



COMMUNITY HOUSING LTD  
GROUP OF COMPANIES

Director  
Housing Australia Future Fund Unit  
Housing Division  
Treasury  
Langton Cres  
Parkes ACT 2600

8 November 2023

Dear Director,

**RE: COMMENT ON THE DRAFT INVESTMENT MANDATE AMENDMENT**

Community Housing Ltd (CHL) is delighted to make its submission in response to the *Amendments to the Housing Australia Investment Mandate Direction* (Amendments) released for consultation by Treasury.

CHL supports the intent of the Amendments, which will direct Housing Australia in its delivery of social and affordable housing under the Housing Australia Future Fund (HAFF) and National Housing Accord (Accord).

CHL strongly supports Housing Australia in its stated purpose, which includes strengthening the capacity of registered community housing providers (CHPs) and thereby driving provision of more social and affordable housing.

To this end, CHL submits that the intent of the HAFF should be articulated more clearly in the Investment Mandate to consist of:

- a) introducing more housing for people in need
- b) investing in the registered CHP sector to contribute to the growth of social and affordable housing in a sustained and regenerative manner.

In accordance with these key principles, CHL proposes several changes that further tailor the draft Investment Mandate to the stated objectives of Housing Australia and support the commitment of the Accord to build a strong and sustainable community housing sector.

These changes broadly provide that:

- a) HAFF and Accord funding be made available only where a proposal contemplates a registered CHP leading design and construction and/or managing and operating the asset and retaining rent;
- b) the net number of houses be retained in a proposal, notwithstanding the recycling of housing through disposal/renewal such that equity contribution is retained; and

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- c) funded proposals should only be approved when submitted by an appropriately registered organisation, being an entity registered through National Regulatory System for Community Housing or equivalent community housing state based regulatory system.

A summary of our proposed changes is provided in the table at *Appendix 1*.

In addition to these changes, CHL strongly suggests that the focus of future tranches be defined and articulated in advance if there is to be a dedicated focus, for example on metro, regional, or remote housing.

Similarly, we request that the expected minimal financial benchmarks for each region be defined to enable CHPs to focus their efforts on viable projects in identified areas.

CHL commends the commitment of the Commonwealth to deliver 40,000 new social and affordable homes over the next five years, applauds the establishment of the HAFF and anticipates continued engagement with the community housing sector in pursuit of achieving these objectives.

We express our thanks to Treasury for the opportunity to consult on the Amendment and look forward to continuing to work with Housing Australia as it furthers its mission to improve housing outcomes for Australians.

Yours sincerely,

Steve Bevington  
Managing Director  
Community Housing Ltd



## Appendix 1 – proposed changes

Section	Change	Comments
Section 4	<i><u>Affordable Housing means housing whereby the rent charged to tenants is no more than 75% of market rent.</u></i>	<p>CHL proposes this definition upon consideration of the various ways Affordable Housing is contemplated and defined by jurisdictions across Australia.</p> <p>CHL is open to alternative definitions of the term.</p> <p>Definition of social and affordable housing was also recommended by CHIA in its December 2022 submission to the Housing Legislative Package.</p> <p>Instances of the words “affordable housing” are capitalised to “Affordable Housing” throughout the draft.</p>
Section 4	<i><u>Registered Community Housing Provider means an entity registered through National Regulatory System for Community Housing or equivalent community housing state based regulatory system.</u></i>	<p>Definition of term to support inclusion throughout the draft</p>
Section 4	<i><u>Social Housing means housing allocated to a tenant from the common social housing register operating in the jurisdiction where the housing is located and whereby the rent (excluding any commonwealth rent assistance) charged to tenants is no more than 30% of their income (to a max of 75% of market rent).</u></i>	<p>CHL proposes this definition upon consideration of the various ways Social Housing is contemplated and defined by jurisdictions across Australia.</p>



