ACT Government
Chief Minister, Treasury and Economic Development

Freedom of Information Disclosure Log Publication Coversheet

The following information is provided pursuant to section 28 of the *Freedom of Information Act 2016*.

Application Details	
Ref. No.	CMTEDDFOI 2024-189
Date of Application	4 June 2024
Date of Decision	7 August 2024
Processing time (in working days)	45
Fees	Waived
Decision on Access	Partial Release
Information Requested (summary)	Documents related to affordable housing.

Publication Details				
Original application	☑	Published	☐	N/A
Decision notice	☑	Published	☐	N/A
Documents and schedule	☑	Published	☐	N/A
Decision made by Ombudsman	N/A			
Additional information identified by Ombudsman	N/A			
Decision made by ACAT	N/A			
Additional information identified by ACAT	N/A			

From: [redacted]
To: CMTEDD FOI
Subject: CMTEDDFOI 2024-189 - FOI Request - National Housing Accord
Date: Tuesday, 4 June 2024 12:08:47 PM
Attachments: image001.png

Dear CMTEDD FOI

Under the National Housing Accord the ACT Government advised that 'The ACT is preparing a broad strategy to strengthen and grow its community housing sector following completion of a major consultancy on boosting the supply of affordable rental housing in the ACT' (ACT - National Housing Accord – implementation schedule (treasury.gov.au)

I would like to request access under the FOI Act 2016 to:

- Documents regarding the procurement of a consultant on boosting the supply of affordable rental housing in the ACT
- The report prepared by the consultant on boosting the supply of affordable rental housing in the ACT
- Briefs prepared for the Chief Minister, Minister for Planning and Minister for Housing and Suburban Development on the major consultancy on boosting the supply of affordable rental housing in the ACT
- Correspondence (including emails) with the Environment, Planning and Sustainable Development Directorate, the Suburban Land Agency, Housing ACT and the City Renewal Authority regarding this.

[redacted]

Kind Regards,

[redacted]

ACT Government
Chief Minister, Treasury and Economic Development

Our ref: CMTEDDFOI 2024-189

[redacted]

FREEDOM OF INFORMATION REQUEST – NOTICE OF DECISION

I refer to your application under section 30 of the *Freedom of Information Act 2016* (the Act), received by the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) on 4 June 2024.

Specifically, you have sought access to the following information:

> *"Under the National Housing Accord the ACT Government advised that 'The ACT is preparing a broad strategy to strengthen and grow its community housing sector following completion of a major consultancy on boosting the supply of affordable rental housing in the ACT' (ACT - National Housing Accord – implementation schedule (treasury.gov.au)*
>
> *I would like to request access under the FOI Act 2016 to:*
>
> - *Documents regarding the procurement of a consultant on boosting the supply of affordable rental housing in the ACT*
> - *The report prepared by the consultant on boosting the supply of affordable rental housing in the ACT*
> - *Briefs prepared for the Chief Minister, Minister for Planning and Minister for Housing and Suburban Development on the major consultancy on boosting the supply of affordable rental housing in the ACT*
> - *Correspondence (including emails) with the Environment, Planning and Sustainable Development Directorate, the Suburban Land Agency, Housing ACT and the City Renewal Authority regarding this."*

Authority

I am an Information Officer appointed by the CMTEDD Director-General under section 18 of the Act to deal with access applications made under Part 5 of the Act.

Timeframes

In accordance with section 40 of the Act, CMTEDD is required to provide a decision on your access application within 30 days.

As this matter required third party consultation, the decision due date was extended by 15 working days, in accordance with section 40(2) of the Act.

Therefore, a decision is due by **7 August 2024.**

Decision on access

Searches of CMTEDD records have identified 13 documents within the scope of your request.

I have decided to grant **partial access** to eight documents and **full access** to five documents.

The records identified as relevant to your application are listed in the schedule enclosed at **Attachment A**. This provides a description of each document that falls within the scope of your request and the access decision for each of those documents.

Release of documents

The information being released to you is provided at **Attachment B**.

Statement of Reasons

In accordance with section 54(2) of the Act a statement of reasons outlining my decisions is below. In reaching my access decisions, I have taken the following into account:

- the Act
- the information that falls within the scope of your request
- *Government Procurement Act 2001*
- *Human Rights Act 2004*
- third party views
- publicly available information

I have decided to release information under section 58 of the Act. I note that material within scope of your request includes information provided by Environment, Planning and Sustainable Development Directorate (EPSDD).

As a decision maker, I am required to determine whether the information within scope is in the public interest to release. To make this decision, I am required to:

- assess whether the information would be contrary to public interest to disclose as per **Schedule 1** of the Act.
- perform the public interest test as set out in section 17 of the Act by balancing the factors favouring disclosure and factors favouring non-disclosure in **Schedule 2** of the Act.

Duplicate copies of documents have been removed. Where duplicate copies of emails are contained in an email chain, duplicates have been redacted under 'duplicate'.

Exemptions claimed

Schedule 1: Information taken to be contrary to the public interest.

No Schedule 1 factors were identified and therefore this was not a relevant consideration.

Public Interest Test

The Act has a presumption in favour of disclosure. As a decision maker I am required to decide where, on balance, public interests lies. As part of this process I must consider factors favouring disclosure and non-disclosure.

In *Hogan v Hinch* (2011) 243 CLR 506, [31] French CJ stated that when 'used in a statute, the term [public interest] derives its content from "the subject matter and the scope and purpose" of the enactment in which it appears'. Section 17(1) of the Act sets out the test, to be applied to determine whether disclosure of information would be contrary to the public interest. These factors are found in subsection 17(2) and Schedule 2 of the Act.

Schedule 2: Factors to be considered when deciding the public interest.

Taking into consideration the information contained in the documents found to be within the scope of your request, I have identified that the following public interest factors are relevant to determine if release of the information contained within these documents is within the 'public interest'.

Factors favouring disclosure (Sch 1, Section 2.1 of the Act)

- Section 2.1(a)(i) - *promote open discussion of public affairs and enhance the government's accountability.*
- Section 2.1(a)(ii) - *contribute to positive and informed debate on important issues or matters of public interest.*
- Section 2.1(a)(iv) - *ensure effective oversight of expenditure of public funds.*
- Section 2.1(a)(viii) - *reveal the reason for a government decision and any background or contextual information that informed the decision.*

Documents within your requested scope concern a procurement and tender process related to the development of public housing options under the *Government Procurement Act 2001*. The documents concern a report prepared in accordance with a contract published on the ACT Contracts Register, which was paid for by the ACT Government. Therefore, I have decided that the above factors are relevant for contributing to open and transparent accountability.

In addition, the FOI Act has an express pro-disclosure bias which reflects the importance of public access to government information for the proper working of a representative democracy. This concept is promoted through the objects of the FOI Act.

I am satisfied that these factors favouring disclosure carry some weight. However, these factors are to be balanced against the factors favouring nondisclosure.

Factors favouring non-disclosure (Sch 2, Section 2.2 of the Act)

- Section 2.2(a)(ii) - *prejudice the protection of an individual's right to privacy or any other right under the Human Rights Act 2004.*
- Section 2.2(a)(xi) - *prejudice trade secrets, business affairs or research of an agency or person.*
- Section 2.2(a)(xiii) - *prejudice the competitive commercial activities of an agency.*

Having reviewed the information, I consider that the protection of an individual's right to privacy, is a significant factor. Release of information concerning individuals working within the ACT Public Service is generally not considered to prejudice the protection of an individual's right to privacy.

I am satisfied that the protection of an individual's right to privacy, especially in the context of confidential business activities concerning the negotiation of procurement and

confidential text and deliberations for under the *Government Procurement Act,* is a significant factor as the parties involved have provided their personal information for the purposes of conducting confidential business in accordance with a contract with the Territory, which, in my opinion, outweighs the benefit which may be derived from releasing the personal information of the individual's involved in this matter. These individuals are entitled to expect that the personal information they have supplied as part of this process will be dealt with in a manner that protects their privacy.

I have also considered the impact of disclosing information which relates to business affairs. In the case of *Re Mangan and The Treasury* [2005] AATA 898 the term 'business affairs' was interpreted as meaning 'the totality of the money-making affairs of an organisation or undertaking as distinct from its private or internal affairs'. Schedule 2 section 2.2(a)(xi) allows for government information to be withheld from release if disclosure of the information could reasonably be expected to prejudice the trade secrets, business affairs or research of an agency or person.

Businesses undertaking development activities in the ACT may expect that any sensitive business information they provide to the Government will be held in confidence. However, businesses that provide information to government do so with the knowledge that government held information may be subject to an access application made under Freedom of Information legislation. Those who do business with government must also recognise that governments have to balance the commercial interests of businesses with the principles of openness and transparency, and that the weight of the public interest in protecting business information will depend on a variety of factors, including how commercially sensitive the information is, its age, its current relevance and the extent to which it has entered the public domain.

While an agreement to treat documents as confidential does not need to be formal and a general understanding that communications of a particular nature will be treated in confidence will suffice. The understanding of confidentiality may be inferred from the circumstances in which the communication occurred, including the relationship between the parties and the nature of the information communicated. In this respect I note that the documents requested relate to a procurement process and a contract where there was an express agreement for some information to be treated as confidential. In this respect I note that under sections 17 and 18 of the *Government Procurement Act* concerns confidential business information from Notifiable Contracts remaining confidential. Information within your requested scope concerns a Notifiable Contract containing confidential text. The documents requested relate to an open tender/procurement process. The details and a copy of the redacted contract is published here: https://www.tenders.act.gov.au/contract/view?id=201189.

I have decided to give significant weight to the above factors, including making redactions. I have undertaken third party consultation and have taken into consideration both publicly available information when deciding on the release of information as well as information considered by third parties to be confidential.

Having applied the test outlined in section 17 of the Act and deciding that release of personal information contained in the documents is not in the public interest to release, I have chosen to redact this specific information in accordance with section 50(2). Noting the pro-disclosure intent of the Act, I am satisfied that redacting only the information that I believe is not in the public interest to release will ensure that the intent of the Act is met and will provide you with access to the majority of the information held by CMTEDD within the scope of your request.

Charges

Under section 107 of the Act, a fee must be waived if the As such, the charges have been waived.

Online publishing – Disclosure Log

Under section 28 of the Act, CMTEDD maintains an online record of access applications called a disclosure log.

Your original access application and my decision will be published on the CMTEDD disclosure log. Your personal contact details will not be published.

Ombudsman Review

My decision on your access request is a reviewable decision as identified in Schedule 3 of the Act. You have the right to seek Ombudsman review of this outcome under section 73 of the Act within 20 working days from the day that my decision is published, or a longer period allowed by the Ombudsman.

We recommend using this form *Applying for an Ombudsman Review* to ensure you provide all of the required information. Alternatively, you may write to the Ombudsman at:

The ACT Ombudsman
GPO Box 442
CANBERRA ACT 2601

Via email: actfoi@ombudsman.gov.au

ACT Civil and Administrative Tribunal (ACAT) Review

Under section 84 of the Act, if a decision is made under section 82(1) on an Ombudsman review, you may apply to the ACAT for review of the Ombudsman decision. Further information may be obtained from the ACAT at:

ACT Civil and Administrative Tribunal
GPO Box 370
Canberra City ACT 2601
Telephone: (02) 6207 1740
http://www.acat.act.gov.au/

Should you have any queries in relation to your request please contact the Information Access Team by telephone on 6207 7754 or email CMTEDDFOI@act.gov.au.

Yours sincerely,

EH

Emma Hotham
Information Officer
Chief Minister, Treasury and Economic Development Directorate

7 August 2024

ACT Government
Chief Minister, Treasury and Economic Development

FREEDOM OF INFORMATION REQUEST SCHEDULE

WHAT ARE THE PARAMETERS OF THE REQUEST	Reference No.
"Under the National Housing Accord the ACT Government advised that 'The ACT is preparing a broad strategy to strengthen and grow its community housing sector following completion of a major consultancy on boosting the supply of affordable rental housing in the ACT' (ACT - National Housing Accord – implementation schedule (treasury.gov.au) *I would like to request access under the FOI Act 2016 to:* • *Documents regarding the procurement of a consultant on boosting the supply of affordable rental housing in the ACT* • *The report prepared by the consultant on boosting the supply of affordable rental housing in the ACT* • *Briefs prepared for the Chief Minister, Minister for Planning and Minister for Housing and Suburban Development on the major consultancy on boosting the supply of affordable rental housing in the ACT* • *Correspondence (including emails) with the Environment, Planning and Sustainable Development Directorate, the Suburban Land Agency, Housing ACT and the City Renewal Authority regarding this."*	CMTEDDFOI 2024-189

Ref No	Page number	Description	Date	Status	Reason for Exemption	Online Release Status
1	1-18	Evaluation Report - GS3490477	October 2022	Partial release	Sch 2 s2.2 (a)(ii) Sch 2 s2.2 (a)(xi) Sch 2 s2.2 (a)(xiii)	Yes
2	19	Email	21/10/2022	Partial release	Sch 2 s2.2 (a)(xi) Sch 2 s2.2 (a)(xiii)	Yes
3	20-22	Attachment B - Statement of Requirement	undated	Full release		Yes
4	23-24	Email chain	21/10/2022- 15/11/2022	Full release	Duplicate	Yes
5	25-26	Email chain	21/10/2022- 16/11/2022	Full release	Outside scope Duplicate	Yes
6	27-29	Email chain	21/10/2022- 16/11/2022	Partial release	Sch 2 s2.2 (a)(ii) Sch 2 s2.2 (a)(xi)	Yes
7	30-32	Email chain –Subject: "Early Draft of community housing consultancy report	29/11/2022- 02/12/2022	Full release		Yes

8	33-34	Email chain	20/12/2022- 09/01/2023	Partial release	Sch 2 s2.2 (a)(ii) Sch 2 s2.2 (a)(xi)	Yes
9	35-36	Email chain	20/12/2022- 19/01/2023	Partial release	Outside scope Duplicate Sch 2 s2.2 (a)(xi) Sch 2 s2.2 (a)(xiii)	Yes
10	37	Outlook invitation – Subject: "Exploration of affordable rental housing in the ACT – Workshop"	undated	Partial release	Outside scope Duplicate Sch 2 s2.2 (a)(xi) Sch 2 s2.2 (a)(xiii)	Yes
11	38-43	Information Brief		Full release		Yes
12	44-178	Folio 12 Attachment - Affordable Housing Report - Revision 4	21/01/2023	Partial release	Sch 2 s2.2 (a)(xi) Sch 2 s2.2 (a)(xiii)	Yes
13	179-225	Folio 12 Attachment - Presentation slides 3 March 2024	19/04/2023	Partial release	Sch 2 s2.2 (a)(xi) Sch 2 s2.2 (a)(xiii)	Yes
Total No of Docs						
13						

ACT Government

Procurement ACT

EVALUATION REPORT

GS3490477

Exploration of Opportunities to Boost the Supply of Affordable Rental Housing in the ACT

ON BEHALF OF THE

Chief Minister, Treasury and Economic Development Directorate

October 2022

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Attachment B – Consensus Evaluation Workbook
Attachment C – Detailed Pricing Analysis Workbook
Attachment D – Evaluation Risk Assessment

1. EXECUTIVE SUMMARY

1.1. Overview

1.1.1. This Evaluation Report is for the Approach to Market (ATM) Exploration of Opportunities to Boost the Supply of Affordable Rental Housing in the ACT – GS3490477 and describes the evaluation process that was undertaken in accordance with the ATM and the approved Evaluation Plan.

1.1.2. This Evaluation Report also details the outcomes of the value for money evaluation and provides recommendations to the Delegate for the overall evaluation outcome.

1.2. Background

1.2.1. The Territory had a requirement to market test the provision of a consultant to undertake a detailed and expert exploration of opportunities to boost the supply of affordable rental housing in the ACT in response to market gaps, particularly through the expansion of community housing owned and/or managed stock to support its requirements and operations.

1.2.2. Exploration of Opportunities to Boost the Supply of Affordable Rental Housing in the ACT – GS3490477 was developed utilising the Procurement ACT suite of tendering documents with the assistance of Procurement ACT.

1.2.3. In accordance with the *Government Procurement Act 2001* and the *Government Procurement Regulation 2007*, the ATM was issued by the Territory as a Public Tender via Tenders ACT on 19/08/2022 and closed at 2:00pm (Canberra Local Time) on 15/09/2022.

1.2.4. Two (2) addenda were issued providing answers to questions of clarification in relation to the ATM.

1.2.5. Nine (9) Responses were received. All responses received met the conformance requirements of the ATM.

1.2.6. In accordance with the approved Evaluation Plan, the Evaluation Team were responsible for undertaking a value for money evaluation and the Evaluation Team has determined that:

(a) **Lockbridge Pty Ltd**, ACN: **165 870 155**

represent/s the best value for money outcome for the Territory and should be considered as preferred Respondent/s.

1.2.7. The Evaluation Team has also determined that, should contract negotiations with the preferred respondent prove unsuccessful, Sch 2.2(a)(xi), Sch 2.2(a)(xiii) would also represent a value for money outcome for the Territory.

1.2.8. Following the pricing and risk assessment phase of the evaluation, Sch 2.2(a)(xi), Sch 2.2(a)(xiii) was not considered to progress further due to identified risks relating to delivery of the scope in full and the work meeting the project objectives. The Evaluation Team determined that a recasting of the tenderer's proposed approach and price would likely be necessary to reduce the risk to an acceptable level.

1.3. Assessment of Evaluation Criteria

1.3.1. The evaluation of Responses was undertaken in accordance with the process outlined in the approved Procurement Plan.

2. EVALUATION TEAM RECOMMENDATION

2.1.1. The Evaluation Team makes the following recommendation for the Delegate's consideration and approval.

2.1.2. The Evaluation Team recommends that:

(a) you note that the procurement process for the provision of Exploration of Opportunities to Boost the Supply of Affordable Rental Housing in the ACT has been conducted in accordance with the approved Evaluation Plan; and

(b) Lockbridge Pty Ltd is nominated as the preferred Respondent, and that the Evaluation Team be authorised to enter contract negotiations on the following basis:

ITEM	ISSUE TO BE NEGOTIATED	OUTCOME SOUGHT
1	**Gain an understanding of whether the number of hours allocated, can be reduced.**	Successful negotiations to thoroughly understand how the allocated hours will be best used and whether the number of hours can be reduced without compromising project outcomes.
2	**Contract Value and seeking a reduction in costs.**	Successful negotiations to obtain best value for money.

2.1.3. In the event contract negotiations with Lockbridge Pty Ltd do not achieve the above outcomes, the Evaluation Team will seek your approval to enter contract negotiations with Sch 2.2(a)(xi), Sch 2.2(a)(xiii).

2.1.4. Once an agreement has been negotiated and executed the unsuccessful Respondents will be advised and provided with the offer of a debrief. It is envisaged that the debriefs will be conducted by Nathan Brown and Conrad Asmus.

2.1.5. The contents of this Evaluation Report reflect an accurate representation of the evaluation process conducted in accordance with the ATM and the approved Procurement Approval for the provision of Exploration of Opportunities to Boost the Supply of Affordable Rental Housing in the ACT.

EVALUATION TEAM ACKNOWLEDGEMENT AND ENDORSEMENT	
Name: Nathan Brown **Title:** Senior Director **Directorate:** CMTEDD **Date:** 4 October 2022	Signature: Sch 2.2(a)(ii) **Evaluation Team Chair**
Name: Conrad Asmus **Title:** A/g Senior Director **Directorate:** CMTEDD **Date:** 5 October 2022	Signature: _ Sch 2.2(a)(ii) **Evaluation Team Member**

Name: Bronwyn Noack **Title:** Director **Directorate:** EPSDD **Date:** 5 October 2022	Signature Sch 2.2(a)(ii) **Evaluatio**

3. DELEGATE APPROVAL

3.1. Recommendation

3.1.1. The Evaluation Team recommendation is that the Evaluation Team is authorised to:

(a) enter into contract negotiations with the preferred Respondents with the parameters outlined in their recommendation;

(b) arrange for Procurement ACT to prepare a contract between the Territory and the preferred Respondent, provided the outcomes of the contract negotiations are successful as outlined in the Evaluation Team recommendation;

(c) arrange for the contract to be uploaded onto the Notifiable Contracts Register within 21 days of contract execution; and

(d) provide a debriefing to unsuccessful Respondents following contract execution.

3.1.2. I (as the Delegate) have the properly delegated authority from the Director General of the Chief Minister, Treasury and Economic Development Directorate, with regard to the above approved procurement expenditure to authorise an officer of Procurement ACT, to sign, as may be required to affect the delivery of the Project, the following documents:

(a) Letters – Preferred Respondent and Unsuccessful

(b) Contract; and

(c) Other Related Documents

DELEGATE APPROVAL	
DELEGATE NAME: Stuart Hocking **TITLE:** Under Treasurer **DIRECTORATE:** CMTEDD **DATE:** 5 October 2022	Signature: _ Sch 2.2(a)(ii)
STATEMENT	The Evaluation Report is **APPROVED**
DELEGATE COMMENTS	

4. DIRECTOR GENERAL APPROVAL FOR CONFIDENTIAL TEXT

4.1.1. In accordance with section 35(1) of the *Government Procurement Act,* the Director General or their Delegate must approve any confidential text exemptions.

4.1.2. The proposed confidential text as requested by Respondents has been detailed in the table below:

CONFIDENTIAL TEXT			
INSERT RESPONDENT DETAILS	DESCRIPTION OF TEXT	BASIS FOR CLAIM	REASONING
Lockbridge Pty Ltd	35(1)(a)(i) 35(1)(a)(iv)	Team, Project examples, Referees, Methodology, Insurances details, Company details, Financial details to be kept confidential.	Commercial in Confidence Information

4.1.3. Approval of the proposed confidential text was requested from Stuart Hocking, Under Treasurer.

5. PURPOSE

5.1.1. To seek approval to undertake contract execution in accordance with the recommendations of the Evaluation Team.

6. PROJECT BACKGROUND

6.1.1. With reference to the approved Procurement Approval Suite (inclusive of the Evaluation Plan) this Approach to Market used a Request for Tender.

6.1.2. The ACT rental market is challenging for low-to-moderate income households, who often struggle to rent a property that suits their needs and budget with vacancy rates generally among the lowest of all Australian capital cities and rents among the highest.

6.1.3. Community housing providers in the ACT supply affordable rental properties to low-to-moderate income households, generally at less than 75 per cent of market rent, with a small proportion at social rent based on percentage of income. However, the ACT has a small community housing market compared to other jurisdictions.

6.1.4. The successful Respondent is required to explore the relative merits of different policy options to boost the supply of affordable rental housing for low-to-moderate income earners in the ACT (indicatively those in income quintiles 1 and 2), including options available to the ACT Government to assist the community housing sector to grow the supply of community housing owned and/or managed stock in the ACT.

7. PROCUREMENT DETAILS

7.1. Program

7.1.1. The below outlined procurement timetable outlines the tasks and dates involved in the evaluation process. This timetable has been amended from the milestone dates stated in the approved Procurement Approval as a result of a request received to extend the closing date for one (1) week and deviates from those in the Procurement Approval and why the deviation occurred.

ACTIVITY	DATE
Approach to Market Closing Time (Canberra local time) Advertised	08/09/2022
Approach to Market Closing Time (Canberra local time) Closing Date	2:00 pm (Canberra Local Time) 15/09/2022

7.2. Funding

7.2.1. Funding of $250,000 was allocated in the 2022-23 Budget for consultants to assist Treasury with projects relating to affordable housing in the ACT. Use of this funding, contained within the budget of the Office of the Under Treasurer, was approved for this project.

8. PRELIMINARY STAGE AND ESTABLISHMENT OF THE EVALUATION TEAM

8.1. Probity

8.1.1. All Evaluation Team members, specialist advisors or others involved in supporting the evaluation process, were required to disclose any perceived or actual conflict of interests or associations with the Respondent/s for the Project.

8.1.2. Each Evaluation Team member, specialist advisors or others involved in supporting the evaluation process completed relevant confidentiality documentation confirming their intent to maintain confidentiality throughout the Approach to Market and Evaluation and Contract periods.

8.1.3. All documents and proceedings of the Evaluation Team have been treated as confidential.

8.2. Probity Auditor/Advisor or Specialist Advisors

8.2.1. A Probity Auditor was not engaged to provide advice for this procurement process.

8.3. Evaluation Overview

8.3.1. The evaluation was conducted in accordance with the guidelines and methodology detailed in the approved Evaluation Plan 18/08/2022.

8.3.2. The evaluation was based on the requirements as published in the Approach to Market and the Assessment Criteria set out in the approved Evaluation Plan. The evaluation approach was based on a weighted scoring system supported by qualitative judgement).

8.3.3. As outlined in the approved Evaluation Plan, the evaluation has been divided into the following stages and parts:

Stage 1: Preliminary Stage involving establishing the Evaluation Team and those providing specialist advice and support;

Stage 2: Receipt, Registration, Security and Distribution of Responses;

Stage 3: Evaluation;

Stage 4: Recommendations and Evaluation Report for Delegate Approval;

Stage 5: Contract Negotiations;

NOTE: The Delegate must approve the negotiation strategy & outcomes as outlined in the Evaluation Report.

Stage 6: Execution of Contract(s);

Stage 7: Notification of Unsuccessful Respondents and offer of debriefs; and

Stage 8: Contract Registration and storage.

NOTE: Contracts must be registered within 21 days of Contract execution.

8.4. Evaluation Methodology

8.4.1. Prior to commencing the evaluation process, Territory personnel involved with the evaluation completed and/or familiarised themselves with:

(a) Declarations/Deeds of Confidentiality and Conflicts of Interest;

(b) the approved Evaluation Plan;

(c) the Approach to Market documentation, Standard Conditions of Response and all addenda;

(d) the relationship between the Evaluation Criteria, the Goods and Services and the Territory requirements and operations; and

(e) all requirements of Territory policies, including probity and financial policies.

9. RECEIPT AND REGISTRATION OF RESPONSES

9.1. Lodgement

9.1.1. Responses were received and registered in accordance with the approved Evaluation Plan and the Territory's Tender Box protocols.

9.1.2. Responses were received and stored securely by the Evaluation Team Facilitator and the information contained within were treated as Commercial-in-Confidence.

9.1.3. There were nine (9) responses received from the following Respondents by the Closing Date and Time and registered by the Tenders ACT Team:

NO.	REGISTERED BUSINESS NAME	ABN
1	Sch 2.2(a)(xi), Sch 2.2(a)(xiii)	
2		
3		

4	Sch 2.2(a)(xi)	
5		
6	Lockbridge Pty Ltd	165 870 155 (NOTE; ACN)
7	Sch 2.2(a)(xi)	
8		
9		

9.2. Late

9.2.1. There were no Late Responses received after the Closing Time and Date.

9.3. Compliance Assessment

General Compliance

9.3.1. The Evaluation Team Facilitator completed a compliance check on all lodged Responses and provided in the Tender Opening Report by Tenders ACT (Refer to **Attachment A – Compliance Check**).

9.3.2. All Responses were assessed as "compliant" and proceeded to the Technical Evaluation (Weighted Criteria).

9.3.1. Following the Compliance Check, the Evaluation Facilitator redacted and removed Pricing Information from all Responses to ensure a two-stage evaluation process, whereby price does not influence evaluation of the Technical Evaluation.

9.3.2. Price details were provided to the Evaluation Team following the evaluation of the Weighted Evaluation Criteria.

10. ASSESSMENT OF EVALUATION CRITERIA

10.1. Technical Assessment (Weighted Criteria)

10.1.1. The Evaluation Team considered all information in the Responses and conducted an objective analysis, scoring each Weighted Evaluation Criterion using the Scoring Table included in the approved Evaluation Plan.

10.1.2. The table below provides the Weighted Evaluation Criterions, including the weighted percentage assigned to each criterion.

NO.	WEIGHTED EVALUATION CRITERIA	WEIGHTING 100%
WC1	**Experience** The Respondent is required to demonstrate adequate experience and ability to deliver similar services to large, complex organisations similar to the ACT Government. Responses should include, but are not limited to:	**30%**

	a) knowledge of and experience in policy research and analysis in relation to the subject matter; b) previous work as it relates to the specification; and c) current work as it relates to the specification.	
WC2	**Methodology** The Respondent is required to demonstrate a methodology with the capability to deliver the outcomes of the project as specified. Responses should include, but are not limited to: a) Proposed methodology; b) Customer Service Plan; c) service provider management; and d) ability to meet required response timelines.	**40%**
WC3	**Capability** The Respondent is required to demonstrate appropriate and experienced resource capability to deliver quality, accessible services to the ACT Government. Responses should include, but are not limited to, demonstrated: a) resource capability to deliver accessible services; b) provision of appropriately qualified and experienced staff who will be delivering services. Provide an outline of your proposed team including who you propose to use for the various roles (attach CV's), subcontractors and what their relevant expertise is. c) Provide an Organisation Chart that shows your proposed team and how you propose for it to be structured. d) understanding of the specification requirements and ability to deliver the requirements of the specification; and e) appropriately qualified and experienced Contract Manager.	**20%**
WC5	**LIPP/ SLJ**	**10%**

10.1.3. A summary of each Respondent's Weighted Evaluation Criteria score is provided in the following table, which is ranked in descending order (order of merit).

RESPONDENT	SCORE / 1000	RANKING
Lockbridge Pty Ltd	770	1
Sch 2.2(a)(xi), Sch 2.2(a)(xiii)	740	2
	680	3
	610	4
	520	5
	510	6
	500	7
	490	8
	440	9

10.1.4. A detailed summary of the evaluation commentary of each Respondent is provided in **Attachment B – Detailed Evaluation Workbook.**

10.2. Non-Weighted Evaluation Criteria and Risk Assessment

10.2.1. The following criteria were included and assessed in the non-weighted evaluation criteria:

NO.	NON-WEIGHTED EVALUATION CRITERIA
NWC1	**Price**
NWC2	**Quality Management System** Respondents are required to provide details of the systems and procedures that will be used to monitor and maintain the continuing achievement of the performance standards, including: a) details of the quality management system(s) and plan that will be utilised – ISO certification or equivalent; b) Specific details of how the performance standards for the Services will be maintained and monitored; c) Details of the strategy(s) to be implemented to ensure that service delivery is customer focussed; d) An outline of the continuous improvement program to be implemented; e) Details of any similar continuous improvement programs established in similar projects, which have resulted in the Goods supply or Service improvements and cost efficiencies; and f) Details of how the Tenderer keeps abreast of relevant new legislation and legislative changes which effect its business.

Pricing Assessment

10.2.2. As part of the evaluation process, the Evaluation Team undertook an analysis of pricing submitted by the Respondents. The pricing analysis compared the hourly rate submitted against the number of hours quoted.

10.2.3. The Evaluation Team ranked Responses based on the evaluation of each Respondents total price in terms of whole of life costs and the benefit to the Territory.

10.2.4. The total price for each Response is provided in the following table which is ranked in ascending order and detailed further in the **Attachment C – Detailed Pricing Analysis Workbook**.

RESPONDENT	TOTAL PRICE	SUMMARY OF PRICING ANALYSIS
Lockbridge Pty Ltd	**$288,035.00**	• Cost based on 866 hours to complete all tasks. • Includes aspects ranging from Preparation of Project Plan / Research / Consultation / Analysis / Draft Summary Report / Final Report and Presentation of Final Report. • Notes commencement on 5 October 2022 with conclusion being 7 December 2022. • Payment is 25% on inception, 25% upon submission of draft report and 50% on upon acceptance of final report.

		• Any interstate travel required [redacted]) would be invoiced separately and charged at cost price.
Sch 2.2(a)(xi), Sch 2.2(a)(xiii)		• Cost based on 498 hours to complete all tasks. • Hourly rates align with the ACT Government Infrastructure Commercial Advisors Panel (2018.29133.110.06). • Additional work outside of the scope of work outlined in this proposal, we reserve the right to amend our fees for any additional scope that you may require. • Committed to working flexibly with you including in a virtual setting as well as in-person engagement. • Propose to include a capped expense allowance of $5,000 inc GST to cover travel from Melbourne to Canberra for key workshops and presentations. • Notes commencement on 5 October 2022 with conclusion being 7 December 2022. • Includes aspects ranging from Preparation of Project Plan / Draft Summary Report / Final Report and Presentation of Final Report.
		• Fixed Cost based on 250 hours to complete all tasks. This number of hours is noticeably low compared to all but one other similarly priced respondent. • The pricing is an all-inclusive fixed fee. • $1,450.00 Travel and accommodation for presentation. • It is assumed price adjustments for any customer variations will be negotiated separately. • Notes commencement on 5 October 2022 with conclusion being 7 December 2022.

		• Includes aspects ranging from Preparation of Project Plan / Draft Summary Report / Final Report and Presentation of Final Report.
Sch 2.2(a)(xi), Sch 2.2(a)(xiii)		• Cost based on 610 hours to complete all tasks. • The anticipated lump sum fee for the project is provided below based on charge rates closely aligned with our recently completed work for whole of government works for ACT Government. • Should the scope or assumptions change at any stage, we will work with you to ensure that you are able to provide additional resources to maintain the fee or, if that is not possible, to negotiate a revised fee that is fair, reasonable and agreed by all parties. • Notes commencement on 5 October 2022 with conclusion being 7 December 2022. • Includes aspects ranging from Preparation of Project Plan / Draft Summary Report / Final Report and Presentation of Final Report. • $5,500.00 quoted for Estimated Disbursements (including travel, accommodation and incidental expenses).
Sch 2.2(a)(xi), Sch 2.2(a)(xiii)		• Fixed Cost based on 356.95 hours to complete all tasks. • Any additional costs incurred for the project, such as travel, will be billed to the Territory and will be capped at a maximum of $2,000. • Includes aspects ranging from Preparation of Project Plan / Draft Summary Report / Final Report and Presentation of Final Report.
		• Cost based on 759.50 hours to complete all tasks. • Discount applied of $33,000.00.

		• Includes aspects ranging from Preparation of Project Plan / Draft Summary Report / Final Report and Presentation of Final Report.
Sch 2.2(a)(xi), Sch 2.2(a)(xiii)		• Quoted hours to complete tasks as 'as required'. • Deliverable invoices will be rendered as soon as practicable after the agreed delivery date is reached, and there will be no delay in approval or payment by the Treasury. • Should there be potential or real impacts to our ability to maintain our fixed price model, this will be proactively raised with the aim of mutually and collaboratively resolving any issues. Our Project Executive will do so in writing with the Treasury. • Includes aspects ranging from Concept / Analysis / Concept / Elevate and Deliver. • Notes commencement on 5 October 2022 with conclusion being 7 December 2022.
		• Cost based on 233.20 hours to complete all tasks. • Notes commencement on 5 October 2022 with conclusion being 7 December 2022. • Includes aspects ranging from Preparation of Project Plan / Draft Summary Report / Final Report and Presentation of Final Report.
		• Cost based on 480 hours to complete all tasks. • Price assumes no significant changes to project scope. • All estimates are indicative and subject to initial project meetings. • Notes commencement on 5 October 2022 with conclusion being 7 December 2022. • Includes aspects ranging from Preparation of Project Plan / Draft

		Summary Report / Final Report and Presentation of Final Report.

Risk Assessment

10.2.5. As part of the evaluation process, the Evaluation Team undertook an assessment of the various Responses to identify risks associated with the information submitted against the technical criteria or pricing considerations and, if required, any mitigating strategies that could be applied to the requirements of the Goods and or Services to render the bid to an acceptable level of risk.

10.2.6. A summary of the risks and mitigation strategies identified for each Respondent are provided in **Attachment D – Evaluation Risk Assessment**.

RESPONDENT	INITIAL RISK RATING	RISK DETAIL	REVISED RISK RATING
Lockbridge Pty Ltd	Medium	**RISK 1** Disparate nature of project team (across 4 firms) for a project of this size/length may impact timeliness/depth of engagement when the Territory are asking questions or seeking clarifications. **MITIGATION** Clearly define the scope to ensure a clear understanding of the project prior to commencement. Ensure shared understanding of processes for engagement between the project team and the Territory. **RISK 2** Collaboration potentially creates complexity that could work against project timelines. **MITIGATION** Clearly defined timelines to be agreed prior to commencement of project.	Low
Sch 2.2(a)(xi), Sch 2.2(a)(xiii)	Medium	**RISK 1** Large project team for a project of this size/length may impact timeliness/depth of engagement when we are asking questions or seeking clarifications. **MITIGATION** Clearly define the scope to ensure a clear understanding of the project prior to commencement. Ensure shared understanding of processes for engagement between the project team and the Territory.	Low
	High	**RISK 1** Some uncertainty around ability to deliver the requirements of the specification in full given lack of detail on the policy development/advice phase of the project. **MITIGATION**	Medium **Note:** it is considered that these mitigations are

		Clarify scope/expectations and seek confirmation of what consultant envisages to do and produce for this part of the work. **RISK 2** Low price and number of hours proposed presents a risk that the level of analysis, and detail and depth of consultation expected by the Territory will not be achieved, resulting in the work performed not meeting the project objectives. **MITIGATION** Clarify scope/expectations and seek confirmation that quoted price/hours will deliver desired outcomes.	unlikely to sufficiently reduce the risk to low, as parties' understanding of scope/expectations may not align and a recasting of the tenderer's proposed approach and price would likely be necessary to reduce the risk to an acceptable level.

Requested Draft Contract Departures

10.2.7. The Evaluation Team collated the various departures requested by the Respondents (refer to **Attachment A – Compliance Checklist**).

10.2.8. The Evaluation Team included the departures into risk considerations for each Response.

External Feedback Procedure

10.2.9. Tenders ACT, when receipting responses, provided a copy of the Tender Opening Report to Unions ACT, the Environmental Protection Agency and the Long Service Leave Board regarding the Respondents.

10.2.10. No feedback was received.

Requests for Additional Information and Clarifications

10.2.11. Clarifications and/or additional information was requested from the Respondent/s at various stages of the evaluation.

10.2.12. All requests were managed by the Evaluation Team Facilitator with the assistance of relevant personnel, and in accordance with the approved Evaluation Plan.

10.2.13. A summary of the requests and returned outcomes for each Respondent are summarised in the following table:

RESPONDENT	CLARIFICATION REQUEST	CLARIFICATION RESPONSE
Sch 2.2(a)(xi), Sch 2.2(a)(xiii)	Further information on Local Industry Participation Plan.	Updated Plan provided.
	Further information on Local Industry Participation Plan.	Updated Plan provided.
	Further information on Local Industry Participation Plan.	Updated Plan provided.

10.2.14. Responses to requests were factored in the evaluation of the relevant stage/s. Where relevant, they were also added to **Attachment D –Evaluation Risk Assessment.**

10.3. Value for Money Evaluation

10.3.1. In accordance with the approved Evaluation Plan, the Evaluation Team were responsible for undertaking a value for money evaluation.

10.3.2. In conducting the value for money evaluation, the Evaluation Team recognised that the Response representing the best value for money outcome for the Territory might not necessarily be the lowest priced Response.

10.3.3. The Evaluation Team discussed and considered all relevant information gathered and documented during the evaluation process, including:

(a) whole of life costs represented by the total price;

(b) each Respondents ability to meet the Territory's requirements, as represented by the Weighted Evaluation Criteria scores; and

(c) the level of risk each Response is likely to pose to the Territory.

10.3.4. Based on the value for money evaluation, the Evaluation Team ranked the Responses as set out in the following table, which is ranked in descending order (order of merit):

RESPONDENT	TOTAL PRICE	WEIGHTED EVALUATION CRITERIA SCORE	OVERALLRISK RATING	VFM RANKING
Lockbridge Pty Ltd	**$288,035.00**	**770 / 1000**	LOW	**1**
Sch 2.2(a)(xi), Sch 2.2(a)(xiii)	**$207,562.00**	**740 / 1000**	LOW	**2**
	$62,500.00	**680 / 1000**	MEDIUM	**3**
	$231,000.00	**610 / 1000**	MEDIUM	**4**
	$106,480.00	**520 / 1000**	MEDIUM	**5**
	$240,449.00	**510 / 1000**	MEDIUM	**6**
	$276,804.00	**500 / 1000**	HIGH	**7**
	$62,792.00	**490 / 1000**	HIGH	**8**
	$149,900.00	**440 /1000**	HIGH	**9**

10.3.5. The Evaluation Team has determined that:

(a) **Lockbridge Pty Ltd**, ACN: **165 870 155; and**

(b) Sch 2.2(a)(xi), Sch 2.2(a)(xiii)

represent/s the best value for money outcome for the Territory and should be considered as preferred Respondent/s.

10.3.6. The Evaluation Team have prepared a detailed value for money assessment which is included as **Attachment C – Detailed Pricing Analysis Workbook**.

11. CONTRACT NEGOTIATION

11.1.1. Contract negotiations will be carried out in line with the Delegate's approval. The negotiation team will comprise of the following members:

CONTRACT NEGOTIATION TEAM
Name: Nathan Brown **Title:** Senior Director **Organisation: CMTEDD** **Date:** October 2022
Name: Conrad Asmus **Title:** A/g Senior Director **Organisation: CMTEDD** **Date:** October 2022

11.1.2. A record of contract negotiations including, what was negotiated and how it was negotiated will be maintained and included in the secure file with this Evaluation Report.

12. CONTRACT EXECUTION

12.1.1. On successful completion of the Contract Negotiations the Evaluation Team Chair will prepare the contract for signature by the preferred Respondent/s and then provide to the Delegate for execution.

13. NOTIFICATION OF UNSUCCESSFUL RESPONDENTS

13.1.1. On execution of the contract, letters will be sent to all unsuccessful Respondents with an offer to attend a debrief.

14. NOTIFIABLE CONTRACT REGISTER

14.1.1. Within 21 days of contract execution, the Evaluation Team Chair will provide the executed contract to Tenders ACT for inclusion on the Notifiable Contracts Register.

From:	Brown, NathanL
To:	Bennett, JamesP; Kingham, Amy; Noack, Bronwyn; Holt, Nicholas; Hillcrest, Jessica; Harmer, Antonia; Yates, Brooke
Cc:	Asmus, Conrad
Subject:	FYI - consultant for affordable rental/community housing project
Date:	Friday, 21 October 2022 6:27:24 PM
Attachments:	image001.png Attachment B - Statement of Requirement.pdf

OFFICIAL

Hi all

Just a short note to let you know that we've engaged Lockbridge to assist us with our project on boosting affordable rental/community housing. Lockbridge is collaborating with Sch 2.2(a)(xi), Sch 2.2(a)(xiii), Sch 2.2(a)(on the project.

I've attached the Statement of Requirement for the project, which provides an overview of the context and the desired outcomes.

We'll be seeking to facilitate meetings/workshops with your areas in coming weeks to inform the project.

Regards
Nathan

Nathan Brown | Executive Branch Manager (A/g) | Economic and Financial Analysis
Chief Minister, Treasury and Economic Development Directorate | ACT Government
Phone: +61 2 6207 3531| Email: NathanL.Brown@act.gov.au
220 London Circuit | GPO Box 158, Canberra ACT 2601 | act.gov.au

Statement of requirement – affordable rental housing in the ACT

1. Project objectives and outcomes

ACT Treasury is seeking to engage a consultant to undertake a detailed and expert exploration of opportunities to boost the supply of affordable rental housing in the ACT in response to market gaps, particularly through the expansion of community housing owned and/or managed stock.

The consultant will be required to:

- Undertake desktop research and analysis and consult with key stakeholders to inform this research and analysis;
- Submit a draft report by [date]; and
- Submit a detailed final report, which responds to comments and feedback provided by Treasury on the draft report, by [date].

2. Project Scope

The ACT rental market is challenging for low-to-moderate income households, who often struggle to rent a property that suits their needs and budget with vacancy rates generally among the lowest of all Australian capital cities and rents among the highest.

Community housing providers in the ACT supply affordable rental properties to low-to-moderate income households, generally at less than 75 per cent of market rent, with a small proportion at social rent based on percentage of income. However, the ACT has a small community housing market compared to other jurisdictions.

The Consultant will be required to explore the relative merits of different policy options to boost the supply of affordable rental housing for low-to-moderate income earners in the ACT (indicatively those in income quintiles 1 and 2), including options available to the ACT Government to assist the community housing sector to grow the supply of community housing owned and/or managed stock in the ACT.

In undertaking this work, the Consultant will be required to:

- produce a 'stocktake' of the current state of community housing in the ACT and the likely future state in 5, 10 and 20 years assuming no major changes to relevant Government policy (whether at the federal or territory level);
- identify areas of greatest need for affordable rental housing in the ACT, including cohorts that are particularly vulnerable in the ACT rental market;
- conduct desktop research and analysis and consult with key government, community and private sector stakeholders and policy experts to identify and examine the feasibility of potential policy options to respond to this need;
- inform and test its analysis, findings and recommendations;
- examine existing policy approaches in other Australian jurisdictions (and overseas as appropriate) to identify key learnings and consider what may be transferable to the ACT context;
- consider and advise on any circumstances unique to the ACT, including its role in land release, and how this might impact different approaches and their implementation, including the effectiveness of existing ACT Government assistance measures; and
- consider whether a larger and/or more diverse community housing sector could be beneficial for the ACT, and if so, provide advice about what the ACT Government can do to attract new providers;
- assess the implications of the staged conclusion of the National Rental Affordability Scheme for affordable housing in the ACT and impacts on the local community housing sector; and

- provide advice on the most cost-effective options to boost the supply of affordable rental housing, including community housing, in the ACT and their relative merits, considering existing funding sources and incentives offered by governments;

The Consultant would also be required to explore opportunities to leverage Commonwealth Government funding (including funding currently offered through the National Housing Finance and Investment Corporation and Commonwealth Rent Assistance) and other sources of funding to help boost community and affordable housing rental supply.

3. Timeframes and deliverables

#	Deliverable	Due Date
1.	Initial Project meeting. Submission of a project plan setting out the Consultant's approach to achieving deliverables, approved by the Territory	05/10/2022
2.	Draft summary report outlining analysis and findings	02/11/2022
	Treasury review, provision of comments and feedback on draft report	07/11/2022
3.	Detailed final report, to Treasury's satisfaction	30/11/2022
4.	Presentation on final report to ACT Government officials	07/12/2022

4. Key Performance Indicators (KPIs)

In order to manage the effectiveness of the services provided, the Territory will routinely assess the Consultant's performance against KPIs. The Consultant must meet the KPI targets. If the Consultant fails to meet these targets, the Territory will instigate a review process with the Consultant to resolve the performance issues (if any) and where needed, to implement actions to improve performance within a specified time period.

The primary purpose of the KPIs is to provide the Territory and Consultant with overall information about the performance of the service, to avoid excessive reliance on informal feedback and anecdotes, and to help the Territory and Consultant improve the effectiveness of the services.

KPI	Service Requirement	Measure		Implications/ actions required if minimum measures are not met
		Minimum	Target	
1. Quality & Compliance	Agreed deliverables are accurate, clear and complete and require no rework by the Territory.	Agreed deliverables require no rework by the Territory 90% of the time.	Agreed deliverables require no rework by the Territory 100% of the time.	If the minimum performance standard of 90% is not achieved, the Contract Manager will notify the Consultant in writing the reason for each occurrence and the Consultant's course of action to mitigate against reoccurrence of such issues.
2. Delivery	Accurate, clear and complete audit reports are provided per the agreed date/time. Delays caused by the Territory will not be counted.	Reports are provided per the agreed date/time, a minimum of 90% of the time.	Reports are provided per the agreed date/time, 100% of the time.	If the minimum performance standard of 90% is not achieved, the Contract Manager will notify the Consultant in writing the reason for each occurrence and the Consultant's course of action to mitigate against reoccurrence of such issues.
3. Reporting	Accurate, clear and complete status and reports are provided per the agreed date/time. Incomplete reports resulting from the acts or omissions of the Territory will not be counted.	Status and reports are provided per the agreed date/time, a minimum of 90% of the time.	Status and reports are provided per the agreed date/time 100% of the time.	
4. Invoicing	Accurate and transparent invoices are provided on the date/time required.	Invoice are provided on the date/time required, a minimum of 95% of the time.	Invoice are provided on the date/time required, 100% of the time.	If the minimum performance standard of 95% is not achieved, the Contract Manager will notify the Consultant in writing the reason for each occurrence and the Consultant's course of action to mitigate against reoccurrence of such issues.
5. Relationship Management	Straightforward requests for information, clarification in relation to service delivery issues are responded to and resolved within three days.	Requests are responded to and resolved within three days, a minimum of 95% of the time.	Requests are responded to and resolved within three days, 100% of the time.	Any deviance from the required minimum performance standard will be used in assessing whether the option to extend the Agreement will be exercised by the Territory.

