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NSW Community Housing Industry Development Strategy 2013/14 – 2015/16

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Introduction

The NSW Government and the NSW Federation of Housing Associations recognise that the capacity of people to access safe, secure, affordable housing is fundamental to breaking and preventing disadvantage. Community housing plays a significant role in meeting this housing need – delivering high quality, affordable housing and support to people experiencing housing stress. Community housing offers flexible and integrated services that can be tailored to meet the needs of tenants and their local communities.

Community housing in NSW is a growing, dynamic, multifaceted industry, with providers that are involved in multiple business activities. Since 2010, NSW Government investment in community housing industry development has been guided by the NSW Community Housing Industry Development Framework and implemented through a three year Industry Development Strategy.

In March 2013, Housing Ministers in all jurisdictions agreed on a National Community Housing Industry Development Framework, which has now been developed in tandem with the new National Regulatory System for Community Housing. In light of this, and to reflect the new challenges and opportunities that continue to emerge for community housing, it is appropriate that there is a new three year Industry Development Strategy for community housing in NSW.

The NSW Industry Development Strategy 2013/14 – 2015/16 (the ‘Strategy’) is the vehicle by which the NSW Government will continue to work with and support the community housing industry to deliver a wide range of outcomes, in particular high quality, affordable housing and support for people across NSW, including some of the State’s most vulnerable people. As the industry continues to expand, building its business and developing new and innovative business streams, the Strategy provides the basis for planning and delivering key initiatives of shared value across the industry.

A Partnership Approach

The NSW Community Housing Industry Development Strategy has been developed through a partnership between the NSW Department of Family and Community Services (FACS) and the NSW Federation of Housing Associations (the Federation).

FACS Housing NSW, through the Community and Private Market Housing Directorate (CAPMH), has primary responsibility for NSW Government community and affordable housing policy, relationship management and contracting. The Federation is the industry peak body for NSW community housing providers.

The partnership between FACS Housing NSW and the Federation reflects the importance of both players in developing industry capacity and will ensure that the Strategy supports the directions and aspirations of the community housing industry.

FACS Housing NSW and the Federation recognise that industry development is undertaken by agencies throughout the industry, including providers which invest significant resources in developing their own capacity. This Strategy does not attempt to reflect or direct all industry development effort. Its aim is to support the implementation of some key initiatives that can provide significant, shared value across the industry or to broad groups of stakeholders.

There are three main elements in the NSW Industry Development Strategy:

Part One describes the community housing industry and recent industry development. It also provides an overview of changes in the strategic and operating environment for the community housing industry that may impact over the next three years.

Part Two sets out the aim of the Strategy and its three main objectives.

Part Three describes how the Strategy will be implemented through a series of projects developed against identified priority areas as well as the approach to monitoring progress and evaluating outcomes.

Aim and Objectives

The aim of the NSW Community Housing Industry Development Strategy is to enhance the industry's ability to respond to the challenges and opportunities of the emerging environment.

Three objectives support this aim. They are to:

- enhance community housing providers' capacity for growth, business development and diversification, including through partnering
- enhance community housing providers' capacity to continue to deliver quality outcomes and demonstrate performance
- enhance the capacity of industry stakeholders, including investors and funding bodies, to effectively support development of the community housing industry.

Implementation

The Strategy will be implemented through a series of projects to be oversighted by FACS Housing NSW and the Federation. Projects will be delivered by a range of agencies, including but not limited to FACS Housing NSW and the Federation.

Specific projects will be developed for each priority area subject to an annual process of review and consultation with relevant stakeholders, including providers, to inform ongoing industry development and improvement. Information about the projects will be publicly available.

Part 1 The NSW Community Housing Industry and Environment

1.1 The Community Housing Industry

The breadth of the community housing industry in NSW is considerable, and includes all current and potential non-government, private sector and government agencies involved in the planning and provision of subsidised housing for people on very low to moderate incomes, managed by registered community housing providers.

At its most immediate, the industry is the community housing providers managing social and affordable housing, homelessness accommodation, and housing assistance products that support people in the private rental market. The definition of community housing under the legislation establishing the National Regulatory System is that it is housing for people on very low, low or moderate incomes, or for people with additional needs that is delivered by non-government organisations.

