



**Family &
Community
Services**

Community Housing Leasing Program (Social Housing) Guidelines 2019 - 2022



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1. Document version control

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2. Introduction

The Community Housing Leasing Program (CHLP) has been in operation since 2000 and is designed to give Community Housing Providers (CHPs) increased flexibility in accommodating eligible people in housing that suits their needs, particularly in locations where the option of purchasing properties is more expensive or limited for government. The program is a core part of the community housing sector's supply of social housing, and a leasehold program contributed the historical foundation of the community housing sector in NSW.

The market-based nature of the portfolio creates a potential pathway for tenants to transition from social to private rental housing, over a reasonable timeframe and with the benefit of support from the CHP. As CHPs can acquire a replacement property, this transfer of lease can occur without loss of social housing supply.

The flexibility of the program allows CHPs to leverage additional outcomes, for example, by using leasehold acquisitions to complement capital acquisitions in new developments, or to build stronger relationships with landlords, real estate agents and other private sector organisations that may lead to greater supply of affordable housing.

The program also allows CHPs the flexibility to increase and decrease supply by location (within reasonable constraints), source suitable property types and/or other factors to respond to the needs and priorities of clients.

3. Purpose of the Guidelines

3.1. These Guidelines set out the requirements for community housing providers funded under the CHLP concerning:

- The objectives and principles of the program;
- The use of funding
- Property quotas
- Reporting
- Performance monitoring and assessment.

4. Application of the Guidelines

- 4.1 These Guidelines apply to CHPs that have entered into a Community Housing Assistance Agreement – Community Housing Leasing Program (Social Housing) with the Department of Family and Community Services (FACS).
- 4.2 The Guidelines relate to CHPs managing Community Housing Leasing Program (CHLP) (Social Housing) and CHLP (Homelessness Housing) portfolios, or CHPs managing CHLP social housing only.
- 4.3 These Guidelines do not apply to CHPs that only receive CHLP (Homelessness Housing) funding for the provision of leasehold tenancies for supported housing.

5. Objective

- 5.1. The objective of the CHLP is to enable the provision of flexible housing options to complement other forms of Social Housing assistance. The key advantages of the CHLP include;
- That it has the flexibility to allow CHPs to secure leaseholds across locations when required.
 - That it can complement capital supply when properties are unavailable for tenanting.
 - That leaseholds can be tailored to meet individual needs relatively quickly.
 - That leasehold stock that is below acceptable property standards can be changed over relatively quickly.
 - That leasehold stock can be secured at a price point that will allow the tenant to take over the lease. .

6. Principles

- 6.1. The following principles support the CHLP Objective (Section 5) whereby:
- Properties are configured and procured in locations that meet the housing needs of clients.
 - Tenants in head leased properties enjoy similar standards of property maintenance and care as their counterparts in government or CHP owned social housing.
 - Providers optimise the funding provided to deliver housing units that meet or exceed the property quota;
 - Providers seek opportunities to drive cost efficiencies.
 - Unspent funds are reinvested into additional social housing.

7. Funding for CHLP Social Housing

- 7.1. Each year a set annual funding allocation will be granted to participating community housing providers to deliver a quota of properties.
- 7.2. The funding will be indexed each year in accordance with the approved FACS indexation rate.
- 7.3. The funding must be used to:
 - Provide *social* housing for clients on the NSW Social Housing Register in accordance with the NSW Community Housing Eligibility Policy.
 - Meet the objectives and adhere to the principles set out in these Guidelines.
- 7.4. The funding can be used to:
 - Lease properties from the private market.
 - Subsidise the purchase of capital properties subject to FACS approval.

8. Funding for CHLP Homelessness Housing

- 8.1. Payments for the CHLP Homelessness Housing Program are based on actual expenditure and are capped at median rents by Local Government Area. Reports are submitted quarterly.
- 8.2. Community housing providers have separate agreements for Community Housing Leasing Social Housing and Community Housing Leasing Program Homelessness Housing.