From: Asmus, Conrad
To: Kingham, Amy
Cc: Brown, NathanL; McDonald, Helen
Subject: RE: FYI - consultant for affordable rental/community housing project
Date: Tuesday, 15 November 2022 12:08:14 PM
Attachments: image001.png

OFFICIAL

Hi Amy and Helen,
Thanks for the info. We'll pass that on.
Our consultant already has a meeting with Alix on a different matter tomorrow and will probably bring this up then too. We'll let him know to include Helen in any future discussions.
Thanks
Conrad

From: Kingham, Amy <Amy.Kingham@act.gov.au>
Sent: Tuesday, 15 November 2022 12:01 PM
To: Asmus, Conrad <Conrad.Asmus@act.gov.au>
Cc: Brown, NathanL <NathanL.Brown@act.gov.au>; McDonald, Helen <Helen.McDonald@act.gov.au>
Subject: FW: FYI - consultant for affordable rental/community housing project

OFFICIAL

Hi Conrad
Alix Kaucz in the Territory Plan team would be a good contact to explain the proposed changes to CFZ land under the draft new Territory Plan. Also invite Helen McDonald from my team as she has been working on this too.
For your info, the proposed changes to CFZ land are as follows:

- The draft new Territory Plan is proposing to allow community housing in the CFZ zone, but only in conjunction with a place of worship or supportive housing.
- Unlike the Common Ground site specific Territory Plan Variation, the community housing won't be limited to "no more than 50% of the dwellings on site."
- The new Territory Plan doesn't propose a change to the supportive housing definition, but the planning review team is happy to receive suggestions on how it could be amended.

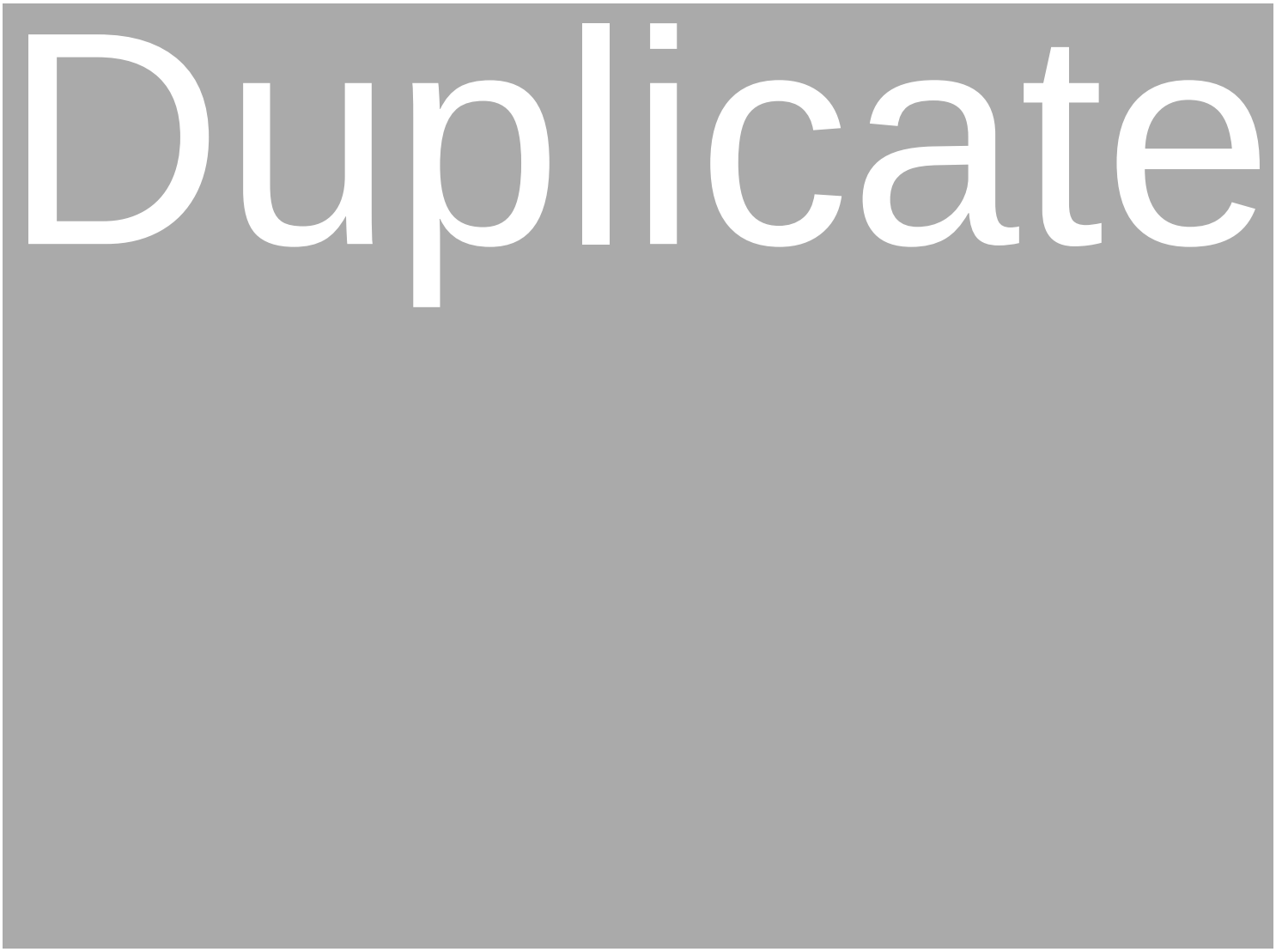
I will also point you to the "Proposed new Territory Plan – Supporting Report" on the Your Say website - New_Territory_Plan_-_Supporting_Report_-_CONSULTATION_VERSION_09.11.22.pdf (amazonaws.com) This gives a useful summary of the proposed changes.
Thanks
Amy

From: Asmus, Conrad <Conrad.Asmus@act.gov.au>
Sent: Tuesday, 15 November 2022 11:41 AM
To: Kingham, Amy <Amy.Kingham@act.gov.au>
Cc: Brown, NathanL <NathanL.Brown@act.gov.au>
Subject: FW: FYI - consultant for affordable rental/community housing project

OFFICIAL

Hi Amy
Our consultant would like to meet with the right people at EPSDD to discuss the proposed changes to CFZ land in the draft Territory Plan. Are you able to recommend contacts? And would someone from your team be available to attend that discussion from a Affordable Housing policy perspective?
Happy to discuss
Conrad

Duplicate


Duplicate

From: Noack, Bronwyn
To: Brown, NathanL
Cc: Asmus, Conrad; Kingham, Amy
Subject: RE: FYI - consultant for affordable rental/community housing project
Date: Wednesday, 16 November 2022 11:09:41 AM
Attachments: Attachment B - Statement of Requirement.pdf
image001.png

OFFICIAL

Thanks for the update Nathan.
Amy and I would like to meet the Lockbridge if possible. I'll defer to you for guidance about what would work best in terms of timing and sequencing with their program and key milestones.
In relation to what we'd like to discuss, we're going to workshop some ideas over the next few days but my initial thinking is that we'd particularly like to discuss things like:

- cost-effective options that offer the potential to boost supply through leveraging off existing programs (i.e LTE gap funding); and
- possible overlaps with the ACT Housing Strategy Year 5 Review (HS Review). Including whether there are likely to be outcomes from the Lockbridge study that we should be factoring into the scope of the HS Review (scoping is now underway), even if we're just flagging potential considerations at this stage.

I can come back to you early next week with more detail about items we'd like to discuss (after we've had an opportunity to work through our ideas a bit more) if that helps?
Cheers
Bron

From: Brown, NathanL <NathanL.Brown@act.gov.au>
Sent: Tuesday, 15 November 2022 6:09 PM
To: Noack, Bronwyn <Bronwyn.Noack@act.gov.au>
Cc: Asmus, Conrad <Conrad.Asmus@act.gov.au>
Subject: RE: FYI - consultant for affordable rental/community housing project

OFFICIAL

I should also note that they will be providing us a draft report containing analysis to date and some early indications of proposed directions/recommendations in a couple of weeks. We will share this with relevant areas within government and seek feedback, this will also be another opportunity to engage directly with Lockbridge (including through a discussion if useful).

From: Brown, NathanL
Sent: Tuesday, 15 November 2022 6:03 PM
To: Noack, Bronwyn <Bronwyn.Noack@act.gov.au>
Cc: Asmus, Conrad <Conrad.Asmus@act.gov.au>
Subject: RE: FYI - consultant for affordable rental/community housing project

OFFICIAL

Hi Bron
Lockbridge has been reaching out to ACT Government agencies on an ad hoc basis as needed.
For example, they are talking to Alix Kaucz tomorrow about the proposed Territory Plan changes for CF land (I believe Conrad spoke to Amy about this earlier today), and they are meeting with Sally Gibson on Friday. They're taking a more targeted approach to meetings with officials (partly in light of the agreed price reductions) and are seeking to meet with certain areas when they think they need additional information or have particular questions about relevant issues.
That said, if your area has information/advice you'd like to provide to Lockbridge that you think it would be beneficial for them to receive, let us know and we'll suggest they have a discussion with you. It would be good to flag what we think they'd get out of meeting with you.
Cheers
Nathan

From: Noack, Bronwyn <Bronwyn.Noack@act.gov.au>
Sent: Tuesday, 15 November 2022 4:56 PM
To: Brown, NathanL <NathanL.Brown@act.gov.au>
Subject: FW: FYI - consultant for affordable rental/community housing project

OFFICIAL

Hi Nathan

Outside scope

Just a follow-up about how things are tracking with the Lockbridge Consultancy, and whether you have a sense about timing for agency involvement?

Cheers

Bron

Duplicate

From: Asmus, Conrad
To: Kingham, Amy; McDonald, Helen
Cc: Sharma, Shubhi; Brown, NathanL
Subject: RE: Affordable Housing questions
Date: Monday, 21 November 2022 12:12:05 PM
Attachments: image001.png
image002.png

OFFICIAL

Hi Amy,
Just following up on the below. We'd like to get answers to the consultant by CoB.
Cheers
Conrad

From: Kingham, Amy <Amy.Kingham@act.gov.au>
Sent: Friday, 18 November 2022 10:47 AM
To: Asmus, Conrad <Conrad.Asmus@act.gov.au>; McDonald, Helen <Helen.McDonald@act.gov.au>
Cc: Sharma, Shubhi <Shubhi.Sharma@act.gov.au>
Subject: RE: Affordable Housing questions

OFFICIAL

Hi Conrad, we will get that information for you. What's your timing, soonish?

From: Asmus, Conrad <Conrad.Asmus@act.gov.au>
Sent: Friday, 18 November 2022 9:51 AM
To: Kingham, Amy <Amy.Kingham@act.gov.au>; McDonald, Helen <Helen.McDonald@act.gov.au>
Cc: Sharma, Shubhi <Shubhi.Sharma@act.gov.au>
Subject: RE: Affordable Housing questions

OFFICIAL

Hi again,
Is it also possible to provide the latest spreadsheet for the land tax exemption? I can get data from the Revenue Office, but I'm not sure that includes the rental prices.
Anything we provide the consultants would be deidentified and statistically summarised.
Happy to discuss,
Conrad

From: Asmus, Conrad
Sent: Friday, 18 November 2022 9:40 AM
To: Kingham, Amy <Amy.Kingham@act.gov.au>; McDonald, Helen <Helen.McDonald@act.gov.au>
Cc: Sharma, Shubhi <Shubhi.Sharma@act.gov.au>
Subject: FW: Affordable Housing questions

OFFICIAL

Good morning Amy and Helen,
The consultants for our affordable rental/CHP project have asked us some questions relating to the ILRP targets. Are you able to provide answers to questions 1, 2, and 3 below?
Happy to discuss
Conrad

From: Sch 2.2(a)(ii), Sch 2.2(a)(xi) >
Sent: Friday, 18 November 2022 7:54 AM
To: Brown, NathanL <NathanL.Brown@act.gov.au>; Asmus, Conrad

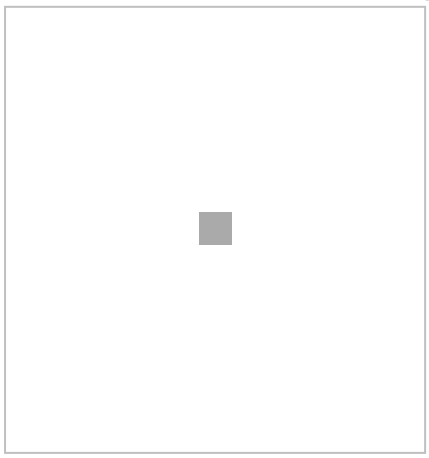
<Conrad.Asmus@act.gov.au>
Cc: Sch 2.2(a)(ii), Sch 2.2(a)(xi) >; Sch 2.2(a)(ii), Sch 2.2(a)(xi) >
Subject: Affordable Housing questions

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Learn why this is important

Hi Nathan and Conrad,
As we are starting to pull together our analysis, we are coming across a range of points for clarification/questions you may be able to assist with. Apologies as I know we have discussed some of these previously.

Indicative Land Release Program

1. What is the definition of 'affordable, community and public housing' as used below in the ILRP?
2. How is the 2,039 eligible residences (to which the 15% target is applied) calculated given total releases are 3,981? And hence what is likely to be the BAU releases going forward?
3. Of the 314 dwellings for 2022/23, is this correct:
    a. 208 affordable are released via the Affordable Home Purchase Scheme (i.e. sold to eligible people) so not affordable rental
    b. 76 public are purchased by ACT Gov't and developed as Public Housing so not affordable rental
    c. 30 community are to be sold to CHPs for **affordable rental**? But the take-up is low and hence remain largely unsold due to the 'market price' sought?



4. Separately, I met with Rob Thorman on another issue earlier this week. Rob was previously with SLA and now with EPSDD leading the ILRP. Are you comfortable if I reach out to him to set up a time to clarify/discuss the above?

Land Tax Exemption

5. Do you have data on the properties claiming this exemption such as:
    a. Overall number (out of the 250 cap)
    b. The rent being charged for the properties claiming the exemption – i.e. which income quintiles are accessing these rentals?
    c. If the rent isn't available, the overall quantum of exemption (cost to government) may allow us to estimate the UV of the land and hence its likely location and therefore rent …
    d. Any other information collected for the scheme

Cheers

Sch 2.2(a)(ii)

Advisory Lead
M Sch 2.2(a)(ii)
E Sch 2.2(a)(ii), Sch 2.2(a)(xi)
W www.lockbridge.com.au
Unit 2, 101 Northbourne Avenue, Turner ACT 2612



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From: Brown, NathanL
To: Noack, Bronwyn
Cc: Kingham, Amy
Subject: RE: Early draft of community housing consultancy report
Date: Friday, 2 December 2022 5:01:18 PM
Attachments: image001.png

OFFICIAL: Sensitive

Thanks Bron, these have now been passed to Lockbridge.
Have a great weekend.
Cheers
Nathan

From: Noack, Bronwyn <Bronwyn.Noack@act.gov.au>
Sent: Thursday, 1 December 2022 4:21 PM
To: Brown, NathanL <NathanL.Brown@act.gov.au>
Cc: Kingham, Amy <Amy.Kingham@act.gov.au>
Subject: FW: Early draft of community housing consultancy report

OFFICIAL: Sensitive

Hi Nathan
Thanks for seeking feedback on the preliminary draft report from Lockbridge. We have prepared the following comments for consideration as part of the next phase of work:
Page 4 – For consistency, we suggest using the definitions in the ACT Housing Strategy (where overlaps occur).
Page 6 point 2 – It should be noted that transfer of properties from Housing ACT to CHPs is not a part of the Growing and Renewing Public Housing Program.
Page 6 point 7 – Further explanatory detail linking the 200 target to the 600 affordable rentals PAGA commitment would assist.
Page 6 point 5 – We acknowledge the significance of a single dominant player in the ACT comm housing sector, however suggest more balanced summary would be beneficial here. Suggest stating number of CHPs registered in the ACT and include a breakdown of numbers in each Tier. I note this is also provided on p. 29.
Page 7 point 15 – It should be noted that the Planning and Development Act requires sale of land at market value.
Page 12 – It would be helpful to clarify whether CHPs are/should be targeting quintile 4. The ACT Housing Strategy focuses on quintiles 1 and 2. Would also be helpful to clarify what income quintiles are being referred to here? ACT Housing Strategy or something else i.e a comm housing sector data source?
Page 18 – The ACT Housing Strategy should be included under the ACT policy framework as the ACT's primary housing policy source. It is unclear whether this section is focussing on policy or projects as there is a mix of both. The policy framework should outline the Housing Strategy, PAGA and Economic Recovery through Social Housing package.
Page 19 – Clarify that housing targets are set under the CRASLA Act and the ACT Housing Strategy.
Page 19 – ILRP – To clarify - CHPs are offered first right of refusal for 'affordable' dwellings that are released under the housing targets but not taken up through the Affordable Home Purchase Program. So these dwellings do have the potential to contribute to increased supply (there has been some take-up by CHPs, although in low numbers).
Page 19 – Land Tax Exemption - the name of the program is the 'Affordable Community Housing Land Tax Exemption' (which is different to a general LTE, which also exists). Also clarity that the *current* number of active under the program is 122 (noting that this changes quarterly).
Page 20 – Build-to-Rent Turner – Dwelling yield is 270 (not 388). Affordable component will yield approx. 40 dw.
Page 23 – Section 5.2 - Affordable Housing in the ACT – text seems to imply that ACT Housing Strategy

income quintiles are indexed? Which they're not. Under the housing strategy housing in Income Quintile 2 earn between $55 – 100k. *Note: this will be reviewed as part of the housing strategy's Year 5 update.*

Page 27 para 1 – 'A greater focus on providing continuity so that people can transition out of social housing into affordable housing targeted towards the lower end of Q2 will support people to make this transition, thereby freeing up stock for others in need.' Would like to see this statement unpacked more, perhaps through the next phase of work i.e what types of programs or initiatives could/should we be considering?

Page 27 section 5.3 – The report could reference the draft District Strategies for updated and longer term population and housing projections.

Page 29 – Community Housing Provider Assessment – lots of useful information and analysis here. In addition to considerations about how we can attract tier 1 providers from interstate, suggest also including information about how we can support local tier 2 and 3 providers to strengthen their presence and grow their portfolios (of owned and managed stock).

Page 33 section 6.2 – This section should be clarified to note that other initiatives are also being considered to deliver the 600 affordable rental target. It is unlikely that the 600 affordable rental dwellings will be delivered as new builds by CHPs.

Page 36 – Land availability – Suggest mentioning the mechanisms that are currently available for CHPs to access land, these are:

- Housing targets – allocation of 15 percent of the Indicative Land Release Program (ILRP) each year to community, public, and affordable, housing.
- Community housing tenders – for example, sites in Scullin, Giralang, and other suburbs, in 2020.
- Purchase of land from the Suburban Land Agency – for example, over the counter, auctions, and ballots.
- Affordable Home Purchase Scheme – if the database of eligible applicants is exhausted, dwellings are then offered to CHPs at the affordable price thresholds.
- Direct sale – CHPs can apply to the government for a direct sale of land at full market value. This involves submitting a business case and meeting legislated criteria.
- Private sector – CHPs can purchase land and dwellings from the private sector.

Feel free to contact Amy or I if there is anything that you (or the consultants) would like to discuss or clarify.

Cheers

Bron

From: Brown, NathanL <NathanL.Brown@act.gov.au>
Sent: Tuesday, 29 November 2022 4:39 PM
To: Kingham, Amy <Amy.Kingham@act.gov.au>; Noack, Bronwyn <Bronwyn.Noack@act.gov.au>; Hillcrest, Jessica <Jessica.Hillcrest@act.gov.au>; Harmer, Antonia <Antonia.Harmer@act.gov.au>; Yates, Brooke <Brooke.Yates@act.gov.au>
Cc: Asmus, Conrad <Conrad.Asmus@act.gov.au>
Subject: Early draft of community housing consultancy report

OFFICIAL: Sensitive

Hi all

Attached is an early WIP draft report from our community housing consultancy. There is some interesting information in here but also a lot of gaps. We have an opportunity to provide some feedback to guide and shape the direction of this draft and correct/clarify any issues where necessary, as well as suggest additional information sources that may add to the work they're already doing. (Bron – we've provided the additional sources you flagged late last week)

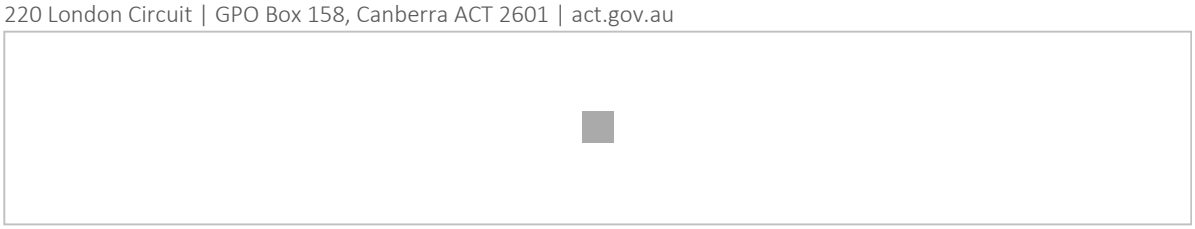
If you have any feedback at this stage, grateful if you could provide this to us by COB Thursday and we'll consolidate and provide to Lockbridge. Note there will be further opportunities to engage/provide feedback, including on the next (more developed) version. Lockbridge will also be

reaching out shortly to EPSDD and SLA to organise discussions/workshops over the next 1-2 weeks.

Regards

Nathan

Nathan Brown | Executive Branch Manager (A/g) | Economic and Financial Analysis
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From:	Brown, NathanL
To:	Noack, Bronwyn
Cc:	Jones, Hayley; Asmus, Conrad; Kingham, Amy; Bourke, Eddy
Subject:	RE: For review and feedback by 6 Jan: Exploration of affordable rental housing in the ACT - Report Revision 2
Date:	Monday, 9 January 2023 5:07:20 PM
Attachments:	image002.png image003.png

OFFICIAL

Thanks Bron, Eddy and Amy, we really appreciate your help with this.
I just taught myself how to combine comments from multiple PDFs, which I'm very happy about, and I'm currently reviewing your comments alongside ours, CSD's and SLA's. We'll reach out if there is anything we would like to discuss. We'll also send you a final version of the full consolidated comments back to Lockbridge.
Cheers
Nathan

From: Noack, Bronwyn <Bronwyn.Noack@act.gov.au>
Sent: Monday, 9 January 2023 3:02 PM
To: Brown, NathanL <NathanL.Brown@act.gov.au>
Cc: Jones, Hayley <Hayley.Jones@act.gov.au>; Asmus, Conrad <Conrad.Asmus@act.gov.au>; Kingham, Amy <Amy.Kingham@act.gov.au>; Bourke, Eddy <Eddy.Bourke@act.gov.au>
Subject: FW: For review and feedback by 6 Jan: Exploration of affordable rental housing in the ACT - Report Revision 2

OFFICIAL

Hi Nathan
Thanks for the opportunity to review and provide comments on the draft Lockbridge report.
Please see attached comments from our team (Amy, Eddy and myself), which are best viewed in the version of Adobe that allows for editing.
In addition to the comments in the attached, we provide the following general feedback:

- The report is comprehensive and provides a great deal of analysis and options.
- It's valuable to have this level of insight and information about the local community housing sector consolidated into one report. The final output will undoubtably provide a useful reference point and evidence base to support related policy work going forward.
- Throughout the report - References to Parliamentary and Governing Agreement commitment B.2.ii 600 affordable rental dwellings – it is unclear what analysis is being used to assess progress against this commitment, as reporting to date notes the commitment is "on track."
- Throughout the report – References to NRAS should note that the majority of providers received discounted land or loans as the ACT component, and that relatively few receive ongoing ACT funding (around $50,000 total per year).

Don't hesitate get in touch if there is anything you would like to discuss or clarify. Also happy for Lockbridge to contact us if they have questions.
Many thanks
Bron

From: Brown, NathanL <NathanL.Brown@act.gov.au>
Sent: Wednesday, 21 December 2022 9:57 AM
To: Kingham, Amy <Amy.Kingham@act.gov.au>; Noack, Bronwyn <Bronwyn.Noack@act.gov.au>; Hillcrest, Jessica <Jessica.Hillcrest@act.gov.au>; Harmer, Antonia <Antonia.Harmer@act.gov.au>; Kelly, Shaun <Shaun.Kelly@act.gov.au>; Dixon, Timothy <Timothy.Dixon@act.gov.au>; Gibson, Sally <Sally.Gibson@act.gov.au>
Cc: Asmus, Conrad <Conrad.Asmus@act.gov.au>; Jones, Hayley <Hayley.Jones@act.gov.au>
Subject: For review and feedback by 6 Jan: Exploration of affordable rental housing in the ACT - Report Revision 2

Chief Minister, Treasury and Economic Development Directorate | ACT Government
Phone: +61 2 6207 3531| Email: NathanL.Brown@act.gov.au
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From: Sch 2.2(a)(ii), Sch 2.2(a)(xi)
Sent: Tuesday, 20 December 2022 12:39 PM
To: Brown, NathanL <NathanL.Brown@act.gov.au>
Cc: Asmus, Conrad <Conrad.Asmus@act.gov.au>
Subject: Exploration of affordable rental housing in the ACT - Report Revision 2

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Hi Nathan,
Please see attached Revision 2 of the report. If you can confirm you have received the report ok it would be appreciated.
As discussed, I'll be back from January 9 so we can discuss any comments/feedback and look to finalise thereafter.
Once again, thanks for your guidance. It has been appreciated.
Have a good Christmas and speak in the new year (also - happy to discuss in the interim if required).

Sch 2.2(a)(ii)
M Sch 2.2(a)(ii)
E Sch 2.2(a)(ii), Sch 2.2(a)(xi)
W www.lockbridge.com.au
Unit 2, 101 Northbourne Avenue, Turner ACT 2612

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From: Brown, NathanL
To: Kingham, Amy; Noack, Bronwyn; Bourke, Eddy; Hillcrest, Jessica; Harmer, Antonia; Hough, Oliver; Kelly, Shaun; Dixon, Timothy; Hart, Elise; Gibson, Sally
Cc: Asmus, Conrad; Jones, Hayley; Ford, Blake; Miller, Douglas; Goth, Kathy
Subject: RE: Exploration of affordable rental housing in the ACT - Report Revision 2
Date: Thursday, 19 January 2023 7:20:04 AM
Attachments: 221220 ACT Affordable Housing Report Sch 2.2(a)(xi), Sch 2.2(a)(xiii), Duplicate, outside scope
image002.png
image003.png

OFFICIAL

Hi all

As discussed earlier in the week, Lockbridge have proposed a policy workshop in the week of 30 January to help settle final recommendations in their report.

I'd expect the workshop would run for 2-3 hours, starting at around 9:30am on either Tuesday 31 Jan, Wednesday 1 Feb, Thursday 2 Feb or Friday 3 Feb. This would likely be an in-person workshop with an option to attend online. Please advise if any of these days/times would be unsuitable for your team.

Also as promised, attached is the final consolidated feedback provided to Lockbridge. All of the feedback received from this group was provided, except for where we removed some duplication where people had identical comments.

Thanks

Nathan

Nathan Brown | Executive Branch Manager (A/g) | Economic and Financial Analysis
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Duplicate


Duplicate

From: Asmus, Conrad
To: 220LC 0.19 (Capacity 24, Seats 16, Projector & Webex); Kingham, Amy; Noack, Bronwyn; Bourke, Eddy; Hillcrest, Jessica; Harmer, Antonia; Hough, Oliver; Kelly, Shaun; Dixon, Timothy; Hart, Elise; Gibson, Sally; Jones, Hayley; Ford, Blake; Miller, Douglas; Goth, Kathy; Brown, NathanL; Sch 2.2(a)(ii)
Cc: Sharma, Shubhi; Hamraev, Ahror; Pirie, Mitch; Miners, Stephen; Hocking, Stuart
Subject: Exploration of affordable rental housing in the ACT - Workshop
Attachments: 230123 ACT Affordable Housing Report - Sch 2.2(a)(xi), Sch 2.2(a)

Hi All

Ahead of the workshop on Friday, attached is a copy of the latest version of the report, incorporating feedback provided on the previous version earlier this month. Please note that the workshop will be conducted assuming attendees have read the report (either the current or previous version will be fine). The purpose of the workshop is to test, explore and inform final findings and recommendations.

We have booked a large room in 220 London Circuit and encourage in-person participation. A Teams meeting option is available if you are unable to attend in person.

We look forward to seeing you all on Friday.

Microsoft Teams meeting

Join on your computer, mobile app or room device

Click here to join the meeting Sch 2.2(a)(xi), Sch 2.2(a)(xiii)

[redacted]

Hi All,

This workshop will inform final findings and recommendations in the report being prepared by Lockbridge.

More details will follow.

Kind regards

Conrad

Chief Minister, Treasury and Economic Development Directorate

To:	Treasurer	**Tracking No.: CMTEDD2023/1308**
Date:	04/04/2023	
CC:	Minister for Housing and Suburban Development	
From:	Executive Group Manager, Economic and Financial	
Subject:	Summary of final report – Exploration of opportunities to boost the supply of affordable rental housing in the ACT and next steps	
Critical Reason:	No critical date	

- UT 19/04/23

Recommendations

That you note:

1. the key opportunities to boost the supply of affordable rental housing in the ACT, including growing stock through the land tax exemption scheme as a short-term measure and new residential development undertaken by the private sector and Community Housing Providers (CHPS);

Noted / Please Discuss

2. that a substantial boost in the supply of affordable rentals will require considerable ACT Government effort and investment, with opportunities to leverage Commonwealth Government funding for development through the CHP sector; and

Noted / Please Discuss

3. the information is being used by Affordable Housing Policy Coordination Branch in the development of a range of initiatives including 2023-24 Budget Business cases, the list of projects for possible Commonwealth funding and a strategic framework designed to strengthen and grow the community housing sector.

Noted / Please Discuss

Andrew Barr MLA ..../...../.....

Minister's Office Feedback

Background

1. As part of a 2022-23 Budget initiative, Treasury was allocated $250,000 in consultancy funding to explore, in collaboration with other relevant ACT Government agencies, policies to boost the supply of affordable housing in the ACT, including:
    a. investigating an ACT shared equity scheme; and
    b. identifying opportunities to boost the supply of affordable rental housing in the ACT.
2. Soon after the Budget funding was agreed, the then federal Labor opposition announced relevant policies to be implemented if it formed Government at the upcoming election, including:
    a. a new 'Help to Buy' shared equity scheme; and
    b. the Housing Australia Future Fund (HAFF), with an associated target of 30,000 new social and affordable housing dwellings in its first five years.
3. Given these announcements, work to investigate a potential ACT Government led shared equity scheme was paused. Work continued on the affordable rental housing project, with a consortium led by Lockbridge contracted (soon after the 2022 federal election) to deliver a project, with a particular focus on identifying the most cost-effective way to overcome the 'funding gap' faced by community housing providers (CHPs)to enable them to develop more community housing. This work drew on opportunities to leverage Commonwealth Government funding.
    a. Final details of the Commonwealth's 'Help to Buy' shared equity scheme are expected to be announced in the 2023-24 Commonwealth Budget, with the scheme to commence shortly after.
    b. Treasury and other ACT Government officials continue to engage with the Commonwealth to advocate for certain policy settings (such as the property price cap) to be appropriate for the ACT to ensure the scheme can achieve its objectives of enabling more people to purchase their own home.

Issues

4. The affordable rental housing consultancy recently concluded with the completion of the final report and a presentation to senior ACT Government officials from Treasury, EPSDD, SLA and CSD, and staff from both your office and the office of the Minister for Housing and Suburban Development.
5. A copy of the final report (Attachment A) and summary presentation slides (Attachment B) are attached to this brief.

6. Key findings of the report included:

    a. Rental stress in the ACT is increasing and will continue to increase. Approximately 975 new dwellings will be required each year to meet expected demand from households in the second income quintile.

        i. The PAGA target of 600 new affordable rental dwellings by 2025-26 will need additional support above current initiatives.

    b. CHPs are an effective mechanism to deliver affordable rental housing.

        i. CHPs' corporate structure (CHP registration, not-for-profit and charitable status for tax and other purposes) means cost effective delivery and operation for affordable dwellings (cheaper than private sector and government development).

        ii. Investment stays within the sector – operating surpluses are reinvested in new stock.

        iii. The new Federal Government's housing policies are focussed on strengthening the CHP sector to deliver housing.

        iv. The ACT is competing against other jurisdictions for CHPs – CHPs will generally bias investment where it is most cost effective and delivers the best housing outcomes.

    c. However, CHPs face certain constraints in the ACT, including:

        i. The current Territory Plan does not support the provision of housing in Community Facility zoned land, with the proposed exception of land associated with a place of worship. Previous analysis has indicated that eliminating this restriction would yield significant development potential for CHPs.

        ii. The planning and approvals process. Appeals by those opposed to CHP developments has slowed down or restricted the scale of CHP development. However, the new proposed Territory Plan includes various avenues that would reduce the ability of appeals to hinder the development process for CHPs.

    d. The market structure in the ACT is unique and the result of past policy decisions.

        i. Historical reticence to transfer public housing stock and long-term management agreement policies have driven the structure.

        ii. The ACT CHP sector is dominated by a single large player (CHC).

        iii. Barriers to entry exist (understanding, establishment, cost) and there is a lack of a certain pipeline of land to attract new players.

iv. Policy options will decrease over time and cost will increase unless change occurs.

e. The HAFF is a significant opportunity and requires a strong ACT CHP sector.

i. CHPs need scale to operate efficiently and invest in new stock.

7. The report presents challenges and opportunities relating to 'market filling', with a focus on achieving the PAGA target by 2025-26, and 'market making', looking at leveraging Commonwealth funding and establishing the conditions to grow the CHP sector into the future.

a. 'Market filling' involves maximising the potential of existing policies (such as the affordable rental land tax exemption scheme) and supporting new 'shovel ready' projects (which could occur through current privately developed build-to-rent initiatives).

b. 'Market making' involves signalling support for the future of the local CHP sector and establishing a medium to long term pipeline to attract another large CHP to the ACT, while maximising the use of Commonwealth Government funding, supported by ACT Government contributions.

8. A number of affordable rental related business cases have been submitted for consideration as part of the 2023-24 Budget process. These business cases will make a significant progress towards the 600 target and have been informed by the report and its findings. A summary of the business cases and estimates of affordable dwelling numbers and timeframes for delivery is provided below.

a. **Affordable Rental Land Tax Exemption Scheme:** The report noted that there are opportunities to grow affordable rental stock in the short term through better promotion of the affordable rental land tax exemption, and funding has been requested for this purpose. (150 additional dwellings in 2023-24)

b. **Build-to-Rent:** A second Build-to-Rent land release with affordable rental is proposed to be released in Gungahlin in 2024-25 with a potential pipeline of future sites (around 45 additional dwellings by 2028). This is in addition to the pilot Turner Build-to-Rent Tender which is underway (40 additional dwellings in 2027).

c. **Build-to-Rent Request for Proposal (RFP):** potential to negotiate funding agreements for affordable rental in build-to-rent developments in line with outcomes of this RFP process (83 additional dwellings if successful)

d. **Future policy direction of affordable housing assistance:** seeks to retarget assistance from the Affordable Home Purchase Scheme (AHPS) to boost the community housing sector and the stock of affordable rental dwellings. This is in addition to allowing leaseholders to apply to meet their affordable sale requirements through the delivery of affordable rental.

e. **Ginninderry Women's Housing Initiative**: aims to provide a pathway to home ownership for potentially 'financially vulnerable' women by developing up to 22 Build-to-Rent-to-Buy dwellings.

9. Treasury is also engaging with the Commonwealth to develop an ACT implementation plan for the Housing Accord. The Accord seeks to add an additional 20,000 dwellings to the HAFF target nationally, with developments co-funded between the Commonwealth and the states/territories. The ACT share is expected to be around 350 dwellings. The report's findings are informing this work, noting the Commonwealth's focus on delivering HAFF and Housing Accord commitments through the community housing sector.

10. As a first step, work is progressing with SLA and EPSDD to identify sites that could be offered to CHPs for development and attract HAFF funding. The list of HAFF projects will include underutilised Territory land, Community zoned land and sites previously identified in the ILRP for this purpose, such as

    a. **Re-release 59 blocks in Taylor** for community housing and use these blocks as a contribution as part of the Housing Australia Future Fund.

    b. **North Wright Compact Housing:** The Suburban Land Agency is investigating options for 20 affordable housing dwellings on this site.

    c. **Unlock underutilised community facility and Territory owned land** to facilitate increased supply of affordable rental accommodation.

11. Further work is required to develop a longer-term policy response for the Government consideration drawing from the key issues raised in the report. This is expected to include a framework to better incentivise CHP investment in the ACT and options to attract new players to invest in community housing in the ACT. The Affordable Housing Policy Coordination Branch will lead this work, in collaboration with relevant ACT Government agencies, as part of its new responsibilities in the affordable housing policy space.

Financial Implications

12. Nil.

Consultation

Internal

13. Relevant areas of CMTEDD have been informed of the status and final outcomes of the project.

Cross Directorate

14. Officials from EPSDD, SLA and CSD have been engaged throughout the project.

External

15. Lockbridge engaged with a wide range of community housing and financing organisations throughout the project.

Work Health and Safety

16. N/A.

Benefits/Sensitivities

17. The report provides valuable information to guide future policy development.

Communications, media and engagement implications

18. Release of the report, or a summary, could be considered.

19. Details of the consultancy contract are on the ACT Government Contracts Register.

Signatory Name:	Mitch Pirie	Phone:	79481
Action Officer:	Kathy Goth	Phone:	50772

Attachments

Attachment	**Title**
Attachment A	Final report
Attachment B	Summary presentation slides



ACT Government - CMTEDD

Exploration of Opportunities to Boost the Supply of Affordable Rental Housing in the ACT

Lockbridge PAXON POLIS PARTNERS STRATEGY POLICY ECONOMICS PLANIT

Commercial - in - Confidence

Exploration of Opportunities to Boost the Supply of Affordable Rental Housing in the ACT

Revision - 4

24/02/2023

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APPENDIX A SCOPE

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APPENDIX F CONSULTATION GUIDING QUESTIONS

APPENDIX G COMPARABLE SALES DATA

APPENDIX H COMMUNITY HOUSING AND THE ILRP

DOCUMENT CONTROL RECORD

DOCUMENT PARTICULARS					
Report Title		Exploration of Opportunities to Boost the Supply of Affordable Rental Housing in the ACT			
Document ID		Revision - 4	Project Number	ACT - 167	
Client		ACT Treasury	Client Contact	Nathan Brown	
Rev	Date	Revision Details / Status	Prepared by	Approver	Date
1	24/11/2022	Revision 1 – Working Draft	Sch 2.2(a)(ii)		24/11/2022
2	20/12/2022	Revision 2 – Preliminary Final Report			20/12/2022
3	23/01/2023	Revision 3 – Final Report			23/01/2023
4	24/02/2023	Revision 4 – Updated Final Report			24/02/2023
Current Revision		4			

DISTRIBUTED TO	DATE
Nathan Brown, Conrad Asmus	24/11/2022
Nathan Brown, Conrad Asmus	20/12/2022
Nathan Brown, Conrad Asmus	23/01/2023
Nathan Brown, Conrad Asmus	24/02/2023

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DEFINITIONS

The housing market and community housing sector in particular use a range of acronyms, terms and definitions. It should be noted that there is often no common definition across jurisdictions, organisations and segments of the market. As such, Table 1 outlines the definitions used in this report noting that other definitions may exist.

ACRONYM OR TERM	DEFINITION
ACNC	Australian Charities and Not-for-profit Registration
Affordable Housing	The ACT Housing Strategy defines 'affordable housing' as a household that spends less than 30 per cent of their income on housing costs, and that household falls within the lowest 40 per cent of household incomes. This is also considered to be Q2 of household income thresholds.
BtR	Build-to-Rent
CHA	Community Housing Assets
CHIA	Community Housing Industry Association
CHC	Community Housing Canberra
CHP	Community Housing Provider
Community Housing	Housing provided by a CHP to tenants who meet certain criteria of needs
CRA	Commonwealth Rent Assistance
Crisis Accommodation	Housing provided by a CHP or government focussed particularly on low income experience acute homelessness or domestic/family violence
DGR	Deductible Gift Recipient
DSP	Disability Support Pension
ECHO	Environmental Collective Housing Organisation
FBT	Fringe Benefits Tax
Funding Gap	The difference between the costs of delivering new supply of affordable and community housing (including acquiring/developing new stock, managing tenancies and undertaking ongoing maintenance) and the income received
HAFF	Housing Australian Future Fund
ILRP	Indicative Land Release Program

ACRONYM OR TERM	DEFINITION
Income Quintile	Groupings that result from ranking all households in the population in ascending order according to their household income, and then dividing the population into five equal groups, each comprising 20% of the estimated population. Quintile 2 (Q2) is the focus for affordable housing and is the second lowest income quintile.
Market Rent	The median market rent in a particular geographic area to which discounted rents are applied to provide affordable housing
NHFIC	National Housing Finance and Investment Corporation
NHFIC AHBA	NHFIC Affordable Housing Bond Aggregator which aims to offer lower cost long term debt to CHPs
NHFIC NHIF	NHFIC National Housing Infrastructure Facility which aims to provide capital grants to CHPs. Originally designed to provide finance supporting critical housing-enabling infrastructure projects to unlock new housing supply, particularly social and affordable housing. However, due to underutilisation it was broadened to provide capital grants to CHPs from 23 November 2022.
NFP	Not-for-profit
NRSCH	National Regulatory System for Community Housing
NRAS	National Rental Affordability Scheme
PAGA	Parliamentary and Governing Agreement
Public Housing	Housing provided by government to tenants who meet certain criteria of needs
Social Housing	Housing provided by government and CHPs to tenants who meet certain criteria of needs. Focussed on Income Quintiles 1 and 2.
TMP	Total Management Properties
TOP	Total Owned Properties
TRU	Tenancy Rental Unit is a dwelling (or part of a dwelling) to which a rental agreement can be made. A tenant occupies a tenancy unit. In most cases there will only be one tenancy unit within a dwelling structure (e.g. a house).
YWCA	Formerly known as the Young Women's Christian Association, now YWCA

Table 1 – Definitions

1 EXECUTIVE SUMMARY

The current situation in the ACT

The high cost of housing in Australia is one of most pressing public policy issues facing all levels of Australian government. Increasing housing costs have led to an increase in those renting as opposed to owning property, which has placed greater pressure on the rental market. The proportion of low-income households experiencing rental stress is increasing across Australia.

Housing is often defined as affordable for households which fall within the lowest 40% of household incomes (Income Quintiles 1 and 2) when they spend less than 30% of their income on housing costs. This report is focussed on exploring opportunities to increase the supply of affordable rental housing for those in Income Quintile 2 (Q2), noting that affordability pressures also exist for those in Q3, especially larger families.

In the ACT, demand for dwellings priced appropriately for those in Q2 will increase from approximately 37,500 dwellings in 2021 to 57,000 in 2041. However, current demand is not being met by affordable supply, with the ACT already experiencing some of the greatest rental stress for cohorts in Q2 like minimal wage couples and single income households with children.

The ACT Government policy response

To help address the situation, the ACT Government has a target to deliver an additional 600 affordable rental properties by 2025-26 (as outlined in the Parliamentary and Governing Agreement signed 27/11/2021).

There are a range of existing initiatives in place to contribute to achieving the target but its achievement is dependent on maximising the potential of these initiatives, but it is unlikely this target will be achieved without additional Government support. In addition, demand for affordable rental housing will increase beyond 2025-26 as the population grows and household composition changes. This demand will be further exacerbated if housing costs relative to incomes continue to diverge.

The evolution of the CHP sector

Across Australia, Community Housing Providers (CHPs) are predominantly responsible for supplying affordable rental dwellings. CHPs are established as not-for profit organisations with charity status. This means that any operating surplus is retained within the CHP and reinvested into additional housing supply. The not-for-profit status also means they are eligible for a number of government benefits and tax concessions, resulting in them being able to provide housing cheaper than the private sector and in many cases, governments.

The current structure of the CHP sector is the result of deliberate policy decisions by Commonwealth and jurisdictional governments. In 2009 as part of the Nation Building Economic Stimulus Plan, Commonwealth, States and Territories agreed to expand the role of the CHP sector through the commitment to social housing stock transfer (both transfer of the title, and through entering into longer-term management arrangements). This was aimed at increasing the scale and efficiency of CHPs and also to strengthen their balance sheets to allow investment in additional new stock.

The National Housing Accord and Housing Australia Future Fund represents the next potential wave of CHP expansion. The manner in which the CHP sector evolves over coming years will be in response to these measures.

It is anticipated that the size and scale of CHPs will become increasingly important to be able to access the available funding and deliver the required volume of additional housing.

The future of the CHP sector and implications for the ACT

Local ACT CHPs currently play a critical role in supporting vulnerable segments of the community, are passionate, collaborative and appear well run for their size and scale. Essentially, these local CHPs appear to be operating to their potential under current policy settings and market structure. However, these CHPs do not have the same scale and investment opportunities as CHPs in other jurisdictions and hence, local policy needs to be adapted accordingly.

The ACT has not pursued a path of social housing stock transfer to the same extent as other jurisdictions. As such, the ACT sector has diverged from those seen in other jurisdictions resulting in differences in size and scale, composition and development capability. For example, the ACT has the second lowest rate of CHP managed stock and a single Tier 1 CHP (i.e. larger CHP with development capability) which is in contrast to jurisdictions which have actively increased social housing stock transfer in order to foster a stronger Tier 1 CHP sector. This stock transfer has enabled CHPs to build their balance sheets allowing them to increase access to funding and therefore ability to develop new stock.

While it is not within the scope of this report to consider the merits of different social housing delivery models, it is important to acknowledge the following:

- current affordable housing policy examples adopted by other jurisdictions may not be relevant or effective within the ACT given the different underlying CHP policy environment and market structures;
- policy decisions in other jurisdictions have an impact on the potential policy suite available to the ACT because these changes influence the relative appeal of entry into the ACT market;
- Tier 1 CHPs in other jurisdictions are increasingly seeking to operate across a number of different jurisdictions and sectors of the housing market (public, community, affordable, disability and aged care) with some also provide a range of 'wraparound' social services; and
- Tier 1 CHPs are making investment decisions based on the interplay of Commonwealth, State, Territory and Local Government policies across the sectors in which they operate, services they provide and relative appeal of different jurisdictions and locations.

The ACT is competing in the form of its affordable rental housing policies against other jurisdictions. The ACT represents just one potential investment opportunity by CHPs looking to expand. As such, the ACT needs to tailor its approach by supporting its existing CHPs while seeking to leverage the expertise and investment potential of those with a willingness to consider the ACT as a place of operation.

The constraints and the opportunities

ACT-registered CHPs are currently constrained in their ability to develop additional new affordable rental accommodation due to a range of factors including:

- Land availability;
- Financial capacity (including ability to finance land purchase and development); and
- Organisational capability.

CHPs operating in other jurisdictions face these factors as well as the challenge of entering a new market should they choose to invest the time and resources to enter the ACT. Potential policy measures can be developed to overcome these factors and contribute to the ACT Government's target of an additional 600 affordable rental properties by 2025/26. Further, there is an opportunity to establish a base from which future additional supply can be achieved to meet an increasing demand for affordable rental accommodation. The opportunities are to develop and implement policies to achieve the following:

1 – **'Market filling' to achieve the 2025/26 target** via a combination of maintaining and expanding existing programs, addressing constraints (including funding gaps) and consideration of increasing the role of the private sector. Importantly, these actions will support longer term CHP sector development.

2 – **'Market making' to future-proof the ACT CHP sector to deliver increasing levels of affordable rental accommodation over coming decades** by actively seeking to expand the development capacity of existing and potential new Tier 1 CHPs through increasing their scale and establishing a pipeline of development opportunities.

A summary of the potential policy measures is shown in Figure *A*.

