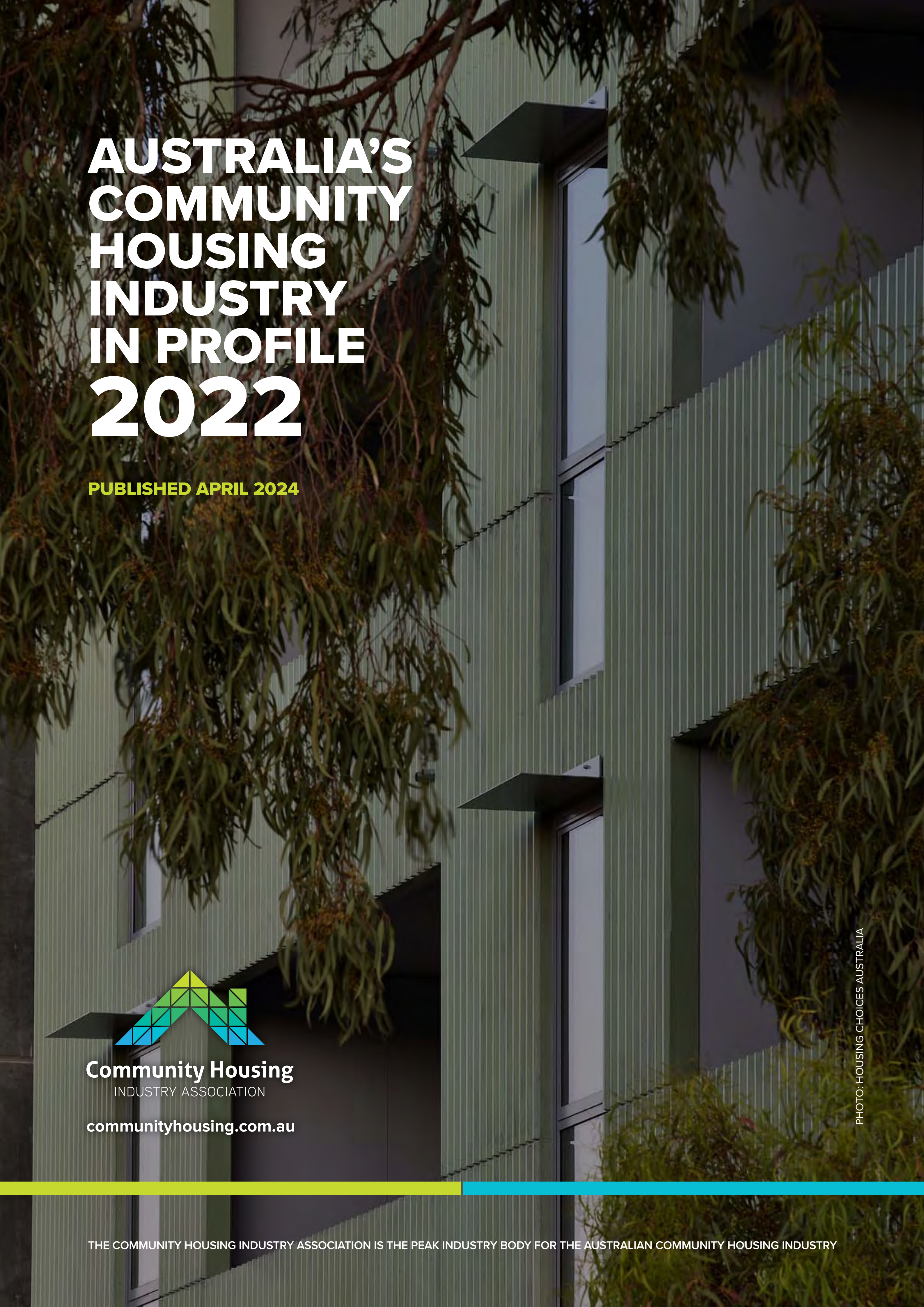


PHOTO: HOUSING CHOICES AUSTRALIA

AUSTRALIA'S COMMUNITY HOUSING INDUSTRY IN PROFILE 2022

PUBLISHED APRIL 2024

Community Housing
INDUSTRY ASSOCIATION

communityhousing.com.au

THE COMMUNITY HOUSING INDUSTRY ASSOCIATION IS THE PEAK INDUSTRY BODY FOR THE AUSTRALIAN COMMUNITY HOUSING INDUSTRY

AUSTRALIA'S COMMUNITY HOUSING INDUSTRY IN PROFILE

2021-2022

Community Housing
INDUSTRY ASSOCIATION

HEADLINE PROFILE FACTS

132K
UP BY 10K

132,000 SOCIAL AND AFFORDABLE HOUSING TENANCIES MANAGED

By Tier 1 and Tier 2 Community Housing Organisations (CHOs)

An increase of over 10,000 homes compared with 2020/21

$2.49B

$2.49 BILLION AGGREGATE REVENUE

48% Revenue from rents ($1.2 B)

An increase of over $60 M in aggregate revenue compared with 2020/21 (8%)

More diversity in revenue sources. 57% of revenue was from rents in 2020/21

$9,252

$9,252 AVERAGE RENT

Per CHO per tenancy in 2021/22

An increase of 3% or $252 per home compared with 2020/21

29.5%

29.5% NET REVENUE

After aggregating all expenditure by CHOs

40,740

OVER 40,740 HOMES OWNED BY CHOs

31% of total homes managed

Compared with 39,480 in 2020/21

$20B
UP BY $5B

OVER $20 BILLION AGGREGATE CHO ASSETS

Includes nearly $14 billion land and buildings

A $5 billion (33%) increase compared with 2020/21

6,000

ALMOST 6,000 HOMES IN THE PIPELINE

Being developed by 60 CHOs

6.7B 13.8B

$6.7 BILLION LIABILITIES
$13.8 BILLION NET EQUITY

Liabilities included $2.8B borrowings to support acquisition of new homes

Compared with $11.1B equity in 2020/21

PART ONE
INTRODUCTION

The 2022 Industry in Profile is the third report in a series that began with publication of Australia's community housing industry in profile 2019- 2020. It provides a national picture of the scale of the community housing industry in Australia in 2021-22.

The 2022 report is compiled from the records of 104 of the largest registered community housing organisations (CHOs) nationally, which together deliver an estimated 96% of all community housing. Some comparisons with preceding financial years are included where appropriate. Changes in organisational composition from organisational mergers, new registrations and cancelled registrations mean that organisational data is not directly comparable from year to year.


BRISBANE HOUSING COMPANY

Community Housing
INDUSTRY ASSOCIATION

About CHIA

CHIA is the peak body representing 160+ not for profit community housing organisations across Australia. Community housing offers secure, quality housing at affordable rents to people on very low, low and moderate incomes who find it hard to access affordable and appropriate tenancies in the private market.

Our community housing members are charitable not-for-profit organisations that re-invest any surplus revenue into new housing, better services or improving their properties. CHOs are required to be registered in a government regulatory regime and are subject to regular assessments of their compliance with service, governance, and financial performance standards.

Australia's Community Housing Industry in Profile, 2022 was prepared by Catherine Stuart for Lee Road Consulting, Vivienne Milligan and Wendy Hayhurst for the Community Housing Industry Association (CHIA). Assistance with data collection was provided by Parian Hoseini (City Futures Research Centre UNSW, Sydney), the Victorian Housing Registrar, CHIA Vic and WA Shelter.

PART ONE
INTRODUCTION

ORGANISATIONS INCLUDED

This year's report focuses on Tier 1 and Tier 2 not for profit community housing organisations registered with one or more of the National Regulatory System for Community Housing (NRSCH), the Victorian Housing Registrar or the Western Australian Community Housing Registrar on 30 June 2022.[i]

Tier 1 and 2 CHOs are the medium to large organisations in each jurisdiction.[ii]

Group structures

In 2021-22 there were nine CHOs with group structures (e.g., a parent and subsidiary entities including Special Purpose Vehicles - SPV) comprising more than one registered entity. For these CHOs we combined the data into one record for the group.

ABORIGINAL AND TORRES STRAIT ISLANDER COMMUNITY HOUSING ORGANISATIONS

Community housing managed by Aboriginal and Torres Strait Islander Community Housing Organisations (ATSICHOs) are Aboriginal or Torres Strait Islander controlled, not-for-profit, community housing organisations. In 2021-22 there were ten ATSICHOs registered as Tier 1 (1 CHO) or Tier 2 (9 CHOs) operating in NSW, Victoria, Queensland, and the Northern Territory.

