FAITH
HOUSING
AUSTRALIA

UNLOCKING MISSION-DRIVEN HOUSING

Strengthening the Housing Australia Future Fund through Faith Sector Partnerships

AUGUST 2025

“

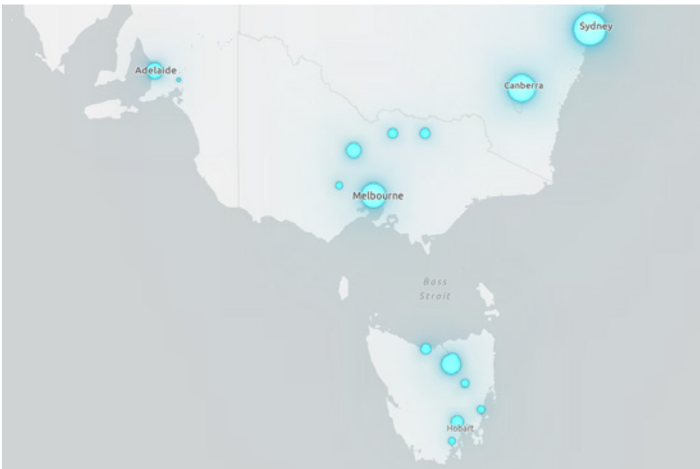
Faith-based providers will deliver more than 10% of successful Round 1 Housing Australia Future Fund projects.

Front cover spotlight: St Paul’s Bankstown – a bold Sydney Anglican Property redevelopment backed by Round 1 of the Housing Australia Future Fund.

This landmark project proposes to deliver 185 social and affordable homes alongside a modern worship and community space with seating for around 450 people, a preschool for young families, plus retail and commercial spaces — creating a vibrant new heart for the neighbourhood.

Project Partners Sustainable Development Group, Anglicare Sydney and Plus Architecture. Renders by Atchain. Scope reflects the project as lodged for development assessment.

Inset Faith-based HAFF Project Maps by Urban Bio.



Contents

“St Paul’s has been a part of Bankstown for over 100 years, and we’re committed to remaining here for generations to come. Our current facilities are no longer fit for purpose, but this redevelopment ensures we can continue serving the local community while also helping address Sydney’s housing crisis. We’re incredibly grateful for this opportunity.”

Rev Peter Ko
Senior Minister of St Paul’s Bankstown

Executive Summary

Faith Housing Australia (FHA) welcomes the opportunity to provide this report at a pivotal moment: a renewed national mandate on housing reform, a continued commitment to the Housing Australia Future Fund (HAFF), and a shared responsibility to ensure that the next wave of investment achieves equitable, place-based outcomes at scale. We acknowledge the Albanese Government's continued commitment to addressing Australia's national housing emergency and commend the establishment of the HAFF as a critical step towards ensuring long-term investment in affordable and social housing.

We further note and welcome the commitment in the 2025-2026 Federal Budget to extend the liability cap of the HAFF from $10 billion to $26 billion. It is recognised that this increased funding capacity is designed to support the goal of facilitating a larger pipeline of social and affordable housing projects.

FHA conservatively estimates that with the right funding and planning flexibility, faith sector partnerships could deliver more than 20,000 new dwellings within the next 5-10 years – on land already owned, and in locations with clear housing need.

To realise this potential, coordinated national leadership is essential. A structured partnership between and the Commonwealth and State and Territory Governments is essential to avoid fragmented, reactive responses and to ensure high-quality housing outcomes are achieved consistently across the country. FHA strongly supports the development of a National Housing Plan, underpinned by aligned State and Territory strategies, to provide the strategic direction and certainty needed for sustained success.

