



December 2020

NSW Land and Housing Corporation Portfolio Strategy 2020

Our commitment to Aboriginal families and Country

The Land and Housing Corporation (LAHC) acknowledges we all stand on Aboriginal land.

We acknowledge the traditional custodians of the land and we show respect for elders past, present and emerging.

We acknowledge this by demonstrating our ongoing commitment to building and sharing housing and communities where Aboriginal families are included socially, culturally and economically.

In delivering the LAHC Portfolio Strategy we will:

- Show respect
- Collaborate
- Implement the principles of the Department of Planning, Industry and Environment's (DPIE) *Aboriginal Strategy and Outcomes*
- Support the objectives of the NSW Aboriginal Housing Strategy *Strong Family Strong Communities*.

Portfolio Strategy introduction

The LAHC Portfolio Strategy is our 20-year vision and priorities to grow and change our portfolio so we can house more vulnerable people and families in better quality modern homes and improve our financial sustainability as a self-funded housing provider.

The LAHC Portfolio Strategy sets out what we will do to change, what we will do more of, less of, and differently. Our efforts will be focused on the following areas.

Funding

Developing a funded ten-year housing target and a pipeline of new homes.

Generating alternate funding to accelerate new social housing by:

- Increasing our broker role in developing new homes
- Developing new financing partnerships
- Building market/private homes to rent or sell to fund more new social housing.

Flexibility

Improving the flexibility of our portfolio so it better meets demand and is easier to manage, including:

- Having fewer homes on super lots and estates
- Building more homes with 1 or 2 bedrooms for seniors, and with better design and accessibility
- Building more medium density housing such as terraces, town houses, manor houses, dual occupancies, and villas
- Reducing the average age of our portfolio and increasing the volume of fit-for-purpose homes to improve capacity to better manage under-occupancy and over-crowding.

Partnership

Working more with industry stakeholders to deliver more cost effective and efficient homes and generate more jobs and opportunities.

Partnering more with the Aboriginal Housing Office (AHO) and the community housing sector – so collectively we can better meet current and future housing demand.

Leverage and make best use of our land, the homes on our land and other government land.

Decisions

Improving our decision making by using local area strategies and portfolio analysis to inform our decisions and in assessing the impacts of decisions on portfolio value.

Why change is needed

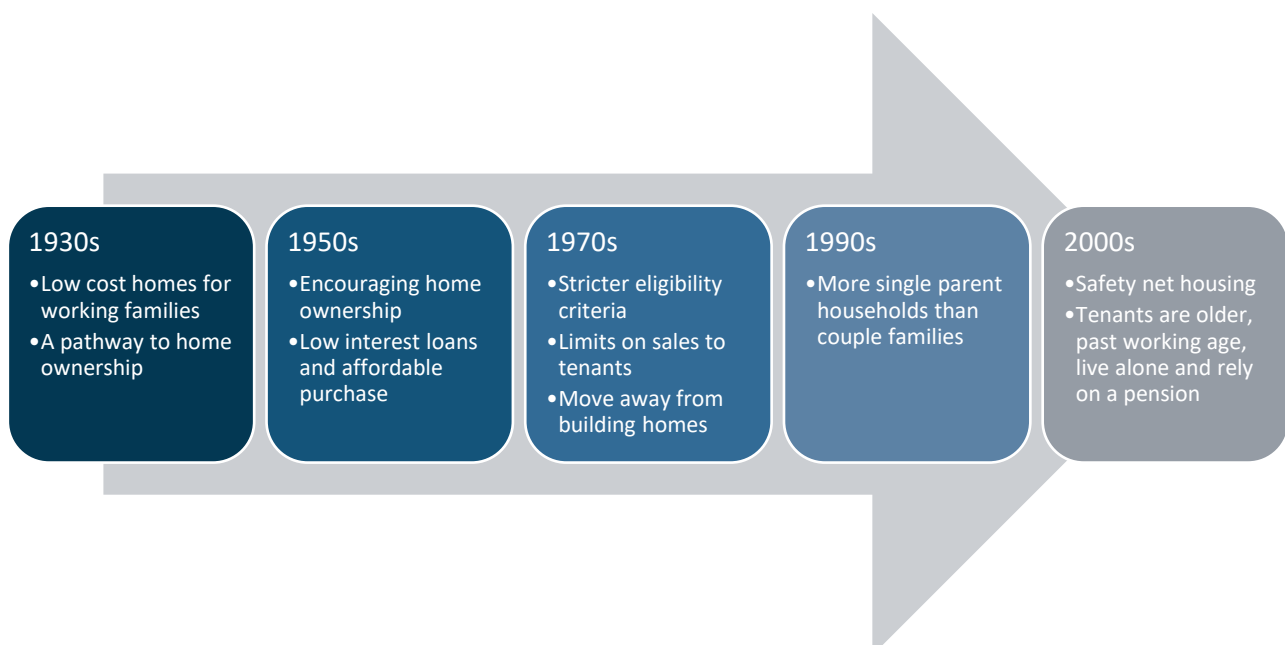
A safe and stable home is important to us all. LAHC supports many vulnerable people and families across NSW with the largest social housing portfolio in Australia.