This represents a 150% increase since our first Industry in Profile in 2020. ATSICHOs represent a small part of a much larger (in number of entities though not in numbers of homes managed) industry of Aboriginal and Torres Strait Islander community organisations and councils concerned with providing housing for their communities.

In the 2022 Industry in Profile, we have collated data on ATSICHOs. The ATSICHO part of the industry is, as noted earlier, growing rapidly and we believe the information provided in the 2022 Industry in Profile will a create a baseline for understanding the dimensions of this growth in future years. The small size of the ATSICHO cohort in 2022 means the findings may not be representative and must be considered with a level of caution.

ORGANISATIONS EXCLUDED

Non-operational organisations

This report excludes 4 CHOs that were registered at Tier 2 on 30 June 2022, but were either not operational or adequate data could not be obtained from the published record.

Tier 3 registered organisations

Resourcing constraints mean that Tier 3 registered organisations are not included in the 2021-22 Industry in Profile.

While there are approximately 270 Tier 3 registered organisations nationwide, they represent only around 4% of the tenancies managed by CHOs.[iii] These small, locally focused CHOs while providing a valuable service have limited balance sheets and are not active in property development. Their omission has no material impact on the information set out in this report.

Organisations registered through the NSW Local Scheme, Queensland State Registration and similar schemes

Some jurisdictions, such as NSW and Queensland, operate state-based registration in parallel with NRSCH registration for housing providers that do not meet all the NRSCH entity requirements. Due to resourcing constraints, the 2022 Industry in Profile does not include these organisations, most of which are equivalent to Tier 3 CHOs. All organisations registered through the NSW scheme and some of the organisations registered through the Queensland scheme are ATSICHOs.

PART ONE
INTRODUCTION

OPERATING CONTEXT

Provision of social and affordable rental housing by not-for-profit organisations is an important and growing component of Australia's small non-market housing sector. Official data shows that community housing organisations provided 25% of all social homes in June 2022, up from a 12% share in 2010. ATSICHOs provided a further 4%.[iv] Additionally in June 2022, 10,354 affordable rental dwellings under the National Rental Affordability Scheme (NRAS), were being provided by registered CHOs, representing 37.5% of all remaining NRAS-funded rental housing.[v]

Post-COVID state government stimulus investment in additional social and affordable housing supply was once again a major source of growth, albeit only in certain jurisdictions. Victoria's Big Housing Build, Queensland's Housing Investment Growth Initiative and Tasmania's Social Housing Supply continued to be the largest new supply programs available to CHOs. Many of the anticipated 23,000 new dwellings from these investment programs will be owned and/or managed by CHOs.[vi] CHOs also benefited from growth opportunities offered by smaller scale programs in NSW, South Australia and Western Australia.

Growth opportunities for ATSICHOs are emerging from the implementation of the Partnership on Closing the Gap 2019-2029. This partnership between the Commonwealth, state/territory governments and the Coalition of Aboriginal and Torres Strait Islander Peak Organisations has identified building a strong and sustainable Aboriginal and Torres Strait Islander community-controlled sector as a priority reform.[vii] In coming years, ATSICHO services will expand through strategies to increase the proportion of services delivered by Aboriginal and Torres Strait Islander organisations, strengthen the ATSICHO sector, and ensure Aboriginal and Torres Strait Islander people secure appropriate, affordable housing aligned with their priorities and needs.

Financial year 2021-22 marked the third year of the operation of the National Housing Finance and Investment Corporation's (NHFIC) (now Housing Australia) bond finance program. Under the Australian Government's aegis, NHFIC raised $178m in two social bond issues in 2021-22 to help finance or refinance social and affordable housing procurements and renovations through CHOs. Ten low cost and long tenor loans were allocated to five large CHOs in NSW, Victoria, and Queensland (NHFIC 2021, Social Bond report). Over 730 new dwellings are anticipated to result from these loans and grants to CHOs. By year end, the NHFIC program had raised some $2.195 billion from over 60 institutional investors for on-lending to CHOs.[viii]

During 2021-22 the COVID-19 pandemic continued to affect the operating environment of CHOs, particularly on the eastern seaboard. The 2022 Report on Government Services, for example, notes that housing data was affected by rent freezes and decreased exits from social housing.[ix]

FOUNDATION HOUSING

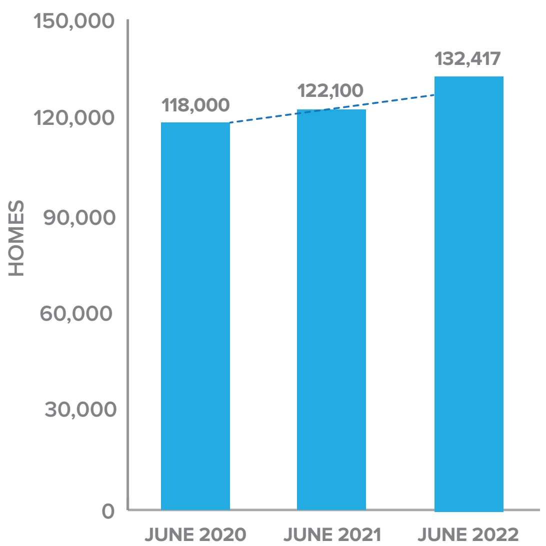
PART TWO
HOUSING PROFILE

HOMES MANAGED

The 104 CHOs included in the 2022 Industry in Profile managed over 132,400 homes, around 10,000 (8%) more than the previous year.[x] This includes over 90,000 social rented homes, over 19,000 affordable rental homes, almost 10,000 homes offering medium and fixed term tenancies, about 1,800 specialist disability accommodation tenancies, and approximately 1,400 crisis accommodation places.[xi]

The pattern of growth noted in the 2021 Industry in profile continued in 2021-22. As Figure 1 below indicates, the total number of homes managed by CHOs has increased by 11,000 (or 12%) over the past two financial years.

FIGURE 1: TOTAL HOMES MANAGED - JUNE 2020 TO JUNE 2022



This net increase may at least in part be due to the growth in community housing programs in response to the COVID 19 pandemic and its aftermath. Alongside the growth in programs there was a loss of circa 1,600 National Rental Affordability Scheme (NRAS)-funded homes across the industry as incentives expired. Unless these homes were both owned and managed by CHOs the properties are unlikely to remain as affordable rental homes.[xii]

Some 83% (109,583) of homes considered in this report were managed by 41 Tier 1 organisations, including one ATSICHO - an average of just over 2,673 homes per CHO. The 63 Tier 2 CHOs, including nine ATSICHOs, considered in this report managed just over 17% (22,834) of the homes with an average of 362 homes per CHO. ATSICHOs managed 3% (3,760) of the homes, with an average of 376 homes per organisation.

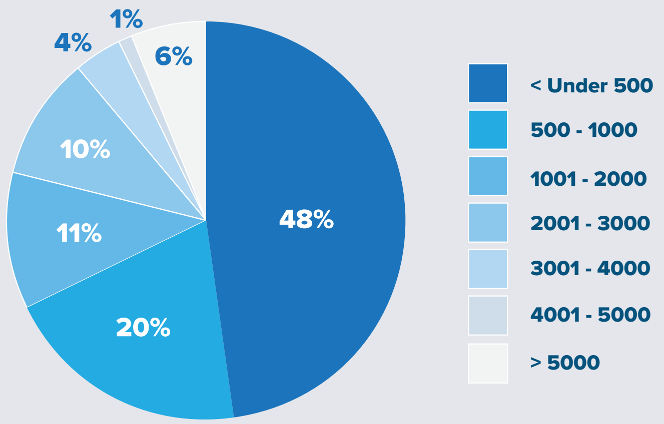
CHOs vary significantly in scale. The largest CHO managed over 11,000 homes, while nine managed fewer than 100 homes. In 2021-22, ATSICHOs varied in scale from over 1,500 homes to under 100. Eight of the ten ATSICHOs managed between 100 and 500 homes.

Figure 2 below shows the proportion of homes managed by CHOs of different scales, including ATSICHOs. There is very little change compared with the 2021 Industry in Profile. As with 2020-21, the five largest CHOs continue to manage a significant proportion of all homes (31%) compared with 28% in 2019--20.

As in 2020-21, 68% of the CHOs included in this Profile manage fewer than 1,001 homes accounting for 20% of all homes managed by the industry. 31 CHOs manage the remaining 80% of homes, as was the case in 2020-21 too.

