

MINISTER OPENS EVELEIGH PROJECT



The Minister meets with Eveleigh tenant Mrs Racoia

The Eveleigh Housing Project in Alexandria was opened by the Minister for Urban Affairs and Planning, Craig Knowles on 1 June this year. This exciting social housing project situated on part of the old Eveleigh Railway workshop site provides 52 new affordable units for 120 people on low and moderate incomes, drawn from the local area.

The scale and layout of this housing aims to provide a sense of place, with larger family units located on the ground floor level, having access to gardens, offstreet parking, and a child care centre adjoining the site. The mix of 1 and 2 bedroom units and larger accommodation means a variety of households can be accommodated, with tenants including single young people, families, older people, pensioners and people of non-English speaking backgrounds.

The project was developed as a partnership between the NSW Office of Community Housing and Department of Housing, with finance provided through the Treasury Corporation. Two major community housing growth associations – South West Inner Sydney Housing

Co-operative Ltd (SWISH) and Women's Housing Company – jointly manage the Eveleigh properties.

Some of the benefits

The Eveleigh Housing Project:

- Provides a new supply of affordable housing close to the City;
- Local people are able to remain in their community, even when these areas are being gentrified;
- It incorporates effective use of an old industrial site, as part of the urban renewal of Sydney;
- The housing reflects a move away from standardised unit design features and building facades;
- Use of environmentally sensitive

design elements including rooftop drying using cross ventilation and solar hot water for occupants;

- Use of a mixed income model, with housing for both low and moderate income households being provided.

The opening of this housing in Alexandria forms part of an overall NSW Government initiative to revitalise the inner industrial areas of Sydney.

At the Eveleigh opening the Minister stressed his commitment to greater housing choice and the delivery of quality affordable housing enabling people to remain in their local areas. He highlighted the significant work of community housing providers in the delivery of affordable accommodation and in particular the collaborative work of SWISH and Women's Housing Company as effective housing managers for the Eveleigh accommodation.

"The Eveleigh Housing Project forms a vital part of the Government's commitment to the delivery of quality, affordable housing in inner Sydney and growth of the community housing sector."

Craig Knowles, Minister for Urban Affairs and Planning.



Individually designed buildings as part of the Eveleigh site.

Hunter Region

Newcastle, situated on the mouth of the Hunter River, is the base for the Office of Community Housing in the Hunter region.

The Hunter region's boundaries stretch from Foster/Tuncurry in the North, out to Merriwa and Murrurundi in the west and south to Gosford/Woy Woy on the Central Coast.

Hunter Housing Sector

Community housing providers in the Hunter include:

- Pacific Link Housing Association, with branch offices in Maitland & Gosford;
- Newmacq Community Housing Company, based in Newcastle;
- Coastal Community Tenancy Scheme in Wyong; and
- Upper Hunter Tenancy Scheme in Scone.

There are also three funded housing co-operatives — Twin Towns, Tuncurry and Newcastle District Housing Co-operative. A fourth housing co-operative, Nelson Bay, has recently been approved for funding to design and construct 9 units in Port Stephens.

Achievements

Since the establishment of the Hunter Office in 1997 achievements include:

- Setting up of a regional team and advocating on regional community housing issues at a State level;
- Better targeting of resources to high need areas for the region, namely Gosford, Wyong, Port Stephens, Great Lakes and Lake Macquarie Local Government Areas;
- Completion of Building Better Cities projects in Newcastle, including a 27 unit Affordable Rental Housing Program project in Hamilton;
- Active participation in housing assistance planning for the region, including representation on relevant local committees such as Newcastle City Council's Building Better Cities Housing Management and Development Committee; and
- Funding administration and co-ordination, resulting in capital and leasehold growth for housing associations and housing co-operatives in the region.

1988/1999 NSW Update

Despite funding and service cuts at the Federal level the NSW Government's commitment to community housing continues, with the allocation of \$123 million for community housing in the 1998/99 State Budget released in June.

In 1998/99, strategies to promote growth and viability of the community housing sector will continue, with the delivery of 668 additional community housing units, allocation of resources for upgrading and asset management, and funding for sector resourcing.

The 1998/99 community housing allocation includes:

- \$66 million for 378 units under the Housing and Co-operatives Program, including up to \$10.5 million for expansion of the housing co-operative sector and \$10 million for innovative housing initiatives such as partnerships and redevelopment projects.
- \$24 million in subsidies for the

leasing of private rental properties for low income people, including 220 additional leasing subsidies.

