

Sector Capacity Prospectus

Australian Community
Housing Sector 2017-18



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Cover image: Architectural rendering of Macquarie Park Ivanhoe Estate Redevelopment

1. From the PowerHousing Chair



PowerHousing Australia is a national member network of 30 of the largest scale Community Housing Providers (CHPs) across the nation. Powerhousing's value proposition centres on peer to peer exchange, thought leadership, collective resource mobilisation and influencing opportunities. One way to do this is promote the capacity and capability of our members.

At the end of the financial year our members managed over 50,000 units of housing, worth more than \$15 billion and have raised over \$670 million in debt facilities, providing quality and affordable homes to over 80,000 people nationally. PowerHousing Australia assists our CHP members to both increase the supply of affordable housing and deliver excellent tenancy and asset services, within a community building model, so these metrics are set to grow.

Our members are engaged in acquiring, developing and managing public and community housing properties across the country, working alongside large-scale developers to bring new affordable homes to market. As CHPs, our members also provide a host of initiatives, in addition to housing that strengthen communities and build independence throughout Australia, including rapid rehousing for victims of domestic violence, those needing employment and training linkages, disability services, and aged care.

The Community Housing sector's growth is supported by initiatives such as the recent Federal Budget's bond aggregator for affordable housing finance, the establishment of a National Housing Finance Investment Corporation, affordable housing Managed Investment Trusts and a National Housing and Homelessness Agreement, in addition to property transfers in several jurisdictions. Our members are being recognised at federal and state and territory levels as having the sophistication to advance and manage these new policies and transfers based on demonstrated capacity and capability, and achievements to date.

Our members are ideally placed to efficiently and effectively grow the Community Housing Sector in Australia. In an environment of political support, sound policy development, and investment friendly initiatives, our CHP's have the proven ability to work in collaboration with private industry and financiers to achieve the outcomes sought by governments. As is evident in various international settings, when affordable housing is turned into a robust investment option through coherent public policy, investors enjoy stable returns, governments incur savings, affordable housing provision is increased, and social outcomes improved¹.



Nicola Lemon
PowerHousing Australia, Chair

October 2017



2. Introduction

In the following pages, the capacity and capability of our members and the sector are displayed. We showcase the capacity and diverse experience of a wide variety of staff members, from rising stars to CEOs across the country. Over the past 15 years, the Australian CHP sector has grown through collaboration with industry bodies such as Jobs Australia and benefited from the financial support of Community Sector Banking, a joint venture between Bendigo Bank and the Community 21 consortium of not-for-profits. This document includes data collated by CoreLogic and member CFOs, and has metric contributions from Aon and Hudson Australia demonstrating our capability in risk and insurance as well as people, human resources and organisational structure perspectives.

These metrics and case studies indicate the capacity of the Sector to partner with the Federal Government, State and Territory Governments, the development sector, institutional funds and mums and dads to provide additional affordable housing options, numbering in the tens of thousands, for everyday Australians.

3. CHPs: Return on Investment - Sustainable Businesses

What is truly powerful about CHPs, is that they are not-for-profit entities, providing social and affordable housing for large numbers of moderate-to very low income earners. Despite having to provide affordable and social housing at below market rents, these organisations have developed financially viable business models, with profits channelled directly back into properties and programs. All of which results in greater re-investment into physical assets, tenant outcomes, and communities.

As indicated in the latter parts of this document, CHPs operating at scale have the proven capability to provide more localised services to tenants and communities, along with efficiencies and outcomes. CHPs have staff located in or near the communities in which they manage or hold housing assets, and also offer a variety of other wraparound services that support tenants and the community at large.

Asset management is usually delivered through local maintenance contractors, which increases employment options for those in the community, including Indigenous and lower-income residents.

CHPs also have a greater ability to focus on the financial aspects of housing management including rent collection and maintenance spending. As CHPs are independent of government and government budgets, they are more able to focus on rental income and other revenue streams to ensure their business models are sustainable.

Evidence for this can be seen in the most recent Australian Institute of Health and Welfare's *National Social Housing Survey: Detailed Results 2016*², and the Productivity Commission's *Report on Government Services 2017*³. In both, community housing tenants reported greater levels of satisfaction than those in public housing, including with dwelling condition (89 per cent for CHPs and 81 per cent for public housing) and higher overall satisfaction with their housing providers' services (80 per cent for CHPs versus 73 per cent for public housing). The *National Social Housing Survey* in particular indicated that community housing tenants are more satisfied on the whole, have better employment outcomes, and better dwelling utilisation than other forms of social housing, including that managed by government.

Our members provide great return-on-investment for governments, deliver improved tenant outcomes, and have business structures that focus on financial sustainability and continual improvement.

Samantha Drury

Bethanie Group



Position: Chief Financial Officer (Bethanie Group) and PowerHousing Australia Board Member

Head Office: WA

Appointed: March 2016

CURRENT ROLE: Bethanie Group's Chief Financial Officer Samantha Drury is a qualified accountant with over 20 years' experience across a broad range of industry sectors, including government, not-for-profit, transport, construction and engineering. Samantha is also a PowerHousing Australia Board member.

PREVIOUS ROLES: Samantha's prior roles have included Head of Finance – Western Region for Laing O'Rourke, Chief Financial Officer and Company Secretary for VDM Group Limited, and Head of Finance – Operations & Support for London Underground LTD. Further experience with Coopers & Lybrand, Jones Lang LaSalle, and the Worley ABB Joint Venture has imparted a diverse and valuable set of skills, especially in dealing with complex contracts and leading teams through change and continuous improvement.

4. Australia's Housing Affordability Story

Housing affordability, as an issue of public debate in the media, by government, and in the community at large, is at an all-time high. The most recent Census data confirms a story being told throughout the country – the incidence of home ownership is declining, while that of renting is increasing. First-home buyer levels are at record lows, while those able to secure financing are taking on higher mortgage debt with mortgage repayments taking a greater proportion of household income. There are growing numbers of renters experiencing housing stress, while public housing stock has fallen, and more dwellings remain vacant. With approximately one in five households recording income (including those receiving government benefits) of less than \$650 per week and the number of individuals in their 20s and 30s living at home with parents on the rise, the narrative around housing affordability is unlikely to recede from the public consciousness.⁴

Housing Affordability Metrics

The following section provides a brief overview on housing supply and demand in Australia, and considers the impact of these elements on housing affordability, particularly for low income earners. These include social housing tenants, renters, first home buyers, key workers, and seniors.

In particular, this section describes some key metrics pertaining to the economy and the Australian demographic, with CoreLogic providing details around demand indicators and actual housing activity. The picture this information paints around housing affordability is one of struggle and challenge for average to low income earners in Australia, now and into the future.

4.1 Younger Generations Renting and Living at Home

According to the 2016 Census, younger Australians, specifically those under 55 years of age, are renting at higher levels and owning homes at lower levels than ever before. This is particularly true for Millennials (born between 1982 and 2004) who are living at home with parents in greater numbers than in previous generations. The number of Millennials living at home has risen 20 per cent since the last census in 2011.⁵ These trends may be indicative of younger generations having a harder time entering the property market than previous generations, in part due to high dwelling costs and low wages growth.

4.2 Housing Stress

The 2016 Census shows the number of renters spending more than 30 per cent of their income on rent has risen to 11.5 per cent (up from 10.4 per cent). At the same time, those paying more than 30 per cent of their income on a mortgage has decreased to 7.2 per cent (down from 9.9 per cent), reflective of lower interest rates. While interest rates remain low, housing stress levels among homeowners are expected to remain low. However, rental stress for those renting may continue to rise if rental rates continue to out-pace growth in wages.⁶

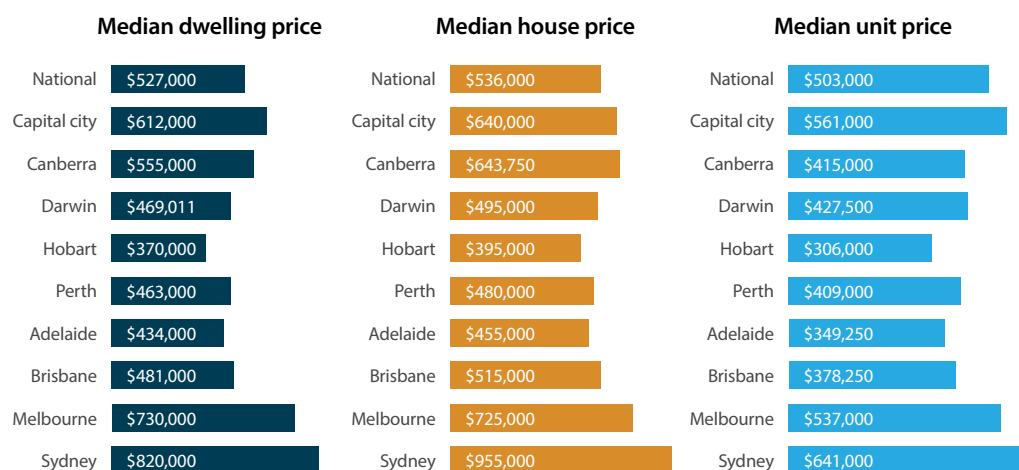
4.3 Wage Growth

Wage growth figures for the March 2017 quarter rose 0.5 per cent, which represents a growth rate of 1.9 per cent on the year⁸. This means the rate of inflation, which was 2.1 per cent at the year-end and affects the population’s purchasing power, is outpacing that of wage growth. The rate of 1.9 per cent on the year is particularly low, even in the context of the recent 12-month post-mining boom period of below-average wage growth. While wage growth has been sluggish over the past several years, RBA data (after the release of the March Quarter 2017) suggests that wage growth will increase over the next few years. The RBA has stated that as the economy continues to adjust from the tapering off of the mining investment boom, wages will start to rise as the market adjustment finalises⁹. The current situation of slow wage growth coupled with increasing rental and purchasing prices will challenge any gains in affordability.