These results suggest CHO growth in 2021-22 was accounted for by small scale acquisitions or development-, rather than growth via mergers or large scale development programs.

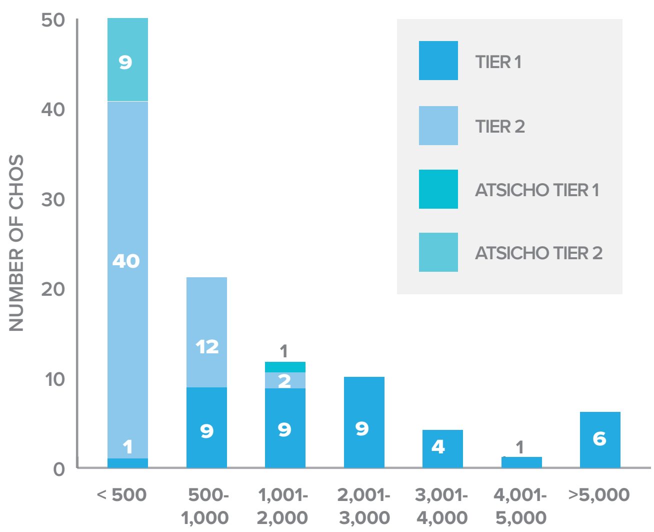
FIGURE 2: SHARE OF HOMES MANAGED BY CHO - JUNE 2022



PART TWO
HOUSING PROFILE

Figure 3 below illustrates the share of homes managed by Tier 1 and Tier 2 CHOs and ATSICHOs. Tier 2 CHOs and ATSICHOs all manage fewer than 2,000 homes.

FIGURE 3: SHARE OF HOMES MANAGED BY CHO - JUNE 2022



HOMES OWNED

Ninety seven of the 104 CHOs considered in the 2022 Industry in Profile own at least one of the homes they manage. Of the seven CHOs that did not own homes in 2021-22, two are ATSICHOs.

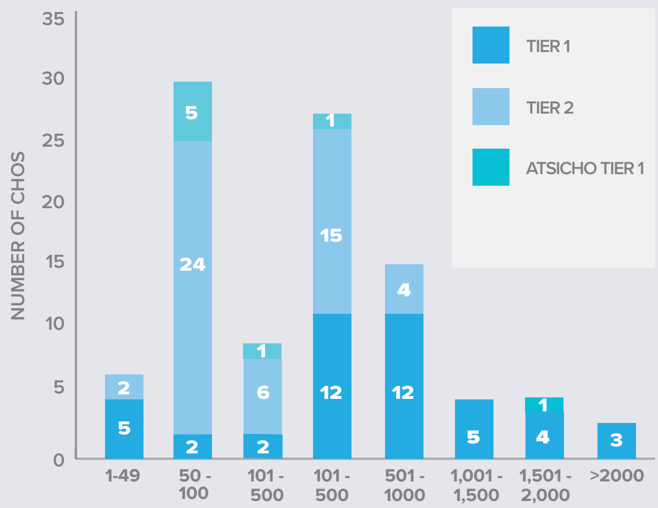
The CHOs collectively owned 40,748 homes, around 1,200 more than in 2020-21. The 41 Tier 1 organisations, which includes one ATSICHO, owned 82% (33,335) of these, at an average of 813 dwellings per CHO. The 63 Tier 2 CHOs (including 9 ATSICHOs) owned 7,413 homes, an average of 118 homes per organisation. Owned homes comprised 30% of the homes managed by Tier 1 CHOs and 32% of the homes managed by Tier 2 CHOs.

ATSICHOs owned 1,893 homes, an average of 189 per ATSICHO, comprising 50% of ATSICHO homes. The largest ATSICHO owns 97% of the homes it manages. When this organisation is excluded, the remaining ATSICHOs own an average of 41 homes per organisation.

Homes managed but not owned by CHOs are, in the main, owned by state or territory governments. A minority are privately or Aboriginal/ Torres Strait Islander community owned properties managed on a headlease or fee-for-service basis. The number of homes owned by a CHO varied from one to over 2,900.

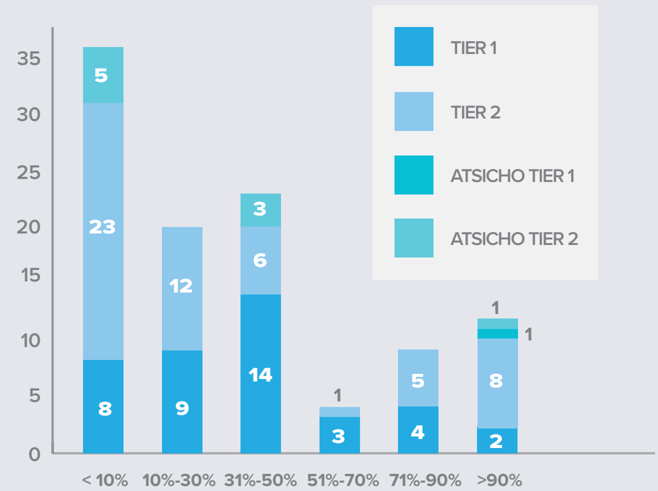
Thirteen CHOs, including one ATSICHO, own over 1,000 properties. Grouped data on the number of dwellings owned by Tier 1 and Tier 2 CHOs and ATSICHOs is shown in Figure 4.

FIGURE 4: NUMBER OF HOMES OWNED BY TIER OF CHO - JUNE 2022



Whether CHOs, including ATSICHOs, own significant numbers of homes is largely determined by Commonwealth and state/territory government policies concerning leasing versus ownership transfer of homes originally acquired with public funding, and by the functions of the CHOs – especially whether they are developer organisations or not. Also, in recent times, state and territory government development opportunities have often required ownership of many new homes to be retained by government. As a result, there is significant variation in the extent to which individual CHOs and ATSICHOs own the homes they manage reflecting different organisational histories and state/territory government policies. Figure 5 illustrates the range within the industry by grouping CHOs and ATSIHOs according to the proportion of the homes within their total housing portfolio that are owned by the CHO or ATSICHO.

FIGURE 5: PROPORTION OF TOTAL HOMES OWNED BY TIER OF CHO - JUNE 2022



PART TWO
HOUSING PROFILE

DEVELOPMENT PIPELINES

A growing number of CHOs have in-house property development expertise enabling them to develop social and affordable housing, generally by taking up public subsidy incentives and raising co-financing contributions.

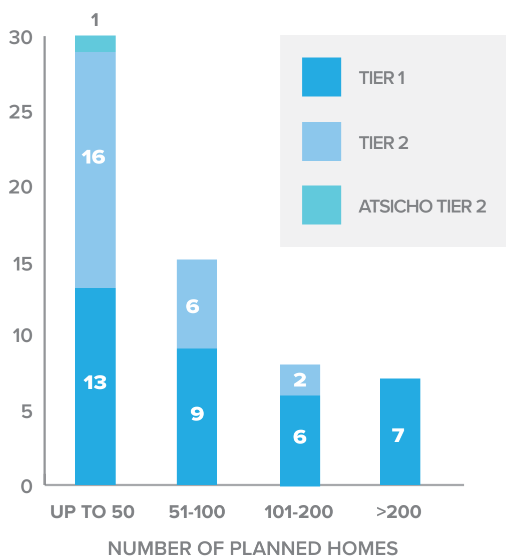
Sixty CHOs, including one ATSICHO, reported they had development pipelines as at 30 June 2022 in their annual reports, a total of 5,896 development approved homes under construction across the industry.[xiii] This is a similar development pipeline as reported in 2020-21 (50 CHOs delivering 5,991 homes) and lower than in 2019/20 (55 CHOs delivering 6,362 homes).

Development pipelines were reported by both Tier 1 and Tier 2 CHOs. 5,032 (85%) of the homes under development were initiated by Tier 1 CHOs and 864 (15%) by Tier 2 CHOs. The average development pipeline was 144 homes for Tier 1 CHOs and 35 homes for Tier 2 CHOs, also a reduction from the two previous years. Development programs range in size, as is illustrated by Figure 6 below.

393 (7%) of the homes under development were identified as affordable rental housing. This is almost certainly an undercount as many CHOs do not distinguish between social and affordable rental when providing information about their development pipeline.

