

Oswald Barnett Oration 2006

Oration held at the Centre for Public Policy, University of
Melbourne, Carlton.

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Kamikaze or Karma?

**Are Oswald Barnett's organisational heirs and successors, anointing
and creating their own? Is the baton changing...and what might that look
like? Where can it go?**

Ken Marchingo, Chief Executive Officer, Loddon Mallee Housing Services Limited.

Ken Marchingo

Ken is the CEO of Loddon Mallee Housing Services (LMHS) and commenced in 1994.

Since that time LMHS has grown from 2 staff to over 60 and manages over 400 properties, the majority being CAP properties under the Victorian Government's Transitional Housing Program and a growing portfolio of Affordable Housing properties. LMHS is a unique vertically integrated housing and homelessness provider that has developed a unique continuum of service for homeless people.

LMHS is Victoria's first registered Affordable Housing Association.

Ken is the initiator and driving force behind the idea and now establishment of PowerHousing.Australia, the new national brand for progressive, pragmatic and preferred affordable housing providers.

Ken is also a long term Bendigo resident, is a Fellow of the Australian Institute of Management, a member of the Australian Institute of Company Directors, member of the Australian Housing Institute and was among the first to graduate from Swinburne University's Graduate Certificate in Housing Policy and Management. Ken has a variety of Board and committee experience in both private and public entities, including as a founding Director of the Community Foundation for Bendigo and Central Victoria, a Director and past treasurer of Bendigo Health the regions major health group and largest employer and has worked in the social housing field for 23 years. Prior to that was he involved in finance and franchise industries.

Background and introduction:

Loddon Mallee Housing Services (LMHS) has been selected as one of 6 agencies in Victoria to take the Victorian Governments 'Strategy for housing low income Victorians' forward, as a registered housing association.

This means for us a new chapter in ways to help our core constituents, the homeless and those in housing crisis, it is an opportunity to increase new levels of affordable housing stock, quality stock, well located at affordable levels, and put some downward pressure, albeit infinitesimally small, on the often over priced so called low rent markets in regional areas.

But of itself what else can we do, is this new initiative in itself enough for us, or is there more?

I think lots more, and it's time to move on that now.

I am gratified that my peer Transitional Housing Manager and Affordable Housing Association CEO, Joseph Connellan has agreed to skewer me in his response.

I would expect nothing less, from such a polished denizen of this fair city, and I am genuinely amazed by Professor Dalton agreeing to respond 'on sight' as it were to my ramblings.

I foolishly 'googled' the history of this oration and I see that all previous orators have been professors or at least of that ilk.

This is indeed a humbling experience for me to be suddenly in such company.

Ladies and gentlemen, colleagues and peers, I am not, as will plainly become obvious, an academic.

I am not that smart.

Clearly I am not a professor, for that I am not either that smart nor patient!

Nor am I an esteemed head of a state or federal government department, or think tank, for that, I am not that smooth nor diplomatic.

I am simply, and present myself as nothing more than a practitioner.

A practitioner however who has wrought some change in my own small organisation, taking it from insignificant to what is now apparently, in the context of such a sector as ours, something significant, that's all very nice, but for me the significance is that we now offer a wider range of services to our punters, better options, better mix, better outcomes, and as we grow, we grow our expertise and so we grow better staff and systems, and that further increases our services, that more than anything else is my driver.

I accepted this kind invitation to speak at this event because I thought that I had something useful to share with my colleagues, peers, current and potential policy

makers and those current and future people in the midst or the fringes of the housing arena.

This comes from bobbing around in the superheated cauldron of where public policy, deficient or otherwise, well intentioned or not collides with private sector and commercial realities and the dynamic interplay of income, investment, retirement savings and taxation policy and the occasional state or welfare policy all mix together in this thing that we laughingly refer to as the 'housing market'.

One soon becomes bruised, battered and basted over any period of time working with those who are buffeted in this maelstrom by virtue of being marginalised, disadvantaged, disabled or otherwise condemned to this state of being we label as 'poverty'.

And when you spend more than 20 years trying to bring positive change to your own small part of the demography, the geography or the policy or practice of this housing business that we are engaged in, there is I think a responsibility to keep prodding, poking, annoying and irritating whoever and wherever to find ways of wreaking change wherever it is desirable or just possible.... why else, would anyone spend their working life in what may otherwise be such a possibly fruitless effort?

On the subject of poverty the painting on the screen behind me is called 'homeless'. Painted by Thomas Kennington in 1896, it hangs in the Bendigo Art Gallery, the best regional gallery in Australia, and we use this painting and images of it with their kind permission.

Homeless was one of a series of three works commissioned from Kennington to capture the dominant social evils of late Victorian England; the companion pieces are called 'orphans' and a 'pinch of poverty'.

We use the image all the time, on everything we do as a reminder, it is a powerful image and for the full detail of the story and why we use it you will find a description on our website: www.lmhs.com.au.

So where do I intend to take you in this allotted 45 minutes?

- ❖ I want to provide a reminder of the complexity of the markets we work in, and link to some of the pre conditions for success and progress in an affordable housing system, and as a result one cannot help but note the state's role in their sub set of that, so where social housing seems to be at, and why.
- ❖ I will introduce via a short Audio visual presentation some of my in effect, advisors, some of our organisational directional sat nav tools, the clients of Loddon Mallee Housing Services, homeless people who have share their stories and their views with me, and reflecting about the important principles in our work that we will not and cannot compromise.
- ❖ I want to briefly, in passing, reference some of the issues and the opportunities in the broader housing system as that relates to affordable housing and therefore how that can impact on our little piece of the system in this new model, and what we can do about it.
- ❖and that you will note it is about what WE can do about it, not what someone else can do about, not what 'they' can do, what 'we' can do and that is about the new national brand for pragmatic, progressive, preferred affordable housing providers in Australia; PowerHousing.Australia.

The flyer suggested 'Kamikaze or karma', the concerns of a registered housing agency, I would actually amend or perhaps emphasise that to the 'obsessions' of a registered agency, well, perhaps the obsessions of their CEO at least!
That obsession, or one of them at least revolves about getting commercial reality into our understandings and informing our approach as we get more and more business like in our practice, whilst at the same time not losing sight of our values.

As a starting point we need to be clear, doing business in a business like sense is not hard.

That's why so many people succeed at it, no great secret there!

But, doing business in a business like sense whilst ascribing deeply and genuinely to a charter that demands we meet our mission as a charity, as a housing and homelessness provider and as a regulated Housing Association into a more complex environment, that is a wee bit more challenging!

It is here that we can organisationally lose our way, we can become caught up with the sexiness of the new, the urgent, the bold, the innovation and frankly the fun and excitement.

My colleague Joseph Connellan tells me that when disability agencies become generalists in order to increase their bases of revenue, they almost always, end up abandoning their constituency, and there are reasons for that.

So, this is a trap to avoid for any such agency facing rapid expansion in a related field. So, how do we not lose sight of who we are, and why we do what we do, as we embark on the journey of growth?

And this is where I guess I start into the detail in this oration, where I would like to describe how we do not lose sight of our core principles, our first principles.

Loddon Mallee Housing Services, an unusual and unique service model:

Some background about Loddon Mallee Housing Services and what has brought us to this point.