9. CHLP Funding Guarantee for CHLP Social Housing

- 9.1. In July 2018, the Minister approved that the Department would provide CHPs with a 10-year guarantee related to aspects of their CHLP Social Housing funding.
- 9.2. It is intended that applying a ten year funding guarantee to 50% of CHLP funding will assist housing providers in the strategic management of their CHLP portfolio, as well as providing opportunities to secure longer term leases and/or finance for the acquisition of additional social housing.
- 9.3. The guarantee applies to 50% of the CHLP Social Housing total funding grant.
- 9.4. The funding guarantee is for the period 2018-19 to 2028-29.
- 9.5. The CHLP Homelessness Housing program is excluded from the 10-year guarantee.

10. Payment of Funding

- 10.1. The funding will be paid quarterly.
- 10.2. The total annual sum of funding will be divided into four equal payments. Each payment will be made within five working days of the beginning of the following months:
 - July
 - October
 - January
 - April

11. Leasing from the Private Market

- 11.1. The funding to lease properties from the private market can be used to cover the shortfall between the rent paid by social housing tenants and the rent for private market properties.
- 11.2. Meet the costs of managing the properties and associated tenancies.
- 11.3. Meet the costs directly linked to maintaining the leasehold properties such as expenses for minor repairs and maintenance.

12. Meeting the Quota

Community housing providers are required to meet the property quota set out in the Community Housing Assistance Agreement.

- 12.1. Community housing providers must strategically plan how they will most effectively use the funding allocation to achieve the CHLP objectives, which includes consistently meeting the quota year-on-year.
- 12.2. This planning should include consideration of long-term strategies to tackle rising private market leasehold costs. These strategies may include, but are not limited to:
 - Negotiating longer fixed term leases;
 - Negotiating directly with property owners;
 - Relocating leases to other high need locations;
 - Reconfiguration of the portfolio;
- 12.3. See Section 18 – Performance regarding the process and possible outcomes if the quota is not met for four consecutive quarters.

13. Renegotiation of Quota

- 13.1. A request to lower the contracted property quota must be accompanied by a submission, using the CHLP Renegotiation of Quota Form (Appendix B), outlining the reasons the quota will not be met and what strategies the community housing provider has put in place to strategically manage the portfolio in accordance with Section 12.
- 13.2. The submission will also detail how a community housing provider's original strategies for delivering the quota may have changed, and how the portfolio under management will change as a result of a reduced quota.
- 13.3. A request to renegotiate the quota can be made at any time.
- 13.4. FACS will review the submission and make a determination as to whether the original quota should be maintained, or if a more detailed review of the funding allocation and property quota should take place.

14. Use of Unspent Funds

- 14.1. Once the property quota is met (as per 12.1), any unspent CHLP funding must be reinvested in the delivery of additional social housing properties.
- 14.2. The unspent funds can be used to:
 - 14.2.1. lease additional social housing properties in the private rental market as per the requirements in Section 11.
 - 14.2.2. subsidise the purchase of a social housing capital property as per the requirements in Section 15.

15. Subsidy for Capital Purchase

- 15.1. Unspent CHLP funding can be used for the procurement of properties to achieve an increase over time in social housing supply, providing the CHLP quota has been met for the previous four quarters.
- 15.2. A community housing provider is able to accumulate surpluses over time to fund capital purchases and the associated costs of capital purchases such as interest payments, property outgoings and management costs at the CHLP standard rate.
- 15.3. The capital properties purchased with the surplus will be owned by the community housing provider to be used for social housing. If the property is owned outright this is considered additional stock and will not be included in the CHLP quota.
- 15.4. A community housing provider is still required to maintain its contracted CHLP property quota if it wants to utilise CHLP funds to procure properties.