		<p>CHL is open to alternative definitions of the term.</p> <p>Definition of social and affordable housing was also recommended by CHIA in its December 2022 submission to the Housing Legislative Package.</p> <p>Instances of the words “social housing” are capitalised to “Social Housing” throughout the draft.</p>
Part 4A 28B	<p><u>(d) supports the growth of Registered Community Housing Providers to develop and manage Social Housing and Affordable Housing.</u></p>	<p>The same amendment is proposed for the NHAFF under 28N (<i>Simplified outline of this Part</i>).</p>
Part 4A 28E (1)	<p>(1) A project is a <i>HAFFF project</i> if:</p> <p>(a) all dwellings proposed to be designed, <u>constructed</u> or made available under the project are located in a State or Territory; <del>and</del></p> <p><u>(b) -a Registered Community Housing Provider is responsible for managing the Social Housing and Affordable Housing once developed; and</u></p> <p><u>(c) the project proponent declares in the application mentioned in section 28C that all dwellings are HAFFF construction compliant or will be when the dwellings are made available.</u></p>	<p>Isolation of registered community housing providers (or organisations) as the sole delivery agent for the HAFF’s social and affordable rental housing investment programs was also recommended by CHIA in its December 2022 submission to the Housing Legislative Package.</p> <p>The same amendment is proposed for the NHAFF under 28R (<i>NHAFF projects</i>).</p>



<p>Part 4A 28E (4)</p>	<p>(4) A dwelling is <i>HAFFF construction compliant</i> if:</p> <p>(a) <u>either:</u></p> <p><u>(i) the dwelling complies with the standards in the NCC relating to energy efficiency; or</u></p> <p><u>(ii) if the State or Territory the dwellings are located in has a different standard applicable for energy efficiency—the dwelling complies with that different standard; and</u></p>	<p>This change seeks to standardise the energy efficiency requirements between HAFF and Accord funding by aligning the HAFF requirements to those of the Accord.</p>
<p>Part 4A 28F</p>	<p>(2) An entity is a <i>HAFFF special purpose vehicle</i> if:</p> <p>(a) it has a purpose of undertaking any of the following kinds of projects:</p> <p>(i) projects to increase available <del>social housing</del><u>Social Housing</u> or <del>affordable housing</del><u>Affordable Housing</u>, or <u>both</u>;</p> <p>(ii) projects to address acute housing needs; <u>and</u></p> <p>(b) at least one of its members is an entity mentioned in paragraphs (1)(a) to (h-); <u>and</u></p> <p><u>(c) includes a Registered Community Housing Provider that is a constitutional corporation to manage the Social Housing and Affordable Housing.</u></p>	<p>The same amendment is proposed for the NHAF under 28S (<i>Eligible project proponents for NHAF projects</i>).</p>
<p>Part 4A 28J</p>	<p>(b) the likely effect of the project on the <u>long-term</u> supply and ongoing availability of <del>social housing</del><u>Social Housing</u> and <del>affordable housing</del><u>Affordable Housing</u>, and housing addressing acute housing needs, <u>including beyond the provision of Housing Australia financial support;</u></p>	<p>This change clarifies that “ongoing availability” refers to the provision of social and affordable housing both during but also after any Housing Australia financial support ceases.</p> <p>This would enable the HAFF to encourage the provision of perpetual social and affordable housing stock, in turn ensuring</p>



		<p>long-term housing outcomes while also increasing the asset base and capacity of the CHP sector.</p> <p>The same amendment is proposed for the NHAF under 28V (<i>Matters to be considered when making financing decisions</i>).</p>
Part 4A 28J	<p><u>(g) whether finance under the HAFFF would supports the growth of Registered Community Housing Providers to develop and manage Social Housing and Affordable Housing;</u></p>	<p>The same amendment is proposed for the NHAF under 28V (<i>Matters to be considered when making financing decisions</i>).</p>
Part 4B	<p>General comment</p>	<p>For the avoidance of doubt, comments provided above where applicable should be extended to Part 4B noting that the Housing Accord amendments are similar in nature to the HAFF.</p>
Various	<p>The fact sheet states that “<i>Grants can either take the form of upfront capital to support project financing at the project delivery stage, or ongoing service payments for making housing available on agreed terms (“availability payments”).</i>”</p> <p>The Exposure Draft however only references ‘loans and grants’ and does not currently explicitly contemplate ‘availability payments’.</p> <p>For example, Section 28D, states that Housing Australia can only make loans or grants which comply with paragraph 8(1A) (a), (b) or (c) of the Act. Similarly, Section 28H states that HAFF projects may be financed through loans, grants or a combination thereof.</p> <p>We request that clarifying language be included to note that a grant can be payable as a lump sum or in instalments, which would ensure the Investment Mandate explicitly allows for funding in the form of availability payments.</p>	