We need to grow and change our portfolio to meet the needs of our current and future tenants – especially so they can age in place.

The purpose of social homes has changed a lot. It used to be a pathway to home ownership for working families. In the 1960s wages were the main source of income for 85% of tenants – now it is just 7%.

In the 1970s, 70% of tenants were couples with children, whereas in 2013 it was 4%. In 2001, 49% of new entrants to social housing had complex needs, now it is about two thirds.

Today, social homes are a safety net, as most tenants are older, past working age, live alone and 93% rely on the age, disability or some other pension for income.



Why change is needed



LAHC is self-funded. When LAHC sells a home, all the proceeds are re-invested into building or upgrading other LAHC homes.

LAHC portfolio snapshot

In 2020 our portfolio includes almost 126,000 social homes, about 1,500 crisis and transitional housing properties, and a range of community and commercial properties.

About 72% of homes are located in metropolitan areas and 28% in regions. Most LAHC homes are cottages (43%) and units (36%). There are also villas (13%), townhouses (10%) and terraces (1%).

Many of our homes are very old, bigger than needed, and are concentrated on social housing estates. This has negative consequences for the people and families we house, their communities, and our costs.

Demand for social, crisis and transitional housing continues to outstrip supply.

Most of our tenants are single people, older, past working age and increasingly need smaller, more accessible and seniors-suitable homes.

Tenants are staying longer – so without more new homes, there are fewer opportunities to house more people and families.

Most of our properties are more than 40 years old and over 4% are aged 70 years or more. Our options to renew these homes are complicated by various constraints.

Between the 1960s and 1980s planning rules allowed for many homes to be built on a single title – we now have around 62% of our homes on superlots, often with complex titles and utilities arrangements which are costly to split up.

Around 38% of our homes are concentrated on estates – distinguishable as social housing, almost 7,000 have heritage or conservation status (with average maintenance costs up to 4 times higher than other homes) and almost 22,000 have been modified to meet a tenant's needs.



Why change is needed



We need to grow and change our portfolio so we can house more people and families in better quality modern homes and improve our financial sustainability as a self-funded housing provider.

Changes in households and the purpose of LAHC homes

Mismatch of households and homes

- Around 60% of all tenants live alone (almost 60,000 people)
- But almost three quarters of homes are 2+ bedrooms (about 80,000).

A lot of tenants are ageing in place

- Older tenants = more than half of tenants (more than 60,000 people)
- Tenants aged 65+ years = over a third of tenants (more than 35,000 people)
- Tenants aged 80+ years = almost 10% of tenants (more than 9,000 people).

Under-occupied homes

- 15% of homes (about 15,000) are under-occupied by two or more bedrooms.

Income sources

- Pensions are the main source of income for 93% of tenants – around 84,000 people
- Aged and disability are the most common pension types – 30% Aged Pension and 34% receive Disability Support Pension
- In the past, social housing tenants were working low income couples with children and returned services personnel.