In October 2013, there were 230 organisations registered as community housing providers through the current NSW Regulatory System, as prescribed under the Housing Act 2001.¹ A new national regulatory system for community housing commenced on 1 January 2014. NSW providers currently registered under the NSW Regulatory System will be transitioned to the new national system over an 18 month period.²

Registered providers range from small, very locally based organisations to multi-jurisdictional providers with large portfolios and experience in property development. All current community housing providers are not for profit. Some providers specialise in the delivery of services to specific client groups such as to people who are homeless, to single women, or to people with disabilities, whilst others have diverse businesses delivering a full range of housing services. Many providers have partnerships with local community based organisations and support providers to ensure that tenants receive an integrated housing and support service. Due to their understanding and connection with the local communities, community housing providers are well placed to provide effective, high quality local solutions.

Both the current NSW and incoming National Regulatory System register providers against classification systems that reflect the size and complexity of their business. Of the 230 providers registered under the NSW system, 15 are currently registered as Class 1, 14 as Class 2, and 14 as Class 3. The remaining providers are Class 4, most of which are specialist homelessness services with small property portfolios.

Importantly the community housing industry also includes new entrants to the community housing sector and the network of organisations that form part of the business and strategic environment in which community housing operates. This includes not for profit housing and service providers in linked or adjacent fields, peak bodies, banks, financiers and other investors, consultants, service suppliers, developers, experts and researchers and government agencies at all levels with responsibility for funding, investment, policy, planning and regulatory decisions.

¹ NSW Registrar of Community Housing - accessible via <http://www.rch.nsw.gov.au>

² The Community Housing Providers National Law (National Law) is an Appendix to the *Community Housing Providers (Adoption of National Law) Act 2012 (NSW)* and is the legislative basis of the National Regulatory System for Community Housing.

1.2 Recent developments

Industry growth and diversification

In recent years, the NSW community housing industry has experienced rapid growth, attained new levels of professionalisation and diversified its business. Large providers have been supported by the NSW Government to grow, with a number of providers now operating across large regional areas and inter-jurisdictionally. Since 2009, all funded providers have been regulated by the NSW Registrar of Community Housing as part of the NSW Regulatory System, providing assurance for tenants, communities and investors, both private and public.

Industry growth has been significant. For example, between 2006 and 2013, the number of properties under community housing management more than doubled. At 30 June 2013, community housing providers reported managing a total of 34,000 properties, with total industry rental revenue of \$301 million.³ This figure includes all housing assets owned and/or managed by community housing providers and used for community or social housing or for wider housing programs such as affordable housing for people on low to moderate incomes.

Of the 34,000 properties, around 27,500 – comprising 26,000 long term social housing properties plus around 1,500 crisis and transitional properties – are either leased by Government to community housing providers for management, or have had their ownership transferred to providers by Government. Of these, some 26,900 (98%) are managed by just 32 providers, with the largest 10 providers managing 17,500 properties.

Since 2006, the NSW Government, the community housing sector and the private sector have invested in jointly increasing the supply of housing for people on low to moderate incomes. At June 2013, community housing providers had combined government capital funding of \$238m with close to \$40m of their own equity contribution, and approved capacity for \$160m in debt finance to invest in new affordable and social housing. To June 2013, providers have used various forms of grants, equity and debt to supply almost 2,000 new affordable and social housing properties.⁴

The most rapid growth in the sector was during 2009/10 and 2010/11, when around 5,500 new properties were added to the sector through Nation Building Economic Stimulus measures. Ownership of many of these properties, plus an additional 500 properties already under community housing management, has been transferred to community housing providers with a requirement that providers leverage against the assets to acquire further low cost housing. As a result, community housing providers built a total of 92 extra social housing properties by June 2013 with an estimated total of 1,200 additional social housing properties to be delivered by June 2021.

In 2010, the largest community housing providers joined Housing Pathways, a common access system for applicants seeking housing assistance in NSW, and the NSW Housing Register, the single State-wide social housing waiting list. Community housing providers participating in Housing Pathways facilitate access to the broader social housing system, including access to products that assist people in the private rental market.

³ NSW Registrar of Community Housing – Annual Statement of Performance 2013.