4.4 First Home Owner Levels

First home buyer numbers were recorded at 16.6 per cent of all dwellings financed for the month of June 2017, which is the highest level recorded in nearly four years, during which time this percentage was trending consistently lower, at around 12-13 per cent. It is, however, down from an average rate of 24.3 per cent of all loans going to first home buyers between May 2008 and May 2010. The national First Home Owner Grant scheme, originally introduced in 2000 then boosted in 2009, increased the number of first-time buyers over this period. Taking a longer historical view and looking at raw numbers, we see that over the past 25 years, the number of first home buyers has averaged 9,232 per month. As recently as April 2017, that figure had declined to 6,547 buyers picking up their first set of keys as owners in that month. Over the past five years, first home buyers have averaged 7,878 dwellings financed per month. Effectively, there have been 1,353 fewer home purchases by first home buyers per month. The influence of housing policy on the market is evident by the increase in the average monthly first home buyer numbers to 18,271 in May 2009, which is almost triple the April 2017 first home buyer rate. In the 18 months to February 2010, 26.5 per cent of all loans went to first-home buyers, which was a response to the First Home Owner Grant¹⁰.

4.5 Median Dwelling Prices



Source: CoreLogic, September 2017

The national median dwelling price was recorded as \$527,000 at the end of August 2017; a 27 per cent increase on the figure five years prior. At a national level, there is only a small difference between the median house and unit price (\$536,000 for houses and \$503,000 for units), however the difference becomes more substantial across the capital cities.

Combined, the capital cities recorded a median sale price of \$640,000 for houses in August 2017, compared with a median sale price of \$561,000 across the unit sector; a difference of 14.1 per cent or \$79,000.

Houses attract a premium over units in every capital city, however the largest percentage difference can be found in Canberra (55.1 per cent) and Sydney (49.0 per cent).

There are also substantial pricing differences between the capital cities. Sydney recorded the most expensive property prices, with a median dwelling price of \$820,000. Hobart recorded the least expensive properties, with a median dwelling price of \$370,000.

Across the capitals, Sydney and Melbourne are the only cities to record a median dwelling price higher than \$700,000. Prices have risen substantially across both cities over the past five years, with the median dwelling price up 51.9 per cent across Sydney. Melbourne prices are 42.0 per cent higher over the same period. Every other capital city, with the exception of Canberra, has recorded a median dwelling price less than \$500,000.

4.6 20 Year Dwelling House/Unit Snapshot

	Sydney Dwellings	Melbourne Dwellings	Brisbane Dwellings	Adelaide Dwellings	Perth Dwellings	Hobart Dwellings	Darwin Dwellings	Canberra Dwellings	Capital city Dwellings	National Dwellings
May 97	\$200,000	\$134,200	\$138,600	\$108,000	\$121,000	\$98,800	N/A	\$136,500	\$150,000	\$135,000
May 02	\$360,000	\$259,500	\$182,500	\$157,000	\$169,000	\$117,500	\$166,500	\$232,500	\$250,000	\$210,000
5 yr change	80.0%	93.4%	31.7%	45.4%	39.7%	18.9%	N/A	70.3%	66.7%	55.6%
May 07	\$445,000	\$350,000	\$356,000	\$287,000	\$425,000	\$275,000	\$310,000	\$395,000	\$375,000	\$348,000
5 yr change	23.6%	34.9%	95.1%	82.8%	151.5%	134.0%	86.2%	69.9%	50.0%	65.7%
May 12	\$555,000	\$467,500	\$416,000	\$365,000	\$463,000	\$336,500	\$466,000	\$470,000	\$470,000	\$420,000
5 yr change	24.7%	33.6%	16.9%	27.2%	8.9%	22.4%	50.3%	19.0%	25.3%	20.7%
May 17	\$872,300	\$665,000	\$490,000	\$432,000	\$481,500	\$350,000	\$460,000	\$600,000	\$630,000	\$540,000
5 yr change	57.2%	42.2%	17.8%	18.4%	4.0%	4.0%	-1.3%	27.7%	34.0%	28.6

	Sydney Houses	Melbourne Houses	Brisbane Houses	Adelaide Houses	Perth Houses	Hobart Houses	Darwin Houses	Canberra Houses	Capital city Houses	National Houses
May 97	\$200,000	\$139,000	\$137,000	\$111,500	\$125,000	\$103,500	N/A	\$140,000	\$148,000	\$132,000
May 02	\$381,500	\$255,000	\$184,000	\$167,000	\$170,000	\$125,000	\$185,000	\$255,000	\$245,000	\$201,000
5 yr change	90.8%	83.5%	34.3%	49.8%	36.0%	20.8%	N/A	82.1%	65.5%	52.3%
May 07	\$502,000	\$365,000	\$370,000	\$302,800	\$439,000	\$290,000	\$350,000	\$442,000	\$395,000	\$355,000
5 yr change	31.6%	43.1%	101.1%	81.3%	158.2%	132.0%	89.2%	73.3%	61.2%	76.6%
May 12	\$620,000	\$489,000	\$439,000	\$380,000	\$475,000	\$355,000	\$510,000	\$525,000	\$485,000	\$420,000
5 yr change	23.5%	34.0%	18.6%	25.5%	8.2%	22.4%	45.7%	18.8%	22.8%	18.3%
May 17	\$1,020,000	\$745,000	\$525,000	\$460,000	\$500,000	\$381,600	\$487,500	\$690,000	\$670,000	\$560,000
5 yr change	64.5%	52.4%	19.6%	21.1%	5.3%	7.5%	-4.4%	31.4%	38.1%	33.3%

	Sydney Units	Melbourne Units	Brisbane Units	Adelaide Units	Perth Units	Hobart Units	Darwin Units	Canberra Units	Capital city Units	National Units
May 97	\$200,000	\$121,000	\$145,000	\$95,000	\$105,000	\$84,000	N/A	\$127,000	\$155,000	\$147,500
May 02	\$340,000	\$265,000	\$179,900	\$126,000	\$165,000	\$93,800	\$130,000	\$195,000	\$262,900	\$230,000
5 yr change	70.0%	119.0%	24.1%	32.6%	57.1%	11.7	N/A	53.5%	69.6%	55.9%
May 07	\$390,000	\$330,000	\$315,000	\$241,000	\$375,000	\$240,000	\$265,000	\$345,000	\$342,000	\$327,500
5 yr change	14.7 %	24.5 %	75.1 %	91.3 %	127.3 %	155.9 %	103.8 %	76.9 %	30.1 %	42.4 %
May 12	\$515,000	\$440,000	\$385,000	\$317,500	\$420,000	\$285,000	\$420,000	\$420,000	\$446,000	\$415,000
5 yr change	32.1%	33.3%	22.2%	31.7%	12.0%	18.8%	58.5%	21.7%	30.4%	26.7%
May 17	\$742,900	\$525,000	\$390,000	\$365,000	\$405,000	\$311,500	\$420,000	\$426,000	\$550,000	\$493,000
5 yr change	44.3%	19.3%	1.3%	15.0%	-3.6%	9.3%	0.0%	1.4%	23.3%	18.8%

Source: CoreLogic, September 2017

4.7 25th and 75th percentile prices

The most substantial pricing gap between the lowest quartile of housing and the highest can be found in the Sydney detached housing market. The percentage difference between the top and bottom quartiles was 128.2 per cent at the end of July 2017. The Sydney unit sector shows a substantially smaller gap between the quartiles, tracking at 70.9 per cent in July 2017. Sydney's quartile differential has held reasonably firm since late 2014, suggesting a broad spread of capital gains across the pricing spectrum of the market.

The second largest quartile gap is evident across the Melbourne detached housing market, where the pricing difference between the upper and lower quartile was 106.0 per cent. While the differential is substantial, it has narrowed from 119 per cent in December 2015, indicating a stronger rate of growth at the more affordable end of the pricing spectrum in Melbourne.

Most other cities are recording more moderate differences between the upper and lower quartiles, generally around the 70-80 per cent mark for houses and between 50-75 per cent for units.

