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Published: 01/01/2005

Document Version:
Peer reviewed version

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Recommended citation(APA):

Susilawati, C., Skitmore, M., & Armitage, L. (2005). *Multi-stakeholder partnerships in affordable rental housing: An investigation using soft systems framework*. 1-17. Paper presented at International Conference on Engaging Communities, Brisbane, Australia.

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COVER SHEET

Susilawati, Connie and Skitmore, Martin and Armitage, Lynne (2005) Multi-stakeholder Partnerships in Affordable Rental Housing: an Investigation Using Soft Systems Framework. In Gardiner, Dave and Scott, Katie, Eds. *Proceedings International Conference on Engaging Communities*, Brisbane.

Accessed from: <http://eprints.qut.edu.au/archive/00003937>

Multi-stakeholder Partnerships in Affordable Rental Housing: an Investigation Using Soft Systems Framework

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Queensland Department of Housing has proposed the use of partnerships as one possible option to deliver affordable housing outcomes. Although this initiative is supported by other stakeholders, many constraints have impeded its implementation for the delivery of real projects. Whilst it might find application for mixed housing projects with some relaxation on tax and/ or planning requirements, in general, affordable housing has not been seen as a valuable investment. Moreover, the partnerships require stakeholders to work across boundaries and outside their comfort zones.

This initial study examines the use of soft systems framework to explore stakeholders' views of multi-stakeholder partnerships in affordable rental housing. A series of in-depth interviews with major stakeholders representing housing providers, regulators and users in Queensland has been conducted.

Soft systems methodology has been used to express the unstructured problem by using systematic thinking to develop a conceptual model to solve the problem. A complex problem is broken down into role, social system and political system analyses. This study provides an example of using systematic thinking in solving conflicting problems. The gap between the conceptual model and implementation in the real world situation was also investigated. Major changes in the socio-cultural aspects of the broader community as well as between stakeholders were required to implement the further development of multi-stakeholder partnerships for affordable rental housing.

Introduction

The existing supply of affordable rental housing in Queensland is decreasing (Queensland Community Housing Coalition, 2003a). Lack of government funding, increased production and maintenance costs of existing portfolios have limited the government's ability to produce new supply. Moreover, shifting job security and increasing cost of living have leveraged the demand for affordable housing. Therefore, the gap between demand and supply has widened and thus an enhanced need for private sector involvement in affordable rental housing has arisen (Berry, 2001).

Queensland Department of Housing has proposed new approaches to deliver more affordable housing by expanding the traditional direct housing provision in the public housing system. The Department identifies its current affordable housing initiatives (Queensland Department of Housing, 2005a) as follows:

- Affordable Housing Strategy (endorsed by State Cabinet in June 2001).
- State Planning Policy (The Discussion Paper – Affordable Housing, Residential Development and Community Well Being was released in April 2002)

- Affordable Housing Design Guidelines (September 2004)
- Local government housing resources kit (October 2003). This resource is designed for local governments that want to play a role in addressing their community's housing needs.
- Benchmark Affordable Housing Rents Schedule (January 2005)
- Partnerships (Affordable housing information sheets – n.d.)
- Affordable Housing Summit in Brisbane on 15 November 2002

Some of these initiatives acknowledge the needs for building partnerships with other stakeholders to achieve the desirable affordable housing outcome- a partnership being defined initiative is as 'a relationship where two or more parties, having a compatible goal, form an agreement to do something together' (Frank and Smith, 2000, p.5). In partnershiping, parties share the investment of resources, work, risk, responsibility, decision-making, authority, benefits and burdens. By this means, therefore, a more complex task can be done more efficiently with existing resources.

