

Housing Policy Unit Manager
Social Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

20th October 2017

To Whom it May Concern,

We appreciate the opportunity to provide comment and feedback on the National Housing Infrastructure Facility and the structure of an Affordable Housing Bond Aggregator.

My name is Ian Ugarte and I represent the Future Housing Task Force as Member of the Board and Founder of Small is the New Big.

The Task Force was established to tackle the many issues around the provision of housing affordability and is made up of 12 members holding expertise in varying areas including design, development and investment within the property industry. Our primary focus is to provide assistance to governments and Councils in making policy changes according to demographics, social housing needs, affordable housing and policy construction in the housing industry throughout Australia.

We would like to respond to the issues put forward for consideration. In doing so, we note that in the Proposed Key Design Features set out in the Consultation Paper, that the focus is on the role of Community Housing Providers (CHP's).

The government's role will always be pivotal in the provision of affordable housing, however, the responsibility to resolve the housing crisis is not their sole responsibility. The far reaching social effects need to be addressed with policy change rather than Government Funding.

Increased resources, skills and capacity are needed for social issues to be addressed.

Through our networks, we emphatically encourage the input from investors in the Private sector to assist the Governments in their ability to address the issue of Housing Affordability and believe that this would be highly successful if strategies were developed for successful collaboration and partnerships between the Government, Private Sector and the Community Housing Organisations and that leverage investment into the supply of more

affordable housing.

Our experience has shown us that there are two consistent factors in the minds of investors that can make them either hesitant or unwilling to invest in this area.

One of these lies in the fact that many people remain un-educated as to the type of tenant they will have in their property should they invest in 'Affordable Housing'. Still believing that anyone requiring affordable housing is not 'the type' they would wish to have in their property i.e trouble makers and criminals – an antiquated belief carried over from early last Century.

Secondly, many investors don't understand the financial benefits that could be available to them. There are many policies working well throughout the country that address not only the affordability issue for residents, but also give a better than normal residential return for the investor.

Renting smaller compartments of a house to individuals or couples gives the ability for the investor to receive a better return than a normal rent as it does not act in a ratio return, gives better outcomes for community and demographic mix and also assists the Government by removing the "white collared homeless" from putting pressure on the social housing stock.

In addition to our comments on the Key Design Features, the question we would like to pose is, why could the Government not use the incentives similar to what is currently available to developers and investors in the establishment of New Generation Boarding Houses, Brisbane City Council Rooming Houses and Victorian State Government Exemption approvals for Share Housing and move it across all areas of Affordable Housing?

Strategies can be implemented to ensure that developers are not just building to capitalise on the provision in the affordable housing policies for monetary return as a prime motive. Rather build to benefit community needs and also be able to continue to make a profit.

All supply is tailored in a geographic area that satisfies the demand and produces a positive impact on it's social and economic growth.

Some of the advantages of housing that is produced by private developers include the fact that they already have the knowledge, experience and flexibility in the creation of a product and the ability to independently produce something with creative design and intelligent use of space.

This reduces cost on Government and of the Community Housing Sector who

would have to train or employ staff who have the necessary knowledge to create a quality and workable product, and mitigates constraints created by inter-departmental ownership.

In addition, due to a property being under their personal radar, private investors are much more likely to be aware of maintenance issues when they arise, to have invested in an area that they see is attractive to tenants and be able to create diversification in their product as demand arises as opposed to the conditions that have underutilised social housing that is currently vacant.

In addressing the Proposed Key Design features for Terms of loans, we would like to suggest that the terms of the loan be the same however also is opened up to the private sector of qualified developers and investors that apply through a screening process.

These loans would have first mortgage on any property as security and the developer give guarantees on timelines and delivery of promised and approved housing.

We look forward to receiving confirmation that you have received our response.

I am very open to meeting in person or on the phone to have an open conversation about the points above.

Yours sincerely

Ian Ugarte
Director
Small is the New Big
PO Box 1584
Buderim QLD 4556