The slight decline in the industry development pipeline between 2019-20 and 2021-22 most likely reflects delayed commencement of new development projects during the COVID 19 pandemic and pressures in the construction industry which continued during 2021-22.

FIGURE 6: NUMBER OF CHO HOMES UNDER DEVELOPMENT - JUNE 2022



The major initiatives that are likely to have contributed to development pipelines during 2021-22 were:

- **State-based programs.** These programs variously provide land, capital grant or recurrent payments for non-government suppliers of social and affordable rental housing
- **Revenue subsidy available for building SDA** under the National Disability Insurance Scheme
- **Other miscellaneous funds** (e.g. regional development funds, the NSW Community Housing Innovation Fund or lottery funds) which may offer capital for development.

The scale of these opportunities varied considerably across jurisdictions. There was no new national program in 2021-22.[xiv]

BRIDGE HOUSING

PART TWO
HOUSING PROFILE

LOCATION OF COMMUNITY HOUSING SERVICES

The CHOs, including ATSICHOs, considered in this report provide homes across Australia.[xv] Table 1 shows the number of Tier 1 and 2 CHOs operating in each jurisdiction.

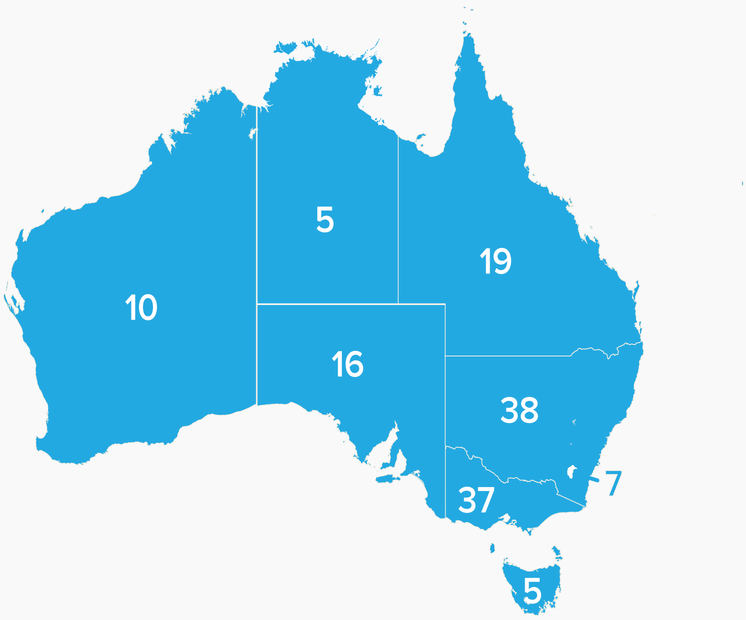
The distribution of CHOs reflects both population levels across the states and territories and the varied approaches to development and growth of the industry taken in each jurisdiction.

Most CHOs still operate in a single jurisdiction, but a growing number now operate in two or more. Within jurisdictions, the geographic spread of CHO operations varies widely, many operate within one region or city while others deliver services in multiple locations.

TABLE 1: NO. OF CHOS OPERATING IN EACH JURISDICTION, JUNE 2022 [xvi]

JURISDICTION	Total CHOs	Tier 1	Tier 2	ATSICHO Tier 1	ATSICHO Tier 2	Multi-jurisdictional CHOs
New South Wales	38	22	11		5	13
Victoria	37	12	24	1	-	7
Queensland	19	8	10		1	8
South Australia	16	7	9			-
Western Australia	10	3	7			3
Tasmania	5	-	1			4
Australian Capital Territory	7	4	3			6
Northern Territory	5	1	1		3	1

NO. SURVEYED CHOs



PART TWO
HOUSING PROFILE

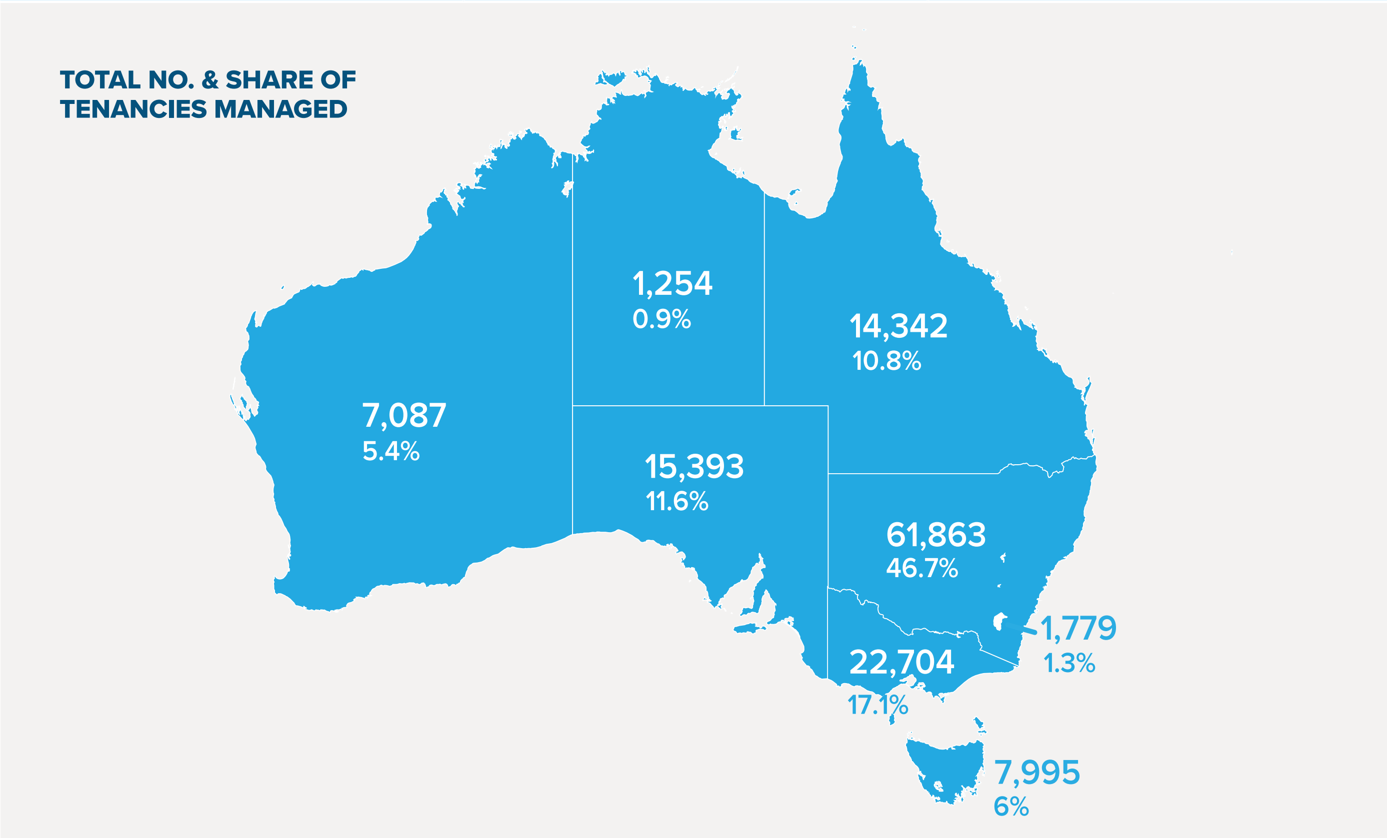
Multi-jurisdictional CHOs comprise CHOs operating in border regions and servicing a cross-jurisdictional community. In 2021-22, fourteen CHOs provided tenancies in multiple jurisdictions.[xvii]

The largest of these managed over 11,000 homes nationwide, the smallest managed fewer than 500 homes. Among the multi-jurisdictional operators there are four large faith-based organisations, which provide social and affordable rental housing alongside a range of other community services.

The distribution of tenancies managed by jurisdiction is shown in Table 2.[xviii]

TABLE 2: HOMES MANAGED BY CHOS BY JURISDICTION, JUNE 2022[xix]

JURISDICTION	NO OF HOMES	% HOMES
New South Wales	61,863	46.7
Victoria	22,704	17.1
Queensland	14,342	10.8
South Australia	15,393	11.6
Western Australia	7,087	5.4
Tasmania	7,995	6.0
Australian Capital Territory	1,779	1.3
Northern Territory	1,254	0.9
Australia	**132,417**	**100**



PART TWO
HOUSING PROFILE

Figure 7 charts the rate of growth in homes managed by CHOs from 2019-20 to 2021-22, by jurisdiction. The most rapid growth occurred in the Northern Territory, noting that this was from a very low base, and the slowest in Western Australia. In Queensland, the total number of CHO managed homes has fallen since 2019-20 due to the loss of NRAS properties from CHO management as the program winds down.