Although the partnership initiative is accepted by many stakeholders, a variety of constraints have impeded its implementation for real projects (Susilawati, Armitage and Skitmore, 2005). The study reported in this paper involved the use of a soft systems framework to explore stakeholders' views of these constraints in multi-stakeholder partnerships for affordable rental housing. A literature review in areas of multi-stakeholder partnerships and soft systems framework is provided along with the results of a series of in-depth interviews with major stakeholders representing housing providers and regulators in Queensland

Multi-stakeholder Partnerships in Affordable Rental Housing

Recently, the importance of having affordable housing for both ownership and renter affordability has been discussed in national and regional forums, including the National Housing Conferences, the Productivity Commission's first home ownership inquiry (2004), National Summit on Housing Affordability (2004) and the Queensland Shelter Conference (2004). Some researchers have discussed initiatives to improve support for affordable private sector housing (Powall and Withers, 2004, p.32) and to promote an expansion of the role of the private sector as well as other players to deliver affordable housing services in Australia (Milligan, Phibbs, Fagan and Gurrin, 2004; Seelig, 2004). In the context of improving the supply of affordable rental housing, some proposals associated with partnerships amongst housing providers were raised.

Affordable Housing National Research Consortium has completed some studies on finding solutions to affordable housing problems in Australia which recommended proceeding with a

direct government subsidy for private (debt) investment in affordable housing (Berry, 2001). Similarly with regard to the community housing sector, a recommendation was suggested that private finance be obtained to deliver and ultimately increase the supply of community housing in Australia (Brian Elton and Associates and National Community Housing Forum (Aust.), 1998). Queensland Community Housing Coalition (QCHC) the peak body of community housing organisations in Queensland has explored the possibilities of building successful community/ private affordable housing initiatives (Queensland Community Housing Coalition, 2003b). Moreover, Earl suggested the collaboration between private and community sectors will enhance the supply of affordable housing for the aged (Earl and Regan, 2003).

Queensland Department of Housing perceives affordable housing by partnership arrangements as important issues by stressing the partnership initiatives in its Strategic Action Plan (Department of Housing, 2001). One of the key performance measures for the Department under the proposed 2003-2008 Commonwealth State Housing Agreement (CSHA) is the increase of private and community sectors and local government involvement in social housing (Queensland Department of Housing, 2003a).

Diversities of partnership arrangements between public, private sectors and not-for-profit organisations have been mounted to provide wider options to satisfy the equally broad range of affordable housing needs. On the other hand, the lack of affordable housing partnership arrangements has shown that many stakeholders have still not enough confidence in the benefits of collaboration. An ad hoc partnership project will make very little impact on affordable housing outcomes (Seelig, 2004).

This section focuses on current practices and problems in delivering affordable rental housing by multi-stakeholder partnerships. It defines affordable rental housing, identifies the role and responsibilities of the stakeholders and current partnership initiatives in affordable housing projects in Queensland.

The Queensland Department of Housing (2005, p.1) defines affordable rental housing as those dwellings appropriate to the needs of low-income households in terms of design, location and access to services and facilities as well as having rent charges which do not exceed 30% of gross household income for people in the lowest 40% of income units. The government provides a benchmark to describe the target market segment of affordable rental housing. The following information can be used by housing providers in the calculation of projected income in their investment proposal.

The benchmark rents are calculated as follows:

$$[(\text{Rent} - \text{Rent Assistance}) / \text{Gross Household Income}] \times 100\% \leq 30\%$$

(Queensland Department of Housing, 2005b, p.2)

Table 1: Benchmark of affordable rent ranges (March 2004 and January 2005)

Dwelling Size	Low income			
	Gross household income range (\$/week)		Benchmark Affordable Rent range (\$/week)	
	March 2004	January 2005	March 2004	January 2005
1 bedroom	292.10 – 493.60	296.35 – 501	135 – 193	137 – 196
2 bedrooms	369.64 – 646.68	375.43 – 659.16	166 – 250	169 – 254
3 bedrooms	447.18 – 726.22	454.51 – 738.24	190 – 281	193 – 285
4 bedrooms	602.26 – 803.76	612.67 – 817.32	244 – 304	248 – 309

* Based on the Centrelink benefit levels as at 20 March 2004 and 1 January 2005

Source: (Queensland Department of Housing, 2004b, p. 3; 2005b, p. 3)

Table 1 illustrates the benchmark of affordable rent ranges in March 2004 and January 2005. There is a slight change, around \$2 to \$5 per week, in the rent range in alignment with the increment of gross household income range. This annual increment is similar to the private housing market rent which is normally \$5 per week.