- \$18 million for the Crisis Accommodation Program, including \$4 million for the upgrade and replacement of existing accommodation as part of a comprehensive community housing asset management plan.
- \$2 million for sector development, training and support, including funding for the major community housing resourcing agencies.

This funding will help to position community housing as a major provider in the social housing system and to enhance the viability of individual providers and the sector as a whole. Specific allocations will be guided by the housing assistance planning process, with an emphasis on meeting unmet needs, achieving value for money, growth association targets and improved asset management strategies.



"In 1998/99 the Office of Community Housing, Hunter will be focused on monitoring and supporting the achievement of the stock transfer targets for the region, including transfers in Neighbourhood Improvement Program (NIP) areas at Windale, Raymond Terrace and possibly the Central Coast."

Jo Belford, Regional Team Leader.

Profiles

Jo Belford

Regional Team Leader

Jo has nine years experience in the housing field. Prior to commencing with the Office she worked in non-government organisations providing supported housing and student accommodation and in housing programs with the Commonwealth Government. Jo has completed a sociology degree, a graduate certificate in housing management and policy from Swinburne University and a certificate in accounting from the Hunter Institute of Technology.

Paul McKenzie

Regional Program Officer

Paul's experience stems from a background based in the banking, finance and insurance industry. More recently Paul worked in housing related positions — with the Home Building Advisory Centre, the Strategic Planning section of Department of Housing and as Newcastle City Council's Housing Strategy Officer. He has lived in Newcastle for a little over a year and commenced with the Office in December 1997. Paul has a Business Degree majoring in marketing and management.

A Profile On Good Practice

Housing Management In Claymore

The streets are cleaner, the place is safer and tenants are happier about where they live ... these are some of the changes which have taken place in Proctor Way, a street in the Department of Housing estate in Claymore, near Campbelltown in Sydney's south west.

A major player in this change has been Argyle Community Housing Inc. (formally Macarthur Community Tenancy Scheme), working collaboratively with the Department of Housing local office and in December 1995, taking over the management of 25 of the Department's properties in Proctor Way.

"At the time the area was considered an undesirable place to live, with graffiti everywhere, rubbish being dumped in the streets and parks, and tenants being concerned for their personal safety. The Department was having great difficulty letting properties and almost no-one on the Housing Association's waiting list was willing to be housed in the neighbourhood at this time," according to Brian Murnane, Co-ordinator of Argyle Community Housing (Macarthur).

Slowly however this has changed, with Argyle staff working with tenants and Departmental officers to implement a vision for Proctor Way as a safe and friendly place to live. Police call outs to the area have dropped dramatically, with regular clean ups doubling as resident social activities and an



Proctor Way residents in their community garden

extensive community garden planted in the local park by Pacific Islander residents.

Argyle Community Housing now manages 80 out of 1100 houses on the estate, in three streets centring around Proctor Way, with Argyle also locating its office in the area. There are currently no housing vacancies in the neighbourhood, almost no rehousing applications and a waiting list is being established for future tenants.

"A lot of the change has to do with Argyle having a visible presence in the area and the scale of our operations means we can act as a catalyst. Flexible housing management through community housing means we are well placed to respond quickly to identified needs. Development of good links with the local community service agencies

has also been an effective way of addressing the support needs of our tenants" Brian Murnane said.

The Department of Housing has also been implementing a change process in Claymore, with community activities and partnership projects providing a climate for improvements in Proctor Way.

A report on Argyle's work is being developed by the Office in collaboration with Argyle, the Department of Housing and NSW Federation of Housing Associations. The Office will make this information available to community housing providers, as part of the showcasing of good practice in the sector and as a resource for developing other housing management solutions and collaborative practices.

Details of the report will be provided in future editions of *Communications*.

A New Housing Benchmark For Older People

A new model of transitional boarding housing accommodation is to be piloted in Waterloo by The Mercy Arms (a division of The Mercy Family Centre Ltd) with South West Inner Sydney Housing Co-operative Ltd undertaking the housing management. This pilot has been funded through the Special Projects Fund and responds to the needs of low income older people living in inner Sydney.

A recent research report – "The Battlers" – prepared by The Mercy Family Centre highlighted the very real risk of homelessness facing low income older people renting in the private market in inner Sydney. This project

will be tailored to the needs and preferences of these older people and the very high demand for supported accommodation in the area.

