



The Hon Dr Jim Chalmers MP
Treasurer
House of Representatives
PO Box 6022
Parliament House
CANBERRA ACT 2600

The Hon Julie Collins MP
Minister for Housing
House of Representatives
PO Box 6022
Parliament House
CANBERRA ACT 2600

Dear Treasurer and Minister

Re: Housing Australia Investment Mandate Amendment (Social Housing, Affordable Housing and Acute Housing Needs) Direction 2023

Thank you for the opportunity to provide comment on the Housing Australia Investment Mandate Amendment (Social Housing, Affordable Housing and Acute Housing Needs) Direction 2023 (**the Housing Australia Investment Mandate**).

The Housing Australia Investment Mandate is a critical step towards implementing the Housing Australia Future Fund (**HAFF**) legislation I supported to build much-needed social and affordable housing.

I was pleased to work with the Minister and secure amendments to the National Housing Supply and Affordability Council to ensure at least one member of the Council has demonstrated and relevant experience or expertise in housing needs in regional, rural and remote Australia and that the Council considers the impacts of geographical location (e.g. regional, rural or remote location) on housing supply and affordability and on the demand for affordable housing.

Further and critically, I attempted to amend the Housing Australia Future Fund Bill (HAFF Bill) to ensure funding be directed towards regional, rural and remote Australia.

Dr Helen Haines MP

117 Murphy Street
Wangaratta VIC 3677
T 03 5721 7077
E helen.haines.mp@aph.gov.au
W helenhaines.org

These amendments were not agreed to by the Government, and the Minister assured me at the time they would be incorporated into the Housing Australia Investment Mandate.

This does not appear to have eventuated, with the current version of the Housing Australia Investment Mandate only briefly considering housing needs in regional, rural and remote areas. This is deeply disappointing, and I remain intent on holding the Minister to her word on ensuring regional, rural and remote Australia is not left behind.

Lack of housing supply and affordability in regional, rural and remote Australia is more urgent than ever. The total number of homeless people in regional areas increased by 52 per cent between the 2016 and 2021 census, while metropolitan homelessness rose by 17 per cent. As at June 2023, there were more than 5000 people on the Victorian Housing Register priority waiting across the Goulburn and Ovens Murray regions in my electorate.

These figures show the Government cannot simply apply a one-size-fits all measure to address the housing crisis, blind to the differences between urban and rural areas. This is reinforced by the failure of the Housing Australia administered National Housing Infrastructure Fund to adequately direct funding toward regional, rural and remote areas.

I urge the Government to consider my amendments to the Housing Australia Investment Mandate, so that regional, rural and remote Australia does not continue to be ignored.

Support for Investment Mandate provisions

In the first instance, I welcome the following sections of the Housing Australia Investment Mandate as they relate to my HAFF Bill amendments and my Unlocking Regional Housing Private Members Bill:

- Requiring Housing Australia to make reasonable efforts to identify potential project proponents that may be assisted by financing, including regional, rural and remote areas, and to promote the Housing Australia Future Fund Facility (HAFFF) and the National Housing Accord Facility (NHAF) (sections 28G(1) and 28T(1)(a)).
- Including that a criterion for financing decisions is the extent to which a project would be consistent with increasing the availability of social and affordable housing, and addressing acute housing needs, including in regional, rural and remote Australia on an equitable, as needs basis (section 28J(1)(a) and section 28V(a)).
- Requiring Housing Australia to make reasonable efforts to identify entities whose business or activities may be assisted or benefited by HAFFF finance, and whose business or activities may include projects to increase available social housing or affordable housing in the short term.

I also note that the Fact Sheet titled *Delivering social and affordable housing under the Housing Australia Future Fund and National Housing Accord* states: "Upfront capital grants may be available to support some social housing projects. It is intended that this financing type be prioritised for smaller, regional or remote projects, where private financing cannot be sourced, to ensure support under the HAFF and Accord programs is able to reach a range of cohorts and geographic areas in need."

I welcome this intention, however, note it is exactly this – an intention. I recommend that it be explicitly stated in the Housing Australia Investment Mandate. Unless it is mandated, with subsequent reporting requirements outlined below, the prioritisation of regional, rural and remote projects for grant funding is far from certain.

