

The NRSCH Review  
Director - Housing  
Strategic Policy – Commissioning  
Department of Family and Community Services  
Email: [NRSCHreview@facs.nsw.gov.au](mailto:NRSCHreview@facs.nsw.gov.au)

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Dear NRSCH Working Group

Thank you for the opportunity to comment on the Discussion Paper for the Review of the National Regulatory System for Community Housing (NRSCH). Bridge Housing Limited ('Bridge Housing') welcomes the NRSCH review and the recognition that regulatory reform is the best way to secure current and future government funding through the National Housing and Homelessness Agreement (NHHA), support the growth of the community housing sector, provide protection for vulnerable tenants and improve outcomes for all tenants, and increase stakeholder confidence.

Bridge Housing is a Tier 1 community housing provider (CHP) located in Haymarket, Sydney. At 30 June 2018, Bridge Housing owned or managed 2,244 properties and operated across 20 new Local Government Areas (LGAs) in Greater Sydney. In 2017-18, our net assets were valued at \$161m, an increase of 26 per cent on the previous financial year. As a result of our successful participation in the NSW Government's Social Housing Management Transfer program, our property portfolio will increase to approximately 3,500 properties by August 2019.

Both Bridge Housing and our not-for-profit real estate agency, HomeGround Real Estate Sydney, are experienced in delivering and managing affordable housing under the Affordable Rental Housing State Environmental Planning Policy (ARHSEPP), the National Rental Affordability Scheme (NRAS) and the State Environmental Planning Policy (SEPP 70). We manage fee-for-service affordable housing for Canada Bay Council, Waverley Council and Sydney Olympic Park Authority.

Transparency is central to Bridge Housing's governance culture, reputation and accountability. In 2018, we secured our sixth consecutive Gold Award in the Australasian Reporting Awards for our Annual Report 2017 and were particularly honored to be the only CHP to achieve a Gold Award.

Having attained and maintained our Tier 1 registration status under the NRSCH since 2014, Bridge Housing is well positioned to comment on our experience of regulation, as per the enclosed submission. We look forward to the release of the Working Group's Options Paper later in the year.

Please do not hesitate to contact [REDACTED] if you require more information on any of the matters raised in this submission.

Yours sincerely,



John Nicolades  
**Chief Executive Officer**

**Bridge Housing Limited**  
**Response to the Review of the National Regulatory System for Community Housing**  
**February 2019**

**About this submission**

Through this consultation process, Bridge Housing understands that the NRSCH Working Group is seeking feedback on four key matters:

- Regulation of community housing
- Design of the NRSCH
- Operation of the NRSCH
- Current and Future Challenges

Bridge Housing has structured this submission in four sections to respond to the above matters, noting that we have integrated most of our responses on current and future challenges into the first three sections. Our submission predominately focuses on the areas of the NRSCH in which Bridge Housing has knowledge and expertise in the context of our experience as a Tier 1, mainstream and single jurisdiction provider. Responses are organised into key themes and in some cases encompass multiple questions set forth by the Working Group.

Bridge Housing is a member of the Community Housing Industry Association of NSW (CHIA NSW), the industry peak body for community housing providers in NSW. We are also a founding member of the national industry peak body, the Community Housing Industry Association (CHIA National). Although we have elected to prepare our own submission to the NRSCH Review, we are actively involved in our peak bodies and endorse the respective CHIA NSW and CHIA National submissions.

**Part 1: Regulation of Community Housing**

***The current and future role of regulation***

Since the commencement of the NRSCH in 2014, Bridge Housing has observed substantial changes in the composition of the sector, the range and scale of activities undertaken by CHPs and the operating environment which has influenced the delivery and management of social and affordable housing in NSW and nationally. In this post-NRSCH operating environment, Bridge Housing is experiencing considerable growth and diversification as a result of opportunities which have eventuated through state government tendering processes, an increased capacity to undertake property development, both internally and in partnership with the private sector, and access to new financing arrangements.

Regulation has a significant role to play in the current and future community housing sector, particularly as it relates to the protection of tenants and public assets, securing Commonwealth funding and increasing public confidence in the sector to support its ongoing growth. Community housing regulation in all of its forms, which encompasses the NRSCH, contractual compliance and reporting and self-regulation, must continue to improve and evolve to meet the needs of governments, tenants, private investors and financiers and CHPs themselves.

