



Family &
Community Services

NSW Community Housing Asset Management Policy August 2014



Document approval

The NSW Community Housing Asset Management Policy has been endorsed and approved by:

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1 Introduction

The housing portfolio under community housing management is growing and the sector is in a period of transition. As community housing providers take on greater responsibility for the ownership, planning, management and maintenance of Government funded social and affordable housing, the sector has a responsibility to ensure that these properties are safe and appropriate for NSW households on lower incomes and used effectively to meet housing needs within the community.

2 Background and context

The Asset Management Policy aligns with the following Government priorities including:

- having community housing providers operating efficient sustainable businesses which deliver innovative housing solutions and improved client outcomes
- ensuring coordinated approaches between the Department of Family and Community Services (FACS)¹ and community housing providers to expand the portfolio and maximise service capacity.

This Policy is designed to work in line with the legislative-based community housing regulatory framework, the Community Housing Asset Ownership Policy and the industry-led voluntary accreditation system.

Under the National Law, the National Regulatory Code has a Performance Area for Housing Assets – *The community housing provider manages its community housing assets in a manner that ensures suitable properties are available at present and in the future.* The following areas of compliance are assessed:

- strategic asset management planning
- asset maintenance planning
- tenant and residents' satisfaction with maintenance and housing amenity.

The National Community Housing Standards also focus on the following asset activities to support community housing providers' accreditation:

- asset management strategy
- responsive maintenance and repairs

¹ The Department of Family and Community Services provides assistance to community housing providers through Housing NSW and the NSW Land and Housing Corporation.

- planned maintenance
- stock acquisition and development
- partnerships and new business.

This Policy has been developed in the context of developing the Community Housing Asset Management Strategy, which provides a framework for strategic asset management and the planning of community housing assets to ensure that housing supply is targeted to meet housing need.

The Community Housing Asset Management Strategy was developed in 2010 to provide direction for the management of properties under community housing management and ownership, investment in new properties and the role of community housing providers in helping realign the social housing portfolio. The Strategy also focused on clearly defining Government's expectations for community housing providers' strategic asset management of the portfolio that receives assistance from the NSW Government.

This Policy aligns with the following priorities under the Community Housing Asset Management Strategy:

- **Integrated planning to ensure the effective use of social and affordable housing assets** - to support an integrated approach to planning the effective use of assets across the social housing system
- **Efficient delivery of new assets** – to increase efficiency in the delivery of social and affordable housing through direct acquisition and development by community housing providers and enhanced leverage opportunities
- **Role of Government in community housing asset management redefined** – to facilitate the reduction of maintenance services currently delivered by Government as community housing providers become more proficient in asset maintenance.

The Policy also seeks to ensure that there is appropriate stewardship and protection of Government's investment in community housing, including in relation to Government owned assets managed by community housing providers, as well as properties developed or owned by providers, in part or in whole, through Government investment.

3 Policy objectives

This Policy has been developed to support the following objectives:

1. **Maintain assets and enhance amenity** – to ensure the development, replacement and maintenance of community housing assets is in line with appropriate quality and community standards

2. **Portfolio planning to meet housing need** – to ensure community housing providers plan their portfolio effectively to meet local housing needs and deliver sustainable housing outcomes.

4 Purpose of this policy

The Community Housing Asset Management policy sets out the requirements with which community housing providers must comply in relation to asset management standards and asset management planning.

5 Coverage of this policy

This Policy applies to all registered community housing providers that have a Community Housing Agreement for the provision of subsidised rental accommodation.

6 Compliance under this policy

Community housing providers that receive assistance from the NSW Government are required to manage housing in accordance with policy guidance set by FACS Housing NSW and defined in the Community Housing Agreement. This will be informed by policy set by FACS NSW Land and Housing Corporation, as owner of a number of properties that are managed by providers. If a community housing provider fails to use its best endeavours to comply with this policy, it is cause for a review of their contractual performance.