⁴ Includes properties part-financed through affordable housing schemes (NRAS A and B, the Affordable Housing Innovation Fund, the Social Housing Growth Fund), as administered by Housing NSW, and properties leveraged against properties transferred from NSW Land and Housing Corporation.

In addition to these areas of growth and business change, providers have been delivering growth and diversity to their businesses through managing new property types such as disability housing, or delivering community based initiatives such as employment opportunities for tenants, community development activity, and environmental sustainability projects. To do this, providers are increasingly partnering with commercial, philanthropic and non profit entities to plan, deliver and manage housing and related services to an ever broadening client base.

Private sector investment

As outlined above, community housing providers have contributed or facilitated significant investment in social housing. The introduction of the NSW Regulatory System has meant increased confidence in the governance and viability of the sector, which in turn has helped to facilitate increased investment in community housing by the finance sector.

Whilst many providers have continued to deliver quality housing and related services as smaller scale, more specialised organisations, others have now emerged as complex businesses with diverse types of activity being delivered across large geographic areas using a range of income streams, and operating through networks of relationships with investors, developers, and other industry entities.

Through enhanced private sector involvement in the industry, investors and property developers have worked with community housing providers to source suitable land and have contributed the finance, design and construction capability required to help manage development risk. Private sector involvement in the industry has significantly increased the supply of real housing options for people on low to moderate incomes.

The NSW Industry Development Strategy recognises the role of the private market in providing affordable housing solutions and will work to strengthen the links and connections between the private market and community housing.

Growth in Capacity and Capability

There has been significant growth in the organisational capability of community housing providers in NSW over recent years. Community housing has become an increasingly professional and mature industry and has changed its business and organisational models to respond to new areas of work. In doing so, community housing has created the capacity to balance the needs of a diverse range of stakeholders, and to meet social and financial objectives.

In order to support the growth and development of community housing, the NSW Federation of Housing Associations has established itself as a leading provider of resourcing, advice and information, and the major provider of workforce training for community, public and Aboriginal housing staff in NSW and across Australia.

1.3 Looking Forward: The Strategic Environment

The rate of growth of community housing in NSW will depend on opportunities in NSW and interstate, as well as in related industries. Nevertheless, there is little indication that the rate of change experienced by NSW community housing in recent years will slow. As government, non-government and business sectors continue to work to improve the supply of secure, appropriate, affordable rental housing in NSW, the size, scope and business of the industry will continue to evolve.

Looking forward there are significant internal and external drivers of change on the horizon, presenting new opportunities for expansion, innovation and improvement. Government-led reform agendas and other key drivers that will impact on the community housing industry over the three year period of the Strategy include:

National Regulatory System for Community Housing

The National Regulatory System for Community Housing came into effect on 1 January 2014 and will be phased in over an 18 months transition period. The National Regulatory System has many of the attributes of the NSW Regulatory System introduced in 2009 and has supported a significant increase in the industry's capacity and capability both operationally and strategically.

The National Regulatory System provides a consistent national regulatory environment, reduces the regulatory burden for providers working across jurisdictions and provides a level playing field for new providers and for current providers seeking to enter new jurisdictions. The NSW community housing industry is part of an increasingly multi-jurisdictional, multi-provider market.

For example, a number of jurisdictions have announced significant stock transfer programs to the community housing sector, for which providers operating in NSW are likely to be highly competitive. The transfer of housing from government to community management or ownership in specific jurisdictions will open up opportunities for providers to operate more easily across boundaries, and to source investment and/or funding to deliver housing outcomes in other jurisdictions.

National Industry Development Framework

Reform of social housing systems being introduced in jurisdictions across Australia and the introduction of National Regulation will pose issues and capacity challenges beyond just the NSW industry. The National Community Housing Industry Development Framework agreed on by all Ministers in March 2013 is a response to this changing environment and outlines the skills and settings required to position community housing to play an expanded role in the future of social housing.

The Framework identifies five areas critical to a strong community housing industry: Governance, Risk Management and Strategic Planning, Construction and Development, Finance, Regulation and Workforce Development. Each of these areas has a set of principles and a suite of development strategy options for government, community housing providers and other stakeholders to consider in implementing industry development in their jurisdiction.

