



# NSW Land and Housing Corporation Community Housing Provider Asset Management Allocation Policy

*Published 5 June 2020*

# Table of contents

<b>1</b>	<b>Purpose and Background</b> .....	<b>3</b>
1.1	Purpose.....	3
1.2	Background.....	3
1.2.1	Consultation.....	4
<b>2</b>	<b>Scope</b> .....	<b>4</b>
2.1	In scope .....	4
2.2	Out of scope.....	5
<b>3</b>	<b>Allocation of Properties</b> .....	<b>5</b>
3.1	Allocation Principles .....	5
3.2	Eligibility and Registration of Interest.....	5
3.3	Allocation methods.....	5
3.3.1	Open application.....	6
3.3.2	Select application .....	6
3.3.3	Single application .....	6
3.3.4	Direct allocation .....	7
3.3.5	Decision and reasoning .....	8
3.4	Notification of allocation.....	8
<b>4</b>	<b>Regulatory Framework and Definitions</b> .....	<b>8</b>
4.1	Regulatory Framework .....	8
4.2	Definitions .....	9
<b>5</b>	<b>Roles and responsibilities</b> .....	<b>10</b>
<b>6</b>	<b>Monitoring, evaluation and review</b> .....	<b>10</b>
<b>7</b>	<b>Support and advice</b> .....	<b>10</b>

# 1 Purpose and Background

## 1.1 Purpose

This policy will guide the New South Wales Land and Housing Corporation (LAHC) in selecting Registered Community Housing Providers (CHPs) to manage LAHC owned social housing properties.

The policy is known as the LAHC Community Housing Asset Management Allocation Policy and sets out the principles by which the management of properties will be allocated to Registered CHPs, the eligibility principles for allocation and the methods by which providers can apply for or receive property allocation in NSW. The policy ensures that the selection process is efficient, transparent and effective.

This policy provides a streamlined CHP allocation approach for smaller-scale allocations, which is governed by the same probity principles as larger projects, but can be delivered more efficiently and at a reduced cost to both government and the community housing sector. The end result is a more agile procurement pathway enabling those properties identified for CHP management to be leased, managed and occupied sooner. Allocations of larger numbers of properties will be subject to a competitive process.

The policy seeks to apply a degree of rigour which is commensurate with the lower level of risk and benefit associated with allocating management of a small volume of properties as opposed to a large volume of properties.

Specifically the policy aims to:

- ensure a fair and transparent selection process of providers
- improve the capacity and operational efficiency of Registered CHPs by increasing the number of properties they manage
- minimise financial risk to Government
- minimise bid costs by Registered CHPs and drive a streamlined and efficient allocation framework, and
- target consistency in allocation principles and methods.

## 1.2 Background

NSW Land and Housing Corporation (LAHC) owns and manages the NSW Government's social housing portfolio. LAHC operates within the Department of Planning, Industry and Environment (DPIE) under the portfolio and direction of the Minister for Water, Property and Housing. Under agreement, the Department of Communities and Justice (DCJ) manages tenancies for LAHC's social housing portfolio. Under lease, CHPs manage tenancies for LAHC owned social housing properties.

LAHC seeks to ensure that the NSW Government's social housing portfolio is positioned to meet the current and future needs of social housing eligible clients.

*Future Directions in Social Housing in NSW* is a 10-year plan which sets out the NSW Government's vision for social housing. This plan includes a strategy for Registered Community Housing Providers to manage a significant proportion of LAHC's portfolio. The Social Housing Management Transfer program delivered in 2018/19 and 2019/20 has helped support this strategy.

LAHC's strategic objectives include growing and maintaining its social housing portfolio. LAHC renews its portfolio by delivering new supply through various delivery models including the construction of medium density housing using LAHC's own funding, and by partnering with the private and not-for-profit sectors to deliver medium and high density mixed tenure housing on its sites.

In the past, property allocation decisions have been guided by a Department of Communities and Justice (DCJ) allocation policy.

Following the machinery of government changes which saw a separation of LAHC from DCJ in 2019, LAHC requires a management allocation policy which supports its allocation decisions and aligns with its strategic objectives.

### 1.2.1 Consultation

This policy was developed in consultation with LAHC staff, the Registrar of Community Housing and the Department of Communities and Justice through February to May 2020. Further consultation also occurred with the Independent Commission Against Corruption (ICAC) in March 2020.

## 2 Scope

### 2.1 In scope

This Policy covers LAHC's allocation of management of LAHC owned properties to Registered CHPs. It includes:

1. The transfer of management of LAHC owned properties to Registered CHPs, from DCJ-management
2. The transfer of management of LAHC owned properties to Registered CHPs, from a Community Housing Provider
3. The allocation of management of new properties purchased or redeveloped by the LAHC to Registered CHPs.

