



**Federation  
Exchange Report,  
May/June 2017**



**nsw Federation of  
Housing Associations inc**

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# Introduction

The Federation is the industry peak body for mainstream community housing providers in NSW.

The Federation has grown to be a representative voice for housing associations, a provider of a wide range of good practice advice and resources, a facilitator of the ongoing development of the sector, and the leading provider of social housing training in Australia. We are a Registered Training Organisation and deliver training through our Centre for Training in Social Housing. The principles of access and equity inform all planning and service provision by NSWFA. One of the Federation's key roles is to help housing providers to develop, maintain and build the quality of their services and the skills and capacities within organisations by supporting networks of people involved in various aspects of the business.

In this way, peers can learn from each other and share expertise, good practice and emerging issues.

The May/June Federation Exchange took place on 31st May and 1st June. Highlights from the Federation's professional networks sessions are summarised below.

# Planning Network

## ***CEOs joined Planning Network for this session***

### **Local government and affordable housing**

*Facilitated by Rebecca Richardson (Urbanista)*

Rebecca opened the day by explaining that the Exchange was a unique opportunity to build relationships between CHPs and local councils. Councils and CHPs have common goals such as promoting the benefits of inclusive communities. This can be achieved through Council's strategies, which can build awareness amongst business and the broader community as to why a range of affordable housing is crucial to ongoing economic and social viability of their communities. Rebecca also covered the range of planning mechanisms that Councils can use to assist in the development of affordable housing in their LGAs.

The group discussed ways that CHPs and Councils can work together to the benefit of the local communities:

- CHPs have experience in managing tenants and properties and can assist Councils greatly in this area
- It is also worthwhile in educating the community about the benefits of CHPs- For example, surpluses made are reinvested back into the community
- Councils need to do more before land is rezoned otherwise opportunities may be lost
- The community needs increased education about new generation boarding houses as they have a poor reputation
- Some Councils are trying to secure inclusion in SEPP70
- We need to adopt a definition for "Affordable Rental Housing" which sets requirements for resident profile, housing cost and management - this definition would assist in the formulation of affordable housing targets and provide assurance to local communities.

## ***Asset & Development joined Planning Network for this session***

### **Financial Modelling Viability for Affordable Housing**

*Facilitated by Rebecca Richardson (Urbanista)*

Rebecca explained that financial modelling is a vital tool for promoting affordable housing and ensuring that settings are right to produce outcomes on the ground. If development is not viable, it will not occur. Financial modelling is also helpful in understanding what makes a sustainable affordable housing project and influences of asset ownership and management arrangements and other factors.

Rebecca explored key aspects of modelling for housing and how Councils can use development and feasibility modelling to help optimise affordable housing outcomes in their LGAs. The key steps in a development feasibility are:

1. **Determine site yield:** this can be based on based on Existing Planning Framework and/or Alternative Scenarios (e.g. increased FSR/height controls)
2. **Estimate future revenue:** This will require an exercise of judgement based on relevant market prices as well as an awareness of current/future housing supply
3. **Identify all development costs, timing, and other variables:** Level of resolution of proposal will impact certainty as there are many inputs
4. **Identify required development profit & contingency allowance:** The less certain a project is, the greater the allowance for contingencies
5. **Calculate feasibility:** Often developers will use the Residual Land Value Method to determine what they will pay for land. However, if seeking to establish feasibility, Development Return Method is simplest to set a minimum development profit below which it would be assumed that there would be no/reduced appetite for development
6. **Review development proposal &/or planning controls:** Depending on which approach you are using, assessment may reveal a breaking point below which development is not feasible

It is important that planners recognise that planning controls which, on paper, deliver a viable development margin may not be sufficient to generate new development. Particularly if feasibility modelling assumes vacant land and does not take into account the opportunity costs associated with current development or demolition costs.

### **Local Housing Strategies**

*Facilitated by Rebecca Richardson (Urbanista)*

The Greater Sydney Commission has announced that councils will need to prepare their own Local Housing Strategy or collaborate on a District Housing Strategy. Local Housing Strategies are just as relevant outside Sydney where a varying range of factors impact on the supply, diversity and suitability of housing. A comprehensive strategy will require much preparation, research and innovation.