Three terrace houses have been purchased and are currently being renovated to provide separate bedrooms, with shared facilities. The Mercy Family Centre has advised that they will be adopting placement and support benchmarks modelled on a hostel and bedsitter accommodation project in Victoria. Support services for residents will be provided where needed through the Care and Housing for the Aged Program, funded through the Commonwealth

Department of Health and Family Services and local aged care teams and services. A reference group of housing specialists is to be set up by the Centre to monitor service delivery through the project.

This accommodation is centrally located, affordable, providing modified facilities for older people and access to local support services. The trialing of this accommodation and support partnership will help to determine the appropriateness of this accommodation style and to develop a standard for use in the delivery of services for older people wishing to access these services.

Some of Your Questions

QUESTION

I've heard there may be some changes in the Office structure, will this impact on community housing providers?

ANSWER

As part of the restructure of the NSW Department of Urban Affairs and Planning, the Office of Community Housing will now report directly to the Director General of the Department. This will assist in streamlining the funding approval process and give greater delegation powers to the Director, Office of Community Housing. The Office will report to the Housing and Urban Development Division of the Department on the financial and operational performance of both the Office and community housing sector.

It is intended that the new delegations will speed up the funding approval process. Communication with organisations on policy and program matters will continue through regional team leaders.

QUESTION

When will capital funding be allocated in 1998/99 and will there be further allocations through the Special Projects Fund?

ANSWER

As part of the streamlining of funding administration there will be one funding round per program/initiative in 1998/99. Funding rounds will be staggered to help providers manage the implementation of growth allocations.

New capital funding will be allocated to growth associations in the first quarter of 1998/99 and will target unmet need, assist associations to meet growth targets and ensure projected unit commencements are achieved.

Organisations have recently been invited to apply for Special Projects funding, providing capital funds for innovative community housing that addresses priority housing needs for low income people. For more information contact your Regional Office.

1st BIRTHDAY FOR CHAB

An Update by Adam Farrar, Chairperson

During its first year the Community Housing Advisory Board (CHAB) has carved out its role and work program. This has mainly been brought about through the combination of skills and community housing experience of its members.

The Board identified important directions for community housing for the following year and is essentially taking on two main tasks:

- Reviewing the progress and effectiveness of strategies which are currently in place; and
- Developing key issues for the next NSW community housing strategy which will come into play after June 1999.

Strategies currently under consideration are:

- Recommending and revising co-operative housing strategies;
 - Evaluating the cost effectiveness of existing community housing organisations under the current growth strategy; and
 - Monitoring the stock transfer program.
- The Board found that growth

associations are as efficient as the private market and is now interested in exploring the effectiveness of smaller associations and some regional models. It is also supporting the Office in pushing for better progress in stock transfers.

The place of community housing in the future is a concern of the Board and it is hoped the next community housing strategy will be drafted by the end of the year.

The Board sees the sector as having a broad identity that includes a larger role in managing 'affordable housing', while at the same time, being more involved in responding to specialist housing needs. It also recognises the sector will not grow to be considered a real choice unless it can effectively access private finance.

The Board also supports the establishment of an accreditation system for the sector.

A main concern of the Board is that it is too isolated from the sector and a comprehensive communications strategy is being developed to ensure it is better at hearing from the sector and advising the sector on its actions.

Watch out in future editions of *Communications* for further updates.

Information

For further information on any of the material mentioned here, or general enquiries about community housing, contact the Head Office of Community Housing at:

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Our Next Communications

Issue 6 of *Communications* will include details on:

- The Northern Regional Team.
- New directions in Standards & Accreditation.
- Developing the Asset Management Strategy.

New South Wales Government

Department of Urban Affairs and Planning



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15/1/99

Regards

Stephanie Ly

With Compliments

15/1/99

DRAFT

NSW CO-OPERATIVE HOUSING PROGRAM

OPERATIONAL GUIDELINES

January, 1998

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CO-OPERATIVE HOUSING PROGRAM OBJECTIVES

Program Objectives

- To develop a viable and sustainable housing co-operative sector in New South Wales;
- To provide co-operative housing tenants with secure tenure, control over their own housing and rents they can afford to pay;
- To promote co-operative housing that is responsive to the diverse needs of those requiring housing assistance by promoting tenant choice of location, various dwelling types and co-operative management arrangements appropriate to their members' needs;
- To target housing assistance to those unable to afford appropriate housing or who otherwise meet barriers in obtaining the housing they need; and,
- To encourage tenant management of co-operative housing across tenure forms by developing effective ways of achieving self management on co-operative principles whilst being accountable for the use of public funds.

