

Urban Communities Annual Report 2015

CREATING GREAT
PLACES TO LIVE

Contents

Chairman and CEO's Report	4
Our Places	6
Our Team	8
Urban Communities in Numbers	11
Measuring our Impact	12
Our Communities at a Glance	
The Community's Festival	14
Art and Place	16
Our Community Garden	18
Accessible Neighbourhood	20
Meet Mohammed and his Family	22
Financials	
Financial Report Summary	23
Income and Expenditure Statement	24
Balance Sheet	25
Statement of Cashflow	26
Directors' Declaration	27
Partners	28
Governance	30



We

Believe housing is more than bricks and mortar – it's about people and place.

Are place makers based at four different mixed tenure communities.

Provide long term housing - public, social, affordable and private rental.

Deliver integrated services: tenancy management, facilities management, owners corporation, community building.

Collaborate. Our services plus our community connections achieve greater than the sum of its parts.

Create great places to live.

Chairman and CEO's Report

We are pleased to present
the Urban Communities
Annual Report for
2014/2015.



For Urban Communities, 2015 has been a year of reflection. It has also been a time of change.

Our Chairman of 8 years, the Hon Michael Duffy ONZ stepped down this year. Michael has played a major role in establishing place based service delivery systems within mixed tenure housing communities. Prior to Urban Communities, Michael chaired the Kensington Management Company Advisory Committee for 5 years. The Committee guided the transition to a community focused place management approach at the Kensington Public Housing Estate regeneration project in Victoria – a first of its kind in Australia to demonstrate a model for an integrated community where public, social, affordable and private residents would live side by side. Of course, this is the model that Urban Communities now manages today, not only in Kensington, but in Coburg, Fitzroy and Adelaide. We extend our deepest thanks to Michael for his generous commitment of time, expertise and energy over the past 13 years in his role as Chairman and his firm belief in creating great places to live especially for those most vulnerable in our communities. We also thank him for his loyalty and steadfast support of the team and the work we do on a daily basis. We also thank Brian Forrest, Kathy McLean and Megan Hughes, who departed our Board in 2015. All made significant contributions to our company and the communities we serve.

This year we also said farewell to our founding CEO George Housakos. George led Urban Communities for 8 years and the Kensington Management Company for 2 years before that. George developed the business from a pilot project with a staff of 4 and revenue of \$700,00 to an organization with a staff of 33, annual revenue of \$4.5 million and place management contracts in four very different mixed tenure communities in Victoria and South Australia. George's ability to form relationships with and understand the varied viewpoints of Government, developers, community partners

and importantly our tenants, has been critical as Urban Communities has grown and evolved. His commitment to and passion for mixed tenure communities has contributed to housing policy conversations across Australia.

While we reflect on the past contributions of so many great people, 2015 has also been very much about looking forward. Early in 2014, Urban Communities began discussions with Yarra Community Housing about a potential merger. It made sense. We are like-minded organisations with a similar commitment to place making and to providing great places to live – particularly for people with a history of disadvantage and exclusion. The merger between Urban Communities and Yarra Community Housing has now been agreed by both boards and was made public in October 2015. The merger will be staged over 18 months. Until July 2017, both organisations will continue to operate as separate entities. We will use this time to work out how best to combine the two organisations in a way that maximises the strengths of each. Once the merger is complete, we will be the largest registered housing agency in Victoria, with over 2,600 properties under management.

So while 2015 has been a year of reflection and change, it has also involved a lot of hard work. For this, we thank our team of talented and dedicated staff, who strive always to deliver for their communities. We also thank our board members for their support and for working to secure Urban Communities' future. Finally, we thank our many partners who work with us to create more opportunities for our communities than we could achieve alone.

We are excited about what we will achieve with Yarra Community Housing. In 2016 and beyond, we look forward to creating more great places to live.



Ian McHutchison OAM
Chairman



Matthew Torney
Acting CEO

Our Places



KENSINGTON

A 6.5 hectare former public housing estate is now a mixed tenure community incorporating high rise towers, low rise apartments and townhouses. 945 public, private, social and affordable homes are integrated with the local community. We are the first non government organisation to manage high rise public housing.



THE NICHOLSON, COBURG

A salt-and-pepper mix of 199 apartments on 9 levels comprising affordable, social and private housing. Launch Housing owns and manages 58 social and affordable properties. 8 commercial spaces are at street level including a supermarket, a gift shop, café and accountant.