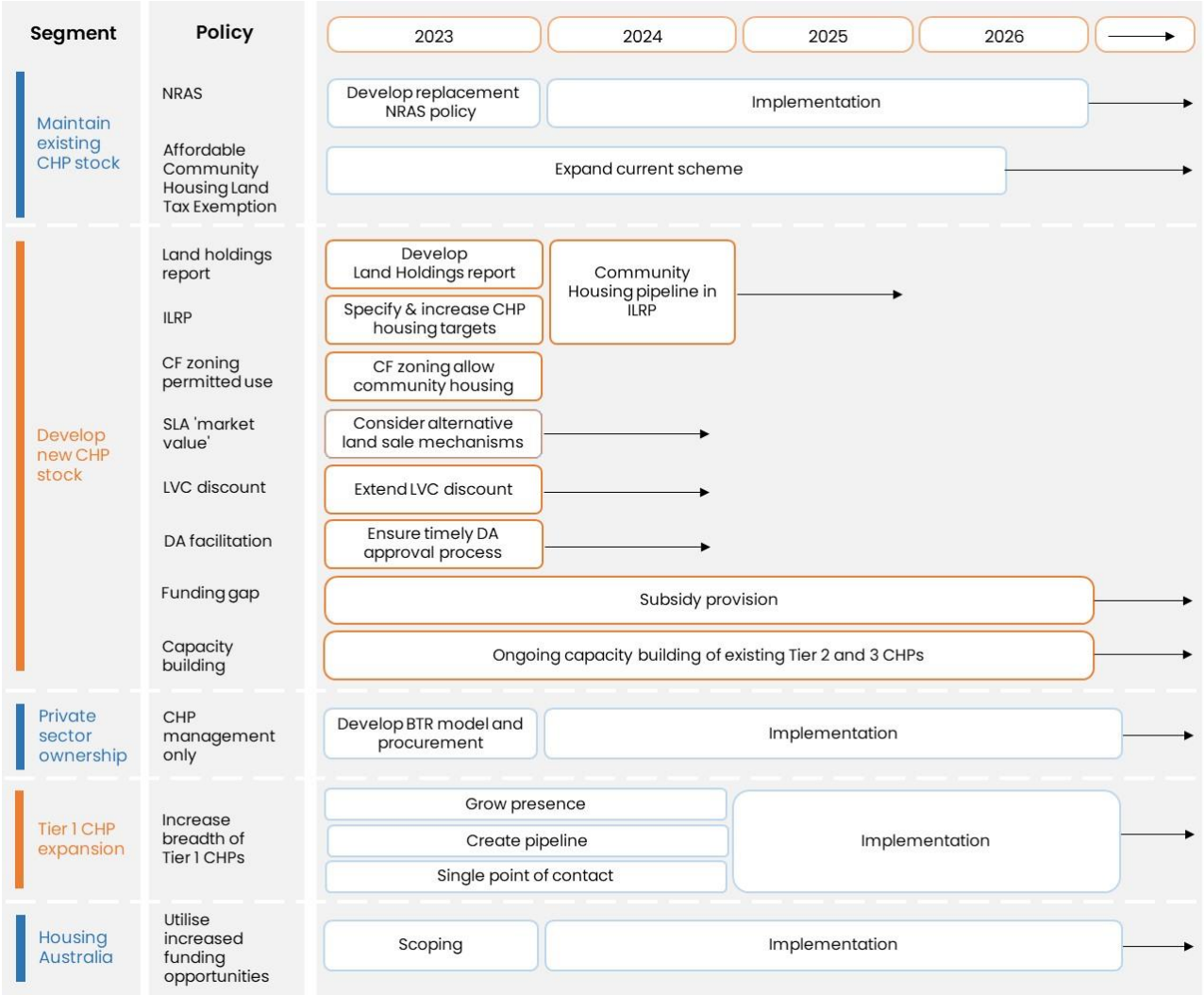


Figure A - Summary of potential policy measures

The 'Funding Gap'

The potential policy measures include a range of potential actions for the ACT Government. In addition, there remains a funding gap between the costs and revenues generated by affordable rental accommodation. Table 2 summarises a 'base case' per dwelling funding gap. The cost is represented as an upfront payment and also as an availability payment. For comparison, and to highlight its relative cost effectiveness, the existing Affordable Community Housing Land Tax Exemption scheme cost per dwelling is also shown.

PER DWELLING SUBSIDY REQUIREMENTS (ALL FIGURES IN $'000)		ACQUIRED LAND	
	SUBSIDY TYPE Sch 2.2(a)(xi) **EIRR)**	**CITY**	**TOWN CENTRE**
New build development	Sch 2.2(a)(xi), Sch 2.2(a)(xiii)		
Land Tax Exemption scheme	Average annual ACT Government exemption	$6.9	

Table 2 - Per affordable dwelling subsidy ($'000)

The approach which represents best value-for-money will be depend on the ACT Government's preference for factors such as one-off payments, ongoing payments, desire to create additional rental stock (as opposed to transferring stock from one market segment to another) and desire to invest to support the ongoing growth of the CHP sector. Different CHP models will require different levels of support. The overall cost of achieving the additional 600 affordable rental dwellings will depend on the mix of policy measures deployed.

2 INTRODUCTION

This section includes:

- Project scope;
- Affordable housing definition; and
- Report structure.

2.1 Project scope

Lockbridge were engaged by ACT Treasury within the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) 'to undertake a detailed and expert exploration of opportunities to boost the supply of affordable rental housing in the ACT in response to market gaps, particularly through the expansion of community housing owned and/or managed stock'. While the specific focus for the engagement is affordable rental housing provision for those in Income Quintile 2 (Q2), it should also be noted that those in Q3 may also be facing housing affordability issues, especially larger families.

The scope and where each element is addressed in the report is summarised in Table 3. A copy of the scope is contained at Appendix A.

SCOPE	SECTION
Produce a 'stocktake' of the current state of community housing in the ACT and the likely future state in 5, 10 and 20 years assuming no major changes to relevant Government policy (whether at the federal or territory level)	5
Identify areas of greatest need for affordable rental housing in the ACT, including cohorts that are particularly vulnerable in the ACT rental market	3
Conduct desktop research and analysis and consult with key government, community and private sector stakeholders and policy experts to identify and examine the feasibility of potential policy options to respond to this need	8
Inform and test its analysis, findings and recommendations	Throughout
Examine existing policy approaches in other Australian jurisdictions (and overseas as appropriate) to identify key learnings and consider what may be transferable to the ACT context	4
Consider and advise on any circumstances unique to the ACT, including its role in land release, and how this might impact different approaches and their implementation, including the effectiveness of existing ACT Government assistance measures	6
Consider whether a larger and/or more diverse community housing sector could be beneficial for the ACT, and if so, provide advice about what the ACT Government can do to attract new providers	5, 8 & 9

SCOPE	SECTION
Assess the implications of the staged conclusion of the National Rental Affordability Scheme for affordable housing in the ACT and impacts on the local community housing sector	5 & 8
Provide advice on the most cost-effective options to boost the supply of affordable rental housing, including community housing, in the ACT and their relative merits, considering existing funding sources and incentives offered by governments	7 & 8
The Consultant would also be required to explore opportunities to leverage Commonwealth Government funding (including funding currently offered through the National Housing Finance and Investment Corporation and Commonwealth Rent Assistance) and other sources of funding to help boost community and affordable housing rental supply	7 & 8

Table 3 – Scope overview

A key element of the scope related to industry consultation to guide the analysis and inform conclusions. The organisations shown in Table 4 were consulted during the engagement process. Insights from a number of superannuation funds were also gauged via related conversations separate to this engagement.

CHPS		GOVERNMENT	PEAK BODIES	FINANCIAL SECTOR
YWCA	Evolve Housing	SLA	ACTCOSS	NHFIC
Catholic Care	Southern Cross Housing	EPSDD	CHIA	Lighthouse Infrastructure
Havelock House	Community Housing Limited	ACT CHP Registrar		Superannuation fund #1
Focus ACT	Argyle Housing	CSD		Superannuation fund #2
CHC	Housing Plus	Tasmanian Government		Superannuation fund #3

Table 4 – Consultation organisations

2.2 Affordable housing definition

There is no one common definition of 'affordable housing'. For the purposes of the analysis in this report, the definition in the ACT Housing Strategy (2018) is adopted as follows:[1]

> *The ACT Housing Strategy defines 'affordable housing' as* housing that is appropriate for the needs of a range of very low to moderate income households, and priced (whether mortgage repayments or rent) so these households are able to meet their other essential basic living costs. It differs to social housing which is provided and/or managed by the government (public housing) or by a not-for-profit organisation (community housing). Housing is often defined as affordable when a household spends less than 30% of their income on housing costs, and that household falls within the lowest 40% of household incomes.

A summary of alternative definitions adopted in various circumstances can be found in Appendix B.

2.3 Report structure

The following sections of this report include:

- Section 3: Housing Needs Assessment;
- Section 4: Existing Policy Overview;
- Section 5: Community Housing Overview;
- Section 6: ACT Land and Planning Assessment;
- Section 7: CHP Commercial and Financial Assessment;
- Section 8: Potential Policy Measures and Implementation.

The appendices include the following:

- Appendix A: Scope;
- Appendix B: Affordable housing alternative definitions;
- Appendix C: National policy stocktake;
- Appendix D: Affordable Community Housing Land Tax Exemption scheme assessment;
- Appendix E: CHP stocktake detailed analysis; and
- Appendix F: Consultation guiding questions;
- Appendix G: Comparable sales data; and
- Appendix H: Community Housing and the Indicative Land Release Program.

[1] ACT Government, *ACT Housing Strategy*, October 2018, pg 46.

3 ACT HOUSING NEEDS ASSESSMENT

ACT HOUSING NEEDS ASSESSMENT – SUMMARY OF FINDINGS

The high cost of housing in Australia has been at the forefront of a range of recent policy debates.

Increasing household living costs have led to an increase in the number of people renting as opposed to buying, which has placed greater pressure on the rental market. This has meant the proportion of low-income households experiencing rental stress (paying more than 30 percent of their income on rent) has been increasing across Australia.

It is estimated that demand in the ACT for housing for the Q2 income range will increase from 37,500 dwellings in 2021 to 57,000 in 2041 – an increase of 19,500 or around 975 each year.[2]

Key findings from the Rental Affordability Index (RAI) 2022 show that the ACT experiences the most rental stress across Australia among low-income cohorts (along with Greater Sydney and Greater Perth), with some cohorts spending more than 60 percent of their income on rent. Specific characteristics of the cohorts identified as being under rental stress and which sit within Q2 are students, hospitality workers, minimum wage couples and single income couples with children.

Analysis of current ACT household income and rental levels indicate the following:

- ACT households at the **upper end of the Q2 income range** have a greater ability to source rental accommodation in units directly from the market without experiencing housing stress, but are more likely to require support for houses (i.e. detached dwellings).
- ACT households at the **lower end of the Q2 income range** are less able to afford any type of rental accommodation without assistance to ensure they do not experience housing stress.

This section includes:

- ACT housing market characteristics
- Cohort analysis;
- Demand drivers; and
- ACT market and affordable rental price thresholds.

3.1 ACT housing market characteristics

Over the last 10 years the proportion of people in rental stress has been increasing with 35% of low-income households paying unaffordable rents in 2007-08 which increased to 44% in 2018-19.[3] In November 2022, the ACT had a rental affordability index of 121 representing affordable rents (this equates to 25% of household income being spent on rent), whilst Melbourne's rental affordability index was 140 which equates to only 21% of household income(see Table 5).

[2] Q2 population is determined by taking 20 percent of the 2018-2058 ACT Government Population Projections. Dwelling estimates use the same household size estimates as ACT (also sourced from the 2018 ACT Housing Strategy).
https://www.planning.act.gov.au/__data/assets/pdf_file/0007/1285972/2018-ACT-Planning-Strategy.pdf

[3] Australian Institute of health and Welfare, 2021, Rental Stress among low income households, Housing affordability - Australian Institute of Health and Welfare (aihw.gov.au)

Region	Rent Affordability Index[4]	Proportion Of Household Income Spent on Rent	Relative Unaffordability[5]
Greater Melbourne	140	21	Acceptable rents
Rest of South Australia	137	22	Acceptable rents
Rest of Western Australia	134	22	Affordable rents
Greater Perth	124	24	Affordable rents
Australian Capital Territory	**121**	**25**	**Affordable rents**
Greater Sydney	120	25	Moderately unaffordable rents
Greater Adelaide	119	25	Moderately unaffordable rents
Rest of Victoria	115	26	Moderately unaffordable rents
Greater Brisbane	113	27	Moderately unaffordable rents
Rest of Tasmania	108	28	Moderately unaffordable rents
Rest of New South Wales	106	28	Moderately unaffordable rents
Rest of Queensland	104	29	Moderately unaffordable rents
Greater Hobart	102	29	Moderately unaffordable rents

Table 5 National rental affordability index summary by metropolitan areas and rest of states and territories, Nov 2022[6]

Broad rental affordability indexes potentially miss the severity of housing affordability pressures within the ACT. Namely, the ACT's higher levels of household income can mask the impact being felt by lower income cohorts within the local housing market. These nuances are further discussed in Section 3.4.

The ACT Housing Strategy (2018) is focussed on affordable housing for individuals and families within Q1 and Q2 income threshold range. Q1 households are typically catered for by public housing assets, whilst community and affordable rentals are targeted at Q2 households.

Weekly rental ranges for Q2 households are illustrated in Figure B below. The figure shows that in 2011 and 2016, the distribution of rent paid by Q2 households remained relatively constant. However, by 2021 the proportion of Q2 households paying higher weekly rents has increased, with the estimated mean weekly rent paid by a Q2 household increasing from $384 in 2016 to $428 in 2021. The new Domain Rental Report (December 2022) showed that rents have continued to increase in 2022 with average rents within the countries capital cities has increased by 14.6% over the last year.

[4] Price index for housing rental markets, used to compare rental affordability to household incomes. Defined as the ratio of gross household income to the income at which 30% of gross income is spent on housing costs, multiplied by 100. A rental affordability index score between 100 and 120 represents moderately unaffordable rent. A score between 120 and 150 represents acceptable rent. A score of 100 or below indicates that a household is in housing stress.

[5] Whilst housing stress is defined as spending more than 30% of gross income, the AIHW define 'moderately unaffordable' as spending between 25% and 30% of gross income, and affordable income represents less than 25% of gross income.

[6] Rental Affordability Index Key Findings , SGS Economics and Planning Nov 2022.

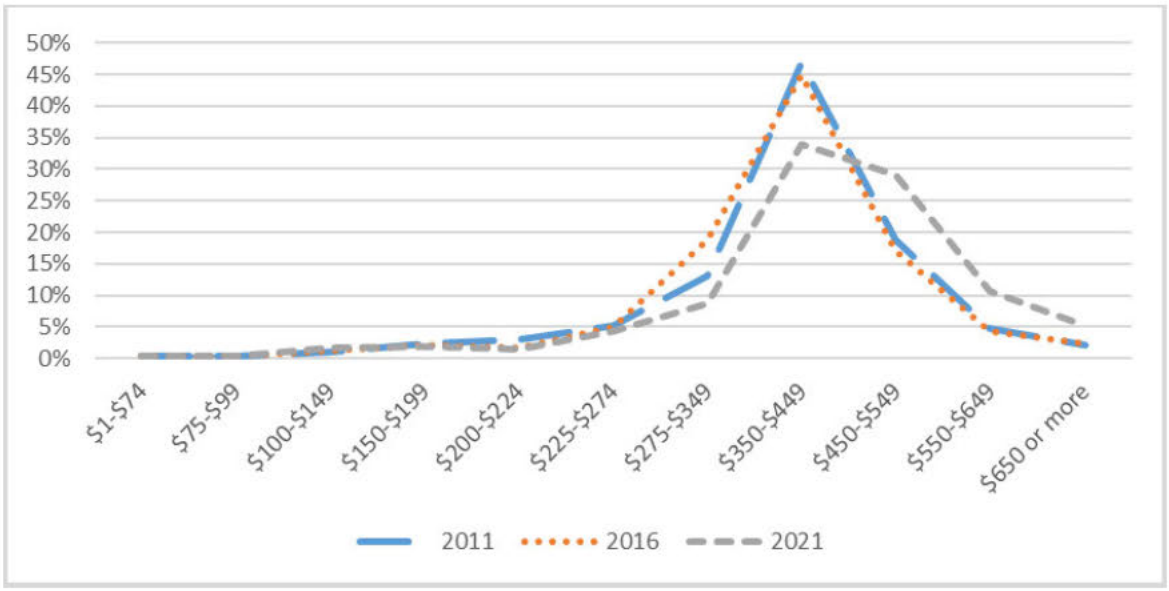


Figure B - Proportion of Q2 households by weekly rental ranges (2011-2021), Census 2021, T24 Total household income (weekly) by rent (weekly), Time Series.

Not only has the cost of rental accommodation increased, but so too has the proportion of people within the ACT that currently rent. Between 2000-01 and 2017-18 the proportion of people renting increased from 23 per cent to 34 per cent, while those who own their own property without a mortgage decreased from 34 per cent to 25 per cent which shows a clear shift in housing tenure. There are several factors which could be driving this trend including the increase in housing prices and changing demographics. However, regardless of the drivers, there is clearly increasing pressure on the rental market.



Figure C - Household tenure 2000 - 2018– Australian Capital Territory[7]

[7] ABS, Table 20 Housing Occupancy and Costs, Australia 2017-18

3.2 Cohort analysis

A recent study undertaken by Community Housing Industry Association (CHIA)[8] identified several unmet housing needs across Australia which supports the above assessment. In 2021, over 640,000 low-income households were not in appropriate housing. This is expected to increase by 300,000 households by 2041. The distribution of unmet needs broadly aligns with the population distribution, with the highest numbers of affected households in the major capitals, like Sydney and Brisbane. However, regional Queensland also has one of the highest rates of unmet needs in the country. The study also found that over two thirds of unmet housing needs are being experienced by those in the lowest two income quintiles and over half of unmet needs are represented by families.

The 2022 Rental Affordability Report[9] assesses the household rental affordability of 10 low to moderate income household types for each state including single pensioner, pensioner couple, single part-time worker parent on benefits and single full-time working parents. The key findings of the report are presented in Table 6 listed from the cohorts in the most rental stress to the least rental stress.

HOUSING TYPE	RAI SCORE	APPROX. INCOME QUARTILE	RENT AS A SHARE OF INCOME	DESCRIPTION
Single person on Jobseeker	26	Q1	117%	Extremely unaffordable
Single Pensioner	43	Q1	70%	Extremely unaffordable
Single part-time worker parent on benefits	44	Q1	69%	Extremely unaffordable
Pensioner couple	57	Q1	53%	Severely unaffordable
Hospitality worker	70	Q2	43%	Severely unaffordable
Student share house	75	Q2	40%	Severely unaffordable
Minimum wage couple	86	Q2	35%	Unaffordable
Single income couple with children	99	Q2	30%	Unaffordable
Single full-time working parent	113	Q2	26%	Moderately unaffordable
Dual income couple with children	199	Q3	15%	Affordable

Table 6 – ACT housing type affordability assessment

[8] Quantifying Australia's unmet housing need – A national snapshot, 2022 *Quantifying Australia's unmet housing need (communityhousing.com.au)*

[9] SGS Economics and Planning, National Shelter, Beyond Bank and Brotherhood of St Lawrence, Rental Affordability Index, November 2022. Rental-Affordability-Index_Nov_2022_low-resolution.pdf (sgsep.com.au)

Single people on Jobseeker, single pensioners and single part time working parents on benefits are the cohorts in the most rental stress, spending greater than 60 percent of their income on rents. However, these cohorts sit within the Q1 income threshold. Students, hospitality workers, minimum wage couples and single income couples with children sit within Q2 and are also under rental strain, spending more than 30 percent of their income on rent. The only cohort in the above list not in rental stress is dual income couples with children.

When compared with other cities and states across Australia, the ACT experiences the most rental stress among these cohorts, along with Greater Sydney and Greater Perth. [10]

Consultation with the ACT Council of Social Services (ACTCOSS) identified specific characteristics of some of these cohorts and identified single parents, older single women, families and those from indigenous backgrounds as at particular risk of experiencing housing stress. ACTCOSS also identified security of tenure as a significant issue, especially for those in CHP housing whose incomes increase thus impacting their potential eligibility for CHP housing.

3.3 Demand drivers

ACT's increasing population is one of the key drivers of the affordable rental property market. Between 2021 and 2041 population is expected to increase by 37 per cent. The ACT 2018 Housing Strategy expects to see a 52 per cent increase in the number of dwellings across the same time period. This corresponds to a decrease in household sizes[11] (Figure D below).

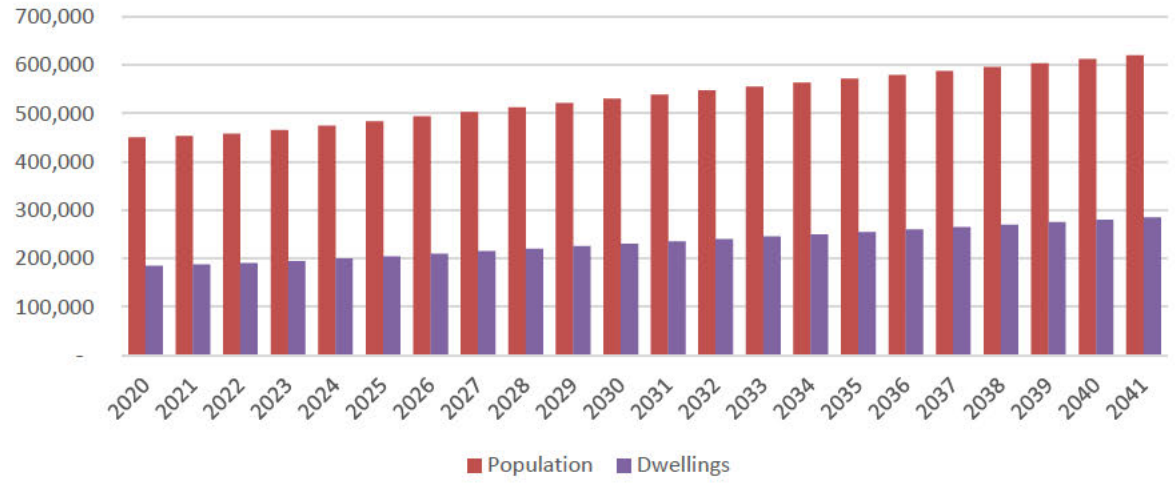


Figure D - Current and projected relationship between ACT population and Dwelling supply to 2041[12]

[10] See full report for cohort comparisons by state, Source: SGS Economics and Planning, National Shelter, Beyond Bank and Brotherhood of St Lawrence, Rental Affordability Index, November 2022. Rental-Affordability-Index_Nov_2022_low-resolution.pdf (sgsep.com.au)

[11] This follows recent trends of household sizes shrinking from 2.9 people in 1991 to 2.5 in 2016 (ACT 2018 Housing Strategy)

[12] ACT Housing Strategy 2018 https://www.planning.act.gov.au/__data/assets/pdf_file/0007/1285972/2018-ACT-Planning-Strategy.pdf

Coinciding with this increase in demand is the shortage of supply. In December 2022 quarter rental vacancy rates in Canberra was 1.6 percent[13]. Figure C highlighted the increasing number of people choosing to rent as opposed to buy. If these trends continue, the rental market will be put under more pressure.

Increasing populations and limited supply of rental properties will disproportionally place greater pressure on the lower income households. Figure E estimates Q2 populations and the demand for dwellings for this income bracket. The total demand for dwellings for those within the Q2 income bracket increases by 19,500 between 2021 and 2041 – or around 975 each year.[14]

Later in the report, Section 5 provides an overview of the CHP sector contribution to housing, including assessment of current ACT registered CHP owned and managed dwelling numbers which are currently recorded at 2,179.

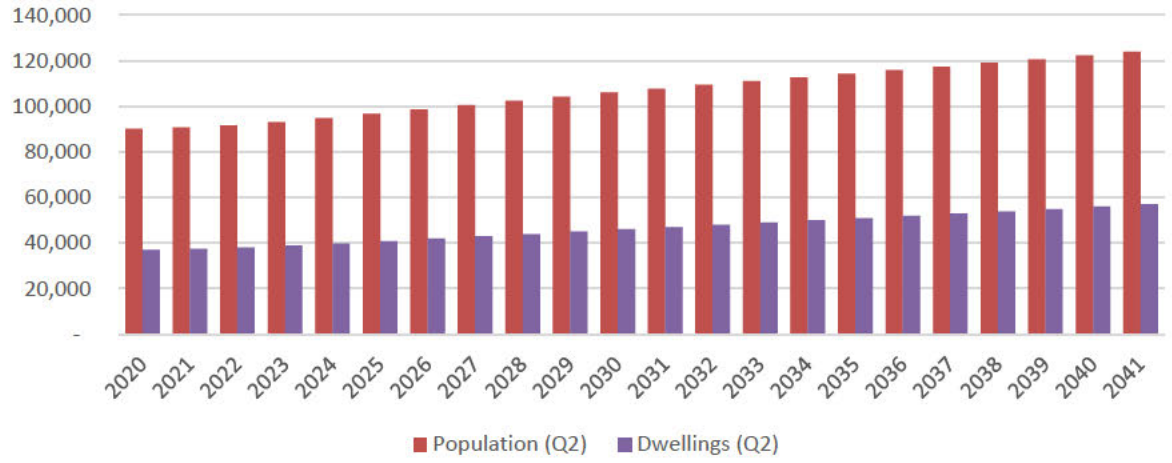


Figure E - Projected relationship between ACT Q2 population and Q2 Dwelling supply to 2041

3.4 Affordable housing in the ACT

3.4.1 Affordable rental income ranges

The ACT Housing Strategy (2018) defines 'affordable housing' as a household that spends less than 30 per cent of their income on housing costs, and also fall within the lowest 40 per cent of household incomes. This corresponds to households within both the Q1 and Q2 household income range.

The Q2 income threshold used in the ACT Housing Strategy income ranges from $55,000 to $100,000 per year. For the purposes of current market analysis and reporting, this threshold has been updated using the latest source data and escalated using the ACT Wage Price Index, meaning the comparable Q2 2022 household income range now sits between $65,000 and $110,000 per year. The change in the Q2 income range over time is shown below in Figure F. It is noted that the Q2 income range, as well as how household size is taken into consideration

[13] CoreLogic Quarterly Rental Review, January 2023

[14] Q2 population is determined by taking 20 percent of the updated 2021 ACT Government Population Projections. Dwelling estimates use the same household size estimates as ACT (also sourced from the 2018 ACT Housing Strategy).
https://www.planning.act.gov.au/__data/assets/pdf_file/0007/1285972/2018-ACT-Planning-Strategy.pdf

for affordable housing definitions, could be examined as part of the 2023 update[15] of the ACT Housing Strategy. The updated ACT Housing Strategy will also consider targeted community and affordable housing initiatives which seek to address housing pressures felt by households within the Q1 and Q3 income thresholds, as well as Q2.

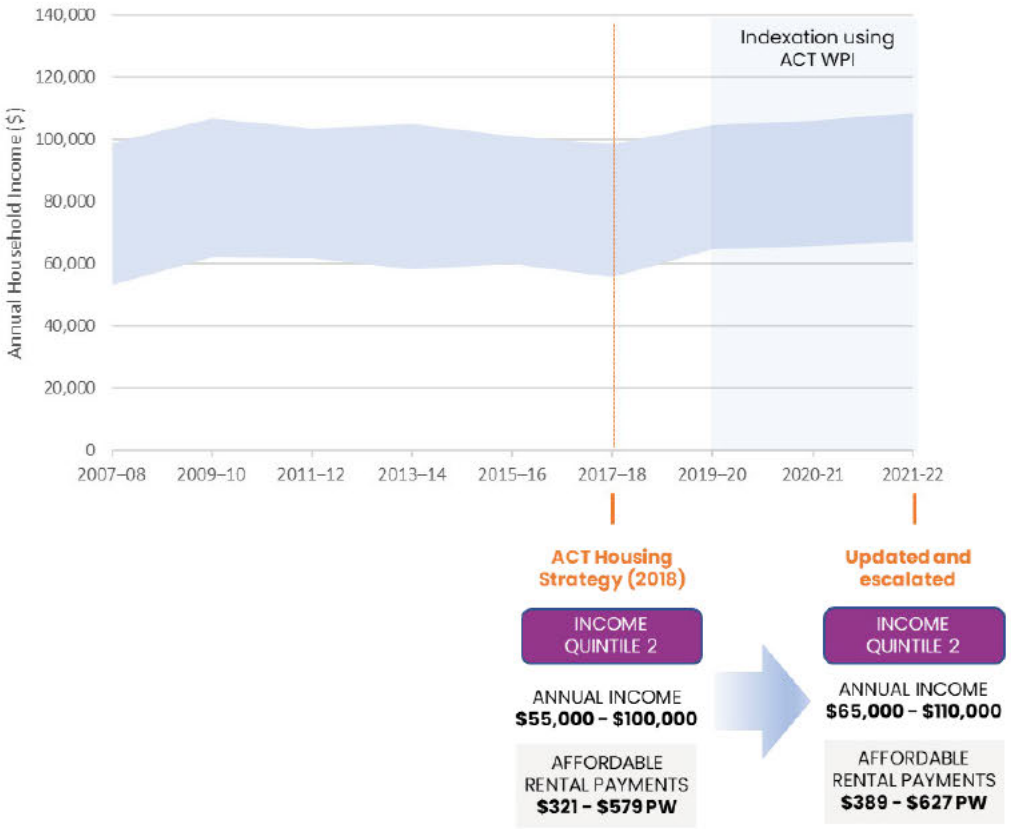


Figure F – Q2 household income over time

The Q2 household income range of $65,000 and $110,000 per year equates to an 'affordable' rental payment of between $389 and $627 per week, as shown below in Table 7.

MEASURE16	INCOME	AFFORDABLE RENTAL PAYMENTS (> 30% OF HH INCOME)
2022 – Q2 Household Income – lower bound	$1,296	$389
2022 - Q2 Household Income – mean	$1,692	$508
2022 - Q2 Household Income – upper bound	$2,091	$627

Table 7 - Affordability Definition 1 – Housing Stress

[15] A 2023 update of the ACT Housing Strategy is an internal aim only

[16] ABS Household Income & Wealth (2019-20), escalated using ABS Wage Price Index , ACT (2022)

3.4.2 ACT market and affordable rental price thresholds

These affordable rental payments can then be compared to a range of median weekly rental prices and metrics across the ACT in order to better understand how affordable rental ranges compare to current market prices. Affordable rental payments have also been compared against affordable rental prices, which is defined as 74.9 percent of market rent as this is the discount required to claim tax concessions on the charitable supply of housing.

It is important to note that median weekly rental prices potentially mask nuances as it is the distribution of rental stock around these median prices which ultimately dictates the availability of rentals within the affordable weekly payments range. Given the limitations of data on this distribution of rental prices, median prices from different locations across the ACT have been used to generate ranges of rental prices. It is recommended that further analysis of this distribution, and potential longer-term collection of this data is considered as part of the ACT Housing Strategy update in 2023.

Table 8 and Table 9 summarises current market rental prices in the ACT.

Houses[17]	Location	Median Market Value	Affordable Value (74.9% Of Market Rent)
Lowest median house rental price	Belconnen, Weston Creek, and Tuggeranong	$650	$487
Highest median house rental price	South Canberra	$900	$674

Table 8 – Market and affordable rates of houses in Canberra

Units[18]	Location	Median Market Value	Affordable Value (74.9% Of Market Rent)
Lowest median unit rental price	Woden Valley	$510	$382
Highest median unit rental price	South Canberra	$590	$442

Table 9 - Market and affordable rates of units in Canberra

Figure G and Figure H below graphically combine the Q2 rental affordability ranges against this ACT rental market data.

[17] Sourced from Allhomes (Sept 2022)
[18] Sourced from Allhomes (Sept 2022)

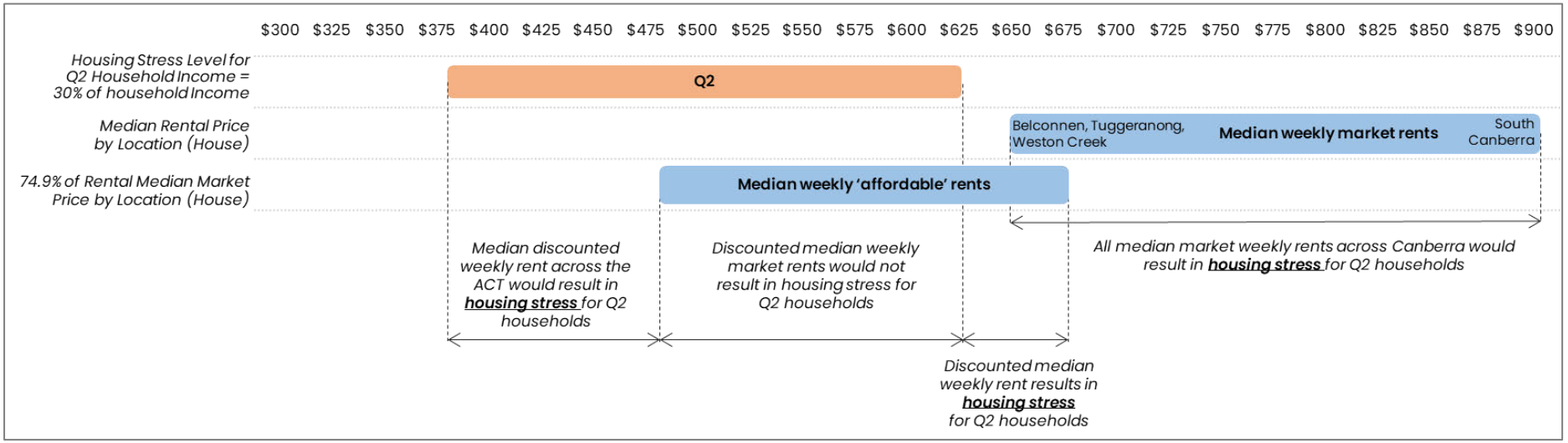


Figure G - Canberra median rents, with affordable housing discounts, aligned to potential Q2 weekly rental payments that don't result in housing stress – houses

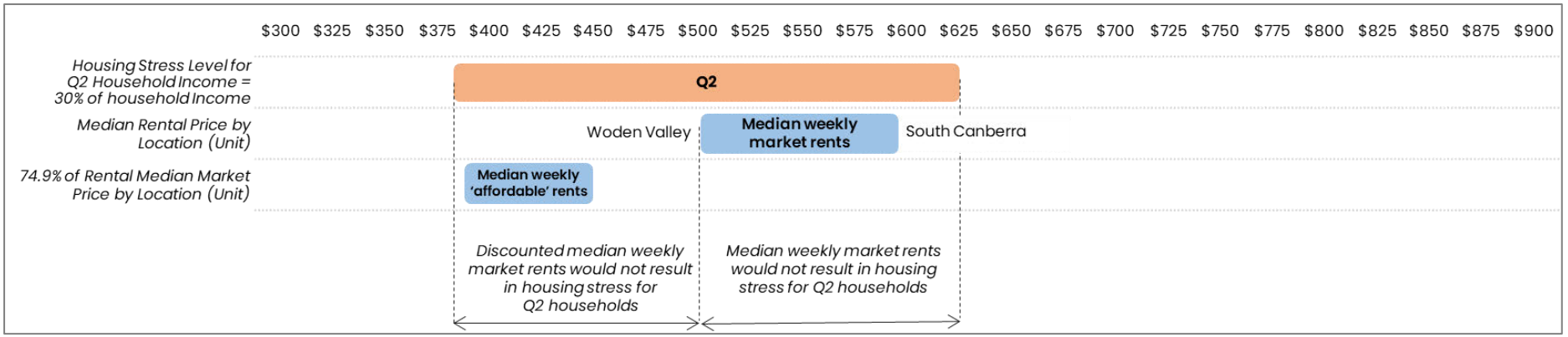


Figure H - Canberra median rents, with affordable housing discounts, aligned to potential Q2 weekly rental payments that don't result in housing stress - units

Figure G and Figure H highlight that the Q2 income range covers a wide band of rental market options. Those towards the top of the Q2 income range are potentially able to access units at market rental prices in a number of districts across the ACT without entering into housing stress. Those towards the lower end of the Q2 income range are much more likely to require discount market rental to avoid entering housing stress. These figures also indicate that in the current market, units are more affordable and are therefore more likely to cater for Q2 households. The specific observations from Figure G (houses) are that:

- households in Q2 could not afford the median weekly market rents for houses in any districts across Canberra without experiencing housing stress;
- households towards the upper end of Q2 could afford the median weekly rents for houses in some, but not all districts of Canberra at 74.9% of market rent without entering into housing stress; and
- households towards the lower end of Q2 could not afford the median weekly rents for house in any districts of Canberra at 74.9% of market rent without entering into housing stress.

The specific observations from Figure H (units) are that:

- households towards the upper end of Q2 could afford the median market weekly rents for units in any districts of Canberra without entering into housing stress; and
- households towards the lower end of Q2 could afford the median weekly rents for units in any districts of Canberra at 74.9% of market rent without entering into housing stress.

4 EXISTING POLICY AND PROGRAM OVERVIEW

POLICY OVERVIEW – SUMMARY OF FINDINGS

The current state of the Australian CHP sector and its existing policies are fundamentally shaped by its history.

In 2009 the Nation Building Economic Stimulus Plan – Social Housing Initiative actively sought to expand the CHP sector through stock transfer and long-term management contracts. This was aimed at increasing the scale of CHPs to allow investment in additional housing through:

- Increases in operating efficiency; and
- Strengthening of balance sheets to allow access to finance for new builds.

Many states took advantage of the initiative, with NSW, South Australia and Tasmania currently seeing over 25 percent of the total social and affordable housing stock being managed by CHPs. ACT, however, only has 8 percent of their social and affordable housing stock being managed by CHPs.

This initiative was an important steppingstone for increasing CHPs development capacity as it allowed CHPs to gain scale quickly, meaning they not only had an increase in revenue streams but were able to borrow against a much larger asset portfolio. This allowed many CHPs to reinvest this back into new affordable housing stock.

The 2022 National Housing Accord and Housing Australia Future Fund (HAFF) are the second potential wave of 'market making' reform for the CHP sector.

Current policies across Australian jurisdictions (Commonwealth and State) focus on addressing the following three constraints:

- Land: various policies (formal and informal) exist to provide access to land for CHPs at discounts to market value;
- Planning: policies exist to facilitate timely planning approvals to speed-up the timing of development; and
- Funding: subsidies are provided (capital and operating) to address the funding gap.

The ACT policy framework responds to the 10th Parliamentary and Government Agreement which seeks to deliver an additional 600 affordable dwellings by 2025-26. This is supported by a range of policies including the:

- ACT Housing Strategy 2018;
- Housing Targets within the Indicative Land Release Program;
- Affordable Community Housing Land Tax Exemption scheme; and
- Various Build-to-Rent opportunities.

Analysis shows a potential gap in the existing ACT policy framework for the development of new affordable rental stock aimed at Q2. The proposed 2023 update to the ACT Housing strategy offers an opportunity to consider this matter in further detail.

This section includes:

- Commonwealth-led policy and the evolution of the CHP sector;
- Jurisdictional policy overview and implications for the ACT; and
- ACT policy overview.

4.1 Commonwealth-led policy and the evolution of the CHP sector

Understanding affordable housing rental policy in the ACT, as well as the future state of the CHP sector, requires consideration of the broader evolution of the national CHP sector. Specifically, there have been key policies that were consciously aimed at expanding the role and scale of CHPs which have laid the foundations for many of the current policies that states and territories are pursuing.

4.1.1 Nation Building Economic Stimulus Plan—Social Housing Initiative

In 2009, Commonwealth, States and Territories agreed to expand the role of the NFP (CHP) sector through the commitment to social housing stock transfer (both transfer of the title, and through entering into longer-term management arrangements). This commitment fell within the broader National Building Economic Stimulus Plan that responded to the Global Financial Crisis. In addition to over $5 billion in new Commonwealth funding for social housing stock and maintenance of existing housing stock, the Nation Building program sought to encourage the transfer of housing stock to the not-for-profit sector. The proportions of stock to be owned and managed by the NFP sector was negotiated with each jurisdiction.[19]

Following the completion of the Nation Building Economic Stimulus Plan, stock transfer programs in states and territories have evolved in different ways to suit local needs. Table 10 shows social housing provision by public and CHPs across Australian jurisdictions. There are a total of 11,829 social and community dwellings in the ACT with approximately eight per cent of those being managed by CHP's. Only Northern Territory has a lower proportion of social housing stock manage by CHPs, although it should be noted that they are actively pursuing a policy of social housing stock transfer to provide the scale and conditions that would facilitate greater CHP involvement in their housing market. The table also indicates that ACT has the second largest proportion of social housing dwellings per person.

WA	VIC	NSW	NT	ACT	SA	TAS	QLD
Public Housing							
31,919	63,921	96,728	4,929	10,859	31,938	7,031	52,195
Community Housing							
7,997	14,996	53,233	0	970	12,387	7,019	11,439

[19] Murray, S, Bertram, N, Khor, L, Rowe, D, Meyer, B, Newton, P, Glackin, S, Alves, T and McGauran, R (2013) Design innovations delivered under the Nation Building Economic Stimulus Plan—Social Housing Initiative, AHURI Positioning Paper No.155. Melbourne: Australian Housing and Urban Research Institute; and Housing Ministers Council, 2009

WA	VIC	NSW	NT	ACT	SA	TAS	QLD
Indigenous community housing							
2,699	1,694	5,035	1,803	0	0	90	5,236
State owned and managed Indigenous housing (SOMIH)							
0	0	4,531	5,381	0	1,365	0	3,216
Total Social Dwellings							
42,615	80,611	159,527	12,113	11,829	45,690	14,140	72,086
% Social Housing CHP-Managed							
18.8%	**18.6%**	**33.4%**	**0.0%**	**8.2%**	**27.1%**	**49.6%**	**15.9%**
Population							
2,785,300	6,613,700	8,153,600	250,600	456,700	1,820,500	571,500	5,322,100
Social Housing per capita							
1.5%	**1.2%**	**2.0%**	**4.8%**	**2.6%**	**2.5%**	**2.5%**	**1.4%**

Table 10 – Public, community and indigenous housing by State[20]

The aim of the stock transfer programs is to **increase the scale and efficiency** of the CHP sector. Based on consultations and research, longer-term operating efficiencies for CHPs emerge with the management of 1,000 plus dwellings (including a mix of social, affordable and other). Once this scale is reached, operating surplus emerge that can then be used to reinvest in housing stock. In some circumstances, this reinvestment in additional housing stock is a requirement of the transfer arrangements. In other circumstances, the mission focused, NFP status of CHPs means that while not explicitly stated, any operating surplus they do have is directed into new housing stock. The CHP regulatory structure means funding cannot leave the sector (which is possible if there are for-profit participants) and where a CHP operates across two jurisdictions, arrangements can be set up to ensure any operating surplus from one jurisdiction is re-invested in that jurisdiction and doesn't cross subsidise housing in other states or territories.

The other aim of the stock transfer programs is to **strengthen the balance sheet** of CHPs. Many CHPs had (and still do) face equity constraints which limit their ability to invest in new stock. Stock transfer improves the equity position of the CHPs, enhancing their ability to borrow from NHFIC and the broader market to invest in new stock. Similar stock transfer programs occurred in the United Kingdom and were critical at underpinning the emergence, growth and strength of the NFP community housing sector.

A final benefit of the stock transfer program raised by other jurisdictions was the ability for CHP tenants to apply for Commonwealth Rent Assistance. This had the effect of essentially shifting some of the operating cost previously born by the state back onto the Commonwealth.

[20] *Sourced from AIHW National Housing Assistance Data Repository, Northern Territory Government. Department of Housing, Annual Report. Darwin NT. Supplementary Table Dwellings 1*

4.1.2 The National Housing Accord and Housing Australia Future Fund

The 2022 National Housing Accord and HAFF are the second potential wave of 'market making' reform for the CHP sector. While the details of these policies are yet to be finalised, the attraction of institutional investors into the sector through an availability payment over a 25-year horizon is a major change and will play a key role in shaping the social and affordable housing sector moving forward. These policy settings recognise that the long-term provision of social and affordable housing still requires a government subsidy, while also providing the mechanisms for significant funding to flow into the sector which should further help the CHP sector deliver new stock.

4.2 Jurisdictional policy overview and considerations for the ACT

Analysis of existing affordable housing policies from across Australia identify key themes with relevance to future ACT policy direction. However, care is required as the CHP sector in other jurisdictions has evolved in different ways (for example, greater utilisation of stock transfer and long-term management leases as outline above) which means not all policy ideas are directly transferrable to the ACT.

The policy settings of other jurisdictions are also important as the larger CHPs are increasingly looking to operate across multiple jurisdictions, meaning investment decisions will be swayed by the most favourable policy environment. The key themes to emerge from the policy scan are summarised below (noting that the more holistic housing policies often touch on more than one theme given the interplay between land, planning and funding). A more detailed list of affordable housing policies is included in Appendix C.

4.2.1 Theme 1 – Land

Ensuring provision of land for affordable housing is a consistent theme across many jurisdictions. This is achieved both through long-term land release programs with specific rental affordability mandates, as well as site specific releases for larger developments with affordable rental targets. One nuance of policies in other jurisdictions is the discounts to market price for land is acquired by CHPs for the purposes of delivering social and affordable housing. For example, NSW has a CHP Direct Dealing Policy to create partnership opportunities between the NSW Land and Housing Corporation and CHPs to co-invest combinations of capital, resources, land and other contributions, to increase social and affordable housing supply and enhance the growth and sustainability of the housing system. Under this policy, the Land and Housing Corporation contribution comprise land value, capital and other concessions.

While not captured in formal policies, the discounts received on parcels of local government owned land for the provision of social and affordable accommodation was repeatedly raised during consultations. Many councils, recognising housing stresses in their communities, are proactively approaching CHPs with potential sites, offered at heavily discounted rates, in order to try and address local needs. These discounted land values improve the viability of the project and can accelerate supply. Land-uplift mechanisms are also used by councils across the country, with development rights granted in 'exchange' for public benefit in the form of social and affordable housing.

Within the ACT, there are legislative constraints through the Planning and Development Act which affect the ability to offer 'concessional' land for the delivery of social and affordable housing. This has important implications for local CHPs in terms of the viability of potential affordable rental developments. It also has

implications for the relative attractiveness of the ACT as a location to invest for CHPs operating in multiple jurisdictions.

4.2.2 Theme 2 – Planning

Policies to enhance the efficiency of the planning system for delivery of social and affordable dwellings were common across many jurisdictions. These have specific amendments and fast-track provisions aimed at accelerating the delivery of affordable and social housing. Some recent examples of these policies are summarised below:

- NSW recently released an updated Housing State Environmental Planning Policy (Housing SEPP) which includes amendments to zoning and approvals which makes certain developments, like build to rent, easier to progress;
- Victoria – as part of the Big Builds policy initiative, planning provisions were streamlined at Clauses 52.20 and 53.20 of the Victoria Planning Scheme which specifically target accelerating delivery of social and affordable housing, while ensuring there remains proper community consultation and protection of design standards and quality; and
- Queensland – under the *Housing and Homelessness Action Plan 2021-2025*, Growth Area Teams were established to develop new planning powers that could improve planning.

Land-uplift mechanisms are also used by councils across the country, with development rights granted in 'exchange' for public benefit in the form of social and affordable housing. These mechanisms can be tied to the local council land provision mentioned also mentioned above.

4.2.3 Theme 3 – Funding and financing

The provision of policies designed to provide longer-term funding certainty have recently emerged from the Commonwealth ($10B Housing Australia Future Fund), NSW ($1.1B Social and Affordable Housing Fund) and Queensland ($2B Housing Investment Fund). These funds are designed to provide long-term investment returns which can be used to underpin and accelerate the delivery of social and affordable housing. In Victoria, the Building Financial Capability of Housing Agencies program looks to achieve similar results through concessional financing and government guarantees. All these policies recognise a funding gap in the long-term provision of affordable housing which needs to be filled by Government.

The ACT will be able to access the Commonwealth's Housing Australia Future Fund to deliver both social and affordable housing. This funding will be accessed through NHFIC, meaning the current relationships and experience that ACT CHPs have with NHFIC processes will be important, especially if there is a competitive element to the allocation of funds (the policy details and investment mandate are yet to be finalised). The existence of schemes in NSW, Queensland and Victoria are important as it influences the relative appeal of different markets within which CHPs may choose to operate. While this is of less relevance to existing ACT CHPs, it becomes increasingly important if Government wishes to increase the number of large CHPs in the ACT and boost the development capacity of the local sector.

State government funding is also being targeted at enhancing the viability and longer-term sustainability of the community housing sector by supporting the growth of CHP owned portfolios. In NSW, this is being achieved through the $152 million Community Housing Innovation Fund which is based on a co-contribution model. This model seeks to leverage the additional resources providers are able to contribute to new housing supply

including debt, capital, land, tax concessions, philanthropy etc. along with community networks partnerships and local connections that can support tenants who will eventually live in these properties. The funding also seeks to support the diversity of CHPs operating within the social housing system in NSW by offering smaller grants for identified projects thus allowing CHPs of all sizes to participate in the program.

US Housing policy - Low Income Housing Tax Credit

The Low-Income Housing Tax Credit is a scheme which was first introduced in the US in 1986. The scheme provides developers with tax incentives to construct or rehabilitate affordable rental housing for low-income households.

This type of tax incentive works slightly differently than those implemented in Australia, in that the federal government issues tax credits to state housing agencies. The credits are then awarded to private developers (of affordable rental housing) through a competitive process. Developers then generally sell the credits to private investors to obtain funding. Once the housing project is rented out to eligible tenants, the private investors can claim the tax credit over a 10-year period.

Federal government sets a limit on the amount of tax credits which are allocated in any given year. Each state is allocated a $2.8 million cap or $2.40 per capita (whichever is larger), meaning states with low populations get larger per capita awards.

This incentive has supported the construction and rehabilitation of about 110,000 affordable rental units each year since 1990 (and over 2 million units since it was first implemented).

The scheme was identified via consultation as creating an environment for investment that was stable, well understood and simple therefore supporting investment in affordable housing.

4.3 ACT Policy Framework

4.3.1 ACT policy overview

The main ACT policies which guide the provision of affordable housing by CHPs in the ACT are outlined in Table 11.