For us this new opportunity provides a final piece in a jigsaw of complex growth that has taken over a decade to achieve in the desire to build a vertically integrated housing and homelessness agency that provides specialised services to those homeless and those in housing crisis

It fixes a flaw in our previous model, our ability to decant tenants from crisis housing into transitional housing into targeted housing for those, dare I cynically say 'lucky' enough to have some horrible condition that meant we may have a matching 'targeted' stock unit available for them...but for those without a 'targeted' issue, well off to public housing for them...or off to the private rental market, back to the wolves of unaffordability as it were, but this creates a final option in the vertical continuum of service for some, and fixes a flaw for us...that's kinda nice really.

It's always nice when we notice that our practice has evolved to meet what appears to be a good theory! Hindsight innovation is a wonderful thing!

We are the only new Affordable Housing Association that has and intends to remain a complete homelessness business as well as a full suite of personal support program responses as well.

LMHS is the only AHA that is specifically regionally focused, we are not only now an Affordable Housing Association, and AHA, but, in a sector renowned for its 'acronymphomania' and here are a few more acronyms to throw around, we are:

- A SAAP service, in fact three SAAP services, mainstream, cross target and indigenous,
- We are a HACC provider,
- A Psych Disability Residential Support Service provider or a PDRSS,
- A CCP, or Community Connections Provider, a HSA Homeless Support for the Aged provider
- A residential program for complex needs and challenging behaviour clients
- We are a pilot site for the State's business and service standards for homelessness services, the creatively named Homelessness Assistance Service Standards, or HASS.
- And a YP4 provider.
- YP4? It is a flagship program, a new model, an entirely new paradigm of service provision that ties together Federal and State program responses, departmental and community based, into a single case manager working with young, homeless, unemployed people...just quietly let me say that again, a program, that ties together Federal and State program responses, departmental and community based, into a single case management response...it is as close to the holy grail of human service provision as is imaginable, but not just about affordable housing so I will move on!

All in all, we have a variety of support programs all built around services to homeless people.

Now, as far as our housing programs go we are:

- A Transitional Housing Management Provider, with THM stock, crisis stock D&A stock and rooming house stock, providing housing, information advice and referral to clients directly and, financial assistance and tenancy management services to 19 semi -independent SAAP services across our region which is about a third of Victoria
- We also manage a smallish pool of longer term properties, some targeted to particular geographies, some to particular target groups, some owned by Local government areas, some by the office of housing, and until recently some owned by us.
- And along the way we distribute emergency relief, flexible care funds, housing establishment funds, we incubate new organisations, and then cut them loose to be collaborators in our sector, and even in some cases, competitors, we started off a local community foundation, are mentoring the development of a new HACC program for elders at a new Aboriginal Co-

operative, we actively support Lead On, a youth leadership and projects program, and even subsidise the costs of the local 'lighthouse foundation', a residential program for homeless youth that is a separate unrelated charity, and we are co-ordinating a construction program of around 50 townhouses as part of the Tsunami relief in a village called Ambalangoda in Sri Lanka.

- We are also the initial proponent, resourcer, and now auspice, not to mention proud member of the new entity on the Australian Affordable Housing Scene, PowerHousing.Australia...and you will hear more about that as we go.
- We very much take a systems view and holistic approach to strategy and operations, and the external environment and we have sustained a mid 40 per cent annualised average growth rate for over a decade, and the last few years have obliterated that number into a thousands of percent rate, which makes it all seem a bit silly for measurement purposes now!

So, a diverse organisation in one sense, but the dominant theme that holds it all together is a tight cohesive approach to providing integrated services to the marginalised, the disadvantaged, those at most risk in our community, the homeless and those in housing crisis.

The best way to understand the Loddon Mallee Housing model is to think of every specialist homelessness program, under one roof, working in four themed divisions, one about personal support, the other about different tenured housing responses from crisis through all the options to long term, one about business, property and service development, and all supported by a gifted, lean administration and finance team.

Then think of it as a vertically integrated, horizontally linkaged continuum; Driven by a team of technically expert, phenomenally committed, passionate, acknowledged as leaders in their respective fields, experts. I am lucky enough to get to play in the same workplace as these people, it is like a gift!

So, one would wonder, where is the issue for us as a nominated 'growth' organisation in all of this?

First Principles:

Well, there is a competing dynamic of balancing our funded services for those most in need who frankly can absorb all resources, often as quickly as those resources can be produced, and the opposing commercial viability of developing a long term social housing program that must maintain a tenant mix across multiple cohorts, to ensure viability.

This is not only an operational challenge but also an ideological one. This raises many questions, and I won't attempt to pose or answer them all here, just a couple to set the scene

One is, how can an organisation that is committed to social justice and services to those most in need, the homeless, with all of the complex attendant social and other challenges, how can we then manage a

- ❖ Commercially viable,
- ❖ Debt premised,
- ❖ Non recurrently funded
- ❖ Affordable housing portfolio?
- ❖ Whilst still working assiduously to meet the needs of those who are or remain homeless?

The answer is found for us, as so often is the case, of going back to our first principles in order to move forward.

First principles, the very basic, primary, underpinning assumption that drives everything else, often so implicit that they become forgotten in the frenzy of activity.

So at this point I would like to take a few minutes to introduce you to some of the people that ARE the first principles for Loddon Mallee Housing Services, some of our old dear friends, because in going back to first principles we can then point a way forward in the complex futures that will confront us.

The following audiovisual presentation describes in their own words and feeling many of the core stories of homelessness of 'our people'. It is a powerful presentation and can also be obtained on CD from LMHS.

These people have in effect become the silent conscience and custodians of our mission, they remind us in the book that captures their story that this presentation was drawn from of what they need, and what we must not fail to deliver.

These are in my view, the first principles of affordable housing, the tenants, the punters, and the people who cannot exist with a reasonable level of dignity, without the provision of a reasonable level of subsidy, however provided.

Os. Barnett may have been on about slum clearance and the establishment of a Commission of enquiry into housing conditions and ultimately a commissioner of the Housing Commission, but what pushed his buttons was the faces of the poor, because it's a simple equation.

Just as former, at the time presidential nominee, Bill Clinton immortalised the way to deal with the abundantly obvious with his remark of 'it's the economy, stupid', for us 'it's the punters, stupid', it's all about the people, affordable, quality, secure, stable housing is the TOOL that we use to assist in solving the problem, that's called poverty or housing crisis or any other number of terms, the people however are of course the REASON.

There are the obvious problems with a challenging client group and creating and managing affordable housing, some are:

Where do we need affordable housing the most?

What configurations?

What standard?

Do we buy? Do we buy off a plan? Do we spec and design and construct, if so which bits, if any, do we contract out, do we contract out all of it?

Why is it that where we need the land is always the most expensive, and how come the neighbours don't want us...you all I assume know these stories and issues.

There are so many mechanical, tangible, kind of physical, elements to the equation of how to build and manage an affordable housing company. Different questions and considerations for an agency such as us, easy to get lost with it all.

But when we focus on the first principles, what can we do to both meet our clients needs as best we can in a manner that is sustainable for us, so that we can continue to meet their needs into the future than the more pragmatic responses, the more realistic responses become obvious and evident.

Housing Market/Housing Policy, fanciful words?

The following are my views, about how we as the complex agency we are, with all of our Victorian operations now regulated under the new legislation, how we will work in the broader environment of not only new 'housing policy', but what is in effect a new housing environment for the NGO sector, working within these new directions, being led, that by the way is 'led' as in leadership, in Victoria; But to one degree or another with similar approaches at different stages of advancement, Australia wide.

