



Community Housing Industry Association

Bringing the community housing sector together

A proposal to progress the development of a national industry body for the whole of the community housing sector

July 2016

Letter from the Chairman

Dear colleagues in community housing,

This is a time of both a great challenge and an unprecedented opportunity for our industry. Never before has housing stress been so significant in our nation. At the same time, there is increasing community concern about the impact that our failing housing system is having on our economy, households and on our cities and regions. The recent federal election debate on negative gearing shows us that shifts on seemingly entrenched positions on housing policy are possible.

To rise to this challenge, we need to first make sure we are organised behind a common purpose. It is vital that our industry has a strong, effective national voice so that elected officials and policymakers are clear on the role that community housing organisations can play. While not wishing to underscore the role that state and territory governments can and should play, it is clear that policy levers at the Federal level – intergovernmental agreements, the welfare safety net, laws effecting charities and taxation laws – will play a leading role.

The formation of CHIA as a member based national industry body has been not without its challenges. However, despite limited time and resources, and a withdrawal of financial support from government, CHIA has put runs on the board in the policy arena and built a significant national membership base.

Our initial vision was for a single national industry body that incorporated existing state peak bodies into a single organisation with state and territory branches. It is clear, however, following further stakeholder discussions, that there is not yet a consensus for this model and that existing state-based peak bodies wish to continue in their current form for the foreseeable future. A new vision is required therefore to put CHIA on a stable footing. Without this, we risk not having a national industry body to represent the whole of the community housing sector.

The proposal set out in this paper is for a new compact between CHIA and state peak bodies to reflect the desire of stakeholders for co-existence and co-operation between CHIA and peaks rather than consolidation at this stage. This will put CHIA on a secure financial platform, equitably share the costs of a national peak and allow a vibrant and influential national industry body to emerge over time as our sector matures and develops.

*We welcome your comments on this proposal which can be forwarded to info@communityhousing.com.au by **Friday 26 August 2016**.*

There exists a real opportunity for our sector to make a lasting impact. Together, we can work to change the lives of thousands of Australians who we know desperately need a decent, secure and affordable place to call home.

Yours sincerely

*Michael Lennon
Chairman
Community Housing Industry Association*

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A little bit of background...

The idea of a single national industry body for all community housing organisations was born out of a series of nationwide consultations in 2014. We found broad support amongst the community housing sector for the establishment of a new national body, to be called the Community Housing Industry Association, or CHIA.

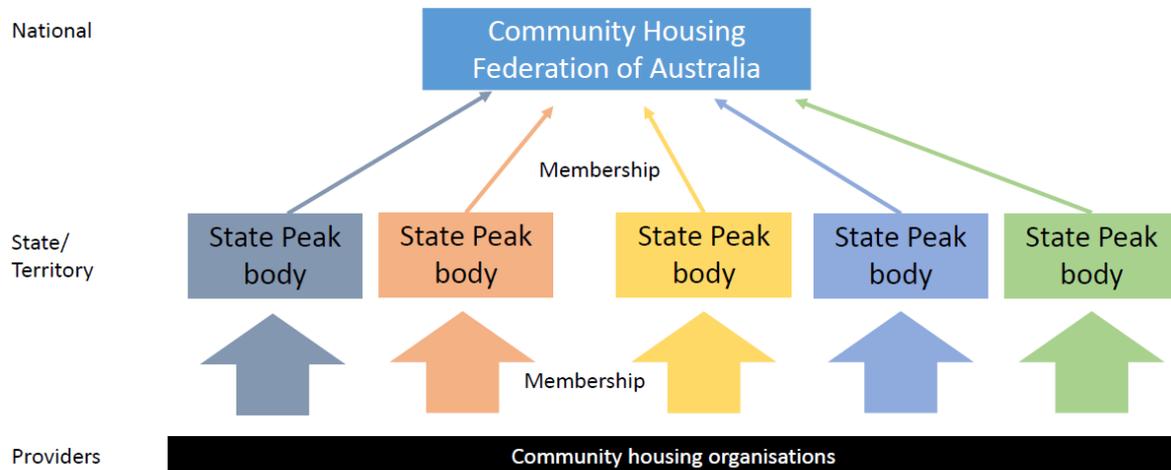
Our task was made more pressing by an unexpected decision by the Commonwealth Government to end its funding agreement with the Community Housing Federation of Australia (CHFA) effective 30 June 2015, one year earlier than its three-year term. This meant that CHIA would need to be funded by contributions from members and self-generated revenue. Without CHIA, we would not have a voice in our national capital that represented the whole of our community housing sector.