This may also see FACS Housing NSW refer the non compliance to the Registrar for investigation under the either the NSW Regulatory Code as set out in the *Housing Act 2001* (NSW) or the National Regulatory Scheme for Community Housing, as prescribed in the *Community Housing Providers (Adoption of National Law) Act 2012* (NSW),² noting that all community

² The Community Housing Providers National Law (National Law) is an Appendix to the *Community Housing Providers (Adoption of National Law) Act 2012* (NSW) and is the legislative basis for the National Regulatory Scheme for Community Housing. The *Community Housing Providers (Adoption of National Law) Act 2012* (NSW) also contains provisions relating to community housing transferred from the *Housing Act 2001* (NSW). In this policy references to the National Law are specific to the Community Housing Providers National Law. References to the *Community Housing Providers (Adoption of National Law) Act 2012* (NSW) relate to the NSW specific community housing provider legislation.

housing providers must comply with all legal and other requirements, of the National Regulatory Code.³

The Registrar of Community Housing publishes guidance on how community housing providers can demonstrate compliance against performance requirements set out in the National Regulatory Code.

7 Contracting framework

The NSW Government's new contracting framework for funded housing providers consolidates the existing contractual arrangements that a community housing provider has with FACS into one 'organisation to organisation' contract. In accordance with the *Community Housing Providers (Adoption of National Law) Act 2012* (NSW), a provider which receives assistance (land, property, funding and/or partnership arrangements) from the NSW Government, for the provision of community housing, must enter into a Community Housing Agreement with FACS.

A provider's Community Housing Agreement encompasses the entirety of the provider's contractual agreements including lease agreements, capital and leasehold funding and asset ownership. It has overarching common terms and a series of attached specific assistance agreements depending upon which form of assistance the provider receives.

Under the community housing contracting framework, community housing providers are assessed for contract compliance and contract performance. Contract performance will be monitored according to criteria such as meeting agreed targets in the Community Housing Agreements. Providers are required to report to FACS Housing NSW's Community and Private Market Housing Directorate on how their portfolios have been used efficiently to achieve agreed performance targets that contribute to Government's strategic outcomes.

8 Maintain assets and enhance amenity

This section sets out the requirements relating to asset maintenance and amenity for community housing providers. Housing stock should, as far as possible, be sympathetic to other housing in the vicinity.

³ The National Regulatory Scheme for Community Housing commenced on 1 January 2014. NSW community housing providers will be assessed for registration under, and transition to, the National Regulatory Scheme over an 18 month period. During this time, the current NSW regulatory system and the National Regulatory Scheme will both have effect and providers will be required to maintain registration under the NSW Regulatory Code until such time as they have been assessed and registered under the National Regulatory Scheme.

FACS Housing NSW will advise community housing providers of asset standards applying to existing and new properties and of changes to the standards as they occur and will seek to facilitate arrangements to increase providers' awareness of these standards, where required.

8.1 General requirements for all Tiers

Community housing providers are required to maintain all community and affordable housing properties⁴ under their management or ownership that have been funded in part or in whole by the NSW Government according to FACS NSW Land and Housing Corporation's Asset Standards.

Standards for Asset Condition, Basic Provision and Amenities are applicable as the minimum *requirements* for social and affordable housing properties funded by the NSW Government, and preferably for a provider's whole portfolio.

- **Asset Condition Standards** - help measure the current state of wear and tear on the asset and cover three aspects: safety, function and appearance
- **Basic Provision Standards** - minimum provision standards for social housing, such as hot water to the bathroom and kitchen
- **Amenity Standards** - measure the quality of the property and its surrounds.

These standards, including information on Property Assessment Surveys, can be found on the FACS Housing NSW website.

Social and affordable housing stock must be maintained at an acceptable standard where the need for recurrent and extensive maintenance can be minimised.

The current registration requirement is that at least 70% of all properties managed by a community housing provider meet FACS' Asset Condition Standards.

Community housing providers must also comply with the *Residential Tenancies Act 2010* (NSW) which requires a landlord to provide the residential premises in a reasonable state of cleanliness and fit for habitation.

Community housing providers should take all available steps to improve the amenity of the housing stock over time.

The NSW Government will ensure that public housing properties transferred to community housing providers are at standard or alternatively will negotiate arrangements to have the properties brought up to standard within a reasonable timeframe, either by Government or by the providers themselves.

