

# **Assessing management costs and tenant outcomes in social housing: developing a framework**

authored by

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## ACRONYMS

|        |   |
|--------|---|
| AIHW   | Australian Institute of Health and Welfare                        |
| AHURI  | Australian Housing and Urban Research Institute Limited           |
| ASB    | Anti-social behaviour   |
| CBA    | Cost benefit analysis   |
| CCA    | Cost consequences analysis  |
| CEA    | Cost effectiveness analysis                                       |
| CFO    | Chief finance officer   |
| CHP    | Community housing provider  |
| COAG   | Council of Australian Governments                                 |
| CURF   | Confidentialised unit record file                                 |
| HHWG   | Housing and Homelessness Working Group                            |
| HQN    | Housing Quality Network (UK)                                      |
| NAHA   | National Affordable Housing Agreement                             |
| NRAS   | National Rental Affordability Scheme                              |
| NRSCH  | National Regulatory System for Community Housing                  |
| NPM    | New Public Management   |
| NSHS   | National Social Housing Survey                                    |
| NSW    | New South Wales   |
| NSWFHA | New South Wales Federation of Housing Associations                |
| ROGS   | Report on Government Services                                     |
| SCRGSP | Steering Committee for the Review of Government Service Provision |
| SOMIH  | State owned and managed Indigenous housing                        |
| SROI   | Social return on investment                                       |
| VfM    | Value for money   |
| UK     | United Kingdom  |
| WA     | Western Australia   |



# EXECUTIVE SUMMARY

## Project aims and context

This research aims to inform the development of a robust framework to assess the service costs and tenant benefits of social rental housing; that is housing made available at below market rents and allocated according to need. In Australia, the need for such a framework has been heightened by the ongoing restructuring of social housing. At its core this involves reducing the dominance of state and territory public housing landlords through the development of a multi provider system in which numerous not-for-profit landlords or community housing providers (CHPs) play a larger role.

Outsourcing the management of social housing to CHPs (agencies, outside direct state control) is giving rise to growing government demands for provider accountability in terms of service costs and benefits. Equally, the community housing industry needs credible quantitative evidence to underpin claims of superior efficiency and effectiveness.

The study therefore responds to strong policy-maker and industry interest in performance metrics to facilitate robust comparison of efficiency and effectiveness between both *provider types* and *individual provider entities*. Fundamentally, this is about relating the cost of service inputs to the value of service outputs (or outcomes). However, since the basic ‘cost of provision’ metrics to facilitate such comparisons do not currently exist, a prior requirement is to develop, define and test meaningful measures of landlord inputs, or management expenditure. On the service outcomes side, while some useful measures of customer satisfaction are already available (through the National Social Housing Survey (NSHS)), there is a need to review, refine and build on these, particularly with a view to calibrating the ‘added value’ a tenant may derive from landlord action to provide individual support and to reconnect work-ready tenants with the labour market.

Recognising the ambitious and challenging nature of researching such issues, the study has been designed in two parts; an initial (scoping) phase and a subsequent primary research phase.

## Phase 1 research

The scoping phase of the study, reported in the Positioning Paper, has sought to:

- Explore concepts and methodologies that have been developed in Australia and elsewhere to measure aspects of social housing system performance, especially those pertaining to management costs and service outcomes (Chapter 2).
- Review existing official ‘management expenditure’ and ‘performance’ measures directly relevant to tenant outcomes, and assess their strengths and weaknesses (Chapter 3).
- Make initial proposals for new approaches, techniques and measures that might be developed and operationalised in the light of contemporary policy objectives (Chapter 4).
- Inform the planning and design of more detailed primary research to test and refine the proposed approach (Chapter 4).

Complementing desk top research, and aimed at evoking key player buy-in to the study, Phase 1 involved in-depth interviews with national stakeholders concerned with official performance measurement frameworks and targeted consultation with state

housing agencies, community housing sector peak bodies and housing consumer organisations. Through a series of discussion groups with social housing staff and tenants in two jurisdictions, New South Wales and Western Australia, we also drew on the first-hand experience of the selected participants (who had recent experience living or working in both public and community housing) to identify perceived similarities and contrasts in the management practices of different types of social housing providers. This was to inform the development of hypotheses about the scope and components of the management task needing to be considered in developing measures of management costs and effectiveness. An overview of insights from these sessions is presented as an appendix to this report.

Based on our review of existing performance metrics we conclude that the existing social housing 'efficiency measure' (published in the long standing Report on Government Services (ROGS) series) is of little value in calibrating expenditure on management activities. Especially through its inclusion of both discretionary and non-discretionary expenditure items, the relevant *net recurrent cost per dwelling* indicator is too broadly defined to serve this purpose. Moreover, because of its 'black box' character it is not possible to probe the factors contributing to what appear to be implausibly large variations across jurisdictions and between provider types. Although (for want of anything better) consultants continue to utilise these statistics uncritically to underpin policy advice to governments, industry experts place minimal faith in them.

While existing outcome measures are more valuable, there are strong grounds for both enhancing and complementing NSHS tenant satisfaction metrics to calibrate tenant outcomes, especially as regards support for vulnerable tenants to sustain their tenancies and the potential contribution of social landlords to social inclusion.

## **Conceptual framework for measuring social housing cost of provision and tenant outcomes**

Drawing on the methods outlined above, we propose a new conceptual framework for classifying 'housing management' activities and exploring their relationship to service outcomes. This framework—Figure 5 in the body of report—is reproduced below as Figure 1. Central to our proposed model is a classification of social housing landlord tasks into broad groupings with matching 'performance' measures. In column 1 (housing management activities, disaggregated), typical housing management tasks or components of the landlord role are illustrated. These activities are aggregated into the broad categories (management fields) proposed in column 2. These categories form the proposed framework for recording housing management expenditure and for probing the links between each of these management fields and measures of desired outcomes (column 3).

Importantly, the proposed management fields differentiate traditional 'core activities'—tenancy and property management—from other services now within the remit of social housing management, such as individual tenant support and additional services that may be provided to tenants or in their communities. This demarcation is designed both to facilitate 'management expenditure' benchmarking between social and private landlords (on common functions) and to separately account for any additional contribution of social landlords to wellbeing outcomes.

The approach described here is consistent with the logic of Cost Consequences Analysis (CCA), an approach to performance assessment where the costs and outcomes of a service are presented in a disaggregated form rather than as a single index. While *cost benefit analysis* (CBA) or *cost-effectiveness* (CEA) techniques are more widely used in program evaluation, we see a CCA approach as more

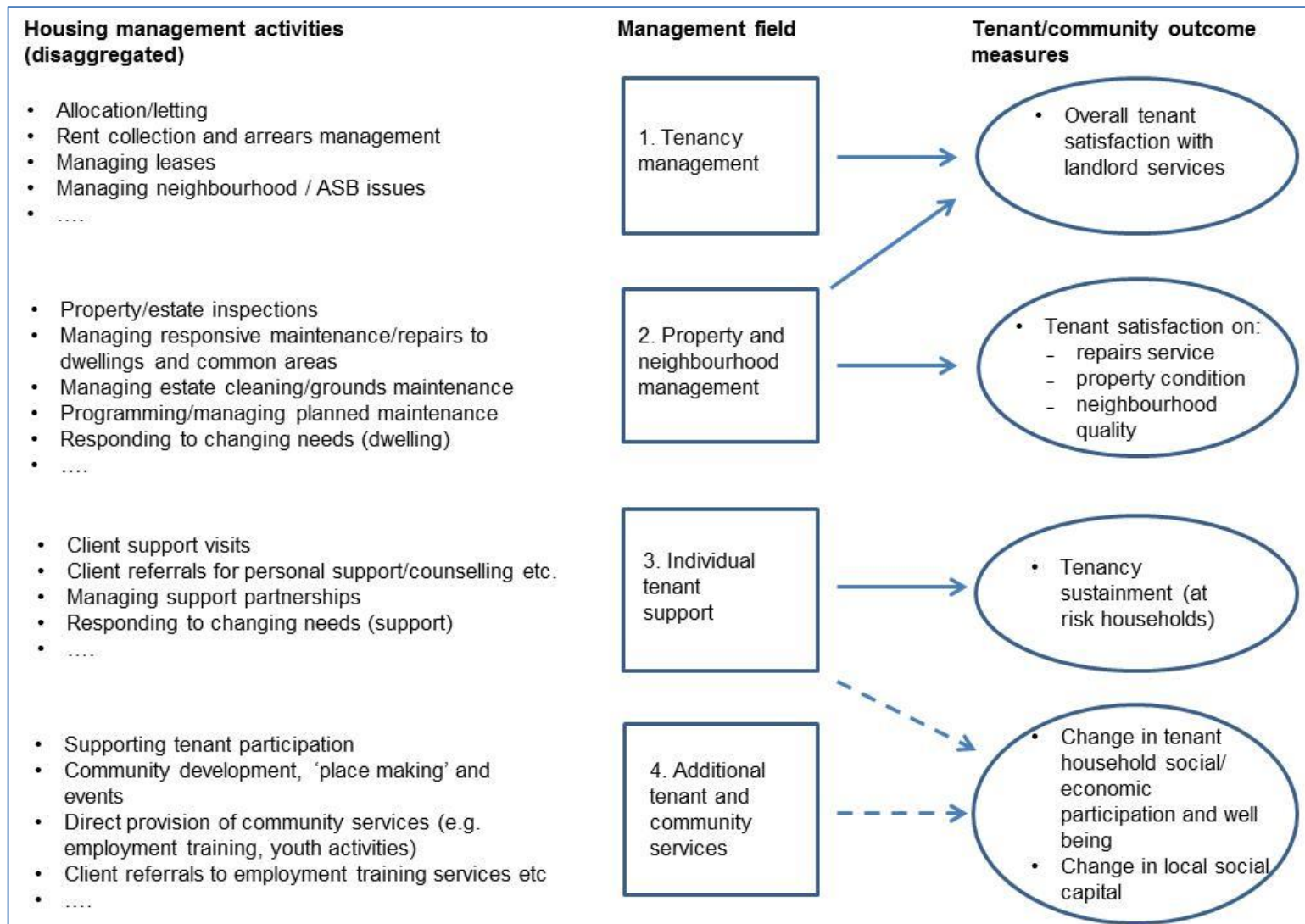
appropriate in this context. Like CBA and CEA, CCA seeks to relate specific outputs (or outcomes) to defined inputs. However, it is less ambitious and more realistic than these more commonly used models because (a) it does not require monetisation of all outputs and takes no absolute view about value for money (as in CBA) and (b) it does not require that all outcomes are reduced to a single measure.

## **Phase 2 research**

The next phase of the study (to end of 2014) will involve in-depth case studies in selected public and community housing agencies in two state jurisdictions, NSW and WA. This will explore and road test the design and implementation of possible new metrics in keeping with the above framework. The main intended output of this phase, to be provided in the study's Final Report, is a set of experimental statistics (from anonymised providers) matched to the framework elements (see Table 12 in the body of the report). Such data has the potential to:

- Enable comparison of unit management expenditure by organisation. To what extent does the scale of such resource inputs vary and—factoring in researcher knowledge of the organisations concerned, are the variations consistent with expectations?
- Reveal the relative priority that organisations place on distinct components of the housing management task, for example what resources are expended on individual tenant support and community development compared to standard tenancy and property management?
- To the extent that it proves possible to measure service outcomes, generate hypothesis for further research about the nature and strength of the association between resource inputs and related outcomes.

**Figure 1: Conceptual framework for measuring social housing cost of provision and tenant outcomes**



Source: authors

# 1 INTRODUCTION

## 1.1 Context and broad scope of the research

This report focuses on calibrating the costs of managing social housing and the specific tenant benefits that result from the activities of social landlords. ‘Social housing’ is defined as rental housing provided by government or not-for-profit entities at rents below market levels and administratively allocated largely on the basis of applicant need. Specified as such, the Australian social housing sector encompasses both state owned and managed ‘public housing’ and homes managed (or owned and managed) by ‘community housing providers’—or CHPs as termed in this report.

In common with private (i.e. for-profit) landlords, the core responsibilities of social landlords concern the management of properties and tenancies. Distinct from the former, however, social landlords have obligations to contribute to social welfare, for example by setting rents at affordable levels, and by promoting tenant wellbeing, neighbourhood upkeep and community vitality. Accordingly, social landlords receive public funding and/or make use of publicly funded assets. Given their specific mission, appropriate criteria for social landlord performance assessment will necessarily differ from metrics applicable to private landlords. Hence, the prime focus of this report is on the former. Nevertheless, as discussed in Chapter 4, it would be advantageous for the social housing performance assessment framework to incorporate indicators also applicable—in principle—to their private counterparts.

Restructuring of Australia’s social housing to promote a more diversified mix of housing service providers has been accelerating in recent years. In 2012, 81 per cent of homes were being managed by eight state or territory government organisations, down from 88 per cent in 2004 (calculated from AIHW 2013a, Table A1.4). A continuing process of diversification has resulted from two main strategies: transfer of the management (or, in some cases, ownership) of existing public housing from state governments to CHPs (documented in Pawson et al. 2013); and channelling government and private investment for new housing supply to larger CHPs. Under plans for management transfers announced since 2012 (in South Australia, Queensland Tasmania and Victoria), the state owned and managed share of social housing would fall to 64 per cent or less over the next decade<sup>1</sup>. Additionally, it is anticipated that the remaining jurisdictions will initiate large-scale transfers of public housing management in the medium term. This process, therefore, could eventually achieve the top range of the target agreed by all jurisdictions that by 2014 CHPs would manage up to 35 per cent of social housing (Housing Ministers Conference 2009).

This research project is concerned with the measurement of social landlord performance in the context of these significant shifts in landlord mix and, particularly, the reducing role of the public housing landlord, which has traditionally constituted the main focus of system performance analysis (as outlined in Chapter 3). More expressly, it is concerned with contributing to the development of a robust performance assessment model suitable for assessing the service costs and client benefits of a multi-provider social housing system. As well argued by Australia’s Housing Ministers, ‘[a]n essential requirement of the new social housing system is having the information available that will allow performance to be measured, and in such a way that comparisons can be readily made against agreed benchmarks and between social housing providers across jurisdictions’ (Housing Ministers Conference 2009, p.50).

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<sup>1</sup> This calculation assumes, as has been the trend for some time and is expected to continue, that there will be no further growth in social housing under management by public landlords in Australia.

A core focus of this research is to calibrate social housing ‘cost of provision’ or management expenditure, a fundamental pre-requisite for any assessment of value for money. Diversification of provision has been occurring without a well-defined or generally agreed concept of what social housing management entails. The research therefore involves a review of the standard activities that make up the social housing management task, bringing both normative and practice perspectives to this, and proposing and testing measures that would be better suited to assessing the efficiency and effectiveness of alternative social landlords, whether government or non-government.

A key motivation for diversifying social landlordism is the belief that superior tenant and community outcomes can be achieved by community based landlords because of their ability to offer a more responsive and personalised service delivery model than public housing, their capacity to develop resident influenced approaches to service delivery, and their mission to provide additional welfare services or social supports that are designed to promote wider social and economic benefits for disadvantaged tenants (Plibersek 2009; National Community Housing Standards Manual 2010; Pawson et al. 2013). However, since such contentions have until now been underpinned with scant quantitative evidence, they give rise to the second key focus of this research—how to define and measure the ‘service outcomes’ of social housing provision.

As used here, the term ‘service outcomes’ refers to the end result of housing management activity from the tenant perspective; hence, it covers both ‘tenancy services’ (e.g. responsive repairs) and ‘tenant outcomes’—that is the wider benefits a tenant might derive from residence in social housing such as improved health or employability. The principal way by which such service outcomes are measured nationally at present is through a biennial national sample survey of multiple dimensions of tenant satisfaction among tenants of public and mainstream community housing providers, as further discussed in Chapter 3.

As also noted in Chapter 3, the emphasis on service outcomes is consistent with a broader move towards outcomes-based reporting of the performance of government-funded services, an approach fostered by the Council of Australian Governments (COAG) from the mid-2000s. As advocated by COAG, the post-2008 approach has placed dual emphasis on giving service providers (state governments or their funded partners) greater flexibility in the ways that they deliver desired service outcomes (e.g. via the removal of input controls such as tied funding) in return for ensuring robust and transparent accountability for achievements (COAG Reform Council 2013a). As discussed in more detail below, within the overall interest in service outcomes, the focus on tenant outcomes fits with the growing expectation that social landlords should contribute to social inclusion.

This is an ambitious and challenging research agenda. Measuring service performance and outcomes is conceptually fraught, practically challenging and politically contentious, an assessment widely acknowledged in the burgeoning literature on performance measurement in the social housing context (Kemp 1995; Walker & Van der Zon 2000; Housemark 2007; Wheeldon 2013). Accordingly, we have approached the research scope and design with caution. Initially, we have undertaken a scoping study with the main aims being to:

- Review existing official ‘management expenditure’ and ‘performance’ measures directly relevant to tenant outcomes, and assess their strengths and weaknesses.
- Explore concepts and methodologies that have been developed elsewhere to measure aspects of social housing system performance, especially those pertaining to management costs and service outcomes.

- Give initial consideration to what new measures might be developed and operationalised in the light of contemporary policy objectives, existing and prospective data sets and the present state of restructuring of Australia's social housing system.
- Secure stakeholder buy-in to the study.
- Inform the planning and design of more detailed primary research.