To use the words 'housing policy' is akin to using the comment of a moment ago of 'housing market' a fanciful set of words in that we all know that just as there is no single 'housing market' there can be no single 'housing policy' that is encompassing as such.

Housing policy as we would generally understand it, is indeed the discrete policy of the state, with which I will comment about more in passing than in any specificity, but policy with which we at Loddon Mallee Housing largely agree...(that is why we became a housing association, which should I guess seem obvious), but it is more of course.

The oft noted apparent absence of Federal government interest for a discrete direction and policy approach to the affordable housing crisis, other than a continuance of Commonwealth Rent Assistance, on the basis of, well, 'just 'cos'!

The continuing but always at risk Commonwealth State Housing Agreement, that continues to leak, well haemorrhage dollars....and a lack of clarity of where it is heading, if at all.

The occasional fusillade across the bows of the states for 'failing to report' on their CSHA requirements, which is a bit similar to the same criticisms levelled at health, Education and other Commonwealth State Agreements.

So obviously the lack of a discrete commonwealth direction that makes integrated sense is a concern and we all need to get this on the agenda, so in talking with the Feds in Canberra hopefully this is a place where we can elbow our way into the

conversations that do take place, but don't seem to involve too many of those who are out there on the ground actually doing the work, you know, the practitioners.

Frankly the Feds are doing, and have done, some very interesting policy work which affects housing of recent times, what will I think, prove to be quite useful background positioning as a result of legislative changes that will possibly have some ameliorating effect on housing price, some supply effect as a result, a flattening of user costs and reduced, at least initially, investor demand.

That is of course the current window of unlimited tax advantaged superannuation contributions, and the likely effect that will have on the market at the same time as yields are at almost historical lows and we are looking down the barrel of up to another 25 basis point rate increase...and none of that factors the keenly argued effects of a slowing US domestic consumer demand, as expressed by the equally hotly debated effects of the US housing slowdown, and the flow ons back through countries such as ours that are strongly coupled to a possibly derailing engine of growth.

There is of course the possibility of bargain hunters moving back into the markets if there is any significant bulge in a capital flight from residential property to superannuation. But this stuff is ultimately best left to the professional soothsayers and wizards of the 'dismal science' of economics.

So why mention this? As a sector however we need to be alert to the looming changes in related economies, not just ours. We always look closely at the trend patterns of the US 30 year residential bond rate as an indicator to help us plan, as I am sure each and every service has some lead indicators to help them, but we need to be conscious of where we could be inadvertently blindsided if we are not careful now that we are in the game of carrying debt and managing assets

But, back to the feds, I fear that these effects, such as they pan out, will be incidental effects, accidental even.

There is little evidence of it being a deliberate secondary strategy, just as their prior policy lever adjustments with capital gains and negative gearing acted to create, in unison with some other demographic factors the last decades unparalleled boom in house prices.

This country needs an integrated Commonwealth State Local Government land use, water use, environmental, infrastructure and transport linked, urban, provincial and regionally planned, affordability ensconced, housing policy.

We all know that.

It also needs mechanisms to deliver on any part of that, which is ultimately agreed. There is agreement to some extent with the states, but this needs more leadership from the feds, but as far as affordable housing goes, it also needs a *consistent delivery mechanism* that can work in conjunction with the states and the feds and industry.

That *consistent delivery mechanism* for affordable housing has until now been missing.

Just as we know that land release policies, obvious demand, pent up demand baby boomer behaviours, ageing population retirement, tree change, sea change or other locational factors, population growth, intra and interstate migration, new migrants, interest rate regimes, market responses to that, Consumer Price Indices, but more likely Producer Price Indices, directions of share market indices, superannuation policy, income tax policy, preferred savings and investment, stamp duties, levies, local government and even VCAT approaches, and a raft of other policies all have impacts on the housing markets...

Of course we expect to see the feds blame the states for their 'failed' land holding and tightly held land release strategies. We expect to see the states call for the feds to 'fix' tax policy that encourages this 'irrational exuberance' (to steal a term) in residential investment and demand driven pricing. We expect to see the REIV call for stamp duty to be demolished and the HIA to call for the reduction of red tape and multiple taxes on taxes and duty on duties. We are not surprised to see Bert Dennis OAM call for a return to easier subdivision processes and so on.

It is not that I disagree with these calls for change, there is a need for much of this but part of this equation is that these sectors or people naturally push the barrow that is best for them and their constituents.

I guess we do likewise, but we are not driven by the profit motive either, and do have some different perspective to offer...and all of this has still not included the actual affects of the irrational behaviour of residential investors, habits and aspirations of trading up or downsizing home owners, or absence from the affordable or social market from institutional investors or directions set by the big listed companies...

Because the deeper we dig, the more exhaustive this list becomes, so for the purpose of the argument it is in the broad sense that I use the term housing policy and it is in these broad canvass' that I want to shed some light, from a practitioners point of view of what and why we should rail against the absence of an integrated economic and income support and housing policy framework.

Getting to such a point is not easy; there are many counterintuitive and contrary opinions and beliefs to work with. Just this week so far we see ex planning minister from a former government Robert McClelland slagging off Victoria's land release and Melbourne 2030 polices with current planning minister Rob Hulls' easy going relaxed repartee in predictable response; Not! We see Enzo Raimondo of REIV calling for the abolition of stamp duty and his WA counterpart quite rightly observing in response that there is no evidence that suggests stamp duty affects demand, rather that it is just a 'priced in' approach.

I guess as a bonus we see industry super funds sign up to the UN investment guidelines which will incorporate Environmental, Social and Governance benchmarks, a possible free kick for affordable financing there, if ever we can get to the capital scale required!

But I diverge, such a framework should have a long term view, a solid basis and agreed plans between all levels of government.... and you would of course be expecting from an NGO nothing different than for us to describe and decry the problem.

Affordable Housing, we all agree on what that means?

But I want to propose a useful part of a broader solution, and not just talk about it, but tell you a bit later about what is actually happening in creating that nationally consistent delivery mechanism that I was calling for minutes ago.

In order to get to that fully mature place of course, there is a need to involve new models and processes, smarter, more mature, more relevant systems, and to that end we need a new partnership of all levels of government, private sector entities and new breeds of innovative entrepreneurial, not for profit entities willing to undertake new ventures (and manage risk without great reward, that is why we must be NGO's).

Such things will necessarily change the broader community understanding of what affordable and social housing is all about. A new system that will have learnt from the mistakes of the past, a confident system, lean, and hungry and outcomes focused. A system where partnerships with government and industry are the norm, rather than the exception.

We need to understand that we must have and will always need government capital to achieve this. The market as we know provides for those with purchasing power, the market will not, without subsidy or incentive, provide for those who cannot compete in the market, Reality is another way of describing this phenomena.

So for this to work, three way partnerships or more is the basic and minimum number. That is no big deal; it just needs to be stated. Affordable Housing Associations will be entwined with Government and Industry in lock step for perpetuity, and we will both be looking to utilise various parts of industry to bring our deals, or theirs to fruition.

By 'Industry' I mean, all parts of the private sector relevant to this discussion, be they developers, financiers, construction firms and so on.

The reality of the cost of provision of affordable housing is that it costs the same and in some cases particularly for people with complex needs or disabilities, it can cost, more to provide, just in the bricks and mortar sense, and yet we need to rent it out at a sustainable level for those on low incomes.