THE UNO, ADELAIDE

An award winning vertical neighborhood in Adelaide's CBD mixing 146 affordable, social and private housing over 17 levels. The UNO includes 30 youth crisis units at Youth 110, delivered through St John's Youth Services and 2 retail properties at street level.



150 BRUNSWICK STREET FITZROY

An architecturally recognised, 7 level 152 apartment complex located within the precinct of Atherton Gardens Public Housing Estate. Fitzroy provides two types of social housing, has a rooftop community space and a family and children's community hub and supermarket at street level.

Our Team

Our **33** team members are a group of talented and passionate people. They are listeners and learners. They are innovative and creative, working with each other, with our residents and with our partners to create great communities.







Our **15** Enterprise team members provide cleaning, and gardening services to our communities. Fifty per cent of our team also live in our communities. Delivering these services in-house helps us do our job better. We capture the team's input on a daily basis, quickly identify areas that require attention and foster community champions and community pride.

Urban Communities in Numbers

4 

communities

21 

owners
corporations

1031 

properties
under owners
corporation
management

798

rental
properties



433 public

183 social

60 affordable

122 market rent

65 

community
building project
partners

70 

community
building
initiatives

\$87,930

community
building
leveraged
funding

33 

team members

\$4,321,736

annual turnover

Measuring our Impact

Urban Communities seeks to innovate and improve. Community Star is a data collection tool we use which focuses on outcomes rather than outputs. The Star enables us to talk to residents and understand what they have achieved living in our communities.

The Star measures outcomes on six domains

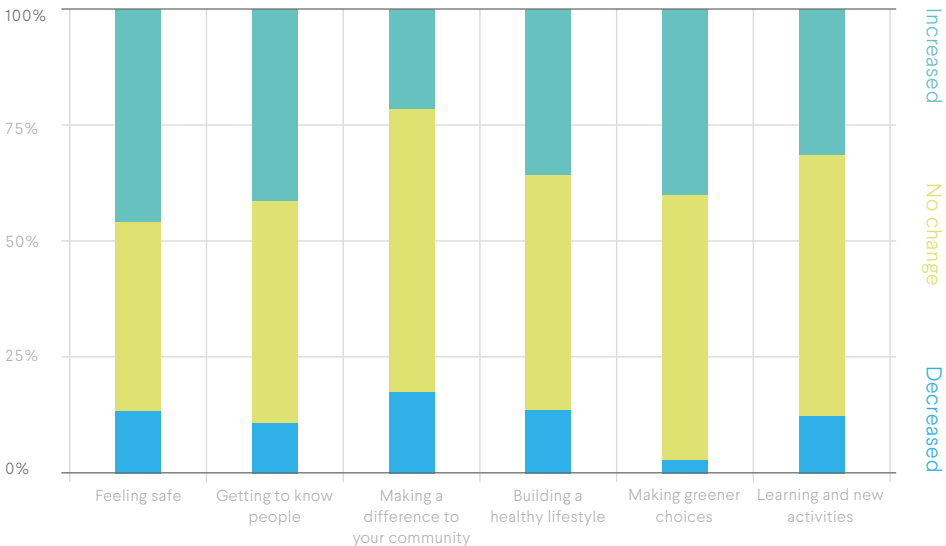
- feeling safe
- getting to know people
- making a difference to your community
- building a healthy lifestyle
- making greener choices
- learning and new activities

We tracked outcomes for a 10% sample of residents from when they joined one of our communities to this year.

The Community Star

The chart below shows a breakdown of results for each domain by the proportion of residents whose results improved, declined or stayed about the same level.