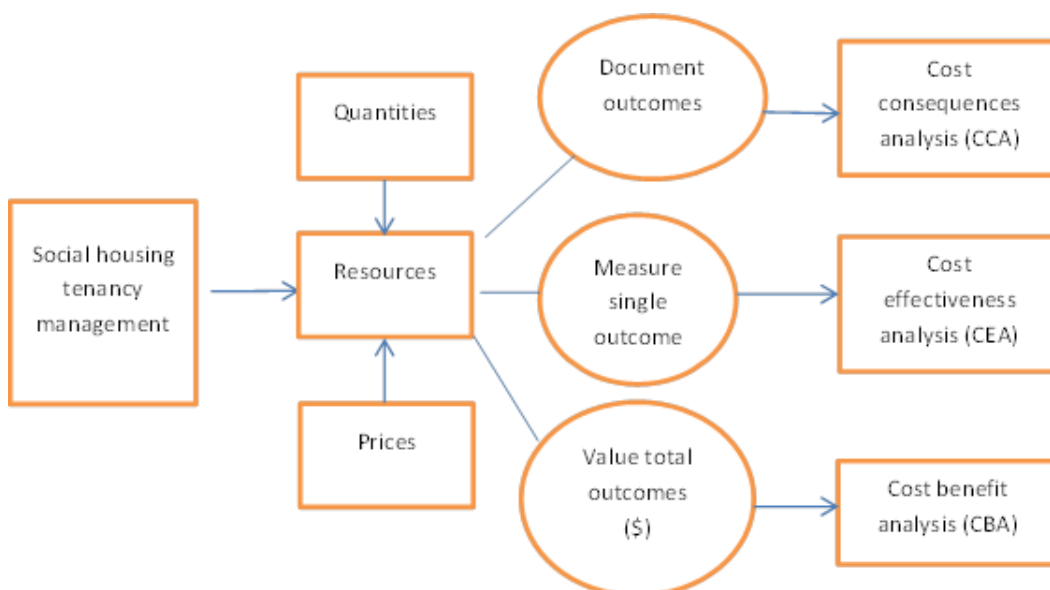
The outcomes of our scoping work so far are the subject of this Positioning Paper, the first report of the study. A Final Report will be published in 2015.

## 1.2 Framing the research

The stated objective of the AHURI-developed research brief for this study was to assess the relative 'cost-effectiveness' of community housing as compared with traditional public housing. The cost effectiveness model assumes that it is possible to develop a single output measure, in this case a measure of 'tenancy success' for a range of inputs (service costs). As illustrated in Figure 2, alternative approaches to economic evaluation include cost benefit analysis and cost consequences documentation (Frick & Kunz 2008).

In *cost effectiveness analysis* (CEA) the outcomes are reduced to a single measure and the total costs estimated to allow a cost per unit of output to be measured and, following that, for 'best value' to be decided. In traditional *cost-benefit analysis* (CBA) the benefits associated with a set of defined outcomes are measured allowing a composite ratio of the benefits divided by total costs to be calibrated in monetary terms. While this allows for multiple outcomes, it is controversial for social programs because all outcomes have to be able to be reduced to a dollar value. In a *cost consequences analysis* (CCA) model multiple outcomes are documented but no judgements are made about value for money (defined here as the relative cost of provision and service benefits). Interpretation can then allow for differences in costs and performance to be explained in context (e.g. explaining differences by size of provider or by geographic factors, e.g. remoteness). This has been described as a simpler and more transparent approach to economic evaluation that is often well suited to the 'real world conditions' of social policy programs (Frick & Kunz 2008, p.14).

**Figure 2: Approaches to economic evaluation**



Source: Adapted by the authors from Frick and Kunz 2008, p.13

In settling on an appropriate method for the study's second stage, several key factors will be germane, including: whether available data will support robust evaluation; whether a single outcome can be defined; and the validity and reliability of comparing the costs of different types of social landlords. This latter issue is particularly pertinent in the present Australian context where public housing landlords are many times larger than even the largest CHPs and, thus, economy of scale factors could be anticipated to explain cost differences to some extent.<sup>2</sup>

We return to the above considerations in Chapter 4. However, given the lack of suitable metrics to underpin even the least demanding of the analytical models outlined in Figure 2 (see Chapter 3), the prime focus of this study is necessarily the *development* of such cost of provision and service outcomes measures.

### **1.3 Research questions**

In keeping with the exploratory nature of this research and the evolution in our thinking about how to approach it, we have revised and refined an initial lengthy list of research questions that were intended to guide both stages of the study. Taking into account our findings so far, we propose that it is feasible for the study to address five core questions:

1. What are the strengths and weaknesses of existing official measures of housing management inputs and service outcomes?
2. How should management expenditure per dwelling be defined, measured and disaggregated for application to a multi-provider system?
3. How do social landlords seek to maximise added value on wellbeing outcomes?
4. How can added value via tenancy management services be effectively quantified and measured?
5. How should existing assessment methods and measures of housing management service outcomes be adapted to promote comparison across provider entities and provider types?

In this report, we address research question one in full and discuss our progress to date on tackling the remaining questions. It is important to stress here that the purpose of this research is not to report on social housing landlord performance as such but (as a requisite part of that broad goal) to propose, test and, thereby, further refine a methodology that may be suited to doing so in future.

### **1.4 Activities and methods informing scoping study**

The scoping phase of this study (May 2013 to January 2014) involved four main sets of activities as set out in Table 1. Ethics approval for the activities involving external stakeholders was granted on 27 June 2013. In addition to contributing their expert views to the study, the Australian Institute Health and Welfare (AIHW) assisted with a review of existing data sets in their data repository to enable further analysis, as appropriate.

The research process has been centered on extensive engagement with stakeholders; in total the research team has spoken with 53 people so far, either as participants in discussion groups (32) or through face-to-face (20) and telephone (1) interviews. More detail on the interviews conducted is given in Table 1 and the role of the discussion groups is explained in more depth next.

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<sup>2</sup> The eight public housing landlords in Australia currently manage between 5000 and 110 000 dwellings (on average 40 000); the largest two CHPs have just over 4000 tenancies and there are around 20 CHPs managing over 1000 dwellings (Productivity Commission 2013; CHP Annual Reports).



#### *1.4.1 Housing staff and tenant discussion groups*

As set out in Table 1, a key component of the stage one methodology was convening discussion groups with tenants and staff of social housing organisations. Seven such meetings were held in Western Australia (WA) and New South Wales (NSW), the proposed sites for further field work in stage two of the project. Invited participants were either staff or tenants of the state public housing agency or of one of several larger community housing providers with recent experience of working or living in both sectors. Themes addressed in the meetings included organisational culture and customer ethos, the organisation and perceived efficiency of tenancy and property management activities, resourcing and time allocation, and views on the service outcomes being sought by different landlords.

The primary aim of each group discussion was to draw on the first-hand experience of the selected participants to identify in what ways the management of social housing did or did not differ across landlord types. This information was intended to assist in the development of hypotheses about the scope and components of the management task that would need to be considered in developing measures of management costs and effectiveness.

The discussion groups with staff proved particularly valuable. In NSW, where there has been the greatest intensity of staff transfers between public and community housing, separate groups were convened with executive level managers and client service staff. This enabled representation of a range of community based providers and provided a basis for validating views expressed by participants in each group from the same organisation. However, a similar approach was not possible in WA because of a smaller pool of potential participants<sup>3</sup>. Participation by tenants in this exercise was more limited and only took place in NSW. This was partly because there was no ready means of locating and approaching tenants who had lived recently in both sectors and partly because some of the tenants who were identified and invited were unable to travel to the event. Meeting with tenants in their local community may have increased their participation rates.

#### *1.4.2 Reference group*

Towards the end of first phase of the study, a Reference Group was established. Invited members included three nominated state housing officials, AIHW, AHURI Limited, National Shelter, a nominee of two community housing peak bodies (PowerHousing and the NSW Federation of Housing Associations (NSWFHA)) and an independent academic expert.

The Reference Group meeting endorsed the overall direction of the project and provided detailed comments on proposed fieldwork which informed fine tuning of the methodology as reflected in Section 4.4.

---

<sup>3</sup> In total, staff of two public housing agencies and eight community housing providers participated in the discussion groups.

**Table 1: Activities and methods adopted in scoping study**

| <b>Activity/Method</b>   | <b>Description</b>   | <b>Purpose</b>  | <b>Participants<sup>4</sup></b>   |
|--------------------------|--|---|---|
| Stakeholder consultation | Interviews and group meetings.   | Inform understanding of current data collections and current or planned performance measurement activities relevant to the study.<br>Secure buy-in to the research.<br>Consider potential new approaches to measurement of service costs and outputs. | Australian Institute Health and Welfare (AIHW).<br>COAG Reform Council<br>Productivity Commission<br>Members, Housing and Homelessness Working Group, Steering Committee for the Review of Government Service Provision<br>Members, Housing and Homelessness Policy Research Working Group<br>Members, Housing and Homelessness Information Management Group<br>State housing officials, NSW, WA, and SA<br>Peak provider organisations—PowerHousing, NSWFHA, Community Housing Coalition WA<br>Shelter NSW<br>WACOSS |
| Discussion groups        | Structured thematic discussion of similarities and differences in management activities and style in public and community housing  | Develop hypotheses about management models and the scope of the management task in public and community housing.  | Four landlord staff discussion groups NSW<br>One landlord staff discussion group WA<br>Two tenant discussion groups NSW   |
| Data appraisal           | Review of published social housing performance measurement framework.<br>Secondary analysis of 2010 National Social Housing Survey.  | Review existing measures of social housing management costs and service outcomes.<br>Re-analysis of existing tenant satisfaction data to assess evidence of differences by provider type and potential to modify survey.                              | Researchers in consultation with responsible agencies (see above).  |
| Literature review        | Review of literature on:<br>Measuring and comparing social housing landlord performance and outcomes.<br>Conceptual approaches to measuring costs and their consequences.<br>Recent literature on contribution of housing to tenant wellbeing. | Identification of latest conceptual and analytical approaches to measurement cost of service provision and service outputs.   | Researchers   |

<sup>4</sup> The (former) Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs did not respond to a request to participate.

## 1.5 Report structure

Following this introduction, Chapter 2 presents an initial discussion of how social housing management costs and service outcomes can be conceptually defined and draws out some of the implications of applying such concepts to performance measurement (research question 2). This chapter draws mainly on the academic and grey literature on the topic, augmented by information from the stakeholder interviews and discussion groups that were in part concerned with scoping the nature of the management tasks and the wellbeing objectives currently at play in the Australian social housing system.

Chapter 3 assesses the usefulness of existing official approaches to the measurement of social housing management and service outcomes (research question 1). Our critique of current measures was informed by interviews with a selection of officials responsible for developing and/or administering the current performance measurement frameworks. The chapter includes a secondary analysis of the 2010 National Social Housing Survey database (AIHW 2011). The purpose of this was to explore the potential of the data already collected to shed more light on drivers of tenant satisfaction and to help identify whether and how the survey design, methods and/or analysis might be readily modified to deepen understanding of differences in service outcomes arising from alternative public and community housing management models, after controlling for other factors such as dwelling condition and tenant type (research questions 4 and 5).

Drawing on the original research brief and the findings of the scoping study, Chapter 4 outlines our conceptual framework and initial (experimental) proposals for enhancing the measurement of both social housing landlord management costs and service outcomes. This chapter also outlines plans for further research that will be used to test and refine these specific proposals with a view to offering a robust framework for consideration by policy-makers and provider representatives towards the end of the project (research questions 2, 3 and 4).

A useful by-product of the first stage of the research has been the insight provided through the discussion groups involving either selected social landlord staff or residents with recent experience working or living in both the public and community housing sectors. A report on what these informed landlords and tenants have observed about emerging practice in social housing management in Australia is provided at Appendix.

## **2 MEASURING SOCIAL HOUSING COSTS OF PROVISION AND SERVICE OUTCOMES: CONCEPTS AND PRACTICE**

Drawing on existing policy and academic literature, this chapter reviews the development of performance measurement in social housing in both Australia and other countries (principally the United Kingdom, UK), with a particular focus on calibrating costs of provision and service outcomes. First, there is a brief overview of motivations for statistical analysis in this field and the extent to which these are ‘top down’ or ‘bottom up’ in nature. Next we discuss conceptual approaches to performance measurement in this field. The third and fourth sections focus on issues arising in measuring cost of provision and service outputs.

### **2.1 Drivers of performance measurement in social housing**

Quantification of housing needs and provision has a long history in Australia, as in other countries (Kemp 1995; Gilmour 2011; AIHW 2013b). In terms of social landlord activity, this has often involved both efficiency and effectiveness—or inputs and outputs—measures. The growing policy-maker focus on measuring housing provider performance, seen from the early 1990s, was part of a much wider contemporary interest in performance evaluation across the public sector, associated with the adoption of New Public Management (NPM) or ‘neo liberal’ approaches to welfare service provision. In Australia just as in other countries, an enduring driver is the desire of governments for transparency and accountability in the expenditure of public funds, or to put it another way, the effective use of resources. A broader motivation is the adage ‘if it isn’t measured, it isn’t managed’. This alludes to the value of statistical reporting obligations as an incentive for performance improvement of the measured service.

For Australia’s social landlords performance measurement has been driven by official requirements often as formulated through Commonwealth State Housing Agreements or, most recently, the 2008 National Affordable Housing Agreement (NAHA). In recent years the emergence of community housing regulation has provided a new government-inspired driver for performance measurement by not-for-profit providers. Under the 2013 National Regulatory System for Community Housing (NRSCH), for example, performance thresholds are specified for certain indicators, including tenant satisfaction with landlord services (NRSCH 2014).

In the UK quantification of housing management activity and performance has, likewise, been historically stimulated mainly by central government requirements—in the period 1997–2010, mainly via regulatory obligations. Since 2010, with social landlord regulation being largely confined to financial viability and probity, this has ceased to be true. For example, the previous regulatory expectation that landlords undertake tenant satisfaction surveys on a three-yearly cycle (and utilising a prescribed format) was immediately removed by the incoming government in 2010 (Pawson & Sosenko 2012).

UK specialist consultancy, the Housing Quality Network (HQN), reports that partly due to cost and partly due to the removal of external regulatory pressure to do so, the post-2010 era has seen ‘a growing pattern of organisations moving away from benchmarking performance’ (Wheeldon 2013, p.5). For tenants and board members, however, HQN argues that the absence of national performance metrics only increases the need for data on how a landlord’s performance compares with that of similar organisations: ‘[This is because] the primary point of benchmarking is now to genuinely understand how your performance compares and to use this information to drive performance improvements’ (p.5).

The HQN perspective is compatible with a growing movement towards industry self-regulation akin to that seen in the Netherlands, where the peak body ‘KWH’ runs a benchmarking and accreditation service to which most providers subscribe. The KWH kite mark assessment is based on 10 service standards, including a survey-based tenant satisfaction measure (Perry & Lupton 2009). Albeit much more modest in scope, Australia has also seen sector-led

approaches to performance benchmarking as initiated by state-level peak bodies and by the industry association PowerHousing Australia (further discussed in Section 3.4.3).

In England, however, the post-2010 regulatory focus on service efficiency (rather than effectiveness) is being pursued through a requirement for housing associations to submit an annual Value for Money (VfM) statement along with their annual accounts. HQN believes that this will call for providers to justify their performance by comparison with private (for profit) providers as well as with other non-profit landlords (Wheeldon 2013).

## **2.2 Performance measurement in social housing: conceptual approaches and their application**

Kemp (1995) argued that, as a complex service, 'housing management performance cannot ... simply be read off a dial or meter like electricity consumption. It follows, therefore, that it is not realistically possible to provide precise measures of performance in housing management, but only to provide an indication of it' (p.782). Therefore, performance measures in this field can only be treated as "can openers" which may suggest areas where more in-depth scrutiny is required, rather than ... "meters" which precisely show achievement' (ibid).

Performance measurement in social housing has been traditionally conceptualised in terms of the 'welfare production model' (Goddard 1992) which differentiates measures associated with three universal service aims:

- Economy—the input cost of providing services.
- Efficiency—delivery of a specific volume and quality of service utilising the minimum resources consistent with service specification; ('the best way of doing things').
- Effectiveness—service provided in such a ways as to fulfil organisational objectives; ('doing the right things') (Walker & Van der Zon 2000; Housemark 2007).

The above framework is often translated as relating to inputs, outputs and outcomes. Inputs can be equated with service provider expenditure (e.g. staff salaries, overheads), while outputs measure the provider activity underpinned by such outlays (e.g. number of lettings, antisocial behaviour cases investigated). Outcomes, in this context, refer to the end result of the service from the user (or community) perspective.

Both in Australia and elsewhere, traditional social housing performance measures tended to emphasise service efficiency measures such as the proportion of un-tenanted properties, the rate of stock under-utilisation (also termed under-occupation) or the incidence of rent arrears (uncollected rent as a proportion of the rent roll). However, the key 'efficiency' measure of unit costs designated within Australia's official social housing performance indicators has been the *net recurrent cost per dwelling* measure (Productivity Commission 2013)—as further discussed in Chapter 3.

During the 1997–2010 era in the UK, the enhanced policy focus accorded to provider effectiveness was reflected in stepped-up official oversight of social landlords involving extensive regulatory service inspection to compare organisational practice against a set of detailed 'performance standards' (known in England as Key Lines of Enquiry—KLoEs) (Pawson 2011). This included the training and deployment of tenant inspectors. Service delivery 'reality checking' undertaken as part of this process included techniques such as mystery shopping to assess compliance with documented procedures and customer friendliness on the part of front line staff. Such approaches can be highly revealing as regards service outcomes from the consumer perspective. However, they may be relatively resource-intensive and do not generate easily quantifiable findings.

Studies attempting to take the quantification of service outcomes (or effectiveness) a stage further have sought to measure the beneficial impact of social housing in terms of tenant welfare or 'non-shelter outcomes'. This is based on the notion that, 'housing provides not only the

benefits of shelter but also, through location, access to a further bundle of goods and services' (Phibbs 2005, p.3). Equally, however, it has been widely argued that residence in localities where there is concentrated poverty (such as large public housing estates) can generate negative 'neighbourhood effects'—or dis-benefits for residents (Atkinson & Kintrea 2001; Vinson 2009).

Also relevant is the vast catalogue of research concerned with quantifying the costs of homelessness and the benefits to individuals, governments and wider society of homelessness alleviation programs and strategies. The latest Australian research (Zaretsky & Flatau 2013; Zaretsky et al. 2013) adopted a cost effectiveness approach to measuring the benefits accruing from homelessness services. With some similarities to the methodology envisaged for the current study, this research involved special purpose longitudinal client surveys to measure changes in client outcomes, secondary analysis of existing administrative data sets and bottom-up collection (via homelessness service providers) of data on service input costs and activities. It also examined the future potential to link administrative data sets (e.g. in the health, justice, welfare, housing and homelessness fields). Progressing linkage of such administrative data sets was considered by these researchers to be a desirable, cost effective and feasible means of progressing analysis of service costs and client outcomes across a range of welfare fields (Zaretsky & Flatau 2013, p.198).

