Introduction

PowerHousing Australia welcomes the opportunity to provide feedback on the National Housing Finance and Investment Corporation NHFIC.

There is a significant unmet demand for social and affordable housing evidenced by a plethora of studies, papers and demand analysis. At the same time, the broader issue of housing affordability has become a prominent part of the public debate in the community, in the media, and in the public policy sphere. The most recent Census data confirms a story being told throughout the country – the incidence of home ownership is declining, while that of renting is increasing. First-home buyer levels are at record lows, while those able to secure financing are taking on higher mortgage debt with mortgage repayments taking a greater proportion of household income.

There are growing numbers of renters experiencing housing stress, while levels of publicly funded social housing have fallen, and in real terms are substantially shrinking. When considered alongside the need for affordable housing - with approximately one in five households recording income (including those receiving government benefits) of less than $650 per week - the need for social and affordable housing is unlikely to recede from the public consciousness and real solutions are required.

The establishment of the National Housing Finance and Investment Corporation (NHFIC) – when combined with other policy levers and programs - offers an opportunity to substantially increase the levels of affordable housing delivery and operation across Australia. We note that the NHFIC is being formed with two key lines of business; the operation of a Bond Aggregator (BA) to provide more efficient capital solutions to Community Housing Providers (CHPs), and to oversee the $1 billion National Housing Infrastructure Facility (NHIF). PowerHousing Australia welcomes these initiatives and commends government for taking a lead to catalyse greater investment, and encourage other policy levers and initiatives to make a meaningful difference to the supply of social and affordable housing.

In consideration of the broad set of initiatives announced by the Commonwealth Government in the 2017-18 Budget, PowerHousing and its members have welcomed working with Treasury and other stakeholders to ensure that large scale CHPs contribute to increasing the supply of social and affordable housing nationally through the successful implementation of these policies.

We note that the Federal Government has recognised the central role of CHPs in the delivery and management of affordable housing. CHPs have a proven record of partnering with institutions and government to bring new social and affordable housing supply to market and ensure it is managed for the benefit of the target group over the long term.

Our submission is structured around the following key themes:

1. National Housing Finance Investment Corporation
2. $1b National Housing Infrastructure Fund
3. Bond Aggregator
4. General comments
PowerHousing Australia and Its Membership

PowerHousing Australia is a national network of 30 sophisticated community housing providers who develop, own and manage social and affordable housing. PowerHousing Australia members provide quality and affordable homes to over 80,000 people nationally, managing assets worth in excess of $15.9 billion. Members are also forecast to have more than $700 million of committed debt facilities in 2017/18 that is being applied to delivery of new social and affordable housing supply.

PowerHousing Australia also draws on the global expertise of partners in the International Housing Partnership which comprises 175 high capacity not for profit housing providers in the USA, Canada, UK and Australia. Amongst this international network, members are responsible for providing quality and affordable homes to more than 2 million people and have collective revenues in excess of $8 billion (USD) a year.

Together with our network partners including 15 key affiliates – including developers, financial institutions, industrial relations specialists, risk and organisational structure experts – PowerHousing Australia helps to build the capacity of our members to meet the needs of the housing market.

The October 2017 PowerHousing Australia Capacity Prospectus\(^1\) notes that members have successfully developed business models that channel profit into purpose, delivering social and affordable housing that ensures social and economic outcomes for tenants and communities. Members manage affordable housing properties as part of their broader portfolio is important for two key reasons:

- Managing a range of properties targeted at different income levels allows CHPs to support and encourage tenants to move up the housing continuum, while allowing tenants to maintain connection with their support network, community and local economy; and
- Affordable housing provides a diversified income stream for CHPs to support the provision of services to all tenants supported by the CHP across the housing continuum.

The September 2017 Ernst Young report, *Establishment of an Australian affordable housing bond aggregator*, notes that shadow credit ratings of the largest CHPs assess these organisations at investment grade, supporting the hypothesis that there can be investment from capital markets.