ACT POLICY	DESCRIPTION
The Parliamentary and Governing Agreement (PAGA)	The PAGA sets out the government's priorities and commitments for the current term of government. Appendix 1 of the PAGA sets out policy issues of particular interest, with part B outlining More and better Housing Options for all Canberrans. Commitment 2.(ii) is as follows:[21] *ii. The parties share a commitment to working towards an ambitious affordable rental housing target for dwellings focused on affordability for the second income quintile, and acknowledge there are significant challenges in land*

[21] The Parliamentary and Governing Agreement for the 10th Legislative Assembly

ACT POLICY	DESCRIPTION
	availability, industry and sector capacity to deliver additional housing, and capital demand on the Territory Budget. The Government will strive to deliver additional affordable housing dwellings despite these constraints, with a goal of 600 additional dwellings by 2025- 26.
ACT Housing Strategy 2018	The ACT Housing Strategy has a vision to encourage and promote a housing market that meets the diverse and changing needs of the Canberra community, and enables a sustainable supply of housing for individuals and families at all income levels. It is based on five goals: • An equitable, diverse and sustainably supply of housing for the ACT Community • Reducing homelessness • Strengthening social housing assistance • Increasing affordable rental housing • Increasing affordable home ownership. The ACT Housing Strategy is likely to be updated in 2023.
Indicative Land Release Program (ILRP)	The ILRP includes a target of 15 per cent of government land releases for public, affordable or community housing. These housing targets are formalised under Section 65 of the CRA SLA Act and can occur in multiple ways, including as land offerings or in multi-unit developments. The community housing component of the target is currently met through two mechanisms: land release limited to purchase by CHPs or including community housing requirements within the contracts of land releases. For land releases, the Suburban Land Agency (SLA) is required to sell land in accordance with the Planning and Development Act at market value. However, this pricing level often precludes most if not all CHPs. The other mechanism is the inclusion of community housing requirements in general SLA releases, where the community housing dwellings are to be built by the developer and offered for sale to CHPs. The sale price of these dwellings is guided by the price thresholds under the Affordable Home Purchase Scheme. In addition, any affordable dwellings which have not sold through the Affordable Housing Purchase Scheme are offered to CHPs before developments are released from their obligations. However, over 2022 there were no excess affordable dwellings.
Affordable Community Housing Land Tax Exemption	The ACT Government currently offers an affordable community housing land tax exemption to property owners who rent their property to an eligible tenant at 75 percent or less of market rent through a registered CHP. The CHP is also able to issue a Deductable Gift Receipt for the difference

ACT POLICY	DESCRIPTION
	between the market and discounted rent. The cap on the number of properties is currently 250 and the initial time limit has been removed. The total number of dwellings rented via the schemes is 127 (Quarter 3 FY2022-23). An assessment of the current scheme is contained in Appendix D. It shows that the scheme is delivering houses and units at a greater discount to market rent than 74.9 percent which is falling in the lower region of Q2.
Build-to-Rent: Market and community housing-initiated annual Request for Proposal	An annual process calling for proposals for Build-to-Rent projects with an affordable rental component where there is a site already attached, for additional Government assistance.
Build-to-Rent: Lease Variation Charge discount (time limited)	A time limited Lease Variation Charge discount to encourage Build-to-Rent developments that include affordable rental dwellings, managed by a registered community housing provider

Table 11 - Main ACT policies which guide the provision of affordable housing by CHPs

Table 12 outlines some of the specific projects which are targeted at increasing affordable rental housing supply by CHPs.

ACT PROJECTS	DESCRIPTION
Common Ground Dickson	A 40 unit social and affordable housing development providing permanent accommodation. CHC provide property and tenancy management with YWCA providing wraparound support services.
Build-to-Rent: Pilot project at Block 3, Section 57 Turner	On 13 October 2022, the SLA released a site to market to deliver a BtR development on a site in Turner. Of the 270 dwellings expected to be delivered, the Government is willing to subsidise 15 per cent to be delivered as 'affordable' rentals at less than 75 percent of market rent (40 units).
Build-to-Rent: Common Ground Gungahlin	PAGA item B.1.v. is a commitment to construct a build to rent affordable rental development co-located with Common Ground in Gungahlin.

Table 12 - ACT projects supporting affordable housing by CHPs

4.3.2 ACT affordable rental policy mapping

To understand the segment of the housing market impacted by these and other policies, Table 13 provides a description of management structures, typical lease timeframes, rent structures and target market for a range of housing provision approaches.

HOUSING TYPE & MANAGED BY	TYPICAL LEASE TIMEFRAMES & RENT STRUCTURE	TYPICAL TARGET MARKET
Public Housing Managed by state or territory government	**Timeframe:** Short, medium to long term **Structure:** Mix of rental rates to tenants based on circumstances	Very low income (Q1) [22]
Community Housing Managed by (non-government) not-for profit community housing organisations	**Timeframe:** Long term **Structure:** Provide a mix of rental rates for different tenants – some rents are set at a proportion of the tenant's income (social), others are set at a proportion of market-based rental rates (affordable).	Low to moderate incomes (Q1, 2 and 3)
Affordable Rental Managed by CHPs or non-NFP organisations	**Timeframe:** Short, medium to long term **Structure:** Provide a mix of rental rates for different tenants set at a proportion of market-based rental rate (generally 74.9% or 80%)	Low to moderate incomes (Q1, 2 and 3)
Private Market Rentals Private developers and/or investors	**Timeframe:** Short, medium to long term **Structure:** 100% market rent	General Market (Q3, 4 and 5)
Affordable Home Ownership Private home ownership, or CHPs	**Timeframe:** Short, medium to long term **Structure:** Between 74.9% and 80% of market values	Moderate incomes (Q2 and 3)
Market Home Ownership Private developers and/or investors	**Timeframe:** Short, medium to long term **Structure:** 100% market values	General Market (Q3, 4 and 5)

Table 13 – Housing model characteristics

[22] Whilst the intended market are individuals with low incomes (Q1), there can often be tenants who have since moved into higher income quintiles which are still occupying the public housing dwellings.

Figure I maps the range of ACT policies and projects against the housing models and income ranges.

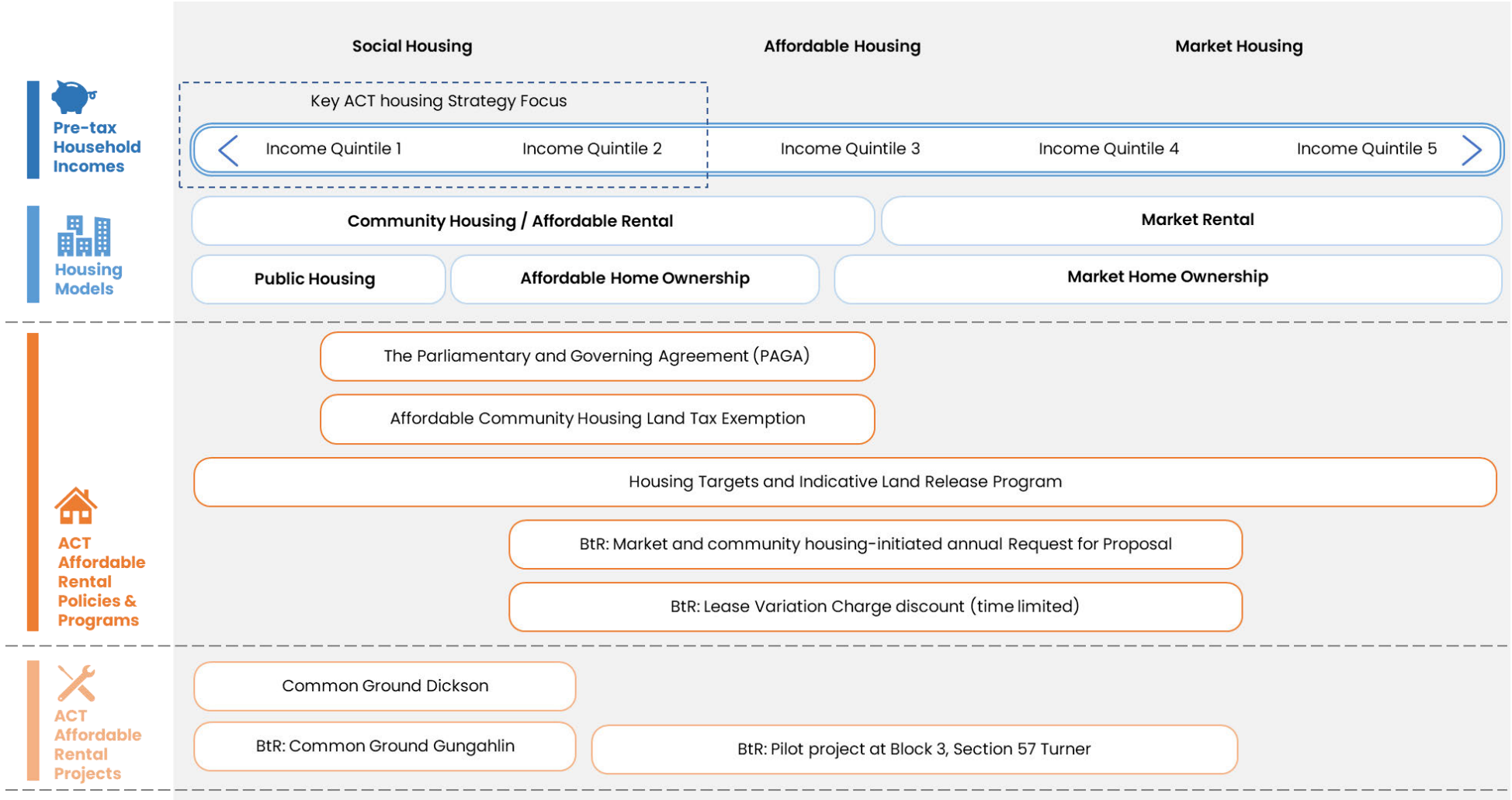


Figure I Policy Hierarchy (Repurposed image from SLA Housing Strategic Action Plan 2022)

5 COMMUNITY HOUSING PROVIDER OVERVIEW

CHP ASSESSMENT – SUMMARY OF FINDINGS

National CHP structure and evolution

CHPs are established as a not-for profit with charity status. This not only means that operating surpluses within a CHP are reinvested into affordable housing, it also means they are eligible for a number of government benefits, including:

- Income tax exemptions
- Fringe benefits tax (FBT) exemption or rebate
- Goods and services tax (GST) concessions
- Refund of franking credits

- Income tax exemptions
- Fringe benefits tax (FBT) exemption or rebate
- Goods and services tax (GST) concessions

This structure and associated benefits mean that CHPs are able in many instances to provide housing on a cheaper basis than either government or the private sector.

ACT CHP Market

The CHP sector within the ACT is relatively diverse with no consistent commercial structure, varying strategic intent and various scales. However, there is only one Tier 1 CHP.

Tier 1 CHPs are responsible for most of the investment in new stock hence the capacity of the ACT to increase stock significantly is heavily reliant on a single CHP.

There are some Tier 1 CHPs operating in NSW which have identified ACT as a secondary jurisdiction, however there are some barriers of these providers in entering/expanding in the ACT market linked to scale of operations, pipeline of work, costs and planning constraints. NSW tier 1 providers which are active within the ACT despite these barriers are managing tenancies in both Gungahlin and Ainslie Village.

There are a range of existing initiatives in place to contribute to achieving the additional 600 affordable rental dwellings by 2025/26 target, however, its achievement is dependent on maximising the potential of existing policy initiatives, along with additional Government support.

Short Term (5 years)

The CHP market over the next five years will be shaped by the National Housing Accord and the HAFF. These new initiatives will likely accelerate and streamline access to new funding arrangements. However, much like the NHFIC funding schemes, size, scale and experience will be a key factor in maximising the benefits from the proposed HAFF. The ACT has limited capacity in these areas at present.

CHP ASSESSMENT – SUMMARY OF FINDINGS

Medium Term (10 to 20 years)

Within the medium term, the national CHP sector is expected to shift even more:

- Other jurisdictions will likely increase levels of stock transfer to the CHP sector, delivering increasing efficiencies in CHP delivery.
- Size and scale will become increasingly important. Tier 1 providers will continue to benefit through economies of scale, whilst tier 2 and 3 providers may be forced to consolidate in order to remain viable.
- As the size and scale of CHPs increase, so too will the number of services provided by CHPs. CHPs investment decisions will increasingly be made on not just housing investment considerations, but also on where wholistic 'wraparound' services can be provided.

Shaping the CHP sector in the ACT

Without change from the ACT Government, there is a risk that the local CHP sector will fall behind other jurisdictions in terms of its development capacity. There will be a continued reliance on the single Tier 1 provider for significant additional development. Other CHPs may also become more reluctant to enter the ACT market given that other states and territories may pursue more streamlined processes and achieve greater scale for delivery, whilst the differences inherent in the ACT policy and planning environment result in relative barriers to new entrants.

This section includes:

- CHP structure and governance;
- CHP tiers;
- ACT CHP stocktake;
- ACT future development assessment;
- Non-ACT CHP assessment;
- Consultation themes; and
- The future state of the CHP sector.

5.1 CHP structure and governance

CHPs are organisations that provide safe, secure, and affordable rental housing to tenants with low and moderate incomes. They focus their services on the gap in the housing market between that provided by government for those on the lowest incomes in our society and housing provided by the private market.

CHPs are a unique corporate structure that support the provision of affordable housing. The structure and associated benefits mean that they are able in many instances to provide housing on a cheaper basis than either government or the private sector. Some of the corporate structure elements and how the contribute to the provision of affordable housing are outlined in Table 14.

CHP CORPORATE STRUCTURE ELEMENT	DISCUSSION	CONTRIBUTION
Company structure	CHPs are generally established as Company Limited by Guarantee (CLBG) although other structures are possible The CHP are established as Not-For-Profit entities	The establishment of a company as a NFP and registration with the ACNC allows access to benefits such as: • income tax exemptions • fringe benefits tax (FBT) exemption or rebate • goods and services tax (GST) concessions • refund of franking credits. In addition, jurisdictions can also provide additional benefits such as: • land tax exemptions The NFP status means that operating surpluses are retained within the CHP and reinvested in the provision of additional housing
Australian Charities and Not-for-Profit Registration (ACNC)	Registration as a charity is required in order to obtain certain tax concessions Community organisations are able to claim GST concessions on charitable supply of housing where the rent is less than 75% of market rent as set by the ATO. Consequently, providers charge up to 74.9% of market rent for their affordable housing properties.[23]	
Deductible Gift Recipient (DGR) status	DGR status allows the CHP to accept gifts and issue tax deductable receipts (thus allowing the recipient to claim a tax deduction)	Increased opportunity to obtain gifts In the ACT context supports • Land Tax Exemption scheme • Council rate exemptions
Company Constitution	Specifies NFP intentions CHPs also include a winding up clause that ensures housing is retained within the sector[24]	Outlines NFP and charitable purpose Ensure housing remains in sector
National Regulatory System for Community Housing Providers (NRSCH)	Established to support sector governance and management	Allows access to NHFIC funding (subject to appropriate financial hurdles being achieved)

[23] Community organisations are able to claim GST concessions on charitable supply of housing where the rent is less than 75% of market rent as set by the ATO. Consequently, providers charge up to 74.9% of market rent for their affordable housing properties. file:///C:/Users/Simon%20Farnbach/Downloads/AddInfo2_CHFA_7Nov14.pdf

[24] The 'wind-up clause' Clause 15 (2) (c) of the National Law states that: "The provider must have provision in its constitution for all its remaining community housing assets in a participating jurisdiction on its winding up to be transferred to another registered community housing provider or to a housing agency in the jurisdiction in which the asset is located"

https://www.acnc.gov.au/for-charities/start-charity/you-start-charity/charity-subtypes/housing-providers-and-acnc#:~:text=A%20housing%20provider%20must%20be,one%20of%20their%20charitable%20activities.

CHP CORPORATE STRUCTURE ELEMENT	DISCUSSION	CONTRIBUTION
Commonwealth Rent Assistance (CRA)	This is a non-taxable income supplement payable by the Commonwealth Government to eligible people who rent in the private or community housing rental markets (public housing tenants do not receive CRA).	Rental assistance is only available to CHP tenants and in some cases private rental tenants. Public housing tenants are not eligible.

Table 14 – CHP structure characteristics

5.2 CHP tiers

The National Regulatory System for Community Housing (NRSCH) tier definitions are summarised in Table 15 below. The definitions are based on new development activities and scale. It is based on applying a regulatory oversight model based on a risk assessment of the activities of the CHPs. The tiers shows that only Tier 1 CHPs develop new stock at scale with some Tier 2 CHPs undertaking small scale developments.

Scale Of Community Housing Tenancy Activities	0	50	100	300	500	2,000
Ongoing Development activities at scale	Tier 1	Tier 1	Tier 1	Tier 1	Tier 1	Tier 1
Ongoing small scale development activities	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2 or Tier 1	Tier 1
One-off or very small-scale development activities	Tier 3	Tier 3 or Tier 2	Tier 2	Tier 2	Tier 2	Tier 2 or Tier 1
No development Activities	Tier 3	Tier 3	Tier 3 or Tier 2	Tier 2	Tier 2	Tier 2

Table 15 – NRSCH Tier definitions

5.3 ACT CHP stocktake

Table 16 shows CHP registration by tier and jurisdiction. The ACT has 14 CHPs registered with the NRSCH who list the ACT as their primary place of operation with only one classified as Tier 1.

JURISDICTION	WA [1]	VIC [2]	NSW	NT	ACT	SA	TAS	QLD
Tier 1	4	6	24	-	1	5	2	3
Tier 2	7	3	17	4	2	9	1	9
Tier 3	15	22	128	1	11	14	-	73
Total	**26**	**43**	**169**	**5**	**14**	**28**	**3**	**85**

Table 16 – Number of Registered Providers by Tier and Jurisdiction, NRSCH (2021)

Table 17 below provides a summary of the ACT registered CHPs their tier, housing type and assets. See Appendix E for a full summary of all the CHPs, including all the types of assets by program type.

CHP	Tier & Primary Jurisdiction	Housing Types	Total Owned Properties (TOP) & Total Management Properties (TMP)	Total Tenancy Rental Units[25] (TRU) & Community Housing Assets (CHA)
Community Housing Canberra (CHC)	Tier 1 ACT	Affordable & Social	TOP: 441 TMP: 273	TRU: 812 CHA: 714
Havelock Housing Association Incorporated	Tier 2 ACT	Affordable & Social	TOP: 22 TMP: 213	TRU: 547 CHA: 235
Project Independence Ltd	Tier 2 ACT	Disability	TOP: 22 TMP: 0	TRU: 22 CHA: 22
MARSS Australia Inc.	Tier 3 ACT	Supported & Crisis	TOP: 0 TMP: 33	TRU: 50 CHA: 33
Environmental Collective Housing Organisation (ECHO) Inc.	Tier 3 ACT	Affordable & Social	TOP: 1 TMP: 33	TRU: 38 CHA: 34

[1] Registered under the WA Housing Community Housing Regulatory Framework, not the NRSCH. However, the Framework is consistent with the NRSCH.

[2] From the Housing Registrar (Victorian State Agency). Note that these are called 'housing providers'.

[25] A tenancy unit is a dwelling (or part A tenancy unit is a dwelling (or part of a dwelling) to which a rental agreement can be made. A tenant occupies a tenancy unit. In most cases there will only be one tenancy unit within a dwelling structure (e.g. a house). In some cases (for example rooming houses, residential service, group homes) there is usually more than one tenancy unit per dwelling (for example to the room level in a house). The term residential unit is the equivalent of tenancy unit

CHP	Tier & Primary Jurisdiction	Housing Types	Total Owned Properties (TOP) & Total Management Properties (TMP)	Total Tenancy Rental Units[25] (TRU) & Community Housing Assets (CHA)
Northside Community Service	Tier 3 ACT	Supported	TOP: 0 TMP: 30	TRU: 30 CHA: 30
Tamil Senior Citizens Association (ACT) Inc	Tier 3 ACT	Social	TOP: 4 TMP: 9	TRU: 13 CHA: 13
YWCA Canberra	Tier 3 ACT	Affordable / Social	TOP: 4 TMP: 102	TRU: 155 CHA: 106
Trustees of the Roman Catholic Church for the Archdiocese	Tier 3 ACT	-	TOP: 19 TMP: 121	TRU: 215 CHA: 140
Barnardos Australia	Tier 3 ACT	-	TOP: 10 TMP: 44	TRU: 52 CHA: 54
Focus ACT Ltd	Tier 3 ACT	Disability	TOP: 0 TMP: 37	TRU: 64 CHA: 37
Toora Women Inc	Tier 3 ACT	Supported & Crisis	TOP: 2 TMP: 47	TRU: 95 CHA: 49
EveryMan Australia Inc	Tier 3 ACT	Supported & Crisis	TOP: 0 TMP: 82	TRU: 84 CHA: 82
Yeddung Mura (Good Pathways) Aboriginal Corporation	Tier 3 ACT	Supported & Crisis	TOP: 0 TMP: 2	TRU: 2 CHA: 2
TOTAL	**ACT**		**TOP: 525 TMP: 1026**	**TRU: 2179 CHA: 1551**

Table 17 - CHP Summary Table – ACT, October 2022[26]

[26] The National Regulatory System for Community housing register captures all community housing assets owned and/or managed by CHPs (including community and affordable households) and reflects October 2022 numbers. AIHW reported in Table 10 reflects public housing assets and community housing assets from 2021 (i.e. does not report on affordable housing numbers). Furthermore, community housing data is sourced from state/territory housing authorities and/or administrative records held by them. Data are incomplete for some states and territories due to non-reporting or under-reporting by organisations.

Figure J to Figure L below illustrates the ACT CHP housing market in terms of owned verse managed, types of community housing (i.e. crisis, affordable, boarding etc.) and total number of properties by organisation.

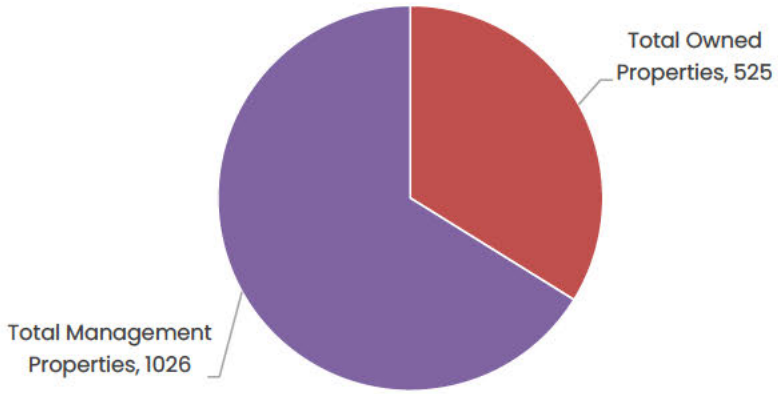


Figure J - Total CHP owned properties vs managed properties (ACT only), October 2022

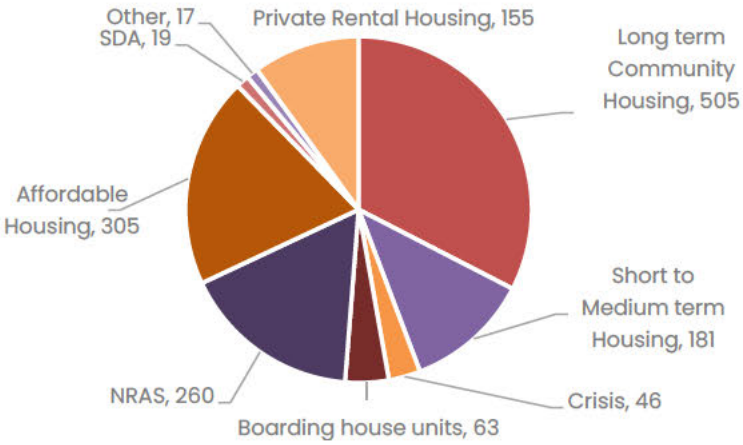


Figure K - Total CHP owned and/or managed housing type breakdown (ACT only), October 2022

HOUSING TERM	DEFINITION
Long term Community Housing	A dwelling where households are expected to reside for continuous tenancy rental agreement(s) of 52 weeks or more.
Short to Medium term Housing	A dwelling where households are expected to reside for less than 52 weeks.
Crisis	Crisis Housing is for short to medium term community housing dwellings under a Crisis program
Boarding house units	A separate building (also referred to as a rooming or lodging house) containing multiple boarding/rooming/lodging house bedrooms and/or boarding house units.

HOUSING TERM	DEFINITION
NRAS	A dwelling funded under the National Rental Affordability Scheme. NRAS requires medium to large scale investments (usually 100 or more houses) / Homes must be rented to eligible tenants at a rate of 80% or less of market value.
Affordable Housing	Captures affordable dwellings not captured under other definitions.
SDA (Specialist Disability Accommodation)	Specialist disability accommodation (SDA) is a range of housing designed for people with extreme functional impairment or very high support needs. SDA dwellings have accessible features to help residents live more independently and allow other supports to be delivered better or more safely. Requirements and obligations for SDA are in the NDIS Rules 2021. (Long term housing)
Private Rental Housing	Dwellings rented out at private market rate (no Government concessions)

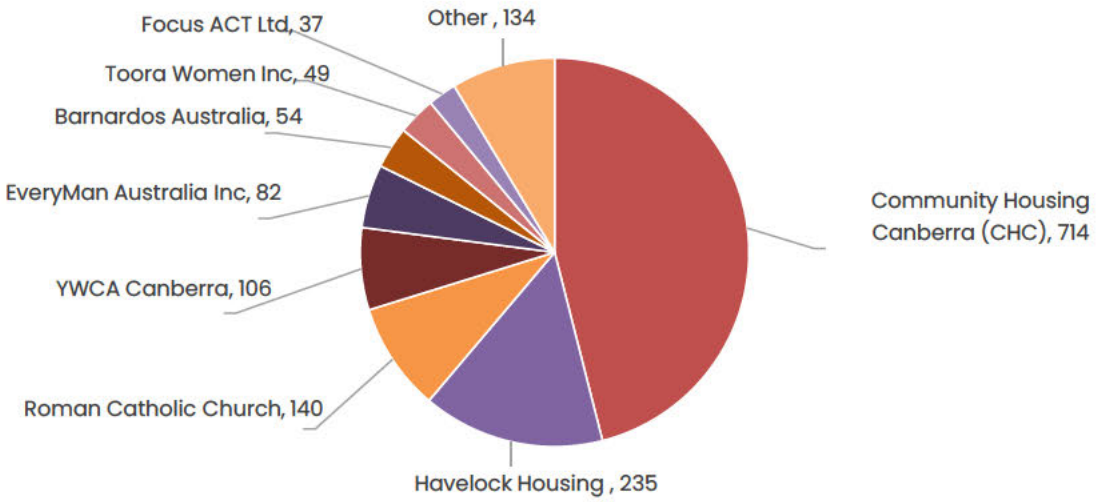


Figure L - Total number of owned and/or managed properties by CHP organisation (ACT only), October 2022

5.4 ACT future development and delivery assessment

The ACT Government has set a target to increase affordable housing by 600 rental dwellings by 2025/26. Based on the ACT CHP stocktake and wider consultation, Table 18 summarises the delivery of dwellings to-date, and potential short-medium term development opportunities. The CHPs have been deidentified due to commercial-in-confidence reasons.

PARTY	DELIVERY OF AFFORDABLE RENTALS
ACT Government	Common Ground in Dickson has delivered 20 affordable rental dwellings. The Turner Build-to-Rent development will deliver 40 affordable rental dwellings.
ACT Government and CHPs	The Land Tax Exemption scheme has re-purposed 80 dwellings across Canberra for affordable rental since 2020 (with 47 delivered prior to the PAGA in 2020, hence excluded from this analysis). The scheme is expected to continue growing until it reaches its cap of 250, implying an additional 123 dwellings will be re-purposed for affordable rental.
CHP 1	Various affordable rental developments of approximately 50 and 100 dwellings each. There is the potential for 50 of these to be delivered under the existing policy settings, with the potential for an additional 150 – 200 with appropriate policy changes or financial support. This does not include the direct purchase of established dwellings which could occur if the developments do not proceed.
CHP 2	Two developments of approximately 30 and 70 affordable dwellings each. These are likely to require additional policy changes or financial support.
CHP 3	Two multi dwelling affordable rental property developments are planned for the next 12 months. 13 additional rental units which are likely to be delivered under current policy settings.
CHP 4	Planned housing development for nine additional rental units which are likely to be delivered under current policy settings.

Table 18 CHP Detailed Review of delivery opportunities

The target of 600 affordable rental dwellings by 2025/26 could be met by a combination of both ACT Government and CHP originated opportunities, as well as a mix of delivery of new stock and repurposing of existing stock through the Land Tax Exemption scheme pilot program.

The Land Tax Exemption scheme pilot program has already re-purposed 80 dwellings to affordable rentals since 2020, bringing the total number of dwellings in the scheme to 127 in September 2022. Based on current growth trajectory, it is assumed the scheme will reach the 250-dwelling cap for the pilot program by 2025/26. This implies an additional 123 affordable rental dwellings will be added, albeit at the expense of other rental segments in the market. Options may exist to extend this scheme to deliver further affordable rental dwellings into the future, however, policies of this nature are most effective if used to complement other policies which aim to increase the overall housing stock within the ACT.

Based on consultation with the ACT Government and CHPs, the possible progression towards meeting the affordable rental target is summarised below:

- An estimated 140 affordable rental dwellings will have been delivered as a result of Government decisions since 2020. This includes 80 dwellings re-purposed for affordable rental through the Land Tax Exemption scheme, and 60 dwellings being delivered at Common Ground in Dickson and the Turner Build-to-Rent site.

- Moving forward, a business-as-usual scenario will see an estimated 195 additional affordable rental dwellings being added by 2025/26. The majority of these additional 195 are reached due to the anticipation of the Land Tax Exemption Scheme pilot reaching it's 250 cap. An estimated 72 dwellings could be delivered via small scale development and direct purchases that CHPs currently have in the pipeline and are possible under the current policy settings.
- A further 250 dwellings are in various stages of planning by CHPs and could be delivered. However, this delivery would require policy changes and/or concessions and/or funding to support these dwellings.

The outcome of this analysis implies that there is a gap of approximately 15 affordable rentals that will not be delivered under BAU or that can be accelerated in the current CHP pipeline. If no policy changes or concessions are provided to CHPs, then there is an estimated gap of 265 affordable rental dwellings by 2025/26. This supply situation is shown below in Figure M.

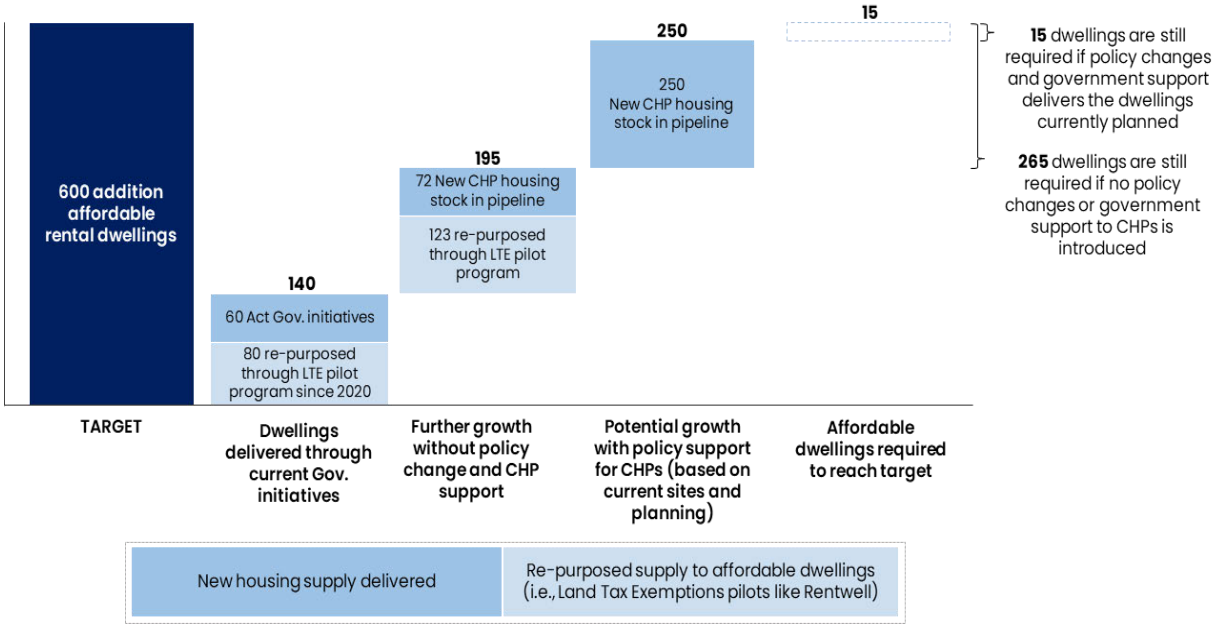


Figure M - Affordable housing target vs. estimated potential supply over the next 4 years

Comparing the additional affordable rentals supplied and managed by CHPs in the ACT to historical growth in tenancies suggests a step change in capacity is required to meet the target, as shown in Figure N.[27] Historically, single years have delivered increases of 200 however, this hasn't been sustained over three successive years. This historic pattern potentially reflects the lumpy nature of the developments and policy implementation (such as management contract transfers). Further, Section 3 identified that demand in the ACT for housing for the Q2 income range will increase from 37,500 dwellings in 2021 to 57,000 in 2041– an increase of 19,500 or around 975 each year. Recognising that not all this demand will be met by CHPs, it nonetheless, identifies an ongoing need for investment in new Q2 targeted rental accommodation that stretches beyond the 600 target and will test the delivery capacity of the CHP sector in the immediate and longer term.

[27] Caution needs to be drawn in the comparison as the tenancy data collected and published by the Regulator doesn't necessarily translate to dwellings (see Table 15 above). However, it can provide insights on broad magnitudes and trajectories which are useful in this analysis.

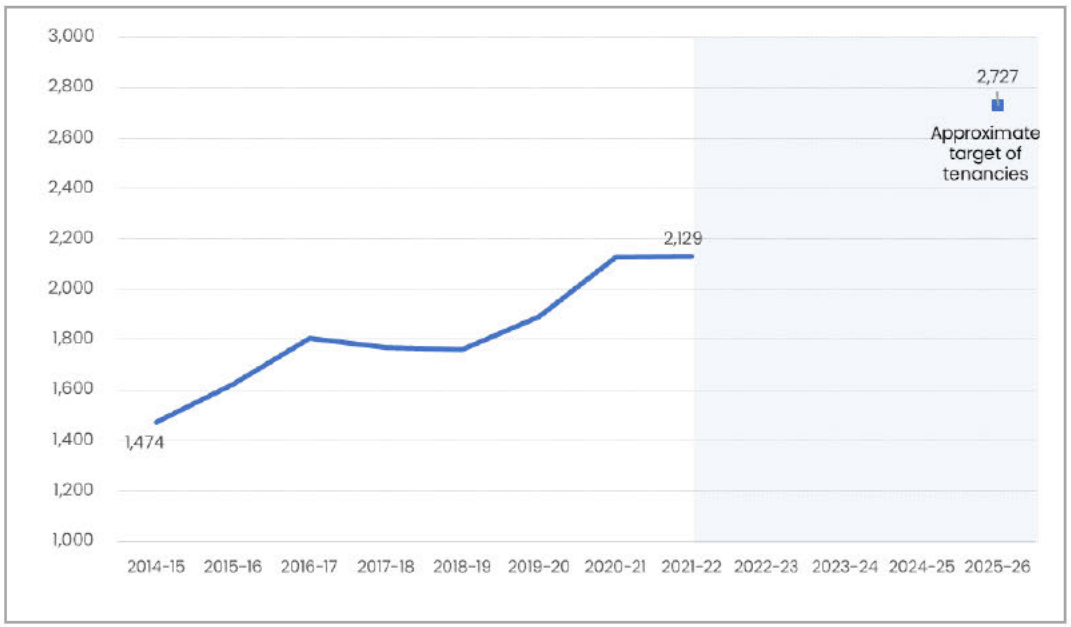


Figure N - Growth in affordable tenancy rental units (TRUs) 2014-15 to 2021-22 and approximate target in 2025-26.[28]

5.5 Non-ACT CHP assessment

The analysis in the previous section indicates that the ACT is unlikely to achieve its target by 2025/26 under a business-as-usual approach (i.e. without additional policy support). As such, an assessment of Tier 1 CHPs operating in NSW but identifying ACT as a secondary jurisdiction along with those operating in nearby geographic areas has been undertaken (including via consultation) given that Tier 1s are responsible for the majority of new developments.

The CHPs outlined in Table 19 have the potential to enter, or expand their current activities, in the ACT.

CHP	Tier & Primary Jurisdiction	Housing Types	Total Owned Properties (TOP) & Total Management Properties (TMP)	Total Tenancy Rental Units (TRU) & Community Housing Assets (CHA)
Argyle Housing*	Tier 1 NSW, ACT	Affordable & Social	TOP: 400 TMP: 1322	TRU: 252 CHA: 2526 (267 CHA located in ACT)
Amelie Housing	Tier 1 NSW, ACT, SA	Affordable & Social	TOP: 169 TMP: 1322	TRU: 1491 CHA: 1491 (Unknown ACT housing stock)
Southern Cross Housing	Tier 1 NSW	Affordable & Social	TOP: 111 TMP: 2133	TRU: 2226 CHA: 2244 (No current footprint in ACT)

[28] National Regulatory System Community Housing, June 2022. Note these financial year figures will differ slightly to the figure in Table 16 which reflects the latest October 2022 data.

CHP	Tier & Primary Jurisdiction	Housing Types	Total Owned Properties (TOP) & Total Management Properties (TMP)	Total Tenancy Rental Units (TRU) & Community Housing Assets (CHA)
Evolve Housing*	Tier 1 NSW, ACT	Affordable & Social	TOP: 805 TMP: 3703	TRU: 5146 CHA: 4508 (34 CHA located in ACT)
Community Housing Limited	Tier 1 NSW, QLD, SA, TAS	Affordable & Social	TOP: 789 TMP: 5075	TRU: 5893 CHA: 5864 (No current footprint in ACT)
Housing Plus	Tier 1 NSW	Affordable & Social	TOP: 523 TMP: 567	TRU: 1090 CHA: 1090 (No current footprint in ACT)

*Table 19 - CHP Summary – NSW with potential to enter ACT (*existing ACT presence)*

5.6 Consultation themes

Consultation was undertaken with a selection of ACT and non-ACT based CHPs to understand their perspectives on opportunities and constraints to increasing the number of properties in the ACT. Appendix F contains the Guiding Questions used to facilitate the conversations.

The themes identified via consultation have been classified into two topics:

- Sector specific comments; and
- Development constraint comments.

Table 20 summarises the sector specific themes identified by CHPs.

THEME	FEEDBACK	IMPLICATION
Regulatory structure	• CHP Constitutions include clauses to transfer stock to other CHPs should they fail • NFP status means any operating surpluses are reinvested in additional housing and services	Low risk to government of supporting CHPs.
CHP focus	Each CHP has a different focus, scale and capacity: • Many have wrap around social services in addition to a housing focus • Small scale mission driven CHPs have less potential to significantly increase stock	There is no 'industry model' for a CHP, especially in the ACT. They differ in respects such as mission, scale, capability, structure (CHP only v CHP + service provider).

THEME	FEEDBACK	IMPLICATION
	• Larger housing supply driven CHPs with development capacity have more potential to increase stock • Different areas of focus (BtS v market rent v 74.9% market rent v Q2 rent v social rent)	
CHP approach to increasing stock	Not all CHPs are actively looking to increase their stock. Of the CHPs looking to increase stock, these can be broadly characterised in two groups: • Those seeking to increase stock under management • Those seeking to increase stock they own and manage	Different approaches are required to support CHPs focussed on increasing their owned stock compared with those focussing on increasing stock under management. This is further discussed in Section 8.1.2 and Section 8.2
Commercial Structures to increase stock	There are numerous potential models adopted to increasing stock. These include: • Seeking to increase properties under management via transfer of government housing or private (gifted) stock • Ground lease • CHP own land and develop • Church own land and CHP develop • Investor own land and develop with CHP management	The differences in CHP commercial structures mean a flexible approach to procuring additional stock is required to avoid unnecessarily excluding segments of the CHP market.
ACT land tax exemption scheme	Schemes such as Homeground (CHC) and Rentwell (YWCA) were identified as successful in attracting additional affordable properties.	Increase affordable housing stock but doesn't contribute to additional supply.

Table 20- CHP sector specific comment summary

Table 21 summarises the constraints identified by CHPs.

THEME	FEEDBACK	IMPLICATION
Land availability	A shortage of available, affordable and appropriately zoned land was identified as a major constraint to increasing supply of stock.	A lack of land for development will constrain the ability of CHPs to deliver additional stock
Capability and capacity	Consultation identified that of the existing ACT CHPs, only a limited number have the strategic intent, capacity and capability to significantly increase supply.	The ability of existing ACT CHPs to deliver the shortfall in additional affordable rental dwellings by 2025/26 appears unlikely under business-as-usual. Similarly, it is unlikely that an increased delivery target could be delivered by the existing ACT CHPs over the medium term.
Scale and pipeline of projects	To provide confidence to encourage existing ACT CHPs to invest in capacity building to deliver additional stock requires a medium to long term pipeline of opportunities. To encourage CHPs not operating in the ACT to invest the time and resources to enter the market requires scale and a long term pipeline of opportunities. Scale of around 200 dwellings was identified as viable number within a development to entice a CHP into the market, with a long-term portfolio of 1,000+ dwellings needed to generate the operating efficiencies that allow CHPs to start delivering additional stock.	CHPs require certainty of ongoing opportunities of a significant scale (for example several hundred per year over 10+ years) to give the sector the confidence to invest. Without changes to ACT policy, it is difficult to identify situations where other CHPs would choose to invest and operate in the ACT as opposed to other jurisdictions where they already have scale understanding of the policy environment.
Finance	Few ACT CHPs have the ability to obtain the finance necessary to deliver a significant volume of new stock they own. Alternative models where third parties own the stock (such as government or private sector) exist with less financial constraints.	The financial capacity of ACT CHPs to deliver new stock is likely to be exhausted in the short to medium term. Increase presence of CHPs not operating in the ACT will provide additional capacity. Alternative ownership structures may also be required.
Financial constraint	CHPs are likely to exhaust existing equity reserves thus hindering ability to source debt financing.	Alternative equity sources are required to facilitate ongoing development of stock.

THEME	FEEDBACK	IMPLICATION
Funding Gap	There is a funding gap between in the provision of affordable housing.	Some form of subsidy or subsidies are required to address the funding gap.
NRAS	The ending of NRAS will affect some of the stock that CHPs own and manage (260 dwellings). All indicated they will need to absorb the additional costs.	This increased cost will mean lower operating surplus for CHPs, which in turn limits their ability to re-invest in new stock. Hence, it should flow through to a slowing in supply.
Consistency with other jurisdictions	Due to the small scale of the ACT, there is benefit in ensuring consistency of approach with other jurisdictions.	Reduced due diligence and transaction costs of non-ACT CHPs to enter and remain in the market. Miss out on innovation, efficiency and scale benefits being achieved by other jurisdictions.
Consistency over time	Certainty of policies and approaches provides the confidence to invest.	Ensure consistency over time by setting out a clear pathway. See section 8.2 for further details regarding future policy and intervention approaches for the CHP market in ACT

Table 21- CHP development constraint summary

5.7 The future state of the CHP sector

Understanding the future of the ACT CHP sector needs to consider the following: the historic evolution of the national CHP sector, the policies that supported this, current national policies and ACT policies (Section 4); and an understanding of the current composition of the local CHP sector as described earlier in this section.

5.7.1 National

National level – 5 years

Over the next five years, changes to the national CHP sector will be driven by the response to the National Housing Accord and HAFF. An acceleration of projects is likely in response to streamlining agreements and access to the new funding arrangements.

Size and scale of the CHPs could be important to maximising the benefits of the proposed HAFF funding. Here, existing relationships with NHFIC and experience in securing financing through their processes will be an advantage. Further, the quantum of capital seeking to be deployed by institutional investors favours larger developments and Tier 1 CHPs (although an aggregator mechanism adopted by NHFIC may level the playing field slightly here).

CHPs that also have development capability could also potentially benefit more from the new arrangements given their greater ability to control stock release and seek Commonwealth concessions and subsidies during both the construction and operations phase.

Finally, the sharp increase in funding costs, combined with increased operating costs, is likely to place strain on CHPs that have less scale and operational efficiencies.

National Level – 10 to 20 years

The nature of the national CHP sector is expected to shift more substantially over the next ten to twenty years. Based on the evolution of the sector, the intentions of the HAFF and discussions with CHPs and investors, the following observations can be made:

- Other jurisdictions are likely to increase levels of stock transfer to the CHP sector, delivering increasing efficiencies in CHP delivery where this occurs, which in turn generates operating surplus which can be reinvested into more affordable housing stock;
- Size and scale will become increasingly important. Growth of CHPs is supported through efficiencies that come with operating at scale. Consolidation of Tier 1 CHPs may occur as a mechanism to further benefit from economies of scale and strength of balance sheet. Furthermore, in an environment where longer-term funding costs are rising, some Tier 2 and Tier 3 CHPs may seek to have to consolidate with other CHPs in order to remain viable; and
- Over time, there has been a steady increase in the wraparound services that CHPs provide as a natural compliant to their housing missions. As the size and scale of CHPs increase, so too may the number of services provided by CHPs. CHPs investment decisions will likely increasingly be made on not just housing investment considerations, but also on where wholistic services can be provided.

5.7.2 ACT

Implications for the ACT CHP sector

Without change from the ACT Government, there is a chance that the structure and size of the local CHP sector remains relatively unchanged over the next 20 years, even with the introduction of the National Housing Accord and HAFF. For local CHPs, land costs will remain an issue, large scale development capacity will be limited to the single Tier 1 CHP and the remaining CHPs will continue to face equity constraints. Local affordable rental targets may still be met through targeted policies and investments. However, it will be increasingly difficult to attract CHPs operating in other jurisdictions into the market. The local nuances and policy settings represent a barrier to entry that will remain and potentially increase should other jurisdictions actively support ongoing development.

This scenario potentially means that the ACT could miss out on some of the efficiencies, innovations and funding that is likely in other jurisdictions, which in turn translates into more, higher quality social and affordable stock being delivered with less subsidy requirements from governments in these jurisdictions over the medium to long term. This scenario also increases the risk to the ACT sector, with reliance on one key Tier 1 CHP with development capacity. While the local sector is currently sustainable, it is very heavily reliant upon one key Tier 1 CHP for development capacity and delivery of new stock. This ‘key player’ risk is something ACT Government should consider in future policy settings.

Shaping the future of the CHP sector in the ACT

The ACT has not pursued a path of community housing stock transfer and long-term management to the same extent as other states and territories, and it is not within the scope of this report to consider the merits of different community housing delivery models. However, in understanding how the future of the local sector can be shaped, it is important to acknowledge the following:

- policy decisions supporting CHPs in other jurisdictions have an impact on the potential policy suite available to the ACT. This is because changes in other jurisdictions influence the relative appeal and ease of entry into the ACT market; and
- the current affordable housing policies adopted by other jurisdictions may not be relevant or effective within the ACT given the different underlying CHP policy environment and current market structure in the ACT.

As such, having an affordable rental housing market that is almost entirely served by ACT focused CHPs, without the same scale and equity opportunities offered to other CHPs by the policy settings in other jurisdictions, suggests the ACT sector could increasingly become different / separated from the broader CHP sector operating across Australia. Future policy decision will need to therefore factor in both local needs and national comparability and compatibility considerations.

6 ACT LAND AND PLANNING ASSESSMENT

ACT LAND AND PLANNING ASSESSMENT – SUMMARY OF FINDINGS

There are a range of particular land and planning issues that have been identified which are affecting the ability of CHPs to develop additional affordable dwellings in the ACT. These are:

- Land availability;
- The requirement to purchase land at market value;
- Ability to develop community housing on Community Facility zoned land; and
- Time consuming and costly planning approvals and appeals processes for CHPs.

There are a range of potential policy measures that could be implemented to address these matters and facilitate the development of additional affordable community housing.

This section includes:

- Land availability and affordability; and
- Territory Plan update

6.1 Land availability and affordability

Consultation with CHPs identified land availability and affordability as a key constraint for the development of additional affordable rental accommodation. In ACT there are several mechanisms currently available for CHPs to access land. These include:

- **Purchase of land from the Suburban Land Agency (SLA)** – Over the counter purchases, auctions, and ballots of land are available to CHPs to purchase land directly from the SLA. The land released for sale by the SLA is foreshadowed in the annual Indicative Land Release Program (ILRP) which allocates 15 percent of land releases to community, public and affordable housing (see section 4.3 for further detail). These targets are a requirement under the City Renewal Authority and Suburban Land Agency Act 2017, Section 65. The SLA also releases land via specific tender processes such as those targeted at CHPs for sites in Scullin, Giralang and other as well as including requirements for the provision of affordable rental accommodation such as for the current Turner Build-to-Rent site;
- **Direct sale** – CHPs can apply to the ACT Government for a direct sale of land at full market value (or potentially as a concessional lease). This involves submitting a business case and meeting legislated criteria;
- **Private market** – CHPs can purchase land (or enter into joint-venture type arrangements with land holders) and dwellings from the private market; and
- **Existing land holdings** – Some CHPs, notably faith-based organisations, have existing land holdings. These can potentially be used for community housing development should the organisation include a CHP and the land have suitable zoning.

Whilst there are a number of avenues for CHPs to acquire land, there are several challenges which are limiting the ability of CHPs to deliver affordable rental accommodation. These are further detailed in Table 22 below.