Recommendations for further amendments to the Investment Mandate

I **attach** at the bottom of this letter a table setting out my proposed amendments to the Housing Australia Investment Mandate. In summary they:

- Require one-third of the HAFFF and NHAF funding to be proportionally provided to projects in regional, rural and remote areas.
- Make explicit that the HAFFF and NHAF can fund projects for housing-enabling infrastructure in regional, rural and remote areas.
- Make explicit that the purposes of the HAFFF and NHAF are to increase the availability of social and affordable housing, and address acute housing needs, including in regional, rural and remote Australia.
- Expand eligibility requirements so that not-for-profit entities (who are not community housing providers), are eligible to receive HAFFF or NHAF funding on the basis that another eligible entity (such as a State Government) is supportive.
- Provide a direction as to the potential maximum ratio of Housing Australia funding available by project location, to better direct funding towards regional areas that require more funding compared to metropolitan areas.
- Require quarterly reporting to the Minister on how many projects have been delivered in regional, rural and remote areas. These reports should be publicly available.
- Require Housing Australia to make reasonable efforts to identify potential project proponents with projects that increase the supply of social and affordable housing in the short term, including in regional, rural and remote areas.
- Require Housing Australia to support uptake of energy efficiency, electrification and renewable energy technologies in housing projects, at levels aligned with Australia's net zero goal, and therefore well beyond the requirements of the National Construction Code.

Dedicated funding for regional, rural and remote housing

In considering my proposed amendments to the Housing Australia Investment Mandate I draw your attention to my ongoing advocacy for dedicated funding for regional, rural and remote housing.

Amendments to the Housing Australia Future Fund Bill

My amendments to the HAFF Bill sought to:

- Add that an object of the HAFF is to provide a funding mechanism for the acute housing needs of Australians living in regional, rural and remote areas.
- Add that an object of the HAFF is to fund housing-enabling infrastructure (also referred to as critical enabling infrastructure) in regional, rural and remote areas.
- Add that reviews of the Housing Australia Future Fund Act must consider the extent to which the operation of the Act is meeting housing needs in regional, rural and remote areas.

Unlocking Regional Housing Private Members Bill 2023

On 11 September 2023 I also introduced a Private Members Bill – the National Housing Finance and Investment Corporation Amendment (Unlocking Regional Housing) Bill 2023 (**Unlocking Regional Housing Bill**). This Bill,

amending what is now referred to as the Housing Australia Act, reflected my HAFF Bill amendments, by, amongst many things, requiring housing funding to be proportionally directed to regional, rural and remote Australia.

Regional Housing Infrastructure Fund

We need a dedicated, \$2 billion Regional Housing Infrastructure Fund to be incorporated in the Housing Australia Act and its Investment Mandate, which would sit alongside the HAFF and the National Housing Infrastructure Facility. I acknowledge that after my sustained advocacy, the Prime Minister announced a \$500 million Housing Support package to address the challenges of critical enabling infrastructure for housing however the point remains that this is not targeted to regional, rural or remote Australia. I remain available to work with the Minister on amending the Housing Australia Investment Mandate to include a Regional Housing Infrastructure Fund. Until such a fund exists, I believe there is an ongoing failure to address the unique housing needs across regional Australia.

Conclusion

At the time I moved amendments to the HAFF Bill on 15 February 2023, and many times since, the Minister for Housing assured me that funding for housing in regional, rural and remote Australia would be considered in the Housing Australia Investment Mandate. The Minister should remain true to her words.

I urge you to implement my amendments to the Housing Australia Investment Mandate in full to give effect to the Minister's earlier assurances.

Regional, rural and remote Australia must not be left behind in the Government's efforts to build more social and affordable housing.

I would welcome a meeting with you to further discuss the Housing Australia Investment Mandate at your earliest convenience, noting that I wish to see the Investment Mandate finalised soon to ensure the HAFF and NHAFF can provide funding as quickly as possible.

