Community Housing
INDUSTRY ASSOCIATION

COVID-19 INDUSTRY IMPACTS

RESULTS OF SURVEY TWO

ABOUT THE SURVEY

CHIA conducted a second survey of community housing organisations in August 2020 to gather further information about the impacts of the COVID-19 crisis on the community housing industry during July 2020.

At the time the survey was conducted, Victoria had moved into a second lockdown. In all other States and Territories, social restrictions had been eased to a greater or lesser extent.

The first survey conducted in June 2020 showed the industry had responded quickly and effectively to the challenges of the COVID-19 crisis in the initial phase of the pandemic between late March and the end of May 2020. However, in June, the longer term effects of the pandemic on the operations of community housing providers were still emerging. This second, follow up survey, aimed to get a clearer picture of the continuing effects of the pandemic on the community housing industry.

WHO WE HEARD FROM

HERE ARE THE DETAILS OF SURVEY RESPONDENTS:

Compared with 67 for the first survey conducted. As with the first survey, respondents deliver services in all States and Territories

OF THE 42 ORGANISATIONS

20 (48%) Also completed Survey One

14 (33%) Rural Australia

29 (69%) Regional Towns

25 (60%) Metropolitan

4 (10%) Deliver services in more than 1 State or Territory

12 (29%) Organisations mandated by their constitution to focus on housing a specific community. 3 of those 12 organisations also participated in the june survey

Tier 1 organisations under NRSCH or Victorian Housing Associations (larger organisations) comprised 31% of respondents to the second survey, which is comparable with the June survey.
29 smaller organisations participated in Survey 2 compared with 44 in Survey 1. 12 of these 29 organisations also participated in Survey 1.

CHIA would like to acknowledge the funds provided by the NSW Department of Communities and Justice (DCJ) to help develop this resource under the NSW Community Housing Industry Development Strategy. The NSW Community Housing Industry Development Strategy is a partnership between the community housing sector and DCJ.

SUPPORTED BY

COMMUNITY HOUSING LTD GROUP OF COMPANIES

NAHC National Affordable Housing Consortium

WHAT WE HEARD

CUSTOMER SERVICE

The second survey showed similar changes to customer service arrangements as the first

38 (90%) of 42 community housing organisations identified expenditure made specifically to meet the challenges caused by the COVID-19 crisis. In the first survey 94% of respondents reporting incurring these expenses.

17 (40%) closed some or all their offices during July 2020 in response to COVID-19, compared with before March 24. This comprised 12 (71%) smaller organisations and 5 (29%) larger organisations.

This figure was 58% in the first survey with 24 (62%) being smaller organisations and 15 (38%) larger organisations.

CLOSED

35 (83%) took steps during July 2020 to make is easier for customers to contact them online or by telephone.

FINANCIAL IMPACTS

11 (26%) reported experiencing an overall increase in operating expenditure since the beginning of the COVID-19 pandemic. This compares with 39% for survey 1.

9 (21%) of 42 organisations reported an overall decrease in expenditure. The main reasons for decreased expenditure were reduced vehicle or travel expenses (62%) & reduced asset or maintenance expenditure (38%).

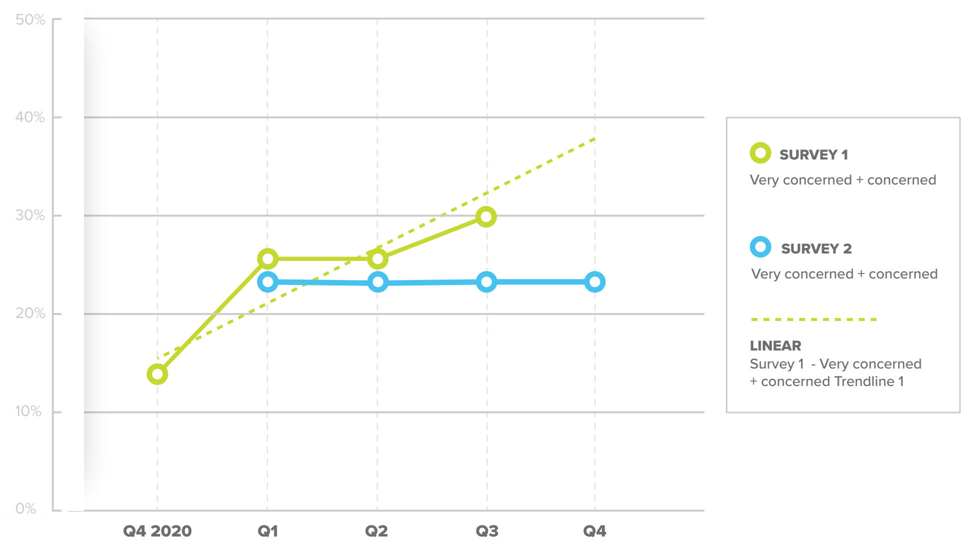
Collectively, community housing providers have become more concerned about the impacts of changes in property values on the financial health of their organisations since Survey 1. A higher proportion of larger providers expressed concern compared with smaller organisations but it's over a third of survey respondents for both groups.