Per cent of residents whose readings changed across all scales by direction of change



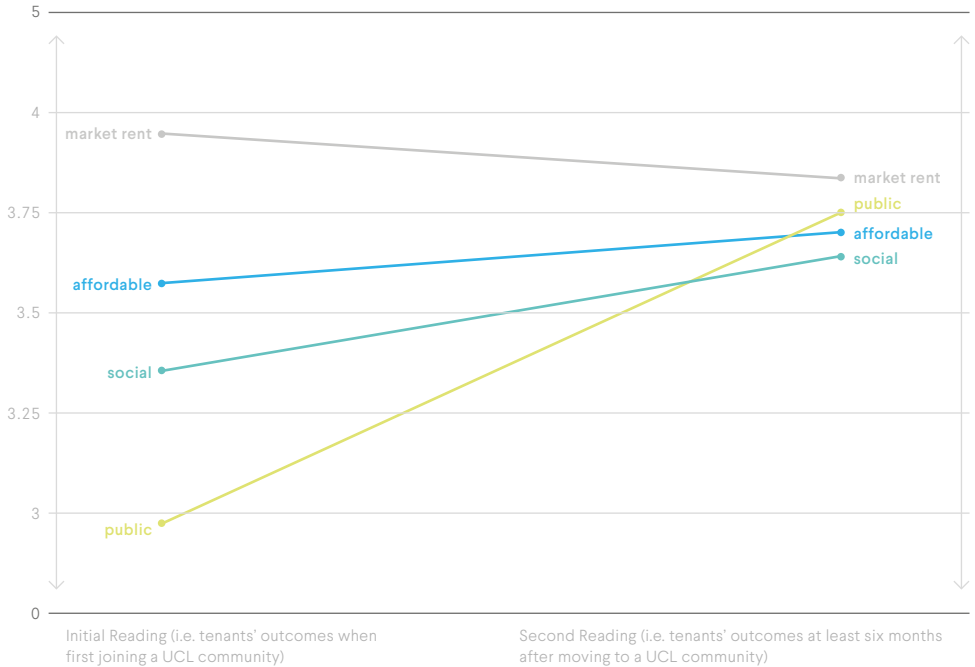
We are having an impact. This is a summary of what we found. Across all domains the data outcomes showed that at least 82% of tenants either stabilised or experienced a positive increase since moving in to the communities we manage.

Overall Change

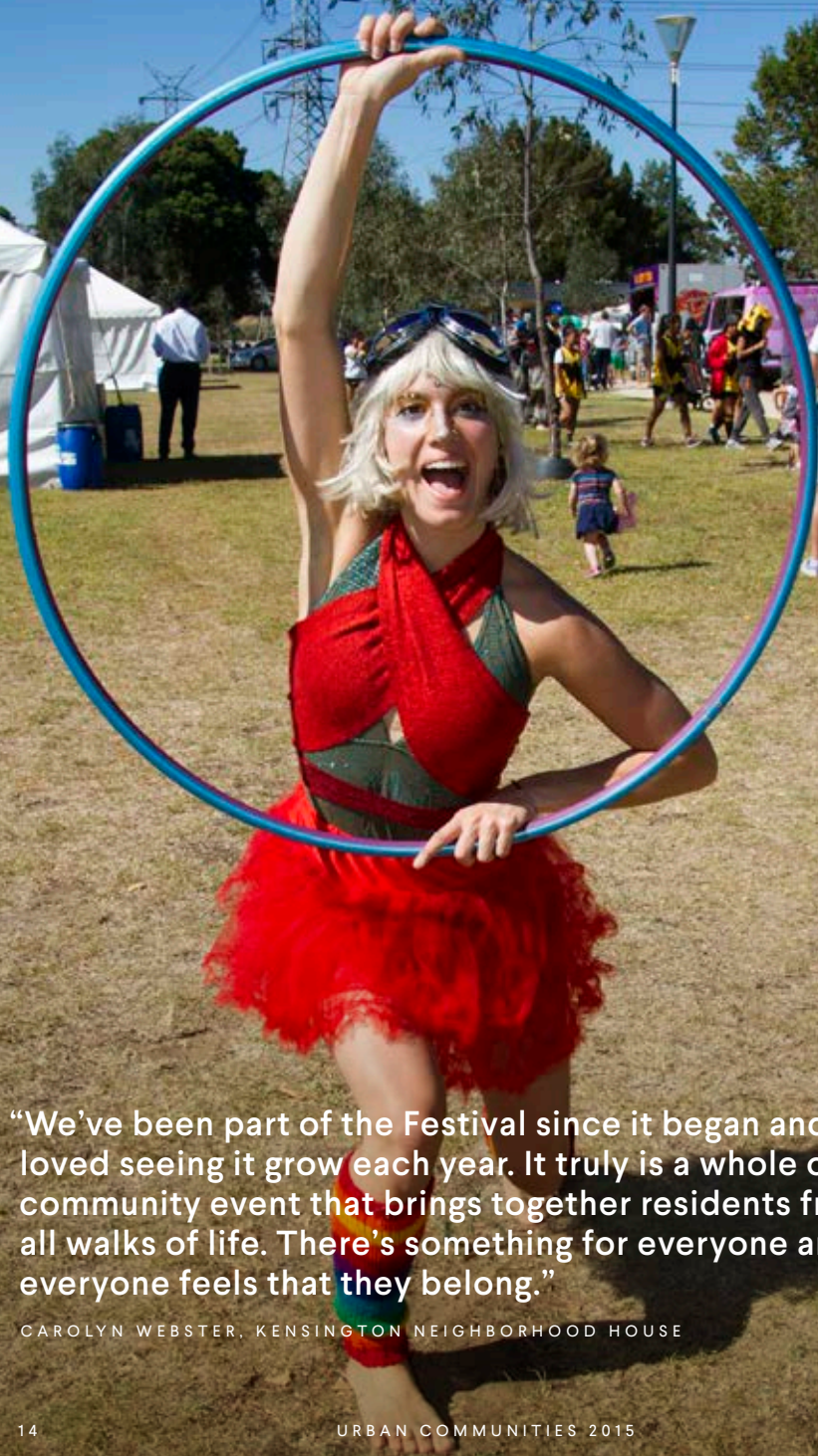
The chart below shows the average change in tenant outcomes across all domains by tenure from their first to latest Community Star readings. The Star measures progress on a 5 point scale, from 0 (the lowest) to 5 (the highest or most positive outcome).