In the last decade, our sector has grown rapidly as a result of public housing stock transfers, new construction funded by the Nation-Building programme and the ground-breaking National Rental Affordability Scheme. In each of these developments, national policy-settings on tax, welfare and intergovernmental funding agreements played a crucial role. It was clear that being organised and represented at a national level was playing a crucial role for our sector and most importantly, our ability to provide relief from the stressed housing market.

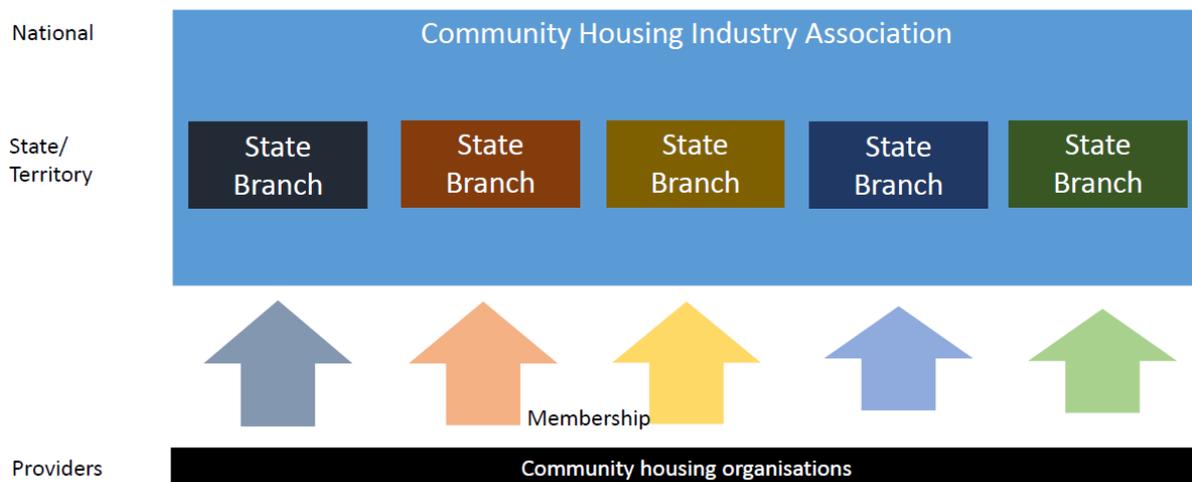
The model upon which CHIA was established grew out of consultations with the sector. It reflected both the desire of members to retain a strong organisation servicing the state and territory level as well as a new national organisation. It was based on the following principles:

- **A single national membership of community housing organisations:** All community housing organisations would be able to apply to be full members of CHIA. This replaced the CHFA structure as a “peak of peaks” where the members of CHFA were the state and territory peak bodies and not the community housing organisations themselves.
- **Branches for each state/territory:** Each state and territory would be represented by a branch committee that would direct the affairs relevant to that state or territory. When community housing organisations join CHIA they would nominate the states/territories in which they operate. This would entitle the community housing organisations to participate in the branch at that level as well as nationally.
- **A National Board:** The CHIA Board would comprise 12 directors; one elected by members in each of the eight branches and 4 elected on a national basis.
- **Membership fees split 50/50** between branch activities and national activities.

CHFA model



CHIA model (as planned in 2015)



We felt that there was a clear value proposition for a single national industry body that would support and represent all community housing organisations – small and large, national and regional, specialist and generalist and secular and faith-based. This new organisation would have a direct link with the community housing organisations themselves, allowing it to:

- highlight the different roles that can be played by the diverse provider models in a complex landscape;
- build relationships with key policymakers and government officials to prosecute a range of issues in the national policy space; and

- keep on the national policy agenda the importance of decent, affordable and secure housing as a universal human right and need, one which is not being met by our failing private housing markets and public housing systems.

In March 2015, a meeting of CHFA's members (i.e. the state and territory housing peaks) overwhelmingly approved the conversion of CHFA to CHIA and the adoption of a new constitution.

The newly-established CHIA commenced discussions with state housing peak bodies for them to transition to being branches of CHIA. Accordingly, the 2015/2016 financial year was intended as a year of transition where:

- Community housing organisations would be members of both CHIA and any state housing peak in their jurisdiction;
- CHIA and state housing peaks that wanted to join CHIA would negotiate a transfer of their operations to CHIA, to be completed by the end of the 2015/2016 financial year.