City	Housing type	Percentile	Differential
Sydney	Houses	25th	\$688,136
		75th	\$1,570,000
	Units	25th	\$556,000
		75th	\$950,000
Melbourne	Houses	25th	\$500,000
		75th	\$1,030,000
	Units	25th	\$379,000
		75th	\$671,000
Brisbane	Houses	25th	\$391,000
		75th	\$690,000
	Units	25th	\$329,000
		75th	\$515,000

City	Housing type	Percentile	Differential
Adelaide	Houses	25th	\$340,000
		75th	\$603,000
	Units	25th	\$275,000
		75th	\$480,000
Perth	Houses	25th	\$400,000
		75th	\$711,500
	Units	25th	\$323,500
		75th	\$540,000
Hobart	Houses	25th	\$286,000
		75th	\$520,000
	Units	25th	\$234,000
		75th	\$382,000
Darwin	Houses	25th	\$355,000
		75th	\$615,000
	Units	25th	\$340,000
		75th	\$520,000
Canberra	Houses	25th	\$532,000
		75th	\$820,000
	Units	25th	\$365,000
		75th	\$549,000

Source: CoreLogic, September 2017

4.8 Sales by price point

With values rising across most capital cities, the proportion of properties transacting at low price points has diminished over time. Sydney shows the smallest proportion of dwellings transacting below \$400,000, with only 3.0 per cent of houses and 7.1 per cent of units selling at a price below this level over the past twelve months. Five years ago, approximately one quarter of Sydney houses sold for less than \$400,000 and almost one third of units.

At the other end of the spectrum, slightly more than half of Hobart's detached housing sales were at a price below \$400,000 over the past twelve months.

City	Type	Sold under \$400k Year end July 2012	Sold under \$400k Year end July 2017	Sub \$400k least affordable ranking July 2017
Sydney	House	25.2%	3.0%	1
Sydney	Unit	31.2%	7.1%	3
Melbourne	House	31.7%	9.5%	4
Melbourne	Unit	39.2%	29.3%	7
Brisbane	House	39.8%	26.2%	6
Brisbane	Unit	57.2%	47.7%	13
Adelaide	House	54.7%	39.0%	10

City	Type	Sold under \$400k Year end July 2012	Sold under \$400k Year end July 2017	Sub \$400k least affordable ranking July 2017
Adelaide	Unit	72.8%	59.0%	15
Perth	House	32.8%	24.2%	5
Perth	Unit	47.2%	46.1%	12
Greater Hobart	House	66.9%	53.0%	14
Greater Hobart	Unit	84.7%	77.5%	16
Darwin	House	24.0%	29.3%	8
Darwin	Unit	47.0%	40.9%	11
Canberra	House	11.5%	3.2%	2
Canberra	Unit	42.9%	36.3%	9

Source: CoreLogic, September 2017

4.9 Capital City affordability ratios

Capital City Affordability Ratios

CoreLogic, ANU March 2017

Mar 17	Dwelling price to income ratio	% of gross household income required to service an 80% LVR mortgage	% of gross household income required to pay rent
Greater Sydney	8.4	45.00%	28.20%
Greater Melbourne	7.3	39.40%	25.90%
Greater Brisbane	5.9	31.80%	26.00%
Greater Adelaide	6.4	34.50%	26.70%
Greater Perth	6	32.00%	22.80%
Greater Hobart	5.8	31.10%	29.00%
Greater Darwin	4.4	23.70%	21.80%
Australian Capital Territory	5.4	29.20%	22.90%
Rest of NSW	6.7	36.10%	30.00%
Rest of VIC	5.6	30.10%	26.70%
Rest of QLD	7.1	38.00%	30.60%
Rest of SA	5	26.80%	25.00%
Rest of WA	5.5	29.30%	27.60%
Rest of TAS	5.1	27.30%	27.60%
Rest of NT	5.1	27.20%	29.10%

5. Capacity Development - State and Territory Property Transfers



Federal Treasurer Scott Morrison, in his 2017-18 Budget speech, identified CHPs as reliable entities and partners for growing the social housing sector through property transfer from state and territory governments, accompanied by other complementary federal policies. Internationally, and in several Australian jurisdictions, transferred stock has led to innovative solutions in the social housing space. These include enterprising financing and development models, as CHPs are able to leverage increased stock to finance new developments and redevelop sites through title transfer - which both increase the total available social housing stock.

With greater ability to focus on financial management (rental arrears and other funding streams), increased revenue from Commonwealth Rental Assistant (CRA), and access to social impact investment arrangements that are unavailable to government, CHPs have the potential to re-invest significantly more funding into innovative housing solutions, developments and programming than government agencies.

In 2009 State and Territory Housing Ministers committed, through the Council of Australian Governments (COAG), to support the growth of the CHP sector. The agreement targeted an increase of “up to 35 percent of all social housing by 2014”. The only state to achieve this goal is Tasmania, which has surpassed the target with 46 per cent of its social housing now being delivered by CHPs. The NSW government has reiterated its commitment to reaching the target and has developed several initiatives to transfer public housing stock now and in the future. A key policy lever for growing the CHP sector in the states has been the transfer of public housing assets to CHPs, including management transfers to CHPs of 18,000 homes announced in October 2016. Similarly, five South Australian providers are set to receive 4,000 homes through management transfer as part of Renewal SA on 23 September 2017.

As property transfer processes are relatively new in Australia, 17 PowerHousing members, with the addition of Community Housing Limited (CHL), came together to fund *AHURI Research – Inquiry into property transfer methodologies*¹¹. The research reviewed property transfers that had been completed in Victoria, New South Wales, and Tasmania and provides suggestions for making the processes more efficient and sustainable. The research made possible from this collaboration has been used to inform both Federal parliamentarians and Commonwealth departments about CHPs and property transfer in the states.

As the recently announced National Housing and Homelessness Agreement (NHHA) is developed, there is a great opportunity to incorporate learning from this AHURI research to create national cohesion around property transfer, as identified in the AHURI report, in contractual, structural and procedural standards. Areas for nationally consistent practice include encouraging asset rather than management transfer, long-term leases of more than 20 years for management transfers, instilling national standards around asset valuation, and ensuring data and IT systems are in place to provide consistency across jurisdictions.

Unity Housing

Unity Housing Company is a leading provider of community housing in South Australia. In recent years, Unity has produced more than 350 new dwellings at a total cost of more than \$108 million. Unity has recently received a large tranche of 1,100 properties from the aforementioned Renewal SA housing management transfer and these will underpin extensive future development in the order of \$80 million of new social and affordable housing in SA over the next 10 years. Unity's ability to deliver new housing outcomes based on this transfer of public housing stock builds upon its previous experience of leveraging transferred assets.

Unity has a proven track record of maximising social and affordable housing outcomes by leveraging its existing housing assets to raise debt finance for new development. For example in 2011 under the Commonwealth Government's Nation Building Economic Stimulus Program, 129 new-build properties were transferred to Unity to provide homes for people on low incomes who have a range of complex needs such as homelessness, mental health issues, disability, or substance abuse. These properties were subsequently leveraged by Unity to raise debt finance of around \$26 million.

Working innovatively with a broad range of finance and development partners, Unity combined the \$26 million leveraged debt finance with a range of other capital contributions such as NRAS funding, State Government capital grants, benevolent funding and public and private land contributions. This 'cocktail' of debt finance and other capital resulted in the development of a further 135 new social and affordable housing properties across a range of metropolitan and regional locations.

These were part of an overall development program conducted by Unity during 2014 and 2015 that resulted in 270 new properties at a total cost of around \$80 million. These properties ranged from standard detached housing to high-rise apartments. The ability to leverage Unity's existing housing assets was a significant strategy for delivering these new homes.

Matthew Woodward

CEO, Unity Housing Company Ltd



Head Office: South Australia

Appointed: 2008

CURRENT ROLE: As CEO, Matthew's role is to oversee the strategic growth of the organisation and to build partnerships that provide affordable, safe and secure homes in sustainable communities for South Australians on low incomes.

PREVIOUS ROLES: Matthew has over 30 years' experience in human services working as a social worker, manager and in policy development across government and non-government sectors, in both metropolitan and rural South Australia. Matthew also actively participates in numerous sector-wide bodies, at the national, state and local community levels, receiving a 'Lifetime Achievement Award' from his PowerHousing colleagues in 2015 and 'Outstanding Achievement' award from the Australasian Housing Institute in 2017 in recognition of his extraordinary contribution to community housing.

6. Capacity Development - Joint Ventures, Innovative Projects, and Investment in CHPs

Our members have been recognised by various states, peer not-for-profits and developers as having the capacity and sophistication to help drive developments and manage projects at scale, to provide affordable housing solutions.

In recent years, a number of our members have engaged in joint ventures, innovative projects and investments to bring more quality social housing supply to market. As CHPs have been increasingly engaging in innovative approaches to financing and development, PowerHousing contracted PwC in early 2016 to research aggregated funding and alternative capital raising instruments for the sector. The consultation process included roundtables around the country with institutional investors, industry superfunds and three major ratings agencies. Through this process, PwC found that there is strong investor appetite to support long term funding solutions for Australian CHPs, especially those with the portfolio size and capability of PowerHousing members⁷. This PwC consultation and the following member examples demonstrate the potential and possibilities for the sector when CHPs, governments and private industry collaborate on social housing projects and developments.