However, the findings from Survey 2 also show that community housing providers have become less concerned about the impacts of changes in property values on their ability to meet financial regulatory requirements. The proportion of providers expressing concern has roughly halved and there is no significant difference between larger and smaller organisations. This may be due to having more information about the regulator's approach to impacts of COVID-19 since Survey 1.

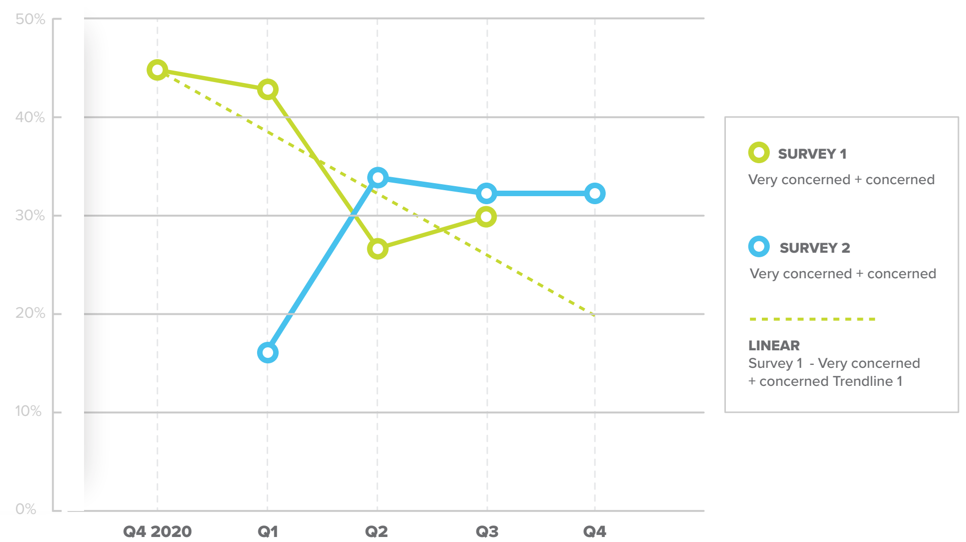
In both surveys, respondents were asked a series of questions about financial concerns in the current and next 3 quarters.

In relation to concerns about the impact of the COVID-19 crisis on operating expenditure, the results of Survey 2 indicate organisations are less concerned about impacts in the current quarter but for smaller organisations, levels of concerns are higher than Survey 1 for future quarters. As illustrated below, a slightly lower proportion of larger organisations were concerned or very concerned comparted with smaller organisations, however the sample size is small.