It was intended that each state branch would have a high degree of independence and would be able to respond to members' needs directly. In jurisdictions where there was a strongly functioning housing peak already, the existing staff and operations were to be the branch office and staff. The branch committee was to provide guidance and support to Branch staff in dealing with branch issues. The CHIA model meant that branches would have the benefit of the knowledge and experience of other States, coordinated by the CHIA national office.

Where the transition to CHIA is at now

Across Australia, a large number of community housing organisations have supported the formation of CHIA, representing 43,800 homes under management. This included 18 organisations who were recognised as foundation members for making an additional financial contribution to CHIA's establishment. In early 2016 we received confirmation that CHIA was granted Public Benevolent Institution Status by the ACNC.

While work to build the new organisation was ongoing, there was also strong collaboration between CHIA and the state peaks, including preparation of:

- a CHIA Position Paper on Reform of the Federation Discussion Paper;
- a CHIA Submission to Affordable Housing Working Group Issues Paper;
- a Community Housing Submission to Smart Cities Plan; and
- a submission to the Commonwealth Parliament Joint Standing Committee on the National Disability Insurance Scheme and to the National Disability Insurance Agency on the Specialist Disability Accommodation Framework

The community housing sector is a diverse sector and its differing peak body arrangements in states and territories also reflects that diversity. This influenced how CHIA went about building its membership and support for a single industry body.

In Western Australia and the ACT, a particularly strong take-up of membership occurred as in those jurisdictions state peak bodies had been de-funded and closed. A CHIA branch committee has been elected by WA-based members.

In Victoria, CHIA was able to reach an agreement with the Community Housing Federation of Victoria (CHFV) for members to join both bodies at the same time for a single membership fee. CHFV reached an in principle agreement with CHIA to consolidate operations once CHIA had sufficient membership and viability.

In Tasmania and the Northern Territory, the local Shelter networks – Shelter Tasmania and Shelter NT – had been members of CHFV and currently provide representation and services to the community housing sector there. As it was not appropriate for these peak bodies to become part of CHIA, we instead proposed arrangements where these Shelter organisations would support the work of the local CHIA branch committees. Many of these local members of Shelter also elected to join CHIA.

Throughout the 2015-2016 membership year however it became increasingly apparent that there was a loss of stakeholder support for the model amongst members in South Australia, New South Wales and Queensland in particular. Some members in these states, while expressing support for the concept of a member-based national industry body, wanted their existing state peaks to remain operating and to not combine operations with CHIA. Others, particularly smaller members, expressed concerns about the level of CHIA's membership fees when compared to the rates that were currently in place for those state peaks. There has been a less than expected take-up of CHIA membership amongst organisations in these jurisdictions as a result. Nonetheless dialogue between these peak bodies is ongoing. The Community Housing Council of SA (CHCSA) and the New South Wales Federation of Housing Associations (NSWFHA) have made valuable financial and in-kind contributions to CHIA's development and advocacy. CHPs for Qld has indicated that it is considering combining its operations with CHIA.

The CHIA model of a single consolidated organisation with state branches has therefore not yet come to fruition. The existing state peak bodies; NSWFHA, CHFV, CHCSA and CHPs for Qld, remain as they are and have not yet agreed to combine their operations with CHIA.

This means that CHIA does not have a membership revenue base which supports an ongoing national presence beyond funding ad-hoc initiatives. We are therefore at a crossroads in the formation of a single national industry body for the community housing sector, as the present situation cannot continue indefinitely.

The need for a national voice for the community housing sector

The need for our sector to have a national voice remains as pressing as ever.

The federal election debate over negative gearing shows that housing policy at a national level has new relevance and that seemingly entrenched policy positions can be shifted. Housing affordability continues to rate as a significant issue for voters and there will be increased pressure on the newly-elected Turnbull government to address the critical shortage of social and affordable housing in our cities and regions.

