Welcome back to work everyone and best wishes for 2014!
Hope you got a break over the Christmas and New Year period and that it was revitalising.

This will be an interesting year in housing.
As yet there has been nothing from the Australian Government on any direction for housing or homelessness. No one yet knows whether any of the former Government’s housing and homelessness initiatives will continue, be re-configured or dropped completely. We understand that a Housing Ministers Conference will be held in late February and until then we may not hear of any new developments.

Since preparing and submitting our Pre-Budget Submission for consideration by the NT Government in the upcoming 2014/15 Budget, NT Shelter has undertaken to now work on a number of key policy issues which we believe are priorities for the NT.

The first of these will be to look at developing our under-developed community housing sector. The development of community housing here in the NT has lagged significantly compared to developments in other jurisdictions where innovative approaches and the transfer of stock along with management outsourcing has resulted in significant net increases in social housing and improved tenant outcomes.

This edition of the Newsletter features an article by Hal Pawson from the from the November National Housing Conference, on issues around stock transfer and management outsourcing along with articles on financing affordable housing.

NT Shelter welcomed the NT Government’s ‘Framing the Future Blueprint’ where ‘developing the community housing sector was identified as a key objective for a strong society. We have also commended the Government on its ‘Real Housing for Growth’ affordable housing initiative which aims to deliver 2000 affordable housing dwellings by 2016.

We believe however that affordable housing targeted at key workers in the economy will not result in greater access by low income households into much needed social housing - and we are presently losing public housing stock numbers in the re-development of older estates.

Our PBS and our current subsequent work on developing a business case around increasing the capacity of community organisations to manage additional housing stock and in the future to leverage finance to develop new stock for low income households is we believe essential. This work is being developed in consultation with a number of the larger existing housing providers for consideration by the NT Shelter Board of Management on 21st February. Should you wish to discuss any aspect of this with NT Shelter please contact me at eo@ntshelter.org.au.
HOUSING STRATEGIES THAT IMPROVE INDIGENOUS HEALTH OUTCOMES

AIHW have recently released a report - ‘Housing strategies that improve Indigenous health outcomes’ - through the Closing the Gap Clearinghouse. The Clearinghouse is jointly funded by all Australian governments and provides an online source of information on what works to close the gap in Indigenous disadvantage. It is delivered by the Australian Institute of Health and Welfare (AIHW) and the Australian Institute of Family Studies (AIFS).

The report explores the links between housing quality and health outcomes, and identifies a range of practices that can improve the condition of Indigenous housing. It shows there are a wide range of housing interventions that positively impact Indigenous health. The full report can be viewed at http://www.aihw.gov.au/uploadedFiles/ClosingTheGap/Content/Publications/2013/ctgc-rs25.pdf

Events for 2014

NT Homelessness Summit
Darwin 13-15 May 2014
Presented by NT Shelter with support from the NT Department of Housing |Homelessness Team
Contact Morgan Sabbith @ NT Shelter for more info

8th Australasian Housing Researchers Conference, Brisbane, 16 - 18 July.
This is a premier conference for housing researchers in Australia and New Zealand. The conference is an important annual event for housing researchers across Australasia, allowing delegates to discuss their research with their colleagues and peers. Since the conference was established in 2006 it has allowed hundreds of participants to share their insights on the housing, urban, homelessness and housing system broadly with an academic audience. http://www.issr.uq.edu.au/ahrc2014

The 13th AIFS conference coincides with the 20th anniversary of the International Year of the Family, which in 2014 will focus on family-oriented policies and strategies to address family poverty; achieve work-family balance and advance social integration and intergenerational solidarity. http://conference.aifs.gov.au/

8th National Homelessness Conference,
Homelessness: Complexities & Countermeasures
Gold Coast, 10 – 12 September.
This conferences brings together participants from a large cross section of homelessness services, academics, government and allied health professions to discuss directions for addressing homelessness in Australia. It offers each State and Territory the opportunity to reach workers, managers and decision-makers to discuss how the changes in funding will work in your jurisdiction. As well as providing an avenue to share and learn from one another in the development and roll out of each State/Territory implementation plan. The National Homelessness Conference is an opportunity to discuss and debate the issues, ideas and mechanisms and hands-on practical approaches for better service delivery. http://www.homelessnessaustralia.org.au/index.php/events/national-homelessness-conference/8th-national-homelessness-conference

And some light relief from the NT News;
Some readers will be aware of the Desert-City Partnerships, an initiative of Desert Knowledge Australia, the Menzies Foundation and the Ian Potter Foundation commenced in 2011. This was established to foster sustainable relationships between funding organisations and desert community organisations to contribute to better social, education, health and economic outcomes in desert Australia.