Program Strategies

Specific strategies adopted to achieve the Program Objectives include:

- expanding the supply of affordable and appropriate, long term rental housing for low and moderate income earners provided and managed by non-profit housing co-operatives;
- ensuring that assistance under the Program is directed according to identified need;
- identifying, developing and evaluating models of co-operative housing with which to underpin the expansion of the sector;
- developing management, technical, legal and financial structures and resourcing organisations to support the long term expansion of the sector;
- encouraging the development of well designed housing with access to services and where possible maximise the use of existing physical infrastructure;
- encouraging the development of co-ordinated program arrangements with existing social housing initiatives;
- promoting and facilitating links between housing and appropriate support services for tenants with special needs;
- maximising tenant involvement in the development, decision making and management of their housing; and,
- encouraging organisations to contribute additional resources to the sector.

OPERATIONAL GUIDELINES FOR MANAGEMENT AND ADMINISTRATION

Introduction

The operational guidelines for the NSW Co-operative Housing Program set out the accountability framework under which housing co-operatives funded under the Local Government and Community Housing Program, the Community Housing Program and the NSW Co-operative Program are required to comply.

The Co-operative Housing Program does not provide recurrent funds for the purposes of co-operative housing projects. The cost of ongoing project management and maintenance are expected to be borne locally, ie. primarily from tenants' rents and, where tenants' rents are insufficient, through the resources of Local Government, other organisations and/or the community.

Co-operative Housing Models

A range of co-operative housing models can successfully fulfill the program objectives and offer tenant managed housing alternatives.

These guidelines cover arrangements primarily for leasing housing co-operatives. As additional co-operative housing options are further developed, especially common equity, but also shared equity and mixed equity models¹, these guidelines will be updated progressively to incorporate these arrangements as they are adopted.

1. Management Structure

The management structure should be appropriate to the housing project and incorporated as a co-operative. All management structures must be capable of supporting tenant management and maximising opportunities for tenants to participate in decision-making processes.

- 1.1. The managing body will be responsible for undertaking the effective planning, management and administration of the housing project, including the keeping of records and monitoring of the project over time.

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Common Equity Co-operative refers to arrangements involving ownership of the housing being held by a non-profit co-operative. The co-operative rents accommodation to its members. The housing co-operative is incorporated explicitly without the powers to distribute a dividend or the proceeds of the sale of the co-operative's equity to individual members

Leasing Co-operative refers to arrangements involving the co-operative headleasing publicly owned housing with the co-operative renting to its members

Mixed Equity Co-operative refers to arrangements involving individual members either leasing or owning their dwelling in a co-operatively managed housing project.

Shared Equity Co-operative refers to arrangements whereby individual co-operative members have equity and a share in the title of their dwelling unit

1.2. Funded organisations will be responsible for the following tasks of on-going self management:

- selection of housing stock within program guidelines (refer to sections 16 & 17);
- tenant/member selection and housing allocation;
- rent collection and property maintenance;
- maintaining financial records, including bookkeeping, budgeting and preparation of accounts;
- tenancy matters including rent arrears recovery, termination of tenancies and tenant disputes;
- tenant involvement and management training including ongoing education of members; and,
- providing financial and management reports as required to the Office of Community and other statutory bodies if required.

2. Eligibility and Allocations

2.1. Generally, the selection of tenants will be determined by the co-operative on the basis of the local need as well as the compatibility requirements and matching of dwelling size. However, those on public housing waiting lists who comply with the target population must have the opportunity to apply for housing provided through the project. Organisations must ensure that the selection of tenants is fair, equitable, open to the public and consistent with these Guidelines and the organisation's nominated target group. Prospective tenants must be eligible for public housing at the time they are allocated housing except as outlined in 2.2.

2.2. The proportion of a co-operative's membership which meets the NSW Department of Housing's income eligibility requirements should be at least 65% at the time the co-operative takes up occupation of the approved premises. Prior to establishing a tenancy all households must have a demonstrable housing need (refer to section 4.2). If initial members' incomes improve following funding approval and prior to occupation by the co-operative exceptions to this condition will be considered on their merits. The co-operative should provide a full submission, outlining the position to the Manager Operations, Office of Community Housing, who will consider the circumstances. Approval in such circumstances will not be unreasonably withheld, subject to the co-operative demonstrating its best endeavours to comply with the guidelines and in particular that all vacant positions available for prospective tenants were allocated to achieve at least 65% of housed tenants being Department of Housing income eligible.