Our members collaborate in a time of great momentum for the Australian sector where the need for real solutions is being met with proven capacity. With PowerHousing Australia members managing more than 80 per cent of registered community housing provider managed homes in jurisdictions such as New South Wales, our members have demonstrated the scale, capacity and sophistication to drive and deliver outcomes for tenants and communities underpinned by appropriate and sustainable business models. With the introduction of the NHFIC offering efficient capital solutions, and the potential that this will leverage on other government policy and initiatives, we see that there is an enormous potential to deliver a large pipeline of affordable housing supply.
Elements of the Submission

[1] National Housing Finance Investment Corporation

1. Structure — The proposed ‘one entity, two functions’ structure for the NHFIC, including how the NHIF and bond aggregator functions can be designed to ensure that they are delivered effectively?

In our view, the NHFIC should be structured to ensure it is nimble and adaptable to drive innovation by focusing on new business that leads and leverages off the existing market and other government programs.

The structure of the NHFIC will be crucial to the success of the NHIF and BA and must establish credibility in the financial markets. Whilst possibly complementary, we consider that the NHIF and the BA should be separated into distinct business lines to ensure clear focus on the specific mandates and meet market expectations for transaction timelines.

2. Governance — The proposed NHFIC governance structure, including: the role of the independent board; what issues may be reflected in the investment mandate; and the potential role of the Government in decision making?

The NHFIC will be required to make investment decisions for both the NHIF and the BA in accordance with an investment mandate set down in writing by the responsible Minister. The expectation is that this mandate will cover eligibility for NHFIC financial assistance, matters of risk and return, any limits on financing mechanisms and other matters that the Board must consider before making investment decisions.

Recognising that the NHFIC will have (and need) strong government support, we consider it would be appropriate to have a skills based Board that includes appointments by the Minister, representation from the finance sector, social and affordable housing experts, and links to the community housing regulator.

3. Resourcing — Whether 30 staff members split across the NHIF and bond aggregator is likely to be sufficient; the potential outsourcing of some NHFIC functions; and whether the self-funding objective for the NHFIC is attainable and if so, over what timeframe?

We suggest that the resourcing for the NHFIC must be balanced against three key considerations:

1. Early resourcing needs to be appropriate to establish success - Establishing the initial transactions that will create and prove the market must be appropriately resourced to ensure credibility with market participants. This may require a level of government support to fund the initial resource requirements for a period of several years.

2. Recovery of operational costs - the potential for self-funding objective of the NHFIC with recovery of operational costs is reasonable. However consideration should be given to benchmarking the
costs to ensure that costs passed to borrowers do not exceed ‘market’ reasonableness or unreasonably impact pricing. Consideration may also need to be given to limiting cost recovery for early adopters to ensure they are not penalised by the likely higher operational and transaction costs for market leading deals. As an interesting guide, colleagues in the UK are exploring their own aggregated vehicle (outside the THFC) and see an indicative cost benchmark for operational costs running to no more than 8-10 Bps.

3. Resourcing must scale in anticipation of demand - Australia requires tens of thousands of low cost affordable homes to be built each year. As a market is established and catalyses other government programs and initiatives to build a pipeline, the resources of the NHFIC should be expanded and adapted to anticipate growth in demand for capital. This will also require long term commitment from government which will ensure core organisational infrastructure of the NHFIC can be formed with a long term view which will also signal strong intent to the market.

The NHFIC may wish to consider outsourcing options to leverage off expertise and organisational infrastructure already available, such as that in place with the Clean Energy Finance Corporation.

4. Engagement — How can the NHFIC effectively engage with stakeholders across Australia to ensure that viable projects are identified?

The NHFIC has the potential to be a market catalysing platform that encourages innovation and drives efficient capital solutions for affordable housing. Engagement should focus on:

1. Engagement with sector networks – Organisations like PowerHousing Australia provide a mechanism for engagement with a group of providers to ensure information is shared and CHPs can be appropriately briefed about the parameters for NHFIC investment.