BARRIER	DESCRIPTION
Land availability	Few CHPs (with the exception of some faith-based organisations) have significant undeveloped land holdings or the financial capacity to purchase sites via Direct Sale or from the private market. While the SLA has a legislative requirement to deliver sites for 'community, public and affordable' housing, this has largely been delivered via affordable dwellings in the Affordable Home Purchase Scheme (noting that CHPs have first right of refusal for properties not purchased via the scheme although uptake has been low) and hence is not contributing significantly to additional rental supply by CHPs. For example, of the 314 dwellings released for 2022/23: • 208 affordable are to be released via the Affordable Home Purchase Scheme (i.e. sold to eligible people); • 76 public are to be developed as Public Housing by the ACT Government; and • 30 community are to be sold to CHPs for affordable rental but the take-up is low due to lack of financial capacity and hence remain largely unsold. It should be noted that there is a lag time following release of these dwelling sites and the ability of someone to move into a residence as the sites require the property to be developed. These factors limit the capacity for CHPs to increase affordable supply through land development. Potential mechanisms that could provide additional land for affordable housing development include preparing a stocktake of appropriately zoned land holdings (including government and private land holdings) to establish a potential development pipeline and specify that the ILRP set a specific target for land release for CHP led affordable rental development (as opposed to the current target which includes community, public and affordable within a single target).
Market value of land	CHPs rarely have the financial capacity to compete against the private sector to purchase land at full market value. The SLA has a requirement to sell land at 'not less than the market value of the lease' as specified in Section 246 of the Planning and Development Act 2007. While there are avenues to lower the value of the lease through placing covenants and restrictions on the Crown Lease, these in turn restrict the ability of the purchaser to utilise the lease to raise finance. A related issue is the Purpose Clause in existing leases and the need to potentially incur a Leave Variation Charge (LVC) to amend some leases to allow community housing. The LVC is an additional cost which further limits the financial capacity of CHPs to develop additional affordable accommodation. Other jurisdictions have identified mechanisms to allow the provision of land to CHPs to deliver affordable housing. In the ACT this could include review of the requirement for the SLA to sell land to CHPs at 'not less than the market' value or alternatively via specific definitions of how the market value is determined for land sold to CHPs.

Table 22 Key barriers associated with land availability and affordability in the ACT

6.2 Territory Plan update

The ACT Government is currently updating the Territory Plan and its associated supporting documents. Table 23 identifies two particular issues that have been identified as relevant to the provision of affordable rental accommodation by CHPs.

ISSUE	COMMENT
Community Housing in Community Facility (CF) zoned land	The current Territory Plan does not support community housing in CF zoned land. However, the Supporting Report (page 71) includes the following: *'In the CF zone, only permit community housing where associated with a place of worship or supportive housing. Community housing cannot be separately titled'.* The restriction on the use of CF zone land to where it is associated with a place of worship would limit the potential available pool of land that could be used for community housing compared to a scenario where all CH zoned land could be used for affordable housing. Consideration could be given to allowing additional CF zoned land to be made available for CHPs to develop additional affordable housing. Previous analysis has indicated potentially significant development potential.[29]
Planning approvals process	Appeals by those opposed to affordable housing have hindered the development of additional housing by increasing costs, CHPs by slowing down approvals and reducing the scale of development. The new proposed Territory Plan includes various avenues which reduce the ability for appeals to hinder project development. These include classification of a project as a 'Territory Priority Project'. Such a declaration would make Development Applications exempt from third party ACAT review and would hence potentially facilitate a quicker development through eliminating the time taken for appeal processes (should a proposed development by appealed). Similarly, the new proposed Territory Plan identifies certain development applications that are exempt from third party appeals. Community Housing could be included within this definition. The inclusion of community housing as a development form exempt from third party appeal would potentially speed-up the development process, reduce cost and hence increase the provision of additional affordable rental accommodation sooner. This would need to be balanced against meeting community expectations and ensuring a good design outcome.

Table 23 Territory Plan update assessment

[29] Analysis contained in the Lockbridge Community Facilities Asset Optimisation Assessment (Belconnen and Woden) identified significant development potential on the CF zoned sites identified.

7 CHP COMMERCIAL AND FINANCIAL ASSESSMENT

CHP COMMERICAL AND FINANCIAL ASSESSMENT – SUMMARY OF FINDINGS

The provision of affordable rental accommodation requires a subsidy for it to be financially viable for a CHP. The level of subsidy depends on numerous factors such as the entities involved, commercial structure, project risk, timing, location, delivery mechanism and others. A cashflow project finance model was prepared to optimise the capital structure of the project and size the required subsidy to meet debt covenants and equity return requirements for an indicative new development. The indicative new development is assumed to be an apartment building-type development as these are the most economic to develop at scale with the CHP having the required equity to fund the development and debt financing provided by NHFIC. The subsidy per affordable dwelling for a "base case" Sch 2.2(a)(xi) equity return, 25 year subsidy and 40 year operational period are shown below (noting that alternative return requirement, subsidy periods, operational periods and other assumptions will alter the required subsidy).

Subsidy per affordable dwelling ($'000)	Acquired land		Ground lease		Gifted land	
Subsidy type Sch 2.2(a)(xi) EIRR)	City	Town centre	City	Town centre	City	Town centre

Sch 2.2(a)(xi), Sch 2.2(a)(xiii)

The subsidy structure which represents best value-for-money will depend on the ACT Government's preference for one-off payments, ongoing payments, desire to create additional rental stock (as opposed to transferring stock from one market segment to another) and willingness to invest to support the ongoing growth of the CHP sector.

The results above indicate that it is likely the ACT Government will achieve the lowest NPV subsidy cost by providing an upfront contribution as a form of Government support to delivering affordable housing projects. Availability payments present a greater cost to Government overtime; however, may provide Government with a more manageable cashflow profile through not requiring a large one-off upfront contribution. The use of ground lease models (noting this doesn't make the same contribution to a CHPs balance sheet) and gifted land reduce the level of subsidy required relative to where a CHP acquires the land.

The HAFF appears to be seeking joint contributions from jurisdictions, hence a support model based on a combination of upfront support (potentially via land, planning facilitation etc) and ongoing subsidy may emerge.

This section includes:

- Commercial structures;
- Sources of finance; and
- Financial assessment outcomes.

7.1 Commercial structures

There are various preconditions which must be met for a CHP to be in a position to deliver additional rental stock at the scale required to achieve the ACT affordable rental targets. These preconditions include:

- Strategic direction: the CHP must have a vision and mission to increase the stock it owns and/or manages;
- Land: the CHP must have access to sites upon which to develop additional stock;
- Capital: the CHP must have access to sufficient capital (access to equity and debt) to finance the land acquisition (if not owned), development and ongoing operation of additional stock; and
- Capability and capacity (including development experience): the CHP must have the required skills and expertise – or the willingness to partner with appropriate organisations – to develop and manage additional stock.

The selection of CHPs who meet these preconditions and are therefore potentially able to deliver additional rental stock at scale is limited to Tier 1 and certain Tier 2 CHPs.

While each CHP is unique with respect to mission, strategic intent, capability and capacity, the approach taken to developing new properties can be characterised through three main commercial structures as summarised in Figure O.

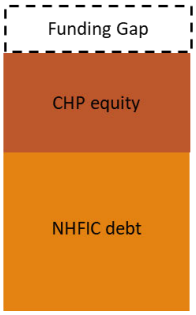
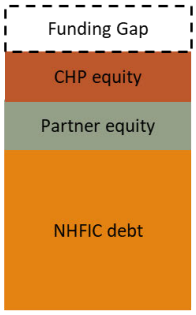
	Model 1	Model 2	Model 3
Owned	CHP	Joint Venture	Partner
Managed	CHP	CHP	CHP
Capital Stack Funding gap CHP equity Partner equity Debt (NHFIC) Alternative debt			
Description	CHP-led development NHFIC debt	Joint Venture between a CHP and equity partner (NFP, Super Fund, Institutional Investor) NHFIC Debt	Equity partner-led development CHP as manager Commercial debt

Figure O – Conceptual affordable rental delivery models

The models in Figure O are an outline of the financing and delivery models which have been applied in jurisdictions historically. They are all broadly well accepted by market participants and have been applied at scale in the past. Under each of the models proposed, there are varying return requirements which are dependent on the source of equity capital. The sources of equity capital considered in the proposed delivery modes above includes:

- CHP equity;
- Superannuation Fund; and
- Institutional investors.

The required return to equity is influenced by numerous factors including:

- entity profile;
- commercial structure;
- project risk;
- timing;
- location; and
- delivery mechanism.

For the equity capital sources identified for each delivery model, the following equity return ranges have been assumed. The return ranges were determined via consultation with providers of these types of equity capital and through industry benchmarking. It is noted that return requirements may vary materially for investors within the same class, dependent on a project's risk characteristics, the equity provider's availability and allocation of capital, and the returns achievable through other investments at the time.

ENTITY	TARGET EQUITY IRR
CHP / NFP	Sch 2.2(a)(xi), Sch 2.2(a)(xiii)
Superannuation fund	
Institutional investor	

Table 24: Equity Capital Return Requirements

7.2 Sources of finance

Social and affordable housing is generally financed through three main mechanisms: debt, equity and government contributions. Within these broad definitions, there are further categories as illustrated in Table 25.

FUNDING MECHANISM		DEFINITION
Debt – approx. 60% to 75% capital stack	Commercial Debt	A portion of the cost is funded through commercial debt. Commercial debt is often for a shorter tenor and at a higher rate than NHFIC debt.
	NHFIC Debt	NHFIC allows CHPs to gain access to lower-cost longer-term debt with more favourable borrowing terms. NHFIC provides access to concession fixed interest rates for 10 to 15 years. NHFIC may also enable a modified repayment profile through sculpting and more favourable sizing requirements through use of a Debt Service Coverage Ratio, rather than the traditional Interest Coverage or LVR approaches used by commercial banks.
	Additional Junior Debt	Additional junior debt can be used to meet a portion of the funding gap. This type of debt is subordinate to NHFIC debt and is therefore provided at a higher rate by a third party such as a commercial bank, superannuation fund or institutional investor.

FUNDING MECHANISM		DEFINITION
Equity	CHP Equity	A requirement necessary to access debt is an equity contribution in the form of land and/or cash. This is required to achieve required financial ratios to access debt such as Debt Service Coverage Ratios (DSCR) and Loan to Value Ratios (LVR) to provide comfort to debt holders. The CHP equity contribution needs to provide a return to allow the CHP to receive an appropriate risk adjusted return and to support continued investment in additional housing.
	Equity Partner	Additional equity from a third party (NFP, superannuation fund or institutional investor) is sometimes required due to lack of available equity from CHPs to achieve debt funding requirements (DSCR and LVR). Models exist whereby the equity partner contributes up to 100% of the equity required with the CHP providing an operator only role. Government could also play the role of an equity partner to provide the shortfall in equity in situations where CHPs do not have sufficient equity.
	Mixed/Hybrid Development	Delivering a mix of social, affordable and market rentals can improve the cashflow of the project through higher ongoing incomes; or through the sale of stock. Such an approach cross-subsidises the social/affordable accommodation from other market segments.
Government contribution – Dependent on support required but appro	Upfront capital contribution	Government provides an upfront cash contribution which is treated as a grant which assists in funding the initial funding requirement of the project.
	Availability Payment	Government provides an ongoing contribution in the form of a periodic availability payment to increase operating revenues of a project , enabling it to achieve debt funding and equity return requirements.
	In-kind contributions	Government provides contributions in the form of access to land via a ground lease, planning support or planning concessions such as additional floor space or reduced parking requirements, and waivers of various fees and charges.

Table 25 Funding mechanisms for Social and Affordable Housing

7.3 Financial assessment methodology and assumptions

A financial assessment has been undertaken to assess the required subsidy which would need to be paid by Government to support the delivery of affordable housing in the Territory. The level of subsidy was solved for by ensuring that:

- Debt servicing covenants are met over the course of the project; and
- The equity return requirement for the provider of equity under each of the scenarios was met.

7.3.1 Methodology

To size the subsidy requirement for each delivery model, each approach was applied to a theoretical 100 dwelling development. A cashflow project finance model was prepared to optimise the capital structure of the project and size the required subsidy to meet debt covenants and equity return requirements.

In assessing the potential subsidy level, a number of variables were changed over several scenarios to test the sensitivity of the subsidy to the change in each variable. The variables tested included:

- Type of subsidy:
  - Upfront capital payment; and
  - Availability payment, expressed in Net Present Value (NPV) terms.
- Land treatment and subsequent effect on terminal value:
  - Acquired at market rate;
  - Accessed via a ground lease; and
  - Gifted from a charitable entity at no cost.
- Location:
  - City (higher land value and rents); and
  - Town Centre (lower land value and rents).
- Target Equity Internal Rates of Return (EIRR)

Sch 2.2(a)(xi), Sch 2.2(a)(xiii)

The outcome is shown for the following scenarios:

- 100% affordable rentals; and
- 50% affordable; 50% market rentals.

The method of comparison applied for each scenario is to compare the total upfront contribution per affordable dwelling against the NPV of the availability payments over the subsidy term.

7.3.2 Financial model assumptions

A summary of the assumptions applied in the subsidy sizing analysis are provided below in Table 26 .

INPUT	ASSUMPTION / OPTION
Capital Stack	Government contribution (if required) Equity (at varying return requirements) Senior Debt (with NHFIC repayment terms and rates)
Availability Payment Assumptions	Term: 25 years Indexation: 2.5% p.a.
Operations Term	40 years
Terminal value	Acquired land: Single Line Adjustment Sale at end of operations. Ground lease: Zero Gifted Land: Single Line Adjustment Sale at end of operations. *Note: Single Line Adjustment takes the escalated Gross Asset Value and subtracts a building depreciation discount, and repayment of outstanding debt, to reach the sale proceeds.*
Equity Return	Required equity return ranges detailed in Table 24.
Debt Terms	All-in Interest Rate 4.9% (based on current NHFIC margins and underlying interest rates) Refinanced every 10 years, with 5.4% Long-term interest rate assumption. Paid out over 40 years Revenue weighted Debt Service Coverage Ratio with the following DSCRs from previous experience with NHFIC lending terms. Sch 2.2(a)(xi), Sch 2.2(a)(xiii)
Land values	Land Acquisition:[30] • City: $105,000 / unit – Turner comparable sales per dwelling • Town Centre: $40,000 / unit Ground Lease: • 2% of land value paid as an annual ground lease payment. Gifted Land: No land value assigned under this scenario.

[30] Appendix G includes the comparable sales data upon which these values are based.

INPUT	ASSUMPTION / OPTION
Typology	Assumed as part of an apartment-type development as these are the most economic to develop at scale. 100 dwelling apartment building – new build
Dwellings	Requirements of Draft Variation No. 368 of the Territory Plan (City and Gateway) were applied to the dwelling mix. 1 bedroom – 40% 2 bedroom – 40% 3 bedroom – 20%
Construction cost	$350,000 per dwelling Applied based on benchmark construction costs from comparable projects.
Affordable rent discount	74.9% of market rent. The rents using the discount criteria fall within the Q2 income quintile, capacity to pay test.
Market Rents ($ per week)	City (Sourced from RP Data comparable Turner rents): • 1 Bedroom: $490 • 2 Bedroom: $630 • 3 Bedroom: $820 Town Centre (Sourced from RP Data Comparable Gungahlin rents): • 1 Bedroom: $430 • 2 Bedroom: $550 • 3 Bedroom: $640
Discount rate (for calculating availability payment NPV)	4% - Proxy for Government borrowing cost, using long term bond rate
Operating and maintenance expenses	Approximately $7,000 per dwelling per annum (including insurance, utilities, maintenance, tenancy and property management, land tax, and rates) . Based on benchmark costs from comparable CHP-led projects.

Table 26 Key assumptions

7.4 Financial modelling outcomes

Table 27 shows the required government contribution per affordable dwelling for the 100% affordable scenario.

ALL FIGURES IN $'000		ACQUIRED LAND		GROUND LEASE		LAND VALUE = $0	
Required Equity Return	Subsidy Type	City	Town Centre	City	Town Centre	City	Town Centre
Sch 2.2(a)(xi), Sch 2.2(a)(xiii)	Upfront Contribution	Sch 2.2(a)(xi), Sch 2.2(a)(xiii)					
	Availability Payment (NPV)						
	Upfront Contribution						
	Availability Payment (NPV)						
	Upfront Contribution						
	Availability Payment (NPV)						

Table 27 Subsidy per Affordable Dwelling ($'000) - 100% Affordable scenario[31]

Table 28 shows the government contribution for the 50% affordable: 50% market rental scenario

ALL FIGURES IN $'000		*ACQUIRED LAND*		*GROUND LEASE*		*LAND VALUE = $0*	
Required Equity Return	Subsidy Type	City	Town Centre	City	Town Centre	City	Town Centre
Sch 2.2(a)(xi), Sch 2.2(a)(xiii)	Upfront Contribution	Sch 2.2(a)(xi), Sch 2.2(a)(xiii)					
	Availability Payment (NPV)						
	Upfront Contribution						
	Availability Payment (NPV)						
	Upfront Contribution						
	Availability Payment (NPV)						

Table 28: Subsidy per Affordable Dwelling ($'000) - 50% Affordable, 50% Market Rental Scenario

[31] Note: Availability payment results are an NPV of the cashflows discounted at a rate of 4%.

For reference, the availability payments for each scenario in year 1 are also provided in Table 29.

ALL FIGURES IN $'000		ACQUIRED LAND		GROUND LEASE		LAND VALUE = $0	
Required Equity Return	Subsidy Type	City	Town Centre	City	Town Centre	City	Town Centre
Sch 2.2(a)(xi), Sch 2.2(a)(xiii)	100% Affordable	Sch 2.2(a)(xi), Sch 2.2(a)(xiii)					
	50/50 Market/Affordable						
	100% Affordable						
	50/50 Market/Affordable						
	100% Affordable						
	50/50 Market/Affordable						

Table 29: Year 1 Availability Payment per Affordable Dwelling ($'000)

Table 27 and Table 28 show the level of subsidy actually increases for the higher equity return levels (Sch 2.2(a)(xi), Sch 2) for the 50% market/50% affordable model. This is because the DSCR applied in sizing debt is higher for market rentals compared with affordable rentals. This reduces the level of debt which can be serviced (even with increased revenues from market housing) and increases the equity contribution – hence to achieve the higher equity returns requires a greater subsidy.

7.5 Further scenario and sensitivity testing

The required subsidy and overall viability of affordable and mixed-use housing developments is largely dependent on debt repayment terms and the treatment of the terminal value for the project.

Where amortisation on debt is able to be extended to reduce total debt servicing costs a project is likely to become more viable and require a lower subsidy to meet the required return.

The treatment of the terminal value for the project is dependent on the manner in which the land is accessed. Under both the acquired and gifted land scenarios a terminal value can be recognised as the contributors of equity for the project will maintain residual ownership over the land and the asset after the subsidy / operations term. At this point in time the asset may be sold or retained depending on the investor's appetite to continue operating the asset.

The timing of the sale event and recognition of the terminal value is likely to have a significant effect on the required subsidy to meet a required equity return.

Given the large effect of these two variables, scenarios were tested to assess the effect on the level of required subsidy where the two inputs were changed. Scenarios where a ground lease was considered were not tested under these scenarios as it is likely that a lender would require the debt to be fully amortised by the end of the ground lease, and there is no terminal value after the ground lease expires.

The ground lease scenario was not tested as part of this sensitivity analysis given the likely increased complexity of attempting to exit a project prior to the expiry of the ground lease.

Results of this sensitivity analysis have been expressed as a percentage increase or decrease in the level of required subsidy compared to the initial scenario tested. Table 30 below shows results for a scenario with a 10% required return over the City site. Scenarios for the Town Centre site were not tested, as in percentage terms, it is likely that the change is subsidy would be similar.

LAND STRUCTURING	SUBSIDY LENGTH (& SALE PERIOD)	AMORTISATION PROFILE	UPFRONT PAYMENT	AVAILABILITY PAYMENT
Base Case – Acquired Land (40 yr hold)[32]	25	40	Sch 2.2(a)(xi), Sch 2.2(a)(xiii)	
Acquired Land	10	10		
Acquired Land	10	40		
Acquired Land	15	15		
Acquired Land	15	40		
Acquired Land	25	25		
Acquired Land	25	40		
Acquired Land	40	40		
Base Case – Gifted Land (40 yr hold)	25	40		
Gifted Land	10	10		
Gifted Land	10	40		
Gifted Land	15	15		
Gifted Land	15	40		
Gifted Land	25	25		
Gifted Land	25	40		
Gifted Land	40	40		

Table 30: Sensitivity of Subsidy Requirement to Changes in Subsidy Length and Amortisation Profile

The results above indicate that the availability payment is more sensitive to shortening the amortisation profile. This is because when the amortisation profile is shortened, debt service increases, and there is a greater level of operating cashflow required to fund the increased debt service over time.

[32] Base case results shown as amount of subsidy per affordable dwelling.

7.6 Summary of results

The approach which represents best value-for-money will depend on the ACT Government's preference for one-off payments, ongoing payments, desire to create additional rental stock (as opposed to transferring stock from one market segment to another) and willingness to invest to support the ongoing growth of the CHP sector.

The results above indicate that it is likely Government will achieve the lowest NPV subsidy cost by providing an upfront contribution as a form of Government support to delivering affordable housing projects. Availability payments present a greater cost to Government overtime; however, may provide Government with a more manageable cashflow profile through not requiring a large one-off upfront contribution.

From a practical implementation perspective, it may be less administratively burdensome for Government to provide a one-off upfront contribution via budget processes rather than establishing an ongoing subsidy payment mechanism.

The level of subsidy required is likely to vary from project to project depending on project specific characteristics, however Government is likely to minimise the NPV of its subsidy by providing a subsidy to a project where land is provided via a ground lease (noting this doesn't make the same contribution to a CHPs balance sheet and ability to make further additional investment) or an in-kind contribution rather than subsidising projects where land needs to be acquired.

8 POTENTIAL POLICY MEASURES AND IMPLEMENTATION

POTENTIAL POLICY MEASURES AND IMPLEMENTATION – SUMMARY OF FINDINGS

A suite of potential policy measures has been developed for consideration. The potential policy measures are grouped in the following areas:

- Achieving 600 additional dwelling by 2025/26
  - > **Maintaining existing CHP affordable rental housing** (focused on retaining current NRAS stock and expanding the Affordable Community Housing Land Tax Exemption)
  - > **Developing new CHP affordable rental housing** (focused on ensuring land availability, land affordability, Development Approval facilitation, subsidy provision and capacity building)
  - > **A private sector delivery model** (which could be considered as an interim measure to boost affordable rental stock in the short to medium term)
- Establishing a long-term growth path for CHPs (focused on expanding the breadth of Tier 1 CHPs operating in the ACT through expanding existing capabilities and/or attracting additional Tier 1 CHPs).
- Other observations for consideration.
- Opportunities to maximise opportunities from the HAFF.

This section includes:

- Achieving 600 additional dwellings by 2025/26;
- Establishing a long-term CHP growth path;
- Other observations; and
- Opportunities to maximise the benefit to the ACT from the HAFF.

8.1 Achieving 600 additional dwellings by 2025/26

The analysis in the preceding sections have identified a range of challenges to delivering an additional 600 dwellings by 2025/26. The analysis has identified a range of potential policy measures which will assist in achieving the dwellings over the period. These are summarised in Figure P along with indicative timing for development and implementation. The potential policy measures apply to three broad areas:

- Maintaining existing CHP affordable rental housing;
- Developing new CHP affordable rental housing; and
- An alternative ownership model which may provide an interim measure to achieving the dwelling target.

The policy measures are then described in detail.

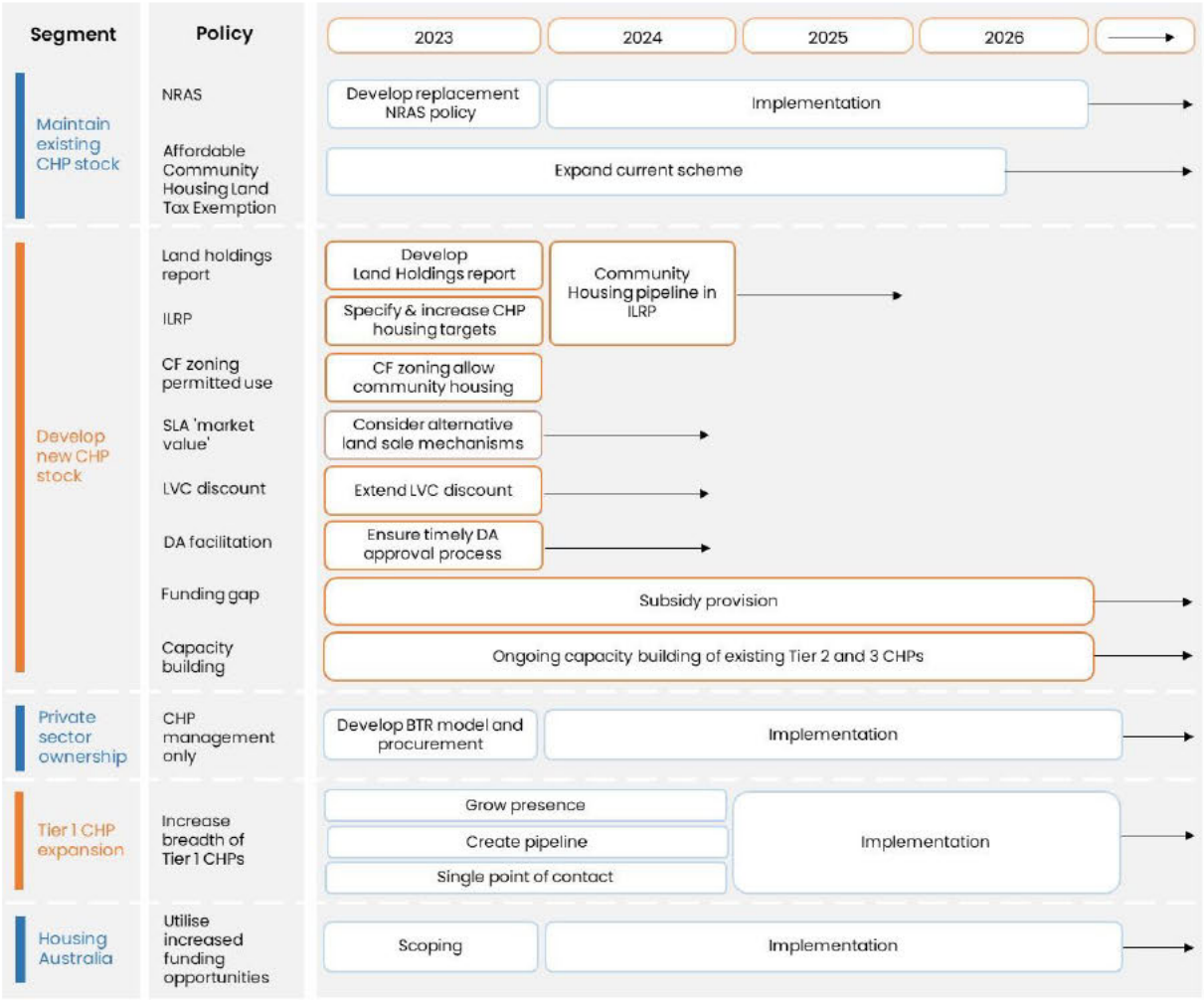


Figure P – Summary of potential policy measures

8.1.1 Maintaining existing stock

The following potential measures are focussed on maintaining existing stock.

POLICY AREA	**National Rental Affordability Scheme**
ISSUE	NRAS concluding over coming years. Without continuation of the subsidy, CHP stock may be sold, or if retained by CHPs (without the subsidy) it will reduce funding available for other investments.
POTENTIAL POLICY	Replacement of NRAS subsidy with an alternative form of annual subsidy to CHPs. The ACT Government could consider working with CHPs receiving NRAS to facilitate a 'portfolio' replacement subsidy from NHFIC/HAFF.

IMPLEMENTATION CONSIDERATIONS	Much of the current NRAS stock is student housing and accommodation. Consideration to be given to specific cohorts to be targeted for access to affordable rental accommodation. Consideration to be given to retaining existing NRAS stock or transitioning to new/alternative dwellings, i.e. swap existing stock for new/alternative dwellings.
OUTCOME	Retain existing NRAS stock levels as affordable rental housing.

POLICY AREA	**Affordable Community Housing Land Tax Exemption**
ISSUE	The current scheme is delivering ~120 dwellings. There is scope to accelerate the take-up the current scheme to bring forward reaching the existing cap of 250. There is potential to expand the current scheme cap and target it to specific cohorts.
POTENTIAL POLICY	Uptake of the scheme could be increased via marketing of scheme due to current low levels of awareness. The scheme could be tailored to provide housing for specific cohorts, such as families seeking a detached dwelling (i.e. larger house), potentially including those in Q3 who may otherwise fail to receive assistance. The cap of the scheme could be increased above 250.
IMPLEMENTATION CONSIDERATIONS	The scheme does not directly increase overall stock but rather transfers rental properties from 'private' rentals to affordable rentals. If following increased marketing, the cap is not achieved, consideration could be given to providing an additional subsidy to meet any financial shortfall faced by the property owner relative to offering as a 'private' rental, noting that whether there is a shortfall would need to be assessed on a case-by-case basis given the interplay of rents, land tax exemption and DGR benefit.
OUTCOME	The scheme could drive a relatively rapid increase in affordable rental dwellings as it is focussed on the rental of existing dwellings. The scheme could be marketed/tailored/expanded to increase affordable rental housing. The scheme could be tailored to target specific cohorts and/or dwelling types.

8.1.2 Developing new CHP stock

The following potential measures are focussed on developing new CHP stock.

POLICY AREA	**Land availability**
ISSUE	Lack of land for CHPs.
POTENTIAL POLICY	Consideration could be given to working with CHPs and others to undertake a landholdings report to identify potential sites (including owned or potentially suitable sites) and consider the potential for planning changes/support to bring these sites online. The analysis could inform the ILRP and create a pipeline of sites.
IMPLEMENTATION CONSIDERATIONS	Some sites will be ACT Government owned, Commonwealth Government owned or privately held.
OUTCOME	Land holdings report and visibility of future potential development sites. Increase land for affordable rental housing.

POLICY AREA	**Land availability**
ISSUE	Lack of specific targets for land released for CHP rental accommodation development. Relatively low levels of land released for CHPs rental accommodation development. See Appendix H for an assessment of community housing and the ILRP.
POTENTIAL POLICY	The ILRP could include specific targets for land to be released for development of affordable housing (i.e. create a specific target rather than as a subset of the 15% target). The target could be increased above historic levels of land release.
IMPLEMENTATION CONSIDERATIONS	The sites and pipeline could be informed by the landholdings report. When consideration the level of the target the ability of CHPs to purchase dwellings via the AHPS could also be retained to provide additional options for new CHP stock. Additional CHP funding is required to support purchase and development.
OUTCOME	An increased pipeline of community housing land supply outlined in the ILRP which would provide certainty to CHPs (ACT-based and non-ACT based) about future opportunities.

POLICY AREA	**Land availability**
ISSUE	CF zoning doesn't allow community housing.
POTENTIAL POLICY	The draft new Territory Plan allows community housing in CF zoned land, however, the Supporting Documentation indicates that community housing be located with a place of worship. Consideration could be given to allowing additional CF zoned land to be made available for CHPs to develop additional affordable housing.
IMPLEMENTATION CONSIDERATIONS	Previous analysis has indicated potentially significant development potential.33
OUTCOME	Increase land options for affordable rental housing.

POLICY AREA	**Land affordability**
ISSUE	Inability of CHPs to compete against private sector and pay 'market value'.
POTENTIAL POLICY	Allow SLA to sell land to CHPs at an alternative to market value. This could be achieved by removing the requirement for the SLA to sell land to CHPs at 'not less than the market' value or alternatively via specific definitions of how the market value is determined for land sold to CHPs to allow it to be sold at a lower cost. Consideration could also be given to how this is incorporated as part of any Territory contribution requirements necessary to access HAFF funding.
IMPLEMENTATION CONSIDERATIONS	Implementation may require amendments to the Planning and Development Act which could take time. Consideration could be given to continuing to sell land at market value coupled with direct additional funding, especially within the context of accessing HAFF funding.
OUTCOME	More affordable land supply for CHPs.

[33] Analysis contained in the Lockbridge Community Facilities Asset Optimisation Assessment (Belconnen and Woden) identified significant development potential on the CF zoned sites identified.

POLICY AREA	**Land affordability**
ISSUE	LVC costs contribute to making land and development unaffordable.
POTENTIAL POLICY	Consideration could be given to continuation of LVC discount schemes (BtR discount/waiver as outlined in the BtR Prospectus and LVC remission DI2019-229) as they contribute to reducing overall development costs. The schemes could be tailored to focus on delivery of stock to target specific market segments (i.e. cohorts, level of discount, typology etc).
IMPLEMENTATION CONSIDERATIONS	LVC costs are one element of overall development costs. Additional CHP funding is required to support land purchase and development.
OUTCOME	More affordable land supply for CHPs.

POLICY AREA	**Development Approval facilitation**
ISSUE	Third party appeals can increase cost and time associated with community housing development.
POTENTIAL POLICY	Consideration could be given to mechanisms (such as declaration of community housing as a Territory Priority Project, making community housing exempt from appeals, etc) to ensure the timely approval of community housing projects.
IMPLEMENTATION CONSIDERATIONS	The update to the Planning Bill allows an opportunity to identify community housing as a Territory Priority Project.
OUTCOME	Reduce cost and time associated with community housing development.

POLICY AREA	**Access to subsidy**
ISSUE	The provision of community housing requires support to cover the funding gap.
POTENTIAL POLICY	The provision of support (land, in-kind, capital or operating subsidy) allocated via a simple, regular mechanism could be considered. This could take the form of an annual EoI/RfP process with timing linked to factors such as the ILRP program, budget processes etc. The consistency of the process will increase confidence for CHPs (ACT-based and non-ACT based) to invest the time and resources to respond and increase stock in the ACT.
IMPLEMENTATION CONSIDERATIONS	Consideration could be given to establishing the mechanism within the context of the HAFF.
OUTCOME	The financial viability of affordable housing development/purchase by CHPs leading to increased stock.

POLICY AREA	**Capacity building**
ISSUE	Existing ACT Tier 2 and Tier 3 CHPs have limited capability, capacity and experience in developing new stock.
POTENTIAL POLICY	A capacity building program for CHPs could be provided via skills, training, support, grants. Alternatively a 'CHP advisory service' could be established by the ACT Government to facilitate CHP developments and engage with NHFIC (thus reducing the cost of each CHP replicating this knowledge).
IMPLEMENTATION CONSIDERATIONS	The capacity building could be offered across the board or focussed on specific support during EoI/RfP rounds. The sector, commercial structures and financial models are currently evolving quickly. As such, any one-off training provided to CHPs is likely to be out of date relatively quickly. Moreover, the ability for CHP's to retain detailed development corporate knowledge is unknown. There are also private sector businesses with the necessary skills who could be engaged by CHPs as required.
OUTCOME	Increase ability of Tier 2 and 3 CHPs to deliver additional stock, especially over the medium to longer time.

8.1.3 A private sector model

As it is likely to take time to develop additional CHP capacity to deliver significant new stock, consideration could be given to an alternative model of housing provision whereby the housing is developed by the private sector and managed by CHPs rather than direct ownership of stock by CHPs. This could potentially be delivered in a relatively shorter timeframe.

POLICY AREA	**Private sector stock development**
ISSUE	CHPs may not be able to deliver the volume of additional stock in the short to medium term. Alternative development and ownership models exist whereby a private financier develops/purchases a new development and engages a CHP under an 'operator only' model (see Model 3 in Section 7). These models tend to be based on the ability of the private owner to realise the value of the development (i.e. sell the development at market value) at some point and hence do not provide long term ongoing community housing. Similarly, any subsidy provided is not entirely retained within the CHP sector as some is likely distributed to the financier to achieve its required returns. A potential attraction of such a model is its ability to relatively quickly deliver additional stock. As such, this form of model may be able to address a short to medium gap in affordable rental supply.
POTENTIAL POLICY	Consider seeking proposals from the private sector for the provision of CHP managed affordable community housing. A market sounding could be

	undertaken to gauge potential interest and length of tenure.
IMPLEMENTATION CONSIDERATIONS	Assess the outcomes from the Turner BtR. Focus the process on seeking offers for development on private land to seek and expand the breadth of options.
OUTCOME	Quicker delivery of increased stock.

The current BtR tender being run for Turner and the North Wright Compact Housing Projects are similar in that housing is being developed for subsequent CHP management, however, these are facilitated by ACT Government owned land which need not necessarily be the case under a private sector led development.

8.2 Establishing a long-term CHP growth path

The analysis in the preceding sections identified a need and opportunity to future-proof the local CHP sector through consideration of establishing a larger and more diverse Tier 1 CHP sector in the ACT. Specifically, this requires consideration of the divergence in how the ACT CHP sector has evolved compared with the evolution of CHPs in other jurisdictions (and the deliberate government policies adopted). Potential policy measures to support the ACT Tier 1 CHP sector and ensure its ability to deliver ongoing increase in stock over time are described below. Importantly, this should recognise the contribution of the existing Tier 1 CHP and larger Tier 2 and 3 CHPs and growth.

POLICY AREA	**Breadth of Tier 1 CHPs and development capacity**
ISSUE	Tier 1 CHPs deliver majority of new stock. ACT characterised by a single Tier 1 CHP, which is responsible for the majority of development and new stock. A single Tier 1 CHP increases delivery and capacity risk. The ACT is exposed to potential capital exhaustion, especially if increasing supply of affordable rental housing is sought post 600 additional dwellings. There is also less redundancy in the event of unexpected local developments. Some other Tier 1s have a small presence in ACT via management contracts of a small amount of stock: • They see ACT as having high barriers to entry and increased presence. • They don't see the scale required to support their efficient operation in the ACT. • The ACT has a high-cost base and less attractive policy settings compared to jurisdictions in which they currently operate.
POTENTIAL POLICY	Support the existing Tier 1 CHP, grow existing Tier 2 and 3 CHPs and attract additional Tier 1 CHPs with development capacity to the ACT by actively growing their presence in the ACT (market making) via long-term management contracts, stock transfer etc.

	Attract additional Tier 1s (and support/grow existing CHPs) with development capability via creation of a pipeline of opportunities such as ongoing regular process, land supply pipeline, scale and subsidy commitments. Facilitate CHP engagement via a single point of contact with ACT Government.
IMPLEMENTATION CONSIDERATIONS	Expanding the breadth of capacity will allow additional use of the HAFF.
OUTCOME	Diversified Tier 1 CHPs with capacity to deliver new stock. Reduce burden of other CHPs entering and operating in the ACT. CHP sector which has greater long-term sustainability and can leverage off improvements, innovation and scale in other jurisdictions. Improved alignment with Commonwealth-led affordable housing policy initiatives.

8.3 Other observations

In addition to the above potential policy measures, the following broad observations are made which may benefit from consideration.

POLICY AREA	**Policy coordination**
ISSUE	Multiple ACT Government agencies are involved in affordable rental housing provision.
POTENTIAL POLICY	Utilise 2023 ACT Housing Strategy update to clarify and coordinate roles.
IMPLEMENTATION CONSIDERATIONS	The establishment of the Coordinator-General for Housing within CMTEDD provides a framework for increasing coordination. Ensure existing knowledge and understanding of the sector is retained.
OUTCOME	Increased coordination.

POLICY AREA	**Lack of detailed cohort data**
ISSUE	There is a lack of visibility of Q2 (and other) cohort composition. This increases the challenge of providing an appropriate breadth of suitable accommodation. Similarly, there is a lack of a detailed breakdown on rental supply characteristics.
POTENTIAL POLICY	Undertake a detailed survey and analysis of Q2 (and other) cohort composition. Complete a comprehensive rental availability analysis.

IMPLEMENTATION CONSIDERATIONS	The cohort composition analysis be developed within the context of creating a data set to support both housing and social objectives (see discussion below).
OUTCOME	Improved data to inform more targeted policy development.

POLICY AREA	**Wholistic housing and services approach**
ISSUE	Affordable rental housing provision should be considered within an overall housing and social policy framework. Some people in Q2 (and other) require wraparound services. Some CHPs provide housing and wraparound services which may result in coordination benefits and service delivery efficiencies.
POTENTIAL POLICY	Policy development, including the 2023 ACT Housing Strategy update, could consider how best to deliver both housing and social objectives.
IMPLEMENTATION CONSIDERATIONS	A cross-agency approach be considered for development of the 2023 Housing Strategy Update.
OUTCOME	Coordination and service delivery benefits.

Opportunities to maximise the benefit to the ACT from the HAFF

While the final form of the HAFF remains under development, the following approaches could be considered to maximise the potential benefits to the ACT.

POLICY AREA	**Maximising the benefit to the ACT from the HAFF**
ISSUE	The funding allocations for the HAFF is still to be finalised. However, the key issue for the ACT in maximising the benefit of this scheme is making sure the scale and expertise exist within the market to leverage this type of funding.
POTENTIAL POLICY	The policy settings and investment mandates are still being finalised. Consultation with the NHFIC indicated the following potential policy directions, noting that further consultation with jurisdiction and stakeholders is underway, which could change the information discussed below. **HAFF investment mandate** • The funding allocations for the HAFF is still to be finalised. This process will determine whether funding is split based on per-capita allocations, whether there is a competitive element, regional vs. metro splits and whether certain, high needs cohorts targeted. • A key principle of the policy design and investment mandate is property staying within the CHP sector. This improves the scale and balance sheets of CHPs, driving second round community effects and ensuring operating surplus at a CHP goes straight back into more dwellings for the sector. This addresses the challenges of NRAS, with stock being lost

	after 10 years. • The Commonwealth is planning to undertake a 'needs assessment', which includes both consultation and desktop work. This is to help them understand needs in each jurisdictions, to inform on things like the mix of social and affordable, the depth of the market, areas of acute need etc. **Structures** • A 25 year investment horizon is being adopted. • Commonwealth funding will flow through an availability payment mechanism, once the infrastructure has been delivered. • Projects would need construction finance, which NHIFIC are looking to facilitate with banks and also with the potential support of NHFIC debt. • Jurisdictional commitments and contributions are expected, such as unlocking and providing land, and accelerating planning approvals, to ensure the 40,000 social/affordable homes target can delivered in 5 years. • NHFIC is looking at how to aggregate individual projects so that superfunds can, if they choose, invest at scale and not on a project-by-project basis. **Process** • Legislation change is required, with the bills aiming to be passed during the Autumn sitting. This implies the scheme could become operational by mid-late 2023. • Projects will be shortlisted through an EOI process. Projects will need to include the land-owners, and then alignment to the investment mandate is considered. Land can be provided by jurisdictions, councils, faith based institutions and private developers. • NHFIC will then identify suitable projects, prioritise and short list these projects, before then working with them to get the finance confirmed. More broadly, NHFIC is trying to play an increased collaborative and faciliatory role.
IMPLEMENTATION CONSIDERATIONS	The policy landscape is evolving rapidly. Continual engagement in its development to ensure its applicability to the ACT is suggested. In addition, there is an opportunity to be as prepared as possible to maximise the ability for the sector to utilise the additional funding sources.
OUTCOME	Noting the policy details are yet to be finalised, some observations and potential areas upon which the ACT Government could focus include: • The Commonwealth is looking to partner with jurisdictions to deliver supply. In return for HAFF funding, jurisdictions could provide land, accelerate planning approvals and providing other concessions which are within their policy remit and will help accelerate affordable and

	social housing supply. • Projects in more developed stages of planning (ie: land, design, approvals, tenant mixes, funding / financing strategies) will be best placed to secure early (and/or competitive) funding. • The size and scale of the CHPs could be important to maximising the benefits of the proposed HAFF funding, with existing relationships with NHFIC and experience in securing financing through their processes an advantage. NHFIC indicated that interaction with ACT based CHPs was limited relative to other jurisdictions, and the use of the NHFIC facilities was significantly less. • CHPs that also have development capability could also potentially benefit more from the new arrangements given their greater ability to control stock release and seek to receive Commonwealth concessions and subsidies during both the construction and operations phase. • The ACT Government could consider social and affordable housing investments that allow them to also tap into Commonwealth Rent Assistance as a way to shift some of the long-term operating costs to Commonwealth programs.

Appendix A
Scope

Statement of requirement – affordable rental housing in the ACT

1. Project objectives and outcomes

ACT Treasury is seeking to engage a consultant to undertake a detailed and expert exploration of opportunities to boost the supply of affordable rental housing in the ACT in response to market gaps, particularly through the expansion of community housing owned and/or managed stock.

The consultant will be required to:

- Undertake desktop research and analysis and consult with key stakeholders to inform this research and analysis;
- Submit a draft report by [date]; and
- Submit a detailed final report, which responds to comments and feedback provided by Treasury on the draft report, by [date].

2. Project Scope

The ACT rental market is challenging for low-to-moderate income households, who often struggle to rent a property that suits their needs and budget with vacancy rates generally among the lowest of all Australian capital cities and rents among the highest.

Community housing providers in the ACT supply affordable rental properties to low-to-moderate income households, generally at less than 75 per cent of market rent, with a small proportion at social rent based on percentage of income. However, the ACT has a small community housing market compared to other jurisdictions.

The Consultant will be required to explore the relative merits of different policy options to boost the supply of affordable rental housing for low-to-moderate income earners in the ACT (indicatively those in income quintiles 1 and 2), including options available to the ACT Government to assist the community housing sector to grow the supply of community housing owned and/or managed stock in the ACT.

In undertaking this work, the Consultant will be required to:

- produce a 'stocktake' of the current state of community housing in the ACT and the likely future state in 5, 10 and 20 years assuming no major changes to relevant Government policy (whether at the federal or territory level);
- identify areas of greatest need for affordable rental housing in the ACT, including cohorts that are particularly vulnerable in the ACT rental market;
- conduct desktop research and analysis and consult with key government, community and private sector stakeholders and policy experts to identify and examine the feasibility of potential policy options to respond to this need;
- inform and test its analysis, findings and recommendations;
- examine existing policy approaches in other Australian jurisdictions (and overseas as appropriate) to identify key learnings and consider what may be transferable to the ACT context;
- consider and advise on any circumstances unique to the ACT, including its role in land release, and how this might impact different approaches and their implementation, including the effectiveness of existing ACT Government assistance measures; and
- consider whether a larger and/or more diverse community housing sector could be beneficial for the ACT, and if so, provide advice about what the ACT Government can do to attract new providers;
- assess the implications of the staged conclusion of the National Rental Affordability Scheme for affordable housing in the ACT and impacts on the local community housing sector; and

- provide advice on the most cost-effective options to boost the supply of affordable rental housing, including community housing, in the ACT and their relative merits, considering existing funding sources and incentives offered by governments;

The Consultant would also be required to explore opportunities to leverage Commonwealth Government funding (including funding currently offered through the National Housing Finance and Investment Corporation and Commonwealth Rent Assistance) and other sources of funding to help boost community and affordable housing rental supply.

Appendix B

Affordable Housing Alternative Definitions

Table 31 outlines various definitions of affordable housing as adopted in various circumstances.

	AFFORDABLE HOUSING DEFINITIONS
ACT Government (Environment, Planning and Sustainable Development Directorate)	Affordable housing is housing that is appropriate for the needs of a range of very low to moderate income households, and priced (whether mortgage repayments or rent) so these households are able to meet their other essential basic living costs. It differs to social housing which is provided and/or managed by the government (public housing) or by a not-for-profit organisation (community housing). The ACT Housing Strategy defines 'affordable housing' as a household that spends less than 30 per cent of their income on housing costs, and that household falls within the lowest 40 per cent of household incomes. This is also considered to be Q2 of household income thresholds. **This definition will be used throughout the rest of the report unless stated otherwise.** **Source:** https://www.act.gov.au/__data/assets/pdf_file/0004/1265638/ACT-Housing-Strategy-2018.pdf
ACT Revenue Office	Affordable housing can be exempt from land taxes if the property is registered through a community housing provider and is rented at a rate that is less than 75% of the current market rent. **Source:** https://www.revenue.act.gov.au/land-tax?result_1060955_result_page=6
Department of Social Services (DSS)	The DSS is responsible for the National Rental Affordability Scheme (NRAS) which defines affordable housing as dwellings that rents do not exceed 80 per cent of the market value rent **Source:** https://www.dss.gov.au/sites/default/files/documents/08_2018/information_sheet_-_maximum_permissible_rent.pdf
The Australian Housing and Urban Research Institute	Housing is deemed affordable when housing costs are less than 30% of household income, for people in the lowest 40% of the income distribution. An alternative definition of 'affordable housing' is housing that is provided at below-market rates. The term affordable housing is sometimes limited to housing that is subject to access and affordability requirements set by government, and available to eligible low- to moderate-income households **Source:** https://www.ahuri.edu.au/sites/default/files/documents/2021-09/AHURI-Prof-Services-Return-on-investment-for-social-housing-in-the-ACT.pdf
Community Housing Industry Association	This type of housing is usually defined as housing that is rented at a lower than market rate, often specifically for essential or key workers who have low to

	AFFORDABLE HOUSING DEFINITIONS
	medium income levels. **Source:** https://www.communityhousing.com.au/what-is-community-housing-2/
NSW Housing Strategy	Housing that households on very low to moderate incomes can afford, as defined in the Environmental Planning and Assessment Act 1979 and State Environmental Planning Policy No 70—Affordable Housing (Revised Schemes): very low – 50% of median income low – 50%–80% of median income moderate – 80%–120% median income. **Source:** https://www.planning.nsw.gov.au/-/media/Files/DPE/Reports/Policy-and-legislation/NSW-Housing-Strategy-Report-2021.pdf

Table 31 – Affordable housing definitions

Appendix C

National policy stocktake

Housing Ministers' Meeting

Title	Agenda Item 2: Portfolio initiatives accelerating the delivery of social and affordable housing
Lead	Commonwealth in consultation with states and territories
Date	9 September 2022

Recommendations

That Ministers:

1. Note the information provided by state and territory governments on initiatives to accelerate the delivery of social and affordable housing (Attachment A refers).