- 2.3. The co-operative will operate under a written tenant/member selection procedure which will have been agreed by the Office of Community Housing. Variation to the procedure will also be agreed by the Office of Community Housing.

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The co-operative will make available to the public, in writing and on request without charge, the co-operative's tenant eligibility criteria; tenant selection procedure; and appeals procedure. Unsuccessful applicants shall have recourse to an appeals procedure managed by the co-operative.

3. Rent

- 3.1. Residents of dwellings funded under the program will pay a contribution towards the rent for housing based on 25% of the gross household income up to a ceiling rent. This will be set at the market rent level defined as the median private market rent applying to the suburb in which the co-operative is situated for an equivalent housing type and bedroom number. This information is produced from Rental Bond Board data and may be obtained through a request for determination on market rent to the Office of Community Housing Regional Office. The market rent established should be reviewed annually.
- 3.2. The offer of a rebate on the rent is based on eligibility as determined by gross household income and is assessed and calculated according to the Office of Community Housing's Rent Policy as adopted from time to time. A copy of the Rent Policy is attached to these guidelines (Schedule 1).
- 3.3. A household is defined as a person or group of persons who occupy one dwelling unit, or part thereof, under one tenancy agreement.
- 3.4. Gross income is defined according to the Office of Community Housing's Rent Policy on Assessable Income. This Policy will be reviewed from time to time to update it in line with changes to Department of Social Security payments, Tax Office rulings and any other relevant policy decisions. This will include advice about payments mentioned in the Rent Policy.
- 3.5. The co-operative will carry out regular six monthly reviews of tenant's income to verify incomes and adjust rents according to the rent formula as required by the Office of Community Housing's Rent Policy. If the organisation is aware of any fraudulent activity in relation to the declaration of household income the organisation will take all necessary and appropriate action to ensure compliance with these guidelines and recovery of any outstanding arrears.

- 3.6. The co-operative shall be responsible for the monitoring of all rental payments and the management of rental arrears. This includes negotiating schedules of repayments, collection of and monitoring repayments and when necessary taking appropriate legal action. The Co-operative should have a written rental arrears policy and rent payment procedures which are in line with the Residential Tenancies Act 1987.
- 3.7. For income verification, nominees of the co-operative must sight an income statement from the Department of Social Security and/or an income statement from the tenant's employer(s) and other income sources. Unless details of income are provided, a full market rent will be charged.

4. Assets and Income

- 4.1. Members/tenants will be required to provide details of household income, assets and potential assets to initial application and also prior to occupation. Financial assets are taken into consideration when determining an applicant's income eligibility. Such monies are deemed to be earning interest income in accordance with the Office of Community Housing's Rent Policy on assets.
- 4.2. People owning, and with access to, or the ability to acquire residential property that could adequately meet their housing needs will not be considered eligible for leased co-operative housing. Exceptions may be determined on a case by case basis by the Office of Community Housing or as allowed under section 4.4, but the principle that public funds are to be directed to rental housing without private gain will be maintained.
- 4.3. Exceptions might include the following circumstances:
 - 4.3.1. Parents who are in the process of separating or divorcing where assets or house ownership are the subject of protracted legal proceedings, or owners of residential property where the owner has no legal access to it for his/her own use.
 - 4.3.2. Individual applicants who contribute financial assets to a Co-operative Housing Program project, subject to shared equity arrangements being developed. This provision is expressly directed to assist aged and disabled persons, widows, and single parent divorcees on low incomes who have received a special one-off payment (eg. divorce settlement, workers compensation or insurance payout).

- 4.4. For further details concerning the rent and eligibility assessment criteria contact the Regional Team Leader at the Office of Community Housing's Regional Office.

5. Vacancies

- 5.1. The co-operative will use its best endeavours to ensure the property is occupied to its full potential and capacity. This may include a strategy to rehouse tenants where there is no longer a match between the property and the household composition.
- 5.2. Co-operatives will ensure that when taking in new tenant members, if there are more than 35% of the existing tenants earning a gross income above the current Department of Housing income eligibility criteria, the co-operative will fill subsequent vacancies with tenants who are eligible for public housing, to endeavour to maintain the minimum of 65% of tenants eligible for public housing requirement.