QUESTION 13 CONCERN ABOUT OPERATING EXPENDITURE -TIER 1/HA

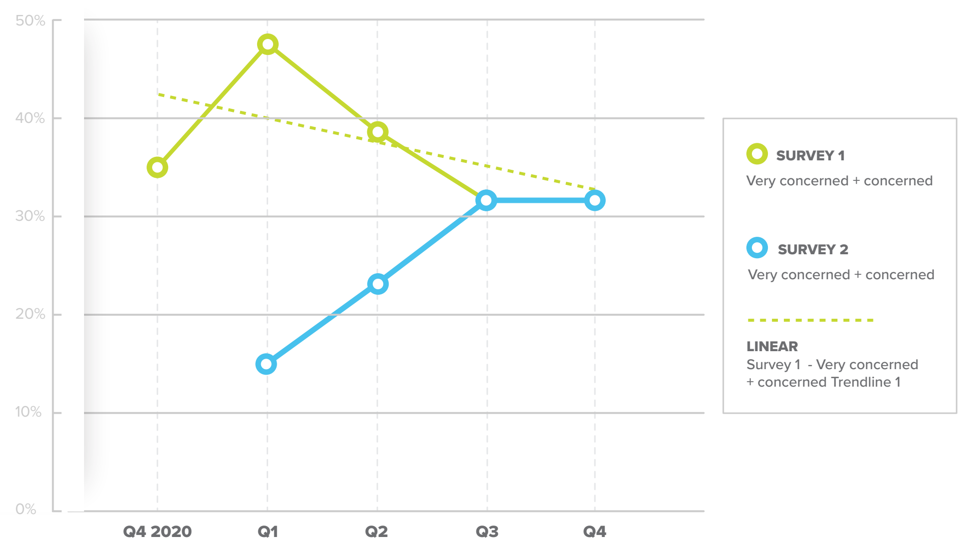


QUESTION 13 CONCERN ABOUT OPERATING EXPENDITURE - SMALLER ORGANISATIONS

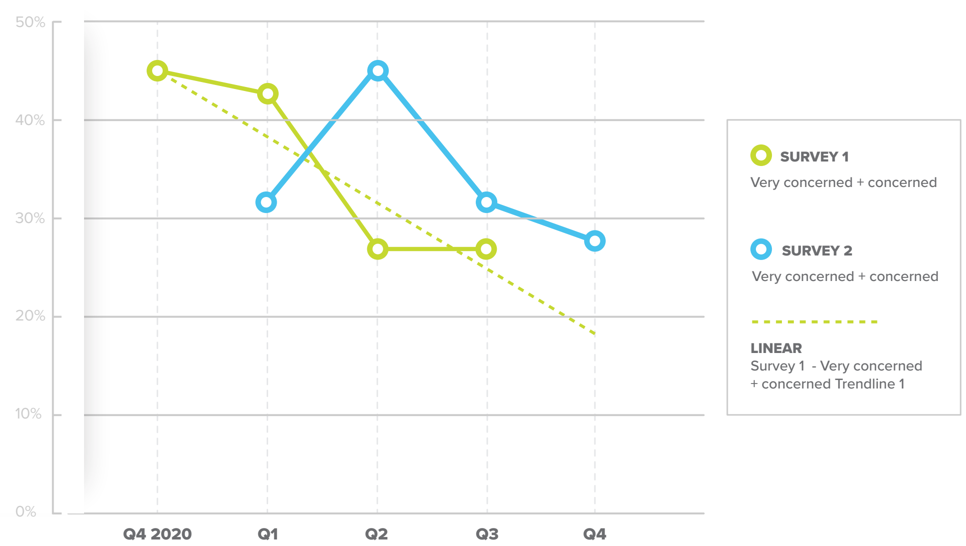


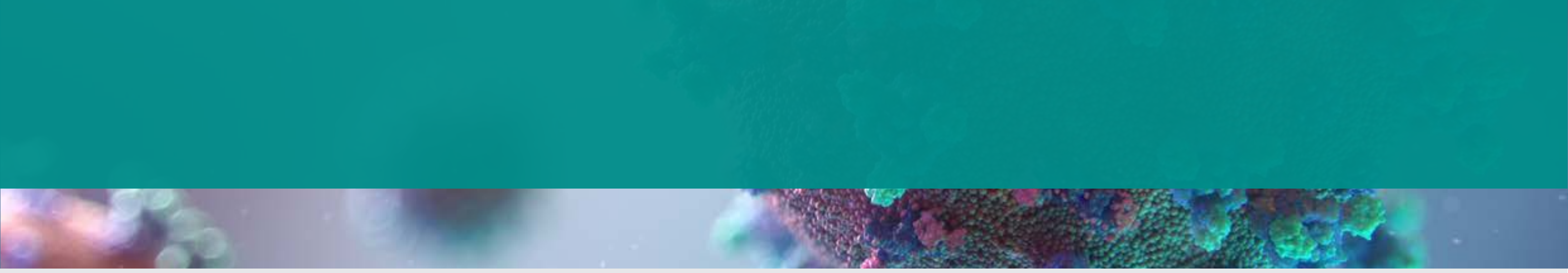
Organisations were also less concerned about impacts on operating revenue in the current quarter in Survey 2 but levels of concern remain at a similar level as Survey 1 for future quarters. Smaller organisations were more concerned about revenue in the current and next quarter than larger organisations – although this is not statistically significant because of the small sample size.

