



8 November, 2023

Director
Housing Australia Future Fund Unit
Housing Division
Treasury

To the Director,

The Community Housing Industry Association (CHIA) is the peak body representing registered Community Housing Providers (CHPs) across Australia. Our 150+ members manage a \$18 billion-plus portfolio of more than 120,000 homes, housing people on very low, low and moderate incomes who find it hard to access affordable and appropriate tenancies. PowerHousing Australia is a member network of 37 Tier-1 registered CHPs who provide large scale social and affordable housing to 90,000 households and 150,000 tenants across the country with the majority being low to moderate income earners and vulnerable Australians.

CHPs are not-for-profit organisations that develop and manage social and affordable housing. Using CHPs to deliver housing under the HAFF and the Accord will ensure that the homes (or equity) remain in social and affordable rental occupancy, in perpetuity. The resulting advantages, include the tax exemptions that arise from CHPs' charitable status which improve project viability, thus stretching the output that can be generated from a given public subsidy input. Crucially, unlike private or public sector entities, CHPs pay no GST on development and are therefore capable of delivering more homes from any given investment.

Over the past decade, community housing has continued to expand across Australia, both expand in response to opportunities (both development and management) and in jurisdictions where there have been few, by entrepreneurially initiating their own schemes. Unlike public housing providers or private developers, CHPs are subject to strict regulatory requirements (via both the ACNC and the three regulatory regimes for community housing) that provide investors, governments and tenants with assurance of their compliance against performance standards covering tenancy and asset management, financial viability and good governance. Recognising that a strong ESG proposition can attract investors, the community housing sector has collaborated on a ESG reporting standard, was officially launched in March 2023.

Both CHIA and PowerHousing Australia support the overall intent of the Housing Australia Investment Mandate Amendment, and we welcome the opportunity to input to the fine-tuning of the regime through this submission.

Sincerely,

A handwritten signature in blue ink, appearing to read "Wendy Hayhurst".

Wendy Hayhurst
CEO, CHIA

A handwritten signature in blue ink, appearing to read "Nicholas Proud".

Nicholas Proud
CEO, PowerHousing Australia

#	Exposure draft ref	Issue and Rationale	Proposed solution
1.	Schedule 1 Section 4	<p>We recommend that a definition for Affordable Housing be included, and that the chosen definition articulate a measure of ‘true’ affordability. This will mitigate against the unwanted opportunistic use of Commonwealth funding for outputs that are not genuine affordable homes by entities that are not Registered Community Housing Providers.</p> <p>This will also ensure that the concept of Affordable Housing is clearly defined and not used colloquially or in an incorrect way by eligible proponents that are lacking a true understanding of its intended meaning and proper use.</p> <p>It should also provide assurance that the HAFF and NAHF assist low to moderate income households with cost of living pressures through the provision of appropriate housing.</p>	<p>Add definition of Affordable Housing as follows:</p> <p><i>Affordable Housing</i> means rental housing that is appropriate for the needs of a range of very low to moderate income households and that is managed by a Registered Community Housing Provider.</p> <p><i>Rents charged for Affordable Housing must not exceed:</i></p> <ul style="list-style-type: none"> • 74.9% of the market rent as determined by a Market Rent Valuation; and • 30% of the household income (up to the eligibility limit for the dwelling this being 120% of the Relevant Median Household Income). <p><i>Where:</i></p> <p><i>Relevant Median Household Income</i> means the median household income for the Australian Statistical Geography Standard area where the household is located as reported by the Australian Bureau of Statistics and escalated by the Wage Price Index to the current year.</p>
2.	Schedule 1 Section 4	<p>The concept of Registered Community Housing Provider should be defined and be consistent with the definition used by the community housing industry.</p> <p>Registered Community Housing Providers should also be required to be charities. The benefit to government of requiring Registered Community Housing Providers to be charities is that charitable registration obliges an organisation to devote all assets and financial surpluses for their charitable purposes. These charitable purposes are required to be for the broader public benefit as per section 6 of the <i>Charities Act</i></p>	<p>Add definition of Registered Community Housing Provider by building on the definition in the Act –</p> <p><i>registered community housing provider</i> means an organisation established as a constitutional corporation that is:</p> <ul style="list-style-type: none"> (a) Registered as a charity under the Charities Act 2013 (Cth) by the Australian Charities and Not for Profit Commission; and (b) registered community housing provider means a community housing provider (however described) that is registered under a law of, or under a scheme administered by, a State or a Territory.

		<p>2013. Accordingly, it is to the government's benefit that these funds are invested via charitable registered community housing providers.</p> <p>Additionally, the oversight of the ACNC and NRSCH (and equivalent) schemes ensures appropriate use of funds for charitable purposes, probity, good governance, financial sustainability and quality tenancy outcomes as required by the National Regulatory Code set out in the NRSCH and counterpart schemes.</p> <p>In summary, we submit that CHPs (as defined above) effectively use their resources, including government subsidies, to meet their charitable purpose and maximise housing outcomes for the public benefit).</p>	
3.	Schedule 1 Part 4A 28 B – Simplified outline of this Part	<p>Add intent to contribute to the development of the community housing sector in accordance with the Investment Mandate Explanatory Statement which states, <i>"The HAFF and the NHAF will help encourage investment in housing.... And contribute to the development of the community housing sector."</i></p> <p>This also ensures consistency with the relevant object in the Housing Australia 2018 Act 'contribute 'to the development of the scale, <i>efficiency and effectiveness of the community housing sector in Australia</i>'.</p>	<p>Add words taken from the explanatory statement:</p> <p>d) <i>contribute to the development of the community housing sector.</i></p>
4.	Schedule 1 Part 4A 28 D – Eligibility for loans and grants 28R - NHAF	<p>Clause (e) emphasises the amount of housing (read as gross unit numbers) and does not consider the value for money of location as a factor. This risks biasing more housing in lower value locations.</p> <p>The insertion of the phrase <i>'having regard to market factors in the relevant location'</i> allows consideration of the extent of need for social and affordable housing</p>	<p>Amend 28D(e) and 28R (e) to read:</p> <p>(e) the project delivers value for money, <i>having regard to market factors in the relevant location</i>, in terms of the amount <i>and location</i> of housing delivered as compared to the amount of government support provided.</p>