The Framework recognises the diversity of the community housing sector and has been designed to be applied in different local contexts in accordance with State and Territory Governments policy and funding settings, and subject to available resources. Analysis of how the National Framework aligns with this Strategy is provided at Appendix 1.

The FACS Reform Agenda

FACS is committed to breaking disadvantage for vulnerable people in NSW, and is undertaking significant reform of service delivery across its divisions. This reform agenda involves:

- driving greater integration of services aligned to people's needs
- embedding personal responsibility in the support provided
- achieving greater non-government sector engagement and partnerships.

Of particular significance for the community housing industry are: the development of new directions in social housing policy; reform of the Aboriginal community housing sector through the NSW Government's *Build and Grow* strategy; the Going Home Staying Home reforms to Specialist Homelessness Services which will deliver important changes in how services are delivered to people who are homeless or at risk of homelessness; and the FACS NGO Strategy. The FACS NGO Strategy is intended to create a consistent platform for NGO engagement across FACS and will develop and implement a range of initiatives to support sector reform that can ultimately be adopted across the non-government sector. All these areas of reform offer opportunities for new industry development and service partnerships.

Reforms to the disability sector through the National Disability Insurance Scheme (NDIS) will also impact on the community housing industry. With its strong focus on client choice and the additional support available to many more people with disability, the NDIS could see an increase in demand for the services offered by community housing providers and a change in the way in which the community housing and disability industries intersect.

Affordable Housing

The community housing industry and the NSW Government will continue to explore ways to increase affordable housing in NSW, including rolling out existing commitments under the National Rental Affordability Scheme (NRAS).

Providers' participation in affordable housing programs through independent delivery, management and partnerships will continue to expand the portfolio of affordable housing properties. Where providers are delivering properties independently or in partnership, they are likely to raise and contribute finance to these projects. Where providers are managing NRAS properties, the management of the properties will support organisational viability and growth.

A Changing Environment

In addition to the specific reforms that will impact on community housing, there are a number of broad government and industry directions that will also drive changes in how the industry operates. These include:

- a greater focus on linking housing outcomes to the achievement of broader social and economic participation outcomes for clients
- increased investment by governments in non government service delivery including in the housing sector
- changes to the planning and urban development environment in NSW
- growing focus on social investment, social entrepreneurship and on the development of social businesses that can leverage resources from within their local communities
- changing role of technology in promoting business efficiency and effective housing services
- increased focus on supported housing including for people with disability and older people
- opportunities for developing alternative investment mechanisms such as housing or social impact bonds, or new forms of public private partnerships.

Part 2 The NSW Community Housing Industry Development Strategy

The aim of the NSW Community Housing Industry Development Strategy is to build the capacity of the community housing industry to respond to the challenges and opportunities of the emerging environment.

Capacity building means strengthening the operational or contributory capacity of individual community housing providers or sub-sectors of the industry. It also means building capability at an industry-wide level through strengthening industry networks and the capacity of other organisations, private, public and non-government, to partner with providers to create new business and service models.

This aim is supported by three Strategy objectives. The first two objectives focus on enhancing the capacity of community housing providers – to grow and develop their businesses and to continue to deliver high quality services. Objective three focuses on the development needs associated with other key industry participants – on enhancing their capacity to engage and participate in, and with, the community housing industry.

Objective 1: Enhance community housing providers' capacity for growth, business development and diversification, including through partnering

As the opportunities and challenges of the new strategic environment continue to emerge there will be an increasing number of pathways available to community housing providers for further business growth and development.

Opportunities for providers looking to grow their portfolios will include sourcing private and public sector funds. This includes funds from other government agencies that are seeking housing solutions for specific groups of clients, for example housing for people with disabilities.

Providers may continue to seek additional opportunities to leverage resources for housing growth – against their income streams, against their asset holdings and in relation to contributions from within their local communities.

New planning or urban redevelopment opportunities may emerge for community housing providers, as well as increased options for fee for service activity, such as property management on behalf of state or local governments, local councils, private investors, or other not for profit organisations.

There is significant change happening in the homelessness sector through reform of the specialist homelessness service system which may also lead to different types of organisations and partnerships being established. These reforms could open up new business opportunities for services that are registered community housing providers, or the partners of registered providers.