Although the overarching purpose and objectives of the *Inter-Government Agreement (IGA) for a National Regulatory System for Community Housing Providers* remain sound, it is our view that the NRSCH is in need of design and operational reform to respond to opportunities and challenges, satisfy diverse stakeholder requirements, and increase the overall public profile and transparency of the sector.

Taking these issues into consideration, it is evident that the NRSCH is yet to be implemented as originally intended. In the first instance, the regulatory system must be genuinely national in scope and apply to CHPs operating in all jurisdictions. Given that more than five years has elapsed since the NRSCH's commencement, it is our view that the Commonwealth must prioritise the entry of Victoria and Western Australia into the national system during the next term of government. Based on the experience of regulation in the United Kingdom, it is clear that regulation can deliver significant benefits for CHPs; for example, increased portfolio growth and public confidence in the sector.

Bridge Housing's longer-term vision for the future regulation of the sector is predominately aligned with the Regulator of Social Housing in England. Under this system, all social housing providers, encompassing public, for-profit and not-for-profit social housing providers are subject to the same regulatory requirements. Although the current NRSCH review has specifically excluded the regulation of public housing, it is important that the NRSCH remains sufficiently flexible to incorporate public housing and affordable housing in the future. Lessons from England's experience of incorporating public housing into the system have indicated that this is both a realistic and feasible expectation.

Aside from regulatory oversight and investigations, Bridge Housing considers that a well-designed and effective regulatory system should seek to enhance the transparency of the sector. Bridge Housing recommends that the NRSCH is appropriately resourced to increase their capacity to facilitate high-quality data collection and public reporting, including the release of regulatory reports and sector-wide analyses, with the objective of providing the community housing sector with a benchmark for service improvement and innovation. In addition, we also consider there is a need for social and affordable housing – delivered across all sectors – to demonstrate value for money at a social and economic level. We believe that such an approach will provide assurance to governments, private investors and financiers and tenants of the sector's adherence to robust standards of governance, probity, management and financial viability.

### ***Applying regulation to all forms of affordable housing***

Bridge Housing strongly supports the extension of the NRSCH to all not-for-profit and 'for profit' providers to ensure that all forms of affordable housing are subject to regulation, which is consistent with the original intent of the IGA. We recommend the use of a staged approach whereby larger 'for-profit' providers would be required to enter the NRSCH at an earlier stage. Overall, our primary interest in requiring universal regulation is to protect the rights of low and moderate income tenants who are eligible for affordable housing, and to ensure that the already limited supply of affordable housing in Greater Sydney is administered in accordance with the required rules and regulations. Furthermore, to facilitate the consistent and equitable application of the NRSCH, it is vital for Victoria and Western Australia enter the NRSCH at the earliest opportunity, an issue which we discuss in further detail later in this section.

Based on our experiences in the delivery and management of affordable housing in Greater Sydney, Bridge Housing has encountered a small number of external cases where affordable housing is clearly not being delivered in line with the intended policy settings. There are various factors which have contributed to these outcomes, ranging from insufficient information and knowledge about affordable housing rules and requirements, confusion about the role and management functions of

CHPs, a lack of state and local government oversight, and intentional profit-related motivations. Again, Bridge Housing is concerned these cases will ultimately make it more difficult for people in genuine need to access affordable housing, whilst diminishing the reputation of affordable housing.

From our perspective, a major contributing factor to the above issues is the lack of central agency oversight in the ongoing implementation and delivery of ARHSEPP and SEPP 70 across New South Wales, to the extent there is no central data collection which specifies how many dwellings have been approved in each scheme, their location and/or whether they are being delivered in accordance with the relevant scheme's requirements. We appreciate these data limitations will need to be addressed at a state level to ensure the regulator has accurate and reliable information for each scheme.

With regard to potential reporting requirements applied to 'for profit' providers involved in the management of affordable housing, it is essential for these providers to demonstrate compliance against existing performance outcomes in the areas of financial viability, management, probity and governance, whilst waiving the out-of-scope reporting requirements for housing assets and community engagement. We consider that the performance outcome for tenant and housing services could be adapted to reflect the different tenancy management and operating models utilised by 'for-profit' providers.

Regardless of the final approach taken to include all providers of affordable housing in the NRSCH, we affirm the position of CHIA NSW who have recommended that the term 'community housing provider' is exclusively retained for use by not-for-profit organisations who are registered under the Australian Charities and Not-for-Profits Commission (ACNC).