This is also a time of unprecedented change and opportunity for our sector:

- Following the Commonwealth Government's Affordable Housing Working Group paper, there is a new opportunity to push for a dedicated financial intermediary for community housing. This would provide a new source of low-cost funds for the sector and create a vehicle for institutional investors and superannuation funds to invest in affordable housing.
- The continuation of public housing transfer programs across the nation will put pressure on a new federal-state housing agreement to be reached over the funding of social housing programs. It is clear that the existing National Affordable Housing Agreement cannot continue in its present form and there is little appetite in Canberra to continue to fund failing and unaccountable public housing programs.
- The nation-wide rollout of the National Disability Insurance Scheme (NDIS) will provide specialised housing for 28,000 people with disabilities and will entail significant restructuring of existing supported accommodation programs. While our sector has argued that it is a natural fit for the NDIS, there will be significant competition from for-profit players and the disability support services sector.
- The National Regulatory System for Community Housing has not been adopted nation-wide. There remains a lack of national governance or oversight of its implementation, running the risk of divergent regulatory approaches that undermine the intent of a harmonized system.
- The Australian Charities and Not-for-profits Commission is set to be retained and will continue to scrutinise the charitable activities of community housing organisations in the affordable housing space.
- While no new rounds of the National Rental Affordability Scheme are planned, the scheme remains plagued with administrative delays and difficulties in receiving incentive payments. We need to keep the pressure on for the retention of this valuable program.

It is not however a given that reform in the delivery of social and affordable housing sector will favour community housing, as is demonstrated by the recent cancellation by the Queensland government of the proposed management transfer under the Logan Renewal Initiative. We need a strong national voice that continues to articulate the value that our sector can bring to addressing housing disadvantage.

Further sector consolidation is likely as community housing organisations grow and develop new capabilities in development, finance and community engagement. Others will seek to expand their geographical reach or offer new products such as subsidised home ownership. CHIA already has five members operating in more than one jurisdiction and this trend is likely to continue as government asks our sector to take on more housing and tackle the issues associated with disadvantaged communities across Australia. It is crucial that our peak bodies remain relevant to these new and emerging national organisations.

Our revised proposal for CHIA

It is clear that we need to change CHIA’s membership and governance model to resolve the tension between the pressing need for a national member-based industry body and the lack of a consensus amongst stakeholders for state peaks to be consolidated into CHIA.

For CHIA to remain a viable entity, it requires a certainty of membership revenue and stakeholder support across the nation. This means that the current CHIA model will require some adjustment:

- to reflect the desire of stakeholders for state peaks to continue in their current form for the foreseeable future;
- to provide a stable platform for CHIA so that it can carry out its policy and advocacy functions at a national level; and
- for there to be collaboration between CHIA and state peaks on advocacy and policy at a national level, reflecting an evolution of the existing ad-hoc arrangements between peaks.

A new compact between CHIA and state peaks

Accordingly, CHIA proposes a new compact between CHIA and the four existing community housing peak bodies – NSW FHA, CHFV, CHCSA and CHPs for Qld as follows:

Formation of CHIA group	<p>Existing state peaks and CHIA would form a new compact based on an alignment of membership and activities – the CHIA group.</p> <p>The existing state peaks would trade under the names “CHIA NSW”, “CHIA Victoria”, “CHIA SA” and “CHIA Qld” respectively to promote a consistency of branding and market position (the state CHIAs). The state CHIAs would otherwise keep their current legal form, governance, management and staff structure and roles and functions, and would continue to have autonomy over these matters.</p>
Dual membership	<p>In NSW, Victoria, SA and Qld - community housing organisations would take out membership of both CHIA and their relevant state CHIA. Community housing organisations would not be able to elect to join CHIA only or the state CHIA only.</p>
CHIA Branches	<p>Branches of CHIA would be established only where there is no state peak (WA, ACT) or where Shelter represents community housing sector (Tas, NT). These branches would be represented by a branch committee as per CHIA’s current arrangements. CHIA will continue to pursue close working relationships with Shelter Tasmania and Shelter NT in particular.</p>
Common CHIA membership fee	<p>A single membership fee would be split 50:50 between CHIA and the state CHIA or allocated for CHIA branch activities (as the case may be).</p> <p>The proposed rates would be based on the current CHIA membership</p>

rates which are currently as follows (GST inclusive):

- Base Rate: \$550.00 (or \$220 for organisations with 25 properties or less); plus
- \$5.50 per property under management, capped at a maximum of 4,000 properties per member.

