



8 November 2023

Director  
Housing Australia Future Fund Unit  
Housing Division  
Treasury  
Via email: [housing@treasury.gov.au](mailto:housing@treasury.gov.au)

Housing Trust welcomes the opportunity to make a submission on the proposed amendments to the *National Housing Finance and Investment Corporation Investment Mandate Direction 2018*.

Housing Trust has contributed to the detailed submissions made by our sector peak bodies and wish to make the following two specific points:

1. The definition of 'affordable housing' should be the same as that determined and articulated by the National Housing Supply Council previously, that is with reference to eligibility and household income, and
2. Participating Community Housing Providers must be registered and compliant with the National Regulatory System for Community Housing (NRSCH).

### **National Definition of Affordable Housing**

Affordability cannot be determined without reference to household income and nor should the benefit flow to households that are able to access market housing. The definition of Affordable Housing in Government's National Housing Supply Council's Housing Supply and Affordability Key Indicators report of 2012 is:

*Housing that is affordable for households on low to moderate incomes, when housing costs are low enough to enable the household to meet other basic long-term living costs. For example, housing costs should be less than 30 per cent of household income for occupants in the bottom 40 per cent of household incomes.*<sup>1</sup>

Setting rents in the context of household income is the only way to ensure affordability. While some commentators describe 'affordable rent' as a 20-25% discount to market rent, in practice this would seem to be a thinly veiled attempt to access government and regulatory incentives without any regard for the social or economic imperatives driving the investment in affordable supply.

Below is a real and current comparison between Housing Trust Affordable rental townhouses in Corrimal NSW and a townhouse of similar size, age and quality currently advertised for market rent. Housing Trust has 13 townhouses in the suburb all leased to single and/or dual

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<sup>1</sup>National Housing Supply Council "Housing Supply and Affordability Key Indicators, 2012"  
[https://treasury.gov.au/sites/default/files/2019-03/housing\\_supply\\_affordability\\_report.pdf](https://treasury.gov.au/sites/default/files/2019-03/housing_supply_affordability_report.pdf)



income families in accordance with NSW Affordable Housing Ministerial Guidelines <sup>2</sup> which determine tenant eligibility and the rent payable, as would be the case with the application of the National Housing Supply Council's definition. The median rent paid by the 13 households is \$434.50 per week. Even with a 25% discount on \$1,100 pw the market rent is not affordable to any moderate income households which, by definition, are recognised by the NSW Government as being in need of Affordable rental housing as they are priced out of the market.

<b>Corrimal NSW, 3-4 BR family townhouse</b>	<b>Rent</b>	<b>% of income for household on \$89,000</b>
Market Rent	\$1,100 pw	84%
Market Rent @ 25% discount	\$825 pw	75%
Housing Trust Affordable Rent	\$516 pw	30%

### **NRSCH Regulated Community Housing Providers**

Housing Trust maintains that the provision of (social) and Affordable Housing should be exclusively undertaken by Community Housing Providers that are compliant with the National Regulatory System for Community Housing (NRSCH) which ensures social housing stock is maintained in perpetuity, and financial, probity, customer service and maintenance standards are independently audited every year.

Community Housing Providers that are also registered with Australian Charities and Not-for-profits Commission provide Government with additional tax and other benefits that ensure any surpluses are returned for charitable, public benefit.

The framework fosters a consistent, high-level standard of practice, which establishes a reliable foundation for the provision of housing, underpinned by a commitment to accountability and responsiveness to the diverse needs of residents.

We look forward to continued collaboration with Treasury to increase the supply of affordable rental housing.

Michele Adair, CEO

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<sup>2</sup> <https://www.facs.nsw.gov.au/download?file=843446>