Further requirements for being an affordable housing provider is:

'a property owner and/ or manager, whether private or not-for-profit, who meets the requirements of the *Property Agents and Motor Dealers Act 2000* and is either:

(a) registered under relevant State legislation (e.g. the *Residential Services Accreditation Act 2002*, the *Retirement Villages Act 1999*, or the *Housing Act 2003*); or

(b) accredited under relevant national standards; or

(c) in partnership with an organisation that meets the requirements of (a) and (b)'.
(Queensland Department of Housing, 2004a, p.7).

The above requirements are intended to encourage partnership arrangements and provide benchmarks for housing providers. The registration and/ or accreditation process should invoke more confidence in other housing providers (as well as financial institutions) in building partnerships.

In addition, the Queensland Department of Housing (2003) identifies different roles and responsibilities for public, private and not-for-profit stakeholders. The three tiers of government are responsible for the area of regulation, facilitating the delivery of affordable housing and economic management to support investment in housing through interest rates,

investment incentives and a range of other funding initiatives (Queensland Department of Housing, 2003b, p. 2-2; 2004a, p.4) The state government, private sector and community organisations are responsible for the delivery of housing through the construction process and also property and tenancy management.

The Queensland Department of Housing is about to publish guideline in affordable rental housing development entitled 'Design, Develop, Deliver: A Guide to Affordable Rental Housing' (Queensland Department of Housing, 2005a). It combines the 'Affordable Housing Design Guidelines' and the 'Benchmark Affordable Housing Rents Schedule'. The information can be used by proponents and initiators for preparing affordable housing proposals. Any housing and residential development is ideally planned with the participation of the community and in partnership with other key stakeholders (Queensland Department of Housing, 2004a).

Stakeholders foresee additional benefits, such as financial/material or intangible (image and knowledge development), and expect them to offset the extra cost or time involved to prepare and adapt the organisation of the partnership (Klijn and Teisman, 2003, p. 137). Since affordable rental housing investments provide a lower financial return with the same cost of production as 'non-affordable' rental housing therefore, the private sector will not invest in this sector without the partnership of government. On the other hand, the government may leverage their budget by using partnershiping arrangement to provide more housing outcomes.

The Queensland government has initiated partnershiping in a few different projects. For example, the Queensland Department of Housing and Brisbane City Council have established the Brisbane Housing Company (BHC) to deliver affordable housing for the 'working poor'. Another affordable housing project is the Kelvin Grove Urban Village (KGUV) which is a mixed-use housing development combined with Queensland University of Technology (Kelvin Grove Campus).

Soft Systems Framework

The decision-making processes are more complex in multi-stakeholder partnership arrangements. This section discusses hard and soft systems decision-making tools and soft systems methodology and process which will be used in this study.

In classical and rational analyses, the problems are solved in four stages: (1) identify variables, (2) decision criteria, (3) constrained choice and (4) risk (Pidd, 1996). The tools range between divergent (synthesis) and convergent (analysis) and have substantive and

procedural rationality - limiting the use of the human brain and restricting the amount of creative thinking and intuition that can be used in the process. These approaches are identified as hard methods.

In the real world, problems are neither straightforward nor inseparable from the situations (Davies and Ledington, 1991, p. 31) and many complex problems cannot be solved using these hard methods. Checkland has proposed what is termed the soft systems methodology as an alternative (Checkland, 1981). Table 2 compares hard and soft systems characteristics.

Table 2. Hard and soft systems characteristics

Items	Hard	Soft
Problem definition	Straightforward, unitary	Problematic, pluralistic
The organisation	Taken for granted	To be negotiated
The model	Representative of the real world	Debate and insight
The outcome	Product or recommendation	Progress through learning

Source: (Pidd, 1996, p.121)

Soft systems methodology is used as an alternative management science tool for analysing qualitative and subjective data and to interpret people's ideas and preferences as consequences of possible action (Pidd, 1996; Savage and Mingers, 1993, p.7). The method assumes that people's perceptions are varied and their preferences may differ.

The Soft systems methodology expresses the unstructured problem by using systematic thinking to develop a conceptual model to solve the problem. A soft systems is normally used in the 'ill-definable' problem situation (Bausch, 2001). Figure 1 shows the original methodology which uses seven steps and have two divisions: real world (cultural enquiry) and system thinking (logic driven).

