

Specialist Homelessness Services Transitional Housing Reform

1. What is the Specialist Homelessness Services Transitional Housing Reform?

Transitional Housing Reform will change the way that transitional properties (short-term housing for people exiting crisis accommodation) are managed by specialist homelessness services (SHS). This includes changing the way that rents are calculated for transitional housing and SHSs now taking on the responsibility for property management of transitional housing.

2. When do the Transitional Housing Reforms start?

The Reform around how rents are calculated for new tenants in transitional housing commences from 1 January 2014. The transfer of property management responsibilities to SHSs for transitional housing starts from 1 July 2015.

Changing rent calculation

3. What is a CRA maximised rent?

Commonwealth Rent Assistance (CRA) is an additional payment which is added to the pension or benefit of an eligible income support recipient who rent in the private market or in the community housing sector.

A CRA maximised rent is comprised of 100 percent of the tenant household's entitlement to rent assistance plus 25 percent of their assessable household income. The rent assistance amount claimed from Centrelink is calculated as part of the total rent. This increases the amount of rent a



service collects, without increasing the amount of rent paid directly by the tenant as a percentage of their income.

4. What properties will CRA maximised rents apply to?

CRA maximised rents will apply to all transitional properties managed by specialist homelessness services. This approach is already applied by mainstream community housing providers managing transitional housing. However, it won't apply to crisis accommodation, refuges or hostels.

5. When do CRA maximised rents have to be charged?

All new tenants will be charged CRA maximised rents from 1 January 2014. The rent arrangements for existing tenants will remain unchanged for the period of the transitional housing tenancy.

6. How are CRA maximised rents calculated?

Housing NSW has developed a CRA calculator to assist community housing providers calculate the correct rent for tenants. Training will be provided for SHS transitional housing providers before the end of 2013 on how to use the calculator and it will then be distributed to SHS providers following the training.

7. How much additional rental income will CRA maximised rents generate?

Rental income generated through CRA maximised rents will depend on several factors including household type and income, property type and local market rents.

8. Do access and eligibility requirements for transitional housing change?

No, the current policy on eligibility to transitional properties continues

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to apply - to be eligible for transitional housing a person must be experiencing homelessness or be at risk of homelessness and must require immediate housing and support.

9. If a client remains in crisis accommodation for longer than three months, does this become transitional housing and can a CRA maximised rent be charged?

Where a property is being used as crisis accommodation, a transitional housing rent cannot be charged after three months. Where the designated service delivery model and use of the particular property is crisis accommodation, the crisis fee set by a service should continue.

In accordance with charging CRA maximised rents, clients will need to have a residential tenancy agreement clearly setting out the market rent on which the subsidised rent and CRA contribution is based. This is not the case for clients in crisis accommodation.

10. What can rental income be spent on?

Rental income can be spent on property and tenancy management. If after meeting all of these costs there are surplus funds available to an organisation this can be used to enhance outcomes for tenants.

11. What happens to the money that Community Services used to pay as rent to support the old Crisis Accommodation Program?

The budget holder for the SHS Program is Housing NSW and there continues to be a small

component of the SHS Program budget that will be used to contribute to the maintenance and operating costs for accommodation used for crisis and transitional purposes. In order to cover all operating costs associated with these properties, funds are supplemented by an additional allocation from the Housing NSW budget.

12. What happens to any rent payments that services currently make to FACS?

Some services do currently pay a small rent or service fee to FACS for transitional housing properties to assist with property management costs. This requirement will not continue beyond 1 July 2015.

Changing property management arrangements

13. What does having responsibility for property management mean?

From 1 July 2015, services will be responsible for all aspects of property management including council and water rates and insurances (or strata levy payments if relevant).

Specifically, the service will be required to keep in full force and effect the following insurances with an insurance company on the Australian Prudential Regulation Authority's Register of Authorised Insurers:

- a) public liability insurance in the sum of not less than 20 million dollars (\$20,000,000.00) per event covering all liability risks arising from its activities including but not limited to its ownership, management and use of its Property Portfolio;

- b) worker's compensation insurance as required by law for all the Provider's employees;
- c) loss or damage insurance for its Property Portfolio for the full replacement value; and
- d) cover for all other risks which from time to time a prudent property owner and landlord would effect for a Property Portfolio being used for this purpose

The service will be responsible for the delivery of all maintenance required on properties during the lease period with the exception of structural repairs. Housing NSW continues to be responsible for structural repairs (see definition below).

Current Land and Housing Corporation asset standards and property management expectations are set out in the Community Housing Asset Management Policy and the NSW Government's Asset Standards. Training on property management will be made available for all SHSs in 2014.

Being responsible for property management also means continuing to be registered as a community housing provider under the new National Regulatory System for Community Housing commencing on 1 January 2014.

14. What maintenance responsibilities will be transferred?

The maintenance responsibilities being transferred are responsive repairs and planned maintenance. Responsive repairs covers maintenance work that is attended to as it arises, for example reglazing broken window panes, clearing blocked sewers or fixing a leaking gas main. Responsive maintenance is also known as day-to-day, unplanned, urgent and emergency maintenance.

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Planned maintenance is work that can be scheduled in advance and carried out when it is due, for example painting, carpet replacement, bathroom renovations, inspecting smoke alarms etc.