⁴ This is consistent with requirements under the *NSW Affordable Housing Guidelines* that require community housing providers to deliver appropriate well located housing and in accordance with service standards common to community housing.

The issue of how upgrades for properties transferred are funded sits outside this Policy.

8.2 Specific requirements for Tiers 1 and 2

Tier 1 or 2 registered providers must have an asset maintenance plan for a minimum 10-year rolling period with budget forecasts.

8.3 Resident satisfaction

8.3.1 Specific requirements for Tiers 1 and 2

Tier 1 or 2 registered community housing providers are required to conduct a tenant/resident survey at least every two years, maintaining a minimum level of resident satisfaction of 75% or more with the condition and maintenance of the property.

8.4 Monitoring - property inspections

8.4.1 General requirements for all Tiers

Community housing providers are responsible for ensuring that they meet minimum Condition Standards by undertaking property condition inspections for all properties under their ownership and management to ensure that they are up to standard.

FACS NSW Land and Housing Corporation will continue to conduct Property Assessment Surveys to monitor Condition Standards for the properties it owns, whether partly or fully, that are managed by the community housing sector.

Providers that choose to conduct assessments more frequently or wish to obtain information in addition to the Property Assessment Surveys can do so at their own expense

8.4.2 Specific requirements for Tiers 1 and 2

Tier 1 and 2 providers are required to implement their own process of monitoring or measurement, in line with registration requirements, and incorporating compliance with FACS' Condition Standards as a minimum outcome for the properties that they own.

Tier 1 and 2 providers are required to have the condition of each capital property inspected at least once every three years by a party with appropriate qualifications and experience in the building/construction/maintenance fields. In line with registration requirements, inspections (no more than three years ago) should show that at least 70% of all properties managed by the provider meet FACS NSW Land and Housing Corporation's Asset Standards.

8.5 New properties

New community housing (social and affordable) stock should be of good quality and acceptable standard where the need for recurrent and extensive maintenance can be minimised.

Newly developed social housing currently has to meet the following standards:

- The *Australian Building Standards*, which sets standards for construction;
- The *Building Code of Australia*, which defines classes of buildings and requirements, such as fire safety for each class.

New social housing properties funded by the Government should comply with FACS NSW Land and Housing Corporation's Design Requirements which emphasise three main principles: universal design, robust construction and environmental sustainability.

The Design Requirements referred to above are also the preferred standard for affordable housing dwellings where there is NSW Government investment.

In addition, providers will aim to use the Design Requirements as the preferred standard for all social and affordable housing developed, irrespective of the funding source. The Design Requirements can be found on FACS NSW Land and Housing Corporation's website.

In relation to property acquisition by community housing providers, the Design Requirements are seen as advisory standards. It is recognised that it may not be possible to purchase properties of this standard in the marketplace and that, in this case, value for money in the housing sub-market and meeting identified housing needs will be the basis for determining acquisition choice.

9 Portfolio planning to meet housing need

This Policy aims to ensure that social and affordable housing assets managed by community housing providers are used efficiently in the delivery of sustainable housing outcomes for people in housing need. The Policy seeks to provide guidance to assist providers to flexibly use their portfolios to meet housing outcomes.

Where possible and appropriate, the Department will share information with community housing providers to assist providers' portfolio planning.

9.1 Asset management

9.1.1 General requirements for all Tiers

Under the National Regulatory Code, community housing providers must engage in strategic asset management to meet residents' housing needs and preferences at present and in the future.

9.1.2 Specific requirements for Tiers 1 and 2

A Tier 1 or 2 registered community housing provider must undertake asset management planning that is satisfactory, in the opinion of the Registrar, to ensure suitable properties are available now and in the future.

9.2 Portfolio targets

9.2.1 General requirements for all Tiers

The Community Housing Agreement between FACS and a community housing provider may set out agreed portfolio targets for housing under management and ownership as required.

The schedule of agreed portfolio targets may include existing commitments agreed for specific programs such as the Housing and Accommodation Support Initiative.