The group discussed the components of an effective strategy and shared experiences in preparing strategies:

- Consistent data across districts is useful for direct comparisons.
- Freely available data is also important (ideally without the cost of consultants). This can include:
  - Affordable housing demand data (in comparison to incomes)
  - What housing stock councils currently possess
  - Average rent levels.
  - Numbers on social housing waiting lists
  - Age of stock
  - Areas available for renewal.
- Affordable housing needs to be defined and a clearly identifiable component of local housing strategies
- Secondary dwellings have been successful using the AHSEPP – this should be continued with opportunities for increasing density in low density zones
- Local housing strategies should look at what housing they should be providing for future populations
- Strategies should focus on what might happen if there is no provision for affordable housing - for example what happens to displaced groups
- The diversity of housing also needs to be a focus
- Mapping is also important to display the data

# NDIS Network

## History and lessons from the SSDAAG project

*Janice Marshall (Chair SSDAAG and family member); Rhian Preston (The Disability Trust); Cathy Quinn (Sylvanvale); Bruce Woodhouse (SGCH); and Lisa Quirk (FACS)*

Lisa gave an overview of the historical accommodation system and the NDIS reforms, which placed an emphasis on choice and control and putting the person with disability at the centre of the service system. NDIS will result in a move to a disability market with opportunities for innovation.

Janice discussed the Sutherland Shire Disability Accommodation Action Group (SSDAAG). The group was established because of the desperation of aging parents with no prospect of ever finding supported accommodation for their adult children with a disability. SSDAAG now has 190 family members. In May 2011, Minister Constance created the SSDAAG Pilot Scheme to trial individual packages for supported accommodation. Janice discussed the design and build of three sites under the trial.

Katherine and Bruce shared their experience of providing disability support, the co-design process, striking the balance between standards vs. normalized environments and managing the relationships with families. Lisa concluded with some challenges and lessons learned.

## Home Modifications Australia

*Michael Bleasdale, Home Modifications Australia*

Home Modifications Australia is a national peak industry body. As home ownership is reducing, the number of renters is increasing (by 2050 45% of older people will be renting). As a result, we need to ensure that people who rent have access to home modifications.

Home modifications currently focus on bathrooms, ramps and rails, however there needs to be a greater recognition of diversity of need amongst people requiring modifications to remain at home. Through the NDIS, there is an expectation on social housing to meet the demand for home modifications. Whilst LAHC Guidelines (NSW) are available to address cost-sharing arrangements for NDIS participants, there are still other issues such as who will fund OT report(s), the delineation between “minor” and “major” modifications, and the complexity in procuring assistive technology.

To address this issue, we need national leadership and a focus on housing suitability. This includes raising awareness within the community of the importance of suitable, visitable and accessible housing. Importantly, we need to build bridges with industry around the construction of accessible housing to meet current and future demands.

## **Summer Foundation NDIS Housing Market Development Initiative**

*Melanie Southwell Housing Sector Development Coordinator*

The Summer Foundation looks to address the issue of young people with a disability residing in nursing homes. They are currently working on five NDIS housing projects, including the National Specialist Disability Accommodation (SDA) Demand Study. The Study will provide data on accessible housing supply and demand based on the current living circumstances and preferences of people receiving SDA payments and the characteristics of current SDA housing stock.

This information will be gathered by the NDIA as the NDIS is rolled out nationally, however undertaking this work early in the roll out will enable housing investments to be made prior to people becoming NDIS participants, giving people with disability access to high quality housing sooner.

The group then assisted The Summer Foundation to scope the project.

## **Update on NSW SDA policies**

*Nancy Tan, Policy Specialist, Service Delivery Transfer, ADHC*

Nancy gave an update on what is happening with Specialist Disability Accommodation (SDA).

SDA will have a national NDIS practice standard for quality and safeguarding. All providers must be registered as an SDA provider to receive NDIS funding. There will be separate contracts for Supported Independent Living (SIL) and NDIS due to the conflict of interest of a provider being both landlord and support provider.

Ageing, Disability and Home Care (ADHC) and LAHC will be rolling out lease conversations with current ADHC licence holders. There will be a five or 10-year lease agreement – if the provider was registered prior to 2007 it will be a 5-year lease, with a 5-year renewable option. If post 2007 then it will be a 10-year lease with a 5-year renewable option. Rent will be set as a sum of rent contributions and SDA payment times a vacancy factor.

