

HOUSING ASSETS

Background

Community housing providers develop, own and manage housing assets for the primary purpose of supplying well maintained properties that can be rented to very low, low and moderate income households. Properties are expected to be needed for this purpose in the future, as well as the present. For this reason, community housing providers place an emphasis on planning to meet both current and future needs, and look for ways to manage asset costs efficiently in the long term.

Legal and policy framework

LEGISLATION

Residential Tenancies Act, 2010 (NSW)

REGISTRATION

The National Regulatory System for Community Housing (NRSCH) and NSW Local Scheme set expectations about the management of community housing assets in Performance Outcome 2.

Community housing providers are expected to:

- Have a planned approach to asset acquisitions, disposals and reconfiguration that responds to changing housing needs, optimises financial investment outcomes and service delivery
- Have property management standards that meet its legal and policy requirements for property condition
- Meet the property condition standards that it sets
- Plan and deliver responsive, cyclical and life-cycle maintenance programs
- If relevant, plan, deliver and monitor its development program to deliver new housing efficiently and effectively
- Have asset management policies and procedures

Under Performance Outcome 2 – Performance Requirement C, community housing providers are expected to demonstrate that at least 75% of tenants or residents are satisfied with both the condition and maintenance of the property they live in.

Community housing providers are also expected to demonstrate through records of complaints and appeals that there are no ongoing and repeated instances of dissatisfaction with property maintenance or amenity.

NSW GOVERNMENT POLICIES

Community housing providers are expected to apply any government policies or program guidelines relating to the management of community housing property assets relevant to the housing assistance they provide. The main policies are:

- The NSW Community Housing Asset Management Policy which applies to registered community housing providers with a Community Housing Assistance Agreement for the provision of subsidised rental accommodation. This policy is supported by the NSW Land and Housing Corporation (LAHC), Asset Performance Standards for Existing Dwellings
- The NSW Community Housing Asset Ownership Policy which applies to community housing owned assets that are wholly or partly funded by government, where the community housing provider is responsible for all costs associated with the assets
- The LAHC, Asset Management Framework, which applies to LAHC owned properties managed by community housing providers
- The Aboriginal Housing Office Housing Services Guidelines which apply to properties used for housing assistance contracted by the Aboriginal Housing Office.

Website links for these policies are in the Resources for this topic.

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Strategic Asset Management

Community housing providers registered at Tiers 1 and 2 are expected to have a high level plan, known as a Strategic Asset Management (SAM) plan, that sets out what their organisation aims to achieve with its property assets in the long term, and how it will achieve these aims.

The SAM shows how the community housing provider plans to balance the competing priorities of optimised outcomes on financial investment, delivering quality services and planning to meet

future housing needs. Once developed, a SAM guides a community housing provider's decision-making about property acquisitions, disposals and reconfiguration to respond to changing housing needs. Like all plans, a SAM must be regularly reviewed and updated to reflect both external and internal changes.

A SAM plan typically includes consideration of topics such as:

- The community housing provider's long term portfolio strategy
- Management of the property lifecycle from procurement through maintenance to disposal
- Analysis of local demographics and housing needs
- Anticipated future demand
- Maintenance policies and procedures required to support the plan

Tier 3 community housing providers may choose to develop a SAM plan or, alternatively, document their strategic asset plans within their business plan and asset management policies and procedures.

In addition, all providers are expected to have a business plan that includes goals for asset management.

Asset Maintenance Plans and property maintenance programs

Community housing providers are expected to have budgeted asset maintenance plans that ensure all properties are maintained to a reasonable standard over time by appropriately qualified people.

To maintain registration, community housing providers must demonstrate at least 75% of tenants or residents are satisfied with the condition and maintenance of their property.

To meet these standards, community housing providers deliver 3 types of maintenance program:

- Responsive – repairs requested by tenants usually in response to components aging or failing. Under the *Residential Tenancies Act, 2010*

(NSW) some responsive repairs are considered urgent and must be delivered quickly.

- Cyclical – programs for systematic replacement of major items at the end of their expected life, for example, hot water systems, floor coverings
- Life cycle – programs for systematic testing and replacement of components with the aim of avoiding failures

Cyclical and life cycle maintenance programs are built up from individual property inspections to identify the specific maintenance needs of individual properties within the portfolio.

At a minimum, maintenance plans should include¹:

- A full list of properties in the portfolio
- The maintenance standards used, for example, these could NSW Land and Housing Corporation (state housing authority) or Aboriginal Housing Office Standards, or internal standards that exceed NSW Land and Housing Corporation Standards.
- The planned maintenance scheduled for each property for the period of the plan. For example, a ten year maintenance plan would list the maintenance planned for each property for the next ten years.
- The expected annual per property cost of the planned maintenance listed in the plan. This would usually be based on inspection information.
- A cost allowance for responsive maintenance for each property. This could be based on actual responsive maintenance costs for the previous year or another approach is to assume a percentage of the approximate property replacement cost such as 0.5% or 1%.
- Information about how the work will be delivered e.g. by contractors or in-house expertise
- Information about how work is to be prioritised if funds run short

- Information about how progress against the plan will be monitored so any problems with delivery of the plan are picked up early

Responsive maintenance

Like other landlords, community housing providers are subject to the repair provisions in the *Residential Tenancies Act, 2010* (NSW) and need to have efficient systems for receiving and responding to standard, urgent and after-hours maintenance requests.

Managing Property Maintenance

Property maintenance programs involve significant expenditure. It is important for community housing providers to have written policies and procedures outlining how property maintenance programs are delivered to avoid wastage, inefficiencies and possible probity issues.

Maintenance policies and procedures would usually cover topics such as:

- Coordinating maintenance of vacant properties with applicant allocation processes
- Recording and management of responsive maintenance requests
- Selection and appointment of contractors
- Processes for approving, making and varying work requests
- Quality assurance of completed work
- Invoicing and payment processes
- Access to properties and communication with tenants
- Guidelines and processes for the approval and delivery of maintenance programs

¹ The information in this section is from Office of Community Housing, *Maintenance Planning Guide: For Community Housing*

Providers undergoing Performance Management Assessment, NSW Department of Housing, September 2005.

Informing and engaging tenants

Community housing providers are expected to be transparent with tenants about the maintenance arrangements in place and their expectations of tenants. This includes:

- Providing tenants and residents with easy to use options for requesting repairs
- Clearly explaining how responsive repair requests are responded to
- Encouraging tenants and residents to report maintenance issues as soon as possible, so damage to the property is minimised
- Clearly explaining any policies for charging repair costs to tenants, for example, for maintenance to fix damage caused by a tenant or resident
- Clearly explaining expectations about tenants giving access to maintenance contractors/staff so they can undertake repairs or maintenance
- Clearly explaining the standards of behaviour tenants can expect of maintenance contractors/staff while they are at the property, and how to make a complaint if these are not met

Community housing providers are also expected to encourage tenants to provide feedback about their experience of the maintenance service, using its complaints system or other processes.

Community housing providers may also include engagement about their repairs and maintenance service within plans for tenant and resident engagement. For example, some community housing providers engage with tenants and residents when confirming or implementing their annual cyclical and life cycle plans, or when reviewing SAM plans.