiled,' he says.

When not working, Clive enjoys spending time with his wife, cooking – curries are a favourite – sport and technology.

'Recently I bought myself a type of electric skateboard called a OneWheel. I waited four months for it to come from the States, and then it rained for the first three days after it arrived. The first

opportunity to go out on it I fell off within 30 seconds and ruptured my ankle ligaments and was on crutches. My wife caught it on film, but I don't mind people having a laugh at me, so that ended up going into the staff newsletter here.'

Travel is another passion.

'I've been to all parts of South America, including the Amazon jungle, and recently we went out to Africa and I was on safari in Tanzania and Kenya. That's all down to my wife and her zest for life. She reminds me to make the most of life while we're lucky, and able, and privileged enough to do so.'

**Kate Robertson**, CHIA Vic

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