Composition of CHIA Board

The Board of CHIA would comprise 12 members:

- A nominee from each of the state CHIA boards (4)
- A director elected by members in WA, Tasmania, ACT and NT (4)
- Directors elected by the national membership (4)

Co-ordination of activities

CHIA and the state CHIAs would agree to co-ordinate policy and advocacy efforts on a national level based on agreed work program

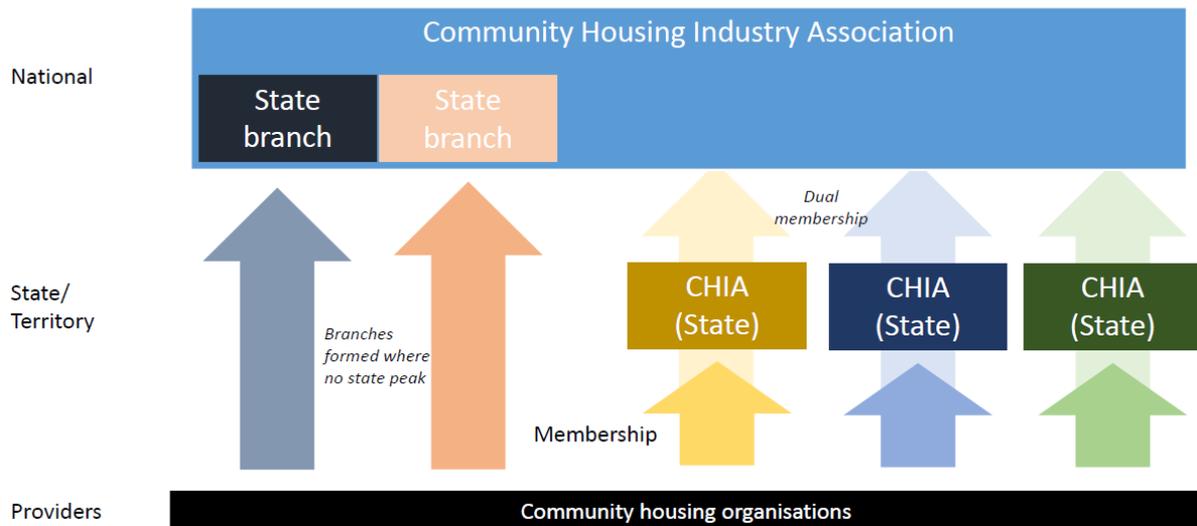
Legal arrangements

The new compact would be formalised in a Framework Agreement to last for a period of three years from the commencement of the arrangement. This agreement would deal with matters including the dual membership structure, collection and splitting of membership fees, joint branding and the co-ordination of policy and advocacy activities.

At the end of this agreement, it would be open to members of the CHIA group to elect to:

- Continue the arrangement, or
- End the arrangement and operate independently, or
- Further consolidate parts of their operations, or
- Establish a single national entity.

CHIA 2.0 (2016)



Why not an “opt-in” membership model?

We acknowledge that the proposed fee structure is a material change to current arrangements in some jurisdictions. In response to concerns raised by smaller potential members (particularly those in regional areas), CHIA already agreed to reduce the base fee from \$500 to \$200 (ex GST) for members with 25 properties or less.

An “opt-in” model is one where each potential member with operations in NSW, Victoria, Qld or SA could choose whether to join CHIA, their state CHIA, or both. This would allow some members to take advantage of a lower membership fee of a state CHIA. However, we believe that such model should not be adopted, as it:

- would not equitably share the costs of maintaining a national industry body where benefits (such as changes to Commonwealth government policy) would potentially accrue to the sector as a whole;
- would create a significant disincentive for all community housing organisations to join, leaving CHIA without the financial security of a sufficiently large membership base; and
- would undermine the legitimacy of CHIA as the voice of the national sector as a whole.

CHIA is open to further discussions on the transition to a common membership fee structure with stakeholders as part of the consultation process.

When would the new CHIA take shape?

CHIA is at a critical stage of its development where it will be important to proceed with clarity. Membership arrangements are already in place for 2016-2017, therefore it is proposed that the new CHIA structure go live on 1 July 2017 to enable a transition to the new compact. We propose the following timetable:

October 2016	“In principle agreement” of all stakeholders – community housing organisations, state peaks and CHIA to revised model following member consultations and board approval
November 2016	Signing of Framework Agreement by state peak bodies and CHIA
March 2017	CHIA and state peak bodies to have implemented any necessary changes to their respective constitutions and membership structures to implement the joint membership model under Framework Agreement
June 2017	Membership renewals sent to all members of CHIA and other community housing organisations invited to take up membership of CHIA and state CHIA (where relevant)
1 July 2017	Year 1 of new CHIA commences with dual membership structure under Framework Agreement
November 2017	Annual General Meeting of CHIA to elect Board under revised constitutional arrangements

How will the CHIA group work in practice?