Social and Affordable Housing Fund

In early 2017, two PowerHousing member organisations – Compass Housing Services Co and SGCH Sustainability Limited – reached close on contracts as part of the NSW Government’s Social and Affordable Housing Fund (SAHF) Round One. The SAHF is a 25-year Public Private Partnership (PPP) style social infrastructure contract - a completely new approach to the delivery of social and affordable housing. Together with providing homes to those who need them most, it offers residents coordinated access to support services tailored to their individual needs; giving people the tools to improve their lives. These significant government contracts have enabled both Compass and SGCH to engage in innovative developments and partnerships to achieve outcomes.

Compass

Greg Budworth



Compass Housing Services Co Limited (Compass)

Position: Group Managing Director

Head Office: NSW

Appointed: 2004

CURRENT ROLE: Greg has been Compass’ CEO since 2004. Since that time, it has emerged as one of the leading Community Housing Providers in New South Wales and Queensland, and one of the largest community housing organisations in Australia.

Greg is currently Co-Chair of the United Nations, General Assembly of Partners, Civil Society Group; the Chair of the External Relations Committee of the International Housing Partnership and Director of Community Housing Industry Association. He has served in various governance roles for PowerHousing Australia, the NSW Federation of Housing Associations, and the Australasian Housing Institute.

With SAHF funding, Compass Housing will deliver 600 new dwellings across NSW, in the cities of Newcastle, Wyong, Lake Macquarie, Gosford, Maitland, Port Stephens and Singleton.

A fifth of those dwellings will be allocated in a model where tenants pay 25 per cent less than market rate. The remaining 80 per cent of Compass' new SAHF dwellings are being built for people who are currently on the state's social housing wait list.

Compass' new developments will play an integral role in providing affordable housing for key workers and low-income families in NSW. Construction will also funnel additional jobs and revenue into the communities in which they are being built. Using the HIA's estimated economic multiplier of 5:1 for housing construction, the potential economic benefit to the Hunter and Central Coast regions will be in the realm of \$1 billion.

The economic and social benefits of Compass' SAHF developments will provide long-term impact and return on investment for state and local governments, communities, and future tenants.

Lyndall Robert-Shaw

Compass Housing Services Co Limited (Compass)



Position: Group Corporate Services Officer

Head Office: NSW

Appointed: 2004

CURRENT ROLE: Lyndall is the Group Chief Corporate Services Officer for Compass Housing responsible for Business Development, Marketing and Communications, Environmental Sustainability, Human Resource Management, WH&S, Property Acquisitions, Project Management, Risk Management and Compliance.

PREVIOUS ROLES: Lyndall has 17 years of experience in housing with 13 years in the community housing sector and prior in the construction industry. Lyndall is a Director of the NSW Federation of Housing, Director of MYPlace Property, Director of Logan City Community Housing, CEO representative for PowerHousing Australia and a Committee Member of the NSW Australasian Housing Industry, the UDIA Hunter Chapter and the City of Newcastle's Building Better Cities Committee.

SGCH

Scott Langford

SGCH Sustainability Limited (St George Community Housing)



Position: Group Chief Executive Officer

Head Office: NSW

Appointed: April 2016

CURRENT ROLE: Working with the SGCH Board of Directors, Scott leads a passionate, energetic team of more than 160 staff to develop and manage sustainable, safe and affordable homes to help create great places for everyone.

PREVIOUS ROLES: Scott was General Manager of Housing & Urban Development at Junction Australia for six years where he led significant growth of their housing and development business, having previously worked in various private sector roles in the property development and construction industry. Scott served for four years as Chairman of PowerHousing Australia and is currently Chair of the International Housing Partnership.

SGCH Sustainability Limited will use SAHF funding to deliver 300 affordable, energy efficient new homes in South and South-Western Sydney for low-income families. SGCH has secured \$130 million in finance facility with the Clean Energy Finance Corporation (CEFC) to develop these homes on the back of SGCH's SAHF contract, which builds upon a previous \$40 million arrangement between SGCH and the CEFC that is currently seeing 200 new energy efficient homes being built in Sydney.

This innovative collaboration will ensure an average 7-Star National Housing Energy Rating System (NatHERS), which will translate into better outcomes and savings for tenants, and result in environmental benefits. The developments will include upgraded insulation, energy efficient windows, LED lights, efficient appliances, smart electricity meters, and solar panel installations.

In addition to the energy efficiency of these new developments, the SGCH SAHF projects will also ensure tenants have access to integrated support services for education and employment. As demonstrated by SGCH, government investment and support of CHPs provides a conduit for private finance and industry collaborations that can significantly grow social housing provision.

Takashi (Tak) Onishi

SGCH Sustainability Limited (St George Community Housing)



Position: Head of Financial Decision Support

Head Office: NSW

Appointed: 2017

CURRENT ROLE: This newly created role spans both a corporate view of the SGCH Group (including wholly owned subsidiaries SGCH Portfolio and SGCH Sustainability) as well as supporting the financial and commercial assessment of key transactions, such as business opportunities and government tenders.

PREVIOUS ROLES: Tak joined SGCH from KPMG's Infrastructure and Projects Group in 2017 and has previously worked for Evans & Peck (now Advisian) and Coralinity Financial Group (now Mazars Global Infrastructure Finance).

Foundation Housing - Cedar Woods Joint Venture

PowerHousing member Foundation Housing partnered with award winning developer Cedar Woods to deliver on the Western Australian Government's 'growth commitment' in the Pilbara, to establish a multi-stakeholder housing development in one of Australia's most extreme economies.

Successful negotiation with the State Government by the joint-venture partners secured Cedar Woods a 15 per cent discount on the land acquisition price in exchange for the provision of housing. This translated into 15 per cent of the developable area being reserved for the provision of affordable housing at cost, effectively giving land to Foundation Housing and Indigenous groups at about 40 per cent below its market value.

It was an innovative and complex business model, forged between Foundation Housing and Cedar Woods, that enabled affordable housing development where such development was needed most. The resulting 'Elements' development won both the Russel Perry Award for Development Excellence and Best Affordable Development at the 2015 Urban Development Institute of Australia WA's annual awards. The organisations are in the planning stages of several new affordable housing joint ventures.

Chris Smith

Foundation Housing Limited



Position: General Manager Business Development

Head Office: Leederville, Western Australia

Appointed: 2014

CURRENT ROLE: Chris leads the organisation's Property Services department and growth focussed activities (property development, fee for service property management) in addition to overseeing the management of Foundation Housing's own property portfolio.

PREVIOUS ROLES: General Manager, Indigenous Business Australia responsible for asset management, acquisitions and investments, corporate reporting and governance and leading key projects. Chris has over 20 years' experience in commercial management, including 12 years in executive-level roles in funds and asset management.

Mission Australia - Macquarie Park Ivanhoe Estate Redevelopment

As depicted in the architectural artwork on this report's cover and also on the following page, PowerHousing member Mission Australia has partnered with Frasers Property Australia and Citta Property Group to redevelop the 8.2 hectare Ivanhoe public housing estate in Macquarie Park. The project and associated developments have been funded by the NSW Government and the private sector as part of the Communities Plus program. Valued at around \$2.2 billion, the redevelopment will incorporate over 3,000 new dwellings with approximately one third of those being either new social housing or affordable homes.

This landmark, evidence-based project will integrate social and affordable housing with private, market-based housing. It will include the building of a new high school, aged care facility, childcare centres, supermarket, cafes and shops, and other outdoor and green spaces to create a truly cohesive community. The redevelopment is also expected to bring jobs, provide much needed infrastructure and transport, along with other amenities to the Macquarie Park area.

The project aims to achieve a 6 Star Green Star Communities rating with the proposed inclusion of a large scale photovoltaic system, green roofs, water capture and re-use, use of recycled materials, and waste minimisation throughout construction. Such sustainable building practices will vastly reduce the community's carbon footprint in operation, with all social housing tenants having access to low to zero cost heating in the future development.

As Sydney's second largest business district, the project sets an incredible precedent by ensuring social and affordable housing tenants are not excluded from large redevelopments of publicly owned assets. With Mission Australia having on-site offices to provide support and other services, social and affordable housing tenants will be able to find appropriate services that meet their needs while also living in a vibrant, mixed tenure community. Community initiatives that incorporate outdoor and green spaces, car and bike transport sharing facilities, and health services will be provided for the wellbeing of the entire district. Frasers Property Australia and Citta Property Group bring years of experience and expertise in development, and Mission Australia brings a wealth of knowledge and experience in providing holistic community building, including supporting social and affordable housing tenants. Together this partnership illustrates the amazing outcomes that result when government encourages private and not-for-profit partnerships. Such approaches not only have the potential to transform individual communities, but also the social housing sector in Australia by boosting supply of social and affordable housing, while at the same time working to ensure best possible outcomes for all community residents.