Yours faithfully,



Dr Helen Haines MP
Independent Federal Member for Indi

6 November 2023

Ref: HH427472/ZN

PROPOSED AMENDMENTS TO HOUSING AUSTRALIA INVESTMENT MANDATE AMENDMENT (Social Housing, Affordable Housing and Acute Housing Needs) DIRECTION 2023

No	Section	Proposed wording	Rationale
1	Minimum number of dwellings to be made available (section 10A)	<p>Add a new subsection under section 10A which reads:</p> <ul style="list-style-type: none"> • Of the minimum number of dwellings referred to in subsection 10A(1), at least 400 of the applicable dwellings must be made available in regional, rural or remote Australia. 	<p>This provision states that in performing its financing function, Housing Australia must take all reasonable steps to make available a minimum of 1,200 dwellings in each State and Territory within 5 years.</p> <p>Almost 1 in 3 Australians live in regional, rural or remote Australia, therefore 1/3 of this 1,200 (i.e. 400) per State and Territory target should be delivered in regional, rural and remote Australia.</p> <p>There is precedent for direct, equitable funding to regional areas: the Victorian Government's \$5.3 billion Big Housing Build, designed to deliver more than 12,000 social and affordable homes across Victoria, guaranteed 25% of these homes will be delivered in regional Victoria. Approximately 23% of Victorians live regionally or rurally.</p>
2	Simplified outline of this Part – Housing Australia Future Fund Facility (section 28B)	<p>The purpose of the HAFF is to: Increase the availability of social housing and affordable housing, and address acute housing needs (including in regional, rural and remote Australia)</p>	<p>The purpose of the HAFF should include increasing affordable housing in regional, rural and remote Australia so that specific consideration is given to these geographical locations.</p>
3	Simplified outline of this Part – National Housing	<p>The purpose of the NHAF is to: Increase the availability of affordable housing (including in regional, rural and remote Australia)</p>	<p>The purpose of the NHAF should include increasing affordable housing in regional, rural and remote Australia so that specific consideration is given to these geographical locations.</p>

<p>Accord Facility (section 28N)</p>	<p>The purposes of the HAFFF and NHAF should clarify that funding can go towards projects for housing-enabling infrastructure and projects in regional, rural and remote Australia. Lack of funding for housing-enabling infrastructure (also referred to as critical enabling infrastructure) have repeatedly been identified as a major handbrake on unlocking housing in regional, rural and remote areas. Further to this, investing in housing-enabling infrastructure can unlock privately funded housing supply, delivering additional housing at a lower cost for Housing Australia.</p> <p>Housing-enabling infrastructure is already defined in section 21A(2) of the National Housing Finance and Investment Corporation Investment Mandate Direction 2018.</p>
<p>4</p> <p>Purpose of the HAFFF (section 28B) and NHAF (section 28N)</p>	<p>Amend the final paragraph of 28B to read:</p> <p>The HAFFF does this by providing finance (loans and grants) for projects that increase the supply of social housing and affordable housing and that address acute housing needs, including in regional, rural and remote areas. Projects can include housing-enabling infrastructure.</p> <p>Amend the final paragraph of 28N to read:</p> <p>The NHAF does this by providing finance (loans and grants) for projects that increase the supply of such dwellings, including in regional, rural and remote areas. Projects can include housing-enabling infrastructure.</p>
<p>5</p> <p>Eligibility requirements for project proponents (section 28F(2) in relation to the HAFFF) (Section 28S(1) in relation to the NHAF)</p>	<p>Should include:</p> <ul style="list-style-type: none"> • A not-for-profit entity, if there is a letter of support provided by one of the entities listed in section 28F(a)-(e) (for the HAFFF) or section 28(1)(a)-(e) (for the NHAF). <p>Eligibility requirements should be expanded so that not-for-profit entities (who are not community housing providers but have housing expertise), are eligible to receive HAFF or NHAF funding on the basis that another eligible entity (such as a State Government) is supportive. This amendment is limited so that only a State, Territory or local Government entity can provide support, not any other entity listed in the section.</p> <p>This amendment aims to increase efficiencies in delivering social and affordable housing by ensuring that not-for-profits with strengths in project development, proposing projects supported by government, are eligible for HAFFF or NHAF funding.</p>