QUESTION 14 CONCERN ABOUT OPERATING REVENUE - TIER 1/HA



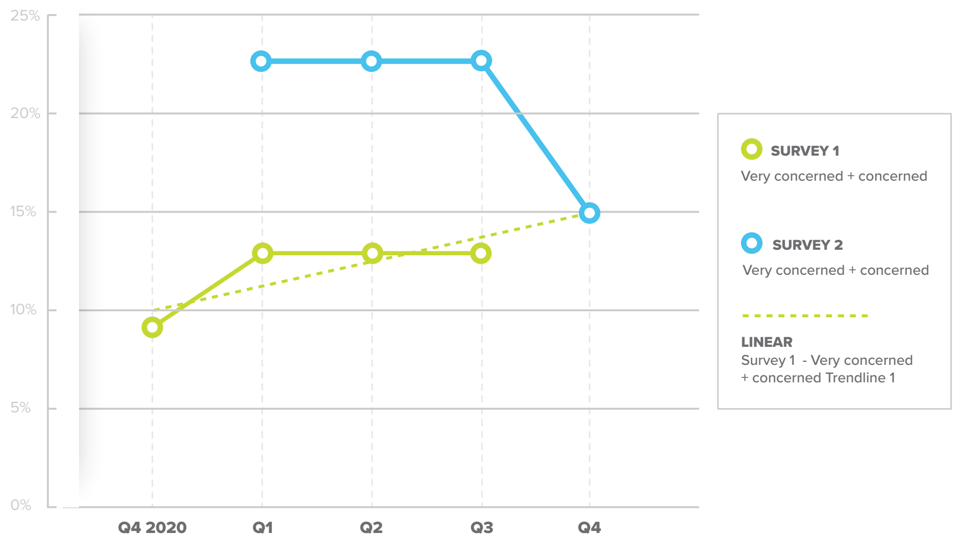
QUESTION 14 CONCERN ABOUT OPERATING REVENUE - SMALLER ORGANISATIONS



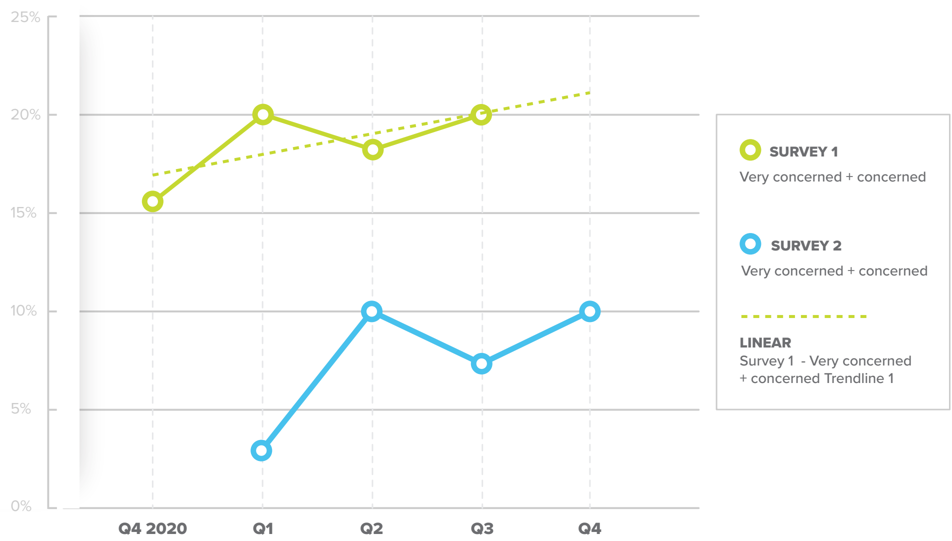


Larger organisations have become significantly more concerned about the impact on banking covenants since Survey 1. For example, in Survey 2 for the current quarter, 23% are concerned or very concerned compared with 9% in Survey 1. However, it should be noted that the sample size is very small. Smaller organisations have become less concerned by impacts on banking covenants in Survey 2.

QUESTION 15 CONCERN ABOUT BANKING COVENANTS - TIER 1/HA



QUESTION 15 CONCERN ABOUT BANKING COVENANTS - SMALLER ORGANISATIONS



TENANT INCOME

As with Survey 1, movement from wages to Job Seeker was the most highly reported reason for a change in income reported for both social housing and affordable housing tenancies in Survey 2. Movement from Newstart to Job Seeker was the second most highly reported reason for a change in for social housing tenancies. For affordable housing tenancies it was movement from wages to Job Keeper.

23 organisations provided information on the percentage of social housing tenancies that reported reduced incomes in June 2019 and June 2020, and 17 organisations provided this information for affordable housing tenancies. The information provided does not point to a clear pattern, in both cases, some organisations have reported no difference from the previous year, some a slight increase or decrease and in relation to social housing, a couple of organisations reported significant increases.

SOCIAL HOUSING IMPACTS

Given that the Survey 1 looked at the period between late March and the end of May 2020, it is not surprising that the proportion of organisations identifying social housing tenants receiving Job Keeper increased from 27% in Survey 1 to 43% in Survey 2.

17 (41%) of 41 organisations with social housing tenancies, expressed either concern or strong concern about the impact of changes in market rents on demand for social housing. 41% were also concerned or very concerned about the impact of changes in market rents on social housing rental revenues.

AFFORDABLE HOUSING IMPACTS

The proportion of organisations identifying affordable housing tenants receiving Job Keeper increased a little to 31% in Survey 2, compared with 25% in Survey 1.

15 (58%) of 26 organisations managing affordable housing, expressed either concern or strong concern about the impact of changes in market rents on demand for affordable housing.

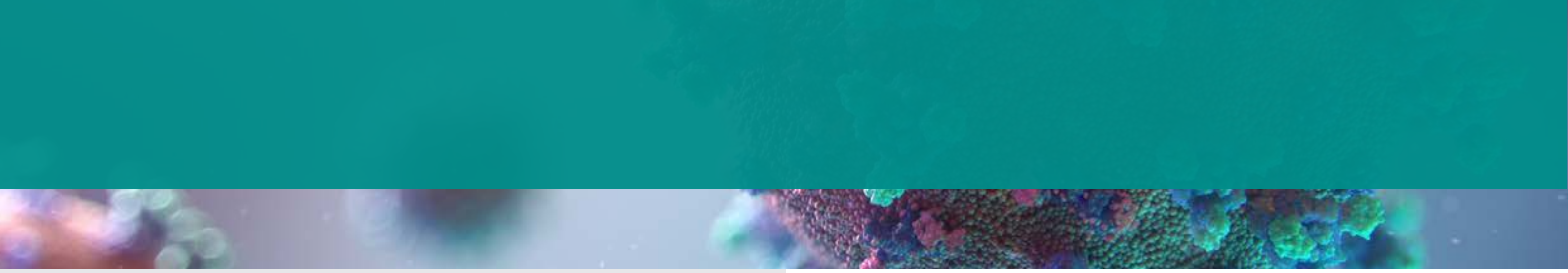
16 (62%) of 26 organisations were concerned or very concerned about the impact of changes in market rents on affordable housing rental revenues.