Architectural rendering of Macquarie Park Ivanhoe Estate Redevelopment - Mission Australia, Frasers Property Australia, and Citta Property Group



7. Capacity Statement - PowerHousing Member Asset and Financial Snapshot

The Community Housing Sector has grown in sophistication and complexity over the past 15 years in partnership with private industry, other not-for-profits, and financial entities – particularly Community Sector Banking (CSB). CSB is the first banking service to be certified as a B Corporation in Australia and one of the only banks in Australia committed to supporting development within the CHP sector by providing CHPs with sound financial advice and financing. These partnerships and supports have enabled the sector to grow as detailed in the following section.

The data for this section was collected in collaboration with PowerHousing Australia member CFOs, and analysed by Jeff Logan, CFO with Foundation Housing Limited. The data collected includes inputs from 28 of PowerHousing Australia’s 30 member organisations.

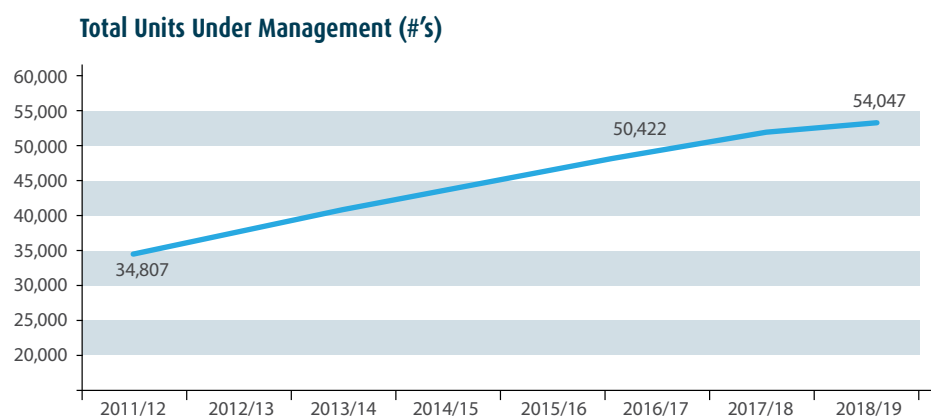
This information does not reflect expected property transfers in NSW or SA as previously detailed in the section Capacity Development – State and Territory Property Transfers. With our members largely being the recipients of this transferred stock, there will be significant gains in units under management, value of units under management, and the overall financial picture of our members that is not currently depicted below.

7.1 Units of Accommodation

The Community Housing Sector in Australia has undergone exponential growth in the past four years.

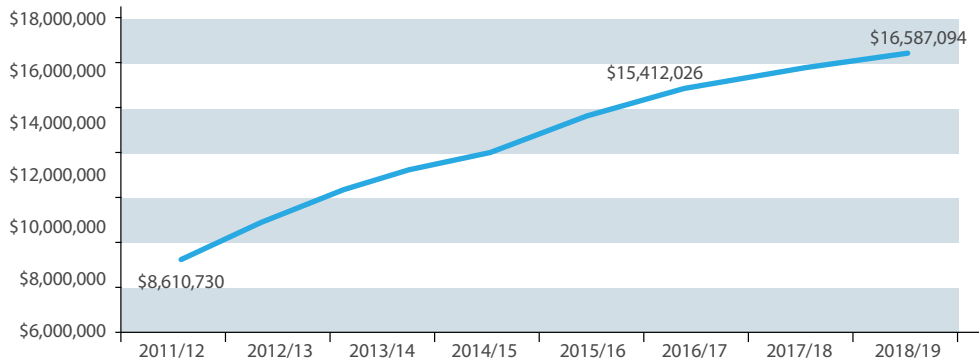
As at June 2017, PowerHousing members were managing over 50,000 units. The June numbers represent an increase of 15,500 units over four years, which translates to a roughly 45 per cent rise in stock under management during that period.

The value of this stock has grown 80 per cent over the same period. As of June 2017, the total value of PowerHousing members’ stock under management has risen to \$15.4 billion, which reflects not only increased stock levels, but valuation increases. The sector is expected to continue this growth trajectory, with members projecting to have a further 3,625 units under management and stock value exceeding \$16.6 billion in the next 2 years.



Source: PowerHousing Member capacity survey, September 2017

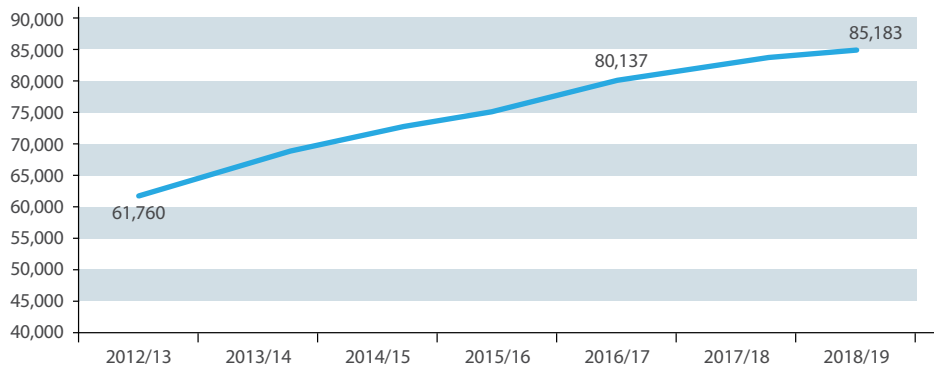
Value of Total Units Under Management (\$'000)



Source: PowerHousing Member capacity survey, September 2017

7.2 Tenants

Number of People Housed (#'s)

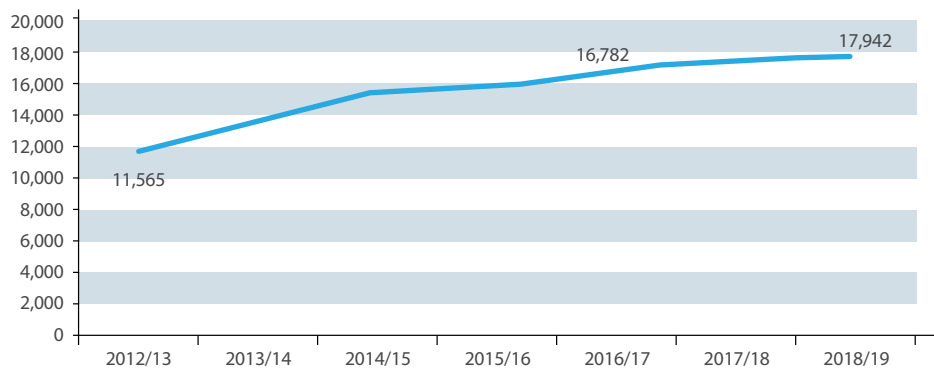


Source: PowerHousing Member capacity survey, September 2017

PowerHousing members currently house over 80,000 people, a figure which has grown in line with stock increases over the past four years. Over the next two years, members are projected to house more than 85,000 people.

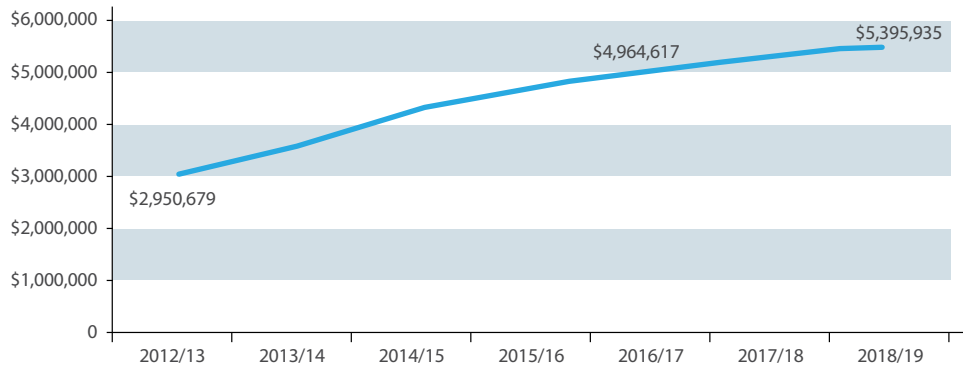
7.3 Property Ownership

Total Units Owned (#'s)



Source: PowerHousing Member capacity survey, September 2017

Value of Total Owned (\$'000)

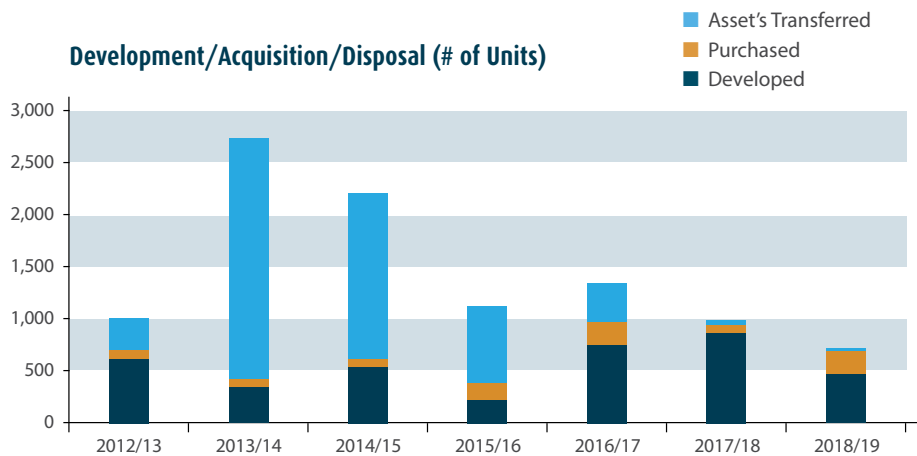


Source: PowerHousing Member capacity survey, September 2017

While a considerable part of the membership’s portfolio is leased from various state governments, there has been an increased level of stock owned by individual PowerHousing members. This portfolio is projected to be 16,782 units, worth over \$5 billion, in June 2017. It is expected that the portfolio will grow to more than 18,000 units, worth \$5.4 billion over the following two years.