## **2.3 Costing housing management inputs: scoping the social housing management role**

### *2.3.1 Research remit*

In looking to provide the basis for assessing the cost consequences of housing expenditure (see Chapter 1), this report focuses on cost of provision defined as the unit cost of housing management. This is deliberately narrower than an analysis of total operating costs which, for any social landlord, will include expenditure on physical works associated with property maintenance and modernisation. In developing a metric to calibrate landlord cost-effectiveness we consider it appropriate to exclude 'non-management' elements of a social landlord's total operating cost from this assessment because key components of the latter are either:

- outside provider control (e.g. property rates, insurance), or
- potentially influenced by historic property design or investment decisions (maintenance needs/expenditure).

It is in provisions for tenancy management activities where provider differences can come to bear directly on service outcomes, including tenant outcomes. Nevertheless, since the perceived effectiveness of maintenance services is known to exert a major influence on recorded rates of tenant satisfaction (Heriot-Watt University & Ipsos MORI 2009), repairs service management and (tenant assessed) repairs performance are relevant to the research.

We also recognise the need for clarity on the status of asset management activity. In determining social housing cost of provision there is a clear logic in excluding associated works expenditure—see above. However, we believe that if the commissioning and oversight of responsive repairs is considered as an integral element of the housing management task, it could also make sense to include the salary costs of staff concerned with planning and managing longer term asset management, for example via planned maintenance programs.

### *2.3.2 Defining and costing housing management*

As asserted by Kemp (1995) management of social housing is a 'complex and heterogeneous service' (p.782). Being a 'socially constructed' concept (Franklin & Clapham 1997), no housing management definition will be universally applicable both over time and across national boundaries. However, as summarised by Priemus (2012) it has been conventionally seen as concerning four basic tasks:

- letting houses
- collecting rent
- maintaining properties in good condition
- managing tenancies.

In Australia, just as in the UK and other countries, the past 20 years have seen social housing transitioning into an essentially residualised tenure in which society's poorest households have become increasingly concentrated. Related to this, a growing proportion of tenants have support needs as well as shelter needs. Partly as a result, social landlords have faced mounting expectations to incorporate social inclusion objectives within their mission (Walker 2000; Hulse et al. 2011). While this could be characterised as a simple shift away from a 'bricks and mortar' focus, it could also be seen as a re-affirmation of a 'welfare-oriented' (if moralistic) housing management tradition identified with the Victorian social reformer, Octavia Hill (Perry 1995).

The 'housing plus' or 'wider role' activities that UK social landlords have been encouraged (by peak bodies as well as regulators) to embrace have included community development, employment and training projects and youth work. By 2010–11, in England alone, housing associations delivered more than 9000 neighbourhood services and maintained 1500 community spaces, at a total annual cost of £747 million—including £217 million raised from other organisations (National Housing Federation 2012). More broadly, recently enhanced expectations of social landlords to some extent in both Australia and the UK have included more proactive roles in areas including:

- homelessness prevention
- managing anti-social behaviour (ASB) (Hulse et al. 2011; Flint & Pawson 2009; Pawson et al. 2007).

Both of these roles have implications for the breadth of the housing management task.

As exemplified by the objects of the NSW *Housing Act* (2001), for example, in addition to routine tenancy and property management roles, a social landlord is expected to:

- Maximise the opportunities for tenants of public and community housing programs to participate in the management of their housing and in the development of public and community housing policies.
- Ensure appropriate mechanisms and forums are established to allow input into housing policy by representative community organisations and non-government agencies involved in housing policy and provision.
- Attract investment in public housing, including related activities such as tenant employment and the provision of integrated services (Housing Act 2001, part 2:5 (1e,1p & 1q).

More recently, in Australia and elsewhere, there has been a renewed emphasis on the need to ration social housing as a scarce resource and on the potential role of providers in supporting work-capable tenants to improve their economic position sufficiently to exit the sector, making way for more needy applicants (NSW Government 2005; DCLG 2010). Such thinking has been cited in NSW and other jurisdictions to justify the introduction of fixed term tenancy regimes which aim to align the duration of tenancy to the duration of need (Fitzpatrick & Pawson 2013). This could suggest there is a logic in adopting a performance measure that could enumerate 'successful exits' from social housing. However, we see this as overambitious, both in terms of isolating moves directly assisted by landlord support and as regards defining and identifying a 'successful' as opposed to an 'unsuccessful' exit.

Finally with regards to the extent of a social landlord role, the term 'place management' is also in vogue. While not always specifically defined and bounded, place management activities generally centre on having an agency or agent responsible for coordinating and integrating

implementation of programs in a designated place with a view to better meeting local needs (Walsh 2001). At the more entrepreneurial end of the spectrum of place-making approaches, place managers may be empowered to vary policies, resource allocations and program priorities for particular areas to enable change to occur. In areas with concentrations of social housing, the presence of a long term housing management agency offers one means of fostering a place-based approach to overcoming disadvantage and social exclusion and, thereby, generating greater community resilience and independence. In the UK the term ‘community anchor’ has also been used in this context (Handy et al. 2011). Accordingly, adoption of this approach has been featured in the discourse and strategies of several leading Australian community housing providers in recent years, especially recipients of transfers of public housing on estates (Milligan et al. 2013; Pawson et al. 2013).

Notwithstanding all of the above, mixed views on the proper scope and objectives of housing management continue to be expressed within the social housing sector, both in Australia and the UK. Part of this is about which housing management roles should be treated as core activities and the extent to which social landlords should incorporate non-core activities within their remit (or at the very least, within the activities a provider funds from rental income).

As regards the UK, notwithstanding the above debates, official statistics show overall expenditure on housing management (or ‘supervision and management’) activities by local authority landlords in 2009–10 totalled £795 per dwelling in England and £716 per dwelling in Scotland (or \$1451 and \$1309 at January 2014 exchange rates). These statistics (collated in Pawson 2011) are based on officially defined notions of housing management as enshrined in UK social housing accounting conventions that differentiate such activity from housing maintenance. As in the Netherlands (Priemus 2012) housing management is also seen in the UK as fundamentally distinct from new housing provision.

### *2.3.3 Disaggregating housing management activities*

The headline objective of this research is to develop a ‘fit for purpose’ social housing cost of provision metric. As recognised above, this requires that housing management activities are defined. Also highly desirable is the facility to disaggregate overall housing management expenditure into constituent elements. The ability to generate such a breakdown could be invaluable in understanding inter-organisational comparisons on housing management expenditure, overall.

A recent workload analysis by Housing NSW (activity based costing exercise) broke down HNSW staff activities into 28 categories of which most, but not all, were housing management tasks. Another management cost benchmarking exercise within one NSW housing group specified 21 housing management activities listed under the following headings:

- tenancy services
- property services
- administration and reporting
- additional services.

The UK housing management activity classification developed by the Housemark benchmarking club breaks down the housing management task into five distinct elements:

- rent arrears and collection
- tenancy management
- resident involvement
- lettings
- managing ASB.



As informed by activity based costing systems, the relative scale of activity under each of these headings in 2009–10 and 2010–11 is shown in Table 2. It should be noted that a relatively narrow definition of housing management is adopted here. For example, repairs ordering and management is conspicuous by its absence. The restricted definition of housing management is also evident from the fact that data for England drawn from an official source shows local authority housing management expenditure per dwelling for 2010–11 as £795—rather than £300 as recorded under the Housemark system (Pawson 2011).

Moreover, while it may provide a useful reference point for our study, the Housemark classification does not facilitate a breakdown whereby ‘social inclusion’ type activities could be differentiated from other business. This relates to an important element of the Australian policy context for designing an appropriate housing management expenditure monitoring framework, namely the argument that tenant support activities should be properly funded as a social service rather than a landlord service. As recognised in the report of the 2009–10 review of Australia’s tax and transfer systems (the Henry Review), social housing providers incur additional costs due to the policy expectation that they house high needs applicants. In recommending that such costs be offset through earmarked funding (Australian Government 2010, Section 9.5) Henry acknowledged that social landlords’ associated provision of welfare services should be financed as such by central government, not ‘internally funded’ from within the social housing system as is currently the case (see also Johnson 2010, pp.15–16).

**Table 2: Housemark housing management expenditure per dwelling in England, 2009–10 and 2010–11**

|                     | Organisation numbers | Rent arrears and collection | Tenancy management | Resident involvement | Lettings | Managing ASB | All housing management |
|---------------------|----------------------|-----------------------------|--------------------|----------------------|----------|--------------|------------------------|
| <b>2010–11</b>      |                      |                             |                    |                      |          |              |                        |
| HA* (traditional)   | 120                  | £132                        | £133               | £88                  | £81      | £66          | £517                   |
| HA (stock transfer) | 153                  | £108                        | £92                | £69                  | £59      | £61          | £406                   |
| ALMO*               | 55                   | £89                         | £89                | £47                  | £43      | £53          | £329                   |
| LA*                 | 61                   | £86                         | £71                | £44                  | £40      | £36          | £300                   |
| Total               | 389                  | £111                        | £98                | £68                  | £59      | £58          | £407                   |
| <b>2010–09</b>      |                      |                             |                    |                      |          |              |                        |
| HA (traditional)    | 142                  | £139                        | £130               | £87                  | £81      | £71          | £536                   |
| HA (stock transfer) | 174                  | £113                        | £99                | £68                  | £63      | £61          | £410                   |
| ALMO*               | 60                   | £100                        | £83                | £49                  | £43      | £62          | £343                   |
| LA                  | 59                   | £94                         | £72                | £38                  | £42      | £38          | £295                   |
| Total               | 435                  | £117                        | £104               | £67                  | £64      | £61          | £417                   |

\* HA—Housing Association; ALMO—Arm’s Length Management Organisation; LA—Local Authority

Source: Housemark—reproduced from ‘Social Housing’, June 2012

### 2.3.4 Explaining expenditure differences

Before any meaningful evaluation of the cost consequences/benefits/effectiveness of different landlord entities and provider types could be made, there are a many factors contributing to cost differences that will need be taken into account, as the following list demonstrates.

- Although difficult to quantify, it is broadly presumed that economies of scale will arise in the provision of social housing services (although diseconomies may set in above a certain size threshold). As discussed in Chapter 1, presently there are marked differences in scale between types of Australian social landlords.
- Differences in salaries are inbuilt in award systems for public and community housing, with the former generally higher.
- Different tax regimes apply to public and community housing affecting a range of cost items.
- Dwelling profiles across the sub sectors differ, especially dwelling age and condition, which has a direct bearing on maintenance costs and levels of maintenance activities.
- The locational mix of dwellings varies with public housing having large concentrations on estates and larger CHPs typically having more dispersed portfolios, giving rise to additional travel and time costs for the latter.
- In some jurisdictions, some cost responsibilities for community managed housing remain with the property owner (the public landlord) and thus are recorded in public housing accounts.
- Tenant mix varies by provider type with several CHPs specialising in or having a larger share of tenants with support needs that generate higher management costs.
- There are differences in the scope of the social housing management task, as discussed in the previous section.

In coming years, there is likely to be some reduction in cost differences that arise from several of these factors as public housing declines and larger CHPs expand, especially through public housing transfers. This suggests the right time for pursuing cross provider evaluation might be in the medium term.

## 2.4 The development of social housing service outcome measures

### 2.4.1 Tenant satisfaction surveys

Even by the late 1990s the NPM imperative for a consumerist ethic within welfare service provision meant that outcome measures were acquiring growing status in social housing performance measurement (Walker & Van der Zon 2000). In Australia as in the UK, the Netherlands and elsewhere, reliance has tended to be placed largely on 'tenant satisfaction' metrics as drawn from custom-designed consumer surveys. In the Australian case, these have included a national centralised survey administered by AIHW as covered in more detail in Section 3.3.1.

In parallel, in a number of Australian states there has been regulatory encouragement for community housing providers to run their own tenant satisfaction surveys, with resulting satisfaction rates being treated as important indicators of service effectiveness<sup>5</sup>. As established in 2014, the National Regulatory System for Community Housing specifies requirements calling for the collection of tenant satisfaction data (NRSCH 2014).

In this respect Australia's community housing oversight regime has similarities with UK regulatory frameworks as these operated in the 2000–2010 period when all social landlords

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<sup>5</sup> Although the status accorded to satisfaction ratings in Australia has not equaled their pre-2010 importance in England, exemplified by the chief housing regulator's warning that 'landlords who fail to satisfy their existing tenants' risked the termination of their government funding (Social Housing 2008, p.5).

above a given threshold size were obliged to collect and report tenant satisfaction scores on a two or three yearly cycle. To aid consistency and comparability providers in England were required to utilise a standardised and quite detailed survey methodology (Pawson & Sosenko 2012).

Social housing tenant satisfaction surveys are also long-established in other countries including the USA (Varady & Carrozza 2000) and the Netherlands (Perry & Lupton 2009). Somewhat in contrast with the rather top down models operated in Australia and the UK, Dutch activity in this realm is an aspect of the largely self-regulated status of housing associations in that country. Here, tenants surveys (as well as mystery shopping and other evidence) feed into a voluntary 'kitemarking' system run by the social housing peak body and enabling accredited landlords to promote themselves as 'excellent performers' (Perry & Lupton 2009).

Somewhat akin to Dutch 'industry led' practice, as summarised above, is the tenant satisfaction benchmarking system recently established by the NSW Federation of Housing Associations (NSWFHA) in collaboration with its counterpart body in Victoria. At the time of our fieldwork (2014), 13 predominantly large providers, mainly based in NSW and WA, were participating in this exercise.

The satisfaction benchmarking survey instrument is a self-completion questionnaire based on the UK STAR survey (Housemark 2013) and adapted with feedback from local providers and to meet Australian regulatory requirements. Addressing the latter, the model contains a module of core questions. This is supplemented by a range of standard and optional questions from which providers can select, in addition. The questionnaire is mailed to all tenants of participating landlords although there is also an option of completion online at a kiosk in the provider's office. Most participating providers have been running the survey on an annual basis. Reportedly, the survey has generated a response rate of 44 per cent which compares well with the 39 per cent and 42 per cent rates generated respectively by the NSHS 2010 and by a comparable 2008 UK survey generating 201 000 local authority tenant responses (AIHW 2012a; Pawson et al. 2010).

Providers buying into the benchmarking service benefit from survey administration (including the dispatch of translated questionnaires where required), as well as data processing, analysis and reporting. Each participating landlord receives results specific to its own tenants, together with benchmark metrics drawn from the results of all other providers. Importantly, however, all results (both in aggregate and provider-specific) remain confidential and cannot be externally validated or compared against NSHS outputs. Although it may enable providers to fulfil regulatory obligations, this approach is problematic in terms of providers' broader public accountability. It also fails to fulfil policy-maker interests because the metrics generated by the system are unavailable to inform policy development.

While accepting the value of tenant satisfaction measures, Wheeldon warns of the possibility that 'tenant perception is largely based on [a respondent's] recent experience. Hence a poor but improving service is often rated higher than a longstanding high performing service where tenants have rightly got used to a good service' (2013, p.6). On the other hand, there is an argument that, rather than focusing on a cross-sectional sample, outcome monitoring would be more effectively targeted on that tenant sub-group recently in receipt of a particular service. Emulating an approach common in the business world, some larger English housing associations commission continuous surveys targeting people having recently made use of specific services. Undertaken through a routine telephone survey, for example covering 100 recent service users per month, this has been seen by some as a valuable method for tracking changing customer views and for facilitating quick identification of any newly emerging problems (Pawson & Sosenko 2010).

The NSWFHA standard tenants survey pro forma (see above) includes a series of questions restricted to participants having made a contact with their landlord in the previous year. Crucially,

these include queries on both perceived 'staff helpfulness' and the 'final outcome' of the exchange.

Perhaps reflecting a growing tendency to view themselves as commercial entities, some UK housing associations have begun to incorporate into tenant surveys, other customer satisfaction assessment techniques used by private firms. These include the Net Promoter Score (NPS) a metric derived from survey responses to a 'how likely are you to recommend ...' question. Respondents assigning their current service provider at least nine on a 10-point scale are 'promoters'; those giving ratings of six or lower are 'detractors' (Reichheld 2003). The NPS is found by subtracting the proportion of detractors from the proportion of promoters. The NSWFA satisfaction benchmarking questionnaire (see above) incorporates the NPS question although, because results remain confidential, provider scores are unknown.

#### *2.4.2 Other approaches to social housing service outcome measurement*

Responding to the imperative for social landlords to provide socially inclusive services (see above), an additional outcome-related performance indicator of potential significance is 'tenancy sustainment'. In contrast to tenant satisfaction metrics, tenancy sustainment measures are derived from analysis of administrative data rather than being collected through social surveys.

Currently, tenancy sustainment in public housing, defined as the percentage of 'greatest need' households accommodated in a given year and sustaining at tenancy for at least 12 months, is being measured, but not in community housing. The latest available statistics showed that 14 per cent of such tenancies created in 2010–11 had been terminated within a year, ranging from 8 per cent in Victoria to 24 per cent in South Australia (COAG Reform Council 2013b). Current Australian practice is further discussed in Sections 3.3.1 and 3.3.2.

For some, of course, ending a social housing tenancy is triggered by a successful transition into private housing—even (for a very few) a move into home ownership. Such tenancy terminations of course represent success rather than failure. However, sustainment measures tend to focus on the initial period of a tenancy when, it can be argued, it is likely that many terminations result from lack of appropriate tenancy support, potentially leading to actual homelessness (Pawson & Munro 2010).