## **NDIS Transition – Case Studies and Key Intersections for CHPs**

*Lacy Barron – Director Strategic Policy, Department of Family and Community Services*

Lacy discussed housing people with complex needs and the interface of social housing and SDA. She used some case studies to illustrate assessing eligibility for social housing and for SDA. Housing and homelessness services continue to be responsible for homelessness-specific services. Social housing providers are responsible for making reasonable adjustments to meet the needs of people with disability.

The NDIS is responsible for support to assist people with disability to live independently in the community and also responsible for Specialist Disability Accommodation (SDA) funding for people with very high needs who are assessed as needing a specialist housing solution.

Anyone irrespective of disability is entitled to apply for social housing assistance. For NDIS participants with high support needs who also need more specialised housing assistance, there will be a need for flexibility at the interface of social housing and SDA. Nobody will be entitled to receive both social housing assistance and a subsidy for SDA at the same time and a social housing property cannot be enrolled as an SDA property. Where a participant is ineligible for either social housing assistance or for SDA, the onus is on the NDIA, or the support coordinator funded by the NDIA, to consider all options. The NDIA may review the level of support and/or approach the social housing provider to review/escalate the decision to decline the application and/or pursue options in the private sector.

## **Sector Discussion**

*Charles Northcote, Chief Executive Officer, BlueCHP*

Charles Northcote, Chief Executive Officer, BlueCHP gave an update on the Home\$Life joint venture between BlueCHP and Compass Housing. Home4life is a new disability housing organisation, which will provide tailored housing to more than 390 people currently living in outmoded accommodation at the Kanangra, Stockton and Tomaree centres in the Hunter.

BlueCHP will build the new group homes on land currently owned by the Department of Family and Community Services. Once built Compass Housing will be responsible for the property and tenancy management.

While the contract was signed in January 2017, there has been a delay in commencing. In March 2017, the Government released the SDA rules, which included the legislative instrument for SDA pricing. The rules said that the pricing mechanism could change from year to year. Financial institutions will not invest in the model as the option for change in the pricing arrangements mean that it is too risky. Further discussions need to occur before this can be progressed. There is also a regulatory lack of clarity in other areas such as:

- The ATO need to confirm that SDA payments are GST free
- Continuity of support payments as people over 65 are not eligible for NDIS.

# CEOs Network

## **A View from National Shelter – The Post Budget Landscape**

*Adrian Pisarski, Executive Officer, Shelter*

The budget has created a loose architecture but the details are not yet available. Establishment of the NHIFC is the single most important thing in the budget in relation to growth of community housing. This will assist with loans and additional funds are needed. There is no detail about the bond aggregator for instance - how big will the issues be,, how to attract finance, how to aggregate that and how to distribute it? The industry needs to be putting pressure on Commonwealth Treasury.

Adrian also gave an overview of the Rental Affordability Index - details of which are included in the slides. The RAI has good recognition in the public discourse now.

The following issues were raised from discussion and Q&A.

- Affordable housing is among the top three topics that Australians are talking about - it is now influencing political discourse And unless it is addressed politicians will lose votes
- Bilateral agreements are proposed for the National Housing and Homelessness Agreement (instead of multilateral as under NAHA) and there is an opportunity for the sector to influence NSW engagement in the process
- LAHC NSW Treasury stipulate that land must be dealt with at market value - land must be seen as a subsidy contribution from the States as this means more housing.

## **NSW Homelessness Strategy Update**

*Lacy Barron – Director Strategic Policy, Department of Family and Community Services*

The report of the consultation feedback is due soon. The slides give an overview of the feedback. Issues raised by the group include:

- The whole system of homelessness is failing and is not integrated with housing and effective support delivery
- There is a lack of joined up policy between government agencies such as health and housing providers
- We're missing a housing type or model where long term ongoing support is provided , we know what models work but they are not being funded and resourced
- Housing is the basis for tackling homelessness – without additional supply of housing it is impossible to tackle the other issues that homeless people face
- People on low incomes are locked out of ownership and increasingly locked out of the private rental market, and rely on the social housing system. All support services, whether intensive or not, will not work unless there is sufficient without housing.

Lacy confirmed that there are no additional funds available yet to support the homelessness strategy – this phase is evidence gathering to build a business case.

It was suggested that there be a roundtable to help build the evidence base.