### ***The role of the National Industry Development Framework***

Bridge Housing considers that the National Industry Development Framework (NIDF) provides a useful starting point for CHPs to plan and respond to a rapidly changing operating environment in the five key areas of governance, risk management and strategic planning; construction and development; finance; regulation; and workforce development. Although Bridge Housing has used alternative strategies, frameworks and planning tools to inform our organisational growth and development, we are supportive of the principles and development strategies for providers which are articulated in the NIDF and broadly agree that similar approaches are integral to our organisation's success.

Having reviewed the NIDF, Bridge Housing recommends that the workforce development outcome is expanded to acknowledge the skills and expertise required by mainstream CHPs to deliver housing, services and engagement initiatives to an increasingly diverse tenant community. For example, this may include the provision of culturally appropriate services and support to people who identify as Aboriginal and/or Torres Strait Islander and people from culturally and linguistically diverse backgrounds. Depending on their service offerings, CHPs may also be involved in the provision of specialist housing and support services to people with a disability, people escaping from domestic violence and/or people with complex needs, including experiences of chronic or repeat homelessness.

Although Bridge Housing welcomes the NRSCH's interest in supporting industry development, it is our view that the NRSCH should predominately focus on the identification of emerging system-wide issues and risks. With regard to the resourcing of industry development activities, Bridge Housing recommends that the Commonwealth and State Governments commit funding for new staffing positions to be based within the soon-to-be-established Community Housing Industry Council.

### ***The impact of three different regulatory systems***

Consistent with the policy position articulated by our state and national peak bodies, Bridge Housing strongly supports the operation of a single national regulatory system, which includes Victoria and Western Australia. Bridge Housing recognises that a single regulatory system is integral to building the sector's reputation, provides reliable information for actuaries to calculate risk and reduces the overall cost of finance for Bridge Housing and all CHPs. Given that the existing three regulatory schemes are underpinned by a strong regulatory approach to risk management and share a common goal of growing the community housing sector, it is evident there are far greater benefits on offer for CHPs, investors and jurisdictions through participation in a national regulatory system.

From a CHP perspective, it is clear there are significant opportunity costs associated with the operation of multiple regulatory systems, including reduced Commonwealth Government investment in the NRSCH and a lack of comprehensive data across jurisdictions to inform stakeholder reporting. Although Bridge Housing is a single jurisdiction provider, we recognise that multi-jurisdiction CHPs will inevitably encounter unnecessary administrative burdens and costs in the delivery of social and affordable housing. As an example, this may include different staff training requirements, IT and reporting systems, tenant communications, policy and advocacy approaches and so forth. Over time, this will reduce the availability of sector-wide funding to support the delivery of more social and affordable housing and/or services for tenants in need.

As noted in the Discussion Paper, an effective and transparent regulatory system can provide private investors with the confidence to undertake large scale investment in the community housing sector. For major investors such as NHFIC and the Clean Energy Finance Corporation, a single regulatory system will result in simplified administrative and reporting arrangements when dealing with multi-jurisdiction providers. Furthermore, investors and developers will likewise benefit from the improved availability of timely and transparent public information.

Whilst the Discussion Paper does not articulate the barriers which have resulted in the status quo of three regulatory systems, we believe that the review should consider 'best practice' elements of the Victorian and Western Australian systems which could potentially enhance the NRSCH's operational approach.

We envisage that Victoria and Western Australia's entry into the national regulatory system could initially be facilitated through the signing of a bilateral agreement with each state, as per the NHHAA. Regardless of the final arrangements agreed by the Commonwealth and State Governments, it is vital that CHPs are adequately supported and resourced by Commonwealth officers to ensure a smooth transition to the national regulatory system. This may involve a staged introduction for CHPs in these states following assessment against the existing Tier system.

## **Part 2: Design of the NRSCH**

### ***Enhancing the design and efficiency of the NRSCH***

Bridge Housing considers that the overarching regulatory objectives and purpose of the IGA remains both relevant and sufficiently flexible to anticipate and respond to the sector's current and future challenges. Whilst we support the retention of the IGA's objectives and purpose in its current form, we believe that the NRSCH could be further strengthened through additional Commonwealth funding, streamlined operating arrangements and enhanced governance mechanisms.

Bridge Housing strongly endorses CHIA NSW's and CHIA National's proposed design for a single national regulator, which would be introduced to replace the current state-based system of community housing regulation and to fully realise the vision for the sector outlined in the IGA. Consistent with CHIA National's position, our preference is for the regulator to be established as a

Commonwealth statutory agency, which would sit outside of state and territory funding and policy agencies and have a direct reporting line to the Federal Housing Minister. Likewise, we also agree that the regulator must be given a charter to oversight and regulate the provision of social and affordable housing across government, for-profit and not-for-profit providers.