Beyond the measurement of tenancy sustainment, efforts have been made to quantify the 'non-shelter outcomes' of social housing—or the 'added value' of a social rental tenancy. In an Australian study focusing on such welfare impacts of being accommodated in public housing, it was found that recently housed tenants tended to have consequentially enjoyed improved health and better engagement with education for their children (Phibbs 2005). Employment impacts were, however, found to be more mixed—in part, perhaps because of the work disincentive impact of income-related rents. Moreover, the data collection methodology utilised in the research was designed for application in a one-off study and would not be readily adaptable for routine implementation (e.g. to generate landlord-specific performance data on a periodic ongoing basis).

In a similar vein, more recent work has attempted to apply the concept of social return on investment (SROI) within the social housing context (Ravi & Reinhardt 2011). Related to economic benefit cost analysis, SROI is a method that attempts to calibrate social value by according a financial value to social outcomes deriving from a specified form of assistance.

A recent SROI analysis focused specifically on the educational, economic, health and community inclusion benefits of living in Australia's community housing. As regards education, for example, the estimated financial value of moving into the sector was partly based on a postulation about increased engagement with education and training opportunities consequential upon being accommodated in community housing. The researchers concluded that Australia's community housing sector generated a total present value of some \$700 million in terms of benefits to tenants in 2010–11 (Ravi & Reinhardt 2011). However, in addition to its heavy

reliance on a range of brave assumptions, this kind of technique is designed for meta-analysis and could not be easily applied to individual landlord entities.

One outcome measurement approach that could hold promise for the future is data linkage. Such an approach, already explored in Australia in relation to homelessness (see Section 2.2) refers in particular to the potential of welfare benefits databases to generate longitudinal data on individuals' changing (or static) socio-economic circumstances. In theory, for example, the Centrelink system might be able to generate annual statistics on the cohort of tenants housed by a specific social housing provider—for example on the incidence of those gaining employment or, on the other hand, registering as homeless. Potentially, using this approach might be much less resource-intensive than traditional administratively-generated performance statistics.

## **2.5 Chapter summary**

This chapter has presented a review of approaches to the evaluation of social housing management performance drawing mainly on examples from three social housing systems: Australia, the UK and the Netherlands. In Australia, inter-governmental agreements have been traditionally used to establish landlord accountability requirements. Latterly, regulatory requirements have started to become more important for CHPs (although public housing remains free of formal regulation). In the UK, regulatory requirements have also operated for this purpose from the 1980s. However, following a post-2010 regulatory rollback, the most recent period has seen moves towards more industry self-policing, emulating long standing practice in the Dutch social housing system.

In Australia, as elsewhere, of management efficiency assessment has, over time, been broadened to encompass service effectiveness—implying a shift of emphasis from outputs to outcomes. This has paralleled expanding the conception of social landlords' responsibilities to include the promotion of social inclusion in addition to basic property and tenancy management activities. Logically, this implies a need to separately cost distinct elements of the housing management task.

Reliance on tenant survey data as a key measure of service outcomes is well-established both in Australia and in other countries such as the UK, the Netherlands and the USA. Recently introduced regulatory requirements have spurred an upsurge of tenant survey activity in Australia's community housing sector thereby enhancing the potential for stronger evaluation of tenant outcomes. Additionally, it is noted that administratively generated measures and data linkage have the potential to illuminate more specific aspects of management performance on non-shelter outcomes.

### **3 USEFULNESS OF EXISTING PERFORMANCE FRAMEWORKS AND MEASURES COVERING AUSTRALIA'S SOCIAL HOUSING**

This chapter reviews current approaches to the measurement of service costs and service outcomes in social housing and considers their continuing suitability for application to performance assessment in a more diversified social housing system (research question 1).

Following a brief description of the current social housing performance measurement framework in the first section, Sections 3.2 and 3.3 respectively consider the two core published measures of most relevance to the remit of this study. Section 3.3 provides an overview of other recent or planned activity that is concerned with performance measurement within the social housing system.

#### **3.1 Current social housing performance measurement framework**

An official performance measurement framework for social housing was developed in the 1990s and has operated in its present scope since 1999 when the first National Housing Data Agreement was put into effect as a subsidiary agreement to the 1999–2003 Commonwealth State Housing Agreement. Since 2009 this framework has continued to operate in parallel with additional performance monitoring introduced under the NAHA (see Section 3.3.1). The current set of indicators is reproduced as Figure 3.

The primary published source of information collected through the framework is the annual Report on Government Services (ROGS) (see Productivity Commission 2013). Additionally, the performance indicators are discussed in relevant AIHW publications, especially that agency's biennial reports on housing assistance and Australia's Welfare (see, e.g. AIHW 2013a, 2013b).

Oversight of the performance measurement framework is the responsibility of the Steering Committee for the Review of Government Service Provision (SCRGSP), which was set up under COAG auspices in 1994 to review and improve the collection of information on the effectiveness and efficiency of government services in Australia. It comprises senior representatives from Australian, state and territory governments and is chaired by the Chairman of the Productivity Commission.

For the development and management of the collection of housing and homelessness services information specifically, the Steering Committee is advised by a Housing and Homelessness Working Group (HHWG), chaired by a member of the SCRGSP and comprising Commonwealth and state and territory housing and homelessness officials. The Australian Bureau of Statistics (ABS) and the AIHW have observer status within this group and the Productivity Commission provides secretarial services (interviews Productivity Commission, SCRGSP member, HHWG member, AIHW).

Data published under the framework has become more comprehensive and robust over time. For instance, initial collections covering public housing and Indigenous public housing have gradually been expanded to include the other social housing subsectors of (mainstream) community housing and Indigenous community housing. However, as shown in Figure 3, not all commonly conceptualised indicators are comparable across the social housing system due to a range of factors, especially different data sources (administrative versus survey) and comprehensiveness. While there have been refinements to the indicators (such as adjustments to data definitions and collection methods) since inception, there have been no major changes in, or additions to, the set of official indicators that are in use. While this takes no account of changing policy objectives or new programs (such as the National Rental Affordability Scheme (NRAS)), the ROGS collection does offer a stable series of social housing indicators, continuity of which is desirable in the absence of feasible alternatives. A 2010 desk top review of the broad

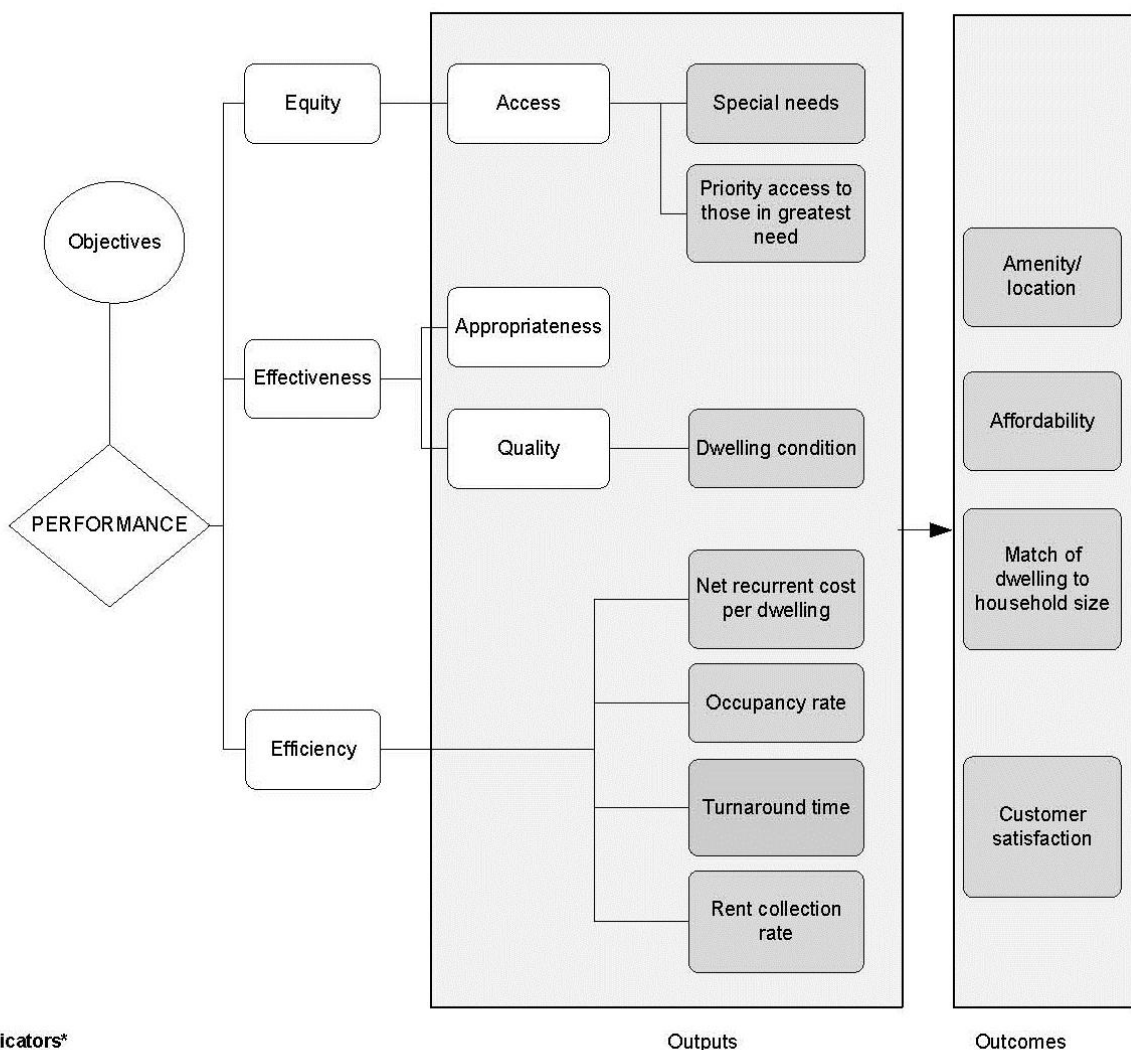
ROGS framework concluded that it met international good practice standards for performance measurement and supported its retention and further development (Independent Reference Group 2010).

Within the set of social housing indicators, there are two measures of direct relevance to the focus of this research:

- An efficiency output measure labelled 'net recurrent cost per dwelling'.
- A service outcome measure labelled 'customer satisfaction'.

The usefulness of each of these measures for this research is considered in the next two sections.

**Figure 3: Social housing performance indicator framework**



**Key to indicators\***

- Text** Most recent data for all measures are comparable and complete
- Text** Most recent data for at least one measure are comparable and complete
- Text** Most recent data for all measures are either not comparable and/or not complete
- Text** No data reported and/or no measures yet developed

\* A description of the comparability and completeness of each measure is provided in indicator interpretation boxes within the chapter

Source: Productivity Commission 2013, Figure 16.1



### 3.2 The *net recurrent cost per dwelling* input expenditure measure

The *net recurrent cost per dwelling* measure is defined as ‘the cost of providing (housing) assistance per dwelling’ (Productivity Commission 2013, p.16.26). It is one of four efficiency indicators in the national data collection for housing assistance (see Figure 3) and the only one concerned with service provision costs.

The measure comprises four cost categories:

- Administration costs—the cost of the administration offices of the property manager and tenancy manager<sup>6</sup>.
- Operating costs—the costs of maintaining the operation of the dwelling, including repairs and maintenance, rates, the costs of disposals, market rent paid and interest expenses.
- Depreciation costs.
- The user cost of capital—the cost of the funds tied up in the capital used to provide social housing<sup>7</sup> (Productivity Commission 2013, p.16.26).

Coverage of the measure has been extended over time and, in addition to public housing, now takes in mainstream community housing and Indigenous community housing<sup>8</sup>. Published tables of the indicator provide time series data from 2002–03 for public housing, SOMIH and mainstream community housing. In some published accounts the user cost of capital is reported separately to the other components (above) because, being relatively large, this cost component swamps the other elements (see e.g. Productivity Commission 2013, Tables 16A.19–16A.23).

Using this indicator for comparative purposes, whether by jurisdiction or by provider type, or for time series analysis is qualified by a number of factors including:

- Changes in the scope of the data collected over time.
- Changes within jurisdictions to their particular data collection arrangements.
- Specific data quality issues within jurisdictions and/or for provider types.
- Incomplete data especially with regards to the non-government provider sectors.
- Clarity and consistency around dwellings and organisations considered to be in the social housing system.
- Double counting of expenditure items (Productivity Commission 2013 pp.16.25–16.27 & pp.208–15).

In recognition of the need to improve consistency in financial reporting, in 2009 Housing Ministers directed officials to develop improved standards for financial reporting purposes. Specific areas where greater consistency was sought included:

- deprecation policies
- asset valuation methods
- threshold for capitalisation of assets (and maintenance expenses)
- transfer from the asset valuation reserve to equity on sale of dwellings
- unit cost comparability (Housing Ministers Conference 2009, p.50).

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<sup>6</sup> For community housing, this includes government costs for administering community housing programs.

<sup>7</sup> Currently available only for public housing.

<sup>8</sup> In those jurisdictions (4) that retain dedicated Indigenous public housing (identified as state owned and managed Indigenous housing (SOMIH)), the indicator of ‘net recurrent costs’ for these dwellings is reported separately to public housing. In other jurisdictions, costs of managing (formerly) Indigenous public housing are included in either mainstream public or community housing data subject to the local landlord arrangements that now apply to these properties.

Standardisation of such financial information across jurisdictions and provider types is essential for the cost indicator as defined to be valid and useful. However, standardisation of financial reporting is a matter for individual jurisdictions (interview SCRGSP member) and despite the 2009 commitment, there does not yet appear to have been progress made in this regard.

### *3.2.1 Assessment of existing approach*

Current data qualifications mean that the official social housing cost indicator is not comparable between public housing in different jurisdictions, let alone between public and community housing. However, more fundamental questions concern ‘what is it measuring?’ and ‘what can it tell us about social landlord efficiency?’

As discussed above, our principal concern is that as a total costs of provision measure, the net recurrent costs metric is too broad and complex to shed light on landlord efficiency. Several expenditure items included in the measure are outside the control of social landlords (e.g. rates and charges), while others, such as repairs and maintenance and depreciation, depend partly on historic asset profiles, or they are driven by factors entirely exogenous to the social housing system (such as interest rate policy or market rent levels).

Our concerns about the complexity and conceptual coherence of this measure are underscored by a number of strands of evidence. Official reports on this indicator give very little consideration to why an interpretation of the measure may be conceptually problematic; the reported information is heavily qualified by data quality limitations (see e.g. Productivity Commission 2013, Chapter 16 Data Quality Information, pp.30–36); and there is no discussion or explanation of the considerable differences in costs (see below) shown in published tables. Moreover, none of the stakeholders interviewed in stage 1 of our research (Table 1) expressed confidence in the indicator. One expert nevertheless observed that it was being used uncritically in consultants’ reports.

Disaggregating the measure into its component parts (above) does not assist in prompting explanations for the drivers of cost differentials and/or with advising possible benchmarks for assessment of performance. To illustrate this we have reviewed the variation shown in the 2011–12 published data on net recurrent costs (i.e. excluding the user cost of capital) between jurisdictions and between public and mainstream community housing. This indicator is the nearest to providing the basis for an administrative efficiency measure of those available.

As Table 3 shows, there is huge unexplained variation in net recurrent costs per dwelling between jurisdictions for both the two main provider types (for which data is most reliable). Across the eight jurisdictions, the differentials in cost levels (i.e. difference between highest and lowest cost) for public housing and mainstream commuting housing are \$9028 and \$10 354 per dwelling respectively, swamping respective national average costs levels of \$7707 and \$8149. Since these cost differences do not appear jurisdictionally based, factors other than policy or program environments must be contributing to the large variability apparent. As discussed previously, it can be argued that a composite measure of social landlord costs of provision will be significantly influenced by differences in asset profiles as well as by differences in landlord efficiency and the scope of management tasks being performed (and likely in turn to be partly related to provider differences in client profile). Unfortunately no further disaggregation of the data is provided although the underlying data repositories may offer scope for analysis of selected cost elements: this would be subject to agreement between jurisdictions.

**Table 3: Range in net recurrent costs per dwelling by (selected) provider type and jurisdictions 2011–12<sup>9</sup>**

| Provider type                | Highest value | Lowest value | Average (n=8) |
|------------------------------|---------------|--------------|---------------|
| Public housing               | \$14,912*     | \$5,884*     | \$7,707       |
| Mainstream community housing | \$15,699*     | \$5,345*     | \$8,149       |

Calculated from AIHW 2013a, Table 3.9. Data in cells asterisked are from four different jurisdictions.

### 3.2.2 *Summing up the current input expenditure approach*

Our review of the net recurrent costs indicator suggests that a new more narrowly conceived measure of landlord expenditure would be required to analyse social housing landlord efficiency and to probe how effectively different types of landlords shape service outcomes. A better developed and negotiated definition of what comprises management tasks would also be required. This could usefully separate tenancy/property management tasks and welfare tasks to cater both for the distinctive nature of social landlordism and provider differences in client profiles, as well as enabling benchmarking against private landlords whose focus is solely on tenancy/property management (see Section 3.4.3). We give further consideration to how to progress these suggestions in Chapter 4.

## 3.3 Service outcome measures

### 3.3.1 *Existing approach*

As noted in Chapter 2, in routinely measuring the outcomes of social housing provision there has been general reliance on tenant satisfaction metrics drawn from periodic national surveys. In this respect, Australia is not dissimilar from the UK and other countries. As it is officially phrased in the current guidance on national performance measures, “customer satisfaction” is an indicator of governments’ objective to provide housing assistance that is appropriate for different households’ (Productivity Commission 2013, p.16.47).

Established as an instrument for this purpose in 1996<sup>10</sup> and undertaken periodically ever since, the National Social Housing Survey (NSHS) is managed and commissioned by the AIHW. Initially focused solely on public housing, the survey was expanded to encompass community housing in 2001 and is currently undertaken on a two yearly cycle. It is conducted as a self-completion survey mailed to a cross-sectional cohort of social housing tenants. The sample size (some 13 000 responses in 2012) is sufficient to support disaggregation of results by sector (i.e. public housing and community housing) in each state and territory.