FIGURE 7: RATE OF GROWTH IN HOMES MANAGED SINCE 2019-20 - BY JURISDICTION

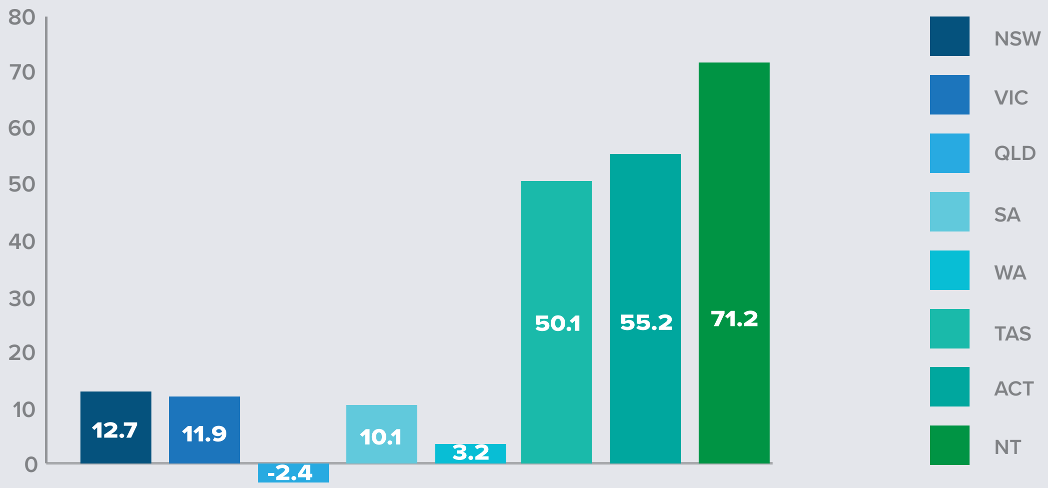


Figure 8 below illustrates the change in homes managed by CHOs between 2019-20 and 2021-22 by jurisdiction.

FIGURE 8: HOMES MANAGED BY CHOS BY JURISDICTION, JUNE 2020 TO JUNE 2022

NEW SOUTH WALES

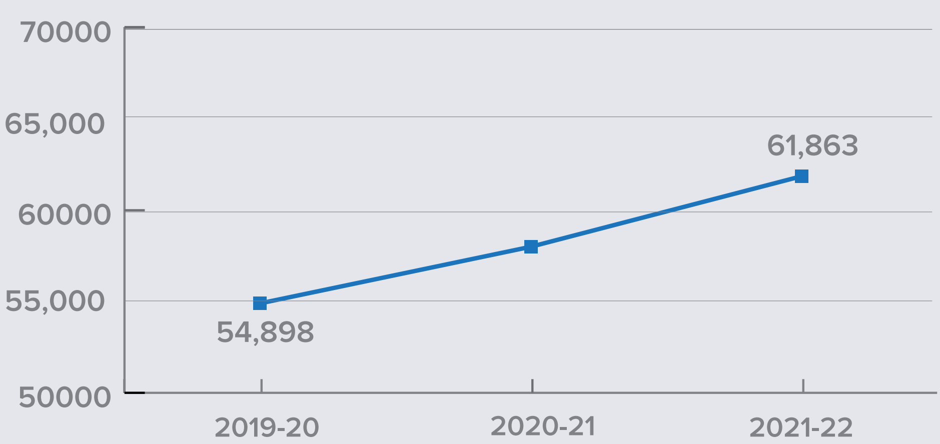


FIGURE 8: HOMES MANAGED BY CHOS BY JURISDICTION, JUNE 2020 TO JUNE 2022

VICTORIA, QUEENSLAND & SOUTH AUSTRALIA

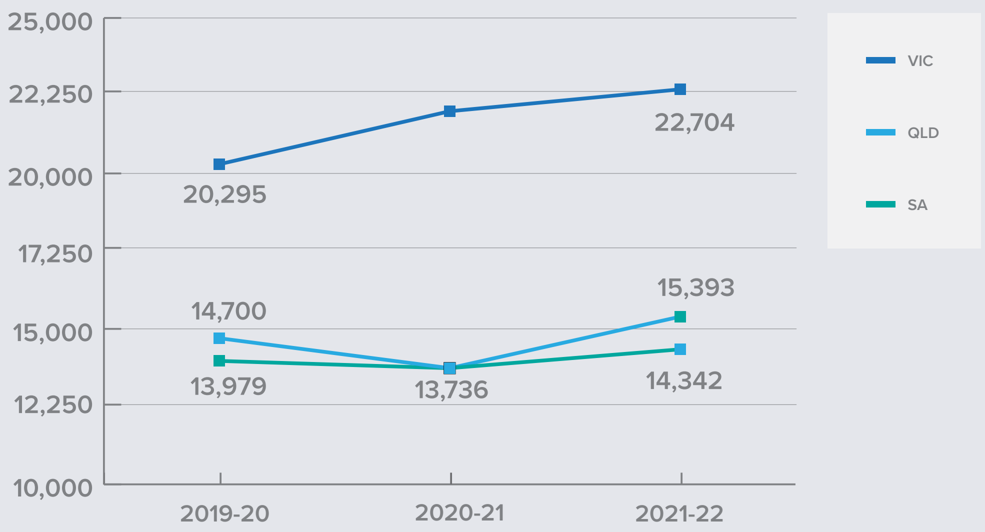
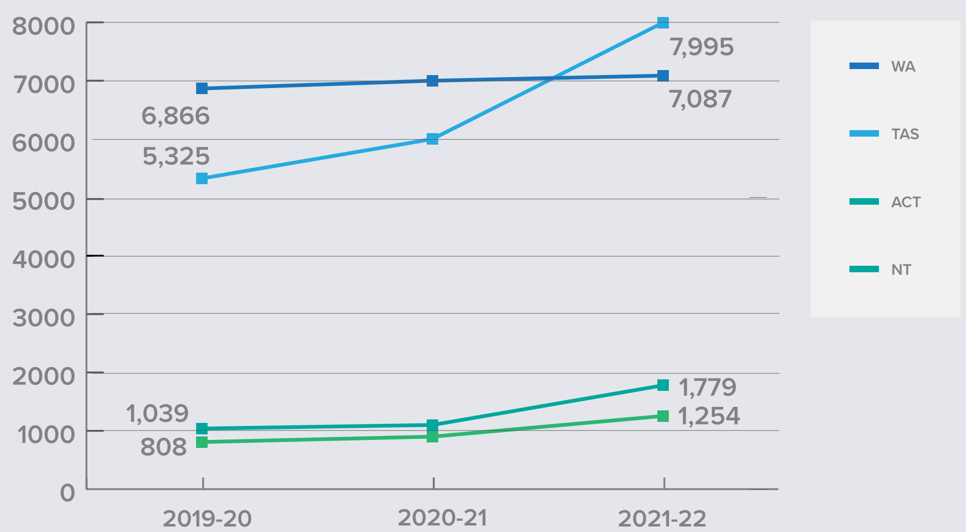


FIGURE 8: HOMES MANAGED BY CHOS BY JURISDICTION, JUNE 2020 TO JUNE 2022

WESTERN AUSTRALIA, TASMANIA, NORTHERN TERRITORY & AUSTRALIAN CAPITAL TERRITORY



PART THREE
FINANCIAL PROFILE

OPERATING PERFORMANCE

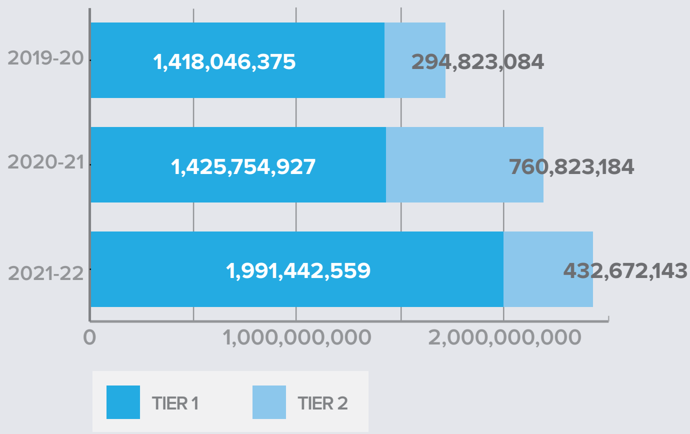
A. TOTAL REVENUE

Total revenue primarily comprises revenue from rents, public grants, other business activities, investments, and donations. There are wide variations between organisations, reflecting the diversity of CHO and ATSICHO missions, scale, and business operations.