2. Relationship building with sophisticated providers – Direct engagement with large and sophisticated providers can lead to new ideas and joint development of funding concepts. These providers could be identified through a pre-qualification based on a high level credit assessment or some other mechanism.

3. Clarity of requirements – The NHFIC should clearly set out requirements for funding proposals including key parameters for investment.
[2] National Housing Infrastructure Fund

The $1bn National Housing Infrastructure Facility will be delivered for five years from July 1, 2018. Based on models such as the UK City Deals, the measure will aim to finance critical infrastructure such as water, transport links and site remediation to boost housing supply. Reducing cost inputs, gaining increased access to lower cost of funds with realistic covenant calculations and monetary policy settings to support investment in social and affordable housing will all contribute to a higher investment in the sector, but secure reliable cash flow as required to unlock investment.

1. Infrastructure — Noting the examples identified in Table 4, what types of infrastructure do LGs fund, deliver and own? What types of infrastructure could be prioritised to address infrastructure bottlenecks?

In our view the NHIF should give preference to ‘greenfield’ and ‘urban infill’ projects that can demonstrate ‘additionality’ and which target those geographic areas experiencing particular supply and affordability pressures.

Examples of housing-related infrastructure could include:

- new or upgraded infrastructure for services such as water, sewerage, electricity or transportation; and/or
- site remediation works including the removal of hazardous waste or contamination.

We would suggest that given the fairly modest size of the fund, the NHIF be focused on debt or grant investment into infrastructure. We would also suggest that the minimum scale for an investment be set at a modest level (say $10m) so that smaller projects which may deliver quick outcomes can be eligible.

The types of infrastructure that could attract investment by the NHIF could be Sewerage Treatment Plants, trunk/ “lead in” sewer mains, water mains and water reticulation systems, substations, electricity grids, road infrastructure and social infrastructure such as schools, library, town halls, sport facilities and parks. Consideration may also be given to investment directly into affordable housing where the inclusion of the NHIF funding can be demonstrated to achieve outcomes that would not otherwise be possible.

The nature of changing infrastructure should also be considered. As was identified in recent days by the Prime Minister at his 19 October National Press Club address, the types of energy infrastructure required in five years is likely to change dramatically. The types of expensive urban infrastructure that could be supplemented and replaced could include solar power and batteries making electricity grids obsolete, water microgrids making trunk water and sewer infrastructure obsolete.

2. Design features — Are the design features appropriate, including the considerations that the NHIF could take into account when assessing projects?

The NHIF could catalyse new partnerships such as land contribution from LGs working with CHPs to develop and manage social and affordable housing. Allowing for investment into projects through these type of arrangements would be a useful inclusion.
3. Financing options — Are the types of tailoring potentially available under the NHIF’s three types of finance sufficiently flexible?

Providing grant, equity and concessional loans addresses the funding requirements to support development. We note that given the fairly modest scale of the NHIF and the long dated returns typically expected for equity invested into infrastructure, it may be best to target grants and concessional loans rather than equity investment. If equity is to be pursued as an investment option, we recommend further consideration of the potential complexity, high transaction costs and overall attractiveness. Concessional loans could, for example, include equity like investment that accepts greater risk and first loss position.

4. Metrics — What metrics could enable assessment of infrastructure bottlenecks and housing supply and affordability pressures?

Locational Metrics - The Federal Government has committed in the 2017 Budget to developing a public, on-line Commonwealth Land Registry from December 1, 2017, to encourage proposals for higher value use of Commonwealth land, including housing development proposals. The first example of the Registry’s use would relate to the initial release on Melbourne’s outskirts with expectation that some of the $1bn from the NHIF will be used on remediation.