People stay longer in social housing

- Over half of all tenants have been living in social housing for 10 years or more (almost 50,000 people)
- This means low turnover and limited opportunities to house new tenants.

Portfolio opportunities



One of our biggest challenges is that many of our homes are not fit for modern use.

We need to use our land more wisely by:

- Building more smaller homes, including on sites that have just one large home on a large block
- Holding onto some of our well-located land for the future
- Selling land to buy other homes or better located land (including greenfield sites), as this will enable us to house more people and families.

We can:

- Grow and change the portfolio so it is fit for modern use and looks the same as other housing
- Improve the flexibility of the social housing portfolio so it better meets demand, is easier to manage and costs less to maintain
- Use our land wisely to build more homes where they are needed and better match tenant needs
- Do density well on our land to provide more homes where they are needed
- Contribute to the diversity of homes in NSW and support the range of living arrangements needed at different times in people's lives
- Let go of land where it is not in the best interests of tenants – when it is not well located near shops, transport or services
- Explore ways to acquire well located land, for example, through partnerships and working together with other land and property owners
- Partner in more innovative ways with non-government and private sector developers to support the road to recovery from COVID-19 and increase the supply of homes
- Identify ways to make it easier for:
 - long term social housing tenants to buy their home, particularly in regional areas
 - people and families on the waitlist to move into a home of the size they need
 - tenants to move to a home that matches their household size or changing needs.



LAHC's purpose – mission – vision

Our Purpose

Actively grow and manage the largest social housing portfolio in Australia.

Our Mission

Deliver for those who are disadvantaged, safe secure housing that enables people and families to feel valued, accepted and included.