6. Title arrangements

Prior to common equity or alternative models being developed and approved, the Director General of the Department of Housing has delegated administrative and management control of the housing stock managed by co-operative housing organisations to the Office of Community Housing. Under these management arrangements, the Office of Community Housing is empowered to lease this stock to individual co-operative housing organisations. Subject to suitable legislative mechanisms being put in place and a decision by a leasing co-operative to become a common equity co-operative, it is proposed that title to the co-operative housing project would be held using a common equity housing arrangement, under a Deed of Agreement.

7. Headleases and Deeds of Agreement

Right to occupy the co-operative housing will be conferred by the Office of Community Housing to the co-operative using a Headlease or a Deed of Agreement between these parties when title is transferred. Both the Headlease and the Deed will incorporate the following principles that:

- long term, secure rental accommodation will be made available to low to moderate income earners who are most in need of accommodation;
- tenant management is to be fostered by the management arrangements;

- dwellings are to be managed and maintained by non-profit community organisations;
- surpluses of the revenue over the expenditure are to be redirected to other housing initiatives and are to be submitted to the Office of Community Housing for consideration and recommendations in accordance with the State Guidelines;
- the co-operative agrees to adopt and maintain co-operative rules as part of its incorporation. The rules adopted by a co-operative will ensure that program funds remain for the benefit of program objectives should the project be wound up or should the property be sold; and,
- when, and if, opportunities for equity occur a Deed of Agreement will be negotiated with the co-operative.

8. Sub Leases to Tenants

- 8.1. The co-operative shall use the standard residential tenancies agreement as prescribed by the Residential Tenancies Act 1987. Additional terms may be used provided they comply with the Residential Tenancies Act 1987. Tenants must be afforded as much security of tenure as possible as the accommodation is provided for long term use.
- 8.2. Where significant and long term under occupancy of a dwelling occurs the tenant and/or the co-operative may request a transfer to a more suitable dwelling.
- 8.3. To meet the particular needs of the tenant or the co-operative, as determined by life cycles or disputes with members, the co-operative may, with the agreement of the Office of Community Housing, explore options such as exchange of premises within the social housing sector.
- 8.4. Should the accommodation be provided primarily or wholly for aged tenants the tenancy agreement must reflect the requirements as stated in the Retirement Villages Act 1989.
- 8.5. Procedures must be established for settling disputes, payment of rent arrears and protecting privacy, to enable the resolution of these matters as they arise. A dispute procedure for settlement of disputes between tenants and the managing organisation must be prepared and incorporated in the co-operative's management plan. These matters could be included in the co-operatives policies or by-laws.

9. Operating Costs

Operating costs are to be met in full out of rental income. Rent payments will be held by co-operatives to pay for all operating costs of the housing project (and any loan repayments). Operating costs are considered to include:

- Council and water rates;
- vacancies and arrears;
- legal costs incurred while meeting eviction proceedings and debt recovery;
- insurances;
- housing related management/administration costs;
- day to day repairs;
- cyclical maintenance;
- training; and,
- costs associated with travel for resource, training and regional networks.

Expenditure of rental income outside these nominated areas will require the Office of Community Housing's written approval.

10. Investment of funds

The organisation will deposit its funds accruing from rental income with either:

- A bank entitled to carry on the business of banking under Commonwealth or State law;
- A building society specified in schedule 2 of the Permanent Building Societies Act 1967; or
- Other financial institutions approved in writing by the Office of Community Housing.

11. Maintenance

Dwellings are expected to be maintained at least to a standard applicable to State-provided public housing or such other reasonable standard as is agreed between Office of Community Housing and the co-operative concerned and is consistent with the Residential Tenancies Act 1987. The co-operative will need to establish responsibility for maintenance inside and outside of dwellings, and for public and private open spaces encompassed by the housing project.

In this regard the co-operative will set aside adequate funds for day to day maintenance, approximately 0.5% of building replacement costs,

which is to be carried out by licensed or appropriately qualified persons. The co-operative will obtain more than two written quotations for all repairs in excess of \$1,000.

