



COMMUNITY HOUSING COUNCIL OF SA

CHCSA POLICY FORUM

“Sector Strategies and the SACHA Change Management Project”

Outline of the Meeting:

1. Ciarán Synnott welcomed all those attending on behalf of CHOs and Peter Stojanovich, Manager of the Change Management Project within SACHA. A **CHCSA Briefing Paper** was circulated. (*See attached*)
2. Peter Stojanovich addressed the meeting and outlined the planned content and goals of the Change Management Project, and the structures of Steering and Reference Groups. He noted the three major themes of the Project:
 - Review of SACHA-CHO Funding Agreements
 - Centralised Application System
 - Asset ManagementPeter noted that the Change Management team would be issuing several discussion papers on key topics in the near future.
3. Matt Fisher outlined a CHCSA perspective on the Project, and raised a number of issues and questions as set out in the Briefing Paper. He outlined a number of principles for the Project identified by CHCSA consultations with member CHOs to date:
 - Supporting the strategic development and growth of the sector
 - Reflecting the diversity of the sector and the often quite different goals of different organisations
 - Enabling CHOs to be financially secure and to function with independence and initiative
 - An appropriate level of accountability to government and the public interest
 - Simple, efficient and durable systems of CHO management and accountability
 - Mutual responsibility from both government and CHOs
4. The meeting divided into three groups, with each group addressing all three aspects of the Project.
5. Discussion groups reported back to the whole group, and meeting close.

Summary of Results:

The following is a collated summary of ideas and issues raised within the three discussion groups at the Forum.

TOPIC ONE: REVIEW OF FUNDING AGREEMENTS

- **The Process of the Review**

- Serious concern expressed that the time-line of the review is too short to enable it to properly deal with the complexity of issues involved.
- Needs to do far more than a 'token' Operating Levy review.

- **The Structure of the Agreement**

Summary: There is a commonly agreed view that a new Funding Agreement (FA) structure ought to be more *simple* and *flexible*; that is, able to recognise and allow for the significant differences between types of CHO. Differences to be considered might include: numbers of properties, clientele/criteria, aims and objectives, strategic goals, type or quality of housing stock, links with other programs. Examples have been raised of other FA structures used by DHS with non-government service providers, which seem to achieve this kind of flexibility. Specific suggestions raised include:

- Questioning the essential purposes and principles of the FA.
- A 'core' document covering essential criteria for funding, with added 'schedules' which can be adapted to specific organisations and their circumstances (and can be more easily changed when need arises).
- That DHS and SACOSS are doing joint work on service agreements, and the review should tap into this work.
- Different levels of accountability for different CHOs, (as indeed already applies to some extent).
- The possible 'building in' of accreditation under the National Community Housing Standards as a part of the regulatory 'package' linked to the FAs. Recognising 'best practice'.

- **Program Issues & the FA**

Equity & growth:

- Allowing for organisations that want to grow via greater independence; control of equity and/or income; how this related to current debenture system.
- CHOs currently have no capacity to reduce (debenture) debt and build equity; no benefits arising to CHOs through growth in asset values.

Others:

- Mechanism to increase 'input' of CRA into the sector?
- GST issues; impacts of CRA on input taxed properties?
- Renewing and simplifying the equity share mechanism: a means of 'shared ownership'; increased sense of personal investment/reason for being in Community Housing.
- Improve access to and (CHO) affordability of reliable service providers for CHOs that want them. (Should OL income be able to allow for this?)

- **Legislative Issues**

- Concern expressed about inconsistencies between (current) FA and the Associations Incorporations Act.
- Changes to the Co-operative and Community Housing Act (CCHA) required by changes to FA?
- The CCHA should properly recognise Housing Associations.

- **Rent Structures & Viability**

Summary: The structure of the rent system was seen to raise issues in two main areas; those concerning CHOs and their financial viability, and those concerning tenants and housing affordability. Some suggested a complete overhaul of the current structure, in the context of reviewing the appropriate role of SACHA. Although significant questions were raised about rent structures, including CCs, the general principle of remitting some funds back to government was not questioned.

CHO rent issues including the Operating Levy (OL) and Capital Contributions (CCs):

- Should the CC system be scrapped, and another formula used for remittances to Government; eg a percentage of income as per old Association system?
- Should there be a base OL level, with CHOs able to argue for increases above that for specific needs?
- Concern that too great a level of resource is going back into SACHA, and not into sector generated/controlled services and capacity. CC levels directly impacting CHO viability.
- Do current OL levels meet the real costs of running a CHO?
- What is the status of levies chargeable by CHOs, and how are they accountable under a FA? Holding Associations also need to be considered here.
- 'Standard' OL levels do not recognise different running costs of different types of stock.
- A *simpler* rent calculation system is required.
- Suggestion that CCs should be determined on the basis of the number of properties held.

Tenant rent issues:

- Consistent problems with current ceiling rent structure & affordability due to rising property values. Anecdotal evidence of some ceiling rent payers paying more than market rent.
- Some problems with non-member tenants of Co-ops being required to pay ceiling rent; an equity issue.
- Allowances for dependent children; is \$10 rent discount per child adequate?
- Issues with adult children's income being conflated with household income: pushes rent levels too high.
- How can rent structures for tenants create incentives, or avoid disincentives for those entering work?
- Rent calculations based on gross income, concerns about this as another 'driver' of high rent levels.
- Continued concern with the accounting of Rent Assistance as part of income for the purposes of rent calculations. (Does this mean CHOs are breaching Social Security Act?)