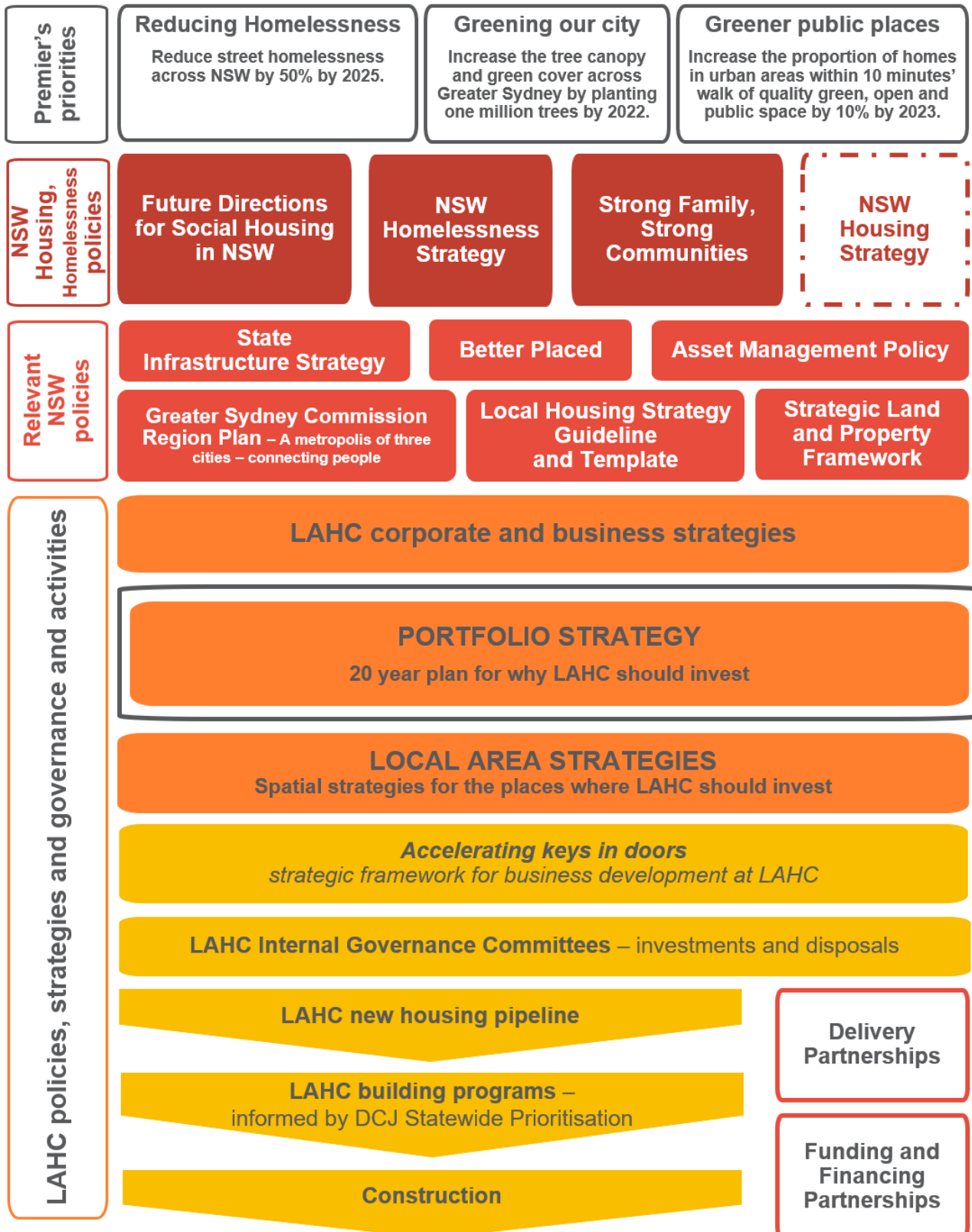
Our Vision

To be an industry leader in providing well designed social housing that is affordable, safe, well-located and adequately maintained – facilitating quality of life outcomes for residents and neighbourhoods.