15. What is the definition of structural maintenance?

Structural maintenance is repairing damage to the whole, or part of the building fabric, including the walls (internal and external), roof area, frame, flooring, footings and piers. It does not include tenant damage and/or general wear and tear.

16. What is the average cost per property for property related expenses? What would a break down of the costs cover?

Property management costs include council rates, water rates, property insurance, and responsive and planned maintenance. General industry 'best practice' is that annual property maintenance costs are about 1-1.5 percent of the replacement value of the property. An indicative guide to property maintenance costs is that average property replacement values are - 1 bedroom \$200,000, 2 bedroom \$250,000, 3 bedroom \$300,000.

17. Will properties be brought up to standard before 1 July 2015?

All crisis and transitional properties owned by the NSW Government are currently undergoing Property Assessment Surveys (PAS). The PAS data provides an understanding of the current property condition. Housing NSW is exploring options for addressing the maintenance backlog for transitional properties.

18. Should SHSs scope the condition of their properties and is there a history of property related age, costs and repairs available?

Housing NSW does not require SHSs to scope the condition of properties prior to new property management arrangements being implemented. Transitional housing properties are undergoing PAS assessments and surveys are expected to be complete by June 2014.

The PAS data will inform the backlog maintenance work needed on the properties. As the PAS information becomes available Housing NSW will work with services to help them understand property condition and maintenance requirements going forward.

19. What changes will the new National Regulatory System for Community Housing bring?

Existing NSW regulatory arrangements will continue to run in parallel to the new National Regulatory System for Community Housing for a period of 18 months from the commencement of the system on 1 January 2014. Existing registered organisations will be required to transition to the national system by 1 July 2015.

20. What if rental income is not enough to cover the property and tenancy management related expenses?

For most services rental income will cover property related expenses. Housing NSW is currently modelling the impacts for services where tenants have

very limited income (for example the low statutory incomes for young people), and will develop a response to support providers that are in this situation.

Property management options

21. What property management options are available?

The options for long-term property management for transitional housing managed by SHS include:

- that the service retains the transitional property leases, continues to be registered and undertakes all property management responsibilities
- that the service partners with another registered organisation - such as a SHS, a community housing provider, or one of the two new specialist housing companies for young people or women and children escaping domestic violence

22. How are leases transferred to another community housing provider?

Housing NSW will work with specialist homelessness services to find a suitable registered housing provider for the leases they have decided to transfer - this might be another SHS or a community housing provider, or a specialist housing company. Housing NSW will consider the transfer of leases to a registered provider nominated by a specialist homelessness service, but any proposed transfer will need to be endorsed by Housing NSW on a case by case basis.

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23. If an SHS chooses to transfer its transitional housing leases will they continue to have access to properties for their clients?

Negotiations about who gets access to the properties and 'nomination rights' should be settled prior to entering into a partnership agreement and transferring leases to another organisation.

24. Do existing domestic violence or youth services have to partner with one of the new specialist housing companies?

The two new specialist housing companies for young people and for women and children escaping domestic and family violence, are options for services that want to transfer their leases to them on a voluntary basis.

25. What will happen to the properties if a service is not successful in securing SHS funding from 1 July 2014?

If a service with a current lease/s is unsuccessful in the tender for SHS funding the properties will be re-assigned. Housing NSW will manage the re-assignment process and there will be a transition period to manage this change.

26. When do organisations need to make a decision about taking on property management?

Services intending to take on property management responsibilities will be required to do so from 1 July 2015. If your organisation is not intending to take on the property management role, leases will be required to be transferred to the agreed partner organisation before that time. To ensure sufficient time for the negotiation and reissuing of leases, services are encouraged to reach a decision by March 2015.

27. What assistance is there for services in making this decision?

Housing NSW has developed a tool that will enable services to understand the estimated income and operating expenses for their transitional properties under a CRA maximised rent model. This tool will be distributed in 2014.

Key Contacts

There are a number of key contacts for services wanting to find out more:

Homelessness NSW has been funded to employ a Sector Support Officer to help services implement the Transitional Housing Reform and National Regulation. Dougie Wells can be contacted at Homelessness NSW on (02) 9331 2004 or emailed at dougie@homelessnessnsw.org.au

Services can choose to discuss alternate options for property management with their peak organisation or their Housing NSW - Community and Private Market Housing regional representative.

Any enquiries about the implementation of Going Home Staying Home need to be directed to the Reform Team on 8753 9215 or emailed to GSHS@facns.nsw.gov.au

It is illegal for an officer of Housing NSW to ask for money or favours or other benefits of any kind in exchange for helping you with your housing needs.

It is also illegal for you or anyone else to offer money or favours or other benefits of any kind to an officer of Housing NSW in exchange for helping you. If you have any information regarding this, please contact Business Assurance on 1300 HOUSING (1300 468 746). Housing NSW may refuse the provision of further housing services to anyone who has engaged or sought to engage in corrupt or illegal conduct.

Arabic	خدمة الترجمة الخطية والشفهية المجانية اتصل على الرقم 131 450
Chinese	免費的翻譯傳譯服務 致電 131 450
Russian	Служба бесплатного письменного и устного перевода Позвоните по номеру 131 450
Spanish	Servicio Gratuito de Traducción e Interpretación Lláme al 131 450
Vietnamese	Dịch vụ Phiên dịch và Thông dịch Miễn phí Điện thoại 131 450