A complex problem is broken down into role, social system and political system analyses. As with other problem-solving tools, before defining problems, each party needs to have defined roles, such as client, problem solver and problem owner. In social system analysis, different norms and values are distinguished. In political system analysis, the system explains how different interests may be accommodated.

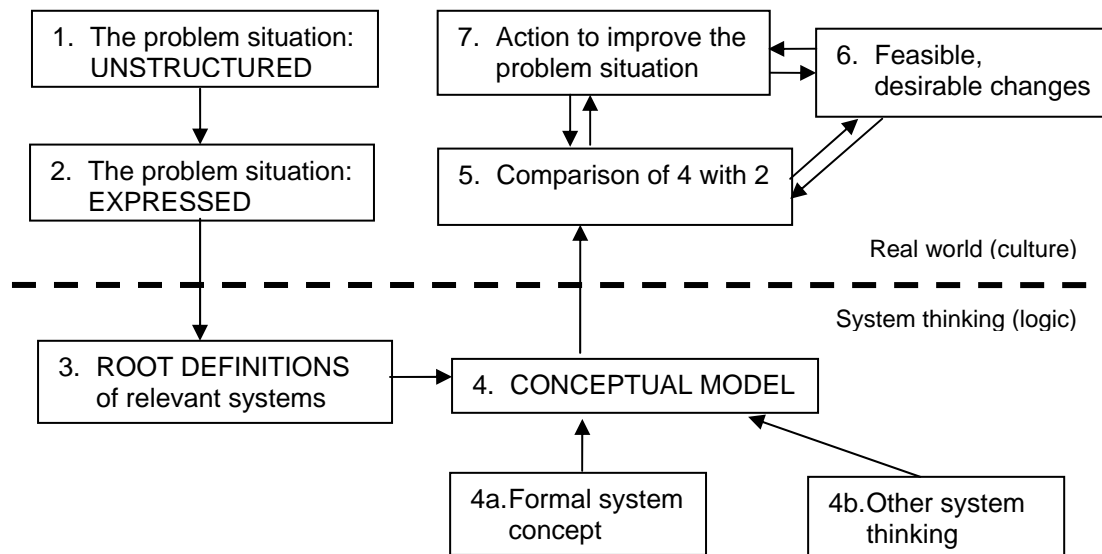


Figure 1. Soft Systems Methodology
Source: Checkland (1981)

In the latter publication, soft systems is condensed into five steps: problem situation, CATWOE (see Table 3), conceptual model, comparison and implementation. Table 3 shows the soft systems methodology procedures for each step. The study used this framework to analyse the qualitative data as discussed in the next section.

In the comparison and implementation process, it is necessary to check the current situation and environment. Davies and Ledington (1991) suggest four techniques for the comparison process: structured data collection and tabulation, model to model, model overlay and attribute mapping. The criteria of operational capability of the organised actions are efficacy, efficiency and effective (Davies and Ledington, 1991, p.119). "No matter how attractive an idea may seem in the realm of system thinking, unless it is acceptable given the culture of the organisation at that time, there is little chance of it being implemented" (Pidd, 1996, p. 146)

Research Methodology

A series of in-depth interviews with major stakeholders representing housing providers and regulators in Queensland was conducted. There were 17 people interviewed comprising, seven representatives of the private sector, five government officers and five representatives of not-for-profit organisations. Table 4 describes the composition of each sub-group classified by the scope of their organisation and their gender.

Table 3. Soft Systems Methodology Process

1&2 Problem situation	Exploration and finding out	<ol style="list-style-type: none"> a. The structure b. The process c. The climate
3 CATWOE	Capture a system given the problems and its situation	<p>Root definition (CATWOE):</p> <ul style="list-style-type: none"> • Customer is the immediate beneficiary/ victim • Actors • Transformation process the conversion input to output • Weltanschauung (world view) • Ownership • Environmental constraints (external: legal, physical, ethical)
4 Conceptual model	Conceptual model in the system thinking	<ol style="list-style-type: none"> 1. Develop a well-formulated root definition 2. Underline the verbs in the root definition 3. Organise the verbs into activities in sequential logic 4. Add control activities 5. Checking conceptual models
5 Compare models with perceptions of the problem	Comparing concept model to what is there	<ol style="list-style-type: none"> 1. Ordered questioning 2. Walking through (reconstruction) of past experiences 3. Conducting a general discussion 4. Model overlays
6&7 Implementation action	Implementation cultural feasible and systematically desirable changes	<ol style="list-style-type: none"> a. The structure b. The process c. The climate