ASSET PROGRAMS

Overall, the impact of COVID-19 on asset programs has changed little since Survey 1.

19 (43%) respondents reported responsive maintenance requests were about the same as before 23 March 2020.

13 (31%) reported a reduction in responsive maintenance requests. These results are very similar to the findings from Survey 1.



ASSET PROGRAMS

Impacts on planned maintenance expenditure were also similar to those reported in Survey 1 with

18 (45%) reported expenditure was about the same as had been planned

13 (31%) reporting reductions been planned

4 (10%) reporting an increase

18 (43%) experiencing impacts on costs or timeframes ranging from having trouble finding trades people or getting quotes, longer timeframes to get parts, contractor rate increases to cover COVID-19 precautions, and increased forward planning.

13 (31%) reporting reductions been planned

4 (10%) reporting an increase

Of the 25 organisations reporting a property development program.

12 (48%) made no changes to their program

4 (16%) reviewed their program

6 (24%) placed at least some of their program on hold

3 (12%) fast tracked at least some of their program due to COVID-19.

These results are similar to the results from Survey 1.

The results relating to management and letting of vacant properties were also very similar to Survey 1.

15 (36%) reported a COVID-19 related change to their management of vacant properties was in place in July 2020

2 (5%) temporarily stopped vacant maintenance.

20 (48%) reported a change in letting of vacant properties due to COVID-19 was in place in July 2020

3 (7%) temporarily stopped letting vacant properties.

Survey respondents mentioned a range of asset management challenges. Considered as whole, these challenges suggest the disruptions to community housing asset programs caused by COVID-19 are likely to continue for the medium term.

The challenges raised included:

- Restrictions on non-urgent, non-essential works due to the Stage 4 restrictions in place in Melbourne
- Not being able to access customer homes to conduct property assessment services, property valuations and essential services programs
- Maintenance programs put on hold while ascertaining the extent of drop in rental revenue
- More focus on planned maintenance due to the limited access to properties, resulting in longer lead times to deliver maintenance
- Auditing of new WHS practices required to manage COVID-19 risks
- Needing to develop different processes and responses for different service delivery locations

HOUSING MANAGEMENT

Survey 2 suggests that the measures put in place earlier in the pandemic to check-in with tenants were still being maintained in July 2020.

30 (71%) had specific measures in place to check-in with potentially vulnerable tenants. This compares with 73% of respondents having these arrangements in place in Survey 1.

The specific arrangements mentioned in Survey 2 included:

- Additional phone calls
- SMS and emails
- more regular newsletters or other corporate communications than usual
- web chat
- checking on support services were in contact with tenants

15 (36%) maintained at least some tenant or community engagement activities.

14 (33%) maintained at least some of their usual tenant training and/or support programs.

19 (45%) reported unchanged access to support services. These results are also similar to the results of Survey 1.

9 (21%) reported encountering specific challenges with management of shared or group accommodation. This compares with 28% of respondents in Survey 1.

The results of Survey 2 indicate community housing organisations have strengthened their focus on management of tenancy breaches since the early days of the pandemic.

23 (55%) had changed their management of rent related tenancy breaches since 23 March 2020 due to COVID-19. This compares with 43% for Survey 1. It suggests organisations are becoming more experienced with managing rent arrears in a COVID-19 environment.

14 (36%) reported changes to their management of non-rent breaches since 23 March 2020, compared with 22% of respondents in Survey 1. This suggests that as the COVID-19 crisis continues on, organisations are altering their practices to manage non-rent tenancy breaches.

6 (14%) reported an increase in households in rent arrears, this is a significantly lower percentage than for Survey 1 where 24% of respondents reported an increase in the number of households in rent arrears.

7 (17%) reported an increase in the gross dollar value of rent arrears. This compares with 21% in Survey 1.

The number of respondents reporting increases in domestic and family violence (DFV) incidents and nuisance and annoyance was similar in Survey 1 and Survey 2.

