



nsw Federation of  
Housing Associations inc

# **Application for funding from the NSW community housing IT implementation fund**

## **Application pack**

September 2011

## **1. Background**

The community housing sector is in the process of growing rapidly and of significantly changing the scale and complexity of its business.

At the end of the 2010-11 financial year, the average size of a housing association<sup>1</sup> was approximately 1,000 properties, with the largest managing well over 3,000. 15 years ago, when the foundations of the current system were laid, the average size of housing associations was one tenth of this. Despite this, the business management IT system used by the majority of providers is the same today.

For a considerable time the need for enhanced systems has been identified as a pressing need. Today it is perhaps the single biggest risk to the effective management of the current level of business.

Housing NSW has recognised this risk and made funds totalling \$1m + GST available to the housing association sector to assist the implementation of appropriate IT systems. The funds are to be administered by the NSW Federation of Housing Associations (the Federation).

## **2. Aims of this project**

- To distribute the funds available from HNSW fairly and effectively to support housing associations that need access to integrated IT systems to support their current operations and expand their services to tenants.
- To ensure that all housing associations have access to baseline information about IT procurement and the main integrated housing IT products in the marketplace.
- To ensure that support is available for smaller housing associations where they need some enhancements to their current systems.

## **3. Principles for administering the funds**

### **3.1 Fairness**

The Federation will develop a broad consensus within the community housing sector on the fairest mechanisms to distribute funds that are consistent with the primary aims and other principles of this project.

### **3.2 Focus**

While many community housing providers would benefit from financial support towards their IT systems, the most urgent need and greatest risk to the sector is to be found in organisations that have outgrown their current stand alone systems. There will also be some reflection of providers' capacity to pay in allocating funds.

## **4. Purpose of the funds?**

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<sup>1</sup> Community housing organisations whose core business is long term housing or which is registered as a class 1 or 2

Three uses for the funds have been agreed with the Community Housing Division.

- a). The majority of the funds will be used to assist with the costs of implementing integrated IT systems in the sector. While the procurement cost is the most significant, implementation costs are very significant, including data transfer, training, testing, and adapting business processes. Like the initial assessment, implementation is likely to be best undertaken with the assistance of an expert project manager. This approach has been agreed because all providers that upgrade their systems will have implementation costs and therefore government funds can assist with the process without restricting the ability of the housing associations to make their own strategic assessments and choice of IT provider.
- b). A proportion of the available funds be allocated to support small providers (<200 properties) or those that choose to continue to use TMS, to arrange enhancements to their systems.
- c). As the industry body in NSW, the Federation believes that there will be significant benefits for the sector in sharing skills, knowledge and capacity in specifying, procuring and implementing integrated IT systems. These benefits include:
  - Reducing duplication of work related to IT procurement and implementation
  - Raising standards of IT procurement and implementation by providing a shared baseline toolkit.
  - Reducing the risk of failed implementation
  - Making better use of limited resources
  - A collaborative approach may open up opportunities to implement shared hosted models if appropriate

A small component of the funds has therefore been earmarked for the Federation to engage a suitably qualified IT professional to provide strategic advice and to produce a range of materials, tools, and resources to help our members with the procurement of IT systems. This information will be made available to the community housing sector to assist housing associations to ensure that they are well placed to make properly informed decisions on IT systems upgrades. It should be noted that the IT consultant's role is to develop baseline information and process tools to support effective decision making. The Federation is not intending to conduct a full due diligence process on behalf of members nor to recommend particular IT providers. Members will need to conduct their own due diligence processes at all times.

#### **4.1 Eligibility**

Applications for funding must meet the purposes for funding as described in Section 4 a) – c) above and be from:

“Registered Class 1, 2 and 3 providers in NSW managing at least 30 long term social housing properties funded through the CHD.”

As funds were provided by the Community Housing Division expressly to support implementation of integrated housing management systems in NSW, applications for funds for non community housing business will not qualify. Similarly, requests for new capital expenditure (new desk top computers, scanners etc) will also not qualify.