Slopegraph by Tenure

Community Star Scale 0-5 (0 the lowest, 5 the highest/most positive)



Our model works. After six months, and across all the different tenure types we offer, average outcomes for tenants moving into one of UCL's communities are at a level comparable with tenants living in the private rental market. For social, affordable and public housing tenants this represents a significant improvement in general life outcomes.



“We’ve been part of the Festival since it began and have loved seeing it grow each year. It truly is a whole of community event that brings together residents from all walks of life. There’s something for everyone and everyone feels that they belong.”

CAROLYN WEBSTER, KENSINGTON NEIGHBORHOOD HOUSE

The Community's Festival

The Kensington CommUNITY Festival started out eight years ago as a small event to celebrate diversity at the Kensington Redevelopment (and former public housing estate) and connect with the broader Kensington community. This year 4000+ people attended, our partners numbered 26 and our Festival is now the neighborhood's annual signature family event.

The Festival incorporates the Unity Cup, an AFL round robin including youth teams from Jewish, Muslim and African communities. This year the community also enjoyed a myriad of entertainment, information and activity including musicians from China to Cuba, food from all corners of the globe, hula hoopers, jugglers, countless local agencies, treasure hunts and jumping castles. The Festival is a fabulous example of place making and community connections achieving greater than the sum of its parts.

OUR PARTNERS

Australian Federal Police
 Australian Football League
 Multicultural Program
 Cohealth
 Essendon Football Club
 Kensington Association
 Kensington Community
 Childcare Co-operative
 Kensington Community
 Recreation Centre
 Kensington Neighbourhood
 House
 Hands on Approach to
 Sustainability

Melbourne Animal
 Management
 Melbourne Community Toy
 Library
 Melbourne Libraries
 Melbourne Maternal Child
 Health
 Melbourne Metropolitan Fire
 Brigade
 MSS Security
 Salvation Army 641 Youth Bus
 Somali Women's
 Development Association
 The Venny
 Victoria Police
 Wheel Women

OUR SPONSORS

City of Melbourne
 Victorian Multicultural
 Commission
 React Property Maintenance
 SPAusNet
 Spectrum Fire
 Tormax

Art and Place

This year UNO tenant, Leanne, held a solo art exhibition in the foyer space of the UNO, our Adelaide apartment complex, under the banner SA Living Artists. Open to the general public, the exhibition ran for a month and was very successful with red stickers on many works. The exhibition has generated enthusiasm amongst UNO residents to create a permanent public art piece to further add colour, style and a welcoming feel to the building.

New connections and friendships have been formed as neighbours join discussions around “what it means to live at the UNO” and what art form best reflects the communities’ feedback. Leanne will be the curator of the project.



