



Family &
Community Services

Transitional Housing Reforms Briefing Session Sept/Oct 2013



Transitional Housing Reform

- Transitional Housing Reform is the next stage of Community Housing Rent Reform which commenced in 2008
- This stage applies to transitional housing properties managed by Specialist Homelessness Services (SHS)
- Two key elements to the reform:
 - Implementing Commonwealth Rent Assistance (CRA) maximised rents for new tenants of transitional housing from **1 January 2014**
 - SHS taking responsibility for property management of transitional housing properties from **1 July 2015**

What changes about rent for transitional housing?

- Currently rent for transitional housing is set in a variety of ways by SHS
- Mainstream community housing providers already have to apply CRA maximised rent for transitional housing they manage
- Rent reform will create a fair and consistent approach to rent setting for all clients living in transitional housing
- Tenant rent for transitional housing will be based on a percentage of the tenant's income and 100% of CRA

When does it change and for which tenants?

- From 1 January 2014 all **new** tenants in transitional housing managed by SHSs will be charged a CRA maximised rent
- Existing tenants will remain unaffected and continue under their current rent arrangements.
- The reform doesn't change access and eligibility arrangements for transitional housing – eligible applicants are those experiencing homelessness or at risk of homelessness and requiring immediate housing and support
- In the 18 months to 1 July 2015, SHSs will keep all rent collected under the new arrangements and property management will continue to be funded through FACS - Housing NSW

Implementing CRA based rents

- Commonwealth Rent Assistance (CRA) is a payment to eligible clients to help meet housing costs
- Community housing providers can charge rents that are inclusive of CRA under current Commonwealth rules
- Tenant eligibility for CRA is dependent on:
 - receipt of a pension or benefit or more than the minimum amount of Family Tax Benefit (A)
 - a rent that exceeds the minimum threshold for CRA
- Where tenants are not eligible for CRA, rent is still charged as a percentage of income

What is CRA maximisation?

- CRA maximisation is a rent setting process to optimise the amount of CRA that is captured as part of a tenant's rent
- It increases rental income while maintaining the same level of tenant contribution – the CRA is added to the tenant contribution of 25% of income
- For example: a single adult on a disability pension receives \$366.85 per week, while they pay the same amount of tenant contribution, the total rent collected:
 - without maximising CRA is \$119.54
 - with maximised CRA is \$153.21
 - difference with CRA maximisation is an additional **\$33.76**

Property Management

- From 1 July 2015, SHS managing transitional housing properties will become responsible for property management
- Property management includes:
 - Responsive repairs (e.g. leaking taps, broken windows)
 - Planned maintenance (e.g. painting, carpeting etc)
 - Property outgoings (i.e. rates, insurance etc)
- Structural repairs will remain the responsibility of Government (i.e. building frame and foundations)
- Property management for crisis accommodation is not impacted on and will continue under current arrangements

Property Condition

- FACS – Housing NSW is looking at options for addressing backlog maintenance for transitional housing properties
- Backlog maintenance information will be informed by the findings of the Property Assessment Surveys (PAS) currently underway
- Housing NSW will work with services to help them understand the property condition and maintenance requirements going forward

Options for SHS Carrying out Property Management

- From 1 July 2015, SHSs retaining property management responsibility could deliver this through:
 - Directly contracting maintenance services eg tradespeople
 - Outsourcing maintenance services for management by another agency on a fee basis - this could be a property management service or another community housing provider

Options for SHS not Carrying out Property Management

- SHSs that choose not to take on property management responsibilities after 1 July 2015 have a number of options:
 - They can transfer their transitional housing leases to a new specialist housing company, if they are a domestic violence or youth housing accommodation service
 - They can transfer their transitional housing leases to another registered community housing provider
- If an SHS chooses to transfer transitional housing leases only and not crisis accommodation leases they will still have to be a registered community housing provider
- If all of an SHS's leases are transferred the service no longer has to be a registered community housing provider

Financial modelling tool for SHS

- Housing NSW has developed a modelling tool to assist SHSs understand the impacts of the new reforms to transitional housing
- The tool will assist services by providing a cashflow projection for the portfolio based on:
 - Incomings – rental revenue for each property based on CRA maximised rents
 - Outgoings – all operating expenses eg tenancy, property and maintenance costs
- All SHS managing transitional housing will be issued the tool to help inform their business decisions

Going Home Staying Home Reforms

- Prequalification for organisations wanting to be considered for funding under the new Going Home Staying Home Reforms is underway
- If a service with a current lease/s is unsuccessful in securing SHS funding from 1 July 2014, the properties will be reassigned - there will be a transition process to manage this change

Other Related Reforms

- **Housing Companies** – work is underway to develop two specialist housing companies for women and children escaping domestic violence and vulnerable young people
Services should contact their peaks if they want to know more
- **National Regulatory System for Community Housing** – to commence 1 January 2014 – existing regulatory arrangements will continue until the new system is fully implemented in July 2015

Supporting the Reform

- A range of supports are being put in place for services implementing the Transitional Housing Reforms:
 - Training on CRA maximised rents will be held in late 2013
 - Services will all receive the CRA Rent Calculator
 - Services will all receive the modelling tool to better understand income and operating expenses
 - Housing NSW has funded Homelessness NSW for a Sector Support Officer to assist services implement the reforms
 - Housing NSW has funded the NSW Federation of Housing Associations to provide training on property management and maintenance responsibilities in mid 2014