Next steps moving forward:

- The Social Housing Minister is focused on engaging with the other agencies
- 
- The new Human Services Outcomes Framework makes other agencies also accountable for outcomes for homeless people
- There will be future consultation and engagement.

## **CHIA – national industry priorities**

*Michael Lennon, Chair CHIA*

Michael stated that housing outcomes have profited and prospered when there is Commonwealth interest. When they neglect housing then things worsen. There are enough positive elements in the current Commonwealth position to keep the industry enthusiastic and engaged.

The slides show the analysis of the budget and housing reforms. Some key points:

- The creation of the NHFIC represents a significant shift in risk
- MITs are important, and there are initial possibilities - CHP face uncertainty with the end of NRAS so could this be a possible way of new financing for those assets
- Bilateral agreements means change requires only two parties to agree rather than the multi-lateral agreements
- The industry has been arguing that the National Competition Council should oversee implementation of the new NHHA and performance as it makes no sense for the body that is in competition with the industry to also oversee it and exempt itself from the same standards
- Transfers – Federal Treasury might be interested in bringing pressure to bear on the States to transfer because of new financing arrangements - leveraging the assets and using private cash is the only way to get more supply, and the Commonwealth does not want more debt
- A truly national regulatory system is required to oversee the standards and reporting - a strong argument for this can be made given that the Reserve Bank and IMF are talking about the vulnerability around housing – more is required in from regulation to attract institutional and private funding.

## Department of Social Services – Housing Priorities following the Federal Budget

*Jill Mills, Group Manager, Welfare and Housing Reform Group, Department of Social Service (tbc)*

Jill provided an overview of the Commonwealth's Housing Affordability Plan including the new NHHA, stock transfers, and the National Housing Finance and Investment Corporation (NHFIC).

### NHHA

- The NHHA is not an increase in funding but will be tied to specific outcomes to deliver more efficient use of funding.
- Bilateral agreements acknowledge that markets are different across and within States and Territories.
- There will be some overarching multilateral agreements
- Performance – the Commonwealth is intending to withhold funding to States if they do not perform - funding will be dependent on outcomes.
- No preconceived ideas about what the tied outcomes will be but they will include something about aggregate supply and zoning.

### Regulation

- In establishing the NHFIC it will be critical that it works with a sector that is a good risk – this presents a good opportunity to review regulation
- The group agreed that there is a lack of national consistency in regulation - they questioned whether the new system would also cover public housing

### Stock Transfer

- The Treasurer has undertaken to involve CHIA and other representatives like NSWFA and Shelter in negotiations about stock transfer and outcomes for this will be developed

### Comments from CEOs

- If the Commonwealth is fully committed to the sector it should capitalise us directly – The challenge is to bypass the States and invest in us directly
- Because of the constitution Commonwealth does not make direct payments on housing. However, has been done in the 1970s – money that was quarantined and agreed to by the States. This may be more possible than in the past because now Treasury is leading the negotiations and it is more influential than DSS.
- On **transfers** – there have been many types of transfers, measured in different ways – should encourage the Commonwealth to speak directly to the sector about what the best outcomes have been in previous transfers
- **Funding Formula** for NAHA was on per capita basis and this currently remains the status in the budget papers but it may not stay like that – they are still working it through with the States
- The NAHA was meant to be reviewed, but was not – the NHHA will have five yearly reviews
- The per capita funding approach actually rewards States who do not invest in public housing as those that continue to sell down stock and reduce their effort still get the same funding.

- **CRA review** – CRA does need to be reviewed in relation to the lowest income households, lifting the thresholds, providing broader assistance but this are not on the immediate horizon.

### **‘A Compact for Renewal – what tenants want’**

*Bernie Coates & Mary Perkins CEO Shelter NSW*

Bernie gave an overview of the Compact for Renewal Project and Stage 1 which involved asking tenants what their experience of renewal had been Stage 2 will be to engage renewal agencies, including CHPs.