This Policy does not apply to the allocation to Registered CHPs of properties to be redeveloped through defined programs, for example, Communities Plus. Allocation of properties through those programs will be determined through specific procurements.

## 2.2 Out of scope

This Policy does also not apply to the allocation of the management of community facilities or commercial properties.

Property returns and surrenders are also out of scope. In the event, a Community Housing Provider seeks to relinquish management of a LAHC property, the termination obligations specified under the lease or other management agreement will apply. Deviations from termination obligations may be pursued outside of lease terms by mutual negotiation on a case by case basis. It is recommended that respective parties seek legal advice.

# 3 Allocation of Properties

## 3.1 Allocation Principles

The following key principles will guide LAHC's allocation of management to a Registered CHP under this policy.

Registered CHPs in NSW will be allocated properties based on their:

1. property and tenancy management expertise and / or
2. knowledge of and or connection to the local community and / or
3. existing partnerships with support service providers within the community and /or
4. organisational capacity and capability to manage additional properties

## 3.2 Eligibility and Registration of Interest

To be eligible to register for the allocation of management of LAHC properties, CHPs must be Registered CHPs under the National Regulatory System for Community Housing (NRSCH).

Registered CHPs will be given the opportunity to respond to a Registration of Interest for the allocation of management of LAHC properties in their preferred Local Government Area or Areas (LGA). Submissions will be assessed and a select panel of CHPs will be established for each LGA or LGA cluster. Successful CHPs will be provided with opportunities to apply for allocations within their approved location(s).

## 3.3 Allocation methods

In allocating properties, LAHC will target administrative efficiency for Government and Registered CHPs as well as fairness, probity and quality outcomes.

To achieve this, LAHC will use the following allocation methods:

- Open application
- Select application

- Single application
- Urgent single application

LAHC will consult with DCJ and the Registrar to obtain CHP portfolio and performance insights and other relevant information to inform the assessment of applications.

LAHC reserves the ability to terminate an allocation process or to change to an alternative method of allocation at its absolute discretion.

### 3.3.1 Open application

Where there is a large number of properties available for allocation (generally, over fifty dwellings) and where there is a large number of Registered CHPs with potential capacity, capability and operational presence to manage the properties, an open application may be preferred.

An open application will enable those CHPs which have successfully registered their interest for allocation to participate in allocation opportunities located within or outside of their preferred LGAs.

In each case, the procurement documents will outline the relevant selection criteria and process, which will have regard for the allocation principles outlined in section 3.1.

### 3.3.2 Select application

LAHC will utilise select application for the majority of allocations where the number of properties available for allocation are generally fifty or less. Registered CHPs which have registered their interest will be able to participate in allocation opportunities in LGAs where they currently manage LAHC properties, including bordering LGAs.

In each case, the procurement documents will outline the relevant selection criteria and process, which will have regard for the allocation principles outlined in section 3.1.

### 3.3.3 Single application

Whilst market-based approaches (including open and select application) are preferred, single applications will be undertaken in specific circumstances and in accordance with *the ICAC Guidelines for Managing Risks in Direct Negotiations*. Single applications will be managed in line with the probity principles of fairness, impartiality, accountability, transparency and value for money, to ensure they drive decision making.

LAHC will determine whether single application is suitable for a particular allocation. Allocation consideration will also be applied to direct approaches received from Registered CHPs for management of LAHC property.

LAHC will consider a single application where one or more of the following factors are evident:

- LAHC considers that there is only one Registered CHP with the capacity and capability to manage additional properties in a particular area, having regard to supporting information provided by DCJ and or the Registrar.

- the number of properties to be allocated is small (generally no more than 50 properties).
- a short-term legacy lease can be converted to a new contemporary lease for the same Registered CHP, to align with the current LAHC leasing framework.
- an insured LAHC-owned, CHP-managed property is damaged by an insurable event and requires replacement.
- a LAHC-owned, CHP-managed property that is funded by DCJ for the delivery of crisis or transitional accommodation is no longer available for that purpose and requires replacement.
- a LAHC-owned property that is funded by DCJ for the delivery of crisis or transitional accommodation, requires allocation of a CHP where a market approach would not result in a greater value for money outcome.
- the cost of a market approach would be prohibitive.
- a market approach would result in significant delays to allocation and or negatively impact continuity of client service delivery.
- a market approach pursued within the preceding 12 months has been unsuccessful.

LAHC considers both the proposal and a CHP as having unique attributes such that others could not deliver a similar proposal under the same conditions.

Allocation proposals which have been requested, supported and endorsed by DCJ, may be referred to LAHC and directed through a single application process where one or more of the factors listed above are evident.