The central Australian Grant Seekers Network allied to this initiative is commencing its 2014 activities with a workshop for existing networks in March.

Details will be forwarded to BRAG & AAG contacts once these are finalised. Please contact me if you are not on the BRAG or AAG contacts lists but would like to be involved.

**Impact Investing**

I had hoped to complete a separate article before this newsletter went to press with regard to a notable session of the National Housing Conference (NHC) staged in Adelaide in late 2013. The session ‘Private sector but social good financing: the options for housing’ looked at alternative funding models to provide finance for the delivery of social & affordable housing, partly reflecting the considerable, ongoing work undertaken by a number of researchers through AHURI.

(Further details on this session can be seen to Session F2, held on Day 3 of the NHC program; refer: http://www.nhc.edu.au/downloads/2013/NHC_program.pdf).

While this article is a work in progress, five radio pieces on ‘profit for purpose’, aired on ABC RN’s Saturday Extra in Oct-Nov 2013, came to mind in preparing this report – the Saturday Extra website notes: ‘They’re calling it ‘profit with purpose’ motivated by ‘compassionate self interest’. Impact investing is a new movement mixing the best of the old ideologies of capitalism and socialism, to solve some of the worlds’ worst problems. Saturday Extra explores the growing range of social enterprises in Australia that are working for both commercial reward and public good.’ I commend a listen to these; refer: http://www.abc.net.au/radionational/programs/saturdayextra/profit-with-purpose/5061242.
Previous research has indicated that a social housing investment guarantee (SHIG) on large-scale investments could attract super fund managers to the affordable housing sector. A recently published international review by RMIT and UNSW for the Australian Housing and Urban Research Institute (AHURI) - http://www.ahuri.edu.au/publications/projects/p53019 – has explored how governments can attract institutional investment by supporting the establishment of a specialist financial intermediary to pool smaller borrowing demands and provide a conditional government guarantee.

Slipping from reach First homebuyers are slipping (ABS, 2013) in the ranks of Australians purchasing a home and, once again, negative gearing and supply issues are back in the spotlight. There are growing concerns by the Reserve Bank (RBA, 2013) that highly geared property investment by Self-Managed Super Funds (SMSF, 30 percent of super assets) has the potential to further inflate the price of existing housing and drive home ownership from the reach of ordinary households. In his first major, post-election speech on housing made at the National Housing Conference (DSS, 2013), Social Services Minister Kevin Andrews referred to a national housing shortfall of 228,000 dwellings in 2011, which the National Housing Supply Council expects will grow to nearly 370,000 dwellings by 2016. Minister Andrews stressed the economic imperative of attracting a variety of investors into housing, and specifically towards private rental. But how can we ensure investors channel their funds towards the supply of ‘new and secure’ affordable housing via the housing association sector?

High cost, short-term finance
In the Australian context, housing association lending has expanded considerably in the past five years but the variation in terms offered and the length of the debt-raising process suggests such borrowing is still immature with a limited number of engaged lenders. In fact, bank lending terms could well be stymieing the growth of the affordable housing industry. Loan tenures are extremely short, often less than three years, imposing significant refinancing risks. Many loan facilities are interest-only, preventing organisations from amortising debt and building up any equity. Research by RMIT/UNSW indicates that commercial banks are unlikely to provide the long-term, low cost financing required to expand affordable rental housing in the future.

A new investment pathway
The cost and conditions of lending could well be improved by rerouting the financing pathway through super funds with a risk/ return appetite matched to the secure rent revenue of well regulated community housing organisations. Willing and able contenders include Australia’s rapidly growing superannuation funds. Yet, as SMSFs have shown, they can also drive up the price of existing dwellings. Driven by tax incentives, highly geared SMFM property investment aimed at capital gains is not only costly for governments but also damaging to rental security. Much more efficient and effective investment pathways are required to boost housing supply and improve affordability. Obviously, to attract the right kind of superannuation investment, Australian governments need to be conscious of what drives their investment strategies. Risks, returns, liquidity and scale are all variables that cannot be ignored.

Getting to know each other
Market education of both investors and borrowers could help to match portfolio demands to financing requirements. Lowering the risks of investment enables fund managers to accept lower yields. If passed on efficiently, this could lower the cost of finance channelled towards the supply of affordable rental housing, and drive the value of public dollars, such as rent assistance and tax credits, much further. Industry fund managers are actively learning about Australia’s emerging affordable rental housing providers, and trying to define the terms and conditions under which they would be willing to invest. Australia’s largest industry super fund, Australian Super, recently hosted an RMIT/ AHURI international think tank to design an investment mechanism (see reports and presentations on AHURI project website). The purpose of the think tank – involving senior stakeholders in fund management, credit ratings, housing policy, rental management and government treasury – was to critically appraise RMIT/UNSW research on guaranteeing investment in social housing, and inform the development and implementation of a model appropriate to Australian conditions.