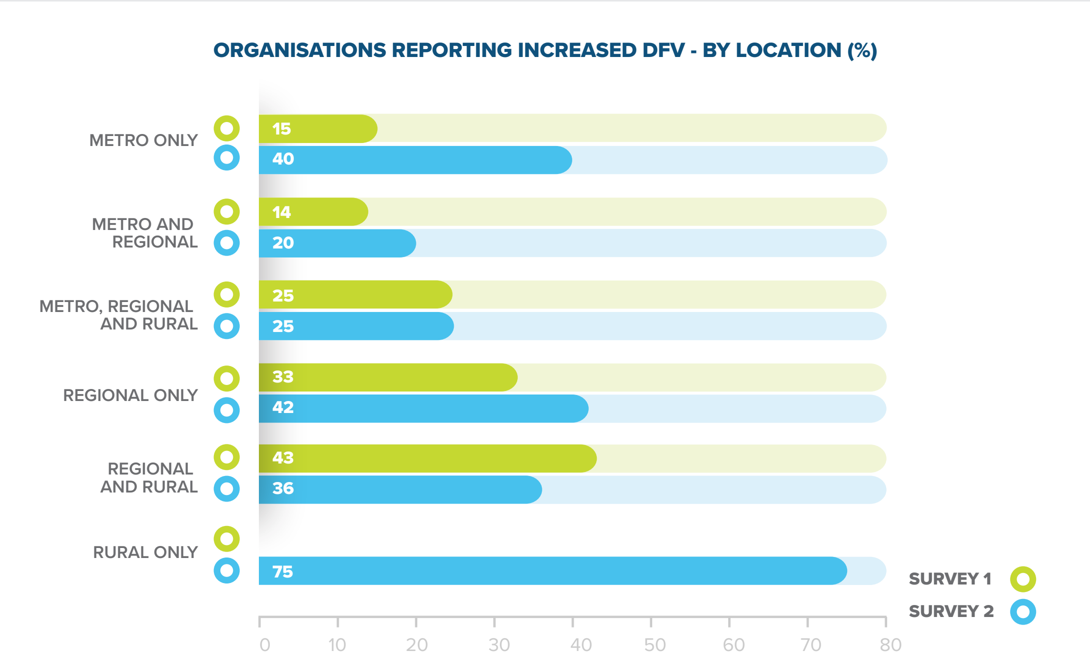
The smaller pool of respondents for Survey 2 means this shows up as a noticeable increase in DFV incidents and nuisance and annoyance.

In Survey 2:

15 (36%) reported experiencing an increase in domestic and family violence incidents involving their tenancies, compared with 14 organisations representing 21% of respondents in Survey 1.

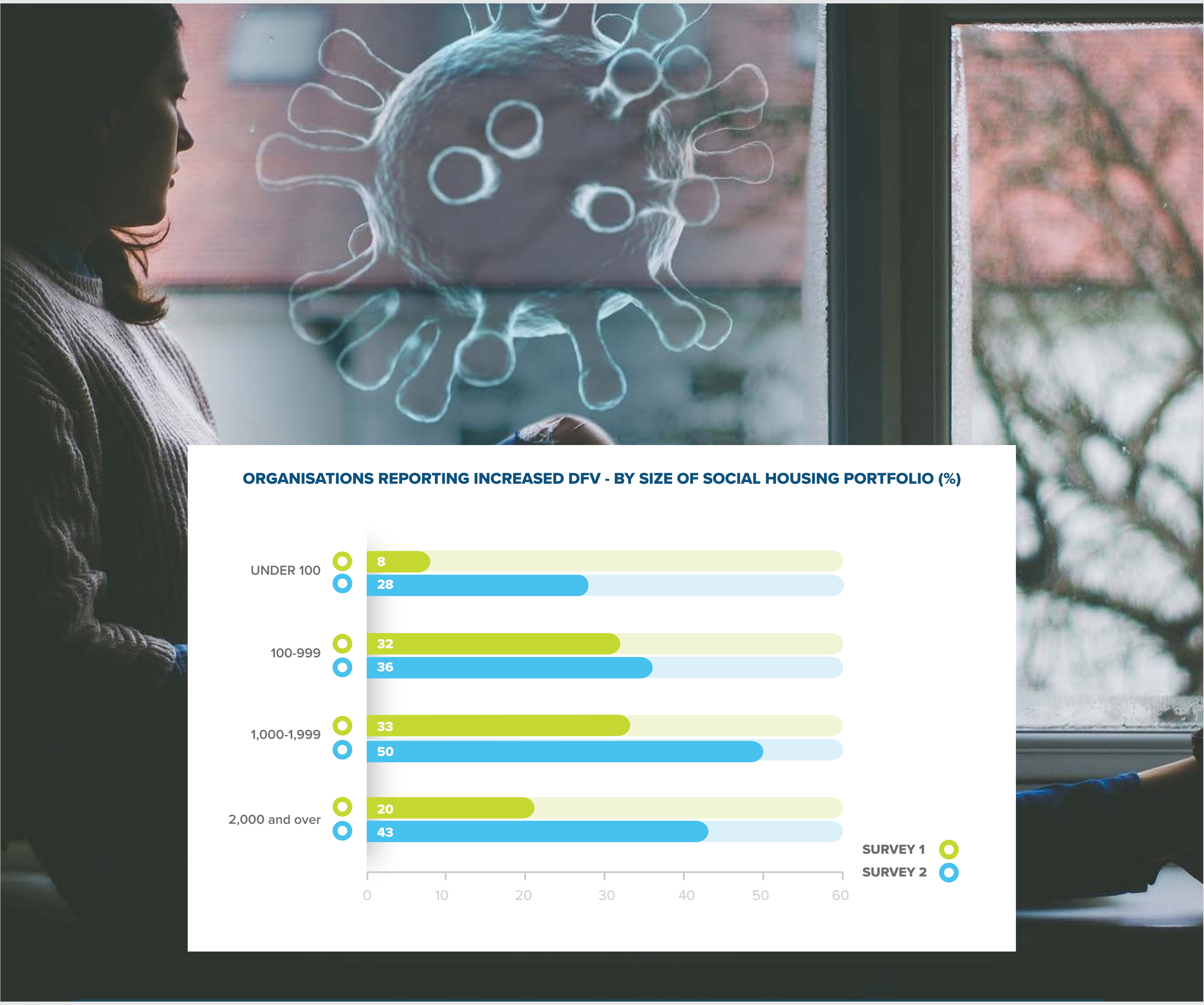
16 (38%) experienced an increase in nuisance and annoyance complaints compared 18 organisations representing 27% of respondents in Survey 1.