Regardless of the final model agreed for the single national regulator, it is crucial that the regulator has an appropriate level of independence, ongoing funding which is aligned to the NHHA and adequate in-house resources and capacity to undertake a range of complex and diverse investigations in a rapidly changing policy and operating environment.

### ***Governance***

Bridge Housing supports the timely introduction of the governance structure outlined in the IGA on an in-principle basis, subject to a comprehensive review of the proposed functions assigned to the Ministerial Council, Ministerial Advisory Committee and National Regulatory Council to ensure they remain fit-for-purpose. However, it is our view that at least one of these functions, namely, the approval of protocols and operational guidelines, should be assigned to the National Regulatory Council for reasons of preserving independence.

Further to the above, Bridge Housing strongly believes that our tenants are both an important beneficiary and stakeholder of a strong and well-designed regulatory system. Having noted the absence of tenants' voices within the existing IGA governance structures, we recommend that the NRSCH explores the feasibility of establishing a Tenants' Advisory Committee in each jurisdiction, which could be convened on an 'as-needed' basis. Should the NRSCH be interested in adopting a tenant participation model, it is essential that tenants are appropriately remunerated for their time. We anticipate there is a role for the future Community Housing Industry Council to play in undertaking capacity building activities with tenants, in order to ensure they can confidently participate in engagement activities with the NRSCH.

### ***Managing and streamlining other regulatory requirements***

In addition to our NRSCH reporting responsibilities, Bridge Housing is required to meet a range of additional regulatory and contractual requirements for social and affordable housing under the ACNC, state government agencies and local councils. As an overall principle, Bridge Housing considers that reporting should be informed by a 'collect once, use often' principle to minimise regulatory burden for CHPs and tenants to avoid the risk of 'reporting fatigue'.

Of greater concern to Bridge Housing and the broader community housing sector is the complexity and frequent duplication of contractual reporting arrangements for multiple programs funded by the same agency, all of which can contribute to increased resourcing costs for CHPs. Within this context, we consider there is scope for the NRSCH to work with contracting agencies to share and better utilise information already collected by the NRSCH. In addition, we also believe there is potential to review and align data approaches between the NRSCH and the Productivity Commission in relation to the *Report on Government Services*, released annually.

Taking these issues into consideration, Bridge Housing strongly recommends that the NRSCH, in partnership with researchers aligned with the Australian Housing and Urban Research Institute and contracting agencies across all levels of government, undertakes a project investigating the feasibility of streamlining existing regulatory and compliance arrangements for CHPs operating in a national regulatory system.

### ***Additional roles for the NRSCH***

As previously mentioned, Bridge Housing strongly supports the expansion of the NRSCH's regulatory functions to include all social housing delivered by State Housing Authorities and affordable housing delivered by for-profit providers within the national regulatory system. In particular, it is our view that the proposed inclusion of State Housing Authorities in the scheme is aligned with contemporary public expectations regarding value-for-money and the delivery of better outcomes by the state.

Secondly, Bridge Housing considers that the NRSCH could be used to enforce a greater level of transparency through the publication of regulatory reports on their website, as well as undertaking sector-wide analysis on issues which could lead to substantive improvements in the overall performance of the sector. Further to this point, and as per our earlier recommendation, Bridge Housing considers that sector development and capacity building activities should be implemented and delivered by the Community Housing Industry Council. Should these activities be required ahead of the Community Housing Industry Council's establishment, we suggest these are undertaken by the respective CHIA agencies in each state.

### ***Enforcement and investigative powers***

Bridge Housing is not aware of any issues that would warrant an extension of the NRSCH's enforcement and investigative powers in the current operating environment. However, we remain open to ongoing dialogue with the NRSCH outside of the 5-year review cycle, either as a single entity or through our peak bodies, in the event that independently obtained advice specifies the need for substantive changes to the NRSCH's enforcement and investigative powers.

## **Part 3: Operation of the NRSCH**

### ***Enhancing data collection***

As mentioned elsewhere in our submission, Bridge Housing strongly supports the streamlining of data collection and reporting requirements between the NRSCH and contracting agencies, particularly where these are aligned with the NRSCH Performance Outcomes. As previously mentioned, the primary purpose of data collection and reporting should be to fulfil regulatory requirements, with the objective of enabling CHPs to regularly re-use this information to meet other regulatory and contractual requirements. As a secondary focus, we are also in favour of measures to increase overall sector transparency, which could occur through the release of regulatory reports and system-wide analyses.