“My solo exhibition helped me feel part of my building. After, the UNO residents talked to me about my art and how it created a great atmosphere for the community.

We are now working together to create a permanent art piece for the UNO.”

LEANNE, UNO TENANT



Our Community Garden

Based in Fitzroy, Our Community Garden was developed in response to community need for a shared garden, connection with neighbours including culturally and linguistically diverse groups, and education around waste reduction. Educational workshops on gardening in small spaces were held and the Condell Growers and Sharers have formed. The Growers and Sharers are a Fitzroy resident group from all walks of life who come together and work from thirty six planter boxes located in public space.

On the horizon as part of the project is an onsite garden at Fitzroy; Food Know How – educating households on minimising food waste; and Recycle Now – a recycling how-to program.

OUR PARTNERS

City of Yarra
Connie Benn Centre
3000 acres
Cultivating Communities
Cubbies
150 Brunswick Street owners corporation

“I have to pinch myself all the time, I feel so lucky to live where I do. So many people and organisations had to come together to make this garden possible. I am just so grateful that I have had an opportunity to be involved therefore having a real sense of belonging to the community.”

CASSIE, 150 BRUNSWICK STREET RESIDENT

Accessible Neighbourhood

The residents of The Nicholson in Coburg have key services close by. The tram to the city stops right out front, health and education facilities, a community centre and local library are in close access. Recreation spaces are a walkable distance including walking and cycling trails along the Merri Creek at the end of the street. A major shopping precinct is a short walk away.

The Nicholson complex itself has 8 commercial spaces at street level. The residents recently welcomed a supermarket, gift store, accountant and café which have opened for business, literally on their doorstep. Resident Sharon loves the location and the vibrancy the new shops bring to the community. "This is an ideal place for us. We feel safe, I walk to the parks nearly every day with my son, and we are close to public transport. The new shops are great. The supermarket is very convenient when you have a young child!"

Gift shop owner Linda has met a lot of locals since she opened for business. "The community is very friendly and I have people popping in regularly to say hello. We stock local wholesalers and artists which has generated a lot of interest."





“The community is very friendly and I have people popping in regularly to say hello. We stock local wholesalers and artists which has generated a lot of interest.”



Meet Mohammed and his Family

When Mohammed and his wife Eklas arrived in Kensington 10 years ago only two high rise public housing towers stood on the site of the now redeveloped vibrant neighbourhood. The growing family are now very much a part of their community.

Mohammed and Eklas (both with teaching backgrounds) have been running the weekend Arabic Language School at Kensington for 4 years and have about 50 students on their books. Mohammed, originally from Eritrea, qualified as a teacher in Sudan. He arrived with limited English, worked hard to develop his language skills and is now working toward registering as a Victorian school teacher, after working as a teacher's aide in Melbourne. Eklas, also an experienced teacher's aide,

gained a part time job this year at the local child care centre.

Mohammed is also a leader in the Eritrean community, is an active member of the Kensington Horn of African group and he and Eklas are always interested in ways they can contribute to and create opportunities for the Kensington community.

Never ones to sit still the young family also keep active playing at the local park and participating in the swimming, karate and soccer programs at the nearby Kensington Community Recreation Centre.

Financial Report Summary

RESULTS FOR THE YEAR

Revenue for the year 2014-2015 rose to \$4.3m from \$4.1m in 2013-2014. This equates to an increase of 5%.

Expenditure rose to \$4.2m from \$3.8m, an increase of 10%. This was largely due to the employment of skilled staff.

Urban Communities moved from the reported surplus of \$278k in 2013-2014 to a surplus of \$84k in 2014-2015.

The total equity of the company continued at a level of \$5m at the end of 2015. The balance sheet also shows a current ratio of 1.4:1 and a debt/asset ratio of 19%.

The following pages are a summary from the financial reports of Urban Communities Limited, which are independently audited.