Strategic Recommendations

Recommendation	What it Enables	Actions	Read More
1. Align Program Design with Development Lifecycle	Unlocks early-stage projects and reduces bid costs	Introduce flexible funding models that support the natural rhythm of housing delivery, from feasibility and planning to construction and long-term asset management. This includes staged application processes, rolling assessments, conditional approvals linked to Development Application (DA) milestones, and pre-development funding support.	Section 1
2. Reform the AHBA Investment Mandate	Enables social housing projects with public value	Update the Australian Housing Bond Aggregator's (AHBA's) credit framework to accommodate social housing projects that deliver significant public value but fall outside traditional commercial lending criteria. Greater flexibility and concessional finance options are critical to reducing cost and unlocking projects at scale.	Section 1 & 2
3. Commit to Multi-Year Investment Planning	Builds sector confidence, supports long-term pipelines and delivery at scale	Publish rolling, forward-looking investment plans identifying funding priorities, cohort focus, and regional allocations. This will enable proponents to plan, invest, and align with the HAFF pipeline more effectively, increasing delivery confidence across the sector.	Section 2
4. Coordinate Federal–State Programs	Speeds approvals and integrates capital with service funding	Establish joint funding protocols and aligned assessment timelines between Housing Australia (HA) and State/Territory entities to reduce duplication, support wraparound services, and accelerate approvals, especially for projects involving rezoning, infrastructure support, or service delivery partnerships.	Section 2 & 3
5. Activate Faith-Based Land	Harnesses underutilised land for housing	Unlock the potential of faith-based and mission-aligned landowners by supporting capacity-building, early-stage project development, and partnership facilitation. FHA members are ready to contribute land and purpose but require practical tools and funding certainty to bring these projects to life.	Section 2 & 3
6. Renew Integrated Support	Improves tenant outcomes and stability	Re-establish the link between social and affordable housing initiatives and the provision of tenant support, which is essential for sustaining long-term housing outcomes and preventing cycles of homelessness.	Section 2 & 3

“

Faith-based housing providers operate on a mission-driven programmatic basis.

Strengthening Program Design

Program design considerations for future rounds of the HAFF

1

1. Strengthening Program Design

FHA strongly advocates for an improved program design for future rounds of the HAFF, which

- Provides certainty/clarity to proponents that are seeking to engage with the program
- Defines strategic priorities of the HAFF funding (including by location, cohort, and dwelling type)
- Provides greater guidance on the evaluation criteria/investment thesis to reduce misaligned market responses
- Aligns the funding program to the actual development lifecycle for real estate projects
- Improves the alignment of the AHBA's investment mandate to the community housing sector, to allow for greater flexibility beyond traditional commercial credit frameworks to enable the delivery of social and affordable housing that the market alone cannot support

ACTIONS

To improve future program rounds, FHA recommends that the following as part of any future program design

A. Provide a detailed investment framework

The provision of a detailed investment framework that outlines program priorities, eligible delivery models, and evaluation criteria that significantly improve 'match fit' bids.

This will provide greater certainty to proponents, enhance alignment with program objectives, and reduce inefficiencies in project development and assessment, shortening the time frames from submission of proposal/tender to reaching confirmation of funding commitment (availability payment/concessional loan/grant funding).

Additionally, explicit signals about the program's appetite for social housing and regional delivery should be incorporated early to ensure a more balanced and equitable allocation of capital.

B. Build sector confidence

Informed by industry consultation, including the recent HA engagement sessions, further improvements are needed to enhance sector confidence and efficiency in future HAFF rounds.

Given the outcome of HAFF Round 1 there is cautious intent from FHA's member base around future funding rounds.

To strengthen confidence

- **Publish clear assessment benchmarks** (e.g. minimum viable product costs)
- **Provide narrative-style guidance** on minimum requirements for submissions (including supporting documentation such as reports, studies, etc)
- **Ensure early-stage clarity on delivery model expectations/preferences** (i.e. off the plan takeout solutions from market, or development projects that may include projects that do not yet have planning approvals).

These improvements would reduce bid costs and enable a more strategic and targeted response from the sector.

C. Align to the development lifecycle

Greater consideration of the development cycle for real estate projects and how the development of projects across a lifecycle can be better supported in the HA funding process.

HA has, through the first round of HAFF and subsequently, shown a clear preference for developments that already have DAs in place or that are well progressed.

This poses a specific challenge for the faith-based sector, which operates on a mission-driven programmatic basis rather than a commercial one. Organisations in this sector typically cannot justify committing capital to securing DAs without the certainty of funding, particularly given the high cost and resource intensity of preparing competitive submissions. Future program rounds must account for this dynamic and consider mechanisms to de-risk early-stage planning activities for faith-based providers.