Also actively involved in the think tank were two European experts: Dr Peter Gurtner, Chair of the Swiss Bond Issuing Cooperative (EGW) and former director of the Swiss Federal Office of Housing, and Mr Piers Williamson, CEO of the UK Housing Finance Corporation (THFC). Both shared their extensive experience in pooling borrowing demands of affordable rental landlords via a non-profit financial intermediary and launching bond issues with the assistance of a government guarantee. They were also actively involved in the National Housing Conference in Adelaide as panelists, speakers and answering questions from a well-attended Q and A post panel session.

A Positive Experience
RMIT/UNSW research has analysed seven schemes in Europe and the US detailing how guarantees and intermediaries channel longer term, lower cost investment to increase the supply of social and affordable housing. One of the
The most important findings of this review is the importance of guarantees in establishing a favourable market for affordable rental housing and the minimal impact they have had on government budgets. Through appropriate revenue support and regulation, sound business management practises and carefully structured guarantees, there has been a zero default rate among many European housing providers receiving guaranteed loans. Of the seven mechanisms, the Swiss Bond Issuing Co-operative and The Housing Finance Corporation clearly demonstrate established international best practice. The Swiss Bond Issuing Co-operative is a joint venture of the non-profit sector and the Federal Housing Office, established in 1991. It pools the financial demands of its members and meets these demands by issuing five to 15-year fixed bonds covered by a federal joint guarantee. This process allows smaller builders access to long-term, low cost finance from pension funds for affordable rental housing at typically 1-1.5% below comparable market rates and just above Swiss Government Bonds. Beyond the guarantee, the federal government contributes to a revolving fund, which provides low cost loans, and is administered by two umbrella organisations of housing co-operatives.

The Housing Finance Corporation was established under the stewardship of the National Housing Federation in 1987 to pool the borrowing demands of smaller housing associations and raise long term (20 to 35-year) debt finance from pension and annuity funds at very competitive rates (1-2% above UK treasury bonds). The UK system has been strongly underpinned by subordinated grants and rent assistance paid direct to the landlord, as well as appropriate sector regulation and secured financing.

In both mechanisms, pension funds are now the primary investors in affordable rental housing. In the UK, the HFC provides some of the largest non-government bond issues on the market.

What are investors looking for?

Turning to the Australian investor context, local super funds invest in a range of equities, property and securities, as well as infrastructure such as toll roads, rail and airports. While heavily weighted towards equities, Australian funds also invest and hold lower yield, fixed income securities as a hedge against inflation, to match payout commitments and to ensure greater diversity of investments. Well-rated securities are increasingly sought by managed investment funds, especially by defined contribution pension funds and annuity schemes, or in response to policyholder requirements. New international banking regulations also require the holding of higher quality assets such as AAA-rated bonds.

Attracting pension funds to a new asset class, such as affordable rental housing, requires long-term vision, policy commitment and much more active facilitation than currently exists. Firstly, to help establish this new market of well-rated bonds, governments need to guarantee investments in co-financed, appropriately regulated not-for-profit landlords. This will enable long-term rental housing providers to attract lower cost, longer term funds, a matching of investment interests and policy goals. Governments can also facilitate the establishment of a specialist financial intermediary, as in many other countries, to herd and assess borrowing demands in order to issue a suitable scale, risk/return and pipeline of guaranteed bonds for investors. This would greatly improve the financing efficiency and effectiveness of small providers.

A draft model of such an intermediary is provided on the project website and comments can be made as the research moves towards its final phase, which will outline implementation requirements.

Towards an appropriate mechanism for Australia The RMIT/UNSW report is part of a larger study helping to design a guarantee scheme suitable to Australian housing conditions. The final report will be completed early 2014, which will advise the Australian government on how to support the expansion of affordable rental housing to provide a stepping stone, oasis and refuge for households currently losing their foothold on home ownership.

References

ABS (2013) 5609.0 ‘Housing Finance, Australia’, Sep 2013

Senate Inquiry into Affordable Housing

On 12 December 2013, the Australian Senate referred an inquiry into Affordable Housing to the Senate Economics References Committee for inquiry and report.

The Committee’s Terms of Reference are quite broad ranging and cover all aspects of the National Affordable Housing Agreement (NAHA), the National Partnership on Homelessness, (NPAH) the National Partnership Agreement on Remote Indigenous Housing (NPARIH) as well as related housing assistance issues including those which fall under other areas of Government, the role and contribution of the not-for-profit sector, and the impact of not having a long term, national housing plan.