The CHOs included in the 2022 Industry in Profile received $2.49 b in total revenue, a 7% increase on revenue in 2020-21. 77.5% ($1.9b) of revenue was collected by Tier 1 CHOs, an average of $46.8m per organisation.[xx] Sixty-three Tier 2 CHOs received $568.7m in total revenue; an average of $8.39m per organisation. Total ATSICHO revenue was $109m, an average of $10.9m per organisation.

Figure 9 illustrates the growth in total CHO revenue from 2019-20 to 2021-22 by Tier. Revenue growth in 2021-22 is associated with Tier 1 CHOs. In contrast revenue growth in 2020-21 was driven by Tier 2 CHOs.

FIGURE 9: TOTAL REVENUE - JUNE 2020 TO JUNE 2022



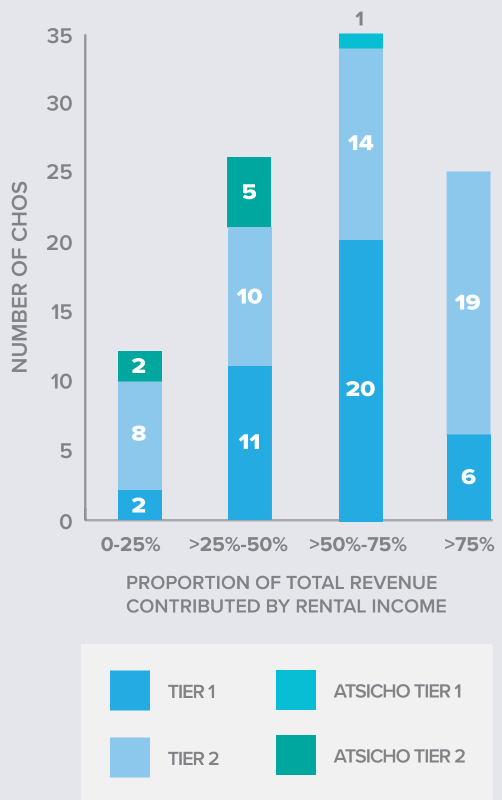
B. RENT REVENUE

Ninety eight of the 104 CHOs included in the 2022 Industry in Profile separately identified revenue from rent in their financial statements. The total rent revenue reported was $1.19b. Tier 1 CHOs on average gained 53% of their income from rent, compared with 63% in 2020-21 and 61% in 2019-20.

Tier 2 CHOs on average received 33% of their income from rent, compared with 18% in 2020-21 and 41% in 2019-20. Reliance on rent revenue varied greatly between CHOs with some delivering community or homelessness services or initiatives for which they receive grant income.

85% of all rent revenue was collected by Tier 1 CHOs, including one ATSICHO. 15% of Tier 1 CHOs and 33% of Tier 2 CHOs received 75% or more their total revenue from rents. Amongst Tier 1 CHOs the proportion of revenue accounted for by rent revenue varied from 13% to over 100%. The range amongst Tier 2 CHOs was from under 3% to 100%. Figure 10 illustrates the range of revenue accounted for by rent revenue across CHOs.

FIGURE 10: RANGE OF CHO RENT REVENUE AS A PROPORTION OF TOTAL REVENUE - JUNE 2022



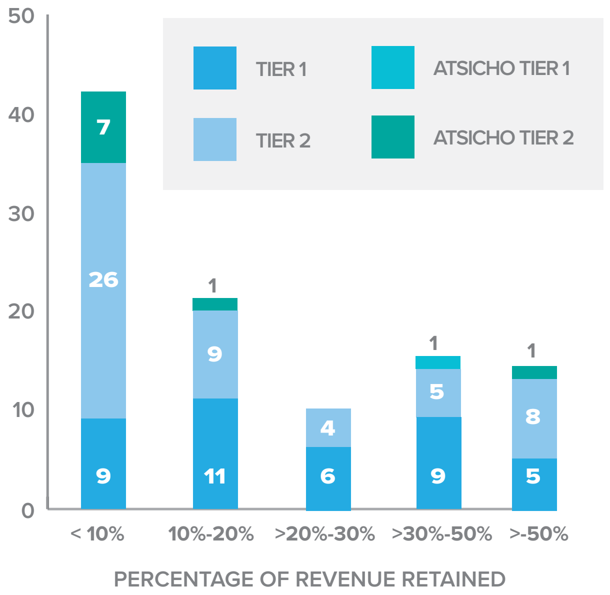
PART THREE
FINANCIAL PROFILE

C. EXPENDITURE AND OPERATING POSITION

Aggregate expenditure across all CHOs was $1.73b in 2021-22. The aggregate expenditure of Tier 1 CHOs, including one ATSICHO, increased by a small amount compared with 2020-21. Aggregate expenditure of Tier 2 CHOs, including nine ATSICHOs, fell significantly compared with the previous year and was closer to 2019-20 levels. This may indicate an easing of COVID related costs.

The proportion of revenue retained by the industry after expenditures are accounted for approximately doubled compared with 2020-21. Across the industry, 29.5% of revenue was retained as net surplus – 32% of Tier 1 revenue, 22% of Tier 2 revenue, and 23% of ATSICHO revenue. As Figure 11 below illustrates, levels of retained revenue vary widely between CHOs, reflecting this is influenced by a range of factors including growth in asset portfolios, changes in property development pipelines and acquisition commitments.

FIGURE 11: PERCENTAGE OF REVENUE RETAINED AFTER EXPENDITURE BY CHO - JUNE 2022



COMMUNITY HOUSING LIMITED

PART THREE
FINANCIAL PROFILE

BALANCE SHEET

The community housing industry had total assets valued at $20.5b in 2021-22. Seventy four percent of total asset value was held by Tier 1 CHOs, including 1 ATSICHO.

Eighty percent of Tier 2 CHOs, including nine ATSICHOs, reported total assets valued at or below $100m. This is illustrated in Figure 12.

In contrast, 76% of the Tier 1 CHOs, including one ATSICHO, reported total assets of $100m or more. 24% of Tier 1 CHOs, including one ATSICHO, and 3% of Tier 2 CHOs reported total assets of more than $500m. Figure 13 shows the distribution of CHOs with total assets over $100m.

FIGURE 12: NO. CHOS WITH TOTAL ASSETS OF $100M OR BELOW - JUNE 2022

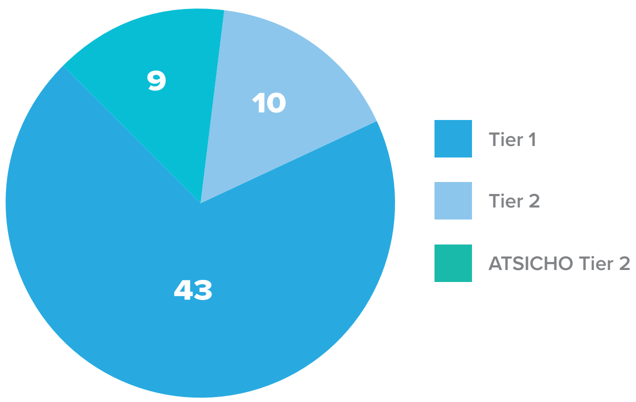
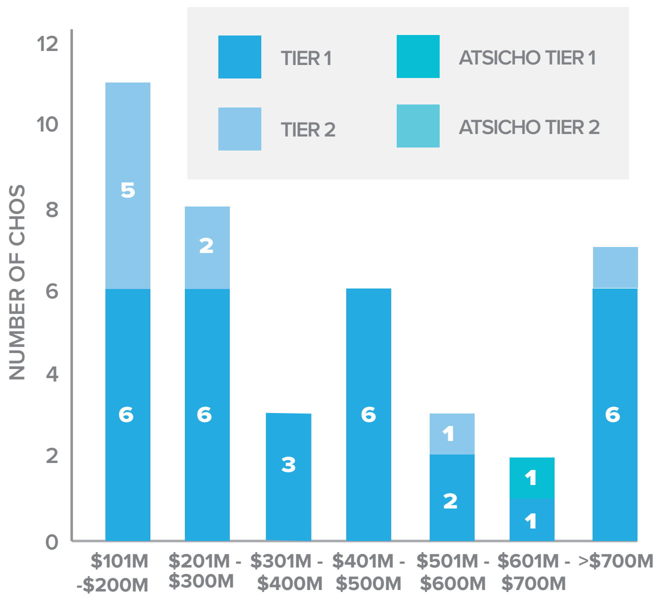