D. Use tailored assessment models for social, regional and remote housing

Special consideration should be given to regional and social-heavy projects through tailored assessment models and integration of infrastructure funding where needed to ensure equitable geographic and cohort representation. There is currently a lack of clarity under the HAFF program as to whether HAFF funding and infrastructure-related funding (under the National Housing Infrastructure Facility (NHIF)) can be secured in parallel.

These projects would also generally benefit from early upfront engagement with HA, including via a staged approach as highlighted in item (2) on the previous page..

E. Review program requirements

There remains a substantial difference in both cost and development approach between market stock and social/affordable housing stock.

Delivering housing to the standards required under HA's guidelines for development projects, including the requirement for builder Federal Safety Accreditation, Silver Level accessibility standards, and National Australian Built Environment Rating System (NABERS) compliance, entails significantly higher costs than conventional market-rate developments.

While these standards are commendable in driving sustainability and quality, they must be balanced with cost.

Stock acquired from the market (already under development) may not meet these standards, as they are not a requirement. The question posed is why affordable housing must be built at a higher standard than market stock and how the difference in cost is to be assessed by HA to ensure fairness and efficiency for development projects.

F. Reform the AHBA investment mandate

A further critical enabler is the need for a clearer and more flexible investment mandate from the AHBA. At present, AHBA's processes remain heavily anchored to a traditional commercial credit lens, which is often incongruent with the operating models and capacities of the community housing sector—particularly NFP providers.

This creates a fundamental misalignment between the financial risk frameworks applied and the public policy purpose of delivering social and affordable housing. FHA recommends that the AHBA's investment criteria be revisited to explicitly recognise the unique characteristics and funding needs of mission-driven housing providers. This should include greater flexibility in credit assessment, allowances for public good outcomes, and the ability to support projects that are not commercially viable in the market but are vital in addressing unmet housing need.

OUR MEMBERS ARE CALLING FOR

1. Feasibility and Pre-Development Funding Stream

Introduction of a dedicated funding stream for early-stage project activities for not-for-profit (NFP) CHPs - e.g. feasibility studies, planning approvals, stakeholder engagement, and site investigations. This enables faith-based organisations (FBOs) to progress high-potential projects to shovel-ready status within a defined set of parameters.

This would significantly assist in unlocking property assets across the sector where funding cannot otherwise be allocated/ is not available, given the lack of certainty around project funding. Without project funding, social and affordable housing projects would not otherwise be built.

TOP PRIORITIES

2. Stage-Gated or Two-Step Application Process

Adoption of a two-stage application model:

- Stage 1: Expression of Interest or Concept Proposal (light-touch, low-cost)
- Stage 2: Full application (only invited projects proceed)

This reduces upfront tender costs and allows HA to shape proposals earlier to align with strategic objectives.

3. Rolling or Quarterly Assessment Windows

Replacement of one-off funding rounds with rolling submissions or regular quarterly assessments. This better reflects the continuous, non-linear nature of property development and avoids forcing applicants into unrealistic timelines. This is similar to models already adopted for the NSW Homelessness Innovation Fund, for example. This would address bottlenecks, reduce the cost and pressure on applicants, and allow projects to progress when they are investment-ready.

4. Conditional Funding Approvals Linked to DA Milestones

Provision of conditional or provisional approvals for funding subject to planning milestones (e.g. funding reserved for projects that secure DA within 6–12 months). This approach offers a safety net and gives proponents confidence to commit capital to the planning process.

5. Planning Support Partnership with State Governments

Establish formal partnerships with State Governments to fast-track rezoning and DA approvals for projects funded under HAFF. Whilst existing pathways are available via the Housing Delivery Authority (HDA) or State Significant Development Application (SSDA) planning processes in NSW, or the Ministerial Infrastructure Designation (MID) pathway in QLD, for example, planning processes are still elongated, which puts projects at cost and delivery risk.

