



## **Submission on the Amendments to the Housing Australia Investment Mandate**

**November 2023**

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## Introduction

### About this submission

Faith Housing Alliance (FHA) welcomes the opportunity to provide feedback on the amendments to the Housing Australia Investment Mandate, including the Exposure Draft (ED) and accompanying Explanatory Statement (ES), 'The Instrument' governing the Housing Australia Future Fund Facility (HAFFF) and National Housing Accord Facility (NHAF).

### Inputs

Following a Housing Australia (HA) briefing for members held on 27 October 2023 with 40 representatives from across more than 65% of our membership, feedback and questions regarding the ED and ES were received and form the basis of this submission.

### About us

Faith Housing Alliance (FHA) is the peak body supporting the faith housing sector. Many of our member organisations operate nationally, helping communities across Australia.

The faith housing sector is an important contributor to housing supply across all forms of social and affordable rental housing, including transitional, emergency and crisis housing, ably supported by more than 30,000 staff and over 40,000 volunteers. The faith housing sector includes:

- Faith-based organisations, including Community Housing Providers (CHPs) supporting **more than 14,500 tenants** and Specialist Homelessness Services assisting **more than 33,000 clients**
- Places of worship across all faiths who want to use their land for housing justice, much of which is well-located
- Faith leaders of all denominations and religions who see housing as a critical component of social justice
- Any individual, organisation, foundation, or program committed to housing justice, including architects, planners, and other professional support organisations.

FHA is committed to continuing to partner with Governments to address the urgent need for more social housing, affordable rental housing, and the vital wrap-around support needed to sustain tenancies and break the cycle of homelessness.

## Benefits of partnering with the Faith Housing Sector

Social and affordable rental housing delivery in partnership with not-for-profit Community Housing Providers (NFP CHPs) has demonstrated various **social and economic** benefits.

A study by FHA member, BaptistCare, suggests a **three-fold social return on investment** (including a range of health, wellbeing, economic, employment and other social benefits) for safe and secure living combined with wrap-around tenant support services provided as part of their faith-based delivery model.<sup>1</sup>

Faith-based organisations have played a significant role in developing Australia's social and affordable rental housing. For example, four of our faith-based member organisations developed **65%<sup>2</sup> of the housing supply delivered under the \$1 billion NSW Social and Affordable Housing Fund (SAHF).**<sup>3</sup>

## Building thriving communities

As a sector, our priorities are not simply contractual requirements and financial imperatives; rather we provide a range of community programs as **wrap-around tenant supports** as an integrated service response to help people flourish.

A study by FHA member, Anglicare, found that participation in wrap-around tenant services which include community activities offered within the broader faith-based organisation offering (i.e., beyond the CHP) helps to establish a strong foundation for engagement, inclusion, friendship, and wider community reintegration.<sup>4</sup>

## Impact through unique assets

We also have **unique assets** in delivering this support, including places of worship, chaplains, and well-located land and properties throughout Australia. Many of our members have access to countless volunteers who are motivated to offer compassion and support that extends well beyond providing a roof.

## Commitment and track record

Our members are some of Australia's **oldest and most well-established charities**, with a long history of service and expertise in a highly specialised field of providing more than a home, but also assisting the vulnerable to integrate back into community and the economy.

As an example, our member Wesley Mission, has offered social housing since 1815, built on the site of their first chapel in Sydney, New South Wales.

Faith-based CHPs have an **established track-record** of retaining housing for community use with a view to people and using land to establish healthy and sustainable communities, as opposed to the commercial and speculative focus of other sectors.



## Our Membership Community



## Review of Exposure Draft and Explanatory Statement

This section discusses key success factors to retain from the existing draft, potential unintended consequences of current wording, and other matters for consideration. These are broken into four sections:

1. General comments
2. Eligible project proponents
3. Eligible projects
4. Project evaluation

### General comments

FHA members broadly support the intention of the ED and ES to:

- Broaden skills and involvement of **multiple role players** – across public, private and not-for-profit sectors – to increase supply of social and affordable rental housing and to reap the benefits of innovation and expand the funding pool. However, ensuring sufficient social housing remains the responsibility and obligation of government to its citizens.
- Deliver certainty through an **Availability Payments (AP) model**. It is important that this model is clearly written into the mandate and applies a minimum contract term of 25 years to provide investment certainty, and that payments are appropriately indexed over the term to ensure financial feasibility and housing longevity.
- Promote **flexibility and innovation** – the mandate applies wording that allows for various project models and innovative solutions. It is important to maintain this principle and ensure the wording does not impose undue limitations on solutions that could rapidly increase the supply of available social and affordable rental housing in all its forms.