Both capital and management growth raise the possibility of the need for improved internal capacity and may also require renegotiation with existing partners, or the development of new partnerships and consortia with new and more complex governance arrangements.

In addition to creating more business that is consistent with their core business practice, community housing providers may also seek to diversify their businesses, developing new types of services and activities, supporting new types of tenants and clients, and resulting in new forms of income.

Community housing providers growing their businesses will continue to develop their own internal capacity or will seek to partner with other organisations that have the requisite capacity. These could be organisations in the wider industry network, or new players entirely. An area of increased activity could be new financing options, including philanthropic or social investment, or commercial ventures that can cross-subsidise housing for people on low incomes.

As community housing providers grow and develop their businesses, common capacity needs will emerge, which may be most effectively met through a shared industry development response. Some of these requirements could include the areas of complex governance, planning and decision making, business and financial modelling, financial management and risk oversight, strategic stewardship, large scale property development, asset management for enhanced scale, strategic or specialised human resource management, and new information technology and communication systems.

Objective 2: Enhance community housing providers' capacity to continue to deliver quality outcomes and demonstrate performance

A fundamental aim of the community housing industry is to deliver quality services to the people it works with – applicants, tenants and local communities – and there has been significant effort to develop and build capacity in relationship to this over many years. As the industry continues to mature, effort is required to ensure ongoing business improvement, regardless of the size or scope of provider business, and a focus on quality service delivery is one that remains a priority.

This objective also focuses on supporting providers to demonstrate their performance in a range of contexts, including industry driven benchmarking, responding to good or 'best practice' expectations, and in keeping with the emerging national focus, in relation to requirements under the National Regulatory System for Community Housing. The industry will have some key capacity building needs that relate to registration – for example, specialist and smaller providers may need additional support around some areas of practice and larger providers may need to think about how good practice continues to be central to larger management operations.

Additionally, capacity needs around governance and other aspects of strategic stewardship, vital for all providers regardless of intentions concerning growth or consolidation, may be most effectively addressed through industry-wide capacity building approaches. The capacity of providers to develop and manage assets effectively continues to be of importance.

The challenge of attracting and retaining a skilled workforce in community housing continues, and the skills that are needed change as the nature of providers businesses change. Sourcing and training new staff is resource intensive and industry-wide strategies that assist with the recruitment, development and retention of workers will enhance the capacity of all providers to ensure access to quality in-house and contracted expertise.

To support community housing providers to deliver enhanced growth and business outcomes, FACS Housing NSW also needs to ensure that it has the right skills and workforce capacity and is working with divisions across FACS to deliver an effective environment for engaging with non-government organisations.

Dynamic industries also see reorganisation and consolidation strategies and the emergence of new entrants in the market. These trends are occurring in community housing and can be expected to continue with the introduction of the National Regulatory System. New entrants to the NSW market may need particular capacity building activity and resources to support them to operate effectively. For example, more community housing providers from adjacent sectors such as Aboriginal community housing, may become registered.

There are planned reforms to the community housing sector that will deliver significant change and will impact on client and tenant outcomes. The *Going Home Staying Home* reforms to specialist homelessness services could bring new entrants into the crisis and transitional accommodation part of the industry, with different capacity requirements, and changes to the arrangements for managing transitional housing could also drive changes in property and tenancy management arrangements.

Objective 3: Enhance the capacity of investors, funders and other industry stakeholders to participate effectively in the industry

This objective focuses on the role and capacity of organisations that make up the broader community industry. This includes private sector, government and other non-government organisations that can impact on the way in which community housing providers are able to deliver enhanced housing outcomes.

Accessing finance, for example, requires that the finance sector has a high level of understanding of how community housing operates and a high level of confidence in its performance. Investors, property developers, researchers, local governments, planners and a wide range of support providers all need to be informed of the opportunities and benefits of including affordable housing in their portfolios and of working with community housing providers to deliver affordable housing products. In order to leverage off these partnerships, community housing providers must have robust knowledge of the business and strategic needs of the investors, developers and planners with whom they work.

