

Community Housing Regulation - unlocking new resources



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Background to the project




- ⌘ AHURI research, through Sydney University and National Community Housing Forum
- ⌘ Led by Peter Phibbs, research team: Claire Barbato, Robyn Clough, Adam Farrar
- ⌘ Report: *Stakeholder requirements for enabling regulatory arrangements for community housing in Australia*
- ⌘ 7 data reports - financiers, developers, local government, churches, central agencies, administrators, providers
- ⌘ Second in a series of 3 NCHF reports on regulation

Policy purpose



- ⌘ To identify the elements of a regulatory system for community housing that will best support the development of the sector
- ⌘ particularly in the context of the emerging emphasis on affordable housing and private finance in the housing system of the future - CSHA.

Why look at regulation?



- ⌘ NGOs have been seen as the vehicles to attract new resources and partnerships to social & affordable housing
- ⌘ Also seen as being able to provide specific management advantages - in estates, rural areas, for some population groups.
- ⌘ To take on these roles, they would have to have a significantly larger share of the business

Why look at regulation?




- ⌘ But many commentators have argued that NGOs will only be given (or succeed in) these roles if there are far stronger assurances:
- ⌘ On their performance,
- ⌘ Their use of public investment or assets,
- ⌘ Their viability
- ⌘ The public risk to government

Why look at regulation?



- ⌘ In fact, while only one jurisdiction has a formal and legislated regulator (SACHA), a number of jurisdictions have recently been developing regulatory frameworks for CH
- ⌘ So it is particularly important that they are properly designed to meet the needs of the stakeholders whose buy-in will determine the future for CH and social housing as a whole.

Why look at regulation?



- ⌘ Both community housing and provider workshops agreed that the current regulatory regimes - mainly based on contracts - are fragmented, inconsistent, ineffective & imposing high compliance costs.
- ⌘ If for no other reason, change is needed

What were we trying to find out about regulation?




- ⌘ *Do* the new potential 'partners' see regulation as helping them engage? How?
- ⌘ Will regulation provide government assurance about public risks - How?
- ⌘ What should regulation look like to be seen as contemporary best practice?

Methodology



- ⌘ Desk research on contemporary approaches to regulation
- ⌘ Desk research and interviews on both stakeholder experiences of the impact of regulation and emerging approaches in UK & Canada
- ⌘ Interviews with 'external' informants - financiers, local government, churches and central agencies
- ⌘ 'Internal' stakeholders - interviews with CH peaks, separate and joint focus groups with providers and administrators

Do the new potential 'partners' see regulation as helping them engage?



- ⌘ The growth of financing in the UK has been immense - £20 billion from 1988-2002 in England
- ⌘ Supervisory regime provided a proxy 'guarantee', that enabled lenders to enter and compete
- ⌘ Regulation lowered the cost of funds by 1%
- ⌘ 50% normal capital rating requirements

...New partners in Australia



- ⌘ Financiers, developers, local government & churches all believed there were significant opportunities to contribute to social & affordable housing
- ⌘ Most informants believed that key aspects of a regulatory framework were either necessary or extremely helpful to their participation

...New partners in Australia



- ⌘ Some of the preconditions for large scale private financing, development or other partnerships are not assisted by regulation (eg a subsidy stream)
- ⌘ But regulation can significantly contribute to others - some we have already seen from the UK:

...New partners in Australia



- ⌘ Ensuring there are no failures
- ⌘ Bringing down the cost of funds
- ⌘ Creating a market
- ⌘ Greater transparency about the overall environment - what can be expected of the system & government
- ⌘ Assurance that enables effective use of the assets
- ⌘ Identifying potential partners
- ⌘ Assurance about management capacity
- ⌘ Better risk management to enable innovation

...New partners

- key regulatory elements



⌘ Supervisory regime aimed at identifying risk

⌘ effective intervention

⌘ tiered registration

⌘ comprehensive public information on the industry

⌘ Legislative base that articulates government intentions

Will regulation provide government assurance about public risks?



- ⌘ Some industry bodies strongly supported regulation in order to build government confidence
- ⌘ Local government saw regulation as a way of managing some of their risks in working through CH
- ⌘ Central agencies were more non-committal - preferring direct control or co-regulation

Will regulation provide government assurance about public risks?




- ⌘ CH administrators accepted that regulation would play this role, but their initial interest was in greater regulatory efficiency
- ⌘ Its contribution to enabling further development seen as being further down the track - and systems were not being designed with this primarily in mind
- ⌘ Regulation *was* seen as important to managing the public risk to the public investment in assets

Will regulation provide government assurance about public risks?



- ⌘ Information generated by regulatory reporting allows better planning
- ⌘ Consistent regulation can establish minimum standards for tenants and procedures to protect tenants' rights
- ⌘ Providers & some jurisdictions saw *effective* regulation as supporting viability and capacity - just as ineffective regulation can restrict them

What should regulation look like to be seen as contemporary best practice?



- ⌘ Enabling - growth objectives, strengths, autonomy
- ⌘ Focuses on organisational capacity, not programs
- ⌘ Enables innovation & risk taking
- ⌘ Co-regulatory
- ⌘ Transparent - clear decision making, public reporting, esp to partners re risks

... best practice



- ⌘ Consistent - vs contracts, cross-program, national
- ⌘ Proportional
- ⌘ Efficient & effective - outcomes focused, low cost, less prescriptive
- ⌘ Clear role - separation of funder & regulator
- ⌘ Accountable - consultation, oversight
- ⌘ Fair

Some conclusions from these characteristics



- ⌘ Regulation that aims to enable the future development of the social & affordable housing systems, must look to the risks to *all* stakeholders - not just the program risks of administrators
- ⌘ It must be as much about ongoing identification of risks and interventions to respond, as it is about compliance or tenant & community rights to redress
- ⌘ It should understand regulation as shared task - co-regulation