## **5 Process**

### **5.1 Application process**

The funds will be distributed by an application process. To apply for funds, housing associations must complete the simple application form provided as Appendix One of this Application Pack.

The application must demonstrate that the IT project meets the criteria and objectives agreed with CHD and described in Section 4 above. Providers will be able to call on funds up to a ceiling set per organisation. This ceiling is based on a distribution mechanism which has been set in consultation with the sector. The distribution mechanism sets a maximum amount of funds which each association can apply for. The mechanism includes the following factors:

- Number of properties
- Need for integrated IT systems and risk if integrated systems are not implemented
- Ability to fund integrated IT systems

A capped allocation of \$27,500, 2.75% of the total available funds has been made for organisations with between 30 and 200 properties. The six organisations falling into this category currently represent around 1.3% of the properties in the sector. Please see the table in Appendix 2.

The IT implementation funds are kept in a standalone account and all interest accrued will be used to further support the aims of this project.

### **5.2 Availability of funds**

Housing associations will be able call on funds when costs associated with the activities described in Section 4 above have been incurred. In order to reduce the likelihood that government funds will be spent on unsuccessful implementations, providers will be able to call on an allocation of 50% of their ceiling amount at the start of their implementation process and the balance upon completion of the implementation.

However, it is recognised that some providers will need a larger up front allocation of funds due to cash flow or other valid reasons. The allocation panel will consider such requests on a case by case basis.

### **5.3 Closing date**

The Federation understands that different housing associations are at different stages in their IT upgrade process and that not all implementations will be completed within the current (2011 – 2012) financial year. Consequently, it has been agreed that applications for funds can be accepted up until 30<sup>th</sup> April 2013, for projects that must be completed by 30<sup>th</sup> June 2013. A supplementary funding round will be held late in financial year 2012-13 if there are unspent funds remaining.

#### **5.4 Audit trail and reporting**

Providers will need to provide evidence that funds have been expended for the purposes described in section four above and will be responsible for providing an audit trail to the Federation.

#### **5.5 Role of steering group**

The Federation will establish two bodies with sector input to oversee and monitor this project. The steering group will be made up of up to 5 sector representatives and will oversee the project as a whole and receive the Federation's quarterly reports on the project. CHD will also have a nominee on the steering group.

#### **5.6 Role of approval panel**

The approval panel will assess each application for funds against the aims, principles, purpose and eligibility criteria for the project. The allocation of funds is not competitive. Providers represented on the approval panel must not take any part in the assessment of their own organisation's application, nor lobby or attempt to influence any other assessment panel member regarding their own organisation's application.

#### **5.7 Lodging the application**

Applications can be lodged via post to

Service Delivery Manager  
NSW Federation of Housing Associations  
Suite 301 (level 3),  
64-76 Kippax Street  
Surry Hills NSW 2010

OR

By e-mail to [adminassistant@communityhousing.org.au](mailto:adminassistant@communityhousing.org.au)

It is the applicant's responsibility to check their application before lodgement to ensure that correct information has been provided, all questions have been answered and all required accompanying documentation is submitted.

#### **FURTHER INFORMATION**

Enquiries relating to this application can be directed to Adam West:  
[adamwest@communityhousing.org.au](mailto:adamwest@communityhousing.org.au) or 02 9281 7144 ext 211

**Appendix One – Application for funding from the NSW community housing IT implementation fund**

**ASSESSMENT CRITERIA**

- Is the organisation a registered as Class 1, 2, or 3 community housing provider in NSW?
- Does the organisation manage at least 30 long term social housing properties funded through Housing NSW
- Will the funds be used to support the implementation of an integrated housing IT system?
- For organisations with less than 200 properties who choose not to implement a new system, will the funds support enhancements to their current IT systems?
- Is there a realistic expectation that the proposed implementations or enhancements will be successful?