Jen Rignold, a public housing resident, described the Airds Bradbury public housing renewal stating that if residents are treated with respect, made part of the team, and are partners to the process, things go well. Discussion included :

- CHPs need to take a strong lead in any consortium they’re involved in
- As CHPs are often not involved in the initial decisions about renewal – the industry has to try to hold the government to account i.e. we will only be involved if it happens in this way and delivers good outcomes for tenants
- Often the challenge is before CHP is involved, so the relationship can start with broken trust.
- There’s a skill gap - you need strong skilled people to be honest about the effects of renewal, it’s a skill to listen to criticism about projects and act on it appropriately
- When you have to get approval for every message it means you can’t have a rich conversation Should there be a specific seminar for CHPs to engage with the project? Should include SGCH with their engagement in Bonnyrigg and Riverwood, and Bridge in relation to Coogee etc. .

# Asset & Development Network

## Update: LAHC audit on Solar PV systems

Susanna Savolainen, Manager Environmental Sustainability, LAHC

Rory Eames, Environmental Sustainability Analyst, LAHC

### Solar PV Systems

Rory summarised the findings of the audit as follows

- Of 29 systems inspecting, 22 were found to be operating effectively 10 years after installation;
- Critical lessons learnt:
  - Inverter faults - most common issue;
  - Location - the systems need to be easily accessible - more likely to be serviced and therefore meet warranty requirements;
  - Voltage mismatch with the array;
  - Resealing of entry points between wires - usually an installation issue.
- Energy production and use:
  - Audit discovered that a lot of electricity was being drawn from the grid at night and little was being used during the day, which significantly reduces the value to the tenant since the feed in tariff is so low.
  - An embedded network is a contract between the building owners and an energy retailer for the latter to supply power to all of the properties in that development. It physically aggregates the energy consumed within a complex to a single metered point". Sub-meters then measure each tenant's individual energy consumption and they will be billed accordingly.

### Pros and Cons of an Embedded Electricity Network

Pros	Cons
Convenient, takes the fuss out of choosing a provider	Some people like that they can't choose and leave providers. Decreased freedom
Increased purchasing power means that you may be able to save money	Because you're 'locked in' to a retailer, there may be little incentive for them to be competitive
The embedded provider may have a suite of green initiatives	Or it may have none – which is concerning for some customers
Your embedded contract may work in your favour	The contract could be hard to get out of. Disputes could make your time in the apartment tough

Source: [www.canstarblue.com.au/energy/electricity/what-is-an-embedded-electricity-network/](http://www.canstarblue.com.au/energy/electricity/what-is-an-embedded-electricity-network/)

Unfortunately, typical community housing developments are not big enough to get the benefits from embedded networks and they cannot be retrofitted into existing buildings.

## Rainwater Tanks

LHC currently has about 2,500 rainwater tanks across its portfolio. It is proposing to undertake a similar audit to identify benefits to tenants and to inform the design of future developments

## **Energy Efficiency upgrades and improvements for the community housing sector**

*Jennifer Lee and Nicola Goulstone, NSW Office of Environment and Heritage*

This program has a number of streams aimed at reducing energy hardship. Typically, they are co investment models, are light touch and seek to change tenant behaviour. In most cases the CHP will engage the contractor and co-fund up to 50% of the capital cost.

Examples of capital improvement might be:

- LED light replacement - looking to invest on a large scale to make this worthwhile.
- CHP Feedback indicated that it could be time consuming the contract for this.
- Solar PV panels - 50:50 split but CHP will pick up ongoing service and maintenance
- Clean Energy Hardship Program - OEH and AGL share cost of installing solar PV systems. Tenants would need to be on the AGL Hardship Program.
- Partnership with The Good Guys - appliance replacement - replace inefficient appliances with tenants paying no more than half price - usually needs to be replacement but exceptions are possible. Find out more at <http://www.environment.nsw.gov.au/households/appliance-replacement-offer.htm>
- OEH is able to provide energy efficiency education to CHP staff.

# Middle Managers Network

## Review of FACS Tenancy Management Services

*Alexandra Ellinson, Consultant, FACS / ARTD Consulting*

ARTD consultants engaged the Middle Managers Network in a consultation session to learn from CHPs their approach to delivering tenancy management services. Such consultation will form part of FACS' review on the public housing tenancy management model.

### Sector matters session

This was an opportunity for members to discuss sector matters. The sector related matters discussed included:

1. **CHPs implementation of the *Strengthening practice in responding to domestic and family violence: A toolkit for community housing providers*** – Jennifer Townsend (Consultant, NSW Federation of Housing) asked how or if CHPs were implementing the toolkit into practice. Several CHPs indicated that they were implementing the toolkit but it appears time pressures and the recent SHMT tenders have meant that implementing the toolkit has not been a priority for some providers.