As community housing providers seek to develop their business through new partnerships and collaborations, and as new organisations enter the market, there is a clear role for an industry-wide approach to enhance the links between industry stakeholder groups, or sub-sectors.

Areas of activity as diverse as urban redevelopment, community building, housing for people with disability, housing for older people, new rental and shared ownership models, require coordinated broad based strategies for information sharing and enhanced industry cooperation. This includes the engagement of researchers and experts in providing analysis and guidance about existing and emerging housing and community needs at local, national and international levels and building an evidence base to support decision-making and the development of future directions for the industry.

Part 3 Priority Areas and Evaluation

Implementation of the NSW Community Housing Industry Development Strategy will be through delivery of a series of industry development projects. Projects will be developed against each of the Strategy's priority areas and delivered by FACS Housing NSW, the Federation and other industry participants. Projects may be specific to a particular group of industry participants or have a broader application. The suite of projects will be subject to annual review to ensure the overall direction is in keeping with industry need. Project information will be publicly available.

The Industry Development Strategy has **seven priority areas** on which effort will be focused in order to deliver the Strategy's objectives. These priority areas were identified through:

- consultation with community housing providers
- consultation with experts from the broader community housing industry and related industries
- analysis of current and future operating environments and opportunities for the industry
- analysis of recommendations made in relevant documents such as the NSW Registrar of Community Housing's Strategic Stewardship Report (February 2013)
- review of NSW Federation of Housing Associations' and FACS Housing NSW's business priorities.

1. Communicating the vision, purpose, capability and competitive advantage of the contemporary community housing industry, with an emphasis on communicating the capacity of community housing providers to flexibly support and adapt to a wide range of changing client needs

Projects undertaken in this area will work to position community housing in its contemporary context, build the profile of the industry within its emerging environment, and coordinate industry communication to promote a coherent and compelling industry voice. Initiatives will reflect the full range of community housing business areas, service delivery and client diversity and may include information on the role and activities of community housing, the effects of community housing on the lives of tenants and communities, and the ways in which community housing differs from other forms of housing provision and management. Initiatives may be developed for use across a range of stakeholders or tailored to address the needs of particular stakeholder groups.

2. Developing and sharing evidence based information on community housing industry performance

Projects in this area will support the effective positioning of the industry for multiple stakeholders, and assist community housing providers and other industry partners with strategic decision making. Projects may include identifying measures and benchmarks for illustrating the performance of the community housing industry, including performance in relation to social, economic and environmental outcomes, and broader indicators about client outcomes. Projects may also include review and enhancement of industry based data collection, and publication of authoritative information about industry performance.

3. Supporting governance, strategic planning and risk management capability to enable providers to thrive in the emerging environment

This area addresses critical areas of organisational capacity and provides assurance that community housing providers are committed to quality current and future business practice. Projects may include measures to assist providers to strengthen governance arrangements and risk management, and to develop business models to better reflect emerging opportunities and challenges, including financial and debt risk management, business diversification, National Regulatory System outcomes, and complex asset development and management. Projects may also investigate ways in which to support providers undertake strategic planning and risk analysis appropriate to the size and type of business activity.

4. Developing industry leadership

This area aims to support the development of leadership skills across community housing, at both organisational and industry level, to support effective decision-making, negotiation and partnering and to ensure greater industry ownership and responsibility for setting the agenda and for managing change and risk. Projects may include developing specific leadership capacities for boards and staff, or the establishment of new leadership forums and partnerships that operate across the industry, and that foster collective industry leadership.

5. Partnering for success

As the community housing industry is increasingly delivering services and products through partnership arrangements, enhancing partnering capacity across the industry is pivotal. Projects in this area may include identifying the key sub-sectors or partners where engagement needs to be strengthened, such as non-housing human services, identifying the skill set, tools and tactics for developing robust, long-lasting partnership arrangements, and sharing strategic intelligence and 'case studies' about effective engagement with partners.

6. Developing new finance arrangements

This area addresses the need to support providers and other industry stakeholders to develop new models and mechanisms for financing the range of community housing activities. Projects may include researching and brokering the development of new approaches to finance including housing bonds, social impact bonds, or influencing the development of future public private partnerships arrangements. Projects may also address social investment opportunities for the industry, showcasing current activity and identifying factors for success.