Supporting all levels of government to access land banks to allow development in the sector will assist in reducing input costs and increase investment. As an example, the NSW register can identify where social housing investment is required, for example the wait list for Lower Hunter indicates an expected 10 year delay in housing whereas the Upper Hunter is much shorter, thus more investment in the Lower Hunter is required to reduce the wait times for properties. No such register exits for affordable housing demand, therefore a register to establish demand profiles would be helpful. Where this data is kept such as the Housing Register maintained by FACS, this should be fed into the Commonwealth Land Registry as efficiently as possible to inform NHIF investments.

Some Infrastructure metrics required
- How much does the required infrastructure cost?
- How any units will the infrastructure investment service/ bring to the market as serviced units?
- What is the sales pace, market take up of those serviced units?
- How quickly can / should the NHIF recover the cost of infrastructure?
- Is there an appropriate risk adjusted return for the NHIF and if not what is the value of concessional return relative to the outcomes being achieved?

5. Financing arrangements — Could the NHIF expand ‘eligible applicants’ to include a consortium of investors, such as institutional investors, social impact investors, CHPs and other stakeholders (for example, state and territory governments)?

Eligible applicants should be expanded. This should include CHPs and consortiums of investors including superannuation funds, social impact investors and other stakeholders (for example, state and territory governments) working together to deliver social and affordable housing.
In addition, what could a partnership with LGs involving a NHIF equity injection look like? Are there further opportunities for aligning the interests of investors and other stakeholders to create incentives for co-investment to accelerate housing developments? Given the long lead times associated with the infrastructure construction, what are the appropriate repayment timeframes (on the loans and equity)?

The NHIF should be open to accepting concessional returns or making grants. In these scenarios it would be appropriate to consider the NHIF as a catalyst investment that allows other market capital to stack in the delivery of the infrastructure.

6. Complementarity — Given existing state and territory lending facilities, how can the NHIF position itself so that it complements the state and territory financing schemes and private sector finance options?

To achieve the best outcomes, the NHIF must leverage and incentivise other financing options. To achieve this the NHIF could provide concessional terms in terms of interest rate subsidies, longer tenor and subordination.

In particular we suggest that NHIF investment to CHPs (or SPVs with CHP participation) could be provided on the basis of subsidised cost, on a long-term basis (e.g. 10 - 20 years to match the long-term nature of the assets being funded) and on a subordinated basis. The Australian Government is in a position to provide flexibility on these terms (compared to market financing options) – this would maximise the use of the funds on offer without displacing existing lending facilities.

7. Affordable housing — Should the NHIF also focus on facilitating the supply of affordable housing, including for key workers? If so, what is the most effective way to achieve this objective?

Yes, having NHIF also focus on facilitating the supply of affordable housing, including for key workers is essential. Affordable housing is part of the broader portfolio of many CHPs and is important for two key reasons:

- Managing a range of properties targeted at different income levels allows CHPs to support and encourage tenants to move up the housing continuum, while allowing tenants to maintain connection with their support network, community and local economy; and
- Affordable housing provides a diversified income stream for CHPs to support the provision of services to all tenants supported by the CHP across the housing continuum.

In simple terms, the concept of additionality achieved through NHIF investment could simply be measured by provision of more affordable housing in a project.

8. Value uplift — How should the NHIF factor value uplift and associated value capture schemes into its investment decisions?

Value uplift should not be a key driver for NHIF investment where the uplift is demonstrated to support enhanced social and affordable housing outcomes.

The attributed outcomes for value uplift following NHIF investment could be assessed and measured using Benefit Cost Analysis (BCA) and Value for Money (VfM) analysis and reporting.
[3] Bond Aggregator

In recent years, a number of our members have engaged in joint ventures, innovative projects and investments to bring more quality social housing supply to market. As CHPs have been increasingly engaging in innovative approaches to financing and development, PowerHousing contracted PwC in early 2016 to research aggregated funding and alternative capital raising instruments for the sector.

