



# Review of the operation of the National Housing Finance and Investment Corporation Act 2018

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*Response to Issues Paper  
December 2020*





## About Havelock Housing

Havelock Housing has been providing homes to vulnerable people since 1983 and in 1987 was the first community housing organisation to be registered in the ACT. We are now a Tier 2 community housing provider – one of the largest in Canberra – providing safe and secure homes for nearly 400 people in Canberra in 180 properties across the region. Our residents include some of the most vulnerable Canberrans, including people on very low incomes and those with high and complex service needs, including disability. Havelock Housing is one of the key influencers of the ACT Government in relation to community housing – and in particular for those with disability.

We believe a stable home is the foundation for enabling our residents to lead a fulfilled, and connected life. People who have experienced disadvantage are searching for ways to rebuild their lives and futures. Havelock Housing gives them the opportunity to achieve this by providing a home, introductions to services, and guidance on the next steps to a healthy and fulfilled life. The key to developing a successful future is a vibrant and connected community and towards this end we now have in place a comprehensive community development program that includes a counsellor, social inclusion and sporting programs with the aim of enhancing connection between residents, as well as the wider community.

## Introduction

Thank you for the opportunity to participate in the consultation on the Review of the operation of the National Housing Finance and Investment Corporation Act 2018 and to provide our response on your Issues Paper (December 2020).

Havelock Housing Association is a member of the Community Housing Industry Association and as such, we also participated in the consultations that provided input to CHIA's substantial submission to this Review. We endorse CHIA's recommendations, and our submission focuses on the aspects of the Review most relevant to Havelock Housing as a Tier 2 community housing provider. This is particularly relevant in the broader context that the demand for social, community, and affordable housing is increasing in Canberra and, as such, Havelock Housing is aiming to grow its portfolio of properties to help meet this demand and reduce housing stress. Coupled with the significant challenges that State and Federal Governments, companies, businesses and civil society organisations are facing in 2020 and beyond after the natural disasters and the pandemic, the stress on the general community, especially those in the lower quintiles, is higher than it has ever been.



Unfortunately, the current ACT and Commonwealth policy environment does not easily support a financially sustainable Community Housing revenue model. CHPs must compete in the open market for new properties, and with limited concessions currently available, the revenue model cannot service debt financing over the long term.

Consequently, the Havelock Housing business and investment strategy accounts for this in order to grow the organisation's property portfolio and maximise the number of homes it can provide. This necessitates seeking expanded sources of income or revenue from corporate, philanthropic, service contracts, grants, or other funding. Any additional support that can be provided through a revision of how finance is provided to the sector would greatly help to support the growth of the community housing sector to deliver much-needed low cost housing.

## Our feedback on the Issues paper

### 1. Loan amounts

We support CHIA's observation that there is a role for NHFIC to develop customised products and policies for different community housing organisations (CHO) that better suit their size and the purposes needing finance and is therefore appropriate to the risk assessment of the proposed project<sup>1</sup>. Havelock Housing's property development opportunities are modest and less complicated in comparison with larger CHOs housing projects. Consequently, we require smaller amounts of financing to secure housing development options.

Havelock Housing's development strategy would benefit from a more tailored approach to NHFIC financing that considers the size of the organisation and the project complexity. Access to NHFIC financing would open up more development opportunities for Havelock Housing and assist us in expanding our social housing portfolio.

### 2. Minimise loan application costs

Havelock Housing acknowledges and appreciates that NHFIC has begun to consider loans in smaller amounts. However, the loan application process is labour intensive and draws heavily on the limited resources of smaller CHOs. The application costs are also prohibitive, somewhat negating the financial benefit of accessing favourable loan rates through NHFIC.

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<sup>1</sup> CHIA submission, page 7



Efforts to minimise loan application costs and standardise application documentation would improve access by smaller CHOs to NHFIC financing. For example, a standard template for legal firms working with CHOs on their loan application could better support the process by eliminating unnecessary documentation and prioritise items needing legal clarification and action. We understand that NHFIC is aware of this concern and may soon be offering streamlined documentation.<sup>2</sup> Havelock Housing strongly supports such action as it would alleviate an obstacle for smaller CHOs who want to fully access the benefits of NHFIC financing.

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<sup>2</sup> CHIA submission, page 7