The Senate Committee has called for submissions to be received by 25 March 2014.

The reporting date is 26 June 2014.

For more info go to http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Affordable_housing_2013

For some background information, National Shelter completed a report in December 2013 developed through a series of consultations around each state and Territory in 2012/13 and although this is not yet on the National Shelter website you can contact NT Shelter to request a copy.
Chronically underfunded, neglected, stigmatised... Australia’s public housing system is being kept only afloat by cannibalising stock and deferring essential works.

Over many years, governments have turned a deaf ear to calls to reinvest adequately in property upkeep and modernisation. Admittedly, this is hardly news. Increasingly, though, policymakers and other stakeholders are coming to the view that mass transfers to not-for-profit community housing could provide a vital lifeline to stop the rot.

In the past few years, most of Australia’s states and territories have experimented with public housing transfers to community housing. Our newly-published study* – the first major research on the subject in the Australian context – reveals more than 20,000 former state owned-and-managed homes have been passed to community housing providers since 2000.

While diverse in approach, these largely experimental initiatives have, so far, only encompassed about 3 percent of Australia’s social housing stock (if we count only tenanted transfers). However, the scale of such initiatives looks set to be ramped up substantially, with three states announcing major new management transfer programs since 2012:

- Tasmania is progressing three ‘broad acre estate’ transfers involving 3,500 homes – a third of all public housing – to take effect in 2014;
- Queensland is in the process of transferring 5,000 homes in Logan and plans to hand over most of its remaining public housing portfolio (over 45,000 properties) to the nongovernment sector by 2020; and
- South Australia plans to transfer some 5,000 homes over the next five years, with 1,000 set for handover to community providers in 2014.

Although certainly not inevitable, transfers to the community housing sector can potentially benefit tenants through more responsive services and more participative governance arrangements. While not everyone saw it this way, former public housing tenants taking part in our research generally found their new community housing landlord to operate a more customer friendly approach.

This is consistent with national survey evidence on tenant satisfaction levels in the two sectors.

Lessons learned from transfer programs so far could be useful for future plans but research demonstrates that larger scale initiatives could not be successfully implemented by simply scaling up the procedures used to date.

Traditionally, in public housing handovers, tenant engagement has been generally inadequate. Although individual residents of homes designated for transfer have usually been provided with the opportunity to comment on a possible change of landlord, the cumbersome methods used to negotiate this would be untenable on a larger scale. Moreover, tenants collectively have had little or no say in how transfers are planned and managed. Because obligations on successor landlords to provide improved services and/or property condition have often been only vaguely defined (at least in terms of published details), the new managing agency cannot be easily held to account – either directly by tenants or through regulation.

Beyond this, it’s important to recognise that, while transfers may have the potential to save public housing from ruin, a simple switch to community housing management is not a magic bullet and should not be promoted as such. Only if accompanied by significant policy and funding reforms will the social housing system be put on a financially and socially sustainable path. As discussed more fully in our report, this is partly about the need for better tenant engagement models and more specific ‘transfer undertakings’ placed upon acquiring providers. But funding assurances are also essential.

Crucial here is the Commonwealth’s ongoing commitment to providing adequate rent assistance (RA) for those on low incomes so that providers (whether public or community housing) can cover their housing costs from their revenue. Assurances are also needed that additional RA expenditure resulting from further transfers would not be clawed back through reduced NAHA (National Affordable Housing Agreement) funding. Restoring this funding to its intended purpose of providing additional housing is essential to meeting future requirements for social housing as the population grows.

Even supported by RA income, it is far from clear that – without some additional form of dowry – community housing providers inheriting former public housing would have the resources to knock public housing back into shape and, equally important, the funds they’d need to keep estates up to scratch over the long-term.

Addressing this issue will involve extensive work to quantify (a) the cost of remedying existing disrepair and (b) the funds potentially available to acquiring landlords.

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* AHURI Research Centre – The University of New South Wales considers whether a mass transfer to not-for-profit community housing could “stop the rot.”
This, in turn, calls for not only detailed financial modelling but also the development of clearly defined minimum acceptable property standards.

Then there is the contention that title handovers would provide greater financial and social benefits than management only transfers of the type currently envisaged in the three aforementioned states.

While there are strong arguments that asset transfers would be beneficial, there is also a range of financial and accounting barriers that would need to be overcome if these are to be progressed on any scale. The case for title transfers and some possible ways forward are discussed in our report.

With the arrival of a new federal administration, the time is surely right to reinvigorate this debate. Until now, transfers have ‘flown below the radar’ in Australia. Only with more explicit political commitment and leadership could a larger scale program be successfully implemented to the benefit of both tenants and the wider community.