Feedback from FHA members highlights the following potential gaps or unintended consequences.

Subsequent **FHA Recommendations**:

- **Commit to consultation** – Insufficient time was allowed for inputs on the draft ED.

**FHA recommends** continued and ongoing engagement to strengthen the partnership between government and NFP CHPs and to deliver desired outcomes and meaningfully address the housing crisis.

- **Consider undue cost of tendering and reporting** – Imposing onerous bidding processes and project reporting requirements may result in excluding NFP CHPs, and even more so for smaller Tier 2 and 3 providers.

**FHA recommends** that existing status, reporting, and regulation requirements for CHP registration, such as those required by the National Regulatory System for Community Housing (NRSCH), be factored into HA reporting requirements.

- **Ensure accountability** – Social and affordable rental housing requires a long-term investment beyond the delivery of quality housing, including ongoing property maintenance, tenant services and retaining social and affordable rental housing in perpetuity.

**FHA recommends** that incentives and penalties be built into contracts to protect the public interest should these key outcomes not be achieved over the life of the housing solution.

- **Implement risk management** – Build in protections to mitigate key risk factors impacting project continuity and feasibility, including addressing interest rate fluctuations and project delivery inflationary pressures.

**FHA recommends** linking payment increases to the Reserve Bank cash rate and CPI/Construction cost inflation.

- **Remove planning bottlenecks** – Consider the development of a HAFF/NHAF planning pathway to fast-track planning approvals, as current bottlenecks have contributed to the current housing crisis.
- **Prevent other significant roadblocks associated with the design of State project criteria** – States are currently applying inconsistent approaches to assessing projects for funding. A significant roadblock to unlocking well-located faith-owned land is the requirement under some schemes, such as the NSW Community Housing Innovation Fund (CHIF), for the CHP to be the title holder. FHA members perceived the provision of the Special Purpose Vehicle (SPV) may assist in these circumstances

**FHA recommends** that HA be vigilant that such roadblocks not be inserted into the HAFF model, including when States are involved in the process. (Examples documented in endnotes<sup>5</sup>). It is critical to retain flexible models to support faith-based CHPs and faith landowners to submit projects that offer **exceptional value** and **unlock well-located land**.

- **Clarify definitions** – The ES states loose terms such as ‘typically’ or ‘generally’ (ES, pages 10 and 20), which may be open to deviation from the intended goals of addressing the housing needs of the most vulnerable in our society.

**FHA recommends** definitions in the ES to be explicit; for example, social housing must prioritise people on the social housing waiting list, and ‘affordable housing’ should be renamed as ‘affordable rental housing’ to avoid confusion.

## Eligible Project Proponents

FHA members broadly support the intention of the ED to provide:

- Funding for **capacity building** (ED, Part 5), including business advisory, but the best capacity building intent is demonstrated by not designing project participation in a way that would hamper small CHP involvement.

Feedback from FHA members highlight the following potential gaps or unintended consequences.

Subsequent **FHA recommendations:**

- In the last two decades, Australia has underinvested in essential infrastructure for housing and homelessness prevention. An indirect project selection driver for HA is, therefore, likely to be the minimisation of public administrative burden, which is likely to skew the portfolio of projects to mainly selecting large projects. Similarly, the need for economies of scale, financial feasibility and private sector involvement will also skew towards large projects.

**FHA recommends** that HA implement initiatives to **support the diversity and growth of CHPs** as per its stated mission to “contribute to the scale, efficiency and effectiveness of the community housing sector in Australia”<sup>6</sup>.

Initiatives may include:

- **Ringfencing** a portion of funding for smaller NFP CHPs
- **Prioritising** larger projects that **partner** with smaller NFP CHPs and capacity-building plans and commitments.

- The mandate opens the pool of project proponents to a broad mix of public, private and NFP entities. CHP regulation and reporting requirements are significant and these are rightly designed to deliver quality outcomes, and to protect public funding and vulnerable tenants.