#### 3.3.3.1 Urgent single application

In exceptional circumstances, an urgent single allocation may be employed as a procurement method.

Urgent single applications will involve negotiations between LAHC and a Registered CHP (in some cases without first undergoing a market approach) that has registered its interest for allocations and in any event will have regard for the allocation principles outlined in section 3.1 and will involve consultation with DCJ and the Registrar, which will also be documented.

An urgent single application may be warranted where the timeframe associated with a market approach would have a negative impact on client service delivery, including health and safety.

### 3.3.4 Decision and reasoning

Allocation decisions will be documented and supported by evidence each time a determination is made.

Decisions to allocate management by way of single application will also include:

- the rationale for a single application, including the factors referred to in section 3.3.3
- demonstrated consideration of the principles outlined in section 3.1
- how single application mitigates risks to client service delivery
- appropriate considerations relating to conflict management and probity principles
- compliance with other relevant LAHC policies and frameworks; and
- other specific factors that are relevant to the allocation.

The Community Housing Provider Allocation Coordination Group (CHP ACG), consisting of LAHC representatives will consider allocation opportunities and present appropriate recommendations to the CHP ACG Chair. Where a single application is recommended by the CHP ACG, the CHP ACG Chair will consider the recommendation and will decide whether to approve a single application, refer the allocation for a competitive process or decline CHP allocation altogether.

## 3.4 Notification of allocation

Under open and select application processes, successful and unsuccessful CHPs will be notified via letter and debrief opportunities will be made available to unsuccessful applicants.

A register of allocations awarded via a single application process will be published on a website, the address of which will be determined and communicated at a later date to those CHPs which have registered interest for allocation opportunities referred to in section 3.2.

Successful applicants will be given the opportunity to enter negotiations with LAHC regarding the allocation.

# 4 Regulatory Framework and Definitions

## 4.1 Regulatory Framework

LAHC is a Public Trading Enterprise established in 2001 under the *Housing Act 2001* and operates under the portfolio and direction of the Minister for Water, Property and Housing.



As a Housing Agency, LAHC may give assistance to a Registered CHP in the form of the provision of funding, land or other property, under s15(2) of the *Community Housing Providers (Adoption of National law) Act 2012*.

As asset management allocation involves the use of government resources by CHPs, allocations will be conducted in accordance with the *Public Works and Procurement Act 1912*.

Allocations under this Policy will also be consistent with the NSW Government Procurement Policy Framework for NSW Government Agencies, Treasurer's Directions, Private Public Partnership guidelines, in particular the objectives of:

- achieving value for money
- delivering quality government goods and services
- aligning procurement with business needs.

## 4.2 Definitions

The table below is a list of terms, keywords and/or abbreviations used throughout this document.

Term	Definition
CHP ACG	CHP Allocation Coordination Group
DCJ	Department of Communities and Justice
DPIE	Department of Planning, Industry and Environment
Community Housing Providers	Providers of community housing, inclusive of both registered and unregistered community housing providers
LAHC	New South Wales Land and Housing Corporation
NRSCH	National Regulatory System for Community Housing
PAS	Property Assessment Survey
Policy	means LAHC Community Housing Asset Management Allocation Policy
Registered CHP	Community Housing Provider registered under the National Regulatory System for Community Housing
Registrar	Registrar of Community Housing

## 5 Roles and responsibilities

The main roles and responsibilities for the implementation of this policy are as follows:

- the LAHC Chief Executive (CE) has endorsed and approved the policy and all related documents necessary to implement the policy.
- the CHP ACG will assess and select Registered CHP(s) to manage properties in accordance with this Policy. The CHP ACG is responsible for managing the integrity of the selection process to ensure that it is clear, fair and transparent.
- the LAHC Policy and Innovation Division will lead the CHP ACG and will monitor, review and update the Policy when necessary. It is also responsible for providing advice on any issues related to the Policy.
- final approval of allocation decisions are subject to the prevailing LAHC delegations at the time of decision making.

## 6 Monitoring, evaluation and review

It is the responsibility of the LAHC Policy and Innovation division to monitor and update this policy when required. Future changes will be submitted to the CE for approval.

This policy will be reviewed every two (2) years or at other times if and when any significant new information, legislative or organisational change warrants amendments to this document.

Reviews will be conducted in collaboration with other LAHC divisions, DCJ and the Registrar.

## 7 Support and advice

Advice and support about this policy can be obtained from the LAHC Policy and Innovation division which has carriage of this document.

If reviewing a printed version of this document, please refer to the LAHC Intranet to confirm that you are reviewing the most recent version of the policy.

Following any subsequent reviews and approval this policy will be uploaded to the internet/and/or intranet and all previous versions removed.