While its main role is to track customer satisfaction with services and accommodation, the survey also collects data about a range of related issues including respondent views on other aspects of housing occupied and on housing and support services provided. Importantly, in recent years the survey has also included questions relevant to the (respondent perceived) added value of social housing in terms of social inclusion objectives (see Chapter 2). Relevant questions in the 2010 survey asked whether living in public/community housing was considered beneficial in terms of, for example, feeling ‘more settled’, being better able to ‘manage rent or money’ or feeling ‘better able to improve job situation’. In 2012 respondents were asked whether housing provider assistance had facilitated their use of various support services. The 2012 questionnaire was also enhanced to generate a respondent assessed metric on property condition<sup>11</sup> (see AIHW 2013c, Chapter 5).

<sup>9</sup> Data on Indigenous housing has been omitted because of greater data limitations and differences in jurisdictional coverage.

<sup>10</sup> In its early years the survey was known as the National Survey of Customer Satisfaction with Housing Assistance.

<sup>11</sup> In addition to the long-established inclusion of a question on satisfaction with property condition

AIHW undertakes extensive analysis and publication of NSHS data. For the 2012 survey two such reports were made available; a summary analysis and a detailed account incorporating state and territory-level analysis (AIHW 2013c, 2013d). For the first time the 2012 survey results have also been provided by AIHW as a confidentialised unit record file (CURF) to enable independent analysis. As published by the Productivity Commission within its suite of national social housing performance measures (Productivity Commission 2013, Tables 16A.55 and 16A.56), the key metrics generated by NSHS are the percentages of public housing and community housing tenants satisfied or very satisfied with the services provided by their landlord.

As noted in Section 2.4.2, in addition to NSHS-derived metrics, a tenant outcome metric already in use in Australia is tenancy sustainment. Focusing on a cohort of tenants 'in greatest need' rehoused in a given year, this measures the percentage whose tenancies remained intact for at least 12 months. Households 'in greatest need' are defined as those that, immediately prior to being allocated a tenancy were:

- homeless
- living in accommodation judged as posing a 'life or safety at risk'
- subject to a health condition aggravated by housing
- living in housing inappropriate to needs
- subject to very high housing costs.<sup>12</sup>

### 3.3.2 *Assessment of existing approach*

#### **Survey-based approach—tenant satisfaction metrics**

The existing largely survey-based approach to measurement of service outcomes has a number of important strengths. In particular, it generates easily intelligible metrics which—thanks to the common methodology inherent in a centralised survey—can be reliably compared across jurisdictions and provider types. This refers to the contrast with administratively generated performance statistics which are often compromised by inconsistent data recording practices across participating organisations. The existing approach also provides the potential for meaningful time-series analysis.

As a means of measuring service quality and tenant outcomes, however, the approach also has some shortcomings. Firstly, given its focus on reported customer satisfaction it is subject to broader critiques around what some consider to be the 'nebulous' concept of 'satisfaction' (see Section 2.4). Thus, while retaining a survey-based approach, there could be value in experimenting with different forms of question such as the 'would you recommend?' query discussed in Section 2.4. In a similar vein, while the cross-sectional coverage of the entire (social) tenant population is an important strength, there is an argument that questions about service quality could be more meaningfully directed only to those having recently received the service concerned. For example, while all respondents are asked their opinion of day to day repairs performance, many may have no direct experience of this service in the recent past (or ever in the case of newly housed tenants).

Secondly, while there are some significant advantages to a survey-based approach to performance measurement, there are also some drawbacks or limitations. Importantly, it demands professional survey management and, if meaningful time-series analysis is to be made possible, consistency of approach from one survey to the next. For example, because the technical approach adopted in the 2012 NSHS differed from that used in earlier years and generated a much lower response rate (see AIHW 2013c, Appendix B), AIHW emphasises that the latest set of satisfaction metrics cannot be reliably compared with those from 2010. Another

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<sup>12</sup> See <http://meteor.aihw.gov.au/content/index.phtml/itemId/456547>.

significant limitation to the survey-based model of performance data collection—especially one involving a self-completion questionnaire—is the restricted number and complexity of questions which can be realistically included in a questionnaire without prejudicing response rates.

Thirdly, there is a case that NSHS sampling design is dated and could benefit from review. This could, potentially, enable the survey to generate substantial added value. Issues here include:

- The need to recognise the changing shape of Australia’s social housing—in particular, the growing number of larger CHPs which have emerged in recent years.
- The need to calibrate social inclusion outcomes.

On the first of the above points, the NSHS would ideally generate key results specific to larger CHPs, as well as to each state/territory provider. Although the community housing share of all social housing remains limited, unpublished data shows there are now over 20 CHPs managing more than 1000 dwellings and these CHPs account for around two thirds of all community housing properties as recorded by AIHW (2013c). Under the recently launched National Regulatory System for Community Housing all such providers are expected to conduct tenant/resident surveys ‘at least every two years’ (NRSCH 2014, p.10). The local commissioning of such surveys could be problematic in terms of both research efficiency (potential system-wide scale economies unrealised) and research effectiveness (risk that inconsistency will impair credibility and comparability of resulting metrics). In practice, such risks might be mitigated through the sector-led approach to tenants’ survey practice that is emerging (see Section 2.4). Otherwise, this state of affairs could call for NSHS sample stratification to facilitate disaggregation of results to separately specify those for each of these CHPs as well as for Australia’s eight state/territory landlords.

On the social inclusion point, as noted earlier, recent NSHS surveys have included questions seeking to probe the sector’s contribution in this regard. Given the policy emphasis now placed on this expectation (see Chapter 2), this is an important issue for all tenants. However, it is only those who have been recently housed who are in a position (albeit subjectively) to compare their social or economic connectedness as social housing tenants with that in their previous situation. Hence, there is a case for appropriately targeting ‘social inclusion’ questions specifically on such respondents and phrasing them accordingly. Under the traditional NSHS sampling approach, however, such tenants account for only a small proportion of total respondents. In the 2010 survey, for example, less than 7 per cent of respondents (some 900) had moved into the sector in the previous year. While even this number would be adequate to analyse at national level, the scope for disaggregation below this would be very limited unless the NSHS sample was stratified via application of a much larger sampling fraction for new tenants than for established tenants<sup>13</sup>.

While the above suggestions would result in a larger and more managerially complex exercise (in terms of sampling and the resultant weighting requirements), such enhancements would generate substantial added value as compared with the current approach. In terms of the financial implications it is relevant to note that the marginal cost of accommodating additional responses is relatively modest for self-completion surveys.

A final point on the scope for enhancement of survey-based ‘outcomes measurement’ is that it would be advantageous from an analytical perspective if the NSHS contained consistent information about the property occupied by each respondent—such as dwelling type, age, whether ‘on estate’ or not. This could facilitate more meaningful satisfaction rate comparisons between provider types or organisational entities. Relevant property information would be ideally sourced from landlords (incorporated within address samples) rather than requested of tenant respondents. However, while it is understood that some states already attach such variables to

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<sup>13</sup> This would have the added bonus of generating valuable data about the impact of current allocations policies in terms of the resulting profile of recently housed residents.

their NSHS address samples, making this a standard requirement would call for classificatory agreements that might well prove challenging to achieve.

Beyond the above discussion it must be acknowledged that measuring *tenant outcomes* is inherently complex and that there are limits to what can be achieved through survey-based approaches of this kind. Measuring the actual (as opposed to perceived) extent to which provider action helps to reconnect a tenant with support services, training or employment would be a challenging enough objective, but even if that could be done in some credible way there would still be problematic questions about the counterfactual scenario—that is the extent to which any such developments would have occurred *in the absence of provider assistance*. In this respect a quasi-experimental approach—such as that explored by Zaretsky et al. (2013) to enable comparison of outcomes for homeless people receiving different levels of support—may offer a fruitful way forward if enough cases can be obtained.

### **Administrative data approach—tenancy sustainment metric**

The collection and publication of tenancy sustainment statistics is a potentially useful service outcome measure to complement tenant satisfaction scores. In our view, however, there are a number of issues needing consideration around the current approach.

1. The statistics are collected and published only within the NAHA homelessness performance data suite (COAG Reform Council 2013b). Arguably, they should also be presented alongside existing social housing performance metrics—for example in AIHW collections and/or the Housing Chapter of the ROGS report.
2. The existing collection applies only to public housing. It should be extended to community housing.
3. The remit of the measure is perhaps questionable. While it is limited to 'greatest need' households, the associated definition is quite wide (see Section 3.3.1). As a result such cases accounted for 75 per cent of all new tenants of public housing across Australia in 2010–11, 92 per cent in Queensland and 96 per cent in Tasmania (AIHW 2012b). In our view, the 'greatest need' definition makes it an indiscriminating way of selecting new tenants most at risk of failing to sustain a tenancy where this is an undesired outcome. Proposals on how this might be addressed are set out in Section 4.3.

### **3.3.3 Learning more from existing NSHS data**

While detailed analyses are already routinely published (e.g. AIHW 2013c, 2013d) there is some scope for further exploration of the NSHS data to investigate differences in headline satisfaction rates for public housing and community housing. Of particular interest is the extent to which the published 'overall satisfaction with landlord' scores for the two forms of provision might reflect 'profile differences' between the two. Important here (as acknowledged by AIHW (2103c)) is the understanding from other research that there is a positive relationship between respondent age and expressed satisfaction (Pawson et al. 2010). If reflected in Australia, therefore, and if the NSHS community housing sample contained a significantly higher proportion of older people than the public housing sample it could help to explain the higher sector-wide satisfaction rating attributed to the former.

To probe such issues we obtained, with government permission and the assistance of AIHW, a copy of the 2010 NSHS dataset—a confidentialised unit record file (CURF) containing all valid responses from public housing and community housing tenants participating in the 2010 survey. While this was not the most recently undertaken survey at the time of our own study it was chosen in preference to the 2012 survey partly because of the range of variables contained and also because it was based on fieldwork that generated a superior response rate.

**Table 4: Overall satisfaction with landlord services by respondent age, 2010**

| Overall satisfaction with landlord service | Respondent age group |       |             |              | All |
|--|----------------------|-------|-------------|--------------|-----|
|  | Under 35             | 35–64 | 65 and over | Data missing |     |
| Satisfied                                  | 62                   | 69    | 79          | 78           | 72  |
| Neither satisfied nor dissatisfied         | 19                   | 12    | 9           | 9            | 11  |
| Dissatisfied                               | 18                   | 16    | 9           | 8            | 14  |
| Data missing/not applicable                | 2                    | 2     | 3           | 5            | 3   |
| Total                                      | 100                  | 100   | 100         | 100          | 100 |

Source: Derived from NSHS 2010 (AIHW).

Note: Based on unweighted data

In exploring the possibility that contrasting age profiles could influence inter-sector comparisons as revealed in UK research (see above), we first tested the relationship between respondent age and satisfaction rate. As shown in Table 4, findings were consistent; whereas the satisfaction rate was 79 per cent for respondents aged 65 and over it was only 62 per cent for those under 35. It seems implausible that older people systematically receive better services. Rather, they may tend to have more limited expectations.

**Table 5: Overall satisfaction with landlord services, 2010: provider type by respondent age**

| Respondent age group | % of respondents satisfied or v. satisfied |                   |            | Total sample size |       |
|----------------------|--|-------------------|------------|-------------------|-------|
|                      | Public housing                             | Community housing | Difference | PH                | CH    |
| Under 35             | 56   | 71                | 15         | 628               | 416   |
| 35–64                | 66   | 77                | 11         | 5,155             | 2,197 |
| 65 and over          | 78   | 84                | 6          | 3,605             | 1,331 |
| Age unspecified      | 76   | 84                | 8          | 293               | 146   |
| All age groups       | 70   | 79                | 9          | 9,681             | 4,090 |

Source: Derived from NSHS 2010 (AIHW). Note: Based on unweighted data

Moving on to compare satisfaction rates for the two main forms of social housing while holding respondent age constant, Table 5 shows that across the sample as a whole, 70 per cent of public housing tenants reported being satisfied or very satisfied with their overall landlord service, as compared with 79 per cent of community housing respondents<sup>14</sup>. Similar differences remained even after controlling for respondent age, as shown in the table. For example, focusing on the responses of 35–64 year old survey participants, the satisfaction rate for community housing was 11 per cent higher than for public housing. Hence, there is no evidence that the apparently higher sector wide satisfaction rate for the latter results from inter-sector profile differences in terms of respondent age.

Another possible profile difference between the two sectors that might theoretically affect sector-wide satisfaction scores relates to property type. Albeit that the key survey metric relates to views about services rather than accommodation quality, it may very well be that answers to questions on the former are influenced by views about the latter. If, as might be hypothesised, houses are more popular than flats, the relatively high satisfaction with services score for

<sup>14</sup> The public housing figure here differs slightly from that shown in AIHW published reports for the 2010 NSHS which, being based on weighted data, cite a 73 per cent satisfaction rate for public housing tenants (but a 79% rate for community housing respondents).

community housing might, theoretically, be partly due to a higher proportion of the sector's tenants being accommodated in houses.

In exploring this issue we needed to limit the analysis to the two states which provided reasonably complete property type data to AIHW in their 2010 NSHS samples—NSW and Tasmania. Additionally, to reconcile somewhat inconsistent property type classifications across these states we had to amalgamate cases into just two broad categories, 'flat' and 'house'. However, for all social renters in these states, the expected general relationship between property type and service satisfaction did not apply: as shown in Table 6, the service satisfaction rate for flat dwellers was in fact higher than that for houses.

Nevertheless, since there was an appreciable difference between the service satisfaction scores for those living the two property types, the contrasting sector wide satisfaction rates recorded for public housing and community housing might be associated with different property type profiles in the two sectors. In fact, as shown in Table 7, the community housing satisfaction score was again appreciably higher than for public housing for both types of dwelling. Interestingly, however, the relative popularity of the two property types contrasted across the tenures, with flat dwellers reporting higher satisfaction with services in public housing but not in community housing.

**Table 6: Overall satisfaction with landlord services by property type, 2010, NSW and Tasmania**

| Overall satisfaction with landlord service | House | Flat | Other/not known | All property types |
|--|-------|------|-----------------|--------------------|
| Satisfied                                  | 63    | 68   | 84              | 66                 |
| Neither satisfied nor dissatisfied         | 14    | 13   | 8               | 13                 |
| Dissatisfied                               | 20    | 17   | 5               | 18                 |
| Missing/not applicable                     | 3     | 3    | 3               | 3                  |
| Total                                      | 100   | 100  | 100             | 100                |

Source: Derived from NSHS 2010 (AIHW).

Note: Based on unweighted data.

**Table 7: Overall satisfaction with landlord services, 2010: provider type by property type**

| Property type occupied | % of respondents satisfied or v. satisfied |                   |            | Total sample size |       |
|------------------------|--|-------------------|------------|-------------------|-------|
|                        | Public housing                             | Community housing | difference | PH                | CH    |
| House                  | 61   | 77                | 16         | 3,162             | 453   |
| Flat                   | 67   | 73                | 7          | 2,244             | 408   |
| Other/not known        | -  | 84                | NA         | 0                 | 311   |
| All property types     | 63   | 77                | 14         | 5,406             | 1,172 |

Source: Derived from NSHS 2010 (AIHW)

Note: Based on unweighted data.

Finally, in this section, we can use the NSHS 2010 data to explore the 'honeymoon effect' hypothesis. This refers to the possibility that recently housed tenants are so grateful and relieved to have secured their new tenancy that they will be unduly liable to express high service satisfaction. If this were true, and on the assumption that new tenants will have been disproportionately represented in community housing in recent years (because of service expansion and development activity), there could be a profile impact benefiting that sector in terms of its service satisfaction rating.



As shown in Table 8, new tenants were indeed disproportionately represented in community housing in the 2010 NSHS sample—although they still accounted for only 13 per cent of the total (compared with only 4% in public housing). However, controlling for whether respondents were new tenants of social housing had no impact on the relative service satisfaction scores of the two tenures (see Table 8). Whether recently housed or not, the rating for community housing remained significantly higher than for public housing.

**Table 8: Overall satisfaction with landlord services, 2010: provider type by whether tenant recently housed**

| Whether new tenant of social housing | % of respondents satisfied or v satisfied |                   |            | Total sample size |       |
|--------------------------------------|---|-------------------|------------|-------------------|-------|
|                                      | Public housing                            | Community housing | Difference | PH                | CH    |
| Yes                                  | 73  | 82                | 9          | 365               | 547   |
| No                                   | 70  | 78                | 8          | 9,316             | 3,543 |
| All                                  | 70  | 79                | 9          | 9,681             | 4,090 |

Source: Derived from NSHS 2010 (AIHW)

Note: Based on unweighted data. Note: 'new tenant of social housing' defined as any respondent having moved into their current home in the previous year other than those whose former home was also in social housing.

### 3.3.4 *Summing up the current service outcomes assessment approach*

To sum up, we believe the survey-based approach to social housing service outcome measurement remains highly beneficial, although there is potential scope for such surveys to add more value, especially as regards the consistent measurement of outcomes generated by larger CHPs, and the measurement of social inclusion impacts. System-wide economies could result.

Using the NSHS 2010 data to explore the possibility that profile differences contribute to the somewhat superior service satisfaction ratings generated for community housing revealed no evidence for this. Given the absence of potentially important variables on property characteristics (e.g. whether or not a dwelling is 'on estate') such effects cannot be conclusively ruled out. However, the results of tests undertaken here provide strong grounds to fully confirm the published figures showing significantly stronger tenant satisfaction scores attributable to community housing as compared with public housing. The extent to which this difference might be associated with higher resource inputs to housing management activity cannot be determined on the basis of available data. Hence, the need for the development of new expenditure metrics as proposed in Chapter 4.

## 3.4 Other sector activities relevant to this study

This section presents an overview of a variety of activities in the social housing sector that were identified in the scoping stage of this research with potential to have a bearing on how performance indicators for social housing are further developed.

### 3.4.1 *Performance measurement under the NAHA*

In its 2008 Intergovernmental Agreement on Federal Financial Relations COAG set out a national framework for service reform aimed at driving productivity, sustainability, health and wellbeing outcomes (COAG 2008a). This emphasised the importance of outcomes-based reporting (rather than traditional monitoring of inputs and activities) (COAG Reform Council 2013a). As explained in Chapter 1, 'housing and homelessness' is a specified service area subject to reform. Details on this are given in the NAHA, a schedule to the intergovernmental financial agreement (COAG 2008b, 2012a).