**FHA recommends** that HA require that other **potential participants comply with the same level of rigour and reporting as registered CHPs to protect the public interest.**

Until that is achieved, project selection should prioritise more stringently regulated NFP CHP participants to protect the public interest and appropriately level project participation playing fields.



## Eligible Projects

FHA members broadly support the stated goals of the ED including:

- Increasing the **availability and supply** of social and affordable rental housing. However, more accurately, ending the housing and homelessness crises requires us to rapidly **get more vulnerable people** into housing.

**FHA recommends** that the metric in the ED be redefined from ‘more housing’ to **‘more people housed’**.

- Delivering housing that -is construction-compliant to **both energy-efficient and livable design standards** under the National Construction Code – improving accessibility to ensure tenant choice and climate responsibility – is important to FHA’s members, who have a track record of consistently delivering such solutions.

Feedback from FHA members highlights the following potential gaps or unintended consequences.

Subsequent **FHA Recommendations**:

**FHA recommends** for HA to **promote the use of unutilised inhabitable residential properties in well-located areas** – FHA recognises the intention of the wording in Section 10A is to ensure projects **delivered “add to social, affordable (rental) and acute housing supply”**. However, FHA members shared examples of property types that may currently be excluded based on the ES criteria ‘renovation of existing residential dwelling that was otherwise uninhabitable’ (ES pages 7 and 10), **noting the difference between ‘uninhabitable’ and ‘uninhabited requiring conversion’**.

Examples include but are not limited to;

- Mothballed aged care facilities, where residents no longer live,
- Unutilised religious housing such as monasteries, convents, rectories or manses, often adjacent to church-owned land that are not occupied and have the potential to be converted/updated to provide social and affordable housing in well-located areas.

These buildings meet the stated goal of being ‘well-located’ with access to services. They are projects that could be refurbished quickly, currently limited by available CHP/faith land-owner funding. Excluding such projects will have the unintended consequences of missing out on an opportunity to rapidly scale up supply in response to the housing crisis.

- **Consider adding the word ‘under-utilised properties’** - The same principle as discussed above applies to currently under-utilised residential properties.
- **Promote mixed-use developments** – FHA members have found that the development of mixed-use housing which incorporates community assets and facilities already in place on faith-owned land, can deliver additional community



benefits and access to supports such as ESL classes, playgroups and homework clubs offered by many places of worship.

- **Review suitability of Defence Housing** - HAFF and NHA should not be accessed for Defence Housing, which should be provided for and maintained under the Defence budget. The notable exception for acute housing needs are veterans and ex-service personnel at risk of or experiencing homelessness who are a significant vulnerable group.

**FHA recommends** that the make-up of the portfolio of projects delivered through HAFF and NHA, needs to be data driven and based on social and affordable rental housing needs, including priority locations and demographics. Noting that **the National Housing and Homelessness Plan is likely to set goals to target housing need, and once established, the Investment Mandate should be reviewed to harmonise key objectives.**

## Project Evaluation

FHA members broadly support the criteria governing financing decisions.

FHA recommends the expansion of project criteria for:

- **Improved transparency** – Clearly disclose what the project evaluation criteria are, and how these are prioritised or weighted in the decision-making process.
- **Sustained public interest** – ED currently states ‘ongoing availability’ (ED pages 6 and 12). There are instances when a housing development ages to the extent that a knock-down and rebuild will deliver a better outcome for tenants. Other demographic and/or urban development trends over time may also require shifting location to improve outcomes for tenants.

**FHA recommends** taking a long-term view of shifting community needs by updating wording to clarify that ‘ongoing availability of housing’ is defined as the ongoing provision of quality housing of people (i.e., does not exclude replacing original housing developments with equivalent housing that reflects the changing needs of tenants, whilst maintaining it for their intended social use at the end of contract).

- **Integrated social mix, not segregated** adding – Social housing must not reinforce stigma and social isolation – the benefits of achieving social mix are well documented in research.<sup>7</sup>
- **Maximisation of social impact** – Wrap-around services are key to sustaining tenancies and ensuring improved outcomes. Programs such as NSW’s Together Home and Social and Affordable Housing Fund (SAHF) have included provisions to fund ongoing **wrap-around tenant services** as part of the total grant and are demonstrating strong tenant satisfaction across several wellbeing measures.