That is a sum that does not add up, without subsidy. Front end back end or ongoing rebate, doesn't matter, but is a necessary component.

Now, a few hand grenades about my views of affordable housing itself, and I guess I would ask that you remind yourself that as a regional player in this field, a regional specialist if you like, my comments are primarily based in the context of provincial cities, regional towns and rural villages.

Affordable housing cannot be substandard housing, so obviously small or deficient that no one will live in it, because of obviously cheap materials or construction or finish or density and so on.

No one will want to live in that, equally it cannot be housing designed to be ahead of the 'norm' no-one who is poor wants to stand out any more than they already do, and it is ridiculous to expect that the provision of affordable housing for low income

earners should be so over designed to act as a lesson for the private market as the cost still has to be somehow recaptured.

That notion of trying to kill two birds with one stone, of providing a super designed hi tech option that leads the way for all 'right thinking' people to follow, well that just kills the wrong bird.

Affordable housing needs to be the sort of housing that people would ordinarily aspire to, relevant to the local context they are living in, if so it will be more acceptable and more accepted, better looked after and that will lower my costs, and that lets me increase supply. Simple stuff really.

Affordable Housing needs clever financing, but experimenting with the poorest of the poor is generally not a smart place to start, and if there are new clever ways to finance and construct affordable housing, the risk should be underwritten either by industry or government, rather than by seat of the pants fledgling housing associations I suspect. Of course no one will willingly take this on individually, but by proposing and sharing joint developments the risk can be shared, the commitment enhanced, new models defined and delivered.

So just pegging out some of that turf I think helps remove some of what I refer to as the 'gravity defying affordable housing ideas' from the room particularly those who see the term affordable housing as an exercise in making a quid out of an apparent new market with some new, occasionally crackpot, but usually genuinely, just wrong headed idea.

Equally where there is an agreed basis of sensible plans such as the States agreed National Framework for Affordable Housing we should be clear about how we can both support and add value to them.

As other such platforms or policies evolve, such as the recently released plan by the Victorian Minister for Housing Candy Broad which was released just late last month, (and as I have been away I have not as yet seen it so I don't know if it is costed, time lined, business planned, viable, and budgeted, but from what little I have seen it seems to have some of the things that States can actually do attached).

My sense however is that it is real direction, as after all, the current combination of Minister Broad and Director of Housing, Owen Donald have delivered on a bunch of stuff, it seems to me to be a good partnership. If only it could continue post November 25?

Where we see such things we, and by that I mean all of us, should bring whatever pressure we can bring to bear to ensure that these processes are embraced where they make sense, and that we get on board to achieve what is possible rather than fight for the perfect and go nowhere.

Otherwise we in effect assist the process of pleasantly polished documents and launches with more fanfare about the launch than the eventual outcome.

That is just about those in the sector holding governments to account more than just once every 4 years. Nothing new there, it's our responsibility as citizens as well as an obvious duty if we choose to spend our working life in the not for profit sector, in a

not for anything more than basic reward sense to further the opportunities of those in need in our communities.

So diving into this morass of intrinsically related but departmentally or state and federally structurally separate drivers and influencers of the, and indulge me once more, 'housing market' that we note our concerns, and note that unless we recognise that in attempting to address any one part of the current reality of the interconnectedness of these markets that we need to involve all parts of the system as we propose solutions.

No one part of the so-called housing market gets to solve this problem. It's facile to think of it any other way.

Who are we to comment anyway?

Why comment? Because like many entities we are in effect creatures of the state as well as creatures of our own independence but we have certain dualities of responsibility to both our shareholders and stakeholders, and we see, perhaps more than any of our contemporary AHA's the failing of the markets in all their gory human detail, pain and misery every day, and our incentive to bring change is reminded, renewed and reinforced every day.

As registered Housing entities we do not exist in any great future development potential, at this stage, without the largesse and companion regulation of the state, equally as independent legal entities we have a different set of shareholders to somehow equally satisfy.

Within the flaws of the markets we nonetheless have unique opportunities to modify, change and morph our approach, our stance, our directions in conjunction with progressive state directions to leverage and multiply our impacts in the markets we choose to operate within.

As the first of the Transitional Housing Managers to begin operating on 1/july 1997, ('a day that shall live in infamy' according to some) I have been down the road of acting as a change agent for the state.

It's brutal stuff, but eventually becomes in people's minds 'as ever thus was it this way', and the longer-term advantages begin to be seen over time.

In this new environment of being an Affordable Housing Association we will bring value not just to the increase in stock but also to the increase in capacity of the sector, which will also allow other organisations and providers to free up their resources to concentrate on their tenancy functions or support functions, to allow them to focus on what they want to do and what they are good or best at.

One of the things that we can, and I believe we must do, (and there are threats to the sector, where we the growth providers are seen by some as *the* threat, when in fact I think we are the actual protection mechanism), is that we can maximise our opportunities by actually taking steps to protect the notion of what makes a community housing sector strong, vibrant and useful, but most of all effective.

.....and what have we got to say anyway?

The part of that strong, vibrant, useful and effective sector, the part I like to focus on is 'effective'. That is the test, that is the benchmark, for if we are not effective, if we do not produce 'effective' affordable housing, then its all over rover, and for us to get to that point may mean slaughtering a few sacred cows along the way.

Then again as the book title says, 'Sacred cows make the best hamburger mince'!

It may mean leaving the luddite beliefs, behaviours and beholden models of old behind, it may mean, dare I say it, shock, horror, (and if we could all at this point, make a collective gasping intake of breath), it might mean getting business like in the way we approach our community sector responsibilities and taking the lessons of the pirates in our midst, the financial institutions, the developers, the privateers and using their models if not their values.

Let me be clear, the community housing sector in Victoria that survived the Kennett era has generally adopted the dress, the habits and the tools of business, but what we have is in a sense a transvestite of one thing dressed as another.

So just for a bit of fun, to further irritate and torture both my colleagues and the language in terms of pursuing and torturing another analogy, just as the term 'googled' has entered the vocabulary, I think we should create a new word to describe what needs to happen in this business end of the sector.

This sharp end of the stick where commercial reality runs head on into our values base and we have to somehow get to a workable result and outcome.

I think we need to have this sector 'Macquaried'!

Now there is a new word!

But to use that new word not in the pejorative sense that it may initially be received, not of say a 'Jeffed' as was the case in with a new word that entered the Victorian vocabulary previously.(I was 'Jeffed', and I still have trouble sitting comfortably!)

But, rather in a sense of:

“Wow, we looked at that from a different perspective, thought about what it was worth from the purchasers view, rather than from the sellers view, found a way to make what we want part of a bigger thing, and in doing that bigger thing met some of our objectives, then packaged it, took it to the market, found a way of extracting some management rights an ongoing income stream to service the debt and found a way to make it useful, and strangely kinda attractive”.....

That kind of thing, I guess, I would call a 'Macquaried'.

Although, given that we need to remove the 'Jeffed' element in the newly minted term 'Macquaried' we should also reflect that the term 'Macquaried' might in some minds be confused with brilliantly constructed ways of multiple profit taking, and there is nothing wrong with that let me say, but we don't purely want the profit machine, we would happily trade our share of profits to keep our values base and keep our part of a deal cost efficient for us, after all costs recovery for us is OK too.