Hal Pawson is Director of the AHURI Research Centre – The University of New South Wales. Hal took on this role when he joined UNSW’s City Futures Research Centre in July 2011 as professor Housing Research and Policy, following 16 years at Heriot-Watt University, Edinburgh. His key interests include the governance and management of social housing, private rental housing and area regeneration. His latest co-authored book, ‘After Council Housing: Britain’s New Social Landlords’, was published in 2010.


This article re-printed here from the Australasian Housing Institute’s HousingWORKS, Vol 10 No 7 December 2013

NATIONAL REGULATORY SYSTEM

RESOURCES

In cooperation with the NSW Federation of Housing Associations (NSWFHA) and funded by the Commonwealth of Australia, the Community Housing Federation of Australia (CHFA) is conducting training workshops with community housing providers across the country to assist with the implementation of the National Regulatory System (NRS). The purpose of these workshops is to ensure that community housing providers in all jurisdictions have access to high quality, nationally consistent information and assessment tools that will assist them as they prepare to become registered providers under the NRS.

In order to provide information and assistance to as many community housing providers as possible, CHFA has developed an NRS section on the CHFA website which contains the training materials and resource documents used during the training workshops. They can be used as a self-paced learning resource for community housing provider staff that were unable to attend a workshop and as a follow-up reference for workshop participants.

These materials include:

- An interactive self-assessment tool that provides a checklist mapped to the National Regulatory Code’s Performance Requirements and Evidence Guidelines. It helps participants identify those areas where they have sufficient documentation to demonstrate compliance; those areas where documentation could be strengthened or improved; and those areas where a provider lacks the necessary documentation to successfully demonstrate compliance. By using this interactive tool, providers develop an action plan identifying the steps they need to take in preparation for registration.

- A presentation accompanies this self-assessment tool that unpacks each of the Performance Outcomes in the Evidence Guidelines and helps providers to better utilise the tool and preparing an action plan.

- Practical resources that provide good practice examples, templates for relevant documents and good advice that will aid providers in their application for registration.

- A workshop Q&As section providing answers to questions raised during the training workshops which will be updated periodically as new issues arise and to reflect any changes in the assessment or compliance process.

If you have any questions about the National Regulatory System or would like further information please contact CHFA.
Unlocking institutional finance for affordable housing: what Australian experts have said

Vivienne Milligan, City Futures Research Centre—University of New South Wales

This article is adapted from a presentation given on 1 November to the National Housing Conference, held in Adelaide. It reports on research commissioned and funded by the Australian Housing and Urban Research Institute (AHURI) and released earlier this year. The research team members were Vivienne Milligan, Judith Yates, Hal Pawson, Ilan Wiesel, Carrie Hamilton and Shanaka Herath. The research used a combination of desktop research and an ‘investigative panel’ methodology to harness expert views from 23 panelists from the finance, housing and government sectors. The article reports on the outcomes of the research.

Despite the current pick-up in the housing market, with record sales featuring in the property sections of our media, serious housing supply problems persist in Australia. This point was made very strongly by the new Federal Minister with responsibility for housing, Kevin Andrews, in his closing speech to the National Housing Conference last month.

Lower interest rates are impacting prices but recent experience suggests that any supply response is likely to be muted. The housing stimulus spending impacts are now finished. And there are ongoing constraints on the availability of finance for developers.

At the same time there is strong rental demand and the past few years have seen improving rental returns. In fact rental demand is supported by structural changes in our tenure patterns, with 33% of private renters renting long term and home ownership rates continuing to decline among younger age groups. However, while the rental market may be buoyant, there is a growing shortage of affordable rental housing.

While affordable housing supply is heading the wrong way, a good part of the policy framework to respond has been developed.

The policy elements of a new affordable housing supply model have been demonstrated at small scale and lessons learned. The National Rental Affordability Scheme (NRAS) in particular, has built momentum and begun to engage the financial sector. The combination of NRAS, which offers financial incentives for supplying new rental housing at below market rents, and the stimulus investment in social housing has built the capacity of not-for-profit housing providers, forged new crosssector partnerships for supplying housing and generated new fund raising entities. Restructuring of social housing is also creating new opportunities for financing partnerships, and for leveraging new supply.

But a permanent, core private financing mechanism dedicated to affordable housing and backed by government, remains the missing link. Even here, a strong evidence base to support and inform the choice of an appropriate model already exists. But ultimately, it will be the engagement between institutional investors themselves and governments that will make it happen. Which is what the Investigative Panel was intended to help shape.

So what is ‘institutional investment’? It’s any large scale investment from corporates, pension funds, super funds, unit trusts or the like. Another way of thinking about it is as largescale ‘professional’ landlordism. And professional landlordism is the antithesis of the ‘amateur’ landlordism that has characterised the Australian rental market up to now and restricted tenant choice.