Key Points

1.1 At the 15 July Housing Ministers' Meeting, Ministers agreed that officials would work out of session to document and share successful initiatives aimed at accelerating the delivery of social and affordable housing.

1.2 A summary of jurisdictions' policy initiatives across taxation, lands, planning and housing portfolios is provided at Attachment A.

1.3 States have included examples with the potential to shape the future policy setting and address common challenges across jurisdictions. This is not an exhaustive list of policies, but part of information sharing on what works to help inform the design and implementation of housing reform.

Supporting documents

Attachment A: Portfolio initiatives accelerating the delivery of social and affordable housing

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Taxation

State	Name	Objectives	Scope / Target Group	Timeframe	Funding
NSW	First Home Buyer Assistance Scheme	Provide concessional duty for eligible first home buyers to help them enter the property market.	For new and existing homes valued less than $650,000, first home buyers can apply for a full exemption (i.e. no duty). For new and existing homes valued between $650,000 and $800,000, first home buyers can apply for concessional duty rates. For vacant land, no duty is payable for land valued up to $350,000 and concessional duty is payable between $350,000 and $450,000	The First Home Buyer Assistance Scheme has been available from 1 July 2017.	In 2022-23 the First Home Buyer Assistance Scheme is estimated to cost the State $450 million in forgone transfer duty revenue.
NSW	First Home Buyer Choice	Provide eligible first home buyers the choice to pay the existing stamp duty or a smaller annual property tax.	First home buyers who are purchasing a new or existing home for up to $1.5 million or purchasing vacant land on which they intend to build a home for up to $800,000.	Legislation to implement the First Home Buyer Choice will be introduced into the NSW Parliament during the second half of 2022. Eligible first home buyers who sign a contract of purchase on or after 16 January 2023 will be eligible to opt into the property tax and will not be required to pay stamp duty in order to complete their transaction. Those who sign a contract of purchase between the passage of the legislation and 15 January 2023 will be eligible to opt into the property tax. However, these purchasers will be required to pay any applicable stamp duty within the usual required periods and from 16 January 2023, will be able to apply for and receive a refund of that duty.	Over the 4 years to 2025-26, the First Home Buyer Choice is estimated to cost the State $728 million in lower revenue and implementation costs.

ACT	Targeted conveyance duty concessions.	Reduce transaction costs when purchasing a home, especially for lower income households and those that do not currently own a home.	Targets include homebuyers: • Non-homeowners with household incomes under $170,000 (increasing with children, up to 5) • Buying an off the plan unit valued under $600,000 • Pensioners downsizing • People with a disability	Ongoing	Funded
ACT	Affordable community housing land tax exemption for properties managed by a Community Housing Provider (CHP).	• Increase the supply of affordable rental accommodation • Provide partial compensation to landlords who rent their property at affordable rates. • Encourage private landlords to contribute to affordable rental supply.	Households with incomes under $100,000 or under a household composition limit, whichever is greater (https://www.revenue.act.gov.au/land-tax) Quintile 1 (Q1) and Q2 household (also includes some Q3 subject to household structure) Subject to a property cap (and evaluation of the pilot)	Ongoing. Program has no end date and has a cap of 250 dwellings. Program commenced as a pilot in 2018	Funded
ACT	Conveyance duty exemption and land tax exemption for CHPs.	Provide tax assistance to CHPs.	CHPs, and their tenants	Ongoing	Funded
ACT	Ongoing reductions in conveyance duty for owner-occupiers, targeted at lower marginal tax rates, under the ACT Tax Reform program.	Reduce transaction costs when purchasing a home, especially for lower income households and those that do not currently own a home.	All homebuyers, but with higher proportionate assistance at lower purchase prices.	Ongoing	Funded

ACT	Lease variation charge (LVC) discount for Build to rent, managed by CHPs	increase supply of affordable rental properties	Quintile 2 households	Time limited (2 years)	Funded
VIC	Build to Rent concessions *https://www.dtf.vic.gov.au/build-to-rent* Note: Build to rent supports the delivery of rental housing (not necessarily affordable housing).	Encourage investment to increase the supply of rental housing through the introduction of a 50 per cent land tax concession and an exemption from the absentee owner surcharge on eligible developments in the build-to-rent sector in Victoria.	General rental housing	From 1 January 2022 until 31 December 2031.	50 per cent land tax concession for up to 30 years and a full exemption from Absentee Owner Surcharge over the same period.
WA	Off-the-plan transfer duty rebate	Increase apartment supply by encouraging purchase and increasing finance (through deposits) available to developers to construct Increase infill development Improve affordability for purchasers	Owner-occupiers or investors Developers Pre-construction contract between 23 October 2019 and 23 October 2021 75% transfer duty rebate, maximum $50,000 Under construction contract between 4 June 2020 and 31 December 2020 75% transfer duty rebate, maximum $25,000 Pre-construction contract between 24 October 2021 and 31 May 2022 50% transfer duty rebate, maximum $50,000 Pre-construction contract between 1 June 2022 and 24 October 2023 Valued up to $500,000 – 100% transfer duty rebate. Valued up to at least $500,000 but less than $600,000 – rebate between 100% and 50%.	Refer details column in Scope	$31 million

			Valued up to at least $600,000 – 50% transfer duty rebate. Maximum rebate of $50,000 in all cases		
WA	50% land tax concession for new eligible build-to-rent developments.		This tax relief aims to develop the build-to-rent industry in Western Australia by reducing barriers to investment and thereby increasing the future supply of rental properties.	Renters	Commencing 1 July 2023
TAS	First Home Owners Grants	To support first home owners.	Includes cash grants to eligible persons. Only applies to newly built homes. Tasmanians that have never before owned a home.	Commenced in one 2014 and several different iterations since. Thresholds recently adjusted to take in market changes	$30 000 grant: for transactions that commence between 1 April 2021 and 30 June 2023
TAS	Stamp duty concessions	To further support first home owners. To free up more bigger housing for families	All first home owners incl. those who buy existing dwellings. Pensioners who downsize their home.	Commenced in one 2014 and several different iterations since with additions in 2018.	First homeowner concession cost the state budget $13 million in 2021-22 and the pensioner concessions a further $2.5 million.

Land

State	Name	Objectives	Scope / Target Group	Timeframe	Funding
QLD	Growth and infrastructure funds to unlock land for housing	The new $50 million Growth Acceleration Fund will provide low interest loans for accelerating the delivery of essential infrastructure such as roads, water supply, wastewater and stormwater to unlock new land for housing in areas experiencing growth pressures.	The new fund will focus on areas experiencing growth pressures in South East Queensland, including the Sunshine Coast, Moreton Bay, Brisbane, Redland, and Gold Coast. $15 million already allocated to delivery of water and sewer infrastructure to support delivery of new homes in Caboolture West. Over the next 40 years, Caboolture West will include around 70,000 people in 30,000 new homes with access to 17,000 job opportunities.	Announced on 9 June 2022	$50 million
QLD		The new $150 million Catalyst Infrastructure Fund will help facilitate development industry and government partnerships. It will provide early funding through low interest loans to accelerate essential infrastructure and unlock land urgently required for residential development.	Focus is on bringing forward development within Priority Development Areas particularly in greenfield locations. Funding will be supplemented by required contributions from property developers of at least 20 per cent towards the cost of the major infrastructure going into their development projects.	Announced on 9 June 2022	$150 million
QLD		The $210 million Growth Areas Compact commitment will support critical infrastructure in Caboolture West	The Growth Areas Compact will realise a more coordinated approach to enabling infrastructure, such as water, sewerage and stormwater, telecommunications and transport, and it could also include electricity and gas supply, to support the delivery of affordable housing options in Caboolture West. Details of this program will be developed in partnership between the Queensland Government, the Australian Government and Moreton Bay Regional Council.	Announced in March 2022 as part of the SEQ City Deal	$210 million

NSW	Crown Lands/LAHC MOU	Deliver more social, affordable and private market housing in regional areas facing housing shortages	Partnership that identifies priority areas of housing stress where there is suitable Crown land for residential development.	Commenced early 2022	The projects will be self-funding
NSW	LAHC Local Area Analyses	Local Area Analyses (LAAs) take a place-based approach to show what social housing stock LAHC has, where and opportunities for portfolio renewal.	Analysis of LAHC portfolio within LGAs – publicly available and can be used by CHPs LAAs are public and used for engagement with local councils and CHPs.	Developed in 2021 and 2022	LAAs influence where LAHC invests and co-invests in partnerships
ACT	Housing Targets	Provides a dedicated supply of land for public, community and affordable housing from ACT Government land releases	Varies – Public housing (Q1); Community housing (Q1 and Q2); Affordable housing (Q2 and some Q3 – subject to household structure) Delivery against housing targets is reported through the Suburban Land Agency's Annual Report. The ACT Land and Property Report also includes relevant data https://www.planning.act.gov.au/planning-our-city/land-release	Ongoing, Housing targets are allocated annually.	Funded Foregone revenue (reduction in land sales revenue). Has internal resource implications
ACT	Land rent	The scheme gives people the option of renting land through a land rent lease rather than purchasing the land to build a home.	Total gross income of the lessees must not be more than the $160,000 income threshold. The income threshold increases by $3,330 for each dependent child, up to 5.	Ongoing	Funded
ACT	Build-to-rent land release	Increase supply of rental and affordable rental properties	Rental market, lower income renters	Ongoing	Funded

VIC	Ground Lease Model *https://www.homes.vic.gov.au/ground-lease-model*	In a first of its kind for Victoria, housing at Brighton, Flemington, Prahran, South Yarra, Hampton East and Port Melbourne will be delivered through an innovative Ground Lease Model, where the land and all dwellings will remain under the ownership of government (Homes Victoria). A mix of social, affordable, specialist disability and market rental homes will be delivered.	The ground lease model 1 is delivering 1,110 new homes in Flemington, Brighton and Prahran, with the creation of neighbourhoods with a mix of new social housing, affordable housing and private rental homes.	Ground Lease Model 1 was approved in June 2020. Construction commenced in February 2022 and is due for completion in early 2024. Planning and preliminary market engagement is underway for Ground Lease Model 2 which will deliver more than 1,400 dwellings.	A consortium will finance, design, construct, manage and maintain the new housing to a prescribed standard over a 40-year operating term. The assets will revert to full public ownership and control at the end of this fixed period. Under the long-term service contract, the consortium will receive a service fee for managing the project over the operating phase and meeting required social housing service standards.
VIC	Land supply – State Planning Policy Framework: Victoria Planning Provisions (VPP) – Clause 11 Settlement https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/11.02	Clause 11.02 – Managing Growth, the 'objectives' and 'strategies' require that a sufficient supply of land is available for residential use. There is a requirement to plan for projected population growth over at least a 15 year period.	Responsibility to plan for growth in accordance with Clause 11 rests with state and local governments. Clause 11 has a role to play in housing affordability by creating the policy settings to ensure an adequate supply of housing and land to accommodate population growth. The Urban Development Program monitors and reports on the supply of land for housing across Melbourne and in key regional locations across Victoria. The Urban Development Program has identified there is sufficient land in Melbourne's growth areas for between 18 and 23 years population growth at current take up rates. Broadly there is adequate supply of residential land in regional Victoria (further work is underway in Ballarat to increase supply).	Ongoing	N/A

WA	Housing Diversity Pipeline (HDP)	Deliver housing and social housing stock in the short to medium term by working with the construction and development industry, as well as the community housing sector to develop identified sites across Western Australia. Establish a pipeline of projects to ensure a supply of housing, including social housing, to meet ongoing demand. Seek innovative approaches to housing delivery on Identified Sites. Deliver housing and social housing that presents value-for-money to the WA Government across the asset life cycle. Deliver housing that optimises land use for the Identified Sites, whilst providing sustainability and accessibility and contributing to the creation of liveable, inclusive and connected communities	Developers Community Housing Providers A Registration of Interest process over 12 Government-owned landholdings will result in a total of 9 lots for development via Expression of Interest.	August 2022 -	TBC
TAS	Housing Land Supply Act 2018	To offer a fast-track re-zoning for eligible lots of land	Land must be Government owned on the date of the legislation.	Legislation commenced in 2018. Amended in 2021.	N/A – Administrative function
TAS	Headworks Holidays	To bring forward the release of more land in the private market	Developers can claim up to $10,000 for headworks costs on eligible works	Extended for two years from 2021. First commenced in 2014.	$10 million over two years.
TAS	Direct development of land	To develop land for sale at affordable levels and for more social housing	The Department of Communities works to directly acquire, develop and sell land, whilst retaining some for use to build social housing. The Government has set targets for the number lots of land to deliver.	Ongoing	Not specific funding stream.

Planning

State	Name	Objectives	Scope / Target Group	Timeframe	Funding
QLD	State planning and economic development tools	Under Action 3 of the *Queensland Housing and Homelessness Action Plan 2021-2025,* the Queensland Government has committed to explore the use of a range of state planning and economic development tools to increase the supply of social and affordable housing.	Action includes commitment to: • Explore opportunities to deliver social and affordable housing in new growth areas including affordable by design principles and planning incentives • Investigate introducing inclusionary planning requirements into the planning framework • Investigate mandating social and affordable housing as part of Priority Development Areas, infrastructure initiatives, and the development or sale of state-owned land suitable for large scale residential development • Review the planning framework's approach to regulating residential development The Growth Areas Team (GAT) was established in 2021 to help unlock land to facilitate housing and well-planned community outcomes. The GAT is working on legislative changes to the *Planning Act 2016* to establish new planning powers to provide certainty for a collaborative approach between the Queensland Government and local government to ensure better planned communities. The new legislation will also recognise Caboolture West as a Priority Growth Area so it can benefit from the legislation. Priority Growth Areas benefit from coordinated planning between State and local governments to facilitate development and better respond to increased demand for land, housing and supporting infrastructure. The Queensland Government is unlocking and accelerating land for residential development through	2021-2025 Growth Areas Team established in 2021	

			the Caboolture West Priority Growth Area. This includes with local government and utility providers, to ensure housing remains affordable and the planning framework is equipped to manage the challenges associated with accommodating our growing population. Over the next 40 years, Caboolture West will include around 70,000 people in 30,000 new homes with access to 17,000 job opportunities.		
QLD	Local Housing Action Plans	Under Action 5 of the *Queensland Housing and Homelessness Action Plan 2021-2025*, the Queensland Government has committed to working with regional councils to increase and diversify the supply of housing, including opportunities for alternative government and non-government investment and incentives. Under Action 1 of the *Aboriginal and Torres Strait Islander Housing Action Plan 2019-2023* (ATSIHAP), the Queensland Government has committed to developing place-based, community led, local housing plans with communities to identify and respond to local housing challenges and priorities	The Queensland Government is working with the Gympie Regional Council on a Local Housing Action Plan to achieve outcomes for local householders, including securing the old Gympie Caravan Park as temporary accommodation for flood affected families. The Local Housing Action Plan will consider a range of matters, including local planning arrangements, housing needs and supply. Department is also working with the Western Queensland Alliance of Councils (WQAC) to deliver Local Housing Action Plans. Department is working with Aboriginal and Torres Strait Islander communities across Queensland to develop co-designed, place-based and community-led Local Housing Plans to respond to local housing challenges and priorities. Delivering new dwellings, extensions and land development under the $40 million Interim Remote Capital Program and $105 million Forward Remote Capital Program. Planning and delivery of the capital works funding is determined by each council in accordance with locally identified need and is incorporated within Local Housing Plans.	22 Local Housing Action Plans to be delivered in 2022 Department working with 17 remote and discrete Councils with a view to finalising the Local Housing Plans during 2022-23	Funding of $200,000 allocated to the WQAC $67.1 million over 5 years for the under ATSIHAP This includes $3M for delivery of up to 30 Local Housing Plans across Queensland

SA	Planning Reforms	Transform and modernise SA's planning system to provide consistent and transparent planning rules.	All SA developments and planning approvals previously managed via individual local councils. **Summary:** SA has reformed our planning and development code into a single, comprehensive planning scheme, supported by an ePlanning system for online lodgements. The Planning and Design Code has replaced all council development plans to become the single source of planning policy for assessing development applications. Further information is available at: https://plan.sa.gov.au/our_planning_system/programs_and_initiatives/planning_reforms	Built to support the *Planning, Development and Implementation Act 2016*, the Planning and Design Code and ePlanning system was implemented across three stages in geographical areas in July 2019, July 2020, and March 2021.	
SA	Affordable Housing Overlay – Planning and. Design Code	Encourage the development of affordable housing by private industry.	Private developers, but also used by social housing providers. **Summary:** SA's planning system encourages the development of affordable housing by private industry in their projects through the Planning and Design Code's Affordable Housing Overlay in key geographical locations. The Overlay requires developments of over 20 dwellings to provide 15% to be delivered as affordable housing. 15% affordable housing is also required on government-owned land. Developers are able to access planning concessions such as smaller lot sizes, fewer car parking spaces and extra building height to build affordable housing. Affordable land and dwellings are exclusively listed for eligible buyers on HomeSeeker SA at a fixed price for a set period of time (currently 30 days for the private sector). This is so eligible buyers are not competing against property investors. Further information on HomeSeeker SA is available at: https://homeseeker.sa.gov.au Resources are required to list and manage affordable housing listings on HomeSeeker SA.	N/A	N/A

NSW	Housing State Environmental Planning Policy	Enables the development of diverse housing types, including purpose built rental housing, and encourages development of housing that meets the needs of vulnerable people	The Housing SEPP brings together five existing SEPPs which share the theme of housing into a single SEPP, streamlining and updating provisions from previous SEPPs, introduces two new housing types, co-living housing and independent living units and reduces inconsistencies between similar provisions for different housing types.	26 November 2021	N/A
ACT	Review of Demonstration Housing Projects (DHP) to identify planning changes to support future delivery of affordable housing	Utilise lessons and outcomes from the DHP to identify new or alternative housing models or planning and delivery mechanisms with offer the potential to facilitate increase supply of affordable housing.	Varies – down sizers, ageing in place, well located affordable housing etc. Information on the project is available here: https://www.planning.act.gov.au/urban-renewal/demonstration-housing-project May include a pilot project for consideration in the new Territory Plan.	Non-specific	Internal resource implications
ACT	Progress work to develop community rental housing	Unlock underutilised land to facilitate increased supply of affordable rental accommodation	Households eligible for community housing (Q1, Q2 and Q3 subject to household composition).	Timing tbc: work underway.	Internal resource implications Grant funding to scope initial projects
VIC	Streamlined planning provisions at Clauses 52.20 and 53.20 of the Victoria Planning Scheme *https://www.planning.vic.gov.au/permits-and-applications/big-housing-build*	Streamlined planning provisions were adopted to: • Facilitate the expedient delivery of social and affordable homes through timely and efficient planning decisions. • Ensure adequate consultation with community, local councils, and key stakeholders, providing a safeguard to ensure good planning and design.	Extended to eligible projects by or on behalf of the Director of Housing for people in need of safe, secure and affordable housing, including those on the Victorian Housing Register. Since the introduction of these provisions, $1.69 billion worth of social and affordable housing projects have been approved on average 52 days and many in less than 10 days from formal lodgement.	Streamlined planning provisions were introduced by the Victorian Government in December 2020, to support the delivery of the Big Housing Build.	n/a

VIC	Planning and Environment Act (PE Act): • s4(1) Objectives • s173 http://www5.austlii.edu.au/au/legis/vic/consol_act/paea1987254/	s4(1) of the PE Act sets out the role of the planning system in facilitating the supply of affordable housing. s173 of the PE Act sets out that a responsible authority may into an agreement to secure affordable housing .	Facilitating affordable housing under the planning system is based on a responsible authority securing a voluntary affordable housing contribution from the development sector.	Ongoing These changes were legislated in 2018, results to date indicate limited outcomes.	N/A
VIC	Uplift mechanisms and incentives	To incentivise the development sector to provide affordable housing 'uplift' schemes have been applied. Development rights may be granted in 'exchange' for a defined public benefit (i.e. affordable housing)..	Several councils (primarily inner city) have implemented local uplift schemes. The development sector response is being monitored (trends and take-up over time). Uplift schemes need to be set at genuine levels to incentivise adoption. In addition there are lead times to outcomes being delivered.	Ongoing	N/A
WA	Planning for reform	Reduce timeframes for lower risk proposals (e.g. simple residential proposals); introduce limit to extensions of time for development applications; streamline development application processes (e.g., limit number of information requests, deemed to comply checks for single house applications, additional power to local government for minor developments)	Developers Owners / Investors Planning reform to support new ways of working to reduce red tape, increase cooperation and create more consistency and efficiency in how the planning system operates	2019	n.a.

TAS	Tasmanian Planning System Reform	To deliver a new Tasmanian Planning Scheme, Tasmanian Planning Policies, an improved Regional Land Use Planning framework and a review of the existing Regional Land Use Strategies.	The statewide planning system	Commenced in 2017 and is ongoing	Nil. Administrative
TAS	Apartment code	Introduce a new Apartment Code to simplify medium-density apartment and townhouse approvals.	Urban areas close to services	This is in the early stages of investigation	Nil. Administrative
NT	Bringing Land to Market	Enhance the Land Development Process to achieve a Titled Land Supply that satisfies the market demand in a timely and efficient manner.	Government to provide Titled land for Social and Affordable housing in future Crown Land Subdivisions	Q4 2022	N/A

Housing

State	Name	Objectives	Scope / Target Group	Timeframe	Funding
QLD	Queensland Housing Investment Growth Initiative (QHIGI)	A place -based response to local market conditions and specific community needs to increase housing supply. Key initiative under the *Queensland Housing and Homelessness Action Plan 2021-2025.* QHIGI will deliver new homes through a coordinated and integrated capital program across Queensland, including new social housing, partnerships with the community housing sector, strategic purchases, land development, and precinct renewal and revitalisation. It will include seeking manufactured homes and other forms of non-traditional construction from the market.	QHIGI has overall target of 6,365 commencements by 30 June 2025 and is being delivered through three programs: • Housing Investment Fund is a new, innovative model of social housing investment partnerships to provide long-term investment returns of up to $40 million per annum to accelerate delivery of social and affordable housing (4-year target of 3,600 commencements) • QuickStarts Qld is an integrated capital investment program to accelerate planned acquisition, new construction and redevelopments to increase supply of social housing (4-year target of 2,765 commencements). The location of new social housing responds to need as reflected in the housing register and other QHIGI housing demand indicators, including population growth, housing affordability and homelessness. • Help to Home is a new headleasing program where properties are sourced from the private market and sub-leased to registered community housing providers to deliver housing outcomes for people eligible for social housing (2-year target of 1000 private market outcomes).	2021-2025	$2.9 billion over four years, including establishment of $1 billion Housing Investment Fund
QLD	Integrated frontline responses	Under the *Queensland Housing and Homelessness Action Plan 2021-2025*, the Queensland Government has committed to greater service integration to better support vulnerable Queenslanders.	Priority groups include young people, First Nations peoples, older women, people experiencing domestic and family violence, and people with disability. The Queensland Government is working with sector stakeholders to develop integrated service responses, effective referral pathways to human service partners, and service navigation supports.		Additional $94.9 million over four years from 2021 to support the housing and homelessness service system deliver better outcomes.

			Youth Foyers Youth Foyers provide housing with support for young people at risk of homelessness and housing instability, to enable them to achieve independence. Youth Foyers support young people 16-25 to undertake study, training or employment opportunities while providing the essential, practical life skills to help them transition into longer-term private rental housing. To date Queensland has 2 Foyers in operation – one in Logan and the one at the Gold Coast, which officially opened in October 2021. An additional Foyer is planned for Townsville, with construction scheduled to commence by the end of 2022 for completion in late 2023. Like the Foyers in Logan and on the Gold Coast, the Townsville Youth Foyer will provide stable and affordable housing, with support for 40 young people in individual self-contained units. The location will also include office space for onsite support workers, as well as meeting and training rooms and communal areas. In 2022–23, the department allocated annual funding of $1.3M to Gold Coast Youth Service for delivery of the Gold Coast Youth Foyer, and $1.4M to Wesley Mission Australia for support services at Logan. $19M has been allocated for construction of the Townsville Youth Foyer.		2022 State Budget provided $29.8 million over four years to support youth homelessness policy and framework. $16 million Immediate Response package (announced June 2022) to help families who are struggling to secure housing.

			Older Women A program of work to enhance services to older women was announced 17 February 2022 comprising of five pillars to be delivered over four years: • Pillar 1: A new housing older women Advice and Monitoring Group (established 29 June 2022) to monitor implementation and outcomes of the program. • Pillar 2: A Specialised Housing Support Hub, at an indicative cost of $1.48 million per annum for four years (total $5.94 million incl. GST). The Hub will deliver: ▪ a welcoming and accessible venue where older women can receive prevention and early intervention housing support assistance ▪ face-to-face and virtual contact with professional staff, including outreach support ▪ volunteer peer support from people with lived experience ▪ telephone information and advice ▪ community awareness and advocacy, and ▪ a digital platform that supports information, access and referral to other human service support agencies. • Pillar 3: A review of the existing housing and homelessness services for older women to assess whether they meet the needs of older women; are coordinated and accessible; and place older women as a priority group for access to housing and homelessness services. • Pillar 4: Creating more housing options through better planning that grows the supply of social and affordable housing and generates better outcomes for older women. • Pillar 5: Design and construction of two potential projects as a proof of concept for new social and affordable housing developments for older women. The department will also seed fund an appropriate organisation to design an innovative private housing development that showcases affordable housing for older women, and co-design and publish an agreed set of housing design principles for older people, incorporating best practice architecture and urban design principles.		$1.48 million per annum for four years (total $5.94 million GST inclusive) to deliver a specialised housing and support hub for Older Women.

SA	Aspire social impact bond	Reduce cycle of chronic or repeat homelessness through Housing First principles and long term support.	People experiencing chronic or recurrent homelessness. Most present with complex issues such as mental or physical health issues, trauma, disability and/ problematic drug or alcohol use. Summary: The first homelessness Social Impact Bond (SIB) in Australia, Aspire supports participants with complex needs with a Housing First response and intensive case management over a three year period to maximise the chances of people maintaining their tenancies. SIB investors provided $9m to help establish Aspire. Returns to SIB investors are based on the outcomes delivered by the program and the associated savings to the government. For example, returns to investors were reported as $6.49m in 2021 (Social Ventures Australia Aspire Social Impact Bond, Annual Investor Report, period ending 30 June 2021). The recent evaluation of the program is available at: https://apo.org.au/sites/default/files/resource-files/2022-08/apo-nid318409_1.pdf	Support is provided over a three-year period.	Funding is provided to run the program, and annual returns are paid to investors.
SA	Homelessness Alliances	Early intervention and prevention of homelessness.	People who are experiencing or at risk of homelessness, or domestic or family violence. Summary: The Homelessness Alliance model is a collaborative partnership between multiple non-government organisations, SA Housing Authority and other government agencies to deliver homelessness and domestic and family violence support services to people experiencing or at risk of homelessness. Further information is available at: https://www.housing.sa.gov.au/our-housing-future/future-directions-for-homelessness/sa-homelessness-alliances	Aligned to National Housing and Homelessness Agreement funding.	$51.55m in 2021-22.

NSW	Social and Affordable Housing Fund (SAHF)	A key initiative of Future Directions for Social Housing in NSW (a 10-year plan to provide more social and affordable housing in NSW). The SAHF will secure access to 3,486 additional social and affordable housing dwellings to be completed by the end of 2024, with a target of 30% of all homes to be delivered in regional NSW.	Community Housing Providers (CHPs) Monthly updates for the SAHF program update can be viewed on the SAHF website: https://www.facs.nsw.gov.au/reforms/future-directions/initiatives/SAHF/program-update	3,486 social and affordable housing dwellings are expected to be delivered by the end of 2024. The Future Directions for Social Housing strategy will end in 2025.	The NSW Government has invested around $1.1 billion in the SAHF. The fund is invested in markets by the NSW Treasury Corporation. Investment returns are applied to SAHF payment obligations over a 25-year term.
NSW	Community Housing Innovation Fund (CHIF)	Aims to deliver more than 700 new social and affordable housing dwellings for people in need in NSW by 2025.	Co-contribution model to enable NSW Government to co-fund new supply with CHPs. The total funding figure includes funds allocated through the Domestic and Family Violence (DFV) funding package announced 19 October 2021. CHIF DFV projects are being sourced from previously approved but unfunded projects in the CHIF tender with remaining funds to be tendered in 2023. CHIF DFV will provide long-term housing solutions for women who are escaping domestic and family violence.	CHIF round 1 closed in April 2021 and allocated $23.1 million to seven providers to deliver eleven projects valued at approximately $60 million around the state. The CHIF Round 2 tender is planned to open in January-February 2023 to allocate the remaining $27 million.	The $152.5 million CHIF uses a co-contribution model that enables CHPs to contribute to new social housing supply projects.

NSW	Together Home Transition Program	Together Home aims to transition people onto a trajectory away from homelessness and into long-term stable housing, while improving overall personal wellbeing. The THTP is expected to deliver over 250 additional dwellings in partnership with CHPs for people street sleeping currently receiving support under Together Home.	Co-contribution model similar to the CHIF to co-fund new supply. New supply will facilitate the transition of over 1,000 clients currently receiving support under Together Home into longer-term housing.		$61.8 million of the total commitment to the program ($72.5 million) will be spent in 2022/23 to fund delivery of around 100 homes.
NSW	National Rental Affordability Scheme (NRAS)	The aim of the NRAS is to increase the supply of new and affordable rental dwellings by providing an annual financial incentive for up to 10 years to housing providers who have successfully applied for the incentive.	NSW delivers the NRAS in partnership with the Commonwealth. NSW Government splits incentive contribution with the Commonwealth. Incentives are provided to housing providers (approved to receive the NRAS) in exchange for them providing affordable rental dwellings at least 20% below market rates. At June 2022, NSW had 5,110 active allocations (dwellings tenanted or able to be tenanted) with an 68 provisional allocations (dwellings not yet delivered) (Department of Social Services, June Quarterly 2022).	All incentives in NSW will cease by 2026.	Participants in the scheme applied to the Department of Social Services (DSS) for incentives to provide affordable rental dwellings. Several rounds of applications were held - the final round was in 2013.
NSW	(Disability) Housing Project 2022	Develop a national disability housing policy addressing the housing needs of people with disability.	Persons with disability (NDIS and non NDIS participants) who need a home. Focus on people exiting health (hospital discharge), aged care (YPIRAC project) and criminal justice systems. The policy work will be segmented into: • SDA/SIL (with consideration of short and medium-term accommodation) • Public and Social Housing (with consideration of transitional accommodation)	Phase One mapping exercise (complete end 2022); social housing governance arrangements in each jurisdiction;	Phase One funded under cost sharing arrangements. Funding outcomes associated with a final policy (if any) are to be determined.

		Meet the key outcome areas of the *Australian Disability Strategy 2021 – 2031* re 'Inclusive homes and communities'; 'Increase the availability of affordable housing'; and 'Housing is accessible and people with disability have choice and control about where they live, who they live with, and who comes into their home'.	• Home ownership, affordable housing and private rental (include accessible housing standards, rent assistance, home modifications, other programs); and Other housing services (SHS, ABH, emergency accommodation, tenancy rights) Project governance arrangements to be confirmed. Will involve a steering committee with representation from disability and housing officials, with advice to, and direction from, Disability Reform Ministers and Housing Ministers.	available data re social housing supply and demand (and geographical location, where possible); Initial findings used to identify next steps in policy development.	
NSW	*Housing 2041* – NSW Housing Strategy outlines a 20-year vision, delivering improved housing outcomes in NSW	Over the 20 years of Housing 2041 there will be: • Enhanced partnerships and cross sector collaboration • Increased support for those most in need • More investment and support for housing that is adaptable to changing needs and environments • Improved alignment of housing with infrastructure and community services for NSW communities • Additional support for first home buyers • Continue support for people in the private rental market *Housing* 2041 builds on numerous existing strategies and programs, including the vision for social housing outlined within *Future Directions for Social Housing,* Strong Family, Strong	A strategy for NSW ensuring housing supports security, comfort, independence and choice for all people at all stages of their lives. The strategy is aimed at all people across the entire housing spectrum, from those temporarily without a home to those seeking housing that better suits their needs. *Housing 2041* approaches housing solutions holistically, looking at population patterns, economic and environmental impacts and trends that affect the way we live. *Housing 2041* will ensure NSW delivers: - Housing supply in the right locations at the right time - Diverse housing to meet varied and changing population needs - Housing that is affordable and secure - Enduring and resilient housing *Housing 2041* recognises that housing needs (type, tenure and location) changes throughout our lives and housing needs reflect different aspirations and lifestyles, prevailing economic environmental and social conditions. The inaugural Housing 2041 2021-22 Action Plan is due for completion by end 2022. The NSW Government is currently developing the next Housing Strategy Action Plan setting 5-year priorities for delivery of new housing initiatives by 2027 (2023-27).	20 years (2021-2041). The holistic strategy brings together whole of government and sector wide initiatives. *Housing 2041* is to be implemented through a series of action plans. The collective set of initiatives, delivered over the 20 years will help to achieve long-term benefits for the people of NSW, linked to improvements in health, economic and social wellbeing.	Actions outlined within the 2021-22 inaugural action plan are being implemented within existing resources. Future action plans will include new initiatives that may require new funding to support programs, policies and partnership opportunities that support achievement of the long-term housing vision for NSW.

		Communities: A Strategic Framework for Aboriginal Social Housing in NSW (2018-2028).			
NSW	NSW Land and Housing Corporation (LAHC) Portfolio Strategy	20-year vision and priorities to grow and change our portfolio so we can house more people and families in better quality modern homes and improve our financial sustainability as a self-funded housing provider	LAHC portfolio – over 125,000 homes	2020-2040	LAHC is predominantly self-funded – the Portfolio Strategy sets out what LAHC will do more of, less of and differently, including through partnerships.
NSW	CHP Direct Dealing Policy	Create partnership opportunities between LAHC and CHPs to co-invest combinations of capital, resources, land and other contributions, to increase social and affordable housing supply and enhance the growth and sustainability of the housing system.	Partnering with CHPs	Introduced December 2021. Refreshed August 2022.	The main LAHC contribution is land. Funding and other value contributions (e.g. land, development risk etc.) are considered as part of the framework.
NSW	LAHC Strategic Tenant Relocations Policy	Guide LAHC's approach to strategic tenant relocations to reduce under-occupancy, support right-sizing the portfolio, and enable strategic sales.	Strategic relocation of tenants living in LAHC-owned properties	Published October 2021	N/A
NSW	Good Design for Social Housing	Explain the relevance of good design for social housing, and what's important when new homes are designed and built – making it easier to design and build good quality social housing.	It provides guidance to project teams, delivery partners and all key LAHC stakeholders for design decisions throughout the development lifecycle. Developed through the LAHC Centre for Design – a partnership with the Government Architect NSW.	Published September 2020	

NSW	2022/23 NSW Budget	The 2022/23 Budget allocates funding to: • the CHIF – to fund more than 200 dwellings which are expected to be delivered in 2022/23. • the THTP – to fund around 100 dwellings which are expected to be delivered in 2022/23.	The 2022/23 Budget allocates: $36.2 million of the $152.5 million CHIF will be spent in the 2022/23 financial year. $61.8 million of the $72.5 million announced for the THTP will be spent in the 2022/23 financial year.		Total $1.2 billion across Social Housing and Homelessness Programs administered by the Stronger Communities cluster.
NSW	Domestic and Family Violence (DFV) funding package (announced 19 October 2021)	Develop or acquire up to 200 dwellings for women escaping domestic and family violence.	200 dwellings will be delivered by CHPs through government co-funding through the CHIF CHIF DFV projects are being sourced from previously approved but unfunded projects in the CHIF tender with remaining funds to be tendered in 2023. CHIF DFV will provide long-term housing solutions for women who are escaping domestic and family violence.		Over $50 million of the $484.3 million package will be allocated to develop or acquire up to 200 dwellings for women escaping domestic and family violence. These dwellings will be delivered under the CHIF.
NSW	COVID-19 economic recovery package (announced 16 October 2021)		The package allocates: • $50 million to accelerate the delivery of around 2,800 homes, including around 1,000 social homes, to be built in Western Sydney, Wagga Wagga and Coffs Harbour through Communities Plus projects, in partnership with the private sector and CHPs; • $50 million for the delivery of around 290 new social houses in partnership with community housing providers (CHPs) through the CHIF; • $30 million for about 80 new small scale social housing, primarily in Western Sydney and regional NSW;		$183 million

			• $20 million for new and upgraded social and affordable homes in partnership with Aboriginal CHPs through the Aboriginal Community Housing Investment Fund; • $20 million for about 45 new homes for large Aboriginal families to support kinship living and reduce overcrowding, aligned with Closing the Gap targets so more families live in the right size homes; • $10 million for additional Rent Choice packages to support 990 households to secure or maintain housing in the private rental market; and • $3 million to support around 130 additional vulnerable Aboriginal families through the Services Our Way program.		
ACT	Growth and Renewal of Social Housing	A range of objectives including: • that type and composition of new dwellings delivered aligns with increasing demand expressed on both the Housing Register and Transfer list.	Targeted Accommodation: Wherever possible, public housing is designed to meet Class C Adaptable housing standards. Public housing: Low income quintiles 1 and 2.	Ongoing to 2025 within ACT Housing Strategy 2018-28	COVID-19 Economic Recovery package expanded the program, with additional $32 million for purchase of up to 52 additional new land sites, with a further $20 million to fund a sixth year of the program, and increasing program's growth target by 140 to 400, though funding and delivery are subject to further budgetary considerations.
ACT	asing housing options	eet the diverse housing needs of families in the community.	Adaptable housing for people of all ages and abilities to meet changing household needs without requiring costly or substantial modifications.	Ongoing	Funded
ACT	Shared Equity Scheme	ore and test feasibility of expanding the current Scheme to maximise utilisation and facilitate more people entering affordable home ownership.	Potentially widening eligibility beyond the income limits applied to social housing. Strong alignment with the Commonwealth's *Help to Buy Scheme*.	Ongoing	TBD

ACT	Development and growth of registered Aboriginal and Torres Strait Islander Community Housing providers.	New housing options delivered and capacity increased.	Aboriginal and Torres Strait Islander people.	Time limited (4 years)	Funded
ACT	Grow and diversify the community housing sector	Includes: • Kaleen affordable rental pilot • Supporting development of Aboriginal and Torres Strait Islander managed community housing.	• Affordable housing across the range of rent bands under the Banded Rent Setting Policy. • Cultural co-design service principles to be incorporated into housing policy.	Ongoing	Funded
	Target programs to increase supply of affordable housing for vulnerable and disadvantaged households.	Facilitate development of Specialist Disability Accommodation (SDA) under the NDIS	People with extreme functional impairment or very high support needs. Upon implementation of a program involving some co-design with disability sector partners.	Ongoing	Cmnwlth funding.
ACT	Build-to-rent EOI process.	Increase supply of rental and affordable rental properties.	Rental market, lower income renters.	To be completed and announced in 2023-24 Budget	
ACT	Expanding OneLink - face-to-face and linkage services.	More delivery locations established.	Through the in-reach project, OneLink aims to create a dynamic service hub to be accessible to both community members and stakeholders across community services.	Short term	Funded

VIC	As part of the Big Housing Build - early commencement was achieved through: • Fast start sites • Rapid Grants Round as part of the Social Housing Growth Fund	Fast project commencements were achieved by starting with 1,000 properties on five existing sites where construction could begin with six months. Immediate community housing sector activation occurred through a Rapid Grants Round to unlock proposals already developed by Community Housing.	Social housing delivered and managed by community housing sector The fund enables collaboration between government, private and philanthropic sectors. It provides an ongoing mechanism to deliver more social housing for Victorians in need.	Ongoing The Social Housing Growth Fund was established to create a pipeline of new social housing in Victoria. The fund is jointly administered by the Minister for Housing and the Treasurer.	The Rapid Grants Round provided $740 million to the community housing sector to deliver 2,300 homes.
VIC	Building Financial Capacity of Housing Agencies (BFCHA)	Includes the provision of low-interest loans and government guarantees to select community housing providers to increase the supply of social and affordable housing in Victoria. May be used to support applications for funding as part of the Social Housing Growth Fund (which included the Rapid Grants Round) in the form of co-contributions.	Primarily social housing delivered and managed by the community housing sector. As at July 2022, the BFCHA initiative has approved more than half a billion dollars' worth of low interest loans supporting approximately 3,200 new dwellings since its inception in 2018.	The BFCHA initiative is administered by DTF on behalf of the Treasurer with the Treasury Corporation of Victoria as the State's lender of record for the BFCHA initiative.	Up to $2.1 billion in low interest loans and government guarantees are available through the BFCHA initiative.
VIC	Enabling Aboriginal self-determination with 10 per cent of net new social housing dedicated for Aboriginal Victorians	To advance self-determination of Aboriginal housing outcomes, 10 per cent net new social housing from the Big Housing Build will be targeted to housing developments to meet the needs of Aboriginal Victorians.	States have structured governance with Aboriginal communities ensuring that decisions about investment in housing funding design and delivery and delivered in line with self-determination. The Victorian Aboriginal Housing and Homelessness Framework (VAHHF) has recommended the supply of 5,000 social housing properties by 2036 to meet the needs of a growing Aboriginal population. *https://vahhf.org.au/* *https://www.homes.vic.gov.au/a-place-to-call-home*	Current	Funded as part of the Big Housing Build

VIC	Local Government Social and Affordable Housing Compact (the Compact)	The Compact aims to strengthen collaboration between Homes Victoria and local government in the planning, delivery and management of the social and affordable housing and homelessness and housing service system. Key strategic objectives are to: - drive social and affordable housing growth - identify local priorities for the renewal and development of social and affordable housing - coordinate services, supports and infrastructure for people who live in social and affordable housing - promote the value of social and affordable housing to communities	Homes Victoria and the Municipal Association of Victoria (MAV) are looking to engage with all 79 Victorian councils. Compact aims to improve and sustain housing outcomes for people with very low, low and moderate incomes across all Victorian communities. Compact is intended to give councils a 'seat at the table' in identifying priorities for social and affordable housing growth in their municipalities, enabling the use of council land and improving planning outcomes. s://engage.vic.gov.au/social-and-affordable-housing-compact	At consultation stage	Social and Affordable Housing Compact is a key commitment of the Big Housing Build, the Victorian Government's $5.3 billion investment in more social and affordable housing.
VIC	Modular build housing	Modular homes are an effective way to provide rapid, safe and secure accommodation through prefabricated modular construction.	People experiencing, or at risk of homelessness. Mostly regional areas.	These homes are built in a factory and shipped to mostly regional areas where construction shortages and supply issues can affect construction timing.	As part of 'Building new homes to fight homelessness' program, $30.38 million was dedicated to deliver 114 factory-built modular homes. In 2019, as part of the Towards Home initiative, nine parcels of vacant government land in Melbourne's inner west were made available to community housing

					provider Launch Housing, to deliver 57 relocatable homes for people experiencing chronic homelessness.
WA	Social Housing Economic Recovery Package (SHERP)	Workstream 1: $97 million to build or buy (off-the-plan) up to 250 new social housing properties across metropolitan and regional areas. A portion of the homes purchased off the plan may be offered for sale through Communities' affordable housing program. Workstream 2: $142 million to refurbish up to 1500 existing public and supported residential houses and community housing properties. Workstream 3: $80 million for targeted maintenance programs for up to 3800 regional social housing properties—including within remote Aboriginal communities—and subsidised housing for regional government workers.	Social housing Aboriginal communities Community housing providers	Current to June 2023	$319 million

WA	Housing Construction and Refurbishment Builders Panel	Communities is actively seeking not only large-scale builders that can build a high volume of housing product, but also small and medium-sized builders that can deliver smaller-volume packages. Communities envisages a model of delivery whereby it can create continuity and a certainty over a pipeline of work, particularly for small and medium-sized builders, by awarding contracts for multiple dwellings that are required to be delivered in a staggered timeframe, in accordance with the capacity of Panellists	Construction sector Public housing waitlist Establish a panel of builders of varying capability and capacity to construct and refurbish dwellings of varying scale across both metro and regional locations	2022 -	n.a.
WA	Common Ground	Construction of 162 safe and permanent units across two sites (112 in East Perth and 50 in Mandurah) in addition to access to training and other supports for tenants	Homeless Very low income tenants Common Ground is a model of purpose-built permanent, supportive housing for adults who have experienced chronic homelessness or are low income earners		$73.5 m
TAS	Social housing build program	To increase the number of social housing dwellings in Tasmania	Those on the social housing waitlist	The Government has a target to deliver more than 10,000 new social and affordable by 2032.	$1.5 billion
TAS	Accessing private rental markets	To support Tasmanians to access private rentals and relieve stress on the social housing and homelessness system	Tasmanians who with a little bit of help can secure and maintain private rentals	Ongoing	One program is $3 million a year – unclear on the other

TAS	Home Ownership programs	To support Low-income Tasmanians to access home ownership	MyHome shared equity program. Secondary program – small grants to help with costs associated with buying	MyHome is an improved and rebranded version of a similar shared equity program. The rebrand was live on 1 July 2022.	
NT	NT Community Housing Growth Strategy 2022-32	Improve the long term sustainability of the social and affordable housing system in the NT. Increase community housing-led asset renewal and new supply. Strengthen communities through improved asset and tenancy management place making and renewal.	Territorians eligible for social and affordable housing.	2022 to 2032	$22.3 million in 2021-22 and 2022-23 in seed funding
NT	Accelerated Regional Accommodation (Government Employee Housing)	Address accommodation shortages in Alice Springs, Katherine, Nhulunbuy and Tennant Creek Incentivise developers to construct residential housing to meet government employee housing requirements and provide additional housing supply to the private market to alleviate housing shortages in regional centres	Government employees working in regional centres	2024/25	NTG will pay rent for each of the Territory employees dwelling leases but does not intend to provide any funding or financial contribution towards the project outside of the rent payable

NT	Territory Economic Reconstruction Commission initiatives	Redevelopment of 4 Shiers Street, the Narrows (existing 76 dwelling public housing complex)	Redevelopment led by the community housing sector Social and affordable housing clients	Varies	TBD
NT	NTG delivered	Redevelopment of John Stokes Square public housing complex (78 new dwellings) Construction of eight affordable rental dwellings in Katherine. Contribution for the purchase of eight affordable rental dwellings in Palmerston	Provide 78 new social housing units specifically designed for seniors and people living with disabilities. CHP led delivery of new construction in Katherine. Partnering with Community Housing Provider. Provision of key worker accommodation.	2022 2024/25 2022/23	$27.4 million $2 million $1 million
NT	NTG Capital Works Program	Construction of additional 1 and 2 bedroom dwellings in regional centres	8 unit dwellings in Katherine 10 unit dwellings in Tennant Creek 3 unit dwellings in Humpty Doo.	Q3 2023	$7.7 million
NT	Micro Apartments	Underwrite head lease of 25 affordable rental studio apartments in Palmerston	Affordable housing for eligible Territorians at no more than 80 per cent of market rent.	2022/23 to 2030/31	$1 million
NT	Affordable Housing and Social Housing Head Leasing Program	**Affordable Housing** The Department head leases dwellings from the private market and rents them to low to moderate income earners in key service industries at 70 per cent of market rent. **Social Housing** The Department head leases dwellings from the private market and rents them to eligible public housing tenants.	Low to middle income earners in key service industries. Public housing tenants	2015 to 2027	$16.7 million

NT	Rent Choice	Rental subsidy scheme operating in Darwin, Katherine, Tennant Creek and Alice Springs to reduce rental stress for key workers in the Territory.	Workers in priority industries with hard to fill roles. Key workers include automotive, construction, health and human services, hospitality and tourism, logistics and transport industries, life guards, cooks, hairdressers, baristas and midwifes amongst others.	Ends Q2 2023	$3 million
NT	Remote Housing – Our Community. Our Future. Our Homes	Reducing overcrowding and improving living conditions through construction of new dwellings and additional living spaces Local decision making and engagement with communities Developing Aboriginal Business Enterprises Sustainable local employment Economic development	Aboriginal Territorians	2017/18 to 2026/27	$1.1 billion remote housing program In addition to $550 million under the National Partnership for Remote Housing Northern Territory 2018-23

Finance

State	Name	Objectives	Scope / Target Group	Timeframe	Funding
SA	First Home Owner Grant	Encourage first homebuyers to purchase or construct a new residential home in South Australia.	Summary: First home owners may be eligible for a grant up to $15,000 to support purchasing or constructing a new residential home in South Australia. https://www.revenuesa.sa.gov.au/taxpayer-stories/first-home-buyer		Up to $15,000 per grant.
SA	HomeStart Finance	Enable home ownership to be more achievable for South Australians.	Australian citizens over 18 years buying a residence in South Australia. Summary: HomeStart Finance is a State Government organisation that offers various loan and financing products to help people to purchase a home in South Australia. HomeStart is currently the only provider of Shared Equity options in the state. https://www.homestart.com.au/about	N/A	N/A
NSW	First Home Owner Grant (New Home) Scheme	Provide a grant to eligible first home buyers to help them enter the property market.	A $10,000 grant is available for eligible first home buyers purchasing a new home valued up to $600,000 or vacant land with a building contract with a total combined value not exceeding $750,000.	The $10,000 grant under the First Owner Grant (New Homes) Scheme has been in place since 1 January 2016	
NSW	Shared Equity Scheme	A two-year trial of a shared equity scheme for up to 3,000 eligible participants in each of those years. The Government will provide an equity contribution for the scheme of up to 30 per cent of the purchase price of an existing home and up to 40 per cent of the purchase price of a new home.	Single parents, older singles and first home buyers who are teachers, nurses or police will be eligible. They will also need to satisfy an income of test of up to $90,000 for singles and $120,000 for couples.	The shared equity scheme is scheduled to commence in January 2023 and for the two financial years 2022-23 and 2023-24	Over the 4 years to 2025-26, the Government will invest $780 million through the shared equity scheme, including ongoing implementation costs.