So, I would look to the Bank that enhances all other banks reputations just by having the word 'Bank' in its name and that is Bendigo Bank, so I guess we would want to 'Bendigo' this new term 'Macquaried' and then I guess I have something approaching a workable understanding of what we need to do to this sector to move it along!

So I guess that word that describes the concept of what I think we need to do is "Benquarried"!

Now that was just a bit of fun, but I suspect it may not be too far away from where we, the housing associations need to end up.

What I mean by adopting the tools of business, the models of business is about the mature models of financing and innovative approaches that Australia is actually a world leader in, if it can be packaged, marketed and sold with an income trail, then this country is one of the best in the world at it. (At least while there is an asset price boom anyway.)

Everyone who looks at the financing of affordable housing and ways of delivering it in a real sense has sooner or later come up against the brick wall of costs of capital, effective returns and costs of operating long term operations and there are no simple solutions.

There are some harsh realities and the very obvious answer is that there is no single 'silver bullet' solution to the financing issue, or even the preferred model of development and management of an affordable housing sector.

There is of course, innovative work being done, in the private sector by passionate committed former merchant bankers like Geoff Jamieson from Australian Affordable Housing, to the pro bono work done by reserve bank and academic staff for Melbourne Affordable Housing, not to mention the reams of stuff done through AHURI and so many others, but frankly, unless it has the rubber that will meet the road of reality, and reality is about understanding the dimensions of both the real size of the market or the opportunity that is required to address the problem and the real size of the problem; And these two are not the same number in my view, and while that is different then not much is going to happen.

So why? I think its simple actually, just as we in the homelessness sector focus on the 105,000 homeless people in any one night in Australia, and we see that as the issue, as the totality of the problem, in the affordable housing domain we see, is it in general terms as the some many thousands of people on the waiting lists for State Housing Authorities assistance and we see that as the totality of the problem.

When we do that we conveniently pass over an opportunity to understand the total market and therefore built within that the possibilities of the problem to be solved.

The answer to financing and solving the affordable housing problem is not to continually compact and seek to reduce the size and dimensions of the demand, but rather to utilise the opportunity of a wider definition and catchment.

It is the intersection of where we in this trade see our business and where that meets the opportunity of broader demand that we will find where governments and

Industry's interests collide and Affordable Housing Associations are perfectly positioned to facilitate that discussion, that resolution, we become the tipping point.

This cuts back to what I was saying earlier about how and where we structure our affordable housing portfolios to be resonant to the local need, wherever that is and whatever it looks like.

We need to bring in new parts of industry, new players, if we look at say University student accommodation as an example, something that no-one could fund, that was all too difficult but with the growth of overseas students, by growing the market (such that we now are now the most popular overseas destination with record numbers of students) all of a sudden there are mergers and acquisitions, head hunting among firms to bring the best and brightest into the companies forming to meet this market.

Broadening demand creates new markets, we only need to be a small piece of that market, but we can facilitate that intersection of government and industry interest with the right environment and right mechanisms.

And in conversation as we pass by public housing we notice that:

Not one State Housing Authority has solved, resolved or minimised its problems, or in any way enhanced its own long term sustainability by continuing to drill down only to those most in need, they have generally cut their own revenue throats as a result. We know this, they know this, everyone in the trade knows this, just well, it's considered impolite to say it.

Oops!

But, it has to be said and it has to be dealt with. This is a result of a policy failure. There are multiple reasons as to why we have this policy failure I suspect most of them can be tracked back to successive CSHA's and one does not need to a rocket scientist (even though I am in the company of some this evening) to work out that a booming economy booms for those who are in the market, not those left out of it, the trickle down effect as one of my clients put it so very loquaciously and eloquently one day when he said to me, "listen china, when you are homeless the trickle down effect feels just the same as being pissed on from a great height"...I'm still not too sure exactly what he meant, but its such a great line I like to use it wherever I can!. So if it is not working as it should we just need to say so, be clear why that is and move forward as best we can.

I probably should take the opportunity to note that the staff in the State Housing Authorities are talented, clever, hard working and downright committed and passionate about what they do, in the overwhelming to the point of excessive majority in my experience.

But the system of traditional state housing in every state is broke, and there are valiant attempts to resurrect it, and clever attempts to launch life rafts of new models, and that is a part of what the AHA's are, but I emphasise, just a part.

Let me diverge for just a moment. There are some incredibly clever things happening in this state's housing authority apart from the AHA's.

The ongoing success of the Kensington Housing Company, the new environmentally best practice development of K2 the inner suburban enviro friendly, high density, townhouse development, the redevelopment projects under consideration and partnership opportunities that are moving ahead such as the building more homes together style initiatives, neighbour hood redevelopments are under way and many others to boot.

Targeted public housing strategies, 10 million here, 20 million there, niche targets for niche markets, not a one size fits all, this is heartening.

Redevelopments with AHA's, the Carlton Hi rise (can we still call it that?) redevelopment plans, some residential bonuses from the remains of the Commonwealth Games, the staggering growth in recent years of the transitional housing program and services for homeless people and growth in that entire sector through the Victorian Homelessness Strategy.

The development of the regulation and the new world of housing providers and housing associations, you know, that is a lot of innovative activity from what remains a relatively small department, (admittedly a big fat balance sheet,) but a small department in terms of people and deployable resources, it's a helluva effort really and is too often not recognised.

Rather obviously the SHA in this state, has not adopted a single silver bullet strategy and that is wise and timely. But it also means stock standard old style public housing is dead, not only dead, but gone, its not coming back and only left over hippies communitarians and luddites would call for its return.

In what it has become, as far as a general option, all too sadly it just doesn't happen anymore, and that is not going to change, it's too damn costly and condemns people to poverty traps in itself.

It may provide shelter, but in aggregate, as a model, it is not effective.

It remains to be seen what will happen to the public housing model, the current experience seems to be to follow the UK model in most things, which makes general sense in the generic administrative regulatory approach, as long as the realities of the differences in scale and capacity are kept uppermost in the minds of the policy makers, it's not just about distance, it's not just about the purity of the model, it's not about some clever young things' new and exciting MBA project, it's about the scale of response, because just as scalability in response is a critical success factor for AHA's. So too will it be for whichever way it is that 'standard' public housing ultimately heads.

So, is there a lesson for me as an AHA CEO though?

Hell yes!

If I only house those on statutory incomes, if I only house those in most need, I need big, 'gob-smackingly' large subsidies in one shape or another, whether it be capital up front or negotiated rebates at the back end of the tenancies, or some other as yet undefined model, but subsidies all the same in order to offer a sustainable rent and survive from an entities economic perspective.

And if I do that I have very successfully with the State's assistance recreated a model of public housing, which we can call social housing, because that is the flash new

word. But that is all that will have changed. It'll be cheaper, it'll be 'closer to the ground' in the way it is managed, but ultimately it'll be no different.

The idea of doing the same thing, the same way, just in a different corporate guise, and expecting a different result, well there is a word for that.

That word, well it's a technical term; you can, with my permission feel free to use it.

It's called nuts!

And for me, that's the kamikaze bit.

I do not believe that this is why the Victorian State Housing authority has bankrolled us, or set this comprehensive suite of supportive and compliance regulation in order to just replicate a model that is failing, i.e.: just housing only 'those most in need. The whole idea of a useful sustainable affordable housing program is that it moves across the spectrum of needs of low to moderate incomes, that it is sustainable in every sense.

There are some big plans here, lets hope that following and successive state governments have the vision, the commitment, and the wise treasury econocrats to follow through on it!

