



8 November 2023

Director
Housing Australia Future Fund Unit
Housing Division
Treasury
Via email: housing@treasury.gov.au

Dear Director

Feedback on the Amendments to the Housing Australia Investment Mandate

Thank you for the opportunity to provide feedback on the Amendments to the Housing Australia Investment Mandate Direction.

SGCH supports the intent of the Investment Mandate and the aspirations to improve the sustainability and livability of housing delivered under the program. However, we have identified five key changes that we suggest are material to the successful implementation of the direction. These are summarised in the table on the following page.

In particular, we draw attention to our recommendation #5 relating to eligible projects. As currently drafted, the Investment Mandate Direction will preclude a large number of possible projects that are already submitted for Development Approval or have an existing Development Approval including those already in construction. This will significantly limit the possible housing that can be completed in the first 1-2 years of the program, delaying housing outcomes into later years.

We have based our recommendations on our practical experience as a large-scale community housing provider that houses around 11,500 people in around 7,000 homes. Bringing capability and capital together, we have mobilised \$1.05 billion of investment into social and affordable housing which gives us further insights into the conditions that will support investment.

We work in partnership with governments, the private sector and investors to increase the supply of social, affordable and key worker housing – homes that are the foundation for our customers to connect to opportunities and build their communities. We take a place-based approach, working with communities to offer localised activities and engagement that is tailored to their needs and aspirations.

We understand our recommendations are largely consistent with those in the joint submission from CHIA and PowerHousing Australia. We thank you for your consideration of these recommendations.

Yours sincerely

Scott Langford

Group CEO



#	Exposure draft reference	Issue	Proposed solution
1	Schedule 1, Item 1 Section 4 And Schedule 2, Item 1 Section 4	Affordable Housing definition – The absence of a definition will create significant inefficiencies for Housing Australia, proponents and investors. It leaves open the possibility of different definitions being applied creating challenges for Housing Australia to assess proposals and monitor project compliance, for proponents to appropriately operate and report, and for investors to assess different definition requirements across different projects and / or jurisdictions.	<p>Add definition of Affordable Housing (and replace ‘affordable housing’ with ‘Affordable Housing’ for those terms which relate to the HAFF and the Accord in the Investment Mandate):</p> <p><i>Affordable Housing means rental housing that is appropriate for the needs of a range of very low to moderate income households.</i></p> <p><i>Rents charged for Affordable Housing must not exceed:</i> <i>74.9% of the market rent as determined by a market rent valuation;</i> <i>and,</i> <i>30% of the household income eligibility limit for the dwelling (being 120% of the Relevant Median Household Income)</i></p> <p><i>Relevant Median Household Income 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.</i></p>
2	Schedule 1, Item 1 Section 4 And Schedule 2, Item 1 Section 4	Registered Community Housing Provider definition – Extend the definition of a registered community housing provider to require that for the purpose of HAFF and the Accord a CHP is also registered with the ACNC. This will compound regulatory oversight aligned to the intended long term housing outcomes and gives the market greater certainty about expected structures.	<p>An extended definition of registered community housing provider (building on definition in the Act) for those terms which relate to the HAFF and the Accord in the Investment Mandate:</p> <p><i>registered community housing provider</i> 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 <u>and that is registered with the Australian Charities and Not for Profit Commission.</u></p>



#	Exposure draft reference	Issue	Proposed solution
3	Schedule 1, Item 5 Part 4A 28 B Simplified outline of this Part And Schedule 2, Item 4 Part 4B 28N Simplified outline of this Part	Add intent to contribute to the development of the community housing sector per the explanatory memorandum.	Add words taken from the explanatory statement: <i>d) contribute to the development of the community housing sector.</i>
4	Schedule 1, Item 5 Part 4A 28D Eligibility for loans and grants And Schedule 2, Item 4 Part 4B 28Q Eligibility for loans and grants	(e) emphasizes the amount of housing (read as gross unit numbers) and does not consider the value for money of location and type (such as bedroom configuration) as a factor. This risks biasing absolute numbers of housing, possibly in lower value locations, over more appropriate housing forms in locations with higher demand.	Amend (e) to read: <i>(e) the project delivers value for money, having regard to market factors in the relevant location, in terms of the amount, location and type of housing delivered as compared to the amount of government support provided.</i>



#	Exposure draft reference	Issue	Proposed solution
5	<p>Schedule 1, Item 5 Part 4A 28E HAFFF projects</p> <p>And</p> <p>Schedule 2, Item 4 Part 4B 28R NHAF projects</p>	<p>(4) requires that projects meet the NCC requirements as existing on 1 October 2023 relating to energy efficiency and livable housing design. 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 or envisaged. This will limit the pool of projects able to be presented. Whilst these should be aspirational targets, they could more appropriately be weighted in submission assessments.</p> <p>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-stars NATHERS but the project on average achieves 7-stars. This will otherwise knock out good projects from consideration as having some units excluded is unworkable.</p>	<p>Amend (4):</p> <p><i>For projects that submit a development application on or after [the date at which the Housing Australia Investment Mandate Amendment Direction 2023 comes into effect], the dwelling, or where a project comprises more than one dwelling the project on average, complies with the standards in the NCC relating to energy efficiency; and</i></p> <p>Add (4):</p> <p><i>(c) “Projects that submitted a development application prior to [the date at which the Housing Australia Investment Mandate Amendment Direction 2023 comes into effect] must comply with the State or Territory standard applicable for energy efficiency and livable housing design as at the submission date of the of the development application.”</i></p>