



Manager
Social Policy Division
Treasury
Langton Cres
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By Email: housingconsultation@treasury.gov.au

4 November 2019

Dear Sir / Madam

National Housing Finance and Investment Corporation (NHFIC) Investment Mandate Amendment (First Home Loan Deposit Scheme - FHLDS) Direction 2019

The Community Housing Industry Association (CHIA) thanks you for the opportunity to make a submission to the Investment Mandate Direction 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.

The Legislation

In CHIA's previous submission to the NHFIC Amendment 2019 Bill and also in subsequent material provided to the Senate Inquiry we noted our support for FHLDS while recommending that at least a proportion of the guarantees were used to support lower income households (capable of sustaining mortgage repayments) into home ownership.

At least initially and subject to eligibility criteria being met, our understanding is that guarantees will be approved on a first come, first served basis. This in combination with the cap on income being set well above the median rate, may lead to many lower income households failing to benefit from the scheme.

We however acknowledge the amendment made to the original Bill requiring FHLDS to be reviewed in its first year of issuing guarantees and hope this offers the scope for adjustment to the scheme's operation if lower income households are shown to be disadvantaged.



The stakeholder engagement process thus far has prioritised financial institutions above consumer groups (such as National Shelter) or organisations such as our own that assist lower income households. We recommend that these groups are now engaged and consulted on the marketing and publicity of FHLDS, the information collected to enable the scheme's outcomes to be assessed and about the scope of the review.

The Investment Mandate

The majority of the mandate is concerned with matters that are not of direct relevance to the community housing industry and thus our comments are restricted to two points we believe it would be useful to consider / clarify:

- Is the income test capable of adjustment (up or down) and if so how will this adjustment be decided.
- Does the definition of eligible loan allow for shared homeownership arrangements where the other mortgage holder is a non natural person (eg a community housing provider). It is open to interpretation in the current draft. An explicit reference to shared home ownership being 'allowed' would be welcome. It should be relatively straightforward given the mortgages held by the household and the community housing provider are separate.

I am happy to provide further information on the latter point if helpful and CHIA looks forward to the opportunity to make further contributions as FHLDS progresses.

Yours sincerely,

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