7. Developing the workforce

This area recognises the need to assist the industry meet its changing and emerging workforce requirements, especially in an environment in which business arrangements are increasingly complex and in which providers are developing new lines of business. Areas in which projects may be developed include specialist human resource management, contracting, asset development and construction for organisations new to the field, and community and neighbourhood development in areas of concentrated disadvantage. While the primary focus is the community housing workforce, the need to ensure government capacity to effectively engage with the non-government and other industry sectors may also generate specific initiatives aimed at the FACS Housing NSW workforce.

Evaluating the Industry Development Strategy

To assist FACS Housing NSW and the Federation to track the effectiveness of the Strategy, both the Strategy and individual projects will be evaluated.

An evaluation methodology for the Strategy will be developed in early 2014 that will enable measurement of whether its aims and objectives are being met.

Projects will be evaluated against alignment with Strategy objectives as set out in each project business case. Project evaluation design will reflect the project's scope and approach. However, each evaluation will be expected to include measures of success and recommendations for further or related development activity. Project evaluations will, in turn, inform periodic review and evaluation of the Strategy in meeting its objectives.

The mix of projects against Strategy objectives will be reviewed annually to ensure adequate coverage against the Strategy as a whole and that projects are responsive to emerging needs. Strategy and project evaluation information will be publicly available.

Appendix 1

Aligning the NSW Community Housing Industry Development Objectives with the National Industry Development Framework

The National Industry Development Framework (IDF)

The National IDF identifies five areas critical to a strong community housing sector: Governance, Risk Management and Strategic Planning, Construction and Development, Finance, Regulation and Workforce Development.

Each National IDF development area is underpinned by a number of principles, supporting development strategies, and related responsibilities. While National IDF development activities have been agreed, jurisdictions are to apply the more detailed levels (principles and strategies) of the Framework as appropriate to local policy contexts.

The NSW Strategy broadly aligns with the National IDF's development areas and principles, and provides scope for relevant strategies to be progressed through specific Industry Development Projects.

The NSW Strategy objectives align with the National IDF principles as follows (NSW Strategy objectives are in brackets):

National IDF Area 1: Governance, Risk Management and Strategic Planning

Principles that should underpin strategies to strengthen governance, risk management, and strategic planning across the industry:

- Providers should operate under the expert guidance of skilled boards (2)
- Boards should strategically lead organisations (2)
- Providers should operate with increased autonomy and less reliance on government (1&2)
- Providers should operate robust businesses with the capacity to take on specialised roles and responsibilities (1)
- Providers should enter new partnerships and relationships (1)

National IDF Area 2: Construction and Development

Principles that should underpin strategies to strengthen construction and development capability:

- The number of providers with capacity to undertake more complex roles as developers, either directly, in partnership, or by procuring services should be increased (1)
- The opportunities for direct procurement and development of new social and affordable housing properties by providers should be increased (1)
- The providers' ability to make cost savings through in-house or brokered development and construction capacity, capitalising on leveraging and tax concessions should be maximised (1)
- Opportunities for providers to partner with other organisations should be increased (1)

National IDF Area 3: Finance

Principles that should underpin strategies to improve access to finance through financial and capital markets in order to realise the potential of community housing providers to increase the supply of social housing faster than is possible by governments alone:

- Lenders should have a high level of understanding of the sector, and be able to enter into financial agreements with providers and other partners with favourable terms due to increased confidence in the sector (3)

National IDF Area 4: *Regulation*

Principles that should underpin strategies to support providers in meeting the requirements of the new National Regulatory Code:

- Eligible providers should have a clear understanding of the requirements of registration and ongoing regulation under the National Regulatory System (2)
- Organisations should understand the options that are available to them, following the introduction of the new system (2)

National IDF Area 5: *Workforce Development*

Principles that should underpin strategies for workforce development:

- Providers, government and peak organisations should invest in, and be committed to the delivery and maintenance of a well informed and skilled community housing workforce (1&2)
- The number of providers with capacity to undertake more complex roles as developers, either directly, in partnership or by procuring services should be increased (1)
- Providers' property development experience and skills should be increased (1)
- Providers should be skilled in assessing and negotiating terms of financial agreements (1)