Institutional investment can be structured as equity (such as direct investment) or debt (for example, loans or bonds) or both (for example, as funded by assetbacked securities). In addition, it can be styled as an infrastructure style product (where the return is cash-flow based) rather than a property investment (where return relies more on capital gains).

But why do we need institutional investment in the rental property market? The first answer is that it is the only way to achieve the scale of new supply we need. Only by accessing institutional funds can provision expand sufficiently to meet levels of future rental housing demand – both general market rental and affordable rental products. This alone is a compelling reason. But the other reason is efficiency. We need to reform the operations of our current rental investment market, which is characterised by individual speculative investments – a ‘volatile’ source of funds, too reliant on capital gain and consequentially leaving renters too often at the mercy of property turnovers.

By contrast, institutional investment would mean fewer transactions and building at scale, which can produce efficiencies in procuring, managing and maintaining housing. And in the context of growing numbers of long-term renters, long-term investors could help reform the nature of the rental product to one that gives residents more security and flexibility in homemaking while, at the same time, providing regular returns to investors.

There are several different sources of institutional investment potentially suitable for rental housing. One of the most important is super funds operating in the pension phase (rather than the accumulation phase). For these funds, rental revenue offers steady and predictable returns well matched to the liabilities of the expanding part of the super industry that will, as Australia ages, be operating in the pension phase.

Investment by the growing self-managed funds sub-sector could also be aggregated and channelled to rental supply (with efficiency gains over the use of SMSFs for individual property purchase). Rental housing investment can also work well for super funds looking to diversify at a time when alternate investment options, such as share portfolios, are seen as too volatile. Beyond super funds, there are overseas financial institutions attracted to the stability of the Australian economy.

And finally, social investment funds could be a source of institutional investment.

One of the main tasks of the financial experts on the Investigative Panel was to identify continuing domestic barriers to such investment – and then to propose practical ways around those obstacles. They highlighted four significant barriers.
Unlocking institutional finance for affordable housing

The first hurdle is an inadequate risk-return profile. Since these are long term investments and could be styled more like infrastructure than property, the return from realizing the capital gain that is crucial to current ‘mum and dad’ investors (supported by tax breaks such as negative gearing), must be replaced by higher rental yields.

On the risk side, there is still an (unwarranted) perception of high tenancy risks – a concern whether rent revenue will be reliable and predictable.

The second hurdle is that residential rental is still a relatively unknown investment class to the big players. While this is changing (and NRAS in particular has helped to bring the banks and the super funds to the table), it has no established track record supported by a body of data.

The third hurdle is uncertainty about continuity of government support. The possibility of being left with ‘orphaned assets’ – assets that can no longer perform if government support is withdrawn – is a serious concern for large investors.

Finally a mature institutional investment market requires scale and liquidity. In a small market like Australia, scale requirements can’t be met if investment is limited to a sub-sector of the market – like affordable housing. So investment packages that offer market rental as well as affordable rental are likely to be needed. Achieving liquidity, such as through a tradeable housing bond, can suit the needs of investors and tenants alike as the bond can be readily on-sold without disrupting sitting tenants.

In the face of these barriers, the expert panel had these key messages:

• Institutional investment in supplying rental housing is both desirable and feasible – but it must be established on a financially sound basis.

• Achieving investment at scale will require from governments: strong leadership, continuing and predictable policy (especially maintaining NRAS and rent assistance payments), and consistent actions across states and territories.

• Specific strategies for attracting institutional investment need to be aligned to overcoming the outstanding barriers.

• The research led to a number of specific recommendations on how to make this happen.

The first of these concerned the importance of having an enduring national strategic policy framework. This framework would need to include at least three elements. It would need to show a commitment to a longterm goal of encouraging largescale institutional investment in affordable rental housing. Perhaps the most effective way of realising this would be for governments to nominate ‘affordable housing’ as a priority infrastructure requirement. The framework must also continue the NRAS brand and extend NRAS funding incentives (beyond the current commitments to 2016). While this scheme should not be fixed for all time, if changes are needed, government should negotiate with the investment sector ahead of them being made.

Finally, the framework should set an annual target for additional affordable dwellings, for example, between 5,000 & 10,000 dwellings per year depending on cyclical conditions in the housing market. Such targets are critical to signal certainty and scale to investors.

The second recommendation was to establish a more effective financing framework. Crucially, this separates the financing of affordable housing into two distinct phases – the construction phase and the take-out (operational) phase.