Appendix D
Affordable Community Housing Land Tax Exemption Scheme assessment

The Affordable Community Housing Land Tax Exemption Scheme was first introduced in March 2019 by ACT Revenue Office. The scheme provides eligible property owners a land tax exemption when they rent their property through a registered Community Housing Provider for affordable community housing purposes. This is a limited exemption available for up to 250 ACT properties. Property owners may also be eligible for a Deductable Gift Receipt for the difference between the market and affordable rent.

This scheme is administered jointly by the ACT Revenue Office, which has responsibility for the Land Tax exemption, and the Environment Planning and Sustainable Development Directorate, which has responsibility for the ACT Housing Strategy.

Since its inception, there have been an average of 30 properties per year up take within this scheme, with a total of 127 properties participating currently. Assuming a similar uptake is maintained, the cap of 250 is expected to be reached by 2026/27.

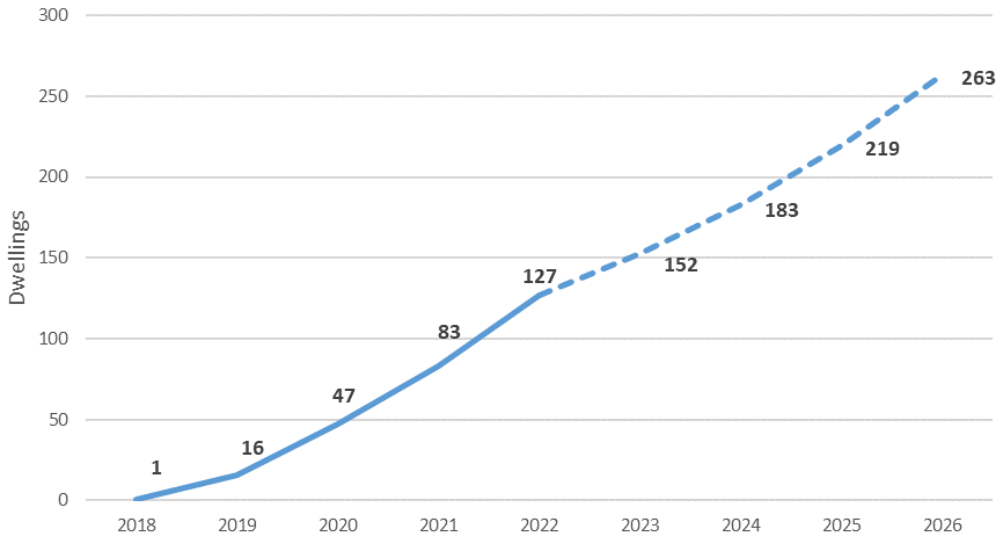


Figure Q uptake of Land tax exemption scheme in ACT

The details of the 127 dwellings in the scheme are shown below in Table 32. These 127 properties span a wide spectrum of price points, with the average discount to market being Sch 2.2(a)(xi), Sch 2.2(a)(xiii) . The median discounted rents for both houses and units sit within the Q2 income threshold. Maximum rents seen within this scheme sit outside of the Q2 income threshold.

	MARKET RENT ($)	DISCOUNT RENT ($)	DISCOUNT TO MARKET (%)
Sch 2.2(a)(xi), Sch 2.2(a)(xiii)			

Table 32 Land Tax exemption house/unit characteristics

Appendix E

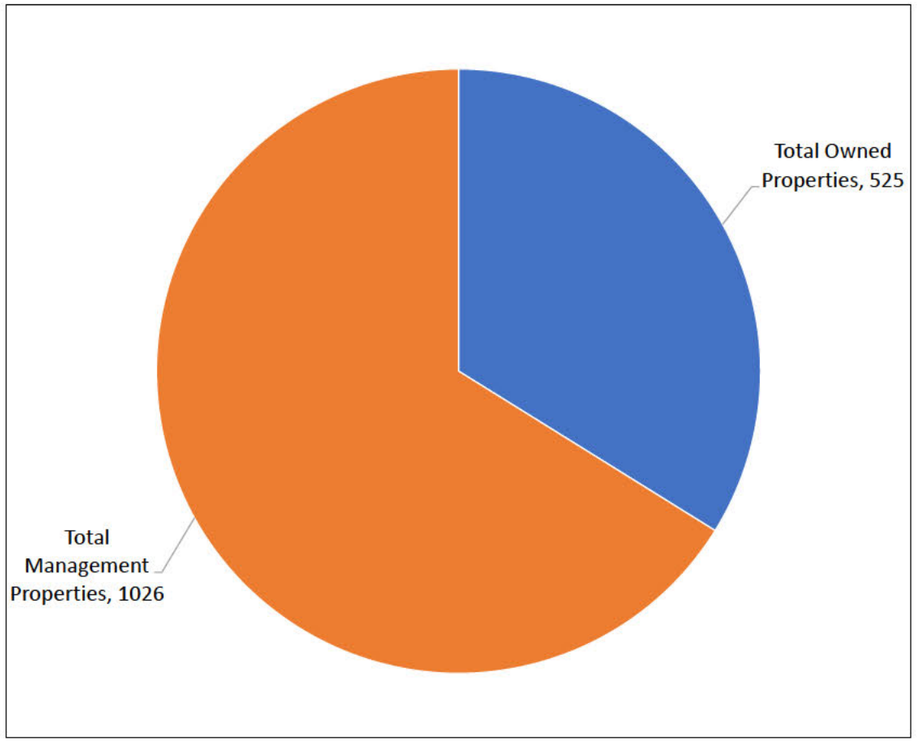
CHP stocktake detailed analysis

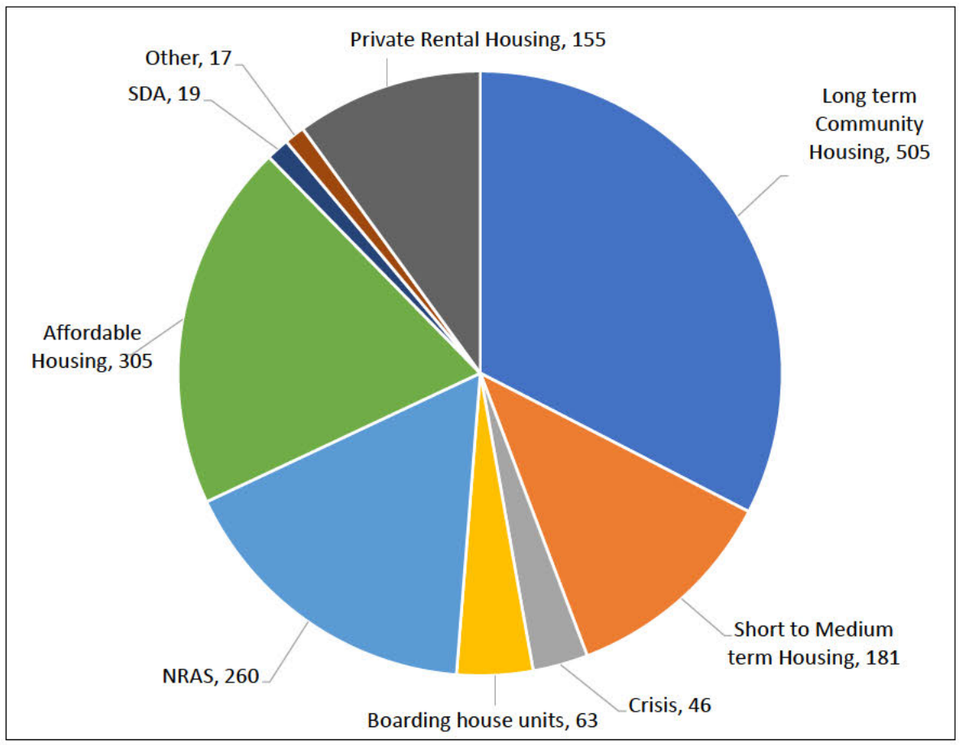
Name	Argyle Housing	Amelie Housing	Southern Cross Housing	Evolve Housing	Community Housing Canberra (CHC)
Tier	1	1	1	1	1
Primary Location	NSW	NSW	NSW	NSW	ACT
Housing Type 1	Affordable	Affordable	Social	Social	Social
Housing Type 2	Social	Social	Affordable	Affordable	Affordable
Housing Type 3		Crisis / Transitional		Disability	Disability
Housing Plan / Strategy	Argyle housing is a NFP provider of social and affordable housing. They currently service over 4500 tenants and manage or own over 2400 properties across both NSW and ACT (17 LGAs in total). The 2022-24 Strategic Plan focuses on delivering long-term sustainable high quality community housing across their network. Argyle Housing manages a portfolio of properties that are owned by: • Argyle Housing; • NSW Land and Housing Corporation (LAHC NSW); • ACT Community Services Directorate; • other community housing providers; and • leasehold properties managed for private owners. 2021 Income is reported at $31 million, this includes: - Rental income, Government Grants, Management fee for services, Water utilities and repair recoveries, Other 2021 Expenses is reported as $29.4 million, this includes: - tenant and property costs, employee costs, office and admin, lease depreciation, financial expenses 2021 Annual report - $14.3 million Cash on hand	Amelie housing was established in NSW by the Society of St Vincent de Paul in 2012 as a special purpose community housing development and management provider. (website says this is a Tier 2 CHP). - 1,418 properties under management housing 2,516 tenants - received a $1.1m from NSW Land and housing corpo (LAHC) for 55 property upgrades in NSW in 2020-21 - Currently Amelie offers only social and crisis housing in the ACT. Affordable and other types of housing are offered in NSW by Amelie.	Southern Cross currently have: - 2270+ properties under management - 4235+ People housed in Southern Cross houses - 43+ community projects - 3567+ Temporary accommodation YTD - 75+ employees Southern Cross are the largest Community Housing Provider covering Southern East NSW with a service delivery area from Wollongong to Eden across to Cooma and Jindabyne. Majority of the tenants are housed from the NSW social housing waitlist (this reports 46,087 are on the waiting list in NSW). Southern cross build and construct their own social housing developments, but also manage other dwellings on behalf of other landlords.	Over 5 years, Evolve Housing has more than doubled the number of owned properties. In 2020-21 evolve owned over 700 properties, operates 4270 properties and 9981 residents. Occupancy of the properties is at 98.4%. The average vacancy turnaround time is 11.4 days. Evolve has 1576 affordable housing properties (74.9% of the market rent) - this is 37% of the portfolio. Evolve has 2694 Social housing properties making up 63% of Evolve's Portfolio. Evolve has 95 SDA's.	CHC is Canberra's leading provider of social and affordable housing. The 2020-21 Annual plan highlights their intention to house 2000 Canberrans in 2022 with $30 million direct rental subsides to tenants. The Annual plan also highlights potential partnership opportunities with non-government organisations which own sites suited to multi-unit social and affordable rental developments. This could deliver 25% of the ACT's target of 600 affordable rentals.
Recent completed developments			Current projects that are either under development or completed this year are: - Secondary Dwellings - 2 bedrooms completed in 2020 - Anderson Avenue - 7 apartments completed in 2019 - White House - 13 self-contained rooms with a communal lounge, dining, and kitchen areas.		•Completed construction on 2nd Stage of Downer development: 123 apartments, 6 sales, 10 retained by CHC as affordable housing •Completed construction on the disability (SDA) home in Wainniassa •Progressed construction of 47 townhouses in Thorsby: 27 affordable home purchase opportunities, 2 townhouses to be retained by CHC as affordable rentals and 18 market sales. •Design and construction grant of $100,000 secured for residence in Lot to target women leaving the justice system
Planned future developments	Argyle Housing are currently working on the following projects: - 190 Wakaden Street, Griffin. NSW - Griffin Green Project, NSW- 20 townhouses - 34 Pollus Street, Yass, NSW - demolition and remediation of 1 site - Tolland gardens - LAHC and Aboriginal housing office development - Gordon Street, Young, NSW - 4 villa/townhouses - Temora, NSW - senior and elderly residents - CHIF & Fenwick Crescent, Goulburn, NSW - 6 units in Luxe Development in Fenwick Crescent.		- Coomea St Bomaderry - 39 units Completion in 2024 - South Street Ulladulla - 26 units Completion in 2025 - Ulladulla - 6 units 1 bedroom apartments Completion in 2024 - Cooma - 6 units 1 bedroom apartment Completion in 2024	The Lidcomb Project currently under construction will increase the number of owned properties by 93 units of affordable housing and 63 units of social housing. 2020-21 Annual report forecasts show that Evolve will own up to 1,100 properties by 2025	TBC
TOTAL community housing Assets	**2526**	**1491**	**2244**	**4508**	**714**
Total Tenancy Rental Units	2528	1491	2226	5146	812
Total Owned Properties	400	169	111	805	441
Total Management Properties	1322	1322	2133	3703	273
Community Housing Assets by Program types:					
Long term Community Housing	2264	815	1768	2125	75
Short to Medium term Housing	79	397	2	331	1
Crisis	9	3	29	8	0
Boarding house units	45	0	11	0	33
NRAS	81	67	94	775	258
Affordable Housing	43	155	21	1107	251
SDA	0	0	0	143	13
Other	4	54	53	0	0
Private Rental Housing	1	0	266	31	83

Name	Havelock Housing Association Incorporated	Project Independence Ltd	MARSS Australia Inc.	Environmental Collective Housing Organisatic	Northside Community Service
Tier	2	2	3	3	3
Primary Location	ACT	ACT	ACT	ACT	ACT
Housing Type 1	Disability	Disability	Specialty (immigrants)	Affordable	Social
Housing Type 2	Affordable			Social	Specialty (women and aged care)
Housing Type 3	Social				
Housing Plan / Strategy	Havelock housing are the largest provider of disability housing in the ACT. They manage tenancies for 193 people with disabilities living in 94 specifically tailored properties. Another 112 tenancies are living in 102 other properties managed by Havelock on behalf of Housing ACT (Gungalhin Singles Accommodation, Housing Asset Assistance Program, Summer Housing). Havelock also partner with YWCA Canberra to provide homes for older women through Homes4Homes program. Summary of assets (20/21 annual report): - Disability Housing 183 residents in 94 properties - Havelock House 96 residents in 21 shared units - 134 houses and 62 apartments in 63 suburbs - 112 residents in 102 properties - Havelock owned properties 21 residents in 21 properties - All residents are incomes quintiles 1 and 2	Project Independence is a social housing development organisation for people with intellectual disability. PI use a different housing model, where resident payments from their DSP go towards building home equity rather than being used solely as rental payments.	MARRS Australia provides homelessness services for asylum seekers and families with uncertain immigration status. MARSS sources housing and provides maintenance, tenancy support, and wrap-around services to asylum seeker women, men, and families in the ACT. The housing programs provide transitional, safe accommodation for unaccompanied asylum seeker women and families on bridging visas, who are living in the ACT while their applications for protection visas are processed.	ECHO is a community housing provider that manager 34 properties with 39 tenancies. The ACT Government owns 33 of the ECHO properties on a 5 to 6 year sublease until 2023. ECHO own 1 free standing house in inner north Canberra. ECHO retains all rental revenues and receives no funding by ACT government. ECHO also provides tenants with rental rebate on market rents (For "affordable" renters, rent after rebate is 70% of market rent with provision to reduce rent to 50% of market rent, based on 30% of gross household income; For "income-related" tenants, rent after rebate is 25% of gross household income)	Northside is a community based not-for-profit organisation which supports areas in North Canberra. They have a housing first approach which aims to end homelessness. They achieve this through supporting the Community Assistance and Support Program, Women's Housing First Program, Common Ground Canberra and Aged Case and Housing. Type of support: - Transitional accommodation for women in need for up to 12 months - Five story development through Common Ground Canberra (40 self contained one bedroom apartments - 20 apartments are dedicated to people who have lived experience of chronic homelessness and 20 apartments dedicated to low income individuals and couples. -
Recent completed developments	13 new properties were acquired in 2020-21, however these took time to occupy during the pandemic. 2 multi dwelling property developments are planned for the next 12 months.				
Planned future developments					
TOTAL community housing Assets	**235**	**22**	**33**	**34**	**30**
Total Tenancy Rental Units	547	22	50	38	30
Total Owned Properties	22	22	0	1	0
Total Management Properties	213	0	33	33	30
Community Housing Assets by Program types:					
Long term Community Housing	203	20	1	34	4
Short to Medium term Housing	0	2	11	0	26
Crisis	0	0	0	0	0
Boarding house units	22	0	1	0	0
NRAS	0	0	0	0	0
Affordable Housing	0	0	0	0	0
SDA	0	0	0	0	0
Other	10	0	0	0	0
Private Rental Housing	0	0	20	0	0

Name	Tamil Senior Citizens Association (ACT) Inc	YWCA Canberra	Trustees of the Roman Catholic Church for th	Barnardos Australia	Focus ACT Ltd
Tier	3	3	3	3	3
Primary Location	ACT	ACT	ACT	ACT	ACT
Housing Type 1	Public and community (social)	Social			
Housing Type 2		Affordable			
Housing Type 3		Specialty (women)			
Housing Plan / Strategy	Currently TSCA manages 9 properties and 4 townhouses. Residents are either looking for public or community housing. Rent for public houses is 25% of assessed income (they do not receive commonwealth rent assistance). Rent through community housing is 25% of assessed income and can access CRA through Centrelink.	YWCA Canberra has a number of housing programs for predominately women in housing stress, or are homeless. - Supportive Tenancy Service: Partnership with Woden community service, YWCA, Canberra region community service and helps people living in ACT with maintaining their tenancy and improving living situation - Next Door supports older women who at risk of experiencing homelessness - Affordable housing at three properties in Canberra for single women who are in unstable housing or homeless. - 14 Transitional housing - short to medium team accommodation - Rentwell is YWCA affordable property management service (75% market rates):		Barnardos is a charity which aims to end child abuse and neglect and support families to keep children and young people sate at home. Their predominant services include foster care and adoption, parental support, Education support, family support and youth support.	Focus ACT help people find secure and long term housing solutions where they can live independently. This supports people with disabilities to find the appropriate home. Focus have a Vacancy Management Panel which identify the best placement for each new client.
Recent completed developments					
Planned future developments		Soon to begin construction on Yhomes - planned housing development in Ainslie to support women and girls through YWCA services.			
TOTAL community housing Assets	**13**	**106**	**140**	**54**	**37**
Total Tenancy Rental Units	13	155	215	52	64
Total Owned Properties	4	4	19	10	0
Total Management Properties	9	102	121	44	37
Community Housing Assets by Program types:					
Long term Community Housing	13	0	62	44	33
Short to Medium term Housing	0	15	22	10	2
Crisis	0	19	9	0	0
Boarding house units	0	0	7	0	0
NRAS	0	2	0	0	0
Affordable Housing	0	20	34	0	0
SDA	0	0	4	0	2
Other	0	0	0	0	0
Private Rental Housing	0	50	2	0	0

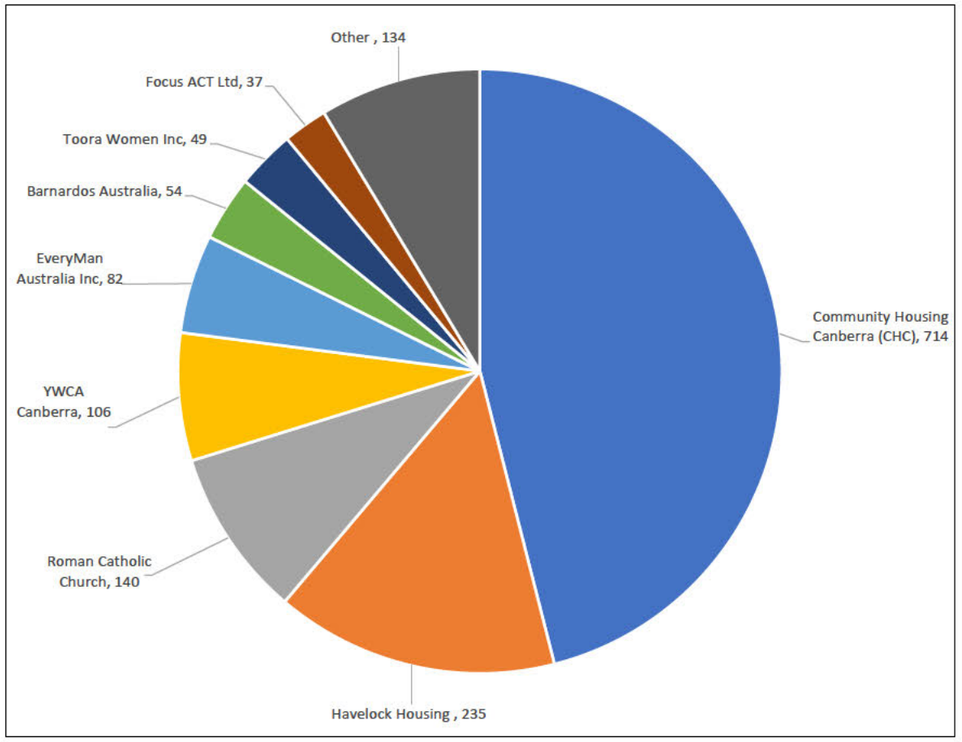
Name	Toora Women Inc	EveryMan Australia Inc	Yeddung Mura (Good Pathways) Aboriginal C
Tier	3	3	3
Primary Location	ACT	ACT	ACT
Housing Type 1	Social	Social	
Housing Type 2	Specialty (Women)	Specialty (Men)	
Housing Type 3			
Housing Plan / Strategy	Toora Women provide homelessness services through their Toora House Supported Accommodation Program and Family Program. Toora have rooms in a group share environment and standalone houses. There is a strategic goal to further develop their community housing expertise and expand their housing stock. They currently have 48 houses (and own 2 of these)	EveryMan Australia and Toora Women are partners, sharing the responsibility of the Complexity Centre and providing specialist counselling to those with disabilities, at risk of homelessness, experienced domestic violence etc. The organisation provides men's accommodation and support services for men at risk of homelessness including men leaving custody of involved in criminal justice system.	Yeddung Mura are an Aboriginal community support group that provide counselling, education and training, transportation and mentoring services to the aboriginal community.
Recent completed developments			
Planned future developments			
TOTAL community housing Assets	**49**	**82**	**2**
Total Tenancy Rental Units	95	84	2
Total Owned Properties	2	0	0
Total Management Properties	47	82	2
Community Housing Assets by Program types:			
Long term Community Housing	12	4	0
Short to Medium term Housing	18	74	0
Crisis	18	0	0
Boarding house units	0	0	0
NRAS	0	0	0
Affordable Housing	0	0	0
SDA	0	0	0
Other	1	4	2
Private Rental Housing	0	0	0





CHPS	No.
Community Housing Canberra (CHC)	714
Havelock Housing	235
Roman Catholic Church	140
YWCA Canberra	106
EveryMan Australia Inc	82
Barnardos Australia	54
Toora Women Inc	49
Focus ACT Ltd	37
Other	134

TOTAL community housing Assets	**1551**
Total Tenancy Rental Units	2179
Total Owned Properties	525
Total Management Properties	1026
Community Housing Assets by Program types:	
Long term Community Housing	505
Short to Medium term Housing	181
Crisis	46
Boarding house units	63
NRAS	260
Affordable Housing	305
SDA	19
Other	17
Private Rental Housing	155



Appendix F
Consultation guiding questions

Lockbridge

PROJECT:	ACT Government – Affordable Rental Housing in the ACT
RFI:	Key stakeholders - CHP

Context

Lockbridge has been engaged by ACT Treasury within the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) to undertake a detailed exploration of opportunities to boost the supply of affordable rental housing in the ACT. Attachment A sets out the Statement of Requirements.

The ACT Government is particularly interested in:

- Affordable rentals to meet the housing demand from people and families in Income Quintile 2 (annual income ~$55K - ~$100K). This segment of the market differs from the demands of those in Income Quintile 1 (<$55K annual income), who's needs are often better met through social housing
- Affordable rentals at 74.9% of market rent
- Identifying the current barriers to Community Housing Providers and other market participants to meeting affordable rental demand
- Identifying measures and incentives that would be most appropriate in boosting the supply of affordable rental housing.

As part of the exploration we are seeking the perspective of various stakeholders including CHPs, financiers, community organisations, landholders and policy professionals on a range of matters.

Guiding questions

The key things we would like to discuss include:

1. Your organisation's current affordable housing stock, including:
    - Total number of dwellings
    - Dwelling type such as apartment v townhouse v free standing
    - Dwelling size: number of bedrooms
    - Mix of social, affordable, market dwellings
    - Mix of owned v managed dwellings
    - Location: ACT v interstate

2. Any future plans your organisation has in this space, including:
    - Plans to develop new stock
    - Plans to purchase existing stock
    - Plans to increase properties under management
    - Partnership arrangements with non-CHPs, and if under consideration, the commercial structures
    - Location: ACT v interstate

3. Barriers you have faced in supplying affordable rental stock, including:
    - Financial capacity
    - Organisational capacity
    - Property and land availability
    - ACT specific barriers compared to interstate
    - Others

4. Investment hurdles / rates of return that you would need to meet to deliver further affordable rental stock:
    - Target Equity Internal Rate of Return and other metric hurdle rates
    - Do the required returns differ by dwelling purpose (social v affordable v market)
    - Do the required returns differ by development stage (pre-development v developed asset)

5. Existing ACT Government and Commonwealth Government financial incentives, non-financial incentives, policy changes and/or joint investment options that you currently access:
    - Are these effective?

6. Further financial incentives, non-financial incentives, policy changes and/or joint investment options that could boost supply of affordable rental stock
    - What further measures would you like to see?

7. Other matters you consider relevant

Lockbridge

PROJECT:	ACT Government – Affordable Rental Housing in the ACT
RFI:	Key stakeholders - NHFIC

Context

Lockbridge has been engaged by ACT Treasury within the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) to undertake a detailed exploration of opportunities to boost the supply of affordable rental housing in the ACT, focussed on Community Housing Providers (CHPs). Attachment A sets out the Statement of Requirements.

The ACT Government is particularly interested in:

- Affordable rentals to meet the housing demand from people and families in Income Quintile 2 (annual income ~$55K - ~$100K). This segment of the market differs from the demands of those in Income Quintile 1 (<$55K annual income), who's needs are often better met through social housing
- Identifying the current barriers to CHPs and other market participants to meeting affordable rental demand
- Identifying measures and incentives that would be most appropriate in boosting the supply of affordable rental housing.

The ACT Government has a target of 600 additional affordable rental dwellings by 2025.

As part of the exploration we are seeking the perspective of various stakeholders including CHPs, financiers, community organisations, landholders and policy professionals on a range of matters.

Guiding questions

The key things we would like to discuss include:

1. Views on CHP sector's strengths and weaknesses
    - CHP governance and corporate structure
    - Financial and organisational capacity to develop additional dwellings
    - Barriers to increased stock such as land, finance, scale, capacity, capability etc

2. Specific views on ACT
    - CHPs
    - Scale
    - Policy environment
    - Opportunity and challenges
    - Mechanisms to increase supply

3. Discussion of NHFIC role in funding CHPs
    - Affordable Housing Bond Aggregator
    - National Housing Infrastructure Facility
    - Housing Australian Future Fund
        - Potential structure
        - Linkages with existing NHFIC activities
        - Role of parties (Commonwealth, State/Territory, NHFIC, superfunds/institutions, CHPs, others)
        - Focus areas

- Scale thresholds (i.e. number of dwellings in a single development, pipeline expectations etc)

4. What commercial models are you seeing from the sector
    - CHP led development & operation, CHP JVs (what sort of partners?), Institutional led with CHP as operations only?
    - What commercial models work well / don't work well?
    - What is your definition of affordable? 80% of market, 74.9% of market, 30% of income for X quintile etc?
    - What proportion of social v affordable v market v build-to-sell hybrid models are required within a project/portfolio to access NHFIC funding?
    - What are current NHFIC debt rates
        - During development?
        - From operation?
        - Do these differ based on mix of social v affordable v market v build-to-sell?
        - Do these differ based on location, CHP, commercial model?
    - Scale required to access NHFIC funding

5. What commercial models work well / would you like to see from the sector?

6. Investment hurdles / rates of return that you would expect from those seeking funding
    - Target Equity Internal Rate of Return and other metric hurdle rates (and what assumptions underpin the metrics such as operational timeframes, terminal value/capital growth assumptions etc)
    - Do the required returns differ by dwelling purpose (social v affordable v market)?
    - Do the required returns differ by development stage (pre-development v developed asset)?
    - Do the required returns differ by commercial structure (I.e. CHP only v JV etc)?

7. Role of superfunds and institutional investors
    - Role in providing equity/sub-ordinate debt
    - Expected accepted return on this funding
    - Is there a role for NHFIC to coordinate this funding?

8. Is there an example of where you have provided funding in the ACT, what was the structure, terms etc? If not an ACT example, are there other relevant examples that illustrate the above elements?

9. Other Commonwealth Government financial incentives, non-financial incentives, policy changes and/or joint investment options that facilitate investment

10. Further financial incentives, non-financial incentives, policy changes and/or joint investment options that could boost supply of affordable rental stock

11. Other matters you consider relevant

Appendix G
Comparable sales data

City/Inner North

Land Sales - Apartments	Address	Zoning	Sale Date	Sale Price	Land Size	$/sqm of Land	No. Dwellings	$/dwelling	Density
Turner	Block 4 Section 57	CZ5	2022	$59,300,000	16,300	$3,638	477	$124,319	34
Braddon	Block 10 Section 8	CZ5	2021	$28,000,000	15,607	$1,794	602	$46,512	26
Lyneham	Block 28 Section 50	CZ5	2021	$19,000,000	13,663	$1,391	424	$44,811	32
Dickson	Northbourne Ave	CZ5 /RZ4	2016	$40,000,000	29,000	$1,379	697	$57,389	42
							Average	**$ 68,258**	
							Adopted	**$ 105,000**	

Town Centre

Land Sales - Apartments	Address	Zoning	Sale Date	Sale Price	Land Size	$/sqm of Land	No. Dwellings	$/dwelling	Density
Gungahlin	Block 6 Section 249	CZ5	2021	$5,100,000	6,822	$748	131	$38,931	52
Gungahlin	Block 5 Section 249	CZ5	2021	$6,850,000	10,510	$652	202	$33,911	52
Lyons	Block 1 Section 70	RZ5	2019	$16,400,000	23,289	$704	492	$33,333	47
Belconnen	Block 17 Section 152	CZ2	2022	$20,500,000	7,125	$2,877	550	$37,273	13
							Average	**$ 35,862**	
							Adopted	**$ 40,000**	

Appendix H
Community Housing and the ILRP

The Indicative Land Release Program includes a target of 15 per cent of government land releases for public, affordable or community housing. Table 32 shows the target number of site releases for each, the total residential target and its proportion for the most recent five year period. The data is taken from the relevant annual ILRP.

YEAR	AFFORDABLE HOME PURCHASE SCHEME	PUBLIC HOUSING	COMMUNITY HOUSING	TOTAL ILRP RESIDENTIAL TARGET
2018-19	472	60	20	4,060
2019-20	488	80	60	3,440
2020-21	239	53	10	3,043
2021-22	122	155	30	4,737
2022-23	208	76	30	3,918

Table 33 AHPS, Public Housing and Community Housing as a proportion of ILRP

Table 34 shows the proportionate contribution of the categories.

YEAR	AHPS, PUBLIC AND COMMUNITY HOUSING % OF TOTAL	COMMUNITY HOUSING % OF AHPS, PUBLIC HOUSING AND COMMUNITY HOUSING	COMMUNITY HOUSING % OF TOTAL
2018-19	14%	4%	0%
2019-20	18%	10%	2%
2020-21	10%	3%	0%
2021-22	6%	10%	1%
2022-23	8%	10%	1%

Table 34 Community Housing proportions

Figure R combines total annual community housing site releases and this as a proportion of the total sites released for the AHPS, Public Housing and Community Housing.

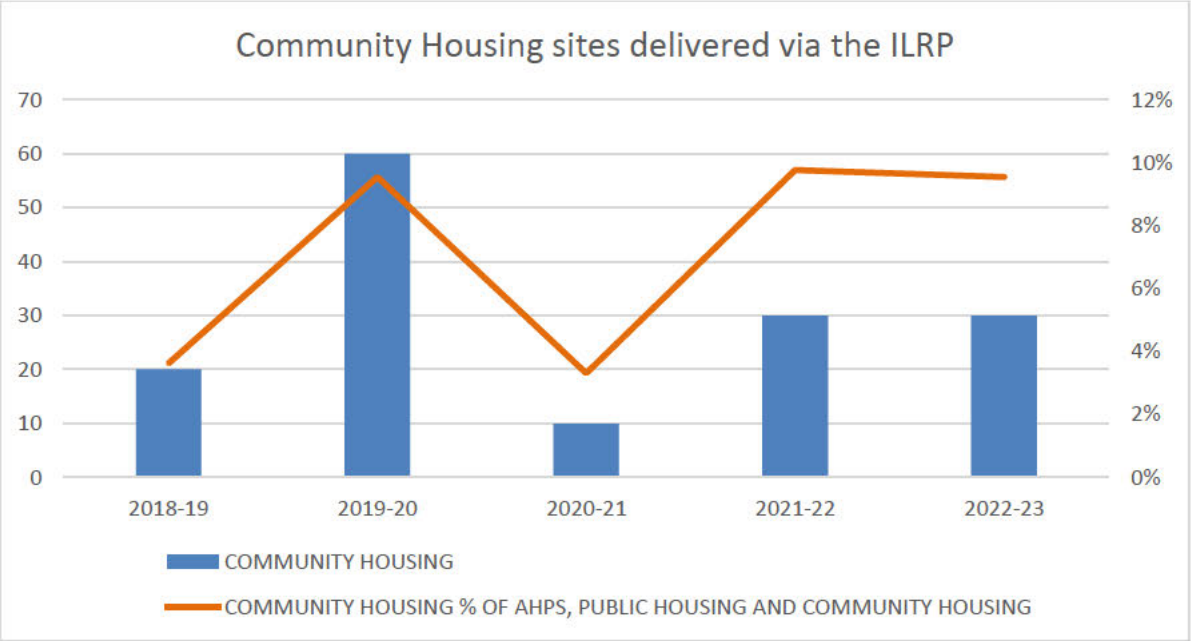


Figure R Community Housing sites and % of AHPS, Public Housing and Community Housing

The analysis above indicates variability in the number and proportion of sites released for community housing. The 15% target in the ILRP is not translated into a fixed target for community housing but rather appears to be determined annually. In addition, the community housing targets are split across multiple sites contributing to relatively small individual development opportunities.

The relatively small number of sites and each site's relatively small scale, combined with the variability in releases, limits the usefulness of the ILRP to CHPs forward pipeline development.



Exploration of Opportunities to Boost the Supply of Affordable Rental Housing in the ACT

Final Report Presentation

03 March 2023

Lockbridge

Purpose

- The purpose of today's discussion is to:
    - Provide an overview of the key findings and discuss
    - Deep dive on individual issues as required

Executive overview - Framing

This project responds to PAGA commitment B. 2.(ii):

> *The parties share a commitment to working towards an ambitious affordable rental housing target for dwellings focused on affordability for the second income quintile… with a goal of **600 additional dwellings by 2025-26**.*

Meeting this commitment needs an understanding of:

Past

Sector Reform: 2009

- The national CHP sector has been shaped by policy decisions to:
  - Increase the scale and efficiency of operations
  - Strengthen CHP balance sheets
  - CHP lead development of new affordable housing stock
- The strength of the local CHP sector is linked to the extent of social housing stock transfers.

Present

Integration and complementarity

- Other ACT policies
  - Social housing; Disability housing; Land release; Tax; Social services
- Other Government's policies
  - ACT isn't an island

Future

Sector reform: 2023+

- Expect:
  - Consolidation of CHPs
  - Growth in development capabilities
  - Expansion of CHP services
- HAFF will accelerate this phase (if it succeeds introducing institutional capital to the sector).
- How are ACT CHPs shaped to respond?

Executive overview – Four key takeaways

1. Rental stress in the ACT is increasing – and will continue to increase
    - Approx. **975** dwellings required per annum to meet expected Q2 demand
    - 600 target to 2025/26 will need additional support to BAU
2. CHPs are an effective mechanism to deliver affordable rental housing
    - Corporate structure (CHP registration, NFP, ACNC, DGR, GST etc) means cost effective delivery and operation for affordable dwellings (cheaper than private and gov't)
    - Investment stays within the sector – operating surpluses reinvested
    - Commonwealth policies are focussed on strengthening the CHP sector to deliver housing
    - The ACT is competing against other jurisdictions for CHPs
3. The market structure in the ACT is unique and the result of policy decisions
    - Stock transfer and long term management agreement polices have driven the structure
    - Dominated by a single large player
    - Barriers to entry exist (understanding, establishment, cost) and lack of pipeline
    - Policy options will decrease over time and cost will increase unless change occurs
4. The HAFF is a significant opportunity and requires a strong ACT CHP sector
    - CHPs need scale to operate efficiently and invest in new stock

Executive overview - Two challenges and opportunities

- ‘**Market filling**’ – achieve 600 additional dwellings by 2025/26
- ‘**Market making**’ – use the HAFF, and establish the conditions, to grow the sector

Market filling

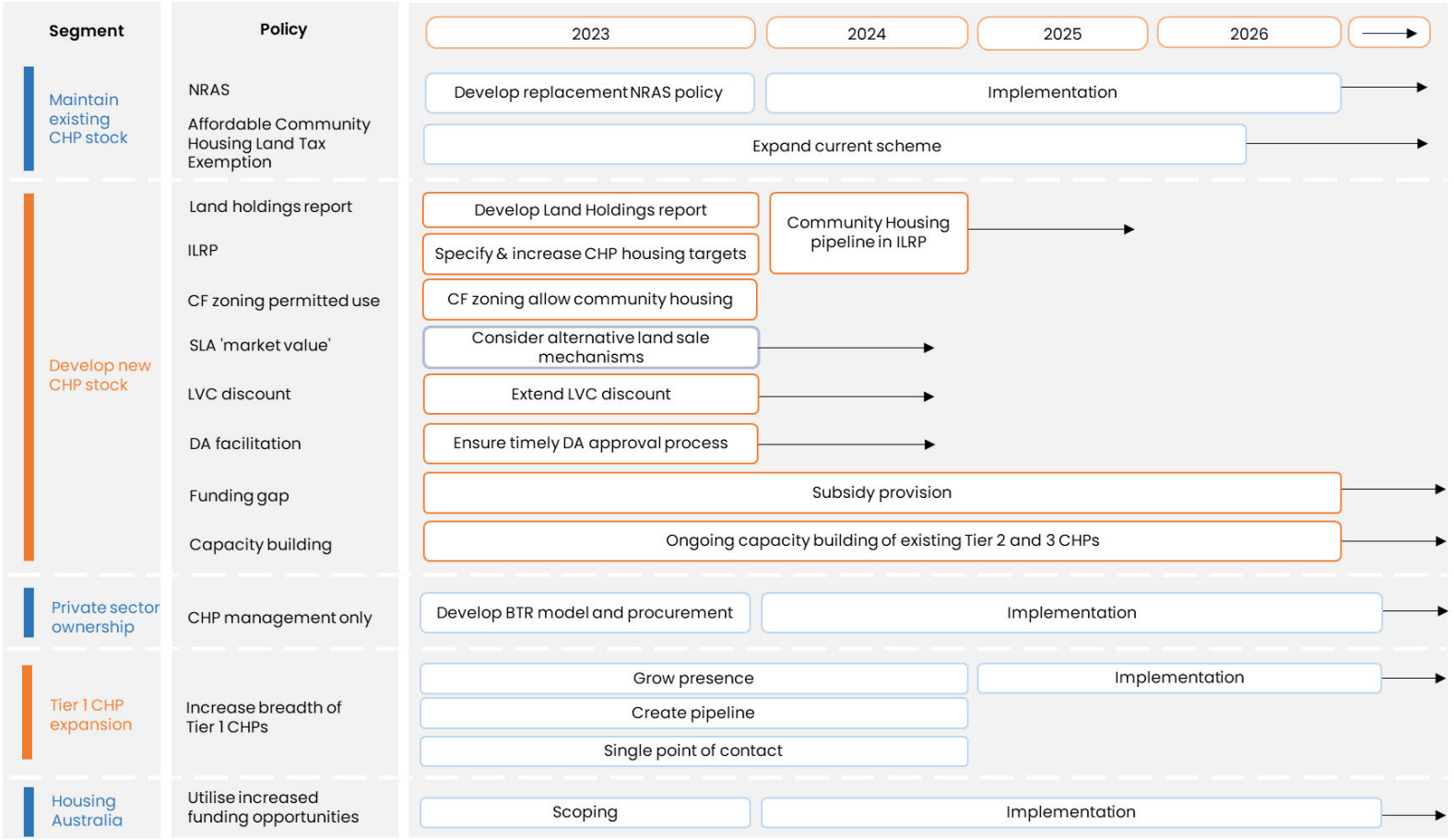
1. Land tax exemption scheme expansion
2. Support new ‘shovel ready’ projects

Market making

1. Signalling support for the future of the local CHP sector
2. Establish a medium-long term affordable housing pipeline (250 – 300pa for 5-10 years)
3. Take active steps to establish another active Tier 1 CHP in the ACT
4. Maximise Commonwealth funding (e.g HAFF, CRA) by supporting the sector and ACT Government contributions (pipeline, planning, land, financial etc.)

Executive overview – Potential policy measures

- Maintain existing CHP stock
- Develop new CHP stock
- Private sector ownership
- Tier 1 CHP expansion
- Housing Australia



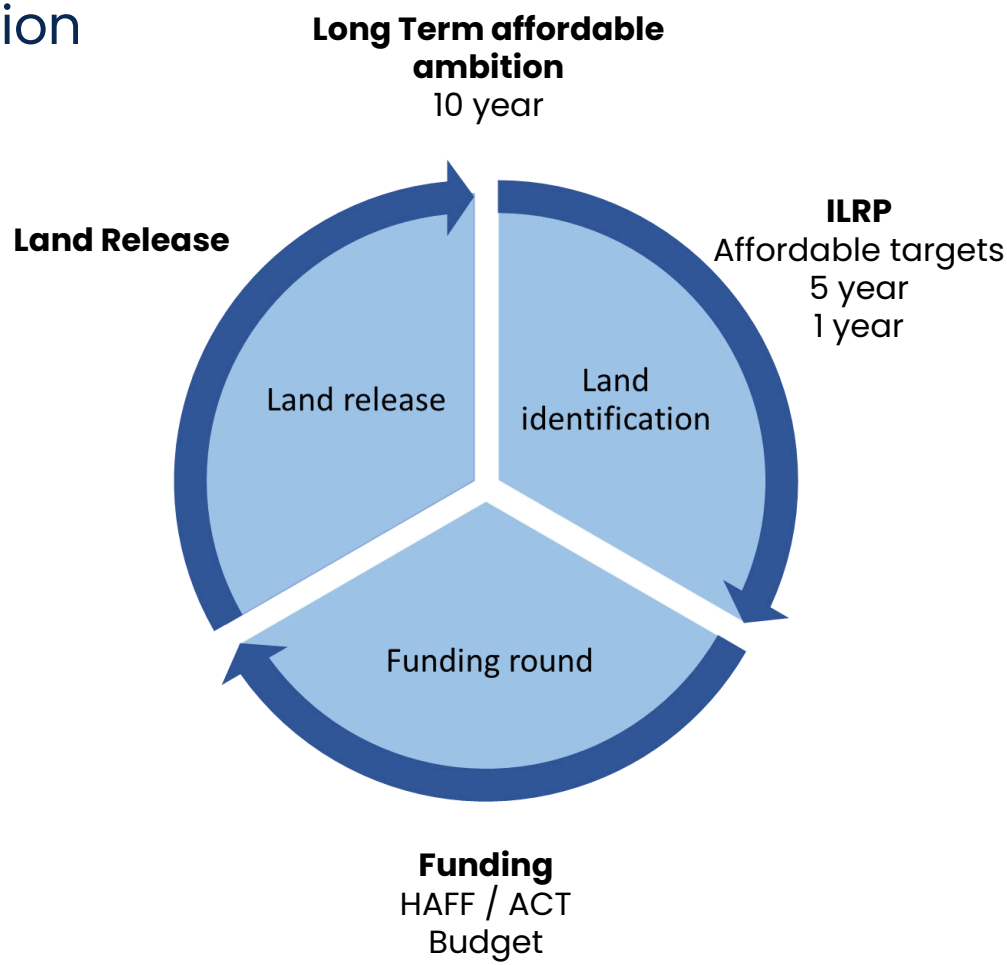
Affordable Rental Housing

Executive overview - Implementation

- Utilise existing processes

- An annual process:
  - Long term land pipeline
  - Annual land identification
  - Annual funding round (linked to HAFF)
  - Annual land release

- Characteristics
  - Simple
  - Understood
  - Repetitive - 'Like a clock'
  - Flexible to allow alternative models to emerge



Detailed slides follow

Contents

- Detailed slides
  - Context and scope
  - ACT housing needs assessment
  - CHP sector history and future
  - CHP structure and governance
  - ACT CHP sector overview
  - The policy challenge
  - CHP constraints
  - Potential policy measures

Context and scope

Headline

- …'opportunities to boost the supply of affordable rental housing in the ACT in response to market gaps, particularly through the expansion of community housing owned and/or managed stock'.