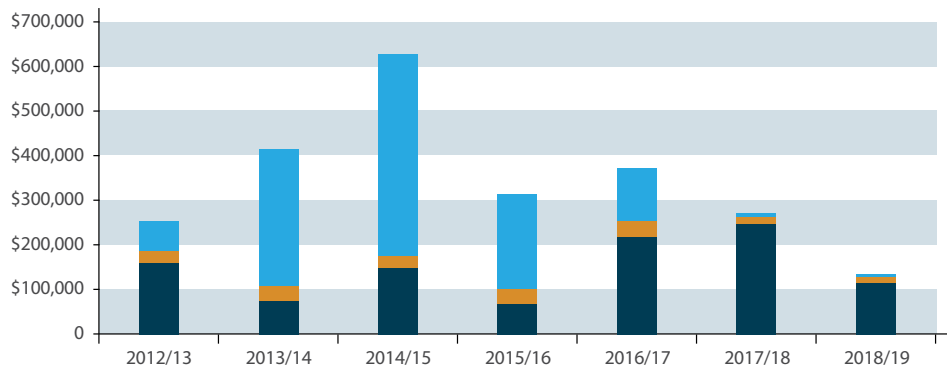
7.4 Development

Development/Acquisition/Disposal (# of Units)



Source: PowerHousing Member capacity survey, September 2017

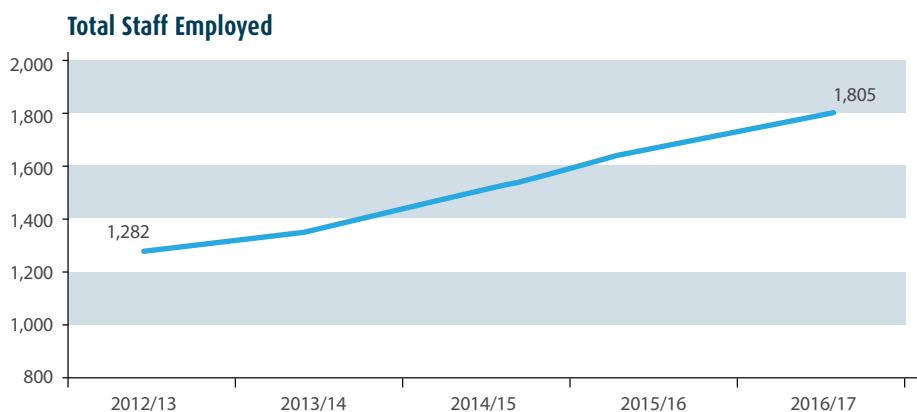
Development/Acquisition/Disposal (\$'000 of Units)



Source: PowerHousing Member capacity survey, September 2017

Much of the sector growth leading up to 2016-17 was enabled by financial leverage made possible through asset transfers and National Rental Assistance Scheme (NRAS) properties. There were also several developments and purchases by the sector, with organisations and jurisdictions reflecting variable rates of development and outright purchases. These developments and purchases are projected to escalate, with the three years commencing 2016-17 expected to deliver over 2,000 units in development, worth an estimated \$600 million, indicative of increased leveraging of asset transfers and NRAS entitlement allocations.

7.5 Staff

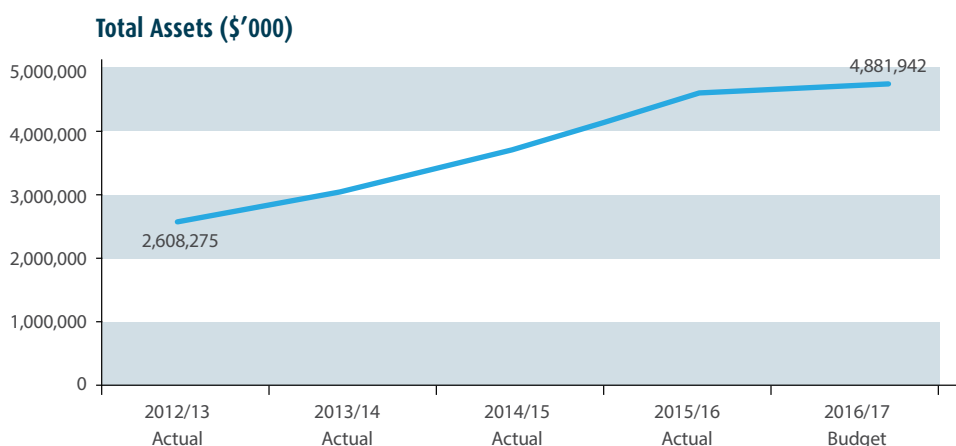


Source: PowerHousing Member capacity survey, September 2017

Members employed 1,800 people in June 2017. Growth in staffing has accelerated as CHPs increase their resourcing to meet growth expectations in current and coming years. Structuring for growth includes all levels of staff and management, ensuring organisations meet the additional corporate sophistication required to manage the increased stock and asset growth numbers discussed above.

90 per cent of staff employed by PowerHousing members are full-time. This is noteworthy considering Australia is experiencing near record levels of underemployment, a trend that seems set to continue.

7.6 Financial Information



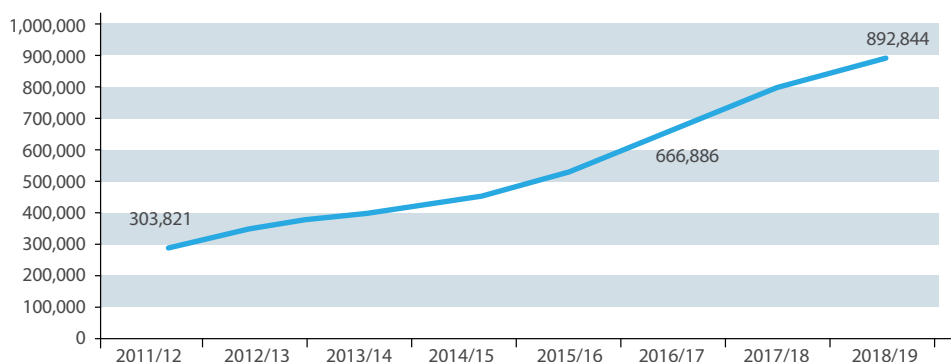
Source: PowerHousing Member capacity survey, September 2017

The PowerHousing member balance sheet reflects a strong asset position, with total assets of \$5.7 billion against liabilities of \$0.8 billion. This is a 2016-17 budgeted \$4.9 billion net asset position.

The liquidity position is very strong, with a liquidity ratio of 3.3 which has strengthened over the previous five years by 63 per cent. Most of the liabilities are borrowings, related at \$0.67 billion.

Based on the value of the assets owned as at June 2016 this represents a loan to value ratio of 13.4 per cent. Banks have tended to target a ratio of less than 35 per cent, so this is currently well below those expectations.

Borrowings (\$'000)



Source: PowerHousing Member capacity survey, September 2017

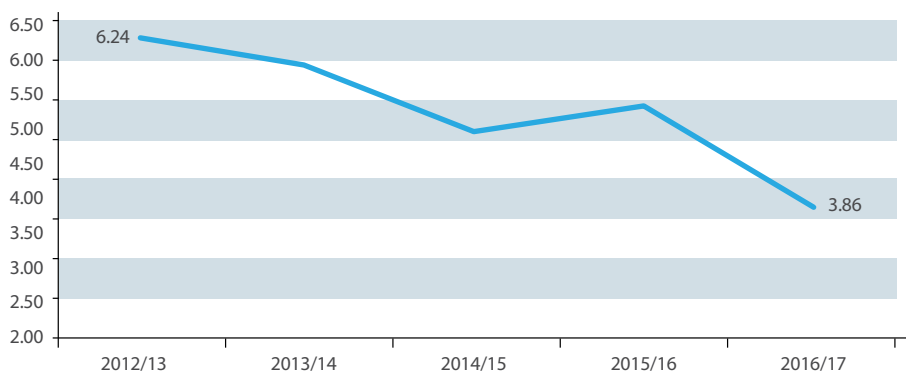
Borrowings have more than doubled over the previous five years. To fund the future projected development, these borrowings are expected to rise to \$0.89 billion by June 2019.