12. Cyclical Maintenance

The co-operative will endeavour to set aside sufficient monies to cover long term building maintenance requirements. Provisions of funds set aside for this purpose are to be separately recorded in a cyclical maintenance account. A minimum amount equivalent to 1-1.5% (1.5% for older buildings) of the current replacement cost of the building, should be set aside each year to provide for this purpose, unless otherwise agreed in writing by the Office of Community Housing.

13. Administration Expenditure

The co-operative may set aside rental revenue to cover administrative overheads each year up to a maximum of 10 per cent of the co-operative's annual rental income (as calculated under these Guidelines) from the funded project. Expenditure above this level will require the Office of Community Housing's written approval. Approval for essential costs will not be unreasonable withheld.

Administrative overheads are costs incurred on behalf of the organisation (not tenants) and may include office, telephone and lighting, purchase of equipment and stationery, bookkeeping, auditing, building inspections, tenant involvement and other costs involved in the administration of the co-operative's housing.

14. Training

The budget should recognise a training component that reflects the membership's experience and size of the co-operative and the particular training needs of the individual members to enable them to effectively carry out their housing management duties. Training should be specific to co-operatives or generic training for community or housing management. Paid training providers shall be external to the co-operative. This budget shall be separate from the administrative budget. In a financial year, training expenditure may be up to a maximum of \$500 or 1 per cent of the co-operative's annual rental income from the funded project, whichever is the greater. Expenditure above this level will require the Office of Community Housing's written approval.

15. Insurance

The co-operative will effect and pay all premiums for appropriate insurances to cover at all times the following:

- Building insurance for the full current replacement value of the property;
- Public Liability for owner and occupiers risk to an amount not less than \$5,000,000 adjusted for cost price index every three years;
- Fidelity Guarantee;
- Voluntary Workers Accident;
- Common Contents belonging to the organisation; and,
- Workers Compensation cover for paid employees, as required.

16. Surplus Income

Any income which is surplus to the operating expenditures(section 9), and the interest on this income will be allocated in any one of the following ways, subject to the written approval of the Office of Community Housing:

- the purchase of new stock by the co-operative;
- the leasing of new stock by the co-operative;
- major upgrades, extensions or modifications to existing stock or stock acquired through transfers;
- using the funds as a sponsor contribution for the acquisition of new stock under the Housing Partnerships Program or any other suitable program;
- the transfer of the funds to another housing co-operative to use as a sponsor contribution in acquiring new stock; or,
- repayment of grant funds and acquisition of equity in accordance with the common equity arrangements (when further developed).

If the co-operative does not wish to expand its stock the surplus funds will be returned to the Office of Community Housing for allocation to stock acquisition by other community housing providers.

17. Disposal of Properties

Properties may be sold and new properties purchased provided that:

- the sale complies with the terms of the Deed of Agreement and/or headlease and provides a more appropriate matching of resident's housing needs than the existing accommodation;
- the housing stock sold is replaced by substitute housing providing an equivalent amount of similar or more suitable standard of housing in appropriate condition for tenants;
- any surplus capital generated from such a sale is returned to the Program;
- the Office of Community Housing's agreement is given to the sale of the property; and,
- it proceeds in accordance with the Co-operatives Act 1992, where applicable.

The sale and purchase of dwellings must be by an approved procurement agency nominated by the Office of Community Housing.

18. Wind-up of a Leasing Co-operative Project

In accordance with the Co-operative's Act should a co-operative be dissolved or the project wind up, the co-operative's property would be disposed of in the following sequential process:

18.1. The lease for the property would be transferred in the first instance to another non-profit housing co-operative. All tenants wishing to remain would become tenants of the new organisation, provided they have met their obligations under the previous tenancy agreement. In the event, of there not being another co-operative being agreeable to this process then a non-profit community housing association would be approached to take over the project under similar terms.

18.1.1. Where there is not a suitable organisation willing to take over the management of the accommodation (including its liabilities) and the Office of Community Housing decides that the property is surplus to requirements, tenants of the funded project will be given an option to purchase dwelling at market value or replacement cost whichever is the lesser.

18.2. Where none of the above occurs, the properties will be sold on the private market and equity thus realised will be returned to the contributors. Tenants eligible for public housing may be considered for rehousing by community housing providers and/or the Department of Housing. Creditors are to be repaid

including any payments made by the Office of Community Housing on behalf of the organisation and any surplus returned to the Program. Any residual equity is to be distributed to another approved housing organisation to create rental housing opportunities in accordance with these guidelines.

