

## Frequently Asked Questions

5 May 2014

# Community housing providers and asset ownership

### How many properties will be owned by community housing providers?

The NSW Government has approved the transfer of 500 social housing properties already under community housing management and the significant majority of the new social housing funded through the Nation Building Economic Stimulus Plan.

### How will ownership of the properties be determined?

The NSW Government is currently developing a fair and transparent process for allocating properties for ownership. This will largely be based on a competitive selection process and information will be posted on the Housing NSW website when it becomes available.

### Which community housing providers will be eligible to own assets?

Only community housing providers that meet the prerequisites for asset ownership will hold title to government funded social housing. These prerequisites have been set to ensure that providers continue to provide high quality services to tenants, and that the government's investment is protected over the long term.

### What are the prerequisites for asset ownership?

The NSW Government will only transfer ownership of social housing to an organisation that has the following characteristics:

- Not-for-profit organisation;
- Company (limited by guarantee) under *Corporation Act 200*, or a company (limited by shares) in certain situations;

- Registration as a Class 1 or 2 community housing provider within the meaning of the *Housing Act 2001*; and
- Constitution or rules of the organisation contains an appropriate 'wind-up' provision that requires surplus assets being transferred to another registered community housing provider under the *Housing Act 2001*.

### What is an example of an appropriate 'wind up' clause?

An example of an appropriate 'wind up' clause is a provision in the constitution or rules of the organisation that states:

*In the event of the organisation being wound up, any surplus assets remaining after the payment of its liabilities must be transferred to another Class 1 or Class 2 registered community housing provider within the meaning of the Housing Act 2001, with similar purposes and which is not carried on for the purposes of profit or gain to its members.*

An additional provision will also be required that states that the constitution or rules of the organisation may only be amended by special resolution in accordance with the *Corporations Act 2001*.

### Will community housing providers have to pay for the properties transferred?

No, community housing providers will not have to pay for the properties.

### Who will be responsible for all the ongoing management costs associated with the transferred properties?

As the asset owner the community housing provider will be responsible for all costs associated with management, maintenance, and

modification of the properties and the costs of replacing the stock.

### Will the Government be placing any limitations on the ownership arrangements?

Under new provisions introduced into the *Housing Act 2001* the NSW Government will retain an ongoing interest in the properties. This interest will be formally registered on the land title register administered by the NSW Registrar-General of Land. The interest will restrict the sale or mortgaging of the land without the consent of Housing NSW.

### Will these legislative provisions limit the borrowing potential from the private sector?

While the NSW Government will retain an interest in the property that restricts sale or the mortgaging of the assets without consent, consent will not be unreasonably withheld. Housing NSW will also provide advice to financial institutions on the extent of the Government's interest in the property and processes for obtaining approval for consent for the mortgaging or sale of the land.

This system is largely modelled on the approach implemented in Victoria which has been in operation for a number of years and in that time the not for profit housing sector has secured finance from major banks and large credit unions for new housing projects.

### Will there be a set leverage target that must be met for each portfolio of properties transferred?

No, Housing NSW will negotiate an optimal and sustainable leveraging target with each community housing provider to ensure that the target is achievable within the business model of the provider.



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### What other mechanisms will the NSW Government put in place to manage the transfer?

As part of contractual arrangements, Housing NSW will require community housing providers to manage the properties in accordance with the *Community Housing Eligibility and Access Policy* and the *Community Housing Rent Policy*. In addition, any new properties purchased with finance leveraged from the transferred assets will need to be managed as affordable housing in accordance with the *NSW Affordable Housing Guidelines*.

### Will community housing providers that own assets be required to participate in the Common Access System?

Yes, the community housing providers will be required to participate in the Common Access System as part of the contractual requirements set by Housing NSW.

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.

### Translation service

Arabic	خدمة مجانية للترجمة الخطية والشفهية تصل على الرقم 1300 652 488
Chinese	免費翻譯及傳譯服務機構電話:1300 652 488
Russian	Бесплатная переводческая служба Звоните по тел. 1300 652 488
Spanish	Servicio Gratuito de Interpretación y Traducción. Llame al 1300 652 488
Vietnamese	Dịch vụ Thông Phiên dịch Miễn phí. Hãy gọi đến 1300 652 488