6	Identifying eligible project proponents (section 28G(2) for the HAFF and section 28T(2) for the NHAF)	Amend to include <ul style="list-style-type: none"> Whose business or activities may include projects to increase available social or affordable housing the short term, including in regional, rural and remote areas. 	Such an amendment can include a commitment that, when completed, projects are managed by a CHP or one of the other eligible entities. This provision requires Housing Australia to make reasonable efforts to identify potential project proponents with projects that increase the supply of social and affordable housing in the short term. This should specify that it includes short-term projects in regional, rural and remote areas.
7	Financing mechanisms (sections 28H(2) for the HAFF and 28U(2) for the NHAF)	Add a subsection or note: be equitably attributed to regional, rural and remote areas.	The Investment Mandate should provide for a portion of the loan or grant funding to be proportionally provided to projects in regional, rural and remote areas. I.e. one-third of funding delivered by the HAFF must go to regional, rural and remote areas. This is important because the National Housing Infrastructure Facility (NHIF) manifestly failed to deliver an equitable distribution of funding for regional Australia. According to their most recent Annual Report, the overwhelming majority of projects funded in 2021-2022 were in metropolitan areas. ¹ This must be rectified by ensuring one-third of HAFF funds are delivered to regional, rural and remote areas.
8	Financing mechanisms	The maximum HAFF and NHAF grant and/or concessional loan funding as a percentage of the total project cost is dependent on location:	The Investment Mandate should provide a direction as to the potential value or ratio of grant or concessional loan funding being applied to a project. This direction should reflect that the regions are

¹ <https://www.nhfc.gov.au/reports-and-publications> page 34.

	(sections 28H and 28U)	<ul style="list-style-type: none"> • Up to 50% in Major Cities of Australia, • Up to 70% in Inner Regional Australia, • Up to 90% in Outer Regional Australia, • Up to 100% in Remote and Very Remote Australia 	<p>in greater need of grant and concessional loan funding to ensure the viability of housing projects compared to capital city markets. This is due to banks and other lenders or equity investors deeming projects in regional, rural and remote areas as having higher risks, and therefore requiring higher interest coverage ratios when lending to such projects.</p> <p>Gradation of maximum grant funding shares has precedent in programs such as the Commonwealth Government's Growing Regions Program.²</p>
9	Quarterly reporting for the HAFF and the NHAF (sections 28K(2)(a) and 28W(2)(a) for all projects; sections 28K(1)(b) and 28W(2)(b) for each project)	<p>Add that the report for the reporting period must set out in relation to all projects that Housing Australia decided to finance under the HAFF – the total number of projects funded in regional, rural and remote areas.</p> <p>Add that the report for the reporting period must set out in relation to each project that Housing Australia decided, during the period, to finance under the HAFF – whether that project is in a regional, rural or remote area.</p>	<p>The current Investment Mandate makes no provision for the reporting of projects regional, rural and remote areas. Given the housing need in the regions can be clearly overlooked in favour of the larger cities, there must be accountability and transparency in the process of proponent identification to regional areas.</p>
10	Quarterly reporting to the Minister	Add a new requirement that ensures Housing Australia's quarterly reporting on the HAFF and NHAF to the	<p>Reporting on HAFF and NHAF spending must be transparent by being publicly accessible to ensure appropriate scrutiny of spending of public money. This includes ensuring appropriate transparency on</p>

² [Growing Regions Program \(infrastructure.gov.au\)](http://infrastructure.gov.au)

11	(sections 28K and 28W) Financing mechanisms (sections 28H and 28U)	<p>Minister is publicly available e.g. on Housing Australia's website</p> <p>Add a new subsection detailing the following: Loans and grants to projects should facilitate the adoption of energy efficiency, electrification and renewable energy technologies beyond what is required to achieve compliance with the National Construction Code (NCC).</p>	<p>the distribution of HAFF and NHAF funding for projects in regional, rural and remote areas.</p> <p>The Australian government has legislated Australia's greenhouse gas emission target of Net Zero by 2050. By 2030 the government aims to reach emission levels of 43% below 2005 levels. The investment mandate stipulates a requirement to for HAFF and NHAF funded dwellings to comply with the National Construction Code.</p> <p>The Investment Mandate should facilitate this compliance, and encourage alignment with net zero goals by exceeding NCC energy efficiency and renewable energy requirements. The Investment Mandates should do this by allowing for higher levels of grant funding for energy efficiency and renewable energy related project elements.</p>
----	---	---	--