- Q2 and parts of Q3

Individual elements

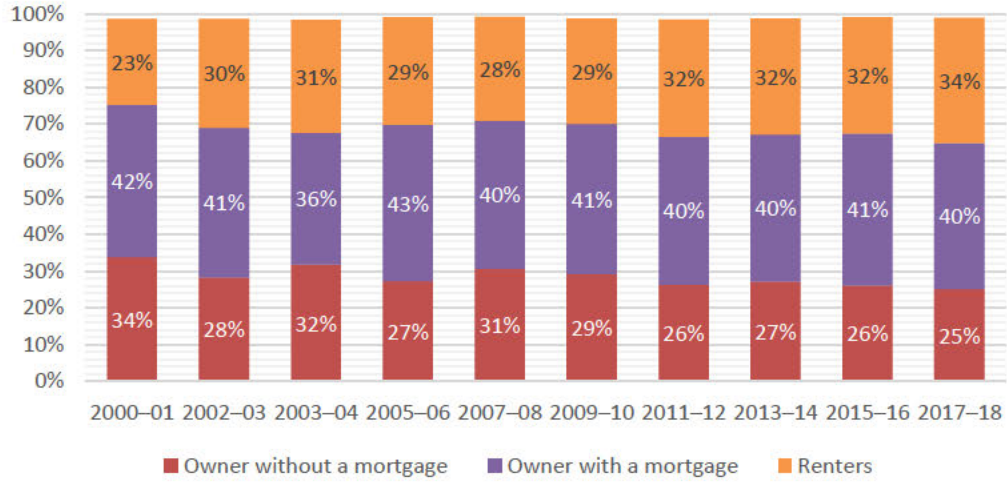
- Stocktake community housing and the likely future state in 5, 10 and 20 years
- Cohort needs assessment
- Existing policy assessment
- ACT specific matters, inc. land release
- NRAS conclusion
- CHP sector assessment
- Approaches to boosting affordable housing supply
- Opportunities to leverage Commonwealth funding (HAFF, CRA, NHFIC)

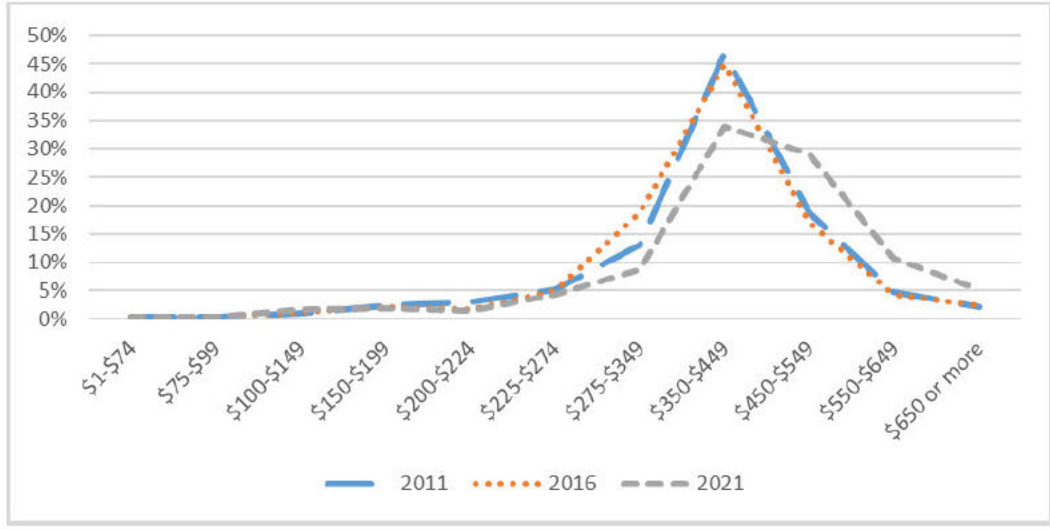
Context and scope

COMMUNITY HOUSING PROVIDERS		GOVERNMENT	PEAK BODIES	FINANCIAL SECTOR
YWCA	Evolve Housing	SLA	ACTCOSS	NHFIC
Catholic Care	Southern Cross Housing	EPSDD	CHIA	Lighthouse Infrastructure
Havelock House	Community Housing Limited	ACT CHP Registrar		Super fund #1
Focus ACT	Argyle Housing	CSD		Super fund #2
CHC	Housing Plus	Tasmanian Government		Super fund #3

ACT Housing Needs Assessment

- The proportion of people renting is increasing
- The proportion of income people are spending on rent is increasing

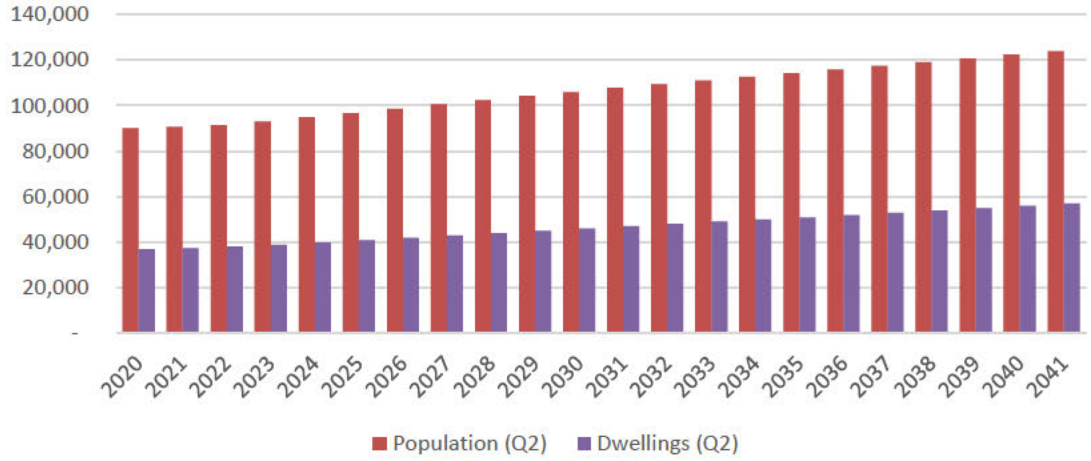




Affordable Rental Housing

ACT Housing Needs Assessment

- The population is forecast to increase, increasing the number of people in Q2
- Q2 dwellings demand increases by **975/year**
- Many people from diverse cohorts spend >30% of their income on rent

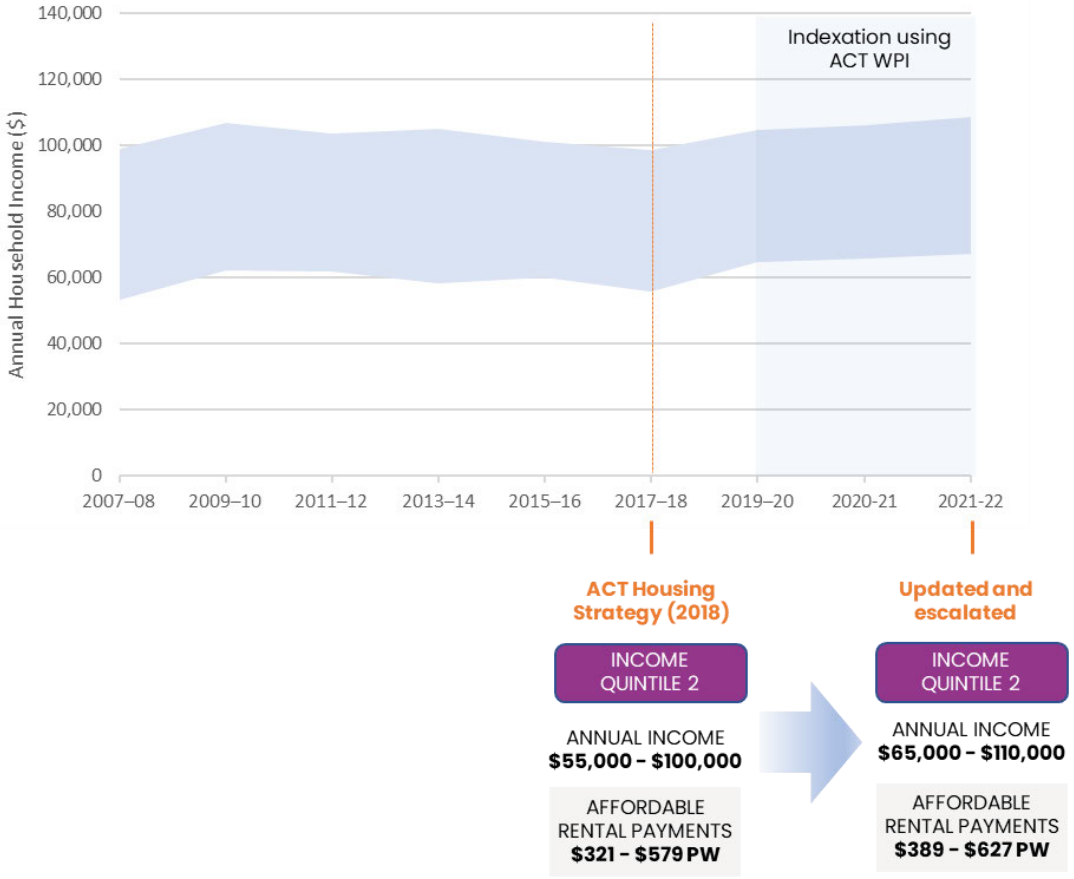


HOUSING TYPE	APPROX. INCOME QUARTILE	RENT AS A SHARE OF INCOME
Single person on Jobseeker	Q1	117%
Single Pensioner	Q1	70%
Single part-time worker parent on benefits	Q1	69%
Pensioner couple	Q1	53%
Hospitality worker	Q2	43%
Student share house	Q2	40%
Minimum wage couple	Q2	35%
Single income couple with children	Q2	30%
Single full-time working parent	Q2	26%
Dual income couple with children	Q3	15%

Affordable Rental Housing

ACT Housing Needs Assessment

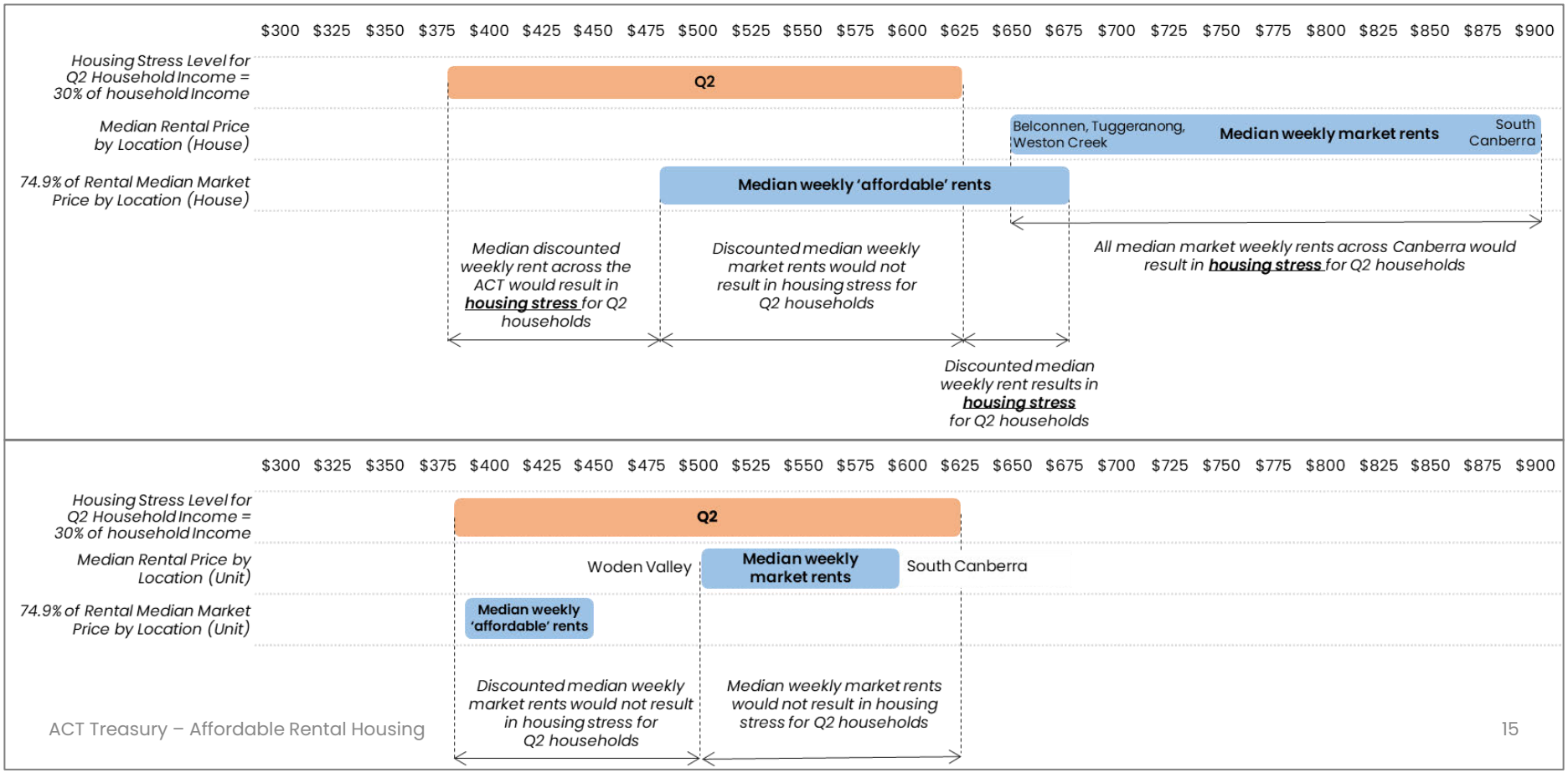
- Q2 household income range:
  - $65,000
  - $110,000
- Broad range
- Many cohorts



Affordable Rental Housing

ACT Housing Needs Assessment

- People in Q2 are in 'rental stress' at median **house** rental price
- People in lower half of Q2 are in 'rental stress' at median **unit** rental price



CHP sector history – market making

1. The national CHP sector has been shaped by conscious policy decisions:
   - 2009 Nation Building Economic Stimulus Plan shaped the current market
   - 2022 National Housing Accord and Housing Australia Future Fund will shape the next 10 – 20 years

2. Social housing stock transfer was the mechanism in 2009:
   - Increase the scale and efficiency: ~1,000 dwellings
   - Strengthen balance sheet
   - The strength of the local CHP sector is linked to the extent of social housing stock transfers

Social housing by State, 2020, AIHW

WA	VIC	NSW	NT	ACT	SA	TAS	QLD
Total Social Dwellings							
42,615	80,611	159,527	12,113	**11,829**	45,690	14,140	72,086
% Social Housing CHP-Managed							
18.8%	18.6%	33.4%	0.0%	**8.2%**	27.1%	49.6%	15.9%

The NT is currently undertaking a stock transfer program centred on greater CHP management.

CHP sector future – 20 years

1. **Size, scale and development capability** of the CHPs important to maximising the benefits of the proposed HAFF funding.
2. **Consolidation** - There will likely be consolidation in the sector as Tier 1's merge to benefit from greater scale and strong balance sheets, and Tier 2/3 may need to merge to survive as funding and operating costs increase.
3. **Wraparound services** – CHPs investment decisions will likely increasingly be made on not just housing investment considerations, but also on where wholistic services can be provided.

Question: why would a CHP deliver affordable rentals in the ACT?

Answer: CHP Investment decisions are increasingly shaped by factors external to the ACT:

1. Policy decisions around other forms of housing (social, crisis, disability etc)
2. The scale and operating efficiencies in any given location
3. Jurisdictional policies (including both state and local government concessions and state based 'future funds' to subsidise CHPs)
4. The Commonwealth reform agenda
5. Barriers to entry – ACT policy and planning environment

CHP structure and governance

- CHPs are a cost-effective way to deliver rental housing

CHP CORPORATE STRUCTURE ELEMENT	CONTRIBUTION
Company structure - NFP	• Income tax exemptions • FBT exemption or rebate • GST concessions • Franking credit refunds • Land tax exemptions • Rate exemptions • Operating surpluses reinvested
Australian Charities and Not-for-Profit Registration (ACNC) - Charity	
Deductible Gift Recipient (DGR) status	• Third party funding • Land Tax Exemption scheme
Company Constitution	• Winding up clause ensures housing retained in sector
National Regulatory System for Community Housing Providers (NRSCH)	• NHFIC funding
Commonwealth Rent Assistance (CRA)	• Access CRA (public housing tenants do not receive CRA).

CHP structure and governance

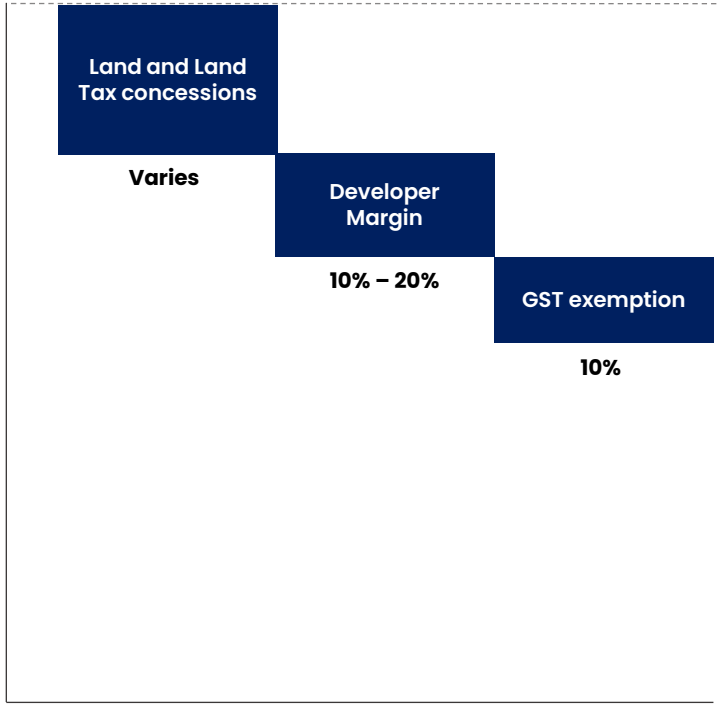
- CHP housing stock options
- Approach will vary from CHP-to-CHP based on strategy, capability, capacity and risk profile
- CHPs can obtain development expertise in a range of ways

	MANAGEMENT ONLY	PURCHASE	DEVELOP
Ownership	No	Yes	Yes
Stock	Existing	New	New
Timeframe	Contract length	Perpetuity	Perpetuity
CHP Risk	Operational	Operational	Development Operational
Design / Fit-out	No control	No control	Control
Life cycle costs	No control	No control	Control
Cost	N/A	GST refund (10%	Sch 2.2(a)(xi), Sch 2.2(a)(xiii)

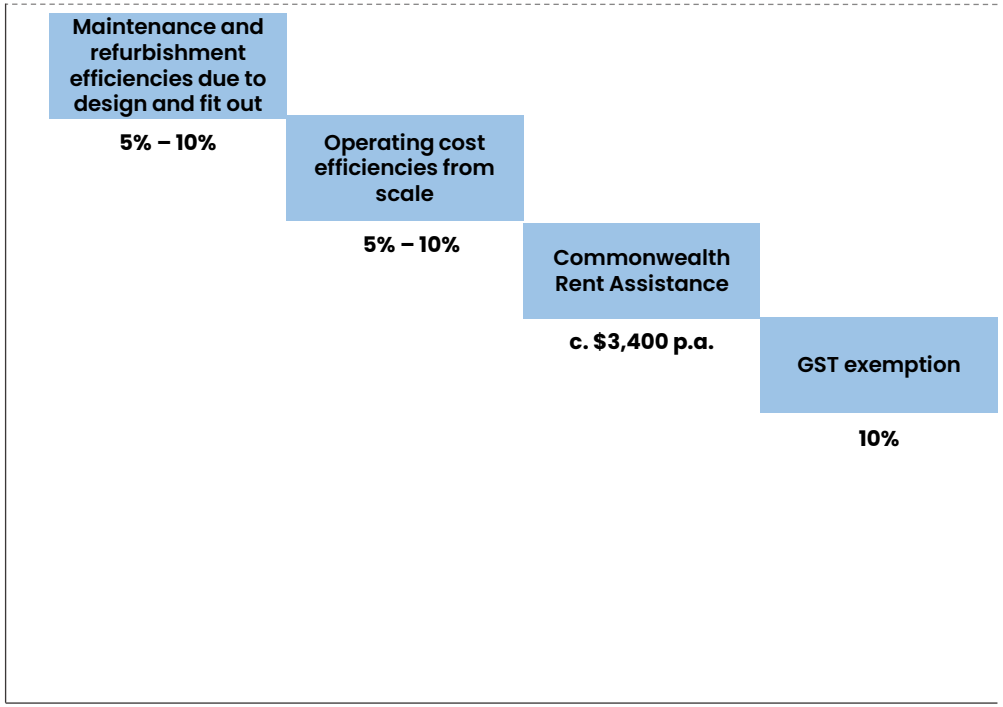
Affordable Rental Housing

CHP structure and governance

Development



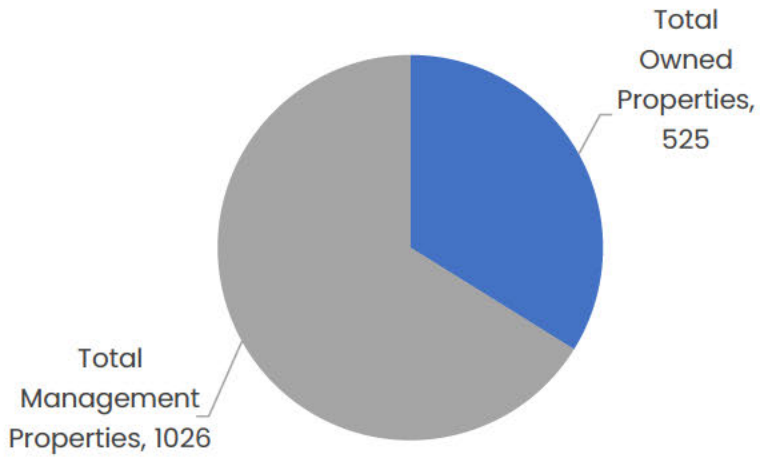
Operation



Potential discounts vs. other government and private sector development

ACT CHP sector overview

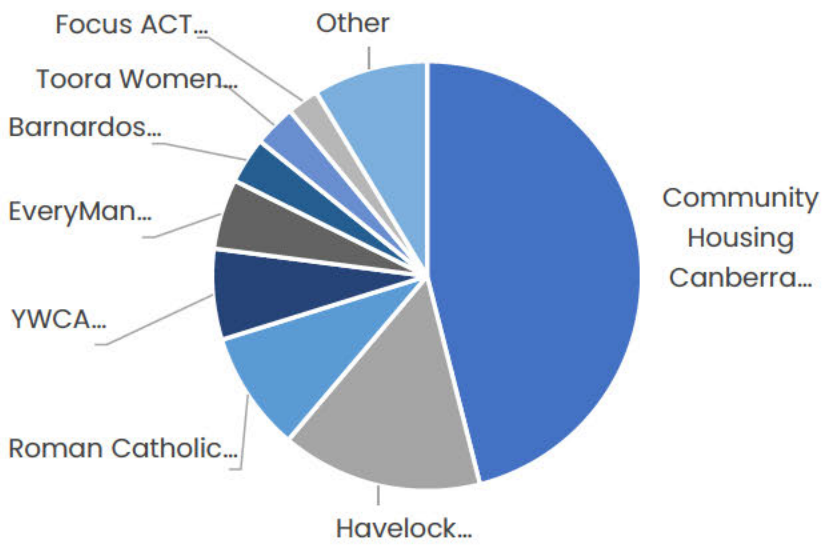
- The ACT sector is:
  - Small
  - Very local
  - Collaborative
  - Well run for size and scale
- Operating near potential given current constraints
- Owned properties provide greater ability for CHPs to draw on these assets to raise additional funding to support new housing development
  - equity required for development



CHP owned and managed properties (#)

ACT CHP sector overview

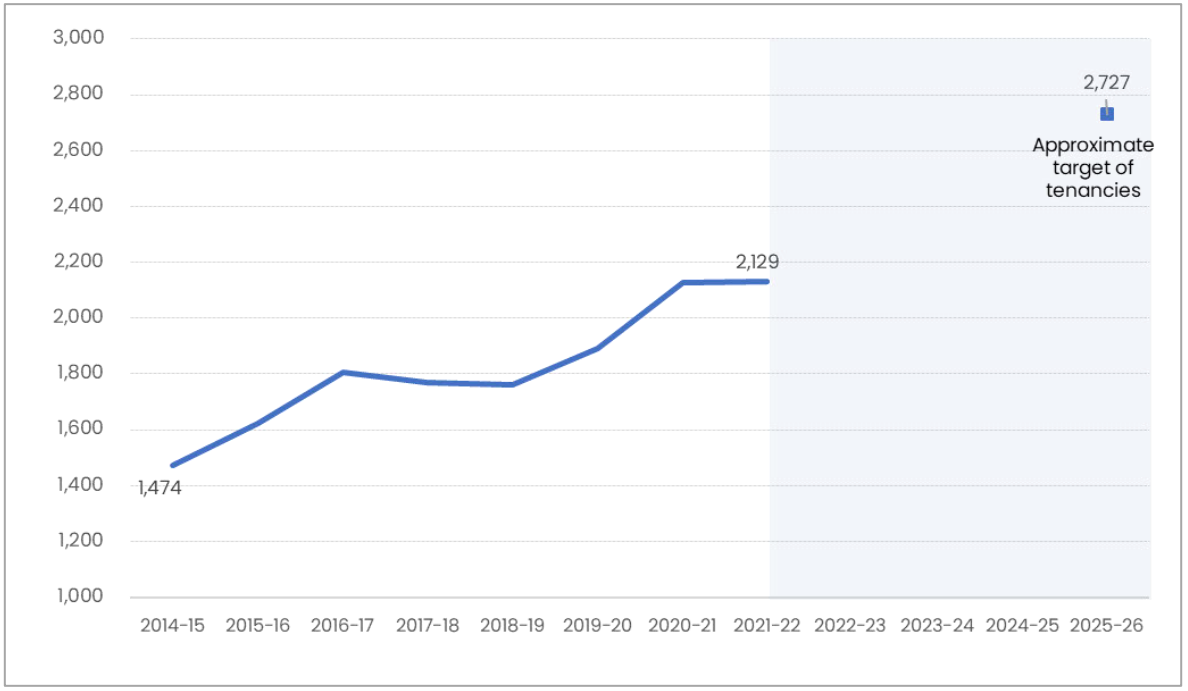
- CHPs are diverse
- CHC is the dominant CHP in the ACT (but small/mid sized compared to other Tier 1s)
- CHP Tiers
  - Tier 1 = 1
  - Tier 2 = 2
  - Tier 3 = 11
- Tier 1 CHPs are responsible for most new housing developments
- New stock development is therefore heavily reliant on a single CHP
- The involvement of CHPs based in other jurisdictions in the ACT market is limited



ACT Registered CHPs (% stock)

Affordable Rental Housing

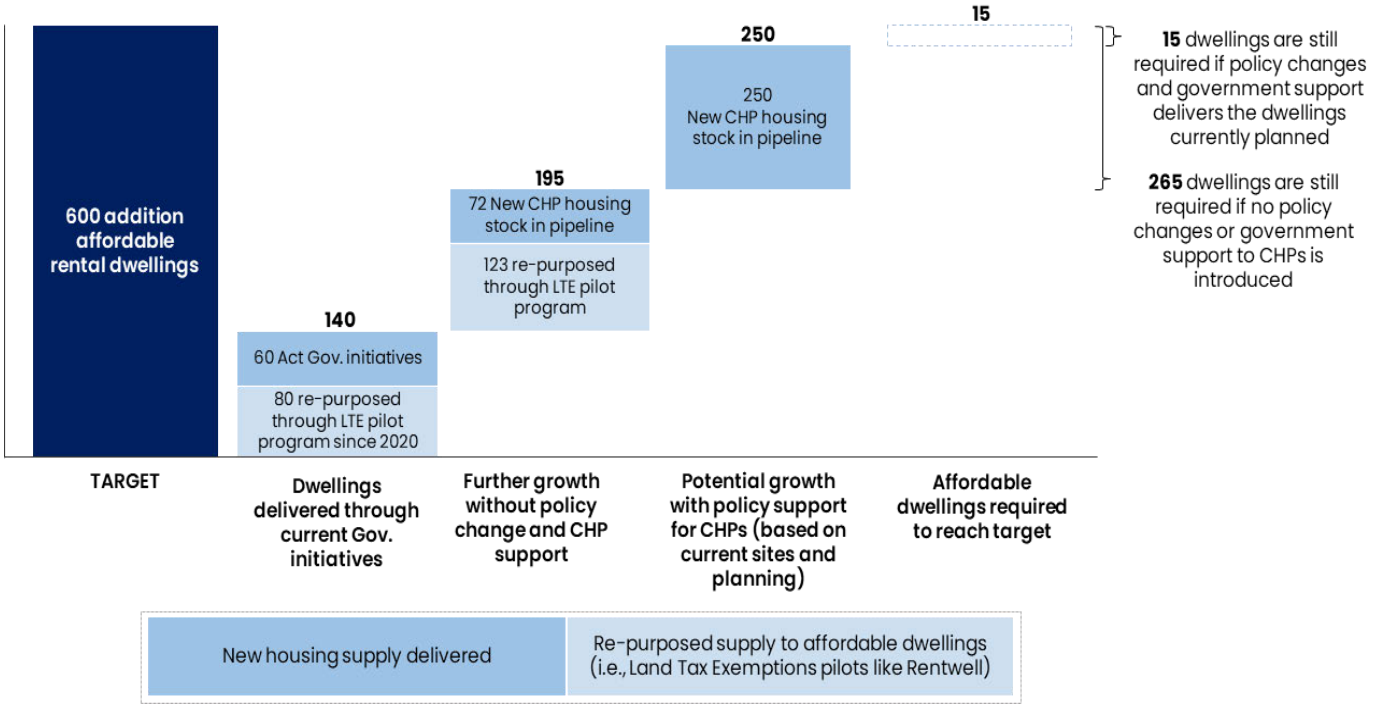
The policy challenge



- 600 additional dwellings is a significant increase in current stock (3 ½ years)
- How to best position the ACT to take advantage of the HAFF

Affordable Rental Housing

The policy challenge



- Achieving the 600 additional dwellings is challenging but possible and will require a combination of expanding existing policy mechanisms and additional support
- A further question is how to position the sector for continued growth beyond 2026

Affordable Rental Housing

The policy challenge … and the opportunity

Market filling to achieve 600 additional dwellings by 2025/26:

- Maintain and expand existing programs
- Address the funding gap

Market making to develop the sector to provide additional housing into the medium to longer term:

- Expand development capability and capacity of sector
  - Existing ACT CHPs
  - Attract new Tier 1 CHPs to ACT
- Address CHP capital exhaustion
- Address land constraints

CHP constraints

Organisational capability

- Strategic intent of the CHP
- Skills within the CHP

Land availability

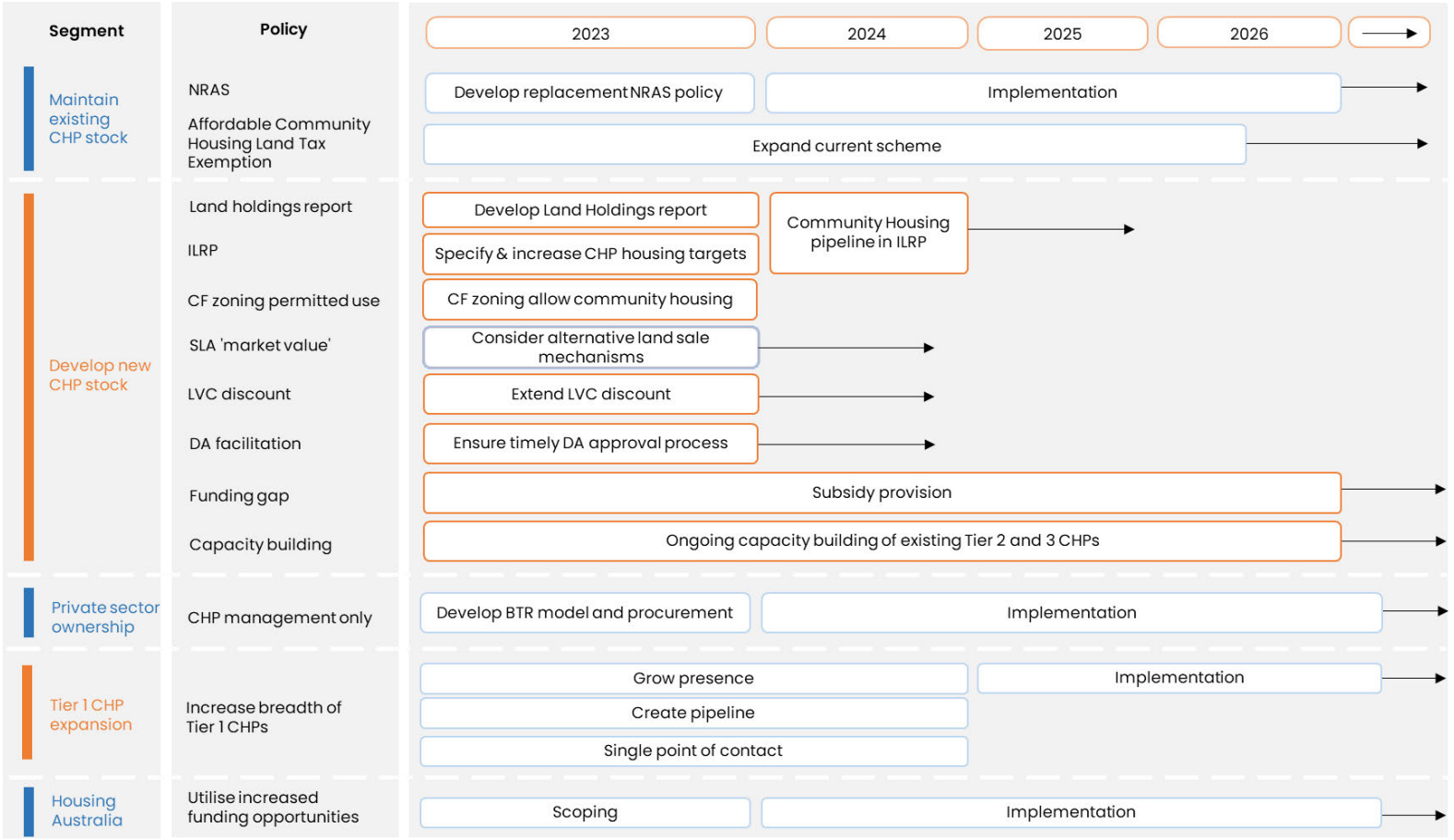
- CHPs do not have significant existing land holdings (except some faith-based organisations)
- CHPs compete against the market for new development sites
- Lack of a land release pipeline of potential sites doesn't encourage investment in capacity building by CHPs or non-ACT CHPs to enter the market

Financial capacity

- CHC is the only ACT registered CHP with significant equity
- ACT CHPs have limited financial capacity
- CHPs need to earn a commercial return to generate operating surpluses to reinvest in additional housing

Potential policy measures

- Maintain existing CHP stock
- Develop new CHP stock
- Private sector ownership
- Tier 1 CHP expansion
- Housing Australia



Potential policy measures – Leveraging Commonwealth policy measures

HAAF, Housing Accord

- Shovel ready projects – large targets need to be delivered quickly.
- What does the ACT bring to the table (land release, planning reform etc.?)
- CHPs best placed to maximise the HAAF:
    - Existing relationships and experience with Housing Australia
    - Development capacity – control stock release and gain concessions in both build and operate phases
    - Size and scale – ability to deploy large amounts of capital, fast
    - Have an active (project) working relationship / partnership with state/territory and local government.

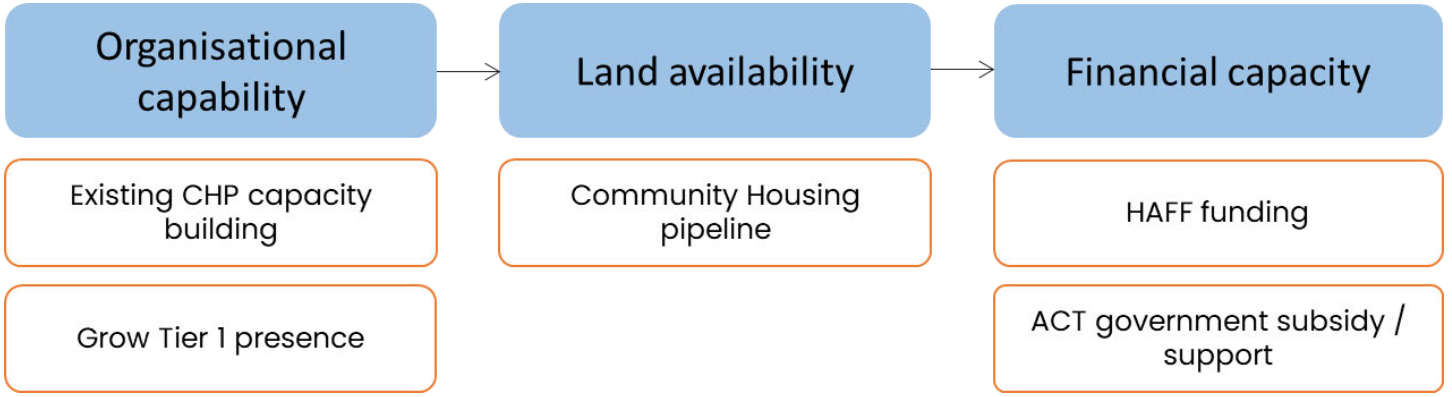
Potential policy measures – Leveraging Commonwealth policy measures

Commonwealth Rent Assistance.

- CHPs can claim CRA, jurisdictions are not eligible. The ability to cost-shift social and affordable housing costs to the Commonwealth has been a factor driving stock transfer
- ~$3,400 per dwelling per year

Potential policy measures – Combined

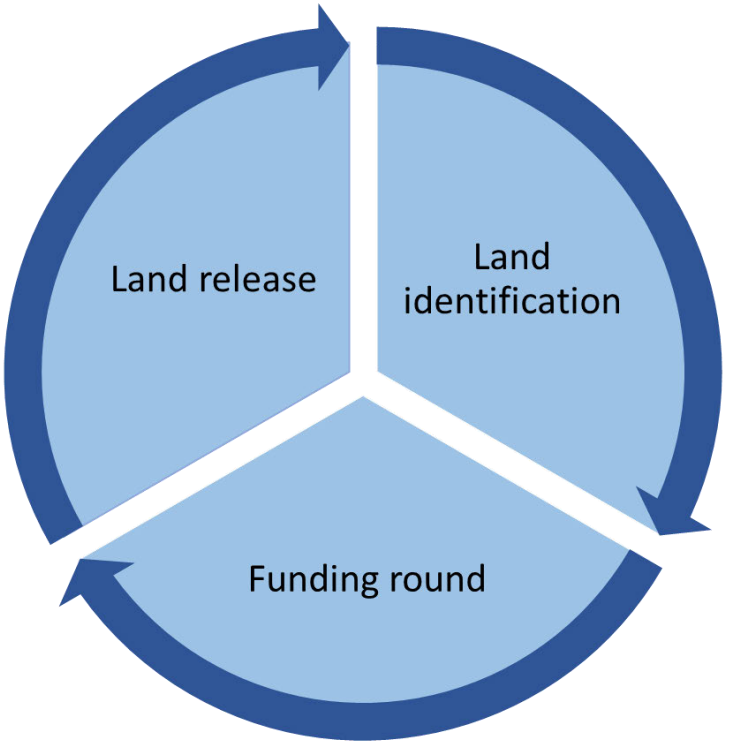
- These polices combined are aimed at addressing the CHP constraints:
  - Organisational capability
  - Land availability
  - Financial capacity



Potential policy measures – Combined

- An annual process:
  - Ongoing capacity building
  - Long term land pipeline
  - Annual land identification
  - Annual funding round
  - Annual land release

- Characteristics
  - Simple
  - Understood
  - Repetitive - 'Like a clock'
  - Consistent with other jurisdictions
  - Flexible to allow alternative models



Discussion

- The ACT's priorities will influence the approach:
    - What role do CHPs play?
    - Is the aim to achieve the 2025-26 target – position the sector for the long term – or both?
    - What is the role of Commonwealth funding?
    - What approach is taken to supporting/attracting/growing Tier 1 CHPs?

Potential policy measures – Maintain existing CHP stock

Policy area	National Rental Affordability Scheme
Issue	NRAS concluding over coming years. Without continuation of the subsidy, CHP stock may be sold, or if retained by CHPs (without the subsidy) it will reduce funding available for other investments.
Potential policy	Replacement of NRAS subsidy with an alternative form of annual subsidy to CHPs. The ACT Government could consider working with CHPs receiving NRAS to facilitate a 'portfolio' replacement subsidy from NHFIC/HAFF.
Implementation considerations	Much of the current NRAS stock is student housing and accommodation. Consideration to be given to specific cohorts to be targeted for access to affordable rental accommodation. Consideration to be given to retaining existing NRAS stock or transitioning to new/alternative dwellings, i.e. swap existing stock for new/alternative dwellings.
Outcome	Retain existing NRAS stock levels as affordable rental housing.

Potential policy measures – Maintain existing CHP stock

Policy area	Affordable Community Housing Land Tax Exemption
Issue	The current scheme is delivering ~120 dwellings. There is scope to accelerate the take-up the current scheme to bring forward reaching the existing cap of 250. There is potential to expand the current scheme cap.
Potential policy	Uptake of the scheme could be increased via marketing of scheme due to current low levels of awareness. The scheme could be tailored to provide housing for specific cohorts, such as families seeking a detached dwelling (i.e. larger house), potentially including those in Q3 who may otherwise fail to receive assistance. The cap of the scheme could be increased above 250.
Implementation considerations	The scheme does not directly increase overall stock but rather transfers rental properties from 'private' rentals to affordable rentals. If following increased marketing, the cap is not achieved, consideration could be given to providing an additional subsidy to meet any financial shortfall faced by the property owner relative to offering as a 'private' rental, noting that whether there is a shortfall would need to be assessed on a case-by-case basis given the interplay of rents, land tax exemption and DGR benefit.
Outcome	The scheme could drive a relatively rapid increase in affordable rental dwellings as it is focussed on the rental of existing dwellings. The scheme could be marketed/tailored/expanded to increase affordable rental housing. The scheme could be tailored to target specific cohorts and/or dwelling types.

Potential policy measures – Developing new stock

Policy area	**Land availability**
Issue	Lack of land for CHPs.
Potential policy	Consideration could be given to working with CHPs and others to undertake a landholdings report to identify potential sites (including owned or potentially suitable sites) and consider the potential for planning changes/support to bring these sites online. The analysis could inform the ILRP and create a pipeline of sites.
Implementation considerations	Some sites will be ACT Government owned whereas others may be held privately.
Outcome	Land holdings report and visibility of future potential development sites. Increase land for affordable rental housing.

Potential policy measures – Developing new stock

Policy area	Land availability
Issue	Lack of specific targets for land released for CHP rental accommodation development. Relatively low levels of land released for CHPs rental accommodation development. See Appendix H for an assessment of community housing and the ILRP.
Potential policy	The ILRP could include specific targets for land to be released for development of affordable housing (i.e. create a specific target rather than as a subset of the 15% target). The target could be increased above historic levels of land release.
Implementation considerations	The sites and pipeline could be informed by the landholdings report. When consideration the level of the target the ability of CHPs to purchase dwellings via the AHPS could also be retained to provide additional options for new CHP stock. Additional CHP funding is required to support purchase and development.
Outcome	An increased pipeline of community housing land supply outlined in the ILRP which would provide certainty to CHPs (ACT-based and non-ACT based) about future opportunities.

Potential policy measures – Developing new stock

Policy area	Land availability
Issue	CF zoning doesn't allow community housing.
Potential policy	The draft new Territory Plan allows community housing in CF zoned land, however, the Supporting Documentation indicates that community housing be located with a place of worship. Consideration could be given to allowing additional CF zoned land to be made available for CHPs to develop additional affordable housing.
Implementation considerations	Previous analysis has indicated potentially significant development potential.
Outcome	Increase land options for affordable rental housing.

Potential policy measures – Developing new stock

Policy area	Land affordability
Issue	Inability of CHPs to compete against private sector and pay 'market value'.
Potential policy	Allow SLA to sell land to CHPs at an alternative to market value. This could be achieved by removing the requirement for the SLA to sell land to CHPs at 'not less than the market' value or alternatively via specific definitions of how the market value is determined for land sold to CHPs to allow it to be sold at a lower cost. Consideration could also be given to how this is incorporated as part of any Territory contribution requirements necessary to access HAFF funding.
Implementation considerations	Implementation may require amendments to the Planning and Development Act which could take time. Consideration could be given to continuing to sell land at market value coupled with direct additional funding, especially within the context of accessing HAFF funding.
Outcome	More affordable land supply for CHPs.

Potential policy measures – Developing new stock

Policy area	Land affordability
Issue	LVC costs contribute to making land and development unaffordable.
Potential policy	Consideration could be given to continuation of LVC discount schemes (BtR discount/waiver as outlined in the BtR Prospectus and LVC remission DI2019-229) as they contribute to reducing overall development costs. The schemes could be tailored to focus on delivery of stock to target specific market segments (i.e. cohorts, level of discount, typology etc).
Implementation considerations	LVC costs are one element of overall development costs. Additional CHP funding is required to support land purchase and development.
Outcome	More affordable land supply for CHPs.

Potential policy measures – Developing new stock

Policy area	Development Approval facilitation
Issue	Third party appeals can increase cost and time associated with community housing development.
Potential policy	Consideration could be given to mechanisms (such as declaration of community housing as a Territory Priority Project, making community housing exempt from appeals, etc) to ensure the timely approval of community housing projects.
Implementation considerations	The update to the Planning Bill allows an opportunity to identify community housing as a Territory Priority Project.
Outcome	Reduce cost and time associated with community housing development.

Potential policy measures – Developing new stock

Policy area	Access to subsidy
Issue	The provision of community housing requires support to cover the funding gap.
Potential policy	The provision of support (land, in-kind, capital or operating subsidy) allocated via a simple, regular mechanism could be considered. This could take the form of an annual EoI/RfP process with timing linked to factors such as the ILRP program, budget processes etc. The consistency of the process will increase confidence for CHPs (ACT-based and non-ACT based) to invest the time and resources to respond and increase stock in the ACT.
Implementation considerations	Consideration could be given to establishing the mechanism within the context of the HAFF.
Outcome	The financial viability of affordable housing development/purchase by CHPs leading to increased stock.

Potential policy measures – Developing new stock

Policy area	Capacity building
Issue	Existing ACT Tier 2 and Tier 3 CHPs have limited capability, capacity and experience in developing new stock.
Potential policy	A capacity building program for CHPs could be provided via skills, training, support, grants. Alternatively a 'CHP advisory service' could be established by the ACT Government to facilitate CHP developments and engage with NHFIC (thus reducing the cost of each CHP replicating this knowledge).
Implementation considerations	The capacity building could be offered across the board or focussed on specific support during EOI/RFP rounds. The sector, commercial structures and financial models are currently evolving quickly. As such, any one-off training provided to CHPs is likely to be out of date relatively quickly. Moreover, the ability for CHP to retain detailed development corporate knowledge is unknown.
Outcome	Increase ability of Tier 2 and 3 CHPs to deliver additional stock, especially over the medium to longer time.

Potential policy measures – Private sector development

Policy area	Private sector stock development
Issue	CHPs may not be able to deliver the volume of additional stock in the short to medium term. Alternative development and ownership models exist whereby a private financier develops/purchases a new development and engages a CHP under an 'operator only' model (see Model 3 in Section 7). These models tend to be based on the ability of the private owner to realise the value of the development (i.e. sell the development at market value) at some point and hence do not provide long term ongoing community housing. Similarly, any subsidy provided is not entirely retained within the CHP sector as some is likely distributed to the financier to achieve its required returns. A potential attraction of such a model is its ability to relatively quickly deliver additional stock. As such, this form of model may be able to address a short to medium gap in affordable rental supply.
Potential policy	Consider seeking proposals from the private sector for the provision of CHP managed affordable community housing. A market sounding could be undertaken to gauge potential interest and length of tenure.
Implementation considerations	Assess the outcomes from the Turner BtR. Focus the process on seeking offers for development on private land to seek and expand the breadth of options.
Outcome	Quicker delivery of increased stock.

Potential policy measures – Tier 1 CHP expansion

Policy area	Breadth of Tier 1 CHPs and development capacity
Issue	Tier 1 CHPs deliver majority of new stock. ACT characterised by a single Tier 1 CHP, which is responsible for the majority of development and new stock. A single Tier 1 CHP increases delivery and capacity risk. The ACT is exposed to potential capital exhaustion, especially if increasing supply of affordable rental housing is sought post 600 additional dwellings. There is also less redundancy in the event of unexpected local developments. Some other Tier 1s have a small presence in ACT via management contracts of a small amount of stock: • They see ACT as having high barriers to entry and increased presence. • They don't see the scale required to support their efficient operation in the ACT. • The ACT has a high-cost base and less attractive policy settings compared to jurisdictions in which they currently operate.
Potential policy	Support the existing Tier 1 CHP, grow existing Tier 2 and 3 CHPs and attract additional Tier 1 CHPs with development capacity to the ACT by actively growing their presence in the ACT (market making) via long-term management contracts, stock transfer etc. Attract additional Tier 1s (and support/grow existing CHPs) with development capability via creation of a pipeline of opportunities such as ongoing regular process, land supply pipeline, scale and subsidy commitments. Facilitate CHP engagement via a single point of contact with ACT Government.
Implementation considerations	Expanding the breadth of capacity will allow additional use of the HAFF.
Outcome	Diversified Tier 1 CHPs with capacity to deliver new stock. Reduce burden of other CHPs entering and operating in the ACT. CHP sector which has greater long-term sustainability and can leverage off improvements, innovation and scale in other jurisdictions. Improved alignment with Commonwealth-led affordable housing policy initiatives.

Potential policy measures – Other observations

Policy area	Policy coordination
Issue	Multiple ACT Government agencies are involved in affordable rental housing provision.
Potential policy	Utilise 2023 ACT Housing Strategy update to clarify and coordinate roles.
Implementation considerations	Ensure existing knowledge and understanding of the sector is retained.
Outcome	Increased coordination.

Potential policy measures – Other observations

Policy area	Lack of detailed cohort data
Issue	There is a lack of visibility of Q2 (and other) cohort composition. This increases the challenge of providing an appropriate breadth of suitable accommodation. Similarly, there is a lack of a detailed breakdown on rental supply characteristics.
Potential policy	Undertake a detailed survey and analysis of Q2 (and other) cohort composition. Complete a comprehensive rental availability analysis.
Implementation considerations	The cohort composition analysis be developed within the context of creating a data set to support both housing and social objectives (see discussion below).
Outcome	Improved data to inform more targeted policy development.

Potential policy measures – Other observations

Policy area	Wholistic housing and services approach
Issue	Affordable rental housing provision should be considered within an overall housing and social policy framework. Some people in Q2 (and other) require wraparound services. Some CHPs provide housing and wraparound services which may result in coordination benefits and service delivery efficiencies.
Potential policy	Policy development, including the 2023 ACT Housing Strategy update, could consider how best to deliver both housing and social objectives.
Implementation considerations	A cross-agency approach be considered for development of the 2023 Housing Strategy Update.
Outcome	Coordination and service delivery benefits.