Being broader in scope than the social housing system the NAHA remit is reflected in its aspirational objective that 'all Australians have access to affordable, safe and sustainable housing that contributes to social and economic participation' (COAG 2012a, p.3) and in the list of agreed outcome areas and performance indicators to be measured and reported on regularly (as set out in Table 9).

Of the six functional areas subject to outcome reporting under the COAG framework, housing (and homelessness) is arguably the least developed. This is attributed to inappropriate performance indicators and data (un)availability (interview COAG Reform Council; COAG Reform Council 2013a, p.15). Additionally, in contrast with other service areas, performance benchmarks were omitted from the original agreement.

A 2011–12 review of the NAHA by a working group of public officials led to the introduction of four provisional performance benchmarks, reflecting perceived government priorities at the time. Notably, these do not concern performance of the social housing system per se.<sup>15</sup> Other than the introduction of these benchmarks, the working group proposed no major changes to the NAHA reporting framework arguing that it, 'provided a reasonable starting point for measuring achievement of [housing and homelessness] outcomes (Table 9) but should be improved by refining indicators and developing data' (COAG 2012b, p.15). As recognised by the COAG Reform Council, this will need sustained attention (COAG Reform Council 2013a, p.15).

As regards client outcomes, a key focus of this research, the review considered the extent to which existing indicators bear on the NAHA specified outcome that 'people who are homeless or at risk of homelessness achieve sustainable housing and social inclusion' (Table 9). However, it did not support the development of additional indicators and related data collection to enable measurement of this outcome area, arguing that such detailed measurement was out of scope given the NAHA focus on housing and that broader outcomes (e.g. the employment, education and social participation of homeless people) would be addressed by addressing homelessness (COAG 2012b, p.5).

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<sup>15</sup> The provisional performance benchmarks, which apply to performance indicators (a), (c), (e) and (f) in Table 9, can be found in COAG 2012a, p.7.

**Table 9: NAHA Outcomes and Performance Indicators 2012**

| <b>Outcomes</b>   | <b>Performance Indicators</b>   |
|---|---|
| (a) People who are homeless or at risk of homelessness achieve sustainable housing and social inclusion                             | (a) Proportion of low income renter households in rental stress   |
| (b) People are able to rent housing that meets their needs  | (b) Number of homes sold or built per 1000 low and moderate income households that are affordable by low and moderate income households     |
| (c) People can purchase affordable housing  | (c) Proportion of Australians who are homeless  |
| (d) People have access to housing through an efficient and responsive housing market  | (d) Proportion of people experiencing repeat periods of homelessness  |
| (e) Indigenous people have the same housing opportunities as other Australians  | (e) Proportion of Indigenous households owning or purchasing a home   |
| (f) Indigenous people have improved housing amenity and reduced overcrowding, particularly in remote areas and discrete communities | (f) Proportion of Indigenous households living in overcrowded conditions including in remote and discrete communities                       |
|   | (g) Proportion of Indigenous households living in houses of an acceptable standard including in remote and discrete communities             |
|   | (h) Estimated cumulative gap between underlying demand for housing and housing supply, as a proportion of the increase in underlying demand |

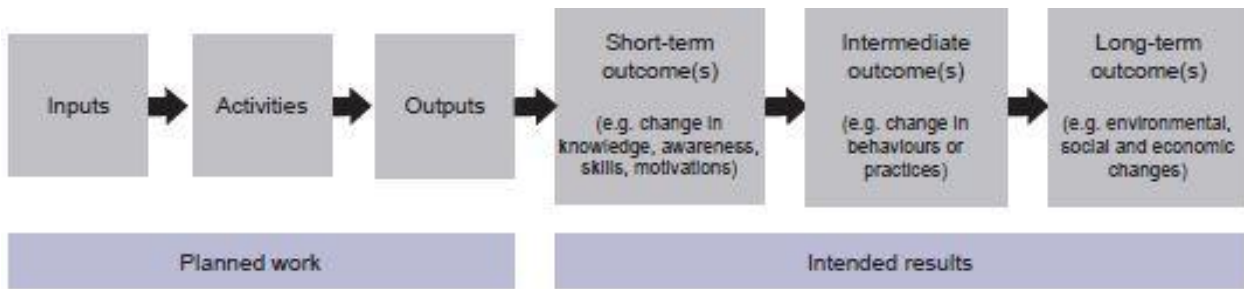
Source: COAG 2012a, pp.4, 6

### **COAG Reform Council review of COAG reforms**

In 2013 the COAG Reform Council considered the effectiveness of new performance reporting arrangements under the six national agreements (COAG Reform Council 2013a) as part of a broad five-year examination of progress in reform of government service provision. While acknowledging the complexity and challenges of outcomes measurement and valuable achievements in this field so far, this review painted an overall picture of implementation falling short of expectations and of much more work to be done.

A key recommended step for strengthening outcomes-based reporting (and confidence in the process) is for development of performance frameworks to be more clearly based on a 'program logic' approach that defines the links from inputs and outputs to interim and long term outcomes (see Figure 4). As stressed by the Council, this is not an argument for a return to measuring inputs and activities but for achieving better understanding of how inputs and activities lead to desired outcomes and for focussing on evidence that can demonstrate such links (COAG Reform Council 2013a, p.45). Such an approach is consistent with the logic of Cost Consequences Analysis (see Section 1.2).

**Figure 4: Program Logic Approach**



Source: COAG Reform Council 2013a, p.45

We return to consideration of the application of the program logic tool to development of a performance framework for social housing providers in Chapter 4.

### 3.4.2 National community housing standards

National standards of good practice in community housing service delivery were introduced in NSW in 1997 and have been gradually extended to other jurisdictions on a voluntary basis (National Community Housing Standards Manual 2010). The primary purpose of the standards is to assist individual CHPs to achieve accreditation for their performance and to promote service improvement. They also provide a potential framework for assessing and comparing the performance of CHPs on a consistent basis.

Standards are prescribed in seven broad areas. Four of these concern direct service delivery—tenancy management, property management, tenants’ rights and participation and working with the community; the other three are concerned with organisational governance and management. As shown in Table 10, the defined scope and codification of the four service delivery standards are broadly aligned with the concern of this study to define, disaggregate and measure the set of management tasks of a social landlord so as to better understand value for money and impacts on outcomes for tenants.

**Table 10: Service delivery standards categories and coverage, Australian CHPs**

| Tenancy management                     | Asset management                   | Tenant rights and participation                       | Working with the community                         |
|--|------------------------------------|---|--|
| Allocation of housing                  | Asset management strategy          | Tenant rights   | Tenants’ access to support                         |
| Establishing and maintaining tenancies | Responsive maintenance and repairs | Tenant participation                                  | Building community capacity                        |
| Changing needs of tenants              | Planned maintenance                | Participation in tenant-run cooperatives              | Providing housing information, advice and referral |
| Ending tenancies                       | Stock acquisition and development  | Access to services of the organisation                |  |
| Outsourcing tenancy management         | Partnerships and new business      | Confidentiality and privacy<br>Complaints and appeals |  |

Source: National Community Housing Standards Manual 2010, pp.12–13.

While lacking statutory force, NCHS guidelines are significant in two ways. Firstly, they are referenced in Victoria’s Regulatory Code as recommendations to which landlords should give

consideration. Secondly, they form the criteria used under the Global-Mark accreditation framework in assessing service quality delivered by community housing providers.

### *3.4.3 National regulation of community housing providers*

The national approach to CHP regulation, being implemented progressively from 2013, incorporates an enhanced approach to data collection on the performance of the community housing sector (NRSCH 2014). In addition to collecting information on tenant satisfaction (see Chapter 2), several of the hundreds of data items to be collected by the regulator on a standardised basis would be suited to building a robust measure of service costs of the kind under consideration in this study. Of particular interest here is the requirement to record total salary costs, of key importance in measuring service inputs. As with other financial information, it is proposed that this is reported within a 'segmented' framework where such data is differentiated according to whether it relates to: corporate overheads; long-term owned housing business; long-term management housing business; short-term housing business or other non-housing business activities (ARTD Consultants 2013).

It is understood that CHP data submitted to the regulator will not be made available publicly except in aggregate form. However, further consideration should be given to whether some key service cost measures that could be derived from this new national data set could have wider application to performance monitoring. This is clearly desirable not only from the perspective of improving performance measurement information but also to minimise the need for and cost of additional data collection.

### *3.4.4 Sector-led initiatives*

Our interviews with stakeholder have identified various projects relevant to this study in which government or non-government providers are engaging. Government initiatives include development of a model of program cost effectiveness (Housing NSW), development of tenancy service cost benchmarks (Land and Housing Corporation NSW), a triennial review of the operational performance of the South Australian Housing Trust (to report in March 2014) and activity based costing for the Victorian Department of Human Services. Most of this work, however, is held internally by the commissioning agency and not released for wider review. What is apparent from our review is that assessment of service delivery costs continues to be a priority issue but that diverse and fragmented approaches are being pursued by individual agencies.

Within the community housing sector the most advanced and broad-ranging work yet undertaken on measuring landlord performance has been initiated by the industry body, PowerHousing whose members comprise 27 of the larger providers across Australia. This has involved a first attempt (completed for PowerHousing by consultants in 2012) to benchmark the performance of member organisations against a broad array of governance, financial and operational data. Evidence of tenant satisfaction was also collected and analysed drawing on existing provider surveys (see Section 2.4.1).

The measures used in the 2012 exercise appear to have been reliant on information readily obtainable from annual reports and financial statements rather than involving adoption of an independently derived set of measures or attempting alignment with measures used in public housing. However, some thought has also been given to the potential to benchmark CHP performance against private sector landlord performance (interview PowerHousing member). For instance, the MacQuarie Property Managers Survey currently incorporates a 'managing agent cost per dwelling' measure and a measure of management efficiency—defined as properties managed per full time property manager or equivalent (Macquarie Relationship Banking 2012).

Confidential information from the PowerHousing 2012 exercise has been provided to individual participating members to facilitate performance benchmarking, together with a summary report

(containing aggregate, average and distributional data) for all members. The exercise will be repeated in 2014 and marks an important step forward for CHPs taking an interest in comparing their performance that should be further developed and underpinned to strengthen the culture of performance measurement in the sector. Further consideration will be given to how the second stage of this study (see Chapter 4) can contribute to that endeavour.

In addition to the above initiative, as discussed in Section 2.4.1, community housing peak bodies have been developing an industry-led tenant satisfaction benchmarking project.

### **3.5 Chapter summary**

While there is a long-established national framework for monitoring social housing performance at state and territory level, this is reliant on a *service inputs* measure widely acknowledged as not fit for purpose.

On the other hand, existing NSHS-derived tenant satisfaction metrics are a useful gauge of service quality. Additional analysis of NSHS data has demonstrated that the generally superior satisfaction scores for community housing compared with public housing (as published) do not result from profile differences between the two respondent cohorts. Nevertheless, the NSHS methodology could be substantially enhanced through revisions to sample design and questionnaire content so as to better calibrate provider contribution to social inclusion.

Beyond survey-based measures of service outcomes, there is a potential role for administratively derived indicators. In particular, the tenancy sustainment metric already being used as an indicator for lettings to highest need clients within public housing has the potential to be more broadly applied across the system. Again, however, as a measure of social housing contribution to social inclusion, this could be beneficially fine-tuned.

## 4 REFINING AND TESTING MANAGEMENT COST AND SERVICE OUTCOME MEASURES

Before setting out specific proposals for enhancing the measurement of social housing inputs and outcomes, this chapter first revisits the discussion in Chapters 1–3 to draw out a suggested conceptual framework to form the basis for a reformed performance measurement framework. Having established (in Chapter 3) that existing metrics for cost of provision and service outcomes are unsatisfactory, our main focus is on proposals for new or enhanced measures under these headings. Whichever analytical technique is employed (CCA, CEA or CBA), such indicators are a pre-requisite for the evaluation of efficiency and effectiveness. Towards the end of the chapter, following on from our proposals on metrics we outline our planned approach to the primary fieldwork to be undertaken in completing this project.

### 4.1 Conceptual framework

In Section 1.2 we discussed various possible approaches to the economic evaluation of social housing. Of the three models discussed, we consider the most appropriate in this context is the cost consequences (CCA) variant.

**Table 11: Possible approaches to economic evaluation of social housing**

| Approach                    | Measure for each provider                               |
|-----------------------------|---|
| Cost Benefit analysis       | Ratio of housing costs to value of housing benefits     |
| Cost–effectiveness analysis | Housing costs per tenant year                           |
| Cost consequences analysis  | Disaggregated housing costs and tenant outcome measures |

Source: Adapted by the authors from Frick and Kunz 2008

This is partly because, unlike cost effectiveness analysis, CCA does not call for outcomes to be reduced to a single measure. In a complex service like social housing management we regard this as unrealistic. Indeed, we are looking at a housing system where variance in outcomes is likely to be considerable as different housing providers approach the task of supporting tenants in a variety of ways. The project is very interested in examining this variance in outcomes and not reducing to a single measure such as tenant years. Indeed a cost-effectiveness approach would limit the ability of the outcomes of the study to provide learnings for the social housing sector. Providers with higher costs per tenant year would simply argue that they have higher costs because their tenant-years are ‘better’.

Further, CCA is considered more appropriate than CBA because, unlike the latter, it does not require the assignment of financial values to all outcomes—something which would be difficult to operationalise in this context. While there has been a focus in a range of fields to monetize the value of social outcomes (e.g. Tuan, 2008), given the relatively poor progress in this area in the field of social housing, it was not feasible to contemplate this approach in the current study. Moreover, a further difficulty in the application of CBA would be the problem of assessing the time value of benefits.

In selecting an appropriate analytical framework we also see value in maintaining consistency with the program logic approach—see Figure 4. Relevant to our enterprise, this model stresses the need to develop an understanding of how specific inputs and activities are linked with specific outcomes and to contemplate measurement of short and longer term outcomes.

Consistent with the above discussion and drawing on the fieldwork undertaken in the project’s initial stages, we set out in Figure 5 a suggested classification of housing management activities into broad groupings with matching performance measures. In the first column (housing management activities, disaggregated), we list some typical housing management tasks or

components of the landlord role. The relative importance of these to individual providers will vary somewhat, depending on dwelling stock configuration and other matters. These activities are aggregated into the broad categories (management fields) proposed in the second (central) column. These categories form our proposed framework for the recording of housing management expenditure.

Importantly we would argue, our management fields differentiate traditional core activities—tenancy and property management—from other services now within the remit of housing management, at least as this is interpreted and operationalised by some social landlords in Australia. In the interests of facilitating management expenditure benchmarking between social and private landlords, it is essential that the monitoring framework has the capacity to enumerate management expenditure net of the other activities which social landlords may undertake but which (it is assumed), private landlords will not. We are referring here to tenant support, place management and community development.

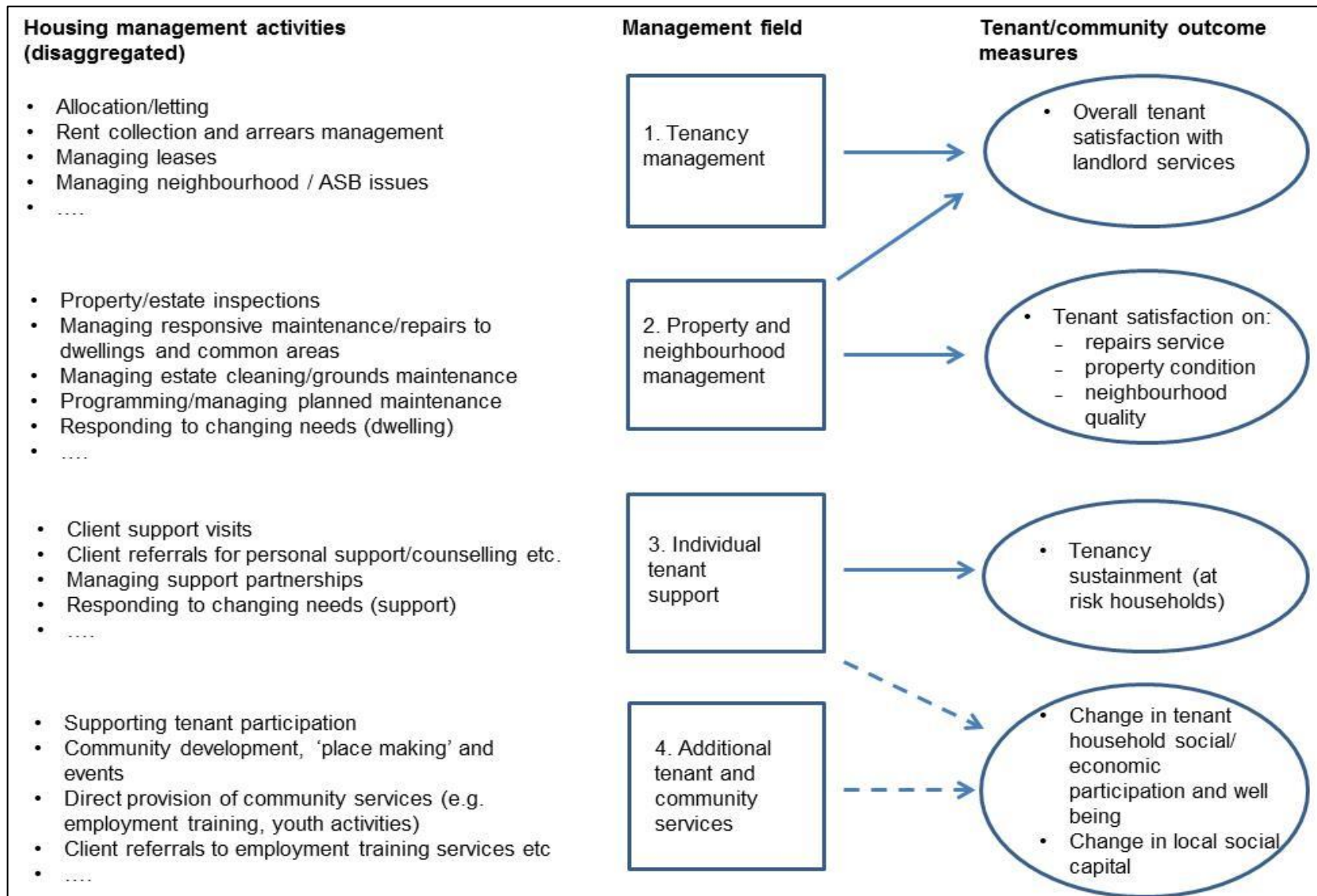
In facilitating separate accounting for non-core activities our proposed framework is also consistent with the logic of the Henry Review's acknowledgement that welfare expenditure incurred by social landlords should be separately funded (see Section 2.3.3). Only under a system such as that proposed will it be possible to quantify such expenditure.