The consultation process included roundtables around the country with institutional investors, industry superfunds and three major ratings agencies. Through this process, PwC found that there is strong investor appetite to support long term funding solutions for Australian CHPs, especially those with the portfolio size and capability of PowerHousing members. This PwC consultation and the following member examples demonstrate the potential and possibilities for the sector when CHPs, governments and private industry collaborate on social housing projects and developments.

As property transfer processes are relatively new in Australia, 17 PowerHousing members, with the addition of Community Housing Limited (CHL), came together to fund AHURI Research – Inquiry into property transfer methodologies. The research reviewed property transfers that had been completed in Victoria, New South Wales, and Tasmania and provides suggestions for making the processes more efficient and sustainable. The research made possible from this collaboration has been used to inform both Federal parliamentarians and Commonwealth departments about CHPs and property transfer in the states.

Both pieces of work have provided insights that have supported the development of a bond aggregator and informed comments on the BA and NHFIC.

1. Eligibility — It is currently envisaged that the bond aggregator will only provide loans to Tier 1 and Tier 2 CHPs. Could there be benefits to expanding the eligibility criteria to include other stakeholders involved in the provision of affordable housing?

In considering risk Ernst Young states “the evolution of the policy change process the Australian Government negotiates to protect its position will likely affect the credit policies and risk appetite that the BA will likely need to adopt and evolve. In the BA establishment phase, it is likely that the larger and more sophisticated CHPs participate in the initial market taps.”

Registered CHPs and in particular sophisticated CHPs (i.e. those with proven capacity and credit profiles) should be the focus for BA investment. PowerHousing would suggest that the BA should expand eligibility to include other stakeholders in the provision of affordable housing. Expansion of eligibility would potentially:

- Increase complexity of credit rating – With a larger pool of eligible borrowers, it may be difficult for the NHFIC and rating agencies to apply a consistent rating assessment.
- Change the risk profile – CHPs are subject to multiple regulatory oversights (ASIC, ACNC, NRSCH etc) that are likely to give confidence to investors (as noted by the EY report). Opening the remit to non registered CHPs would materially change the risk profile.


- Potential for leakage — If the NHFIC offers concessional or ‘non-market’ terms that help bridge financing gaps and create efficient capital structures, there can be comfort that these benefits are retained for community benefit by targeting investment to registered not-for-profit community housing providers. Opening the remit may create potential for leakage of financial benefits to parties (or outcomes) outside the intended focus.

2. Purpose of loans — The bond aggregator’s loans are expected to be primarily used for funding housing maintenance and turn-key purchases. Do stakeholders agree with this focus? Is there scope for the bond aggregator to provide construction finance or should the bond aggregator be prevented from providing such finance?

PowerHousing agrees that a focus on ‘general corporate’ purpose appears reasonable noting that this should still allow use of funds for construction new dwellings being constructed do not form part of the initial security pool for the loan (if required) and/or measure of financial and other covenants – if these projects are in addition to those offered for security / used to measure covenants then construction funding for these dwellings should not be prevented.

This will allow CHPs the flexibility to manage the BA funding envelope and utilise the spare debt capacity which may be available or would build up over time.

As an alternative to turn – key purchases, many CHP’s build and develop new housing in their own right as developers. Required development finance could be provided by the Bond Aggregator however the tenor would be shorter. If the Bond Aggregator doesn’t provide development finance then a CHP accessing long-term finance from the Bond Aggregator then these arrangements should be sufficiently flexible to enable CHP’s to obtain development finance from banks and other sources as they do now.

3. Security for loans — What forms of security should CHPs be asked to provide to access bond aggregator loans? Are there any circumstances where such loans could be unsecured? If security is provided, to what extent should it be collateralised against other assets owned or operated by the CHP? What forms of financial covenants from CHPs should exist alongside any security? If a CHP has multiple secured creditors, how should the security in favour of the bond aggregator rank?