19. Wind-up of a Common Equity Co-operative Project

In accordance with the Co-operative's Act should a common equity co-operative be dissolved or the project wind up, the co-operative's property would be disposed of in the following sequential process:

19.1. The property would be transferred in the first instance to another non-profit housing co-operative. All tenants wishing to remain would become tenants of the new organisation, provided they have met their obligations under the previous tenancy agreement. In the event, of there not being another co-operative being agreeable to this process then a non profit community housing association would be approached to take over the project under similar terms.

19.2. Where there is not a suitable organisation willing to take over the management of the accommodation (including its liabilities):

19.2.1. The Office of Community Housing will have the first option to purchase/repay any non-government equity and reallocate the dwellings to other community housing providers;

19.2.2. If the Office of Community Housing declines the purchase arrangements set out in 19.2.1, tenants of the funded project will be given an option to purchase dwelling at market value or replacement cost whichever is the lesser.

19.3. Where none of the above occurs, the properties will be sold on the private market and equity thus realised will be returned to the contributors. Tenants eligible for public housing may be considered for rehousing by community housing providers and/or the Department of Housing. Creditors are to be repaid including any loan repayments made by the Office of Community Housing on behalf of the organisation and any surplus returned to the Program. Any residual equity is to be distributed to another approved housing organisation to create rental housing opportunities in accordance with these guidelines.

20. Breach of Agreement

A serious and continued breach of these Guidelines and/or the Deed of Agreement will enable the Office of Community Housing, after following the required procedure laid down in the Headlease/Deed executed, entered into voluntarily, to demand immediate payment of the grant or winding up of the project as applicable. The following will constitute such a breach:

- A default (other than by the Office of Community Housing) in the performance of any agreement or condition contained in the guidelines, headlease or Deed of Agreement;
- If the organisation receives a written notice from the Office of Community Housing advising that it is in breach of one of the program guidelines, that such breach or breaches be rectified by a certain date and the organisation, without reasonable excuse, fails to comply with that direction; or,
- If a co-operative ceases to be registered as a common equity or rental co-operative under the Co-operatives Act 1992, or other applicable Acts.

21. Reporting and Monitoring

21.1. Reporting and Performance Monitoring

Housing co-operatives will be required to provide data for reporting and performance monitoring purposes according to the Office of Community Housing's requirements which will be specified on an annual basis.

21.2. Annual Report, Audited Financial Statement and Internal Systems Audits

Housing co-operatives are required to prepare an Annual Report including an audited Financial Statement and provide a copy of the report to the Office of Community Housing within 4 months of the end of their financial year.

The Co-operative will be required to submit an annual audited financial statement to the Office of Community Housing. The Office will provide a standard reporting form setting out information required in relation to income and expenditure. In addition auditors will be required to certify that the organisation is setting and verifying appropriate rents as specified in these guidelines. The Annual Report will include details of the total number of tenants as well as the number who met Department of Housing income eligibility criteria at 30 June and 31 December. Where a co-operative receives ongoing funding from the Office of Community Housing under other programs they

may negotiate the incorporation of audit statement requirements in such a way as to avoid duplication.

Periodically the co-operative will be required to participate in internal audits conducted by agents of the Office of Community Housing with the aim of recommending improvements to their operating systems in accordance with these guidelines and best practice. Copies of the draft and final audit report will be provided to the co-operative for comment and implementation respectively.

Updated management plans will be provided from time to time as required by the Office of community Housing.

- 21.3. The co-operative shall provide a copy of any proposed changes to the co-operatives rules of incorporation to the Office of Community Housing at the same time the co-operative applies to the Registry of Co-operatives to amend the rules.

Schedule 1

1. Interim Rent Policy

- 1.1. Prior to the Office of Community Housing's Rent Policy being approved the rent shall be based on the gross income of the household and calculated in the following way:
 - 25% of the gross weekly income of the tenant and spouse;
 - 25% of the gross weekly income of those other household members aged 21 year and over; and,
 - 12.5% of the gross weekly income of household family members aged 18 to 20 years. No rent is payable for household family members under 18.
- 1.2. Certain payments are made by the Department of Social Security to low income families for the purposes of supporting families with children. The name and method of this payment changes from time to time. This payment is presently known as the Family Payment where the minimum component is excluded from assessable income. This payment is assessed in addition to other assessable income at the rate of:
 - 15% for tenant and spouse
 - 15% for other household members aged 21 years and over
 - 12.5% for other household members 18 to 20 years.