The wellbeing of tenants living in FHA member, Amelie Housing's SAHF homes have been evaluated by the Social Policy Research Centre at UNSW, with qualitative and survey findings showing that tenants were highly satisfied and wellbeing had improved after they moved in.<sup>8</sup>

FHA recognises the intention of HAFF targets housing supply, however, projects that provide access to wrap-around services should be prioritised/viewed favourably in the evaluation process.

- **As such, key criteria in reviewing project proponents should include:**
  - **Experience and compliance in providing social and affordable rental housing** - noting the different needs of tenants compared to private sector housing
  - **Social outcomes achieved** – including the provision of wrap-around services to sustain tenancies and improve tenant wellbeing overall, preventing re-entering homelessness
  - **Demonstrated commitment to in-perpetuity, quality housing** (as re-defined above).
- Noting the role of the **National Housing Supply and Affordability Council** to provide reports and advice to Housing Australia, **FHA recommends:**
  - Council members to collectively have an appropriate balance of qualifications; with at least one member from social and affordable rental housing (registered NFP CHPs) and at least one member from specialist homelessness services.

## Conclusion

Faith Housing Alliance stands ready to support the delivery of the Housing Australia Future Fund and the National Housing Accord.

Many FHA members operate nationally, have a long history and successful track record as for purpose Not-For-Profits.

As the faith housing sector, they hold unique assets which distinguish them as community housing providers and social justice organisations, for partnership.

## Contacts

If you wish to discuss this submission, please contact Amanda Bailey, Head of Communications and Engagement

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## Endnotes

<sup>1</sup>ACIL Allen. Social return on investment of BaptistCare NSW & ACT.

[https://baptistcare.org.au/uploads/images/ACIL-Allen\\_Social-Return-on-Investment-Study\\_BaptistCare.pdf](https://baptistcare.org.au/uploads/images/ACIL-Allen_Social-Return-on-Investment-Study_BaptistCare.pdf)

<sup>2</sup>St Vincent de Paul Society and Centre for Social Impact. Social Housing in NSW.

<https://assets.csi.edu.au/assets/research/Social-Housing-in-NSW-Report-1-Contemporary-Analysis.pdf>

<sup>3</sup>The Social and Affordable Housing Fund (SAHF) initiative is an innovative approach to delivering social and affordable rental housing in NSW, consisting of a combination of housing and tenant support services. The scheme was funded in two rounds, SAHF 1 (from 2017) and SAHF 2 (from 2019).

<sup>4</sup>Anglicare Sydney. More Than Shelter report. [https://fha.org.au/wp-content/uploads/2023/07/7660\\_ac\\_more-than-shelter-report\\_oct22-digital-sp-1.pdf](https://fha.org.au/wp-content/uploads/2023/07/7660_ac_more-than-shelter-report_oct22-digital-sp-1.pdf)

<sup>5</sup> Examples of models applying greater flexibility:

Example 1: QLD Government entering into a tripartite funding arrangement with Salvos Housing and Salvation Army Church that acknowledges the Church as the owner of the land and CHP as manager, to facilitate a 40-year commitment to deliver social housing.

Example 2: NSW Core and Cluster projects facilitated Salvos Housing to deliver a project on Land and Housing Corporation owned land under a three-year lease and another project on Salvation Army Church-owned land under a 15-year lease.

<sup>6</sup>Treasury portfolios, Housing Australia. <https://www.directory.gov.au/portfolios/treasury/housing-australia>

<sup>7</sup> AHURI 'Housing policies, social mix and community outcomes'

[https://www.ahuri.edu.au/sites/default/files/migration/documents/AHURI\\_Final\\_Report\\_No122-Housing-policies-social-mix-and-community-outcomes.pdf](https://www.ahuri.edu.au/sites/default/files/migration/documents/AHURI_Final_Report_No122-Housing-policies-social-mix-and-community-outcomes.pdf)

<sup>8</sup> UNSW SPRC: Evaluation <https://www.unsw.edu.au/research/sprc/our-projects/longitudinal-study-of-wellbeing-of-amelie-housing-social-and-affordable-housing-fund-social-housing-tenants>