Opportunities for Future Rounds of the HAFF

Opportunities derived from lessons learned with recommendations to improve capital allocation

2

2. Opportunities For Future Rounds

FHA strongly advocates for opportunities to improve future rounds including

1. Targeting funding to reflect urban, regional and remote needs, with dedicated streams for Indigenous-led and faith-based providers
2. Providing long-term certainty in the investment pipeline through multi-year funding and forward investment plans
3. Strengthening cross-sector partnerships with superannuation, philanthropy and local government
4. Enabling more flexible and innovative finance to reduce costs and fill funding gaps
5. Showing national leadership by aligning strategies, embedding support services and unlocking refurbishment and adaptive reuse opportunities

A. Target allocations to place and cohort

To ensure that future rounds of the HAFF effectively address the diverse housing needs across Australia, FHA recommends the introduction of targeted allocation strategies. These models would ensure more equitable distribution of funding and support the delivery of housing in areas and communities that face unique barriers to access and supply.

TOP PRIORITY

Differentiated Regional Strategies

Adopt allocation models that explicitly distinguish between urban, regional, and remote needs. Regional and remote areas require tailored assessment criteria that acknowledge the higher delivery costs, infrastructure constraints, and planning hurdles often encountered outside metropolitan zones.

Dedicated Streams for Key Cohorts

Introduce designated funding streams for Indigenous-led housing organisations and faith-based CHPs. These groups often bring long-standing community trust, culturally safe service delivery, and landholdings well-suited to long-term affordable housing outcomes. Providing dedicated access would help ensure the unique value and capabilities of these providers are not lost in broader, generic assessment processes.

B. Commit to multi-year funding pipelines

A key challenge for CHPs, particularly FBOs, is the lack of forward visibility and certainty over future funding opportunities. The current model of ad hoc or one-off funding rounds does not support long-term planning, sustained investment, or sector-wide capacity building.

To address this, FHA strongly recommends that HA move towards a multi-year funding approach that enables proponents to plan strategically, invest in organisational readiness, and align project development pipelines with future program availability.

Multi-Year Commitments

Introducing rolling or multi-year funding commitments would give providers the confidence to progress land acquisition, planning approvals, and early design work—activities that require upfront capital and long lead times. Such an approach would also enhance investor confidence, encouraging greater private sector participation.

Annual Investment Plans

FHA recommends the publication of forward-looking annual investment plans that outline priority cohorts, geographic focus areas, and available funding streams for the year ahead. These plans would serve as a guide for proponents and investors alike, improving the quality and alignment of applications while ensuring HAFF funds are deployed in the most efficient and impactful way.

By improving pipeline visibility and aligning with the planning cycles of the sector, these reforms would support a more professionalised, scalable, and mission-aligned delivery ecosystem—one that can meet the scale of Australia's housing challenge.

C. Leverage partnerships

To maximise the impact of the HAFF, it is essential to harness the collective capabilities of partners across the capital stack, particularly those who are already active in housing, community development, and social infrastructure.

FHA advocates for a stronger and more intentional framework for partnership and co-investment with philanthropic organisations, institutional capital (particularly superannuation funds), and local governments. These stakeholders each bring complementary risk appetites, resources, and policy mandates that, when aligned with HAFF, can significantly amplify outcomes.

Co-Investment Mechanisms

We recommend the development of structured co-investment mechanisms—such as pooled capital models, matched funding arrangements, and place-based funding agreements—that allow HA to partner with superannuation funds, foundations, and councils to deliver projects of greater scale and complexity across a portfolio of projects, rather than on a project-by-project basis.

Local Government Leverage

Local councils often control land, planning levers, and enabling infrastructure. Creating formal pathways for co-designing projects with local government, particularly in areas of high need, would improve delivery feasibility and unlock underutilised public assets.

Performance-Based Incentives

To encourage deeper private sector involvement, HA should explore performance-based incentives such as return enhancements for outcomes beyond baseline requirements (e.g. higher proportions of social housing, carbon-neutral design, or tenancy support services). These mechanisms can help bridge the commercial gap on projects and drive more competitive project pricing/project outcomes. This is particularly where CHPs as developers are unable to push the planning envelope due to funding constraints or risk appetites.