Also significant in Figure 5 is our proposed distinction between individual tenant support and additional tenant and community services. This follows from the understanding that the modern role of social housing in accommodating highly disadvantaged people means that individual tenant support activities will be relevant to all social landlords whereas the relevance of additional tenant and community support activities may vary—for example depending on a provider's tenant profile and community service undertakings. Similarly, social landlords take different views on the merits or feasibility of facilitating tenant participation in terms of mechanisms to enable tenant input in decision making—for example on local estate management matters. In part, such thinking will also depend on the nature and distribution of a provider's dwelling stock (e.g. spatially concentrated or not, estate based or not).

Consistent with the program logic approach advocated by the COAG Reform Council (see above), the third column in Figure 5 lists a set of possible and existing performance measures matched to each management field. Suggesting linkages between management activities and indicators of service outcomes is not intended to imply the existence of a simple causal relationship between the two. Such a comparison can only provide an indication of whether there is any apparent connection between different levels and types of management activity and assessed tenant outcomes. Nevertheless, the results will help to generate hypothesis for further research into why and in what contexts any such relationships may arise.



Figure 5: Conceptual framework for measuring social housing cost of provision and tenant outcomes



Source: authors

## 4.2 Initial (experimental) proposals for enhancing measurement of social housing management expenditure

Consistent with the framework set out in Figure 5, it is envisaged that a common set of accounting protocols would be developed for disaggregating housing provider expenditure on salary costs (and outsourced contributions to service delivery). Relevant here is the new NRSCH requirement for all CHPs to specify total salaries expenditure within the context of annual financial returns. This could provide a useful reference point in collecting the required management expenditure data as detailed below<sup>16</sup>.

The first step in our proposed approach would be for state housing authorities and ‘in scope’ CHPs (proposed as those managing more than 1000 dwellings in 2014) to identify the salary expenditure associated with all staff with a role in providing some element of housing management services—defined as *landlord activities* other than:

- Maintenance works implementation (rather than ordering supervision and reporting).
- Capital investment planning for and project management of stock reconfiguration and renewal.

By definition, landlord activities also exclude such things as the planning and financing of new build housing, assisting people to access private rental housing and any non-housing business activities.

In addition to the above, a decision will need to be made on how to treat expenditure on the management of accommodation other than mainstream social housing. We recommend that transitional housing activity is excluded. Related questions also arise around the treatment of affordable housing management (e.g. homes developed for low to moderate income households under NRAS). There is an argument that associated activity should be excluded or separately specified for comparability (e.g. between public housing and community housing). Unfortunately, however, this would appear incompatible with the proposed ‘segmentation’ of CHP business as envisaged under the NRSCH financial performance return since this framework does not differentiate NRAS or other ‘affordable housing’ products (see Section 3.4). Therefore, unless this is revised we would not advocate any exclusion or separate treatment of affordable housing business. Instead, the proportion of a provider’s business involving such activity will need to be borne in mind in interpreting performance metrics as reported.

Especially in larger organisations it is assumed that the vast majority of staff engaged in housing management activities would be wholly accounted for as such. In any social landlord organisation, however, some staff (especially senior managers) will be spending some time effectively contributing to housing management services alongside other activities. In such instances salary costs would need to be appropriately apportioned. Also reckonable within a provider’s total housing management expenditure would be outlays on landlord services procured from third party agencies, such as contracted grounds maintenance. Similar in principle is the need to include the salary costs (or a relevant proportion of such) relating to any state government staff contributing to housing management services but located in departments (or divisions) other than housing.

Probably the most challenging aspect of the above proposal would be its application to state housing providers, diversified community housing providers and those not-for-profits whose social landlord role is situated within a larger parent organisation. One potential complication here is the need to separate out and exclude expenditure on state housing ‘non-landlord’ activities such as private rental brokerage. Another is the requirement to identify, calibrate and

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<sup>16</sup> For example, guidance notes for provider CFOs tasked with collating the relevant return could note that housing management salary expenditure will be a subset of total salaries expenditure as specified in their NRS Financial Performance submission.

include salary costs attributable to housing management service contributions by back office support service staff.

Secondly, providers would ideally break down their total housing management expenditure according to broad activity-type categories of the kind proposed in Figure 5. Again, especially in larger organisations where many staff may play relatively specialised roles (e.g. asset management or lettings), the apportionment of salary costs to such categories might be relatively straightforward for most staff. For staff with category-spanning generic roles, however, salary cost apportionment would need to be undertaken by estimation of the staff time commitment to specific activities, with such estimation possibly needing to be informed by an activity-based costing exercise to be undertaken by the staff concerned over a limited period (e.g. conducted over one month every three years).

In designing such a system a view would need to be taken on the treatment of overheads. While it would seem logical for all salary-related overheads to be included, this might or might not apply to office costs and similar expenditures.

Drawing on the outputs of the proposed system as sketched out above, annual unit expenditure on each broad category of housing management could then be derived through dividing total spend by the average number of properties in management during the relevant year. This would produce metrics that could be collected annually from states and territories by AIHW through its standard housing data return. Assuming a continuation of current practice, data for in-scope community housing providers would be collected by AIHW via the relevant state/territory.

In our view, such metrics could provide a means of usefully comparing the resource inputs to housing management activities across provider types and entities and, potentially, a basis for cost consequences analysis by relating unit expenditure on specific aspects of housing management to quantified tenant outcomes as discussed in the next section.

### **4.3 Initial (experimental) proposals for enhancing measurement of service outcomes**

As indicated in Section 3.3.2, we consider that, in improving the measurement of service outcomes (including tenant outcomes) it would be desirable to explore enhancement of the NSHS and metrics reliant on administrative data.

As regards the *survey measures* for potential incorporation in the NSHS, we propose:

1. The trialling of new forms of question to gauge tenant views on landlord service quality, alongside the traditional ‘overall satisfaction with landlord service’ metric. This could include the ‘how likely are you to recommend ...’ question, which would facilitate calculation of net promoter scores for organisational entities and provider types. Similarly, questions focused on a respondent’s most recent experience of a contact with their landlord could be included—for example on satisfaction with the final outcome of the query. By generating more discriminating responses such questions could enhance the Survey’s capacity to capture perceived service quality especially as regards management fields 1 and 2 as shown in Figure 5.
2. To provide a better means of gauging the impact of services in management fields 3 and 4 (Figure 5), existing NSHS questions about social housing added value could be adapted for targeting to recently housed tenants only (e.g. those rehoused six to 24 months prior to the survey). For example: ‘Thinking back to your situation before getting your current tenancy, do you think that living in public/community housing has helped you or anyone in your household in any of the following ways?’ Response options would be: Yes—thanks to housing staff assistance; Yes—without direct housing staff assistance; No; Not applicable. Referencing the ‘possible ways’ listed in the 2010 survey, we would suggest:

→ feel more settled, in general

- enjoy better health
- feel better able to work or seek work
- feel better able to participate in study or work training.

As regards *administratively generated* tenant outcome metrics to provide a better means of gauging impacts of services within management fields 3 and 4, we propose:

1. Trialling of a *tenancy sustainment* metric potentially suitable for inclusion by providers in annual statistical returns. For public housing this would be an enhanced version of the existing measure (see Section 3.3.1). For community housing it would be an entirely new metric. We suggest this calibrates the percentage of ‘at risk’ tenants sustaining a tenancy for at least 12 months. Ideally, the definition of ‘at risk’ tenants would be narrower than the ‘greatest need’ definition outlined in Section 3.3.1. This could equate to all new tenants with identified ‘support needs’ at the time of being housed<sup>17</sup>. But since this would call for the development of a standardised approach to assessing and recording new tenant support needs across all social housing it is recognised as probably an ambitious suggestion. A possible alternative, based on the hypothesis that people who have already experienced homelessness are at greater risk of experiencing it again, would be to focus on those reporting having been homeless prior to being rehoused. However even if relying on a self-reported approach to avoid the need for complex definitions, this would again necessitate cross jurisdictional agreement on how the question should be asked and recorded. In NSW, for example, while the Housing Pathways<sup>18</sup> registration form records whether an applicant was homeless *at the time of application*, this is possibly too narrow a filter for our purposes.
2. Trialling of an *economic reconnection* metric, focusing on working age and work capable tenants housed during a period, and whereby providers would be required to measure the proportion of such households containing persons in employment or training at the time of being housed, and again 12 months later. This might appear rather a challenging proposal, particularly in terms of the need to identify a tenant household containing ‘work capable’ members and the requirement to refresh tenant employment data after 12 months. On the former point, however, it might be feasible for housing staff to have regard to new tenant household members’ welfare benefits status. Individuals in receipt of New Start payments will have been judged ‘work capable’ by Centrelink. On the latter point, under standard income-related rent frameworks, social landlords are in any case obliged to undertake periodic tenant income reviews.

Introduction of either of the above indicators as standard performance measures would send a strong signal on official priorities for social landlord activity and could be expected to lead to significant re-orientation of staffing and managerial resources across the sector.

In addition to the proposed adjustments to regular collections just described, this project will provide an opportunity in Phase 2 to commission a telephone survey focusing on recently housed tenants (those having lived in social housing for six to 24 months). The intention is to generate a sample of respondents totalling 400, split evenly between public housing and community housing tenants.

Rather than the generation of metrics consistent with our overall performance framework, the main purpose of the telephone survey will be to learn more about tenant outcomes of living in social housing from the tenant perspective. Through ‘live’ questioning it will also provide an opportunity to validate/interpret tenant responses to simple satisfaction questions. Respondents will be asked about the experience of having gained a social housing tenancy and any perceived

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<sup>17</sup> For reference, Scottish Government guidelines require assessment and recording of ‘support needs’ for all logged housing applicants judged homeless or potentially homeless. Of the 32 000 such applicants recorded in 2012–13, a third of all applicants were judged as having at least one support need, with the largest single category relating to mental health—13 per cent of all relevant applicants (Scottish Government 2013).

<sup>18</sup> Housing Pathways is the access system for applicants for housing assistance in NSW.

impacts on wellbeing, testing out the relevant questions proposed above. Going beyond what could be feasibly collected via a self-completion survey, those citing positive impacts will be asked to elaborate on their answer; for example to explain in what way this aspect of their situation has improved and how this has come about (especially the extent to which this results directly from housing provider action). The survey elements dealing with non-shelter impacts of housing contained in Phibbs (2005) as well as more recent international work, particularly from the USA (see e.g. Briggs et al. 2010) will be used to help formulate the survey.

It is acknowledged that none of the metrics proposed in this section addresses the need to measure *community outcomes* of relevant 'management field 4' activities. It is hard to conceive of any routinely applicable quantitative methodology that could facilitate measurement of provider contributions to the accumulation of local social capital. While such a metric would be relevant mainly to landlords managing spatially concentrated social housing, this would certainly include all state and territory providers as well as many CHPs. At the very least, it might be appropriate, through the NRSCH, to encourage providers to collect evidence demonstrating positive outcomes from local projects.

Finally, it should also be acknowledged that accessing and linking administrative data on welfare, health and education outcomes, while highly worthy of consideration in the medium term (see Section 2.2) is beyond the scope of the present study.

## **4.4 Proposed Phase 2 fieldwork**

Phase 1 of the study has involved a scoping exercise to provide a basis for primary fieldwork in Phase 2. Given our initial findings, the nature of that fieldwork will be a slight modification from that originally envisaged. However, the main aim will remain unchanged: to explore and road test the design and implementation of possible new performance metrics as outlined in Sections 4.2–4.3.

### *4.4.1 Summary of fieldwork elements*

Table 12 provides a summary of the main proposed fieldwork elements and their purpose. A mix of qualitative and quantitative methods will be adopted as shown in the table. It must be acknowledged at the outset that, by comparison with most research studies, provider participation could be relatively resource intensive especially in terms of staff workload data collection and reconfiguration of landlord accounts.

**Table 12: Fieldwork elements**

| <b>Project element</b>  | <b>Purpose and method</b>   |
|---|---|
| Development of housing management expenditure analysis manual           | Provide guidance for collating management expenditure metrics in keeping with proposed framework (Figure 5).  |
| Case study work (eight social landlord entities)                        | Test and further develop proposed performance framework elements.   |
| Senior manager workshop   | Brief senior staff on case study fieldwork objectives and secure case study landlord managerial commitment.   |
| Chief Finance Officer /Operations Director interviews                   | Learn about each organisation’s managerial structures, accounting frameworks and services/activities intended to contribute to resident wellbeing, including social and economic re-connection. This information will provide the context for interpreting the metrics generated for each case. |
| Measuring housing management inputs                                     | Populate table of experimentally generated housing management expenditure metrics (Table 12a-d—see below).  |
| Measuring outcomes via administratively generated statistics            | Populate table of experimentally generated tenant outcome metrics (Table 12a-d).  |
| Measuring outcomes via all-tenant surveys                               | Populate table of experimentally generated tenant outcome metrics using existing survey instruments (Table 12a-d).  |
| Probing outcomes via new tenant telephone survey                        | Better understand whether and how living in social housing can enhance tenant outcomes using new tenant survey results.   |
| Focus group with service delivery staff in each case study organisation | Validate and assist interpretation of analysis of management costs.   |
| Consultation on proposed metrics and manual                             | Raise profile of project, seek feedback on final proposals from broader constituency. A specific workshop will be held with stakeholders in the Indigenous housing sector to consider how the measurement framework could be adapted to their circumstances.                                    |

#### 4.4.2 *Fieldwork outputs*

While the new tenants’ survey has a different purpose, the rest of the fieldwork described above will, if successful, generate a set of metrics for each case study landlord entity consistent with the conceptual framework set out in Figure 5, and as illustrated by Tables 13a–d. Partly to preserve provider anonymity landlord types and jurisdictional associations will remain undisclosed.

Such data will be valuable for a number of reasons.

1. It will be instructive to consider how organisations compare with one another on unit management expenditure. To what extent does the scale of such resource inputs vary and—factoring in researcher knowledge of the organisations concerned—are the variations consistent with expectations?
2. Also on the expenditure side, it will be revealing to compare organisations in terms of the relative priority placed on distinct components of the housing management task—for example are the resources expended on individual tenant support and community development always minimal in comparison with mainstream tenancy management?

3. To the extent that it proves possible to populate the service outcomes columns, the statistics will enable us to probe the nature and strength of the association between resource levels and related outcomes.

In all of this, of course, it will be necessary to interpret the metrics rather than necessarily treating them at face value. This alludes to the earlier point that in a complex service such as housing management, performance statistics can only be regarded as ‘can openers’ which need to be understood with reference to a provider’s operational context, client profile or other special circumstances.

**Table 13: Anticipated statistical outputs from work with case study landlords**

**(a) Tenancy management**

| Provider   | Management inputs         |   |   | Service outcome examples                     |                    |
|------------|---------------------------|---|---|--|--------------------|
|            | 2013/14 total expenditure | 2013/14 average dwellings in management | 2013/14 tenancy management expenditure per dwelling | % overall satisfaction with landlord service | Net promoter score |
| Provider 1 |                           |   |   |  |                    |
| Provider 2 |                           |   |   |  |                    |
| Provider 3 |                           |   |   |  |                    |
| etc.       |                           |   |   |  |                    |

**(b) Property management**

| Provider   | Management inputs         |   |  | Service outcome examples            |  |
|------------|---------------------------|---|--|-------------------------------------|--|
|            | 2013/14 total expenditure | 2013/14 average dwellings in management | 2013/14 property management expenditure per dwelling | % satisfaction with repairs service | % satisfaction with property condition |
| Provider 1 |                           |   |  |                                     |  |
| Provider 2 |                           |   |  |                                     |  |
| Provider 3 |                           |   |  |                                     |  |
| etc.       |                           |   |  |                                     |  |

**(c) Individual tenant support**

| Provider   | Management inputs         |   |   | Service outcome examples                         |   |
|------------|---------------------------|---|---|--|---|
|            | 2013/14 total expenditure | 2013/14 average dwellings in management | 2013/14 tenant welfare support expenditure per dwelling | % tenancies sustained > 1 year (at risk tenants) | % tenants satisfied with support worker service |
| Provider 1 |                           |   |   |  |   |
| Provider 2 |                           |   |   |  |   |
| Provider 3 |                           |   |   |  |   |
| etc.       |                           |   |   |  |   |

**(d) Additional tenant and community services**

| Provider   | Management inputs         |   | Service outcome examples  |  |   |
|------------|---------------------------|---|---|--|---|
|            | 2013/14 total expenditure | 2013/14 average dwellings in management | 2013/14 tenant employability & community development expenditure per dwelling | % new tenants feeling better able to work or seek work | % change in work capable new tenants in work or training after 1 year |
| Provider 1 |                           |   |   |  |   |
| Provider 2 |                           |   |   |  |   |
| Provider 3 |                           |   |   |  |   |
| etc.       |                           |   |   |  |   |

**4.5 Conclusion: revisiting the research questions**

In Chapter 1 (Section 1.2.1) we specified five questions the research seeks to answer. Returning to those objectives we can conclude this report by summarising how each question has been addressed.

1. What are the strengths and weaknesses of existing official measures of housing management inputs and service outcomes?