But, going back to the terms, the language, affordable, social, public, and so on, if I choose to use the term affordable rental housing it seems to gather a wider target group acceptance, if I deliberately change and play with the cohorts to include those *most* in need, but also those *just* in need (in need nonetheless though) if that first cohort is only 40% or perhaps as low as 20% of my total pool, I can do it better, easier and less obviously in the community, and that has longer term social and economic effects in my view.

Let me be clear we will and we do house those in most need we would not avoid that, in fact that is why we exist, but we also understand that to remain viable we need a mixed portfolio of income cohorts, but there is always a cheap criticism of change that can be developed, and the pejorative term of 'cherry picking' has found some favour to date for this one, it's a nonsense as far as I can see, and the strongest guardians against it is not the regulatory framework, but the reasons why the people in our organisations are there in the first place, it gets back to those all important first principles.

Just as there is a lack of a 'silver bullet' solution for the State Housing Authority, and its need to diversify a suite of responses, the Affordable Housing Associations directions and strategies must also mirror this.

So regions are different huh?

So moving from who we house to what we build, where we build it, and most importantly what our drivers are for putting stock on the ground in varying locations will be not only different from our metropolitan colleagues, but it will be different from town to town.

Regions are different economically from capital cities. That hardly seems surprising, but the differences are subtle in some places, obvious in others.

We must take account of these differences in areas with finely graduated and fragile economies. In some places the purpose of our housing will be to address a generalised shortage of affordable housing for the current population, both high needs and moderate needs.

In some places it might be to enable the attraction of eligible people in order to maintain a viable workforce and community, in other words there is as much requirement for the communities needs, as the occupiers and they can often be one and the same. Careful judgements admittedly, but judgements that need to be made

If your knowledge of Victoria ends at the start of the increased 100 km speed sign, then understand this, you do not know what is happening in regional communities or why, and what you call a median income earner we probably call a lucky bastard!

Wages are lower, unless you hold a plum job, like a public service job where the wage is the same in Kerang as Mooroolbark, but if you live in the city is a public service job still seen as a prestigious salary? I think not necessarily, at least not at the street level operator ranks, but consumer costs are the same, often higher, rarely lower, housing costs, are not even pro rata, they are effectively the same in most provincial cities, which is where the highest demands are, and frankly not that much lower in the smaller regional towns and villages we also service.

The provincial city rents are generally similar to your outer suburban basic rents, which is where the majority of your lower income earners reside in any event, comparing inner city rents with regional rents is not accurate.

Does our sector and skills mix change because of affordable housing?

If we hope to begin to make a dent in this thing we call the affordability crisis, then there is a need for diversity of response, but on a large scale.

In the current system, that could be a problem.

There is a need for organisations to be resilient enough, filled with enough talent to conceive of the responses, to create the models, the plans the development partnerships, complete the reams of documentation, seek permits, approvals, develop schematics, specifications, organise the financing, convince the partners of the demand and need and scale of response.... and of course someone to do that initial planning and researching work... it just goes on and on doesn't it?

Which part of that sounded like your traditional community-housing providers usual concerns? The obvious answer, none of it.

The sector is full of tenancy managers, the occasional maintenance or even rarer, asset managers and at the capacity required very few entrepreneurial entities. Which of course means people.

The simple fact is that organisations are not entrepreneurial, people are, organisations don't assess, eliminate, mitigate or manage risk, people do, and these skills in this area, after more than a decade and a half of constant growth are still in demand in the property sector, and they are not cheap.

Again which part of that sounds like your traditional community-housing providers profile?

If there is an apparent flaw in the current 'Strategy for Growth for Housing Low Income Victorians', 'AKA' the creation of Affordable Housing Associations, it is that there is only capital funding.

How do we incubate these skills, how do we get these people into not for profits, into charities? How do we afford them, in fact where do we even look for them?

I suspect Judd Farris and other specialist property recruitment firms would fall about the room laughing if we went to them and suggested that we could even begin to afford such talent.

The public sector has managed to systematise their processes over 50 years to move on their developments, and have levels of process, procedure and a variety of arcane approvals via varying levels that systematises and largely eliminates risk, and it is into their systematised models that our proposals will fall for analysis, our proposals that are effectively created for free.

Developers have hefty margins often because so much of their concept through feasibility to approval stage work so often comes to nought. AHA's have experienced that, and if we spend time on low value or unlikely to proceed proposals only a fraction of which will ever 'get up', frankly it could kill us, and there is Victorian precedent for that in recent enough history.

The standard response to date would be to input fund a community sector body for such cost.

There is no such input funding.

Fantastic! I say, as it should be.

If Affordable Housing associations are to service into the future, we need to be lean, we need to be as effective as our ultimate product is, we need to have scale, and be smart enough to develop it. And if we need access to specialist positions, there are ways that we can access that...there is another reference to PowerHousing.Australia, so now I am just teasing about that!

We also need to be as tough as we need to be, to protect not only the governments capital and interest, but also those of our own stakeholders, a fine line to walk, we should be clear about how we can both support and add value to them, but not one for shrinking violets.

We also need to be clear that some proposals no matter how worthy are just unviable and some are just silly or unworkable, if we dump them that decision has to be supported, we AHA' are already spending a lot of time at variously organised gabfests with no outcomes or likely results.

The property and construction industry is one of the toughest and the most competitive industries in Australia, and as public benevolent institutions, as non government entities, as service providers and charities we are now playing in it.

It's not a market that the community sector has traditionally spent much time in, and it's a steep learning curve.

PowerHousing.Australia – toward a consistent national delivery mechanism:

That preceding may be a tough, but equally real and timely introduction to PowerHousing.Australia, a new brand of affordable housing practitioner, a National Brand of pragmatic, progressive providers who can see opportunities to protect and grow a modern view of affordable social housing.

A consortia of providers who believe through aggregation we can amplify our presence in the markets and decrease our costs, and become a useful, in fact we think essential bridge into real PPP's for social housing across Australia for entities that work across multiple jurisdictions with multiple projects underway under planning or even just under feasibility, as most of the big companies do,

So who are these companies?

Well, the big ones, so for example just imagine any that seem to end in 'land' 'lease' or 'plex', and or the top 30 or 40 biggest private companies in each state, say DFC' or JG King in Victoria, the Clarendon's (despite their current hiccups) in NSW, perhaps even a WatPac in Queensland or Meriton in Melbourne, Sydney (and I suspect not the Gold Coast, sadly!)

All of these companies have a few things in common, they can all sniff a good deal, they make things happen, they are all run by good people, good community contributors in their own rights, and if they know anything about housing low income earners they would know that congregating low income earners doesn't work.

But more than anything else they know how to shave margins and deliver, and they do not, I think I can safely assume, want to be stuffed around by wasted conversations and endless discussion. To waste time, which is money, or resources, which is more money, on an apparent deal that is washed away by hanky wringing indecision. It's a deal or it's not and if it is or not that needs to be arrived at in a managed and timely framework, and managed by those who can speak with certainty and confidence.

So PowerHousing.Australia will be a single point of contact who can put the affordable housing components of large scale deals together, because as we move to understand and redefine our place in the markets we can create the opportunity to join up projects through capturing changes to planning and other regulatory frameworks.