		and the variability in what constitutes affordable rents in specific location, and for particular income quintiles. It also takes into account geographic variability in land and construction costs. In addition there are shorter term inflationary pressures in certain locations.	
5.	Schedule 1 Part 4A 28 E – HAFF Projects 28 S – NHAF project	<p>Clause (4) requires that projects meet the NCC requirements as existing on 1 October 2023 relating to energy efficiency and livable housing design.</p> <p>This is likely to exclude a range of projects (including most that could be purchased turnkey and / or completed in 2024-2025) that would not have adopted these requirements as they were not compulsory. This will limit the pool of projects able to be presented.</p> <p>Further, energy efficiency standards should be set as a “project average” as there will be instances where some units in a project are unable to achieve 7 star NATHERS but the project on average achieves 7 Star.</p> <p>The requirements for NHAF projects should be identical to those required for HAFF. The affordable housing provided is for the long term. Federal government investment should not be directed to projects that at the time DA is approved are below the NCC requirements in force nationally.</p>	<p>Amend 28E and 28S as below</p> <p><i>(4) A dwelling is HAFF (or NHAF) construction compliant if:</i></p> <ul style="list-style-type: none"> <i>a) the dwelling has received a project approval prior to 1 October 2023 and complies with the NCC requirements in force as at the date of the development approval.</i> <i>b) the dwelling has received project approval on or after 1 October 2023 and complies with the standards in the NCC relating to energy efficiency; or where a project comprises more than dwelling on average complies with the standards in the NCC relating to energy efficiency; and the dwelling complies with the standards in the NCC relating to Livable Housing Design.</i>
6.	Schedule 1 Part 4A Section 28F and 28S Eligible project proponents	As stated above, the Investment Mandate Amendment must mitigate against the risk that ‘for-profits’ will see the Housing Australia Future Fund (HAFF) and Housing Accord as an opportunity to indirectly profit from Commonwealth funding and drive shareholder return to the detriment of the intended HAFF and NHAF purpose.	<p>Make amendments to 28F and 28S as below:</p> <p>(1)(f)- Use defined term</p> <p>(1)(g)- Amend as follows, “an entity that is a Registered Community Housing Provider or an Aboriginal Community Controlled Organisation in accordance</p>

		<p>Further, Government should ensure that funding provided for housing for vulnerable households (ie in this case veterans or Aboriginal and Torres Strait Islanders) is directed at organisations that are required on an ongoing basis to demonstrate they have the expertise to deliver these services and that protections are in place should these organisations fail. Accordingly, appropriate registration should be a requirement for funding.</p> <p>Many organisations providing services and accommodations to veterans and First Nations peoples have demonstrated compliance with the requirements of the regulatory schemes.</p>	<p><i>with clause 44 of the National Agreement on Closing the Gap and also has the primary purpose of improving, directly or indirectly, housing outcomes for Aboriginal or Torres Strait Islander people”</i></p> <p>(1)(h)- Delete</p> <p>28(f)(2)(b) Amend as follows, <i>“its sole member or all members are a Registered Community Housing Provider.”</i></p>
7.	<p>Schedule 1 Part 4A Section 28J and 28v Matters to be considered when making financing decisions</p>	<p>Financing decisions as outlined within the Investment Mandate should clearly acknowledge the necessity of meeting housing needs of low to moderate income households, while also encouraging opportunities for leveraging through institutional investment to help create a long-term housing supply pipeline. Additionally, financing decisions should consider the extent to which the housing is additional and not replacement or renewals.</p>	<p>28J and 28V - Matters to be considered when making financing decisions – amend with text in bold:</p> <p><i>(a) the extent to which the financing decision would increase one or more of the following on an equitable, as needs basis to meet the needs of low to moderate income households across Australia (including in regional, rural and remote Australia):</i></p> <ul style="list-style-type: none"> <i>(i) social housing;</i> <i>(ii) affordable housing;</i> <i>(iii) housing that addresses an acute housing need.</i> <p><i>(b) the likely effect of the project on the supply and ongoing availability of social housing and affordable housing, and housing addressing acute housing needs through direct financing through HAFFF and a capacity to leverage through institutional investments;</i></p>

			<p><i>(k) where the project proponent is a Community Housing Provider—the extent to which the support would assist the organisation in the performance or development of its activities, functions, relationships or business.</i></p> <p><i>Add (l) the extent to which the housing is additional new housing.</i></p>
8.	Schedule 1 Division 3 Section 28K and 28w Quarterly Reporting to the Minister	Adequate reporting is required to track progress and outcomes under the HAFF and NHAF. Reports should be published and accessible to the public for transparency.	<p>Changes recommended to 28K and 28W</p> <p><i>Addition of (2)(a)(vi) Number of proponents that are Registered Charitable Community Housing Providers.</i></p> <p><i>Addition of (6) Reports are to be published.</i></p>

CHIA National and PowerHousing would also like to acknowledge the important contributions of:

- *CHIA NSW, CHIA QLD, CHIA SA, CHIA NT, CHIA ACT*
- *National Shelter*
- *Shelter WA, Shelter TAS, ACT Shelter*