By institutionalising partnership as a core design principle of HAFF, future rounds can mobilise greater capital, deliver more resilient projects, and build a more collaborative national housing delivery ecosystem. This will assist HA to bridge the timeline between project initiation and capital placement/funding.

D. Enable financial innovation and capital confidence

For the HAFF to be truly catalytic, its capital delivery must reflect the realities of the housing finance ecosystem. While the establishment of the AHBA has created a central mechanism for debt funding, the facility in its current form is constrained by conventional credit policies and rigid structures that limit its utility for CHPs and their financing partners.

FHA recommends a four-pronged approach to modernise and strengthen HAFF's financial tools:

Greater Flexibility in AHBA Structures

AHBA's investment mandate must be expanded to offer more tailored and flexible financial products that reflect the unique characteristics of social and affordable housing projects. This includes rethinking credit assessment processes and enabling concessional or structured debt for projects that serve high-need cohorts or face viability constraints in a more tailored or considered manner. These initiatives will all assist in the reduction of costs for projects. For example, bespoke loan terms, interest deferral periods or interest-free periods, or hybrid structures could provide much-needed support to NFP providers delivering social stock.

Increased Delegated Authority in Credit Decisioning

FHA recommends greater delegated authority on credit decisioning to ensure faster approval times for new transactions and existing client consent processes without the majority of matters constantly requiring board-level approval. On the documentation side, higher permitted thresholds within the AHBA documentation will also provide CHPs greater flexibility to operate and grow their existing portfolio. Flexibility in establishing special purpose vehicle (SPV) structures as part of the HAFF with streamlined consent processes at the corporate debt level will assist in projects moving towards financial close sooner. With respect to valuations, FHA recommends a consistent approach that is articulated to market for HAFF projects that captures the benefit of the availability payment cash flow versus a direct sales approach.

Improved Certainty and Timing for Capital Allocation

A critical barrier to attracting institutional investment is the lack of clear timing and visibility on when HAFF projects will proceed. To address this, FHA recommends the publication of a forward capital pipeline and indicative investment timelines. This would allow capital allocators—such as superannuation funds and impact investors—to earmark funds and prepare for participation with greater confidence and efficiency. In addition, a staged approval process as noted earlier in this report, would also be beneficial to remove projects that are either underdeveloped or not aligned with HA's investment mandate or other requirements.

Bridging the Sub-Debt Gap with Innovative Structures

Many projects, particularly those with a high proportion of social housing, face a financing shortfall in the "sub-debt" or mezzanine layer of the capital stack. This layer is often expensive and adds significant cost to the project structure. FHA encourages a coordinated response between Commonwealth Treasury and HA to deploy tailored financial instruments—such as concessional loans, equity-like investments, or indexed bonds—to fill this gap and unlock projects that would otherwise stall and provide a cheaper alternative source of funding either via market participants or directly.

By evolving the capital framework in this way, the HAFF can unlock new sources of funding, reduce risk premiums, and make the promise of scalable, sustainable housing delivery a tangible reality.

E. Strengthening national leadership and coordination

There is a critical need for renewed Commonwealth leadership to drive a nationally coordinated, structured approach to housing delivery.

At present, engagement between jurisdictions is often reactive, fragmented, and heavily dependent on the capacity and priorities of individual states and territories.

This ad hoc model risks uneven outcomes, with quality affordable housing concentrated in pockets rather than delivered consistently across the nation.

FHA strongly advocates for the development of a meaningful National Housing Plan, articulating clear, measurable objectives for social and affordable housing growth, supported by aligned State and Territory Housing Plans that dovetail into the national framework.

A structured, whole-of-government approach would provide greater certainty, unlock better coordination of capital and service funding, and ensure that all Australians, regardless of geography, benefit from a consistent, high-quality non-market housing system.

This is an immediate need, and should be explicitly considered in the context of the National Agreement on Social Housing and Homelessness, which does not adequately reflect and connect current funding and existing commitments to opportunities for change and to strengthen and grow social and affordable housing supply.

Rooted in community, faith-based organisations bring centuries of service and deep local trust.