Security of loans required under the BA is a key consideration if this form of funding is to complement existing and future private and public sector investment into CHPs. Complementarity is noted as a strong focus for the Australian Government and we agree that this needs to be the case – BA loans should form part of the overall funding mix for CHPs complementing other forms of investment.

A preferred position with respect to security for BA loans would be as follows:

- If a CHP has no secured creditors, the BA should lend on an unsecured basis, subject to appropriate financial and other covenants being given by the CHP.
- If a CHP already has secured creditors or is likely to have secured creditors (i.e. banks or other providers of finance), other than the BA, any security in favour of the BA should rank behind
those secured creditors. This is especially important where higher risk construction finance is being provided by those secured creditors.

Frequently, lower ranking secured debt would be more expensive than first ranking secured debt. However, in the case of BA loans that rank behind other secured debt of CHPs, we would argue that this need not be the case. Rather, such BA loans should be priced as if they were first ranking secured debt and the only secured debt in respect of the relevant CHP – i.e. pricing should be as contemplated in the consultation paper. This will ensure that the BA loans are complementing other financing options available to CHPs, intercreditor arrangements with other secured creditors will be more straightforward. This will ensure that BA loans that the principal objectives in respect of the BA (as referred to in the consultation paper), including providing CHPs with a more efficient source of funds, reducing refinancing risk and reducing their borrowing costs, are most likely to be achieved.

PowerHousing would anticipate that the covenants sought by the BA would reflect current market expectations with gearing and interest cover ratios as the primary requirements.

If CHP’s have multiple secured creditors then security in favour of the bond aggregator should rank neither ahead or behind other secured creditors but rather on a pari passu basis i.e. on an equal footing on a proportionate basis.

4. Complementarity — How could the Government ensure that the bond aggregator complements and partners with existing private and public sector investment into CHPs?

As set out in our response to 3. above, the BA will not meet (nor should it meet) all funding needs of CHPs. It is anticipated that construction finance and other bank debt / facilities (such as bank overdrafts, bank guarantees etc) will still need to be accessed.

To achieve complementarity, we would suggest that the BA interests should be unsecured or on a second ranking basis. If BA loans were to rank equal or ahead of other secured providers of finance to CHPs or if pricing was to be increased above that contemplated by the consultation paper, there is a very real risk that the principal objectives of the BA would not be met. Without these differentiations to what the market can offer, there is a strong likelihood that existing private lenders to CHPs (including Australia’s major banks) would simply be taken out or withdraw from the market over time.

5. Bond issuance — Could affordable housing bond issuance be expanded to the offshore market or the retail bonds market? What are the potential benefits and costs?

The Australian housing market has created record supply of dwellings hitting the 230,000 dwelling build rate in the past year which is around 70,000 homes being built in excess of long term averages. This is based on foreign investment in residential real estate. Offshore markets should be considered in the longer term as capital requirements exceed local market appetite and / or to expand capital sources. We note that UK providers have successfully sought investment from the USA, Canadian and, recently, Australian markets. We recommend however, that with a Government Guarantee to be offered (see 8. Below) that initial offerings be targeted into the domestic market.
8. Government guarantee — How would a potential Government guarantee on NHFIC bond issuances impact the NHFIC’s ability to raise and price funds? What are the risks associated with applying a guarantee and how could those risks be mitigated?

PowerHousing Australia recommends a Government guarantee be put in place for the BA, particularly for early tranches that establish the market. The EY report notes that credit assessment considers the importance of the sector to government and therefore a guarantee will be an explicit sign of the importance and support of the market. It will also allow funding to be offered on such a basis that it complements other funding sources available in the market (as noted above).

As stated by Ernst Young, comparative international experience indicates that the provision of a Government guarantee is not the sole driver of a BA’s investment grade credit rating, the relative sophistication and scale of both the Australian CHP sector and DCM, coupled with the regulatory complexity of the Australian Federal system, lead us to conclude that an explicit guarantee is a cost-effective and appropriate method of Australian Government support.\vi

A Federal Government guarantee is a cost effective mechanism for government support and can act to catalyse regulatory and policy reforms that will also complement the NHFIC’s mandate.