• **Reporting & Compliance:**

Summary: the aim of simpler reporting and/or compliance requirements is now clearly identified as a goal of the review. Clearly this also links in with the notion of 'core' criteria and then further scheduled requirements. Issues identified in this area include:

- The timing issues of compliance items: recognising management demands on and needs of CHOs
- Rent reviews; suggestions of reducing requirement to one per year; noted that issuing of new rent schedules is a further 'de facto' rent review in itself.
- FA must provide consistency for CHOs regarding accountability.
- Need for user-friendly forms (suggestion that the recently issued Capital Contribution form is *more* complex and requires more information than previously).
- Need for early support for groups *before* formal interventions

• **Eligibility Issues**

- Do non-member tenants of Co-ops have to meet eligibility criteria?
- How, if in any way, will 'new' attitude to Co-ops and eligibility be enacted through the FA?

• **Sale of Properties**

- Suggested that program encouragement for home ownership currently conflicts with CHO needs on retaining stock numbers, and quality stock in good areas, because of the 'maybe/maybe not' policy on replacement allocations.
- Again, CHO gets no benefits from increased asset value at point of sale.
- Equity concerns about sale of properties to CHO tenants/members at market value

Note: maintenance issues are identified below under the Asset Management Heading.

TOPIC TWO: CENTRALISED APPLICATION SYSTEM

Summary: Generally there is some recognition of a centralised application system as a potentially good idea in principle. People also recognised that the current CHO waiting list system could allow for doubling up, and therefore has a degree of unreliability in terms of assessing the real level of applicant demand. However, there remains a range of concerns and questions about its application in practice. The devil in this case would seem to be in the detail. Specific suggestions, questions or comments raised included:

- System in operation in NSW sector, and the Multi-Agency Referral Form (MARF) developed in SA (Principles & Protocols Project?) both could be useful models.
- Vacancies could be filled more rapidly.
- How would the system deal with specific need for confidentiality for some applicants (eg Women's Housing), and privacy concerns more generally?
Suggestions included: ID numbers instead of names; a dual list system such as that used by the car registration office.
- How would people with disabilities affecting their mobility, or literacy access the system?
- What is the role of the CHCSA ICH course in relation to such a system?
- How might the system assist Co-ops to locate people who meet their criteria, and who have the willingness/ability to participate as a volunteer?
- Questions: who would administer the system; who holds it; what information does it have; how is it accessed?
- Would the system seek or provide information on a person's tenancy history?
- Would there be duplication of interview processes; eg both a 'central agency' interview and a CHO interview?
- What about co-ops capacity to get members by word of mouth?
- Would the system be 'portable' between States?

TOPIC THREE: ASSET MANAGEMENT

Summary: Generally it was recognised that long-term sector asset management planning is in everyone's interests. It as suggested that long-term planning should take into account a range of factors, for example: sales and/or redevelopment of stock; client needs and demographic trends; security of tenure; future use of land. Questions were raised about the role and/or status of CHO's already completed Asset Management Plans within this process.

- **The Consultative Structure**

- Question of why Comhouse was not indicated as represented on the Reference Group for this topic.

- **A Sector AMP:**

- What is the forward-looking time-line of the plan; a rolling 8-year plan? How is it administered, reviewed, etc? Status of CHO's AMPs?
- Experience and knowledge of CHOs needs to be recognised.
- What is the role/relevance of housing standards or legislation; eg housing improvement legislation?

- **Maintenance 1 – Major vs Minor Maintenance:**

- Problems with the definitions: items like stoves, internal painting, floor coverings are seemingly 'major' items for CHO budgets
- Suggestions of distinguishing minor from major on the basis of cost; anything over \$200 (or \$500?), classify as major.
- Or suggestions of scrapping minor/major distinction altogether; 'it's all maintenance'.
- Suggested that major maintenance provisions be calculated as a percentage of CHO income, rather than assumed average need per property.
- "CHOs need more control of how \$'s from maintenance are split"

- **Maintenance 2 – Other issues:**

- Questions about who has the responsibility for regular inspections; identification of major maintenance needs; application of any relevant Standards.
- A system to recognise and fund the maintenance costs of high turnover in tenancies.
- Impacts of the Comhouse no-draw down period on CHOs major maintenance standards during that period; and (possibly) on levels of Comhouse membership
- "Co-op members having less sense of investment in/'ownership' of their properties." "Not doing as many working bees."
- The requirement for 3 quotes on (major?) maintenance items is onerous.

- **Building types**

(Peter S. suggested to the meeting that the sector might increasingly favour 2-bed properties over (existing) predominance of 3-bed-ers.)

- Suggested there is a need for more 2-beds, but also for 4 or more bed properties? Capacity to house families.
- Cluster housing; should there be more emphasis on this for future new build?

- **Environmental performance**

- The sector should be leading the way in achieving environmental sustainability outcomes through housing.
- For example: solar HWS as standard for new builds.

- **Quality of Stock, Redevelopments & Upgrades**

- Suggestions of a greater emphasis on capital spending on redevelopments; esp in areas of high amenity, land values
- Questions about the quality of transfer stock coming into the program; and its long term asset management implications.
- Consideration of complete upgrades of properties that have been in the system for a long time.

- **Allocations**

- Policy on redevelopments; CHOs need clarity on getting redeveloped properties back.
- "CHO choice on acquiring properties has diminished."
- Also issues re replacements on sales again (*See section on FA above*).