9.2.2 Specific requirements for Tiers 1 and 2

Where relevant, a Tier 1 or 2 registered community housing provider's Community Housing Agreement will have a schedule of agreed portfolio targets that will outline the expectation of leveraging arising from the provision of housing assistance.

10 Glossary

Affordable Housing

Subsidised rental accommodation for people on very low, low or moderate incomes managed in accordance with the *NSW Affordable Housing Guidelines*.

Community Housing Agreement

The contractual arrangement between FACS and a registered community housing provider setting out the terms and conditions related to each form of assistance provided to a community housing provider for the provision of subsidised rental accommodation. This includes assistance provided under the National Rental Affordability Scheme A (NRAS A).

Community Housing Provider

An organisation that provides housing for people on very low, low and moderate incomes.

Co-operative Housing

A specific model of community housing management based on mixed income eligibility, tenant management and co-operative principles.

Crisis Accommodation

Short term accommodation (generally three months or less) for people that are experiencing homelessness or people who are at risk of homelessness.

National Regulatory System for Community Housing

The National Regulatory System for Community Housing sets out a consistent regulatory framework for community housing providers across Australia. From 1 January 2014, it replaces the NSW Regulatory System and over an 18 month period all organisations that receive housing assistance from the NSW Government will need to be registered under the National System. For more information please refer to:

<http://www.nrsch.gov.au>

NSW Affordable Housing Guidelines

The *NSW Affordable Housing Guidelines* are Ministerial Guidelines that set out the policy framework for the delivery of affordable housing by registered community housing providers in NSW. The Guidelines can be accessed at:

<http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/For+managers+of+affordable+housing/Managing+properties+with+NSW+Government+funding.htm>

Social Housing

Subsidised rental accommodation for people on very low or low incomes that meet the required eligibility criteria.

Specialist Homelessness Services

Specialist homelessness services provide support to assist people that are experiencing homelessness or are at risk of homelessness.

Transitional Housing

Interim accommodation (generally from three to eighteen months) for people that are experiencing homelessness or people who are at risk of homelessness.

11 Appendix One

The current portfolio

There are around 230 registered community housing providers managing Government funded subsidised rental accommodation in metropolitan, regional and rural locations across NSW. A small number of these providers manage the large majority of the housing stock. The remaining providers manage a small portfolio of properties with generally less than 30 properties under management.

There are many challenges associated with managing this asset portfolio:

- age and type of existing housing stock that does not meet projected housing need.
- scale and pace of the growth in housing supply under community housing management.
- a multi-provider system with different scales of operation and different roles and responsibilities for maintenance.
- increasing responsibilities for asset management as providers own more properties and take on responsibility for structural maintenance and stock replacement of social housing assets.

In this context, responsibilities for strategic asset management and the maintenance of community housing assets is also changing. The tables below summarise the responsibilities for both the Government and community housing providers (CHP) in relation to specific forms of housing products.

Social Housing and Affordable Housing

Assistance Type	Ownership	Responsive Maintenance	Cyclical Maintenance	Structural Maintenance	Modification	Stock Replacement
Leased capital properties	Govt	CHP	CHP	Govt	Govt	Govt
Vested capital properties	CHP	CHP	CHP	CHP	CHP	CHP
Leveraged capital properties	CHP	CHP	CHP	CHP	CHP	CHP

Crisis Accommodation

Assistance Type	Ownership	Responsive Maintenance	Cyclical Maintenance	Structural Maintenance	Modification	Stock Replacement
Leased capital properties (managed by specialist homelessness services)	Govt	Govt	Govt	Govt	Govt	Govt
Leased capital properties (managed by other providers eg housing associations)	Govt	CHP	CHP	Govt	Govt	Govt

Transitional Housing

Assistance Type	Ownership	Responsive Maintenance	Cyclical Maintenance	Structural Maintenance	Modification	Stock Replacement
Leased capital properties (managed by specialist homelessness services)	Govt	Govt <i>CHP (from 1 July 2015)</i>	Govt <i>CHP (from 1 July 2015)</i>	Govt	Govt	Govt
Leased capital properties (managed by other providers eg housing associations)	Govt	CHP	CHP	Govt	Govt	Govt