- 15.5. FACS-Community Housing and Pathways approval is required in order to use unspent CHLP funds for property procurement. A community housing provider must make a written submission using the CHLP Subsidised Procurement Form (Appendix A) outlining the following:
- Projected procurement cost/purchase price
 - Location, property type and configuration
 - The amount of CHLP funding that is intended to be used to subsidise the capital purchase/s
 - Source/s of other income, if required, to be used to purchase property
 - Timeframe for occupancy
- 15.6. On receipt of the above application, FACS-Community Housing and Pathways will respond within one month. The decision will be assessed on the Social Housing demand for the property type and confirmation that the community housing provider is meeting all the terms of their Community Housing Leasing Agreement. FACS is not required to approve the acquisition of specific properties.
- 15.7. Community housing providers accept that it is their decision to proceed with the procurement and it is their sole responsibility to meet mortgage payments. FACS-Community Housing and Pathways will not accept any responsibility, or provide further funding, in the event of default or a change in Program funding.

16. Reporting - Quarterly Performance

- 16.1 Community housing providers must provide information through the CHLP page of the CHIMES portal on:
- Number of properties delivered
 - Property type by bedroom by LGA
 - Rent charge by landlords
 - Rent charged to tenants.
- 16.2 Providers must also provide the following information through unit level record reporting:
- Number of active leases during the quarter
 - Number of capital acquisitions (if applicable).
- 16.3 Capital acquisitions acquired utilising unspent CHLP funds (in whole or in part) should be reported as follows:
- Number of properties owned outright, with no debt: - These properties do not form part of the approved CHLP quota and should not be included in quarterly CHLP reporting.
 - Number of properties procured utilising a mortgage - These properties may form part of the approved CHLP quota and be included in CHLP quarterly reporting as CHLP funds are used to pay the mortgage. Once the properties are owned outright they should no longer be included in the approved CHLP quota.

17.Reporting - End of Year Report

- 17.1. By the end of October each year, community housing providers will be required to submit an End of Year Report for the previous financial year.
- 17.2. This will be completed using a survey that will be sent to community housing providers by the beginning of October. The report will include:
- Analysis of the housing need met by the portfolio
 - Significant shifts in portfolio configuration e.g. bedroom sizes, location, and justification for change
 - Level of unspent funds and likely use of these funds
 - Future strategic directions and developments for the portfolio to continue to meet the housing needs of clients.
 - Number of signed long term leases (over 12 months, between 1 to 5 years, 5+ years) maintained in the past year.
 - Number of capital acquisitions utilising CHLP funding in the past year.
- 17.3. **Section 3C-Portfolio Management Costs** relates to Core Social Landlord activities¹ concerning the management and administration of the CHLP: a pro rata for CHLP from aggregate costs is acceptable and should include the following:
- Tenancy management
 - Property and neighbourhood management
 - Time involved with agent and landlord communications
 - Individual tenancy support
 - Additional tenant and community services
 - Proportion of staff salaries committed to CHLP.
 - Organisational overheads such as
 - Travel expenses
 - Pro rata back office functions
 - Pro rata overhead costs such as office rents
 - Salary costs-CEO and senior management input to CHLP
- 17.4. **Section 3D - Repairs and Maintenance** should include minor repairs/maintenance to CHLP properties for which the cost has not been met by the landlord, the tenant or through insurance.
- 17.5. **Section 3E-Other Expenses** should include any CHLP costs not attributable to 3C or 3D. Examples include bad debts, NCAT fees, cleaning, relocation costs and water usage costs (net after recoveries).

¹ *Based on management costs workbook developed by AHURI Dec 2015-see Appendix 2 at https://www.ahuri.edu.au/__data/assets/pdf_file/0018/5760/AHURI_Final_Report_No257_Assessing_management_costs_and_tenant_outcomes_in_social_housing_recommended_methods_and_future_directions.pdf