Based on the projected resultant owned asset position the LVR will still only be 16.5 per cent. From an operating statement basis, the sector focus is on earnings before interest, tax, depreciation and amortisation (EBITDA).

Income for June 2017 is projected to be \$641 million, excluding one off type transactions related to capital grants, asset transfers and sale profits. Over 74 per cent of this income is represented by rental income. Most rental income received is from benefits linked, with payments directly transferred from Centrelink.

Recurring cash operating costs are projected to be \$536 million, most of which relates to maintenance, property costs and staff. Bad debts are projected to be 1.2 per cent of housing revenue, which is modest given the nature of the business.

Interest Cover Ratio (Excluding Capital Grants, Asset Transfer, Sales)



Source: PowerHousing Member capacity survey, September 2017

The June 2017 interest cover ratio is projected to be 3.86. This has dropped considerably over the last five years, representing the escalation of borrowing by the sector.

The banks' target for organisations is to remain above 1.5 to 2.0 so there is still considerable buffer within the current position.

8. Capacity Statement - Credit Ratings, Insurance and Risk Profiles, and Organisational Structures for Growth

BHCL AA-Credit Rating

PowerHousing member Brisbane Housing Company Limited (BHCL) is Australia's first CHP to receive a global AA-credit rating.

International ratings agency Standard and Poor's (S&P) awarded BHC the high rating based on the provider's low debt levels, experienced management, strong relationship with the State Government, and a robust demand for its quality, affordable housing assets.

The AA rating is the fourth highest rating possible and indicates BHC has very high credit quality and a low risk of credit default.

Such a rating provides confidence that other Tier One providers, like BHCL have the financial and organisational capacity to diversify and expand portfolios with alternative and private financing arrangements.

David Cant



Position: PowerHousing Board Member and Outgoing BHCL CEO

Head Office: QLD

CURRENT ROLE: PowerHousing Australia Board member.

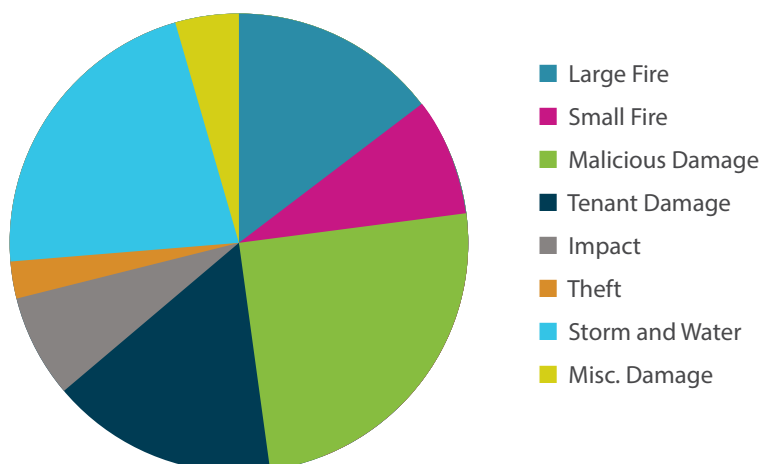
PREVIOUS ROLES: One of the leading lights of Brisbane's affordable housing industry, David stepped down as BHCL CEO in August, having delivered more than 1600 new affordable homes to low-income households over 15 years.

David arrived in Brisbane after a distinguished career in the United Kingdom's affordable housing industry, the Queensland Government having recruited his vast experience to build BHC from the ground up. He quickly developed a reputation as an industry leader, advocating across all levels of government for infrastructure for social and affordable housing. He was also a member of the Prime Minister's Council on Homelessness, which advised the Federal Government on measures to tackle one of the nation's most pressing issues.

Risk - Aon

A majority of PowerHousing members utilise Aon's services for risk and insurance. As such, Aon has developed detailed insights and information about the Australian CHP sector risk and insurance profiles. In the future, as the relationship between Aon and CHPs continues to mature, the data Aon collects will be used to further understand sector risk and to build mitigation strategies. The following analysis by Aon provides a snapshot of the current sector profile.

Sector Risk Profile



Source: AON, September 2017

Over the past seven or so years the Community Housing Sector has significantly increased its portfolio of properties that have a need for risk to be transferred to the insurance market. This has provided challenges around insurer appetite and available capacity, and continues to do so with the ongoing growth of property portfolios. Aon acknowledges that claims are to be expected due to the sheer volume of properties and expansion of assets in CHP portfolios.

Risk Profiling exercises have been conducted across specific CHP property portfolios, providing insight into larger exposures such as earthquake, bushfire and flood, and to allow CHPs to understand their actual risk exposure arising from a major event. This in turn has provoked thought around such concerns as emergency accommodation and pre-planning for such events, including recognition that the insurance cover can pay for alternative accommodation.

Developing relationships with specific insurers has allowed Aon to understand the capability of CHPs, and consequently has led to a reduced need for loss assessors for many organisations. Pre-agreed Authority Limits for certain types of damage/loss have assisted in many smaller claims, as they are resolved in advance through a CHP's standard operating procedure. This avoids delays from lodging claims, waiting for loss assessors, sourcing several alternative quotes, and ultimately gets the tenants back to normal conditions.

Rachel Gellatly

Haven Home Safe



Position: General Manager - Housing North

Head Office: VIC

Appointed: 2017

CURRENT ROLE: This newly-created role spans the operations of the Northern housing portfolio and plays a key role in the development and delivery of organisational strategy and partnerships.

PREVIOUS ROLES: Rachel has 20 years' experience in Australian housing sector with Haven Home Safe, beginning in operations, she now manages a vast geographic area and various housing programs. Rachel has also spent time working in community housing in the Northern Territory and the UK.

There is a heavy focus on the property and liability risks for CHPs, however the employee or people risk is a key component of CHPs' risk registers. Work health and safety frameworks and implementation are key to mitigating and/or managing people risk events, which are often central to the immediate effective operation of a CHP.

PowerHousing members are currently undergoing a review of organisational risk registers, and compiling resources to create national best practice guidelines around risk management and risk register development. Property and liability risks, work health and safety issues, and financial systems for sustainability are all aspects of this work.

Hudson Australia - Organisational Structures for Growth

Hudson undertook a significant piece of research recently to support PowerHousing Australia's analysis of the sector and how members and organisations in the sector can position themselves in the future. Some of Australia's largest CHPs were involved in an in-depth review of structure. The CHPs ranged in size from \$50 million to \$500 million (net asset value) and management of 1,000 to 6,000 units.

Three key areas were identified as fundamental discussion points, with a particular focus on areas for appropriate attention, and strategies to continue to grow the sector. These insights have been shared with PowerHousing members and have informed member decisions as CHPs actively engage in building organisational capacity.

High Calibre Boards & Committees

Board performance is vital to the success of an organisation. To ensure the board is a strategic asset, the board must have the right mix of skills and knowledge as well as the ability to work effectively as a team. Today's rapidly changing business environment also requires boards to be flexible and responsive in order to meet the unexpected needs and challenges of the sector.

PowerHousing member boards were, and are, being structured for growth. Some of the key findings and areas for continuing development are included below:

- Most boards are composed of skills-based professionals, some with a broader mix of skills than others. It is important the sector continues work to ensure adequate experience is represented in areas such as people and culture, technology and innovation, and commercial partnerships.
- Gender diversity of CHP boards is notably strong - with directors being 33 per cent female as against the average of 23 per cent in ASX 200 businesses. In our research, several CHPs cited a preference for further improving gender diversity with future nominations.
- The sector needs to encourage greater board diversity across ethnic, age and socio-economic backgrounds. Hudson's research indicates board members are largely unrepresentative of the communities in which CHPs operate, and is an area in which members are working to improve.

Nathan Rees

Hume Community Housing Association



Position: Non-Executive Director

Head Office: NSW

Appointed: March 2017

CURRENT ROLE: Having served as Premier of NSW 2008-2009, Nathan's appointment brings a deep understanding of state government and the social issues impacting on housing affordability; helping to inform the strategic direction of the board. His experience is invaluable as Hume works with state and federal governments to address the growing housing affordability crisis.

PREVIOUS ROLES: Nathan has 25 years' experience in public administration through his positions as: NSW Premier (2008-2009), Member of the Legislative Assembly (2007-2015), Member for Toongabbie (2007-2015), Minister for Water Utilities (2007-2008), Minister for Emergency Services (2007-2008), Minister for Water (2008), Minister for Central Coast (2009), Minister for Arts (2008-2009), Shadow Minister for Police and Emergency Services 2011-2014), Shadow Minister for Arts (2011-2014), Member Committee on the Health Care Complaints Commission (2010-2011) and Member Committee on the Independent Commission Against Corruption (2011-2015).