As contained in Chapter 3, our assessment of existing metrics was informed both by document scrutiny and stakeholder interviews. We concluded that there are particularly serious shortcomings on the ‘input expenditure’ side. Although the newly instituted total salary costs metric specified under the NRSCH may be a step forward, this will not generate publicly available statistics. On the outcomes side, while recognising that the NSHS provides useful measures of consumer satisfaction with landlord services, efforts to expand its reach to the calibration of tenant outcomes could be beneficially extended.

2. How should management expenditure per dwelling be defined, measured and disaggregated for application to a multi-provider system?

Based on our discussions with industry stakeholders and review of UK approaches to this issue, we propose a segmented approach to the definition of social housing management fields and consequential measurement of resource allocations, as outlined in Section 4.2.

3. How do social landlords seek to maximise added value on wellbeing outcomes?

This question will be addressed more fully in the primary fieldwork as proposed in Section 4.4. Within the scoping phase of the study it was covered mainly through the landlord staff and tenant focus group discussions, the main themes of which are set out in Appendix.

4. How can added value via tenancy management services be effectively quantified and measured?

To help align the measurement of outcomes with good practice and address recognised limitations with existing measures (see Section 3.2.2), we have proposed experimentation with some new survey questions, trialling revised or additional outcomes metrics (tenancy sustainment and economic connectedness) and the conduct of a targeted survey of new tenants (as outlined in Section 4.3). The results from testing these methods will inform further consideration of this question.

5. How should existing assessment methods and measures of housing management service outcomes be adapted to promote comparison across provider entities and provider types?

Again, in our proposals as set out earlier in this chapter we have taken into account the extent to which existing techniques (especially the NSHS) could potentially be enhanced with this



question in mind. Our primary fieldwork will be geared specifically to informing the design of a robust and feasible fit-for-purpose measurement framework for a multi provider social housing system.

The Final Report of the study will offer more specific recommendations and detailed guidance for new/enhanced measurement techniques and, drawing on the findings of our primary research, potentially include some tentative observations on differences in social landlord performance using anonymised findings (or ranges of positions) where these seem to us to have some validity or be indicative of the sector.

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# **APPENDIX: COMPARING THE COST EFFECTIVENESS OF SOCIAL LANDLORDS—THEMES ARISING FROM DISCUSSION GROUPS WITH SELECTED TENANTS AND STAFF**

## **Purpose and process**

As part of the scoping phase of this research six discussion groups were convened; five in New South Wales and one in Western Australia. Staff from two public housing agencies and eight community housing providers participated in the discussion groups. The discussion groups targeted staff and tenants that had experienced working/living in both public and community housing and, therefore, were in a position to make a direct comparison between the two sectors. In NSW there has been a larger shift of staff and tenants within the social housing sector making it easier to identify participants; hence the balance in the distribution of the fieldwork. To enable respondents within the same organisation to express their views freely, separate groups were convened with senior managers, front line staff and tenants in NSW.

Overall, nine senior managers, including CEOs and General Managers and one Board Director, along with three managers and 10 frontline staff/team leaders contributed to the discussions. In total, 10 tenants participated in two discussion groups, both in NSW. In most cases tenants had transferred from public to community housing around five years ago via tenanted transfers and had previously lived in public housing for at least two years—in one case 35 years. They currently lived in a variety of locations in and around Sydney. Discussion group participants were asked to draw on their knowledge as either employees or tenants in both sectors and to compare and contrast their experiences with different social housing providers. Discussions covered topics such as organisational culture, core client services (maintenance, tenancy management and dispute resolution), efficiency and resources, client ethos and tenant engagement. The data collected in these discussions offer an important and valuable insight into contemporary practice in Australian social housing management.

## **Organisational culture**

Staff with experience working in different parts of the social housing system generally believed that there were significant differences in organisational culture between the public and community housing systems. The greatest distinction reported was the ability for community housing to be more flexible in its decision making processes, resulting in more innovation when compared to the public housing sector. Consistent with this, community housing was seen to be more focused on tenant outcomes.

Producing the best outcome for individual tenants who have diverse needs requires flexibility in decision making processes. The smaller size of community housing providers was seen as a contributory factor to their ability to innovate allowing operational staff to have contact with senior decision makers whereas in the public sector staff may rarely 'see anyone higher than your direct team leader'. Therefore if a staff member was to identify a procedure that was not working efficiently, the comparatively simplified organisational structure within community housing allowed direct access to those who could facilitate change. Smaller size was also reported to offer the capacity to involve tenants in decision-making processes. These direct links were considered to promote motivation among staff within the organisation and produce best practice outcomes. Interestingly, participants expressed some concern over how the further growth of community housing entities might affect the organisational culture that currently exists.

Innovation is also driven by the commercial nature of the community housing sector; it was noted by several participants that community housing providers need to use their funding efficiently in order to survive. This gives rise to a more flexible and responsive service delivery

model. One participant explained that community housing could not afford to pay people who were not working efficiently and therefore adopted a performance based management culture, which was in stark comparison to experiences reported in the public housing sector. Another commented:

I see much more commitment in community housing. [Staff] take much more ownership ... In this sector there's hardly anyone 'leaning on the shovel'.

Participants recognised that the public housing sector is driven by an often volatile political environment. For example, when there is a change in housing minister, the impact on community housing operations may be minimal compared to the effect on public housing policy as:

Different ministers can influence how we work at quite a deep level.

Government departments were also described as being more risk averse, an outcome which is partly the result of experience. An example reported saw a series of five crises in quick succession which ended up steering the whole service delivery portfolio within the department into 'such a reactive nature and it affected the culture because you become so risk averse.' On expressing new ideas, discussion group participants reported being told by colleagues within public housing that:

We don't do that here, never done that here and that [organisational culture] is inbred throughout the place.

While most staff participants reported having experienced a stronger customer service culture in the community housing provider, one participant believed this was overstated outside the sector. On joining their new organisation, the expected culture 'was just not there'; subsequently, however, it had begun to change.

Staff participants had found community housing more tenant focused than public housing. Several believed that their former public housing employer did not value their tenants. Moreover, the terminology used within public housing referred to tenancies more as assets (stock) than individuals receiving a service. By contrast, tenants of community housing providers were described as paying customers and, as one participant explained, staff are encouraged in their day-to-day tasks to ask:

How can we get the best [outcomes] for people?

This idea was described as being a significant factor influencing the organisational values of all community housing providers represented. Another driver of customer focus and staff responsiveness to tenants is reputation. Community housing tenants have various avenues for complaints including to the sector regulator, industry peak bodies or even directly to the CEO. This drives different behaviour as staff are mindful of reputational damage.

Most participating tenants thought they were treated significantly better by their community housing provider (CHP) than was their experience in the public housing sector:

You didn't get treated like a number. [the CHP] treats you like a person.

They're involving you more. I thought it would be the same but it was very different.

Here, you know [staff members] by their first names. Before [the transfer] I never saw an area rep.

I found the [public housing] team leader very rude. They need to improve their people skills. But since becoming a [community housing] tenant I have to say ... good service.

On the other hand, one tenant observed that:

There was a lot of hype about there being a more personal connection but it hasn't been worse or better [than in the public housing sector].

Two tenants explained that they had been able to establish better relationships with tenancy managers in public housing compared to their current CHP. One tenant described having developed a strong relationship with a one public housing staff member, but complained that for:

Seven out of 10 situations [the CHP] doesn't return your call which is frustrating.

Another explained that while public housing provider staff were very busy:

Once you did get connected it did feel like a relationship.

For this individual, when the counterpart at the CHP is contacted, it 'feels like they are ticking boxes' rather than establishing a personal connection. However, the two tenants who put forward these views acknowledged that tenant-staff relationships could be dependent on the individual employee rather than reflecting the organisational culture espoused by the provider concerned.

The tenant comments provided offer an insight into the challenges faced by the community housing sector as it develops and matures as an industry and according to the accounts of employees such challenges are being progressively addressed. In comparing the differences between the two providers, tenants in one discussion group would all recommend their community housing landlord while the second group did not perceive a substantial difference between public and community housing providers. A participant in the latter group noted that:

What you should worry about is getting a roof over your head and not who the landlord is.

## **Portfolio size and service delivery**

Relevant to the level of service a tenant could expect, staff to property ratios or 'patch sizes' were reported as significantly different in community housing as compared with public housing. Staff participants indicated that an individual's patch size reduced significantly as they transferred from the public to the community housing sector. For example while employed in the public housing sector, one participant was managing 540 tenancies compared to 230 when employed in community housing and another was coordinating over 300 tenancies when employed by government compared to only 130 properties in community housing. One participant explained that community housing staff had:

More time [to spend managing each tenancy] because the portfolios are smaller, [therefore they were able to be] out there more frequently and be more responsive [to client needs].

The flip side of smaller patch sizes may be an expectation that community housing staff are multi-skilled, emphasising a 'one team approach' where staff assist with the overall team responsibilities even if they have specialised roles. It was noted that there is a point at which a larger business or portfolio is more efficient. Participants also explained that larger CHPs are starting to see associated benefits, such as having greater capacity for business development.

On the other hand, several employees believed that CHPs faced a challenge in continuing to provide an intensive management service at the same time as growing their portfolio. While smaller tenancy numbers currently enable them to provide a more personalised service that the public sector cannot, participants noted that community housing provider staff are becoming constrained by their growth and some believed this was propelling CHPs towards the model implemented by the public sector.

## **Client services**

Little difference was reported in the core client activities undertaken by both landlords. However, as one participant explained, it is not possible to be working towards parallel goals and not have such similarities. In one discussion, CHPs were described as being in an advantageous position



as they can build upon successful systems implemented in the public sector, but also choose to reject those which have been less successful. For example, one provider had adapted annual home visits to serve not only as inspections but also as a 'conversation with their tenants about needs and services/products'. Reports from specialist staff and information from home visits are analysed and used to guide interventions aimed at sustaining tenancies. It was cautioned, however, that as great numbers of staff transfer into senior community housing roles from the public sector, the more likely it is for community housing to emulate the public housing environment specifically because senior team leaders are inclined to introduce processes from public housing directly into the community housing setting. Participants also explained that if a community housing provider is in the process of developing a policy, they will often refer to public housing policy as a guide.

Discussions of client services provide an interesting insight into the core issues dealt with by housing officers. Housing management consists of a number of services including placing tenants in accommodation, collecting rent, property maintenance, tenant engagement and dispute resolution. There was some mention of sustaining tenancies, including matching tenants to appropriate dwellings and building relationships with tenants which in turn ensured that rent was paid on time. One discussion group felt that the community housing sector worked much harder to engage people when compared to the public provider. In some CHPs, staff were trying to establish personal connections, break down social isolation and offer additional services, such as training, bursaries and white goods loans, to their tenants.

The discussions highlighted that some importance was attached to tenant perceptions of service quality in both sectors. However, while tenant surveys were used by both types of landlord, the relatively small size of CHPs was seen as making it more difficult for staff to 'dodge accountability' for any significant level of dissatisfaction revealed.

### *Maintenance*

Employees generally felt that community housing providers were more responsive to tenants' maintenance requests. Tenants however, reported a more complex picture. In the group containing current tenants of one CHP, the general feeling was that in responding to repair requests their community landlord was much more 'obliging' than their former public housing landlord, although this partly reflected extreme frustration experienced by some participants under their former regime. However, some questioned the quality of workmanship. For example:

My deck was bouncy because the timber underneath was gone. But instead of replacing the rotten parts they just put in two new beams and nailed them into rotten wood.

Tenants noted that while technical jobs such as plumbing were performed by people with appropriate skills, operatives sent to deal with general fix-it jobs were sometimes unskilled and seemed to cut corners to save money. Another tenant explained that, while the landlord was not addressing the more costly maintenance issues it instead:

... insisted on painting [the properties], even mine that didn't need painting. All showy stuff. A big problem has been the gutters and the back bedroom gets mould as a result but nothing happens. They prefer to paint instead of cover the serious issues. [Former (public housing) landlord] didn't do anything about the gutter either.

Another issue was raised by those living in mixed landlord blocks where incomplete housing transfers had left responsibilities split between the owner (the public housing department) and the community housing manager:

The problem for me is that there are problems in the block but [CHP] says that it's [the owner] that should be dealing with it [when it relates to a communal area of the building].

Staff participants nevertheless argued that the design and implementation of maintenance programs was consistent with their organisation's core values, where tenants are viewed as customers. Consequently,

[Community housing provider] can't get away with a 100 year kitchen replacement plan ... because they [CHP tenants] have a much stronger voice to advocate that things are done properly.

Despite the above, community housing employees at one organisation conceded that tenant satisfaction scores for maintenance were only on a par with public housing providers and lower than for other service components. It was noted that quality assurance systems were still being developed; for example, contractor inductions had been recently introduced and a routine after-service telephone survey for tenants was planned. Despite the frustrations some tenants expressed towards the maintenance operations of public housing landlords, there was recognition that they offered a well-defined system that was understood. The system, governed by legislation, ensures that a contact person is available 24 hours a day, seven days a week and emergency maintenance is undertaken within eight hours.

Maintenance under a community housing model would appear to be carried out more efficiently. This may be because CHP staff have more autonomy and are able to schedule work more easily. However, there is apparently a greater expectation by community housing that tenants take more responsibility for the upkeep of their property. The efficient use of financial resources in the public housing sector is challenged by the policy environment and the limited flexibility available to staff in making changes within the organisation. Examples were offered where policies required that all public housing dwellings be fitted with features used by a very small proportion of the tenant population. Staff were frustrated by the knowledge that the broader population did not require the fixtures and their inability to operate more flexibly, particularly in light of the purchase and installation costs.

### *Dispute resolution*

Staff participants generally believed CHPs had well-defined complaints and appeal procedures or dispute resolution systems that offered quick responses and fed into organisational and service improvement processes. In one example, response times were used as a key performance indicator where staff were required to acknowledge the complaint within three days and provide a personal response within 28 days. However, these guidelines were considered to be less well developed in the public sector. Nevertheless, some tenants had found that the public housing landlord was always approachable and had a system through which an issue would be processed.

### *Tenant engagement*

For many discussion group participants there was a stark difference in the importance accorded to tenant engagement by public and community housing providers. These staff saw CHPs as 'totally driven by tenant views' compared to the absence of a defined engagement strategy and/or the reported dismissiveness towards tenants in the public housing agencies<sup>19</sup>. As reported by staff, CHP tenant engagement activities included complaints mechanisms, newsletters, events, and appointment of tenant involvement workers, satisfaction surveys, tenant panels and advisory groups through which proposed policy changes needed to pass. As an example, one CHP had a Tenant Advisory Group which reported to its Board and had also introduced a Customer Service Charter defining service obligations. Staff participants described evidence of tenant engagement resulting in positive outcomes. For example, one reported that

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<sup>19</sup> A notable exception to this was said to be in remote WA communities where government has a well-developed tenant engagement strategy. A visual tenancy matrix is being used to engage with tenants about their tenancy responsibilities, which has been positively received.

their organisation had ‘changed the way maintenance enquiries were managed in response to tenant feedback.’

Tenants referred to engagement in terms of both channels through which feedback could be given, such as tenant panels or committees, as well as services offered to involve clients in additional activities. However, the activities a landlord might term tenant engagement were not always perceived as meaningful by tenants. In NSW, the Social Housing Tenants Advisory Committee, which consists of 12 tenants from both public and community housing, has been designed as an opportunity to provide feedback on policies, operations and service delivery. However, to the extent that they were aware of the Committee’s existence, tenant participants did not feel that it was an effective mechanism for enabling the views of public housing residents to be heard and acted upon. Rather, as viewed by one tenant participant, it was tokenistic. Similarly, a view was expressed that when public housing staff attended tenant organised meetings they typically did not follow up their undertakings.

For other participants, however, their CHP was described as genuinely receptive to tenant involvement in decision making. While attending tenant meetings and events could be difficult for those living in outlying places it was known that buses—and sometimes even taxis—were arranged by this CHP to enable participation.

As regards the promotion of social inclusion and community development, one group of tenants reported approvingly that their organisation ran social and other community activities including zumba, yoga and day trips.

If you want to run a Christmas party, they’ll help you organise it and give you some money to run it.

By comparison, these tenants had found that public housing had only provided basic housing management services.

## **Summary**

As described by staff with experience working in both public and community housing, community housing providers were portrayed as more flexible and with a greater capacity to adopt innovative solutions when compared to public housing. This was driven in part by smaller size, but largely by different organisational culture and by the need to be financially viable and sustainable. Nevertheless, not least due to staff transfers, public housing departments have exerted significant influence in the development of CHP policies and procedures.

There was a perception by employees that tenants were more highly valued by CHPs. Typically smaller patch sizes contributed to CHPs’ ability to provide a higher quality housing management service, responsive to tenant needs. Participants observed that there was a risk that as CHP portfolio size expanded; the capacity of staff to deliver high quality services could be reduced.

Tenants involved in the discussion groups voiced mixed impressions when comparing the two types of providers. The majority (from one provider) felt they were treated better in community housing but some had noticed little difference. Similarly, tenants offered a mix of views when comparing their experiences of maintenance and dispute resolution with each of the housing providers. Although community housing providers were generally more obliging, the quality and necessity of some housing maintenance was questioned.

Tenant engagement is viewed by service providers and tenants as being an important component of core housing services. Both staff and tenant participants generally considered community housing to be placing more importance on tenant engagement than public housing. Tenant experiences are a reminder, however, that meaningful tenant engagement is, greater than providing individuals with a voice—there also has to be the perception that the voice is being heard.

Data collected in these discussions offer some valuable insights into contemporary practice in Australian social housing management including:

- The challenge for community housing providers to maintain their flexibility to be innovative and manage their staffing ratios to retain a quality housing management service as portfolio sizes expand.
- The extent to which the day-to-day tasks (letting properties, dispute resolution and maintenance) of a housing worker might affect their capacity to deliver the integrated services that might assist a tenant's wellbeing.
- The importance of well-defined and staffed maintenance and dispute resolution procedures and meaningful tenant engagement to enable tenants to feel secure in the social housing sector.

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