The Federation has engaged Sue Cripps and Zed Tintor who worked on the development of the toolkit to provide a hotline type service to CHPs for 12 months in relation to domestic and family violence tenancy specific matters.

The Federation has engaged consultants Sue Cripps, Zed Tintor and Jennifer Townsend to develop a similar toolkit for perpetrators and this work will commence shortly.

The toolkit can be found on the NSW Federation website at:

<http://www.communityhousing.org.au/DFVtoolkit.html>

2. **Recent Supreme Court decision and potential impact on transitional housing tenancies** – Jennifer referred members to the email distributed to the Middle Managers Network by Leoni Lynch on 30/05/17.

Lyndall Katz is following up with NCAT for further clarification. If there are any other cases (outside of s85 cases) that CHPs encounter relating to this case, please inform Lyndall Katz on: [lyndallk@communityhousing.org.au](mailto:lyndallk@communityhousing.org.au)

## **Update on Housing Pathways and working with the Housing Contact Centre**

*Lisa Catori, Senior Program Officer and Jenny White, Manager, Housing Systems and Service Improvement Team of Community Housing and Pathways Branch*

Refer to slides *Distribution model & working with the HCC*.

Further to a previous Middle Managers Network meeting which covered the Housing Pathways Provider Participation Framework, Jenny identified some further suggestions based on that consultation. This includes A proposed distribution model based on the property numbers of CHPs to establish a fair distribution of applications being processed.

In relation to the Housing Contact Centre, the discussion included:

- HCC are considering conducting a roadshow to workshop issues with CHPs
  - 40 – 45% of applications processed by HCC are still paper based applications
  - HCC has Indigenous identified staff if this is requested by an applicant
  - A request was made for CHPs to test the online application in order to see the process (i.e. to have a mock application set up)
  - Currently it is not possible to indicate the level of assistance provided to an applicant to complete the application
  - CHPs can send an email to HCC if trying to follow up on paper application because it can take up to 7 days. Can request that an application be reassigned to a CHP if it needs to be processed urgently.
- 
- HCC are trying to address issues relating to former CHP tenant debt (i.e. HCC not always referring applicant to CHP if they have a former tenant debt in order to negotiate a repayment plan). HCC are trying to work out how they can determine if the applicant is a former CHP tenant (i.e. through notes on HOMES, offers made to applicant etc.).

For further information, refer to the Housing Pathways intranet for the Housing Pathways Notice dated 10/01/17 *Homes Workflow Management of Applications – Update*, which provides clarification on the workflow between Districts and the HCC.

## **Housing Appeals Committee (HAC)**

*Yasmina Kovacevic, A/Director NSW Housing Appeals Committee, FACS*

Refer to slides *Housing Appeals Committee*.

Operational feedback provided from the Community and Advocacy Agencies Information Forum, which took place on 22/03/17. Post recommendation processes also discussed.

## **Complaints project presentation**

*Adam West, NSWFHA*

Adam outlined the Complaints Management Framework and asked for examples of how CHPs manage their complaints. Examples given included:

- Tracking and reporting complaints through IT systems (some providers do this quarterly)
- Weekly credit given to compensate a tenant when there is an issue that is the CHPs responsibility that is not addressed (i.e. there is a balcony tenants are unable to use)

## **In depth feedback on House Keys**

*Facilitated by Adam West, Manager, Business Development, NSWFHA*

Adam explored with the group how the Federation can ensure that providers are making the best use of House Keys.

Discussion about the findings included:

- On average CHPs are spending 20% of their income on non-landlord specific functions/services

CHPs need to consider context when they look at their results in House Keys

There were limited participants in the session who have looked at House Keys. Adam requested members log in to House Keys one month prior to the next Middle Managers Network session as he will be asking for case studies to be sent to the Federation to consider at the next session.

Adam is also looking for some providers to discuss an area of House Keys data where their organisation is performing above average and the reasons why this might be happening. Adam would like to use the next session to get some practical feedback on House Keys and how it can add value to organisations.

# Finance Officers Network

## Industry snapshot

*Tony Gilmour (Housing Action Network)*

Tony analysed the ranking and strategic positioning of the leading community housing providers in NSW and nationally based on tenancy and financial information, and looked at trends over recent years.