Executive Structures

Attracting and retaining good staff is a critical element of developing effective executive structures. High performing executives with the commercial nous, people leadership skills, governance and strategic focus are a highly valuable asset to any organisation.

From recent Hudson research undertaken, PowerHousing member executive structures were benchmarked, which reflects executive talent already in the sector and reinforces the ability of the sector to attract high-calibre human capital.

Member CEOs, senior executive and support structures have from diverse backgrounds with healthy levels of CHP experience blended with private sector expertise which is should across a series of profiles across the document from CEO, CFO, operations, development & asset maintenance, people & culture, compliance and field staff.

Sharyn Osborn

Anglicare SA



Position: General Manager People and Culture

Head Office: SA

Appointed: February 2013

CURRENT ROLE: Sharyn is utilising her demonstrated global experience in the delivery of human resource strategic and operational solutions with Anglicare SA. Sharyn is also implementing business improvement analysis, organisational development strategy, and training strategy and provision across the organisation.

PREVIOUS ROLES: Sharyn has worked across many industries and sectors including small business, utilities, agribusiness and not-for-profit. Her experience includes working in Singapore for Viterra and managing human resources across 12 different countries.

As evidenced by the 2016 KPMG and PowerHousing report, *Collaborating for a better housing future*, PowerHousing Australia's CHPs operate within an ethos of engagement with tenants, provision of high quality services and working with partners to deliver linked services. They are structured to be viable, ethically run businesses, driven by strong missions and values.

PowerHousing CHPs partner with affiliates outlined in this document to support the highly valuable work but also partner with a wide variety of organisations to deliver integrated housing services across the continuum of need as well as community capacity building.

Our CHPs work with:

- Crisis accommodation services to transition people to longer term housing solutions
- Education and employment providers to support people to build skills and capacities to transition to more independent living
- Specialist services such as those serving people with disabilities, young people, women and children who have been homeless to provide high quality services that meet the specific needs and address causes of vulnerability and disadvantage
- Suppliers and developers to generate innovative housing products that can bridge the gap between social housing and independent private arrangements.

While previous growth cycles have been typically driven by government policy, CHPs are now looking to enhance their (revenue and asset-based) resource capacity through new business ventures and wider engagement with a variety of government, NFP and private partners. The social housing sector is growing significantly in Australia, and research indicates that CHP organisations are self-driven, continuing to invest in their own organisational capacity, and avidly seeking growth opportunities for their businesses through the pursuit of new funding sources, partnerships and mergers with multiple industries.

Ian Aiyathurai

Access Housing Australia Ltd



Position: Chief Financial Officer

Head Office: WA

Appointed: April 2013

CURRENT ROLE: Ian's appointment as Access Housing CFO in April 2013 was pivotal in the transformation of the company's financial and corporate services business areas, which provided a solid foundation for the company's ensuing growth.

PREVIOUS ROLES: Ian joined Access Housing with more than 15 years of applied financial experience to his name with General Electric (GE), healthcare, oil and gas, consumer, industrial, and corporate sectors where he held director, CFO and other leadership roles, with responsibilities across ANZ, Asia Pacific and the US. His achievements with GE included the setting up of business operations and high performance teams in diverse industry sectors.

Collaborating for a Better Housing Future

Having the right structures and strategy for scale development and management of social and affordable housing is critical to CHP Sector Capacity. Over the past decade, PowerHousing and its members have worked with industrial relations specialists such as Jobs Australia.

As identified in this report, the Sector has grown significantly in a short time. This growth has necessitated change in organisational structures to meet core housing requirements, including those of property transfer, build-to-rent, leasehold and wraparound services. Such structures will need to continue evolving over the next five years as key sector players, PowerHousing membership, industry, and governments partner tackle the Australian affordable housing problem.

Innovative policy and programs such as the Federal Government's Managed Investment Trusts (MITs), private and government financing, and continued joint venture projects between developers and CHPs; coupled with continual improvements to CHP organisational structures will ensure the growth of social and affordable housing provision that also provide sound social, economic and industrial returns.

Housing affordability in Australia is a problem that requires many hands on the wheel. PowerHousing members will continue to work with government, private industry, other not-for-profits, and affiliates to bring about results and build upon the capacity of the Sector as reflected in this prospectus.



9. CEO's Conclusion



The Community Housing Sector has grown in size and sophistication over the past decade to achieve demonstrable scale. It is clear that the sector's value to society and its potential to deliver outcomes have reached a place of great significance.

This edition of the Sector Capacity Prospectus shows the growth in management of housing and the types of CHPs that make up PowerHousing Australia.

These ASIC and ACNC-regulated not-for-profits and endorsed charities exist to create social and affordable housing for over 80,000 people, in homes across all corners of the country.

Profits are not paid as dividends to shareholders, or sunk into the hands of the private owners operating here in Australia. Instead, they are reinvested into delivering more social housing and wraparound housing outcomes for the community.

Many of the tenants of CHP social and affordable housing are still not old enough to recognise the pragmatic expertise and opportunities being built around them, but their story is one to watch. With a secure roof over their head, they have the chance to become the architects of our nation's tomorrow.

Our workforce is made up of professionals that have made a career in community housing, rising through the ranks alongside newcomers with notable previous experience in prestigious accounting, financial, legal, development, and professional firms.

CHP field staff undertake some of the most important and challenging work we do. Their contribution is crucial to providing so many Australians with the homes they need to build a better future for themselves and their families. We are fortunate to count emerging leaders like Mat Toailoa among this workforce. As our PowerHousing Rising Star 2017, Mat is the real deal, and a true illustration of the underlying and emerging capacity of the sector.

Government, financial and private investors in policy and housing partnerships are powerful enablers of this capacity, both emerging and latent, which in the next three to five years will be fully realised under the policies of governments at all levels as they continue to partner with the sector.



Nicholas Proud
Chief Executive Officer

October 2017

PowerHousing Australia - Rising Star Winner 2017

Mat Toailoa

Evolve Housing



Position: Housing Manager

Appointed: 2013

Mat Toailoa of Evolve Housing won PowerHousing's 2017 Rising Star Award. Mat exemplifies the qualities of a Rising Star in every way. His work performance, operating style and capacity have a direct reflection on Evolve, the lives of Evolve's residents and on the wider communities he works with, also making him a positive sector-wide contributor.

Mat is a 32-year-old social housing professional who is genuine in his commitment to his role and the sector and to improving himself in order to provide better for his young family of five and his extended community.

Mat joined Evolve Housing in 2013 as a Housing Manager where he quietly and consistently delivered against his position responsibilities. He held several portfolios during his time with Evolve, demonstrating his agility and capacity. His current substantive portfolio role is as Housing Manager (NRAS – Social) managing a portfolio of 170 social housing eligible tenancies living in Evolve's NRAS properties. Mat straddles across social and affordable housing programs and associated products, successfully negotiating the complexity that comes with the nuances and interconnections across the two.

Mat has been instrumental in developing new team members for future success. Through his understanding of his role and his approachable style Mat has led change to improve efficiencies in several areas across the business, including getting the tenancy management dashboard operational for his workplace. Evolve has also seen a significant improvement in rent arrears recovery and vacant turnaround through his work.

Note: All images used in this document were provided by PowerHousing Members. They represent but a small sample of the amazing people and developments in the Australian Community Housing sector.

Sector Capacity Prospectus 2017 – Research Developer

Kelsey Boivin

Manager – Projects and Research (PowerHousing Australia – Canberra, ACT)

The Sector Capacity Statement was developed by Kelsey Boivin – Manager Projects and Research at PowerHousing Australia. Prior to joining PowerHousing in January 2017, Kelsey held roles with the Massachusetts Institute of Technology (MIT) in the US and was responsible for stimulating and supporting MIT community volunteerism and philanthropy, with a focus on service to local communities. She has also held roles in program implementation, quality standards with systematic supervision, and educational research in Boston, New York and Washington.

End notes

1. Maclennan and Miao (2017) AHURI Transformative transfers: growing capacities in UK social housing
2. Australian Institute of Health and Welfare 2017. National Social Housing Survey: detailed results 2016. Cat. no. HOU 290. Canberra: AIHW.
3. Productivity Commission. Report on Government Services 2017. Volume G, Chapter 18 'Housing.' Canberra: PC.
4. ABS. 2016 Census (Released 27 June 2017)
5. *Ibid*
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About PowerHousing Australia and its Members

PowerHousing Australia is a unique forum for peer-to-peer exchange collaboration amongst housing professionals who are dedicated to improving lives through the provision of affordable housing. As per the PowerHousing Australia capacity survey, undertaken by Chief Financial Officers, the organisation today has 30 of the largest scale Community Housing Provider Members who collectively manage over \$15 billion in housing stock, and own or manage over 50,000 homes for some 80,000 people.

Report coordination

The Sector Capacity Prospectus: Australian Community Housing Sector 2017-18 has been coordinated by PowerHousing Australia Manager of Projects and Research Kelsey Boivin. For further queries contact PowerHousing Australia at (02) 6210 5040.

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