



Senate Economics Legislation Committee

Dear Members

## **National Housing Finance and Investment Corporation (NHFIC) Amendment Bill 2019 [Provisions]**

The Community Housing Industry Association (CHIA) thanks you for the opportunity to make a submission to the NHFIC Amendment Bill 2019.

### **Who we are**

CHIA is the peak body for the community housing sector in Australia. CHIA is largely funded by its member organisations which, between them, own or manage over 80,000 social and affordable rental properties across every state and territory in Australia.

Our members range from large providers with portfolios of 5,000 or more properties, through to small organisations with around 10 dwellings, as well as organisations that supply social and affordable housing as an adjunct to specialist services, such as mental health or disability support. Full membership of CHIA is restricted to not-for-profit providers of community housing.

Many medium and large scale community housing providers have also developed new homes. For example, by 2020, community housing providers in New South Wales will have built just under \$1 billion dollars' worth of residential property. A growing number of these organisations have used NHFIC's affordable housing bond aggregator to refinance existing debt and borrow for new developments. The reduction in interest payments achieved has already, and will continue, to enable CHIA's members to provide more homes and / or improve existing dwellings.

NHFIC's primary focus on activities that help address housing needs that are not well met by the market is important and should be preserved.

### **The Legislation**

CHIA supports the Bill's purpose i.e. to extend NHFIC's remit to enable it to provide guarantees to improve access to home ownership and, undertake research into housing affordability.

The proposed changes to the 2018 legislation are minimal; being sufficient to enable the activities to be carried out by NHFIC. CHIA has no overriding objection to the proposed wording, although to retain NHFIC's particular focus on activities that meet the housing needs of lower income Australians (well articulated in objects (a) and (d) of the 2018 Act) our preference would be to strengthen the two changes proposed after 8 (1) (c) as follows – the additions being in italics:

(ca) to issue guarantees to improve housing outcomes, *particularly for lower income households*

(cb) to undertake research into housing affordability, *housing needs and measures to address gaps in housing supply*



The first addition is proposed to help ensure that the deposit guarantees scheme leads to an overall increase in home ownership, through encouraging a focus on households who cannot currently afford lenders mortgage insurance (LMI) or whose parents are not in a position to offer a guarantee.

The second addition is recommended to ensure that addressing the gap in high quality information about housing needs becomes a clear priority for NHFIC.

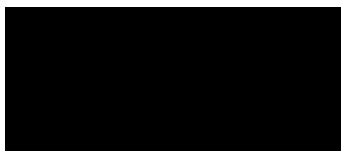
## Explanatory Note

CHIA looks forward to providing comment on the forthcoming investment mandate. This present submission is not the place to make detailed comment so we simply highlight some of the issues we will be raising, as these inform the suggested amendments to the legislation:

- The proposed upper income limits are well above median incomes and eligibility criteria for affordable rental housing. While we accept the proposed restrictions on the value of home purchased will possibly discourage some of these high income households from using the scheme there will be others who apply who might have accessed home ownership, using existing products such as LMI.
- Our preference is for the scheme to have targets or benchmarks to ensure access to home ownership is broadened. There is scope to target households in social and affordable housing (including homes where NRAS incentives will expire) and who could sustain home ownership
- Marketing and publication of the scheme should involve the registered community housing providers. A growing number also run real estate businesses as social enterprises and thus come into regular contact with households who might be a target audience for the deposit guarantee scheme
- We will want to explore other conditions around the scheme to help ensure it is not mis-used - such as ensuring the home is used for owner occupation for a reasonable period
- We believe NHFIC should either commission robust housing needs information and / or develop an assessment methodology that can be used by states, territories and others to plan housing well.

We hope our proposals are useful and I looked forward to attending the hearing on Friday 27 September.

Yours sincerely,



Wendy Hayhurst

CEO