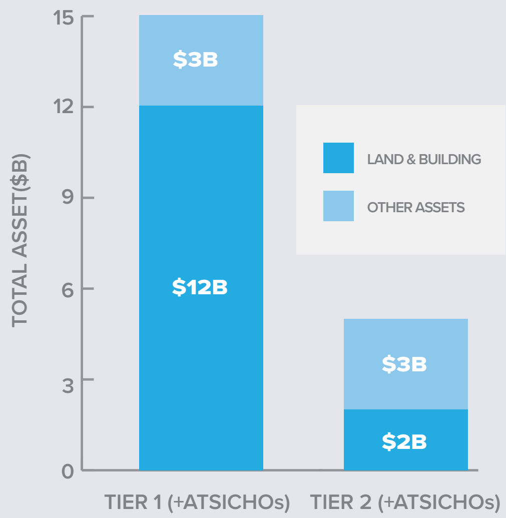
FIGURE 13: CHOS WITH TOTAL ASSETS OVER $100M - JUNE 2022



LAND AND BUILDINGS

Land and buildings comprised the largest share of asset value – 68% of total assets for CHOs reporting both Land and Buildings and Total Assets. Of these CHOs, Tier 1 CHOs held 79% of their total assets in land and buildings and Tier 2 CHOs 37%, reflecting a stronger reliance on other forms of asset holding amongst Tier 2 CHOs, a number of which operate retirement living. In 2021-22, 86% of the industry's reported land and buildings were controlled by Tier 1 CHOs. The value of Land and Buildings held by CHOs is illustrated in Figure 14.

FIGURE 14: CHO LAND AND BUILDINGS AS A SHARE OF ASSETS - JUNE 2022



TOTAL LIABILITIES

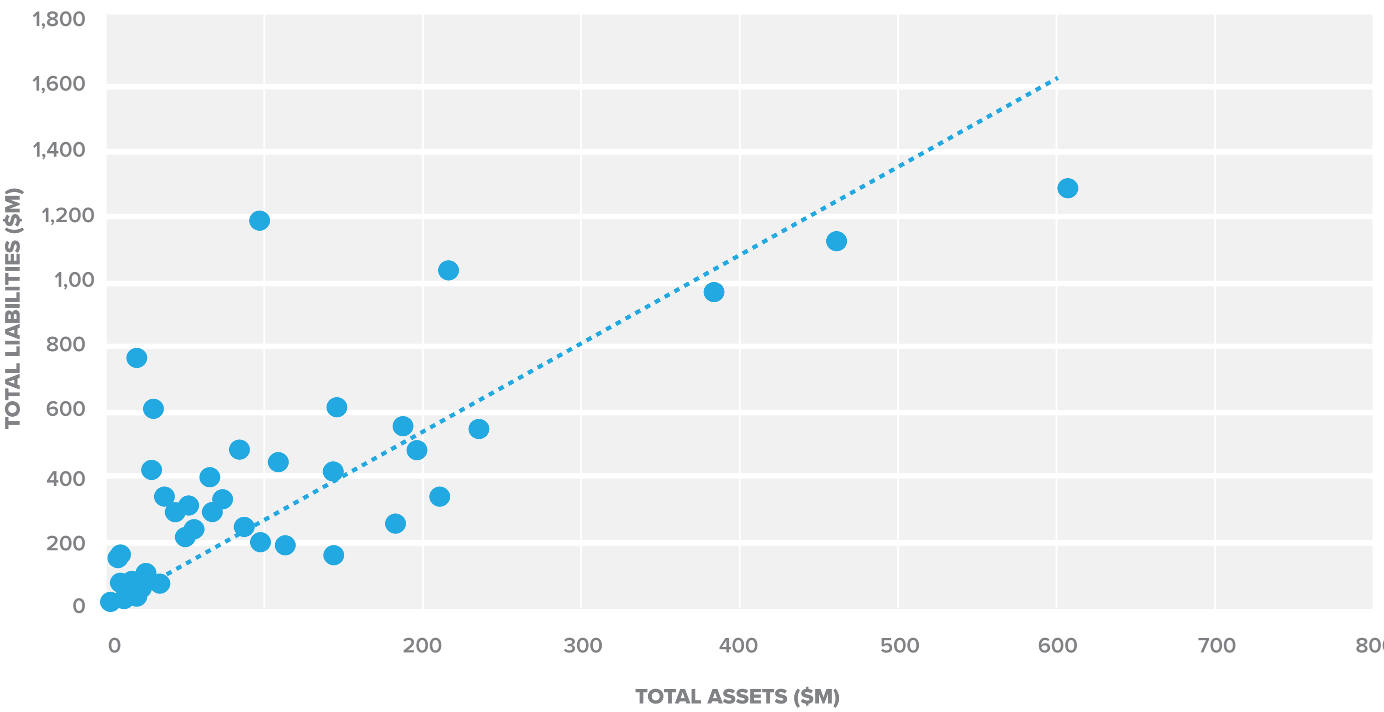
Total liabilities of CHOs were $6.7b in 2021-22 a 6.7% increase on 2020-21. Liabilities of Tier 1 CHOs increased a little under 16% compared with the previous year, while liabilities of Tier 2 CHOs reduced by slightly under 5%. Liabilities represented just under 33% of the industry's total assets.

Total liabilities as a share of total assets for Tier 1 CHOs, including one ATSICHO, is shown in Figure 15. The average ratio of liabilities to assets for this group of CHOs is 26.6% as in the previous year. The trend line shows most CHOs are clustered around the average leverage rate.

The average ratio of liabilities to assets for Tier 2 CHOs was 51%, also similar to the previous year.

PART THREE
FINANCIAL PROFILE

FIGURE 15: TIER 1 CHOS: TOTAL LIABILITIES AGAINST TOTAL ASSETS - JUNE 2022



BORROWINGS

Total liabilities included $2.8b (42%) in borrowings to support development and acquisitions. Sixty-eight CHOs – 35 Tier 1 CHOs and 33 Tier 2 CHOs, including three ATSICHOs, had borrowings for this purpose. Total CHOs' borrowings increased by 15% compared with 2020-21. Tier 1 CHOs were responsible for 85.9% of the funds borrowed. The continuing rise in borrowings largely reflects increased lending into the industry by the National Housing Finance and Investment Corporation (now Housing Australia) (see above).[xxi]

After liabilities are deducted, net equity in the community housing industry amounted to $13.8b at the end of June 2022.

Tier 1 CHOs, including one ATSICHO held 81% of the industry's net equity, at an average of over $273m per CHO. Tier 2 CHOs, including nine ATSICHOs had average net equity of $43m. Table 4 provides further information.

TABLE 4: CHO NET EQUITY

	Under $50m	$51m-$100m	$101m-$200m	$201m-$300m	$301m-$500m	Over $500m
Tier 1	10	9	8	7	3	3
Tier 2	48	3	3			
ATSICHO Tier 1	0	0	0	0	0	1
ATSICHO Tier 2	9	0	0	0	0	0
Total	**67**	**12**	**11**	**7**	**3**	**3**

SURVEY SUMMARY

TABLE 4 PROVIDES AN OVERVIEW OF THE METRICS CONTAINED IN THE REPORT.