F. Enhance Commonwealth-State coordination

A critical opportunity for future HAFF rounds lies in fostering stronger coordination between HA and State and Territory governments. At present, a lack of trust, alignment in program design, funding timelines, and commercial structuring requirements often leads to duplication, delays, and missed opportunities for integrated delivery.

FHA recommends the establishment of formal coordination mechanisms, such as aligned funding windows and shared eligibility criteria, to streamline project delivery across jurisdictions. Greater collaboration would also enable better use of complementary funding streams (e.g. infrastructure, tenancy support, or planning incentives), ensure consistency in commercial expectations, and ultimately reduce the transaction burden on providers navigating both state and federal processes. A unified approach would deliver more certainty to the sector, allow high-impact projects to move forward with greater speed and confidence, and allow for the efficient structuring of transactions (including capital structuring).

Coordination with the States/Territories would be beneficially extended to integrated support programs, given the importance of support for vulnerable tenants, which is not funded within the HAFF program structure. These approaches are particularly critical for cohorts experiencing entrenched homelessness and should be appropriately weighted in assessment criteria, funding allocations, and long-term outcomes frameworks.

G. Integrate support services

While the HAFF has succeeded in catalysing capital investment into affordable housing, the shift away from embedding support services into funded projects represents a critical gap that threatens long-term housing outcomes for vulnerable tenants. It is well understood that social housing tenants, particularly those with complex needs, require more than tenancy management. Coordinated, ongoing support is required to sustain tenancies, improve long-term life outcomes, and prevent repeat experiences of homelessness.

FHA strongly advocates for a renewed focus on integrating support services into social and affordable housing initiatives.

Embedding support services is essential to achieving the broader housing outcomes that HA has publicly committed to, namely, not just the delivery of dwellings but the creation of sustainable tenancies, improved wellbeing, community connection, and long-term housing stability for vulnerable Australians. Without support, there is a real risk that housing supply targets will be met, but the deeper goal of sustained, positive tenant outcomes will be missed.

To fully realise these outcomes, greater coordination is required between the Commonwealth and State and Territory governments to align housing delivery with service system responses. FHA recommends the development of a formal national framework for the integration of support services into funded projects, with a particular focus on high-needs cohorts. Embedding support provision at the project level will strengthen tenancy sustainment, reduce tenancy failure rates, and ensure that HAFF investments deliver enduring benefits to individuals, families, and communities over time.

TOP PRIORITY

H. Incentivise retention beyond 25 years

There is an opportunity to distinguish projects that commit post the initial 25-year availability payment to the sector vs others that will revert to market stock at that time or be sold (similar to the National Rental Affordability Scheme (NRAS) in 2024-2025).

Higher availability payments could be considered for projects that commit to an extended period in the market beyond the initial 25-year availability payment period, incentivising parties to maintain long-term affordable housing rather than the problem becoming cyclical at the end of the availability payment period.

There are various commercial structures that could be adopted to recognise commitment, including a stepped availability payment structure uplift based on commitment in the market.

I. Set clear refurbishment and adaptive reuse standards

There is a need for clear and differentiated standards for refurbishment projects. Applying new-build standards to refurbishment may not be practical or economically viable and may limit the adaptive re-use of existing faith-based housing stock. FHA recommends developing specific refurbishment guidelines that ensure quality outcomes while recognising the constraints and opportunities of existing assets. There are substantial, ageing assets in the market, such as aged care, commercial or seniors living, that could be refurbished to provide affordable housing.

In the first round of HAFF, there were minimal, if any, refurbishment projects shortlisted for funding, despite the projects providing a quick and cost-effective solution to increase housing where disused or underutilised assets exist in the market.

Connected to this, it is suggested Housing Australia take a more nuanced view of 'additionality'. Adaptive reuse of supply which is no longer fit for purpose for another use is an opportunity to shift supply to cohorts of focus. For example, many aged care sites are no longer compliant for that purpose, and many older seniors living villages are experiencing longer vacancies and lower overall demand from purchasers (due to declining numbers of Australians owning their own homes).