‘Supply initiation’ (the construction phase) is the sphere of private developers and not-for-profits. Possible government roles include: contributing public land, providing planning support, establishing a revolving loan fund (development finance) for NFPs, and guaranteeing a proportion of sales (e.g. through pre-committed bundled NRAS offers and/or purchase of social housing).

In the ‘take-out’ (operational) phase, government’s role would be to encourage new financing mechanisms (for example, housing supply bonds); supplement investor yield (something which is already being done through NRAS), support revenue (such as occurs through paying rent assistance to lower income tenants), and to ‘credit enhance’ cash flows (by guaranteeing a proportion of the revenue streams needed to service debt or provide acceptable returns on equity).

The third area of recommendations related to strategic advice. The expert panel recommended that the federal government set up a Rental Housing Investment Task Force of experts and stakeholders.

The task force would provide commercially rigorous advice on appropriate rental housing investment strategies, examine the need for intermediaries to aggregate funds and investment opportunities, and, importantly, build policy consensus and provide guidance on longer term policy settings. The panel also stressed the importance of identifying a high-profile champion leading the task force – to raise the public profile of this issue and help to forge a robust agreement about the best way forward between the finance sector, the housing industry and government.

The last recommendation recognises that we still need to demonstrate that these approaches can work. The panel called for a ‘proof-of-concept’ phase that would develop the investment market. Importantly, this is different from the try-and-forget idea of a ‘pilot’. In this phase, government should use the task force to advise on market requirements, actively promote its policy direction and immediate investment opportunities to the institutional investment sector, and then use initial market responses to inform longer term policy settings.

During the proof-of-concept stage, all governments would contribute by assembling a suite of crossjurisdictional opportunities (land, incentives, equity, concessions, revenue support) on common terms, in order to achieve the scale needed. As part of this phase, the credit enhancement options discussed above could be implemented, through a government guarantee of rental income or some other form of cash flow support for a limited period to bolster investment.
Unlocking institutional finance for affordable housing

It is worth noting that there is a precedent for this approach in recent NSW Government toll road announcements whereby that government will be taking the financial risk for the early years of operation before the private sector takes over.

The expert panel’s recommendations give a practical form to the perennial discussion about how to achieve institutional investment in the rental market and, as an essential part of that, in affordable rental housing, with four take out messages to government:

- Establish a National Strategic Policy Framework,
- Differentiate government support for (a) construction and (b) operational phases of affordable housing delivery,
- Appoint a cross sectoral rental housing investment advisory body, and
- Embark on a proof-of-concept phase (2-3 years) to develop the investment market.

The table below provides a summary of the specific strategies that were proposed as a package to overcome the key investment hurdles identified by the experts.

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For more information see:

Available online at http://www.ahuri.edu.au/publications/projects/p71016

What is National Youth Week?

National Youth Week (NYW) is an annual event held around April each year in every Australian State and Territory. In the Northern Territory (NT) it has become our largest celebration of Youth allowing young people to get involved, have fun and participate in loads of events and activities.

NYW 2014 will run from 4-13 April. The theme for 2014 is Our Voice. Our Impact.

Follow NYW on facebook via www.facebook.com/NYWNT

NYW Roving Reporter

In 2014, the OYA would like to invite young people aged between 12 and 25 years from across the Territory to become a Roving Reporter in their region. The OYA is offering up to $500 for an individual or group of friends to take photos, interview, film, edit and produce short videos about NYW in their community. The OYA is offering multiple positions in regional, remote and city centres around the NT and encourages young people to apply regardless of location.

The content you provide OYA including pictures, videos and interviews will become public information and will be published on the NYW NT Facebook page www.facebook.com/NYWNT.

To nominate for a position, all you have to do is complete the application form below and submit it to oya@nt.gov.au or by fax to 8941 5291 by Monday 10 March 2014.

For more info or the Roving Reporter Application Form go to http://www.youth.nt.gov.au/national_youth_week.html

This article re-printed here from the December issue of Shelter NSW’s ‘Around the House’ as adapted from Dr Milligan’s presentation at the National Housing Conference October/November 2013
The HPO is focused on finalising the Regional Homelessness Forums reporting, preparing for the NT Homelessness Summit to be held on 13 – 15 May in Darwin and collecting information on social housing to progress our sectors understanding of social housing stock throughout the NT.

**NT Homelessness Summit 2014**

13-15 May 2014, Darwin

The Summit will provide the sector with a range of quality presentations and workshops addressing key NT homelessness issues.
- Pre-Summit sector workshop - Tuesday 13th May
- 2 Day Summit - Wednesday 14th to Thursday 15th

The NT Homelessness Summit is held in collaboration with the Department of Housing (DHsg) and the Summit Steering Group with sector membership. The Summit is funded by DHsg and through other sponsorship. The Summit encourages the exchange of information, ideas and strategies for change, growth and collaboration within the homelessness sector, across sectors, and with government agencies. The Summit provides opportunities to network, exchange information and to identify key sector goals and strategies that might strengthen the sector, to offer better services to the community. Key goals and strategies to contribute to a more socially inclusive NT will be incorporated into workshop at the pre-summit sector day as well as throughout the Summit.