TABLE 4: INDUSTRY METRICS 2021/22

METRIC	ALL CHOs (104)	TIER 1 CHOs (40)	TIER 2/3 CHOs (63)	ATSICHOs (10)
HOMES MANAGED	132,417	109,583	22,834	3,760
DWELLINGS OWNED	40,748	33,335	7,413	1,893
DWELLING PIPELINE	5,896	5,032	864	2
TOTAL REVENUE	$2.49B	$1.92B	$0.6B	$0.11B
RENT REVENUE	$1.19B[2]	$1.01B	$0.18B	$0.03B
TOTAL EXPENDITURE	$1.75B[3]	$132B	$0.43B	$0.083B
TOTAL ASSETS	$20.52B	$15.26B	$5.26B	$0.77B
LAND & BUILDING ASSETS	$13.7B[4]	$11.8B	$1.9B	$0.66B
TOTAL LIABILITIES	$6.73B[5]	$4.06B	$2.67B	$0.067B
TOTAL BORROWINGS	$2.8B[6]	$2.4B	$0.4B	$0.006B
NET EQUITY	$13.8B[6]	$11.2B	$2.6B	$0.7B

Due to missing data, not all CHOs were included in the analysis of some variables, as indicated below

[2] 98 CHOs; [3] 102 CHOs; [4] 93 CHOs; [5] 101 CHOs; [6] 65 CHOs

APPENDIX
The 2021-22 Industry in Profile data collection

This Data Digest analyses twelve variables for each CHO. These are:

- **Tenancies managed**
- **Dwellings owned**
- **Development pipelines**
- **Service locations** by jurisdiction
- **Operating position** – measured by total revenue, rent revenue, total expenditure
- **Balance sheet** – measured by total asset value, land and building asset value, total liabilities, borrowings, and net equity

Definitions for these variables are provided in the section below.

As in previous years, we have focused on variables that are usually reported in publicly available registers or CHO annual reports.[xxiv] Where necessary we sought additional information directly from individual CHOs. For example, we contacted CHOs in Victoria and Western Australia to supplement the publicly available information about tenancies managed and development pipelines. We also contacted some CHOs operating as part of a larger group structure for disaggregated financial information relating to their community housing operations.

As there is no single national record of the community housing industry, we once again applied standard national definitions of housing services (social housing, specialist housing, affordable housing, transitional housing etc) based on NRSCH data definitions.

The range of activities conducted by CHOs vary and this affects some of the metrics used. For instance, some CHOs may be a division of a larger welfare conglomerate providing a wide range of social or community support services, or they may operate other services alongside their housing function. In these cases, financial data may include revenue, expenditure, assets and liabilities related to other non-housing functions. Wherever the data allowed, however, the analysis has been limited to the organisation's community housing functions.

As in previous years, the main limitation affecting data quality and coverage is the lack of standardisation of non-financial indicators used in CHO annual reports.[xxv]

There is no requirement for CHOs to publish a specific minimum set of property indicators, instead CHOs choose and define the measures they report. As a result, the property and tenancy data analysed for this report is inevitably less reliable than the financial data. There are also differences in definitions and reporting rules between regulatory jurisdictions, both within the NRSCH and between the NRSCH and the two jurisdictions that operate independent regulatory regimes for CHOs.

We have made efforts to check the data presented in this report. Where it was not possible to reach an acceptable standard of reliability, we have not included the information.

DEFINITIONS OF VARIABLES

VARIABLE	DEFINITION
Managed Rental Tenancies	Count of rental tenancies managed by the CHO on June 30. Includes affordable rental housing, social rental housing, specialist accommodation (e.g., disability), medium or fixed term tenancies (referred to as transitional housing in some jurisdictions) and crisis housing. Excludes market rentals and residential aged care.
Dwellings Owned	Count of all residential dwellings owned by the CHO on June 30
Dwelling Pipeline	Count of all dwellings under construction by the CHO or for which DA approval had been received on June 30
Service Locations	State/territory where housing services are provided
Total Revenue	Total revenue reported in Profit & Loss Statement June 30
Rent Revenue	Revenue from rent reported in Profit & Loss Statement June 30
Total Expenditure	Total expenditure reported in Profit & Loss Statement June 30
Total Assets	Value of total assets on Balance Sheet June 30
Land & Building Assets	Value of land and building assets on Balance Sheet June 30
Total Liabilities	Value of total current and non-current liabilities on Balance Sheet June 30
Borrowings	Total borrowings (financial liabilities) on Balance Sheet June 30
Net Equity	Total assets minus total liabilities June 30

NOTES

i One CHO was excluded in error, Project Independence a Tier 2 CHO operating in the Australian Capital Territory. Project Independence provides homes for people with a disability. It manages 22 homes.

ii Under the NRSCH, registered CHOs can register in one of three tiers according to the scope, scale and complexity of their business activities:

- Tier 1: housing providers with asset procurement and development functions (and the ability to grow social and affordable housing supply through construction, purchase or acquisition) and/or complex tenancy and property management functions that operate at scale
- Tier 2: housing providers typically involved in moderately complex asset and tenancy management activities
- Tier 3: housing providers typically involved in small-scale tenancy management activities.

Western Australian uses a similar classification to the NRSCH. Under the Victorian housing register, the equivalent of a Tier 1 provider is a 'housing association'. Other organisations in Victoria are registered as 'housing providers'. For simplicity and comparability, we have recorded VIC housing associations as T1 and the housing providers as T2.

iii The analysis is confined to Tier 1 and Tier 2 (or equivalent) CHOs due to the highly manual nature of the data collection required.

iv Steering Committee for the Review of Government Service Provision (2023) Report on Government Services, Part G: Housing and homelessness, Canberra: Productivity Commission.

v Australian Government (2022) National Rental Affordability Scheme Quarterly Performance Report, June

vi Leishman, C., Aminpour, F., Baker, E., Beer, A., Crowe, A., Goodall, Z., Horton, E., Jacobs, K., Lester, L., Torchia, S., Maclennan, D., Martin, C., Nash, M., Pawson, H., Rowley, S., Stone, W. and Ong ViforJ, R. (2022) Australia's COVID-19 pandemic housing policy responses, AHURI Final Report No. 376, Australian Housing and Urban Research Institute Limited, Melbourne

vii See https://www.closingthegap.gov.au/partnership for further details.

viii National Housing Finance and Investment Corporation (NHFIC) (2022) Social Bond Report 2021-22, Canberra: Australian Government.

ix 2023 Report on Government Services.

x The NRSCH data used in this report was current when compilation of this report began, after 30 June 2022. It may slightly overstate the number of homes managed as at 30 June 2022. The main official source of information on the number of community housing tenancies is the annual Report of Government Services. In that record, total dwellings (tenantable and non-tenantable) offered by CHOs on 30 June 2022 was given as 111,681 homes with a further 15,814 homes managed by ATSICHOs (Steering Committee for the Review of Government Service Provision (2023). This figure is compiled from jurisdictional returns that use different definitions of a community housing home, and which capture the full ATSICHO sector.

xi Differences in jurisdictional data definitions and reporting regimes mean that some affordable rental housing, medium or fixed term tenancies, specialist disability accommodation and crisis accommodation may not be separately reported by CHOs.

xii On expiry of NRAS subsidies for an affordable rental property (usually after 10 years), the property owner may continue to charge an affordable rental, rent it at a market level, or dispose of it at their discretion. Most CHOs aim to retain the affordable rentals that they own where this is financially feasible. However, CHOs do not own all the homes they manage under NRAS and investors generally will require the home to sold or revert to market rental rates.

xiii Data on development pipelines was drawn from two sources: CHO annual reports and a survey of CHOs in Victoria and Western Australia. CHIA has not independently verified the information provided.

xiv Social housing development being progressed by state/territory governments to generate homes for CHOs management under contract (e.g. as in the NSW Government's Communities Plus program) are also an additional source of new supply.

xv Remote Australia is largely served by ATSICHOs, the large majority of which are not included in this Industry in Profile. See the Organisations Excluded and Operating Context sections within the body of this report for further information.

xvi The numbers in this table include multi-jurisdictional CHOs in each jurisdiction that they operate.

xvii A multi-jurisdictional CHO is one which has its head office and primary registration in one state or territory and provides services in one or more additional jurisdictions.

xviii Note that Queensland uses a different definition of community housing to other jurisdictions.

xix NRSCH data assigns homes to the primary registration jurisdiction. Where a CHO operates in more than one NRSCH jurisdiction we have used our best endeavours to accurately assign homes to the correct jurisdiction, however there will be a degree of error.

xx Financial information was unavailable for 3 CHOs that operate within a corporate group structure.

xxi NHFIC loans to finance new housing acquisitions appear in CHO balance sheets in their entirety on approval and are drawn on by the recipient CHO progressively as procurement costs are incurred.

xxiii Our main sources of data and information were annual audited financial statements published by the Australian Charities and Not-for-profits Commission; the annual performance reports of registered entities that published by the NRSCH and provided by the Victorian Register of Housing; and the Report on Government Services (Part G: Housing and Homelessness) published annually by the Productivity Commission.

xxiv Where a data entry for a particular variable had the potential to be misleading it was removed from the analysis.