Name of organisation		
Delegated officer with responsibility for the funds		
Postal address		
Email address		
Contact number	Tel:	Fax:
Account name for funds to be transferred to	BSB	Account number
Ceiling amount for your organisation (see Appendix 2)		
Total amount sought inc GST		
Do you wish to receive an initial payment of more than 50% of the ceiling amount set for your organisation? If so, please provide information about what percentage of the total ceiling amount for your organisation and your reasons.		

Please continue on a separate sheet if necessary and attach any additional evidence that you believe is relevant in meeting the assessment criteria.

**Purpose of the funds**

	<p>Please outline how you propose to use the funds. Please say how the funds will assist your organisation to meet the purposes described in Section 4 above. Please attach a fully costed quote/s to accompany the application to demonstrate the total costs relating to implementing the new IT system.</p>

Please continue on a separate sheet if necessary and attach any additional evidence that you believe is relevant in meeting the assessment criteria

**Benefit to organisation**

	<p><b>Please indicate how the funds would benefit your organisation and how you will ensure that the funds are used effectively?</b></p>

Please continue on a separate sheet if necessary and attach any additional evidence that you believe is relevant in meeting the assessment criteria.

Do you agree to use the funds only for the purposes described in Section 4 of the application pack and to provide a full audit trail showing how funds have been expended in accordance with the aims described in Section 4 of the application pack?

**Signature of delegated officer** \_\_\_\_\_

## Appendix 2 – Ceiling amount by organisation

The Federation consulted the sector through the IT reference group and an IT forum held in May 2011. The sector wished to see a number of variables considered in allocating the funds. These factors have been built into the distribution mechanism and therefore the proposed funding allocation has been based on four broad criteria:

- The size of the portfolio (as a proxy for implementation costs)
- The urgency of change – the most pressing need being for organisations between 600 and 2,500 tenancies (with some modest weighting to the larger organisations)
- A small weighting to reflect the barrier to implementation presented by different capacities to pay (as a ratio of estimated cost to turnover)
- A small weighting to reflect the risk taken by the two large associations that have already implemented

<b>Weighting criteria</b>	<b>Weighting</b>
<b><i>Cost of implementation</i></b>	
size of portfolio	per property
<b><i>Impact/ barrier</i></b>	
cost as % of turnover (est)	
- >400	1.00-1.02
- 90-400	1.02-1.06
- <90	1.06-1.25
<b><i>Urgency of change</i></b>	
- 0-300	0.25
- 300-599	0.65
- 600-950	0.95
- 950-1500	0.98
-1500-2500	1.00
- 2500-3000	0.60
- 3000+	0.55
<b><i>Early adoption</i></b>	
early adoption risk	1.025

The table below describes the maximum ceiling amount each provider can apply for under the funds available.

<b>Very Large (and already implemented)</b>	
St George	87,000
Compass	77,700
<b>Large (highest need to implement)</b>	
Affordable Community Housing	84,400
Argyle	75,750
Wentworth	72,800
Bridge	58,000
<b>Medium large ( high need to implement)</b>	
Hume	52,000
Community Housing Ltd	45,700
Link	40,300
MA Housing	35,700
Southern Cross	35,300
Homes North	35,300
The Housing Trust	35,100
<b>Medium (high need)</b>	
Pacific Link	32,400
North Coast	29,600
Women's Housing Company	25,500
Housing Plus	25,400
<b>Small (lower need)</b>	
City West Housing	13,500
Common Equity	11,900
Blue CHP	12,400
Homes Out West	15,750
Metro	8,700
Ecclesia	7,700
On Track	4,600
<b>Very small (low need/ high implementation barriers)</b>	
Inverell Community Housing Inc.	4,450
Sapphire Coast Tenancy Scheme	4,100
Uniting Church in Australia Property Trust	3,700
Narrabri Community Tenancy Scheme	3,000
Lithgow Community Housing Inc	2,750
Roman Catholic Diocese of Lismore	2,750
Anglicare North Coast	2,450
Australian Nursing Home Foundation	2,300
Parkes Forbes Community Housing Inc.	2,000