It is not just about developers or building firms though it is also about investors, its about new models of increasing supply and taking parts of the deals for us, we can look only across the border into Queensland and in fact in northern NSW to see many innovative models of residential rental housing popping up under different models, different packages of investments, and see different ways in which we can meet our needs and bring 'tipping point' assistance to developers or investors

That is clearly a day that is coming, whether we are talking inclusionary zoning, density bonuses or other 'incentives' or 'burdens' depending on your point of view.

Then in the back room we broker them to bite sized chunks for the members of PowerHousing.Australia, work with state governments, philanthropics, other NGO's aggregate the potential operational response of specialist tenancy managers, bring expertise in dealing with the issues of those in most need and those in some need to the table and all of that shaves costs and saves time, and protects from any unnecessary 'hanky wringing'!

Some will doubt this of course, and to them we say look back 10 years and imagine what was never going to happen then, and look around now, and so, now look forward 10, and determine where we will be then and what we will look back on as if it were 'ever thus the same'.

PowerHousing.Australia will be the broker, but not one with a personal profit margin to satisfy, it is a membership-based organisation, we are the practitioners, we don't need excess cost margins between we the practitioners and Industry, between the deals and us. The non-government sector might not be many things, but we generally sure are good costs managers, some of the best around I would venture

Remembering the brief notation of some of the activities that Affordable Housing Associations need to be involved in, the 'talent' that we need, the access to systems, processes, hard arse bargaining and business nous, the general view, as evidenced in the Nationally Agreed Framework on Affordable Housing is that the community sector is in effect a cottage industry, and I add, what remains unsaid but implied is one filled with village idiots.

I don't know about anyone else here but I find that just a bit hard to swallow.

There is no doubt the sector is a product of its funding and requirements, and all of a sudden the requirements are different from the past, but when we break down the sector in to its component parts there is a pareto effect that becomes obvious.

Heading toward half of all social housing (excluding rental general housing stock managed by State Housing Authorities) is managed by around 40-50 community organisations nationally.

The rest is managed by, depending how you count different types of organisations, up to 3,000 others! The average stock size of a community housing entity seems to be about 10 or 15...hardly awe inspiring or confidence filling stuff for a new world of debt financed, commercially premised, community sector value based entities operating in a scale growth business!

But that is focusing on the hole, that is H.O.L.E, not the donut! It is focusing on what is missing or at least where the deficiencies are, rather than what is in place, and that has been the flavour to date, well folks, just to torture that analogy, its time to look at the donut, and see what it is capable of.

Whilst further torturing analogies, a donut turned on it's side becomes a wheel, and that was a key start to further progress!

There is no need for every community organisation to be a title and debt holding, development and construction housing association, most don't want to anyway, most

are interested in housing their core tenants and satisfying a mission that requires a housing response as part of that.

Who has been putting the view that the large providers, the entrepreneurial providers, are perfect growth vehicles, large robust organisations, already filled with professional staffs, good systems, solid boards?

Until the last few months, no one, apart from government itself has been focussing on this, and the role of such organisations in a broader State and as far as I can see not in any national framework, well no one that is apart from the foundation members of PowerHousing.Australia.

In six meetings, including an initial concept meeting in Wollongong that we took a punt with in November last year, so 5 workshop meetings over that time, we have in less than 12 months created this entity.

As of today PowerHousing.Australia has signed up members, with paid fees who represent almost 15,000 units of social housing, with a carrying value of almost 4 Billion dollars.

We expect and are aiming for within the next 12 months to have a membership that represents toward 50% of the stock under the control of community housing agencies nationally.

But on our current numbers as of today, right now, if we had potential to leverage stock base of our members, we could without blinking leverage \$1.3billion dollars.

That is in effect a new Commonwealth State Housing Agreement annual funding boost in the blink of an eye, at the stroke of a pen.

So, counting these units, none of these are public housing units, they are all currently managed by community providers, what is the impediment to that stroke of the pen to transfer title and begin that process of leverage and growth.

PowerHousing.Australia and its constituent members are the growth providers, are the organisations registered in their own jurisdictions, and in some cases multiple jurisdictions, the organisations committed to, and accredited where that system exists to the National Community Housing Standards, organisations that have the structure to be committed to taking on title and debt to grow the supply of affordable housing.

PowerHousing.Australia is the first of the new, not the last of the old, it creates opportunity for a broader framework than before.

I invite you to do some sums on the likely growth value of just that new one off addition to stock and future leverage out of that growth, add to that some new capital coming into the system for such entities on a regular basis and you will start to see the potential scale of this sectors possibilities.

Possibilities that should no longer be ignored.

And we are not even talking about broader social housing title opportunities!

This initial market that could eventually be a massive securitisation propositions as well.

When each or any of us go to our bank to seek funding we will get basically the rack rate with maybe a basis point or two for the feel good factor of affordable housing. This is nonsense.

I want us to get as close to a wholesale rate as we can, because when we aggregate our debt potential, we can get much better rates, if I can shave a few basis points off a basic domestic home loan how much can we shave off deals with seriously big numbers?

I want to broker the deal direct, because we can take the commission, we can take the brokerage bonus, we can take the trail and we can turn it back into an effective lower rate, which just means more houses on the ground.

We want title to the stock, we want to grow it, increase its amenity, and increase its social, environmental as well as neighbourhood and financial value.

The creation of PowerHousing.Australia has caused some unease among some of the peaks and those who purport to represent us. There seems to be some concern that we somehow destabilise them or their role, or perhaps even their income streams.

Are we a threat to the peaks?

No we are not.

Most of the members of PowerHousing.Australia are members of the state based peaks, some of our members are on the committees or even chair of the respective peak. We generally support their policy advocacy, but we are practitioners, we are interested in practical matters, increasing the supply of affordable housing, working with partners, with industry and government directly, maturely, not as mendicants at the end of the table dependant on and grateful for the table scraps, but genuine partners with expertise and ideas and capacity to bring to the issues to hand.

We will also working with specialist tenancy managers, support entities and advocates, and others as we go, but make no mistake, we are holding the risk, we are holding the asset, we are not interested in the somewhat esoteric and ephemeral that seems to occupy so much of the wider sectors discussions time.

PowerHousing.Australia is a band of practitioners, who have not the patience to wait for an entire sector to catch up, because they don't need to, and we don't need to wait for that penny to drop in places where it has not yet.

Those on the field play the game, those in training or on the bench will eventually get a game, and the game is essential to the supporters, and of interest to the fans but the commentators are just that. There are expert Boards, many of whom know as much if not more than many of the people who commentate the sector who watch over the individuals who manage our entities. It is not as if we are laws unto ourselves.

At every meeting of PowerHousing.Australia to date we have invited a representative of that State's peak to attend (we missed one, but that was an oversight) and we have genuinely sought their views and tested our thoughts with them. Those who have

attended have been fair, frank and free with their knowledge and advice, and we thank them, they remain giants to their constituents.

There has however, been a paradigm shift, not everyone noticed, and change does not take prisoners.

If there is a reaction to the formation of PowerHousing.Australia, then as nothing more than a 'ginger group' we have created some new thinking and movement, and of itself, that is a good thing.

PowerHousing.Australia is not an exclusive club, there is a clear statement of purpose an agreed memorandum of Understanding underpinning our membership and activities, there is a business and development plan in place and we are open for membership from not for profit entities that are nominated growth or registered providers in their respective states, who are in the development of affordable housing business.

PowerHousing.Australia is a professional way to represent our sector to Industry, finance, property, development or construction or any other part of it.