1. Regulation reduces risk

Investors will prefer a nationally consistent regulatory environment in intent and application which provides comfort regarding the enforceability of security. This is an issue that has been repeatedly highlighted by investors, and governments must address the current disparate regulatory systems across state jurisdictions.

It is accepted that there is a need for CHPs to be part of a regulatory system and to be registered either under the NRSCH or under the CHP regulatory system relevant to the particular state that they operate in (for CHP’s that operate in one State only). Further strengthening and harmonising the National Regulatory System for Community Housing (which operates in most but not all states) will ensure consistency and further increase investor confidence in the CHP sector. This is a critical parallel reform to complement the NHFIC and build a long term market that is understood and accepted by investors.

2. Yield Gap

The establishment of the National Housing Finance and Investment Corporation (NHFIC) – when combined with other policy levers and programs - offers an opportunity to substantially increase the levels of affordable housing delivery and operation across Australia.
A key issue that must be addressed is the yield gap inherent in the provision of social and affordable housing. Without other forms of government investment or subsidy, an efficient finance structure on its own will not yield substantially more housing outcomes.

We note that understanding and finding a solution to fund the yield gap is being considered by the AHWG but this is integral to implementation of the BA. Together these measures can build on the capacity of CHPs and unlock potential to deliver more housing and better outcomes for tenants, communities and the economy.

3. Possible new supply limitations

The Bond Aggregator is expected to deliver finance at a lower cost and longer tenor than CHP’s can currently access. These savings are expected to be able to deliver an increased supply of affordable and social housing and or greater investment in maintenance of existing properties. This potential uplift in new supply and further maintenance works could be constrained by State based policy decisions. For example in Victoria, the Government is introducing a Victorian Housing Register that is expected to compel CHP’s to house a greater proportion of social rather than affordable housing tenants. This reduces CHP rental revenue and is expected to limit the ability of CHP’s to deliver new housing supply.
Conclusion

Housing affordability in Australia is a problem that requires many hands on the wheel and establishing the NHFIC with the NHIF and BA will be steps in the right direction to facilitate scale investment in social and affordable housing in Australia.

We note that government is also in the formative days of the drafting of the National Housing and Homelessness Agreement (NHHA) in advance of the Treasurers meeting at the end of October to ensure that multiple policies work in concert. Through the NHHA, state, territory and local governments can, for example, incentivise the provision of planning support to developments that have affordable housing components to reduce cost and fast-track developments.

As identified in this submission, the Sector has grown significantly in a short time. This growth has necessitated change in organisational structures to meet core housing requirements, including those of property transfer, leasehold, property development, sales and wraparound support services. Such structures will keep evolving over the next 3-5 years as key sector players, PowerHousing membership, industry, and governments partner to tackle the Australian affordable housing problem.

PowerHousing members will continue to work with government, private industry, other not-for-profits, and affiliates to bring about results and build upon the capacity of the Sector. Such collaborations and coordinated partnerships will see CHP portfolios increase and cost pressures around provision of affordable accommodation decrease.

If implemented well, these measures supported by a coordinated national approach will see affordable and social housing development remove unnecessary costs and leakages from the system.

We strongly commend the Federal Government for taking the initiative with the NHFIC and believe that with other complementary policy settings it can be a game changer that plays a significant role in delivery and operation of the affordable housing that Australia needs.

For Further queries contact:

Nicholas Proud
Chief Executive Officer
PowerHousing Australia
nprout@powerhousing.com.au

Kelsey Boivin
Manager - Research and Projects
PowerHousing Australia
kboivin@powerhousing.com.au

PowerHousing Australia
PO Box 77 Deakin West, ACT 2600
Unit 10 Thesiger Crt, Deakin ACT
(02) 6210 5040
Website: http://www.powerhousingaustralia.com.au/
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