Conversion of these types of buildings to social and affordable rental housing is a cost-effective financing and supply opportunity for Housing Australia, and an effective way to extend the life of existing buildings. A view that this sort of reuse is not 'additional' supply is incorrect, as the sites are typically unable to be used at all, or increasingly underutilised, for other markets.

Addressing Barriers to Participation

Opportunities that the Commonwealth can unlock to drive participation for FHA members and mechanisms to unlock the faith sector's land holdings to rapidly scale up social and affordable housing.

3

> Mission-driven landholders are ready to unlock thousands of homes on well-located, underutilised sites.

3. Addressing Barriers to Participation

FHA strongly advocates for addressing barriers to participation by

1. Building the capacity of smaller and emerging providers through targeted funding, technical assistance and project aggregation models
2. Closing financing gaps with revolving pre-development funds and tailored financial products for high social yield projects
3. Aligning regulatory frameworks across Commonwealth and State programs to reduce duplication and streamline approvals
4. Encouraging planning system reforms that make housing development on faith-owned land as feasible as neighbouring sites

A. Build capacity for smaller and emerging providers

Many smaller FBOs face significant capacity constraints when it comes to engaging in large-scale, competitive funding programs such as the HAFF. These organisations are often land-rich but capital- and resource-constrained and typically operate with lean administrative and development teams. As a result, they may lack the internal capability to prepare detailed applications, conduct feasibility studies, or navigate the commercial and legal complexities required under current HAFF guidelines.

This capacity gap disproportionately impacts their ability to activate well-located sites for social and affordable housing, despite the strong community need and willingness to contribute land and mission-based support. Without targeted support, these organisations will continue to be underrepresented in funding outcomes, limiting the potential of HAFF to unlock the broader ecosystem of NFP providers.

ACTIONS

1. **Establishing a targeted capacity-building fund** specifically for smaller and emerging NFP providers, with a focus on the faith-based sector. This fund would support pre-development activities such as feasibility assessments, planning due diligence, concept design, and legal structuring advice.
2. **Offering advisory support or technical assistance** through HA, or via funded intermediaries, to guide applicants through the submission process and align their proposals with program requirements. This may reduce the number of non-compliant and incompatible submissions.
3. **Supporting an aggregator role of smaller scale projects** to assist smaller faith or community organisations with a good site, but lack of expertise, to be part of a larger program. This could also support a program of multiple sites, to be coordinated across jurisdictions or markets to spread planning and development risk and diversify CHP participants.

   This approach would ensure a broader, more equitable spread of HAFF investment and better leverage the untapped potential of faith-based landowners committed to long-term community outcomes.

B. Address financing gaps

Financing gaps continue to be a major barrier for FBOs and CHPs looking to activate social and affordable housing projects. While many providers hold land assets or can secure partial funding, there remains a persistent challenge in bridging the financial shortfall required to bring projects to financial close—particularly for developments with a high proportion of social housing stock.

These gaps typically appear in two areas:

1. **Pre-development and early-stage capital**, where providers struggle to fund site investigations, planning approvals, and feasibility work without certainty of downstream funding; and
2. **Mezzanine or "sub-debt" funding**, which is difficult to source from commercial lenders due to limited returns, perceived risk, and long repayment horizons.

The current HAFF structure, while offering concessional loans and availability payments, does not sufficiently address this capital stack tension—particularly for mission-driven projects that prioritise social outcomes over commercial viability. It is noted that other limitations in the financial model parameters for the AHBA can often require high levels of sub-debt/mezzanine debt which comes at a relatively high cost.

ACTIONS

TOP PRIORITIES

1. **Establishing a revolving pre-development fund** to provide low-cost, unsecured finance for feasibility and early-stage project development. This would enable more organisations to progress from concept to planning-ready status and reduce reliance on philanthropic grants or internal reserves.
2. **Collaborating with Treasury and AHBA** to create new financial products—such as indexed bonds, subordinated debt instruments, or public-private guarantee schemes—that can be tailored to projects with high social yield but low commercial margins.

   By addressing these financing gaps, there is an opportunity to unlock more projects, support a broader diversity of providers, and ensure capital flows to where housing need is greatest—not just where it is easiest to finance.