The data paints a picture of slow steady growth of the sector. The top CHPs continue to grow (especially in VIC and QLD). There has also been activity in Tier 3 CHPs and there is a question about how they will operate in the future. The larger CHPs also face questions about their future activity, for example, moving their business into other jurisdictions or types of housing delivery..

## KMPG Accounting Standards

*Heather Watson, Director, KPMG & Sarah Cain, Director, KPMG*

Heather and Sarah discussed the upcoming changes in Accounting Standards. These are:

- 1 January 2018 - AASB 9 Financial instruments
- 1 January 2019 - AASB 15 Revenue from Contracts with Customers
  - AASB 16 Leases
  - AASB 1058 Income for Not for profits
  - AASB 10XY Service Concession arrangements: Grantor

Heather went through some flow charts that can help determine which standard applies to revenue and whether a CHP has a lease under AASB 16.

The changes in Accounting Standards present some challenges and some opportunities. Challenges include that revenue and/or expenses recognition may be accelerated or deferred, and that accounting processes and internal controls may need to be revised. Opportunities include that contracts could be renegotiated to achieved preferred accounting outcomes and safeguard sustainability.

KPMG are currently scoping out a project to assist CHPs in NSW to prepare for the introduction of the standards.

## **CEOs joined Finance Officers Network for this session**

### **Social Enterprise Finance for CHPs**

*Hanna Ebeling, Senior Relationship Manager, Social Enterprise Finance Australia (SEFA)*

SEFA is a finance catalyst who has invested alongside banks and on its own to foster social enterprise in Australia. SEFA has engaged with the community housing sector and looks to innovate further through finance concepts. SEFA's loans supplement and extend the reach of philanthropic and grant monies; they do not replace them. SEFA lends on commercial terms (viability of business model) but offer greater flexibility on the loan structure (understanding social organisations). Some examples of SEFA's investments:

- **Habitat for Humanity Victoria** received an innovative finance structure from SEFA that leverages their successful business model access to affordable housing as well as improved long-term outcomes in the areas of education, employment, health and lifestyle for parents and children. The outcomes were home ownership for low-income families and pathway to financial sustainability for the organisation.
- **Nightingale Housing** promotes design-led creation of deliberative urban communities with a focus on sustainability and affordability. SEFA was able to assist in providing more affordable, communal and lower carbon inner-city housing.
- SEFA helped **MiHaven** build residential properties using their own special workforce. The project included traineeships for long-term unemployed indigenous young people.

### **\$50bn gets 12 subs, \$50bn for the NBN: Surely we can solve the Social Housing Waiting List?**

*Charles Northcote, Chief Executive Officer, BlueCHP*

Charles opened the session by explaining that other sectors receive funding from government, but that the community housing sector has never been a high priority. To effectively address the affordable housing problem in NSW alone (social and affordable housing demand) around 190,000 new homes are needed by 2050. This would cost over \$60b (excluding land costs). To gain the attention of government we need a clear message about what is needed. This should include that the problem can actually be solved.

Other related messages include:

- government has a target of building 5,758 properties per annum over 33 years which is achievable but not enough
- Build on the IPART Review re funding the rent gap
- Development should be targeted in LGA's that require affordable housing
- Create a growth plan by LGA (derived by demand requirements)
- Government should transfer ownership of up to 5,000 to 10,000 properties to each individual provider to deliver a balance sheet
- Seed further capital to enhance balance sheets of CHPs up to \$100m

We need to convince government that these directions will be effective and also gain the support of other institutions.

## **Update from the Registrar**

*Neil Quarmby, NSW Registrar of Community Housing*

*Carlos Perez Ortiz, Will Scott, Office of the Registrar*

Neil outlined the role of the Office of the Registrar and its objectives to provide a consistent regulatory environment to support the growth and development of the community housing sector. He also discussed the functions of the Registrar, which mainly relate to maintaining the National Register, assessing suitability of entities, and registering suitable entities. They also have the role of monitoring the compliance of CHPs, investigating complaints and taking enforcement action where necessary.

Carlos presented some financial performance trends in the scheme including initial observations on these trends. The commentary is that the Tier 1 & 2 sector is financially stable and that providers are positioning to take advantage of future opportunities. Financial information submitted in the FPR is increasingly aligned to related planned documents and risk management practices are overall sound.