Income and Expenditure Statement for Year End 30 June 2015

	2015	2014	2013
	\$	\$	\$
Revenue	4,321,736	4,117,862	3,697,368
Expenditure			
Employee costs	2,208,702	1,973,969	1,497,989
Office expenses	82,425	87,860	83,063
Regulatory expenses	15,080	21,988	15,919
Property expenses	94,457	82,326	125,172
Maintenance Fund	1,286,301	1,128,642	1,021,385
Depreciation Expense	145,395	155,998	162,326
Finance Costs	31,751	55,798	69,269
Other expenses	373,447	333,403	474,170
TOTAL	4,237,558	3,839,984	3,449,293
Surplus for the year	84,178	277,878	248,075

Balance Sheet for Year End 30 June 2015

	2015	2014	2013
	\$	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	649,189	907,633	314,411
Trade and other receivables	1,063,632	775,237	1,243,228
Total current assets	1,712,821	1,682,870	1,557,639
Non-current assets			
Property, plant and equipment	4,541,163	4,686,558	4,790,738
TOTAL ASSETS	6,253,984	6,369,428	6,348,377
LIABILITIES			
Current liabilities			
Trade and other payables	655,462	632,146	538,917
Provisions	140,627	39,757	59,227
Total current liabilities	796,089	671,903	598,144
Non-current liabilities			
Provisions	12,628	113,436	24,022
Borrowings	400,000	623,000	1,043,000
TOTAL LIABILITIES	1,208,717	1,408,339	1,665,166
NET ASSETS	5,045,267	4,961,089	4,683,211

Statement of Cashflow for Year End 30 June 2015

	2015	2014	2013
	\$	\$	\$
Cash flows from operating activities:			
Receipts from contributions & activities	3,917,591	4,604,798	2,852,218
Payments to suppliers	-3,926,001	-3,491,500	-3,205,258
Interest received	4,717	7,539	8,323
Interest paid	-31,751	-55,798	-69,269
Net cash provided by operating activities	-35,444	1,065,039	-413,986
Cash flows from investing activities:			
Payment for property, plant and equipment	0	-51,817	22,754
Net cash used in investing activities	0	-51,817	22,754
Cash flows from financing activities:			
Repayments of borrowings	-223,000	-420,000	0
Proceeds from (payment to) related parties	0	0	0
Net cash provided by financing activities	-223,000	-420,000	0
Net increase/ (decrease) in cash held	-258,444	593,222	-436,740
Cash at beginning of financial year	907,633	314,411	751,151
Cash at end of financial year	649,189	907,633	314,411

The above summary of financial information has been extracted from the audited financial report for the company for the year ended 30 June 2015.

Directors' Declaration for Year End 30 June 2015

Urban Communities Limited
ABN 99 123 899 052

The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of Urban Communities Limited declare:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:
 - (a) comply with Accounting Standards described in Note 1 to the financial statements and the Australian Charities and Not-for-profits Commission Regulation 2013; and
 - (b) give a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



.....
Ian Hutchison OAM
Director

Melbourne, 30th November 2015

Partners

3000 acres	Employsure
78 Seniors Inc	Fifty-six threads cafe
Adelaide City Council	Fitzroy Adventure Playground (Cubbies)
Adelaide West End Association	Flemington and Kensington Community Legal Centre
AMES	Grant Thornton Australia
Atherton Gardens Community Safety Working Group	Hands On Approach to Environmental Sustainability
Atherton Gardens Network	Hotham Mission
Auckland City Council	Housing Choices Australia
Australian Federal Police	Housing for the Aged Action Group – HAAG
Australian Football League Multicultural Program	Housing SA
BizTech Solutions	Indo Chinese Elderly Refugee Association
Bradrod Building Services	J & M Real Estate
Brotherhood of St Laurence	James Sutherland Plumbing
Buckmaster Hawkey	Kensington Association
Community Housing Federation of Victoria	Kensington Chinese Friendship Association
City of Melbourne	Kensington Community Recreation Centre
City of Moreland	Kensington Community Network
City of Yarra	Kensington Neighbourhood House
cohealth	Kensington Public Tenants Association
Common Ground	Launch Housing
Condell Growers and Sharers	Living Music
Connie Benn Centre	Lucalex
Cultivating Communities	Macquarie Bank
East Coburg Community House	McKean Park Lawyers

We say thank you to our many partners and acknowledge the valuable contribution they make in joining us to create great places to live.