It's not just about more suits and executives in NGO's 'frocking up' for the business sector, but it is about what understanding what we bring and what we deliver to the table.

Just as an example, this will seem crazy of course to the not so cynical among us but apparently there is a fear out there in parts of industry that our punters might affect negatively their project values, I think by that they mean profits!

So part of what PHA will do is eliminate the myths as well, because we speak as practitioners, not starry-eyed representatives, but people whose practice is immersed in reality. The stereotypes of our own sector are interesting enough too, again another myth we can begin to break down.

And as far as our stereotypes of Industry? Just as Industry may have ill informed stereotypes, off beat suspicions of our sector, we should accept that we may have equally ill informed and off beat suspicions of theirs and that just as we have our first principles they have theirs.

We know that everyone is suddenly talking about affordable housing; some of them are actually even talking about the same thing, we probably have fair bit to offer there!

Most importantly though, and this is the bit I meant when talking earlier about the growth housing associations being a way of protecting the community sector and its values, admittedly whilst focusing on effectiveness. PowerHousing.Australia is a distributed network of independent entities, independent community based not for profit, non-government organisations, maintaining their geography, still operating primarily in their 'patch', defending their target group or theme, working collaboratively together.

IT is NOT about growing one homogenous huge entity whose only value is growth.

It is actually not a one size fits all response as far as tenants go.

PowerHousing.Australia is also a defence mechanism against future private profiteers and privateers.

If we carve out this market now, if we define our part of this larger market, if we have the right structure and the right strategy to dominate it, for that is what we must in concert and collaboration do.

If we set it up so there is always room for new entrants and we can freeze out non performers, then we have a system that protects not only our punters, but also our independence as community based entities and we freeze out of that segment of the market, the for profit players who can only exist in a non market environment by squeezing costs from where they shouldn't.

There are risks to our environment, as not for profits we have no god given right to exist, we have to perform and as every sector of a booming economy lifts its productivity, changes its ways, moves with the times, and battles with its costs drivers and competition so to do we, or we like they will become irrelevant to the market place and wither, shrivel and die.

No part of the world has remained untouched by the technological, social, financial, familial, industrial and other brands of revolutions that have washed over us in the last 25 years, the community sector can be no different.

We have to operate in a community that has changed in order to call ourselves that, we should be leading this game, not waiting to be told what our future looks like.

More information on PowerHousing.Australia is available on our **website**, if people want to contact me via the lmhs website or on kenm@lmhs.com.au I can point them to it, it is finished, but not quite ready to formally publicly launch, our contracted Communication consultants are working on the launch details as we speak.

Does this have anything to do with Os. Barnett?

So, on the home straight, in finishing, what does all of this mean in practice?

What are some of the considerations that we have put in play in our development to this wonderful new world of?

- Initially capital funded,
- Debt loaded,
- Socially aware,
- Costs conscious
- Client focused,
- Commercial reality balanced,
- Environmentally friendly,
- Suds enhanced, turbo charged community-housing model of housing associations??

And what by the way does it have to do with poverty resolution?

Do we solve poverty by providing housing that pretends to meet some socially defined, mythical, affordability level that we pretend is excluded from the current reality of a market economy?

No we cannot, those days finally, and formally disappeared when the dollar was floated I suspect.

There are real costs that we face and we must factor all of them in.

Otherwise we are trying to hold back a tide by proclamation, and the story of king Canute tells us how effective that is!

We must also ensure that we don't reinforce poverty by setting the same old 'market signals' that it is OK to put housing in areas where there are now no jobs and will not be in the future. We need to act as holistic and sensible landlords, tie up supports where it is necessary, make tough decisions where necessary, define what is acceptable behaviours in our properties and deal with the consequences of that, but equally find rewards for those who assist us in that mission, all important stuff, some of it tied up in first principles.

Anyway, back to the main argument, First principles, it's about what the punters need and what we are here to provide:

Get rents right,

Get financials right,

Get the modelling of location right,

Get the ongoing portfolio of socio economic mix right

Get the partnerships and the models right

Get the contracts right

And it all leads inexorably to helping to get people out of poverty.

My personal view is that we forget about affordability as the issue that we think about poverty as the issue, can we bring prices down?

No.

We can 'tinker' with costs, but the reality always intrudes, rudely, but always!

We can't eliminate real costs, however we can through clever design of rent policy, and location assist people to lift their incomes.

We can help people build a stake in their future, with economically sensible shared equity arrangements.

That allows people to sink roots into their community, to become a part of something permanent, it creates incentivisation and motivation...oh, and they likely take more care of their properties, the maintenance is likely lower, they have a real, a financial stake in developing their home, they are more likely to pay their rent to protect that, all of these things lower our organisational costs.

Real costs, can be lowered and managed, not eliminated, but lowered and managed.

I did mention shared equity didn't I?

Did I see a few eyes roll back?

Let me be clear, this is not ever going to be about the starry eyed, in fact wild eyed economic analysis of the same people who brought us the Home Fund loans and HOLS and SHOLS loans of a decade ago with a version of: 'dodgy brothers-economics for the underprivileged'.

If we think, about delivery and management of affordable housing as a creature that is only what the government delivers via funding to us and a bit of leveraging or gearing off the back of that, then it is at risk of simply becoming a smaller, tokenistic version of public housing.

And worse this will occur in an environment of decaying public responses generally unless we are keen to ensure that the basic premise of its delivery and management is based on visionary first principles.

It's punters first, but its also organizations designed to drive a response to that. Relentlessly.

Also clearly balanced against commercial viability, recognising that commercial viability is not an 'optional extra', it's a must have, it IS the environment, accepting that and basing decisions on the dual track of ensuring the *organisations* first principles align with the consumers/clients/tenants, align with the 'punters-first' principles.

Then and only then, once that alignment is confirmed can we get to understand the underlying principles behind the planning and execution of managing and delivering affordable housing?

If we get our first principles right then we are likely to get our underlying assumptions right and that will drive the rest, for the rest is just:

- Skill sets
- And
- Funding
- And
- Deal making
- And
- Commercial realities
- And
- Planning and executing of business plans,
- And
- Development plans
- And
- Maybe even grand plans and all of that stuff,
- And
- In terms of how to execute,
- Well, it has all been done somewhere in this or another sector before...and that is expertise that can be bought in, purchased in, factored into the costs and budgets of projects, because folks, brains are cheap to buy!

- Commitment and passion and a dedication to the bigger objective of keeping first principles first, that, colleagues and friends, cannot be bought, its not for sale, it ultimately is all that separates us from the for profit sector.

And that is the Karma, what started off as a community movement driven by Oswald Barnett, has through various incarnations morphed into another community movement. Back to a community driven response, but a community driven response that captures the ideas and tools of business, and the capital of government admittedly, but a genuine innovative community response indeed.

So what started off as this community dissent to a lack of affordable housing, evidenced as slums, ends up today with the potential, the possibility of and as a community operated solution, in partnership, with others, but community nonetheless.

References:

This oration has been prepared without reference to any discrete publication or reference of any description, other than a daily diet of the Melbourne Age, The Fin Review, and of course the Bendigo Advertiser!

An amalgam of ideas as expressed in the lateral description of how we might package affordable housing (*captured in this piece in italics*) stems from an idea read in a book many years ago that I have long since forgotten both the title and the author, and I am sure my recollection is so vague in the words expressed as to be inoffensive in any event!

For any misnomers, own goals and general stuff ups, they are entirely mine!