



**nsw Federation of
Housing Associations inc**

ABN 86 488 945 663

**Minutes
Board of Directors
Teleconference
Held 26th May 2008**

Meeting opened 10am

Welcome

Present: Nick Sabel, Patrick Yeung, Coral Garratt, Bobbie Townsend, Greg Budworth

Apologies: Nazha Saad, Kelvin Allen, Mohamed Ibrahim

In Attendance: Adam Farrar, Wendy Rockwell

**1. Federation Position on Commonwealth Rent Assistance
Maximisation / (Optimisation)**

Note: Kelvin Allen sent an email outlining the issues faced by Homes North and his views on this issue. The board will take these points into account during the discussion.

Adam Farrar outlined that the teleconference is to gain a Federation policy position on the CRA maximisation changes, and for the Board to decide how actively the Federation should then advocate on its position.

Issues:

1. The CRA maximisation changes will increase the income stream for community housing associations. Does the board agree this is a positive thing.
2. The transitional arrangements as set out by government will impact on existing tenants (although is ultimately puts public housing and community housing on an equal footing).
3. This will have an impact on other programs, particularly Stock Transfers.

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President:

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Need to also take into account – how much stronger will the income increases be, when offset by other changes to CHLP?

The board agreed that in principle the increase to the income stream is a good thing – although there is concern about the impact on tenants, particularly those who may be forced below the poverty line. There was agreement it will be difficult to sell the idea to tenants.

The transitional arrangements were discussed at length. The government is proposing a 4 year phase-in, with a maximum ceiling increase of \$10 per year (up to \$40 over 4 years). The average increase is about \$9.

It was agreed that even this amount could have a great impact on certain tenants. Discussion covered the possibilities of having a grandfather clause, ie; to not apply the new formula to existing tenants. However, this would mean that slow growth associations would miss out on any meaningful income increases for a number of years.

The board also discussed the possibility of lengthening the phase-in period. This would help tenants financially, as well as give associations more time to communicate the changes to tenants. It was however, pointed out that this could be difficult to manage on an operational level (I.T. issues).

In addition, providers can have discretion over those hardest hit, or with extenuating circumstances, although the loss would be taken up by the CH provider (not CHLP).

The question was raised about the need to give 60 days notice as per RTA.

Next the impact on those associations undergoing stock transfers was discussed. The current policy is to allow tenants to have a choice whether to change from public housing management to community housing management. This is already difficult, and requires additional staffing to undergo the communication necessary to facilitate the change-over. The reduced rent was a major incentive for public housing tenants to agree to choose community housing over public housing. This incentive will no longer exist.

The board emphasised that organisations currently in the middle of negotiations with stock transfer tenants will have promised one thing (ie reduced rent), and then will have to go back on this promise. This could slow things down and set targets back greatly.

This will have a financial implication on organisation that have planned for particular targets being met (ie less tenants agreeing, less income, more HR staff costs to explain changes). The government should be made aware of this impact on associations.

There was a discussion about the existing policy of giving tenants a choice with regards to stock transfers. In practice, as in Broken Hill, it is an easier transition to not give tenants a choice. In principle, tenants would be losing particular rights being transferred from public housing to community housing, and should therefore be given a choice.

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Also, the decision has been discussed and agreed in so many arenas, it is unlikely the policy would be changed back to not giving a choice to tenants.

Greg Budworth noted that there is an alternative arrangement for stock transfers where the tenants don't agree to switch over – the CH housing association can manage the tenancies on a fee for service basis. The management arrangements for this device have not yet been finalised. It is unclear if tenants would then be assessed as public or community housing tenants (but likely they would be assessed as public housing tenants).

The discussion then turned to the operational side of implementing the changes. It was agreed that if associations can sign tenants up - directly to Centrelink - there would be a higher uptake, and it would be easier on tenants.

Summary

ACTION: Adam Farrar to draft a letter to OCH and the Minister, and circulate to the Board for approval, outlining the following points agreed by the Federation Board:

- The Board agrees in principle that a stronger income stream is a positive thing (although it is concerned it will take away income from vulnerable tenants).
- As a result of this concern, the Board would encourage a greater phasing in to minimise the impact on tenants.
- In terms of stock transfers –
 - Organisation who are in the middle of stock transfer arrangements, and who will be impacted on greatly (less incentives for tenants, slowdown on meeting targets, increased staff costs, slower increase in income streams) would seek financial “compensation” from government. [This could be worded differently]
 - Government needs to recognise – in the absence of other incentives – giving tenants a choice will become more difficult.
- Before implementing CRA maximisation changes – the administrative details need to be ironed out (for example, seamless arrangements with Centrelink)
- The Board would ask OCH to take ownership of the changes, by making sending the first letter to tenants.

Meeting closed 11:20 am

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