In Survey 1, the increased incidences of DFV appeared to be strongly associated with organisations operating in regional areas. In Survey 2, there is no clear association with the location of the community housing organisation's operations. However, the increased incidence reported by respondents in rural areas is notable, despite the small sample size in both surveys. The chart below maps the increased incidence of DFV reports by provider location.



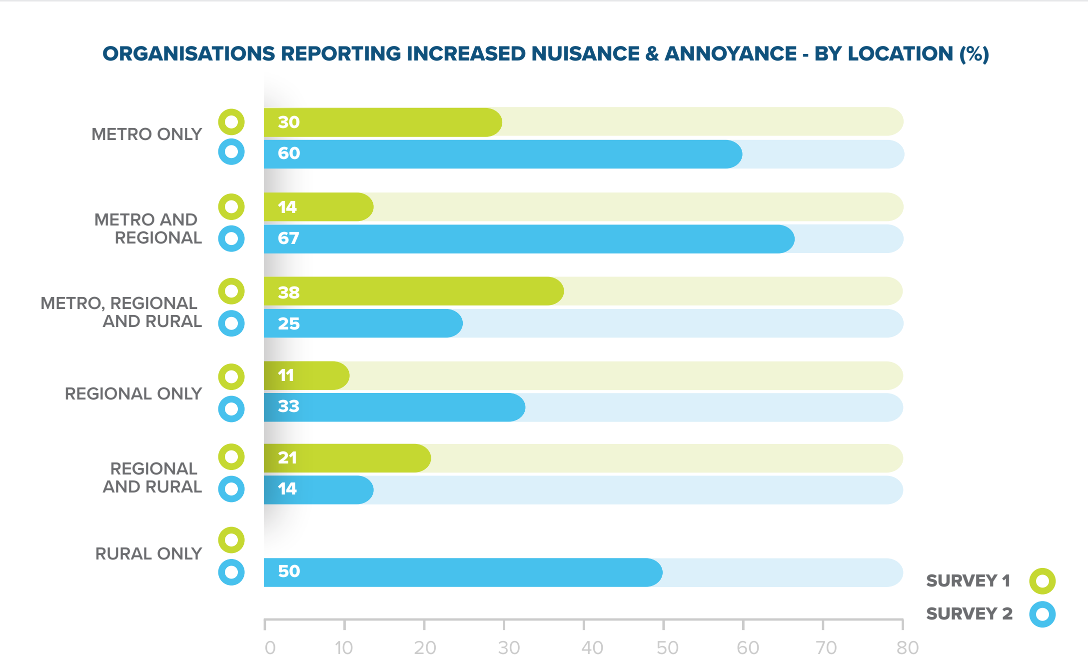
The structure of the survey does not make it possible to map increased reported incidences of DFV against the total size of each survey respondent's portfolio. As all the relevant survey respondents manage social housing tenancies, size of social housing portfolio has been used as a proxy[1].