Our indicative revenue projections for 2017-2018 are as follows:

Membership fees	\$369,358
Foundation Membership	\$102,500
Contracts, sponsorships, workshops	<u>\$164,004</u>
Total forecast revenue	\$635,862
Brought forward funding ¹	<u>\$154,248</u>
Total funds available in 2017-2018	<u>\$790,110</u>

Projected expenditure for 2017-2018 is as follows:

Staff costs	\$351,920
Operational costs	\$56,984
CHIA set-up costs	\$49,208
Research and policy costs	<u>\$153,752</u>
Total projected expenditure for 2017-2018	<u>\$611,864</u>

Based on the above cash, revenue (including interest income of \$5,962) and expenditure projections, the cash remaining at 30 June 2018 is anticipated to be:

Expected cash at 30 June 2018	<u>\$184,208</u>
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¹ The 'brought forward funding' figure for 2017/18 is a one off carry-over, contingent on the outcomes of the 2016/17 transition year.

The projected revenue means that the CHIA national office will, in 2017-2018, be able to support the appointment of an industry organisation specialist (say, an Executive Officer plus admin and marketing supports) relying upon sector and peak bodies' expertise to do joint work. The focus of the new CHIA EO would be to consolidate the new group and work on member services, policy and advocacy areas of priority.

The CHIA EO's role will include to:

- develop and implement CHIA's strategic plan;
- represent CHIA and its members at a national level;
- in collaboration with state CHIAs, explore options for the development of functions across the CHIA group;
- communicate with stakeholders and members;
- build CHIA's profile;
- co-ordinate CHIA's policy and advocacy on issues of national importance to the membership;
- support the activities of CHIA branches by promoting information sharing and joint projects/working arrangements;
- support the CHIA Board and ensure that CHIA complies with governance and legal requirements; and
- explore sources of further funding, such as sponsorships and project funding from the Commonwealth government.

In its initial phase, CHIA will require some in-kind assistance from member organisations and/or state CHIAs for the administration of the organisation, such as maintenance of the membership register, financial management and keeping of company records.

Our original intent in establishing CHIA was that additional national functions could be added over time as the organisation developed and indeed as the sector grew. Under this revised structure, it may indeed be possible over time to add to the functions of CHIA at a national level based on a business case for the consolidation of certain functions where the state CHIAs agree to do so. However, this would only occur with agreement by all parties. The CHIA state organisations will continue to be able to operate on a business as usual basis, with only a small impact on membership revenue. Existing funding arrangements with state housing authorities in NSW, Victoria and South Australia would not be impacted.

Indeed, it was always clear in establishing a national industry body that the organisation would be predominantly funded by member contributions. Future government funding is likely to be tied to specific tasks, projects or research at a national or state level.

What are the alternatives?

The CHIA board has considered alternatives to this proposal and considers this proposal is the optimal way forward. Options considered include:

Continue to pursue original CHIA model of a single national industry body

This would require the agreement of existing state peak bodies to combine their operations with CHIA and become state branches as originally envisaged. NSWFA members recently voted not to progress with this model. Other state peak bodies such as CHFV have indicated that they see the participation of NSWFA in CHIA as a necessary condition to combining their operations with CHIA.

Accordingly, the CHIA Board believes that continuing to pursue this option would not be a worthwhile exercise at this time.

Revert to federated model as under CHFA

Under this model CHIA would revert back to its previous form as a federation of the state and territory peak bodies. This would leave CHIA without an independent source of membership revenue, making it unviable without core funding from the Commonwealth government, which is unlikely. It would also undo the logic of the creation of CHIA to create a direct link between the community housing organisation and their national industry body.

For these reasons, the CHIA Board believes that reverting back to this model would not be viable in the current environment.

Collaboration between CHIA and State peaks (status quo)

This reflects the status quo. In most jurisdictions, members essentially have a choice whether to join CHIA, their state peak, or both. In this model it remains open for CHIA and the state peak bodies to continue to work collaboratively on a national policy and advocacy agenda.

It is the view of the CHIA Board that this status quo option is inequitable (relying on those who choose to join CHIA) and does not generate sufficient membership revenue to support a viable entity. It is likely that continuation of the status quo will result in CHIA being forced to cease carrying out activities by the end of the current financial year.

Other alternative structures

The model and vision for CHIA has been borne out of sector collaboration and discussion. The CHIA Board recognises that there may be other structures which may meet the objective of securing a viable and effective national industry body that represents the whole community housing sector.

Consistent with the timelines in the proposal, CHIA is open to a conversation with any community housing organisation, peak body or other stakeholder about:

- possible alternative structures that meet the needs of our sector; and
- ways in which the model proposed in this paper and its implementation may be enhanced.



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