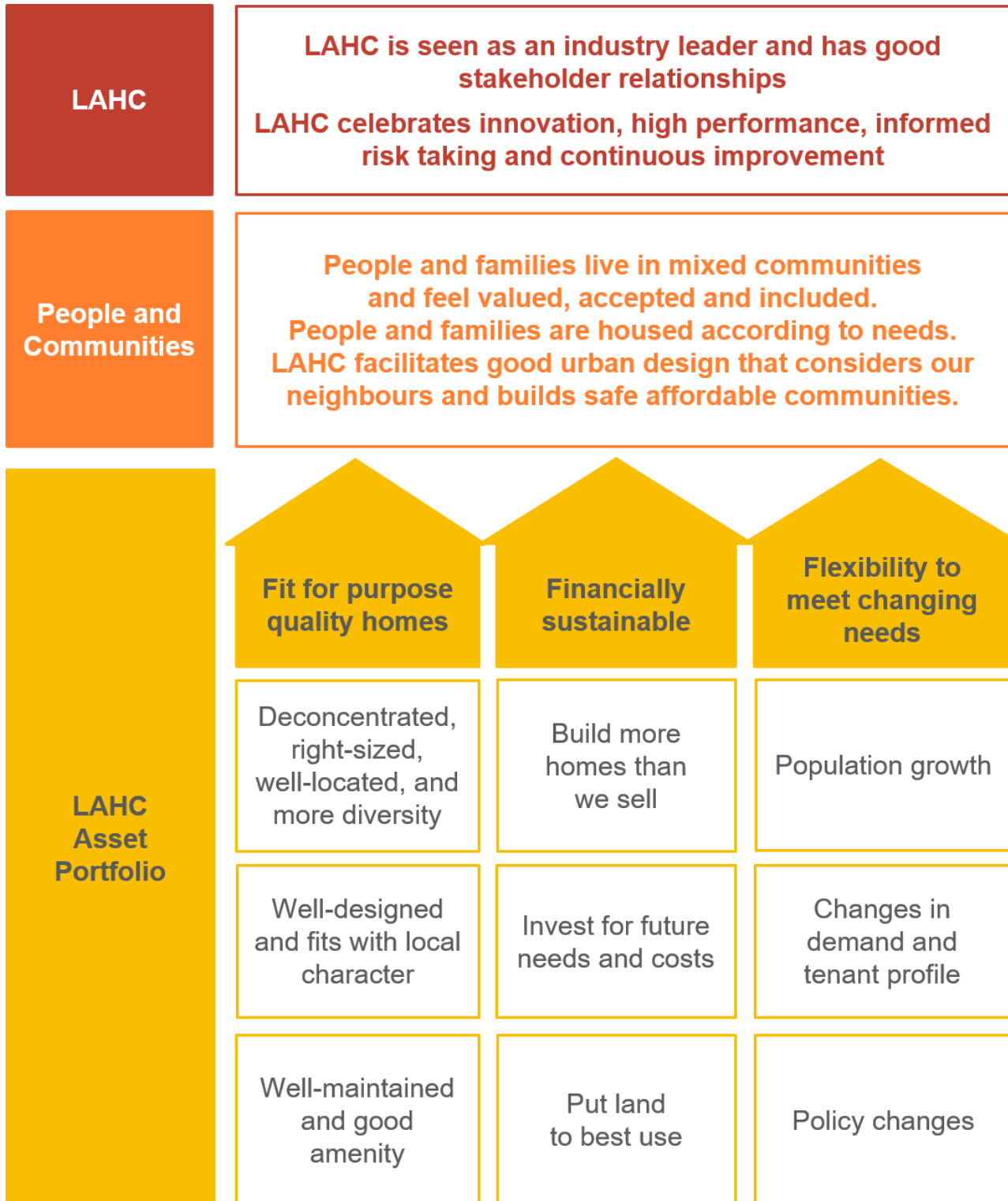
Our Guiding Principles

- To achieve our mission and vision we need to:
- Create an inclusive workplace culture that celebrates innovation, collaboration, high performance, informed risk taking, and continuous improvement
- Make evidence informed decisions that add value to the NSW social housing portfolio and enable us to house more vulnerable people and families
- Continually build more well-located, well-designed, diverse and appropriately sized homes
- Value and nurture our stakeholder relationships
- Maximise community benefits and public value from our portfolio by:
 - Extracting value by unlocking underutilised development potential and increasing our property values
 - Strategically selling properties in support of better quality and located social housing and pathways to home ownership
- Commit to improving our business processes, systems and accountability for decision making.
- Proactively manage financial, legal and insurance risks
- Routinely test and improve our financing model to ensure it helps us achieve our purpose, mission and vision.

LAHC's strategic context



Portfolio strategy outcomes



LAHC's five year vision

1. We are delivering on our funded ten-year housing target and sustaining an identified pipeline of new homes
2. We are organising our work and systems to support our purpose, mission, vision and guiding principles – so our operating model delivers value by only doing things that we can uniquely deliver
3. Policies and decisions to build, acquire, hold, maintain, renew, transfer or sell are driven by our guiding principles, portfolio analysis and housing need
4. Local area strategies identify how we are adding value to the portfolio and guiding our responses to needs statements for social housing by the Department of Communities and Justice
5. We use new opportunities and partnerships to fund, finance and deliver more new homes and deconcentrate social housing
6. We work through a program of renewal to deconcentrate estates
7. We streamline our Community Housing Provider (CHP) long-term leasing program
8. We review and implement asset maintenance service contracts which effectively maintain properties we plan to hold into the future
9. We progress sales programs for homes which are not fit for purpose as social housing – including some heritage homes and sites which cannot be redeveloped
10. We implement environmentally sustainable policies, building and asset management practices, and then maintain to standard, in ways which add value to the portfolio, reduce costs including for tenants and drive positive industry change.

LAHC's twenty year vision

1. We operate as an asset owner and broker
2. We leverage our assets to deliver new and renewed housing across housing tenures, turning over properties more frequently so more of our portfolio is newer and younger
3. The portfolio is right-sized, fit for purpose and well-designed
4. We are delivering more appropriately sized and diverse homes including seniors and accessible housing through partnerships
5. We are divesting properties which are not fit for purpose as social housing
6. Our business is based on partnerships
7. We implement a pipeline of new supply development partnerships that attract low cost finance and a policy to enable CHP-led redevelopment of LAHC-owned land, which drives growth in the Aboriginal and mainstream community housing sectors
8. We partner and innovate with the property, building, construction and financing sectors.

Focus areas to achieve our Portfolio Strategy