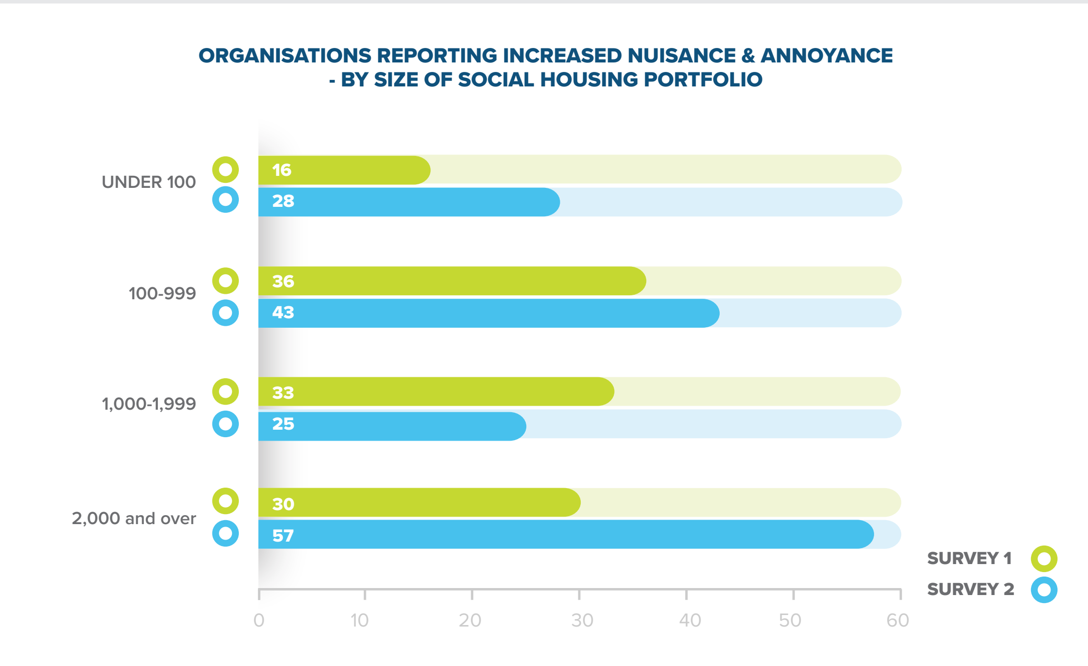
The chart below illustrates the increased incidence of DFV reports by the size of the provider's social housing portfolio. As with location, there is no clear association between social housing portfolio size and increases in the reported incidence of DFV.



1 One organisation that did not identify as providing either social or Affordable Housing has been excluded from the data for analysis of reported increase in DFV by social housing portfolio size.

As with DFV, the reporting of increased nuisance and annoyance incidents appears to be generalised rather than associated with location or social housing portfolio size.[1] This is illustrated in the two charts below.





1 One organisation that did not identify as providing either social or Affordable Housing has been excluded from the data for analysis of reported increase in DFV by social housing portfolio size

HOUSING MANAGEMENT

Other challenges with housing management reported by survey respondents suggest that overall, the work of managing tenancies has become more demanding since the beginning of the pandemic. The challenges mentioned included:

- Maintaining engagement with tenants without being able to do face to face engagement
- Being unable to carry out face to face client service visits or property inspections
- Increased number of tenants self-reporting anxiety and depression
- Needing to do more rent reassessments due to changes in tenant income
- Needing to do more work to monitor tenant rent payments
- More nuisance and annoyance complaints
- Reduced staff productivity associated with the need to work from home if unwell isolating whilst awaiting COVID-19 test results
- Difficulties with support related COVID-19 precautions in supported disability accommodation
- Needing to continually review the mental wellbeing of staff and tenants

HOUSING DEMAND

The results of Survey 2 indicate that demand for social and Affordable housing demand is increasing.

22 (52%) reported experiencing an increase in housing demand in July 2020. This compares with 33% experiencing an increase between late March and May in Survey 1.

16 (38%) noticed a change in needs of the people seeking assistance in July 2020, compared with 30% in Survey 1.

14 (33%) noticed change in applicant profile in July 2020, compared with 28% in Survey 1.

13 (31%) reported making changes to customer processes for applying for housing assistance in July 2020.

13 (31%) reported making changes to assessment processes. The figures for Survey 1 were 19% and 13% respectively.

HUMAN RESOURCES

In relation to Human Resources, the results of Survey 2 are similar to Survey 1.

Compared to before 24 March 2020

28 (67%) allowed frontline staff to work from home

28 (67%) allowed non-frontline staff to work from home

3 (7%) put staff on reduced hours. These results are similar to the results from Survey 1.

A higher percentage of respondents to Survey 2 reported engagement with Job Keeper, although the number of organisations reporting engagement was the same as for Survey 1.

8 (19%) reported receiving Job Keeper assistance in July 2020, compared with 8 organisations representing 13% of respondents in May 2020.

6 (14%) reported applying for Job Keeper assistance but not receiving payments in July 2020, compared with 7 organisations representing 10% of respondents in May 2020.

CONCLUSION

The results of CHIA's second survey confirm that community housing organisations have maintained the systems and processes adopted at the start of the COVID-19 pandemic to support continued delivery of services. There are indications within the Survey results that disruptions associated with the ongoing COVID-19 pandemic are affecting key operational functions such as delivering maintenance programs and managing tenancies. As time passes, the challenges in these areas identified by survey respondents may become increasing difficult to manage within existing resources. The survey results also suggest rising demand for social and Affordable housing. As Job Keeper payments reduce and eviction moratoriums end, this rise in demand is likely to become more significant.

The Community Housing Industry Association (CHIA) is the federated industry peak for not for profit community housing organisations (CHOs) across Australia.

Community Housing INDUSTRY ASSOCIATION