Source: (Bausch, 2001, p.118; Davies and Ledington, 1991; Kowszun, 1992; Pidd, 1996, pp. 134-146)

Table 4: Respondent profile

	private	government	not-for-profit	Total
Sub-group	7	5	5	17
Local	2	2	2	6
Regional	5	3	3	11
Male	6	4	3	13
Female	1	1	2	4

Each stakeholder responded the same semi-structured questionnaire. This initial study analysed only three qualitative questions from the questionnaire using a soft systems framework: (1) decision-making criteria, (2) affordable housing initiatives and (3) barriers to building partnerships for delivering affordable housing.

Soft Systems Framework in Multi-stakeholder Partnerships Problems

This paper is reporting on an ongoing research project and therefore only describes initial usage of the soft systems framework. It provides an example of using the soft systems framework for analysing multi-stakeholder partnerships using conflicting decision-making criteria. In this study, the soft systems framework was used to break down a complex and unstructured problem situation of multi-stakeholder partnerships in delivering affordable housing to system thinking, the problems were then defined and a suitable conceptual model built.

1. Analysis of the problem situation

a. Role analysis (Process)

- Client: State government
- Problem owner: State government
- Decision taker(s): Housing providers

b. Social system (cultural) analysis (Climate)

- Roles: Regulators
- Attributes Culture:
 - History: Public housing concentration
 - Symbolic forms: Myths of public housing tenants and stock
 - Formalism: Changes of current regulations

c. Political analysis (Structure)

- Power and authority Regulators, brokerage and facilitators

2. System thinking applied to the development of the root definition

C	ustomer	housing providers
A	ctor	external researcher
T	ransformation	sound ideas
W	eltanschauung (world view)	most effective
O	wner	state government
E	nvironment	current legislation

Applying the root definition to this case study:

A **state government** owned system where the **current legislation** is assumed to be a given; an **external researcher** provides the state government with a set of **sound ideas** (defined as both systemically desirable and culturally feasible) and recommends the **most effective** results. The system carries this out by classifying the decision-making criteria of each stakeholder involved in affordable housing projects, examining partnerships in affordable housing initiatives, identifying ways to build successful partnerships which will assist **housing providers** in delivering affordable housing projects.

3. Conceptual model

The model is generated by the verbs used in the root definition, as follows:

- **classifying** the decision-making criteria of each stakeholder involved in affordable housing projects
- **examining** partnerships in affordable housing initiatives
- **identifying** ways to build successful partnerships in delivering affordable housing projects.
- **recommending** the most effective results.

Figure 2 illustrated the sequence of those activities with an additional control activity (comparing actual versus desired).

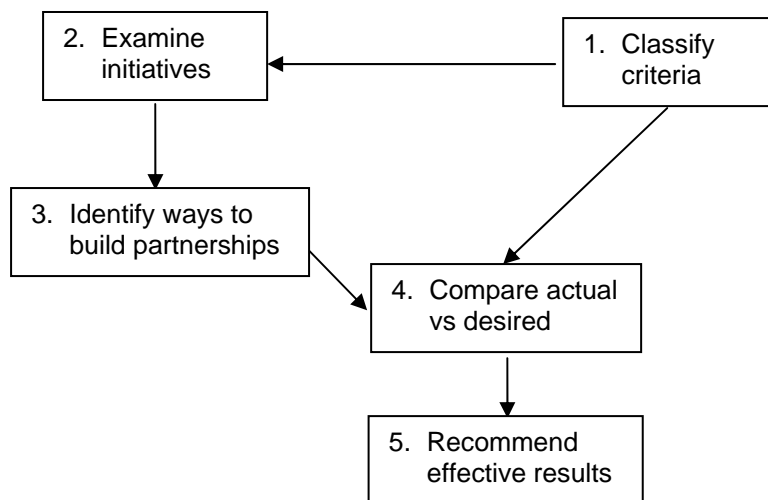


Figure 2 Conceptual model

Source: Authors (2005)

4. Compare models with the problem

Activity 1: Classifying decision-making criteria

The summary of interview results on decision-making criteria produced by each group of stakeholders is shown in Table 5. Each item is independent from the others although stated by the same stakeholders group. The data highlights the diversity of opinions need by stakeholders based on their roles and past experiences.