Melbourne Community Toy Library

Melbourne Metropolitan Fire Brigade

Mind Australia

Moores Legal Pty Ltd

MSS Security

Newton's Pharmacy

Owners Corporation committee members

Places Victoria

RACV Community Foundation

React Property Maintenance

Renewal SA

SA Ambulance Service

Salvation Army

Second Bite

Somali Women's Development Association

South Australia Police

South Australian Metropolitan Fire Service

Spectrum Fire

SPAusnet

St John's Youth Services

The Venny – Kensington Adventure
Playground

Tormax

Transurban

United Lifts

Victoria Police

Victorian Department of Health
and Human Services

Victorian Department of Treasury
and Finance (Housing Registrar)

Victorian Federation of Chinese
Associations

Victorian Multicultural Commission

Victorian YMCA

Vincent Care

Waratah Clinic

Westpac

Wheel Women

Willis Australia

Wintringham

Wombat Housing and Support Services

Yarra Community Housing

Governance

URBAN COMMUNITIES
LIMITED BOARD

CHAIRMAN

Ian McHutchison OAM

(Appointed to Board 2008. Appointed as Chairman April 2015)

Ian has a legal background and is a member of the advisory committee of the Fellowship for Indigenous Leadership (FIL) and a Board member of the Eva Tilley Memorial Home and MECWA. In 2009 he was awarded the Order of Australia Medal for services to the community. Ian also chairs the Urban Communities Audit and Compliance Committee.

DEPUTY CHAIRMAN

Brian Forrest

(Appointed to Board 2008)

Brian Forrest, LL.B, is currently the Deputy Chairman of the Racing Appeals and Disciplinary Board and a Director of Intralot Australia and Taranway Pty Ltd. Previously Brian was Chairman of the Victorian Casino and Gaming Authority, Deputy President of the Commonwealth Administrative Appeals Tribunal, Chairman of the Crimes Compensation Tribunal (Vic) and Deputy President of the Administrative Appeals Tribunal (Vic). Brian was a lawyer in private practice for 25 years. Brian is a member of the Urban Communities Audit and Compliance Committee.

The Hon Michael Duffy ONZ

(Appointed to Board 2007.
Resigned as Chairman April 2015)

Michael is a solicitor who has held a number of senior positions within community organisations in Australia. These include positions as a Board member of Hanover Welfare Services and Chair of the Dandenong Youth Employment Project. Michael has also held senior positions within government including the position of Federal Attorney General (1990 – 1993), Minister for Trade Negotiations and Member of Cabinet (1987–1990), and Minister for Communications (1983 – 1987). In 1990 he became a Member of the Order of New Zealand for work on the Closer Economic Relations Agreement with New Zealand.

Kathy McLean

(Appointed to Board 2008)

Kathy is a partner with executive search firm Fish & Nankivell, where she runs a practice specialising in senior roles in values-based organisations including government, education, welfare, sport and charity. Kathy has qualifications in the arts and business and has particular expertise in working at the intersection of the public and private sectors.

Barry Shepherd

(Appointed to Board 2010)

Barry has been in the property industry for more than 40 years and ran his own property business prior to becoming a Director of Becton (retired 2010). Barry was responsible for marketing all Becton's residential projects in Australia together with retirement projects. Barry was previously Chairman of the Melbourne City Council Inner City Residential Committee and was a member of the Department of Infrastructure's Industry Advisory Panel. He regularly travels overseas to keep up with the latest in international medium density housing trends.

Megan Hughes

(Appointed to Board June 2014.

Resigned June 2015)

Megan is a freelance consultant with Hughes Schwab Pty Ltd, where she works on a number of projects for the public and not-for-profit sectors. Megan has qualifications in Business Administration and Arts. Megan also has qualifications in Law which led to her being admitted as a Barrister and Solicitor of the Supreme Court of Victoria in 1998. Megan was a member of the Urban Communities Audit and Compliance Committee prior to her resignation from the Board.

Brian Joyce

(Appointed to Board November 2014)

Brian has extensive experience in hospitals, health and human services management and operations. A former Regional Director at the Department of Human Services, Brian has held a number of other senior executive positions in the Victorian Departments of Human Services and Health. Prior to joining the Victorian Public Service (VPS) Brian was Finance Director, Box Hill Hospital and Manager, Finance and Services, of the Victorian Branch of the Health Insurance Commission and Medibank Private. Since retiring from the VPS Brian has served as a Director of Northern Health Service; as a government appointed administrator of a disability support service and as an advisor to the Youth Justice Custodial Services Taskforce. Brian has also undertaken service review work in the human services sector.