With regard to the Performance Outcomes, Bridge Housing recommends these are reviewed in close detail to ensure they are appropriately aligned with current and future operating challenges, as well as providing scope for other housing providers (e.g. public and for-profit providers) to enter the regulatory system in future. However, another issue that is worthy of consideration are the potential opportunities for CHPs to leverage funding opportunities from private and philanthropic investors for the purposes of social investment. Since 2014, there have been a number of social impact investment tender opportunities from state governments relating to the delivery of supported housing and homelessness services. Based on the Australian and international experience of social impact investment, it is clear that governments and investors have placed a significant premium on robust data collection, monitoring, reporting and evaluation when compared to existing programs.

Having considered these issues, Bridge Housing has identified a number of potential changes to the Performance Outcomes. Firstly, we consider that the financial viability performance outcome should be increased to require additional reporting from selected Tier 1 CHPs with involvement in

complex or high-risk financial transactions. Likewise, the governance and management performance outcomes could potentially be increased for selected Tier 1 CHPs with complex corporate structures or diverse business activities. Bridge Housing is satisfied for this decision-making framework and process to be initiated by the NRSCH, providing these decisions are consistently applied across all jurisdictions.

Secondly, we believe that the performance outcome on tenant and housing services should incorporate reporting on tenants' success in sustaining their tenancies for 12 months or more, which is an important social milestone. We are aware that this data is already collected by many CHPs through the Tenant Satisfaction Survey; therefore, it is not anticipated that this requirement would place any additional reporting burden on CHPs. Furthermore, Bridge Housing also notes that this information is regularly collected by service providers to demonstrate the efficacy of their programs in both a social investment and evaluation context. As such, we consider that this data is crucial in demonstrating both the social and economic value of social and affordable housing.

Thirdly, Bridge Housing would welcome an increased focus on cultural competency across performance outcomes for tenant and housing services, community engagement, governance and management. We consider that existing government policies and frameworks, such as the NSW Aboriginal Housing Office's *Foundations For Success* and Cultural Competency Standards, may provide a useful starting point. In addition, Reconciliation Action Plans may also help to inform the NRSCH's approach for regulating the cultural competency of mainstream CHPs.

### **Communication**

Bridge Housing is strongly supportive of the NRSCH's efforts to increase their organisational profile, improve data quality and enhance public confidence in the sector for the benefit of CHPs, tenants, investors and financiers and governments. In addition, Bridge Housing supports the NRSCH's publication of regulatory reports, as well as sector-wide analysis on performance issues to encourage CHPs to improve their services.

Having reviewed the Frequently Asked Questions (FAQs) for investors and financiers, we suggest that the fact sheet is revised to provide a more comprehensive definition of community housing, including a brief overview of the size, scale and activities of the sector using community housing data sourced from the Productivity Commission's *Report on Government Services* and the NRSCH's Annual Reports. Alternatively, the fact sheet could provide a list of 'further reading' sources to ensure that investors and financiers can easily access the latest data and information on the sector.

With regard to tenant communications, we suggest that the NRSCH revises their FAQs so that the information is communicated in a user-friendly, plain English format, which would encourage an increased uptake and level of interest amongst tenants. We also believe it would be helpful for the FAQs to make a reference to Tenant Satisfaction Surveys as this will enable tenants to understand how their feedback is directly used to inform NRSCH reporting.

### **Current and Future Challenges**

#### ***Risk profiling and the tiered registration system***

Bridge Housing supports the retention of the tiered registration system to denote the level of risk associated with the scale and scope of organisational activities. Although we are aware of anecdotal evidence indicating that some stakeholders (e.g. private investors and financiers) have confused the tiered registration system as an assessment of organisational competence, it is our view that this is reflective of a broader need to improve stakeholder knowledge and understanding of the community housing sector. Whilst we envisage these activities will be largely continue to be



undertaken by CHPs and our peak bodies, there is potential for an expanded NRSCH to conduct information sessions about the role of regulation and associated activities for different stakeholders, including private investors and financiers.

As previously mentioned in our submission, Bridge Housing has already proposed to increase the relevant Performance Outcome requirements for selected Tier 1 providers with complex financial arrangements, corporate structures and business activities. Other factors which could potentially inform the NRSCH's risk management approach include the identification of poor tenant outcomes, major governance and cultural issues and substandard asset management performance.

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