**Regional Homelessness Forums**

Regional Homelessness Forums were held by NT Shelter in Katherine, Alice Springs and Darwin towards the end of 2013. The forums aimed to determine regional priorities for future homelessness funding by identifying new and emerging solutions and effective responses to homelessness. The information provided by the sector is being collated into a report to be released in February.

Initial drafts show that the initiatives considered most efficient at meeting clients’ needs include:
- Collaborative approaches enabling several agencies to meet service needs concurrently
- Those which bring diverse services together to allow clients to access a variety of services in one location
- Preventative approaches with an emphasis on outreach services which reduce the need for crisis accommodation
- Programs which incorporate various support services to improve successful transition through the homelessness system
- Service systems which enable agencies to provide specialist services with appropriate referrals.

**Accommodation Action Groups**

The HPO facilitates the Katherine Accommodation Action Group (KAAG) and Darwin Region Accommodation Action Group (DRAAG) meetings.

**KAAG**: The membership of KAAG is being considered by current members with an aim to improve the effectiveness of the group. In early 2014 KAAG will be continuing to plan a ‘blanket drive’ to provide sleeping bags to rough sleepers at the beginning of the 2014 dry season. Next Meeting: 10:00am – 1:00pm Tuesday 4th of February at the DCF Meeting Room, Unit 2 /3 First Street, Katherine.

**DRAAG**: The DRAAG meetings provide an opportunity for networking, raising issues, promoting best-practice, and instigating sector relevant projects. In early 2014 DRAAG will consider relevant sector recommendations including those from the Darwin Region Homelessness Forum to determine the direction of the group in 2014. Next Meeting: 2:00pm – 4:00pm, Wednesday 19th February at The Salvation Army Meeting Room, Darwin Corps & Community Centre, Cnr Lee Point Road and Yanyula Drive, Anula.

**Council for Homeless Persons Australia (CHPA)**

NT Shelter’s HPO is the NT representative for CHPA and will be attending the meeting in March. Sector issues identified through NT Shelter’s facilitated Accommodation Action Groups, the NT Homelessness Regional Forums and general networking will be raised at the CHPA meeting for national consideration. CHPA is currently focussed on issues specifically relevant to:
- Aboriginal and Torres Strait Islanders;
- Culturally and linguistically diverse (CALD) people; and
- People in rural or remote communities.

Note: CHPA is one of three founding member organisations of Homelessness Australia, along with the National Youth Coalition for Housing (NYCH) and Women’s Emergency Services Network (WESNET).

**NT Homeless Awareness Stickers**

NT Shelter is grateful for to all who have placed a Homelessness Awareness Sticker on their vehicle already. The sticker has the social message: **Low Income + Unaffordable Housing = Homelessness**

‘It can happen to anyone’

We still have plenty of stickers available and would like to encourage organisations to consider placing these on your community service vehicles and to help us further distribute the stickers. Please contact NT Shelter for stickers.

Contact Morgan on 89815003 or hpo@ntshelter.org.au
NT Shelter welcomes stories from the sector for inclusion in our quarterly Newsletter. To submit articles please contact Toni Vine Bromley at eo@ntshelter.org.au

Deadlines for copy in 2014 are:
- 24th April
- 25th July
- 24th October

NT Shelter’s E-Letters for both Housing and Homelessness are issued in months when a hard copy newsletter isn’t sent out.

If you would like to subscribe or include an article to these please contact NT Shelter as follows:
• for the Homelessness eLetter
  - Morgan Sabbith; hpo@ntshelter.org.au
• for the Housing eLetter
  - David Havercroft; ca@ntshelter.org.au

NT Shelter has improved the operation of the ShelterMe website for better printability of the data - whether a category, region or a page.

There is now a facility on the website for accommodation providers to be able to log-in and advise users whether they have a bed vacancy. This requires each participating service to have their own log-on so they can enter their vacancy info.

Contact NT Shelter for an initial log-on and password which you can change as required.

We have also been promoting ShelterMe through various NT radio and television media in English and in some Aboriginal languages- maybe you’ve seen or heard the ads which are broadcasting until March 2014.

• Contact NT Shelter for any further information or to add or update an entry on the database
• Check out the website and refer your clients to it
• Call us if you want more ShelterMe contact cards

Contact NT Shelter at admin@ntshelter.org.au