- Role:

The local government regarded 'overall housing outcome' in their decision criteria and acted as 'facilitator' in affordable housing delivery. On the other hand, the state government stated their criteria more as a 'regulator'.

- Risk:

Risk is an important criterion for stakeholders, especially for state government and for the private sector. The private sector stakeholders have to maintain the required rate of return for the risk that they have to bear. In addition, the state government considers the partnership will lessen investment risk.

- Financial performance:

In general, the respondents see financial performance criteria as the most important consideration in the affordable housing investment. The majority of stakeholders consider long-term investment decisions and more comprehensive criteria in delivering sustainable affordable housing outcome. Finally, stakeholders suggested that building multi-stakeholder partnerships will optimise

affordable housing outcome. The individual stakeholder decision making criteria in Table 5 might influence their consideration on managing a partnership in affordable housing projects.

Table 5. Multi-criteria decision-making by multi-stakeholder

	Economic	Social and Environmental
State government	<ul style="list-style-type: none"> - Efficiency - Value for Money - Cost Benefit Assessment - Whole life cycle costing - Government might have to subsidise the gap of required return (spending policy) - Risk mitigation through partnership 	<ul style="list-style-type: none"> - Deliver sustainable affordable housing outcomes
Local government	<ul style="list-style-type: none"> - Good planning and smart design for planning bonus agreement - Cost of delivery versus potential incomes for mixed housing - Attracting more funding in housing 	<ul style="list-style-type: none"> - Social justice, fair housing system - Triple bottom line
Private sector	<ul style="list-style-type: none"> - Lower rate of return for AH for less risk (more certainty) 	
Community Housing organisation	<ul style="list-style-type: none"> - Long term relationship to achieve competitive pricing - Partnership and each does what they are good at - Fits affordable criteria (cost of housing less than 30% of household income) 	<ul style="list-style-type: none"> - Location of the project: proximity to public transport, services, hospitals, shops and employment - Suitable design

Source: Authors (2005)

Activity 2: Examining affordable housing initiatives

The interview results on affordable housing initiatives are illustrated in Table 6. The stakeholders indicated the direction of their activities as well as their interaction with the other stakeholders to improve the supply of affordable housing. However, many of the initiatives are interdependent and reactive actions. Often, they are waiting for other parties to respond before they undertake a real action to make it happen.

Table 6. Affordable Housing Initiatives by multi-stakeholder

Stakeholder	Affordable housing initiatives
State government	<ul style="list-style-type: none"> - Using partnership protocol to identify some opportunities in the partnership proposals - Publishing guidelines for affordable housing delivery
Local government	<ul style="list-style-type: none"> - Providing planning bonus with land covenant on the title
Private sector	<ul style="list-style-type: none"> - Demand on government subsidy for affordable rental accommodation investment through tax relief and planning system in free market operation
Community Housing organisation	<ul style="list-style-type: none"> - Participating in public debate - Organising internal training to enhance the organisation's capabilities in delivering more affordable housing outcomes

Source: Authors (2005)

Activity 3: Identifying ways to build successful partnerships

This section evaluates the impediments to building partnerships from past experiences as nominated by each stakeholder and explores stakeholders' views of these constraints in multi-stakeholder partnerships. Some recommendations for further study based on the results of this initial study are discussed at the end of this section in order to identify how to build successful partnerships among stakeholders. Table 7 summarises each stakeholder's opinions of organisational barriers which are classified under different themes as listed in the first column. Stakeholders may comment on others' as well as reflect on their own problems.

The government has an important role in improving the supply of affordable housing and it is expected to provide an enabling (and/ or leadership) role by publishing guidelines and facilitating a national approach. Many of the three tiers of government's policies are inconsistent and pulling in different directions. A restructure of government organisation may help ease the decision-making process and the risk and benefit sharing with other stakeholders.