18. Performance

- 18.1. Performance will be assessed as per the Community Housing Contract Compliance and Performance Management Framework, under Performance Area 2: Delivering what was agreed.
- 18.2. Performance will be assessed against the following performance indicators:
 - The extent to which the agreed number of CHLP dwellings are available for social housing at any given time;
 - The extent to which CHLP dwellings meet client need. Triggers for remedying poor performance will be based on the assessment of each community housing provider's performance against benchmarks.
- 18.3. A Performance Improvement Plans (PIP) regarding CHLP quotas and the use of CHLP surpluses to support the program will be negotiated with CHPs.
- 18.4. Failure to achieve a PIP may result in a reduction or cessation of funding.
- 18.5. If the quota is not being met for four consecutive quarters and this has not been remedied through a Performance Improvement Plan, a CHP will be required to show cause as to why successive quarterly payments should not be adjusted downwards to the average quota it achieved over those four quarters.
- 18.6. Full CHLP funding will resume once the quota has been achieved for two successive quarters. It is anticipated that unspent funds due to being under quota will be utilised to lease the number of properties required to meet quota and sustain this for two successive quarters.
- 18.7. Performance indicators, information used for decision-making, benchmarks and tolerance levels are detailed at Appendix C.

19. Related Documents

- 19.1. Community Housing Assistance Agreement (Social Housing)
- 19.2. Common Terms and Conditions to Community Housing Assistance Agreements.
- 19.3. Contract Compliance and Performance Management Framework
- 19.4. CHLP End of Year Report Survey
- 19.5. CHLP Renegotiation of Quota Form
- 19.6. CHLP Subsidised Capital Purchases Form
- 19.7. NSW Community Housing Access Policy
- 19.8. NSW Community Housing Eligibility Policy
- 19.9. NSW Community Housing Rent Policy

20. Appendix A - CHLP - Subsidised Property Procurement Form

This request form is for community housing providers who have entered into a Community Housing Assistance Agreement (Social Housing), and want to use Community Housing Leasing Program funding to subsidise property procurement.

Name of community housing provider	
Name of employee submitting this request	
Email address	
Telephone number	

Please note:

- 11 Supporting documents should be attached to this form.
- 12 A request to use Program funding to subsidise capital purchases must not reduce the property quota.

No of properties to be purchased
Property details (location/property type/configuration)
Timeframe for purchase/s
Funding/financing sources
Additional comments

Community housing providers accept that it is their decision to proceed with the purchase and it is solely their responsibility to meet mortgage payments. FACS-Community Housing and Pathways will commit to the 10 year guarantee of funding for 50% of the General CHLP portfolio but will not accept any responsibility for other changes in Program funding.

Community housing providers confirm that as a result of this request the provider will still deliver its contracted property quota.

Signature <i>To be signed by the Chair of the Board</i>	Date
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21. Appendix B – CHLP - Renegotiation of Quota Form

This form is for community housing providers, who have entered into a Community Housing Assistance Agreement (Social Housing) that want to request to renegotiate the contracted Community Housing Leasing Program property quota.

Name of community housing provider	
Name of employee submitting this request	
Email address	
Telephone number	
Current quota	
Quarter in which the quota is unlikely to be met	
Request to reduce quota to	

Please complete the following in as much detail as possible and attach any supporting documents to this form.

Reasons the quota will not be met
Evidence of strategies in place to reduce the risk of not meeting the quota
Provide detail on whether the strategies have been adjusted to reflect changed market conditions
Provide detail on future strategic directions to manage the CHLP portfolio
Provide details on how the CHLP portfolio will be adjusted if approval is granted to reduce the quota
Additional comments

Signature <i>To be signed by the Chair of the Board</i>	Date

22. Appendix C - Performance Management Table

INFORMATION REQUIREMENTS			DATA ANALYSIS		PERFORMANCE ASSESSMENT		
Indicators	Information used for decision making	Frequency	Benchmark / target	Data analysis	Benchmark not met (outside tolerance)	Benchmark not met (within tolerance)	Benchmark met
PERFORMANCE AREA 2. Delivering what was agreed							
Extent to which the agreed number of CHLP dwellings are available for social housing at any given time	No. of properties available for letting (leasehold or purchased) Average (%) of property quota met during the reporting quarter	Quarterly	Agreed quota	COMPARISON to benchmark	<95%	≥95%	≥100%
Extent to which CHLP properties meet client need	No. (%) of CHLP portfolio changes with respect to: - number of bedrooms - geographic locations (low, medium and high demand areas)	Annual	N/A	ANALYSIS of individual providers' results over time	Not applicable		