C. Align regulations and streamline approvals

One of the recurring challenges identified by FHA members is the fragmentation of regulatory frameworks across Commonwealth and State funding programs. Projects that seek to leverage multiple funding streams, such as HAFF alongside State Government land or grants, infrastructure grants, or support services, are often burdened by inconsistent reporting requirements, differing eligibility criteria, and varying compliance standards.

This lack of harmonisation not only increases administrative costs and legal complexity but also creates real delivery risk, particularly for smaller providers who must juggle multiple stakeholders and regulatory regimes with limited internal capacity. In some cases, the regulatory misalignment has resulted in funding shortfalls, delayed project approvals, or the withdrawal of otherwise viable proposals.

ACTIONS

1. **Establishing a national framework for regulatory alignment**, developed in partnership with State and Territory governments, that streamlines compliance, simplifies reporting, and harmonises funding eligibility rules across programs with overlapping objectives.
2. **Creating a joint-funding protocol** between HA and State delivery agencies to allow for co-assessment and co-deployment of capital where projects meet shared policy goals.
3. **Piloting "integrated approval pathways"** for HAFF-funded projects that are supported by State-based land, planning, or service funding—ensuring a single point of accountability and a coordinated delivery plan.
4. **Tying future Commonwealth investment to a commitment from States and Territories to reduce planning red tape**. FHA members report the existence of planning rules that render housing development more difficult on their sites than on neighbouring land. A national incentive framework could encourage states to create improved planning systems, improving delivery outcomes across jurisdictions.

   A more consistent and collaborative regulatory environment would not only reduce friction for CHPs but also lead to better policy alignment, improved value for money, and faster delivery of housing to the communities that need it most.

Conclusion

Faith Housing Australia reiterates its commitment to working collaboratively with governments, the private sector, and the wider community to address housing affordability. Strengthening the HAFF through thoughtful design, transparent delivery, and targeted support for community providers will enhance the fund's impact and ensure a more equitable housing system.

We welcome the opportunity to discuss these recommendations further and offer our continued support in delivering solutions that reflect the values of compassion, dignity, and social justice.

About

Faith Housing Australia stands as the peak body representing the diverse and dedicated faith housing sector. Our members include faith-based organisations (FBOs), NFP Community Housing Providers (CHPs) supporting over 62,700 tenants, and Specialist Homelessness Services (SHS) assisting more than 83,800 clients. Many of these organisations boast centuries of unwavering commitment to community support.

Additionally, our professional members include organisations such as planners, architects, project managers, developers and other enabling entities crucial to housing delivery.

Our network also includes places of worship across all faiths committed to utilising their land for housing justice, as well as faith leaders from all religions and denominations who view housing as a cornerstone of social justice and a fundamental human right.

The faith housing sector is a vital contributor to housing supply across Australia, delivering specialist homelessness services and housing across the continuum. Housing is the essential foundation of our work, but our support extends far beyond providing shelter.

Our members offer a comprehensive array of services, including emergency relief, financial counselling, mental health support, and employment assistance. Members' specialised supports cater to people with disabilities, survivors of domestic violence, young people in out-of-home care, and individuals overcoming addiction, ensuring holistic care for those in need.

Our member organisations have a significant presence across Australia, addressing housing needs nationally with the support of over 57,000 staff and more than 40,000 volunteers. Members are long-term partners with local communities, working to identify and address gaps in support services, tackling crises such as natural disasters alongside the community and empowering them to achieve long-term positive change.

FHA is dedicated to partnering with Governments at all levels to meet the urgent demand for more non-market housing and to provide the essential support needed to sustain tenancies and break the cycle of homelessness.

Faith Housing Australia members provide homes for

62,700

people across the housing continuum

In nearly

50,000

dwellings across urban, suburban and regional Australia

They also support

83,800

clients through specialist homelessness services

Through the work of

57,000

staff across a diverse range of community services and

40,000

volunteers making a difference

The FHA Housing Continuum

FAITH HOUSING AUSTRALIA

Amanda Bailey
CEO
amanda@fha.org.au
0429 484 632

fha.org.au

Report produced in partnership with

groundup. advisory
An RTG Capital Partners business