All stakeholders emphasise lack of will and of commitment to be a major impediments for working together. The government needs community support to drive its funding policy and, unfortunately, affordable housing is not viewed as being important as

health, education and other issues. Lack of public acceptance leads to government reluctance to supporting more funding in this area because it will not win votes. Furthermore, as one community housing respondent suggested the government has enough funding for housing concentrates it in supporting middle level housing investment and above. Moreover, all stakeholders (including state and local government officers) point out the need to change tax policy to give incentives to attract a more affordable housing supply.

Table 7. Inter- and intra- organisational barriers to building partnerships

Themes	Government	Private Sector	Community Housing
Government's organisation	bureaucratic; risk averse; tighten by legislation		bureaucratic; risk averse
Political will	no strong commitment	lack of political will; desire; commitment	lack of political will
	not high public priority as health system	no real action; fear of vote loss	vote loser issue
Lack of public acceptance	NIMBY ('not in my back yard')	NIMBY; density rejection	not subsidise people in need; NYMBY.
Trust		perception: government does not trust private sector	government doesn't trust their social housing system
Information sharing	do not want to publish bad performance	afraid of competition	
Funding and tax incentives	budget constraint; prioritisation for low-end housing	lack of funding	imbalanced funding
	lack of tax incentives; not subsidise non-viable project	lack of tax relief	lack of tax incentives
Community housing's resources	lack of skilled personnel to manage	lack of skilled staff; financial position not good	lack of skilled personnel; technology
	capacity building to manage property effectively	education in different areas, reluctant to share resources and amalgamation	peak bodies and government organise bank of resources to be shared
Uneven playing field			private sector has more power; control and knowledge

Source: Authors (2005)

In addition, private sector and community housing respondents state that the government does not trust other parties. A lack of trust and fear of exposing their

strengths and weaknesses to other parties both contribute further barriers to building partnerships.

All stakeholders see lack of skilled personnel is seen as a major problem in the community housing sector. This sector has to build its capacity to be equally regarded with other stakeholders in making partnership agreements. The private sector does not agree with the community organisation's view that sharing resources is the better option.

It is suggested that major changes in the general socio-cultural aspects of the community and between stakeholders are required to allow further development of multi-stakeholder partnerships for affordable rental housing. In addition, it is thought that providing more opportunity for diversity will lead to more sustainable affordable housing outcomes.

This paper does not discuss activity 4 and 5 of the soft systems model which require feedback from the stakeholder before providing implementation recommendations. Activity 4 is comparing actual with desired decision-making criteria using a case study approach. Activity 5 is recommending the most effective results for implementation action which would attract multi-stakeholder partnerships in affordable housing projects.

In summary, this study emphasises the importance of financial performance as a decision making criteria on building partnerships in affordable housing projects and the need to change socio-cultural aspects of the traditional organisation in multi-stakeholder partnership arrangements. Thus, further investigation on the allocation of financial benefits to fit individual financial performance criteria in the partnership arrangement is necessary to encourage more affordable housing investment. Then, case studies would be utilised to investigate the implementation of a network management framework, as a new organisational form (Keast, Mandell and Brown, 2005) to build successful management in a hybrid organisation.

Conclusion

Economic criteria are seen as the most important aspects by all stakeholders in affordable housing investment based on their roles and past experiences. However, there are other hidden criteria which are disclosed by stakeholders in discussion of the barriers to having a partnership project. Lack of public acceptance leading to a lack of political will, has also inhibited much real action in establishing affordable housing partnership initiatives. It is also

clear that the internal socio-cultural aspects of the stakeholder's organisation need to be changed to build successful partnerships. In addition, feedback from the stakeholders is required to provide implementation recommendations.

This study shows that a soft systems framework was successfully used to explore stakeholders' views of what is essentially an unstructured problem situation – first through the use of CATWOE to define the problems and then to build a suitable conceptual model. Further study on addressing financial performance and changing organisational culture in partnership projects are recommended to stimulate multi-stakeholder partnerships in affordable housing investments.

Keywords: Multi-stakeholder, partnerships, affordable housing, rental housing, soft systems methodology

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