



Family &  
Community Services  
Housing NSW

# National Rental Affordability Scheme

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## NSW Program Requirements Round 4

23 July 2010

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# 1 Introduction – Information for Applicants

## 1.1 National Rental Affordability Scheme

The Commonwealth Government introduced the National Rental Affordability Scheme (NRAS) to increase the supply of affordable rental dwellings nationally by 50,000. The NRAS aims to address the shortage of rental housing and rising rents by offering an incentive to build and rent new dwellings at below market rates.

Under Call 4, applications will be considered where organisations apply for a minimum of 20 dwellings, with preference for delivery of 100 or more dwellings.

The NRAS incentive comprises of a Commonwealth Government incentive - \$6,855 in the form of a tax offset or payment, and a \$2,285 State or Territory Government incentive in the form of cash and/or other in kind support. The incentive will be provided annually to each dwelling for ten years on the condition that the dwelling is rented to eligible low and moderate income households for at least 20 per cent below market rates for each of the ten years. The NRAS incentive payments are indexed annually with the rental component of the Consumer Price Index (CPI).

The State contribution in NSW is being offered in two forms:

- *NSW NRAS A* – Available for not-for-profit registered community housing providers, providing the state contribution as an upfront capital contribution to the project; or
- *NSW NRAS B* – Available for all eligible organisations, providing the regular State Government contribution of \$2,285 per year, for 10 years.

Incentives will be allocated through a national competitive call for applications process coordinated by the Commonwealth Government Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA). All applications will be directed to FaHCSIA in the first instance.

This document must be read in conjunction with the *NRAS Policy Guidelines*, *NRAS Application Guidelines* and Application Form available from the FaHCSIA website <http://www.fahcsia.gov.au/sa/housing/funding/rentalaffordability/Pages/NRAS-roundfour.aspx>.

## 1.2 What do these Program Requirements cover?

The Commonwealth Government has established national mandatory criteria and assessment criteria for the NRAS. This document provides additional information in relation to how the National Rental Affordability Scheme will be implemented in New South Wales.

This document explains the NSW NRAS A (Section 2) and NSW NRAS B (Section 3), available funding and legal arrangements.

**Section 5 – NSW Guide to the NRAS Application Process** gives instructions to applicants for completing Questions 23 and 24 of the NRAS Round 4 Application Form for projects which are located in NSW. The Guide provides information and advice to ensure that applicants are well positioned to provide strong responses to a range of assessment criterion within the Application Form.

## **2 NSW NRAS A**

### **2.1 Introduction**

In NSW, community housing providers registered under the *NSW Housing Act 2001* are eligible to apply for NSW NRAS A.

NSW NRAS A comprises of:

- An Commonwealth Government annual contribution in the form of a \$6,855 payment; and
- An upfront capital grant from the NSW Government to the project's total capital costs. Preference will be given to applications that require a contribution of less than 70% of project costs.

The NSW Government's contribution to projects under NSW NRAS A will result in dwellings being targeted to social housing eligible households, while the proportion of funds contributed by the registered community housing provider will result in dwellings being targeted to affordable housing (very low to moderate income households). Refer to Section 2.3 for more information.

Applicants for NSW NRAS A will submit a single application for NRAS to the Commonwealth Government. Section 2.6 of the Program Requirements identifies the additional information which is required for applications of this type.

Up to \$40 million is currently available for applications eligible for NSW NRAS A under Round Four.

Under NSW NRAS A, there are no recurrent funds available from the NSW State Government for ongoing housing management costs as these projects must be financially viable in the long term.

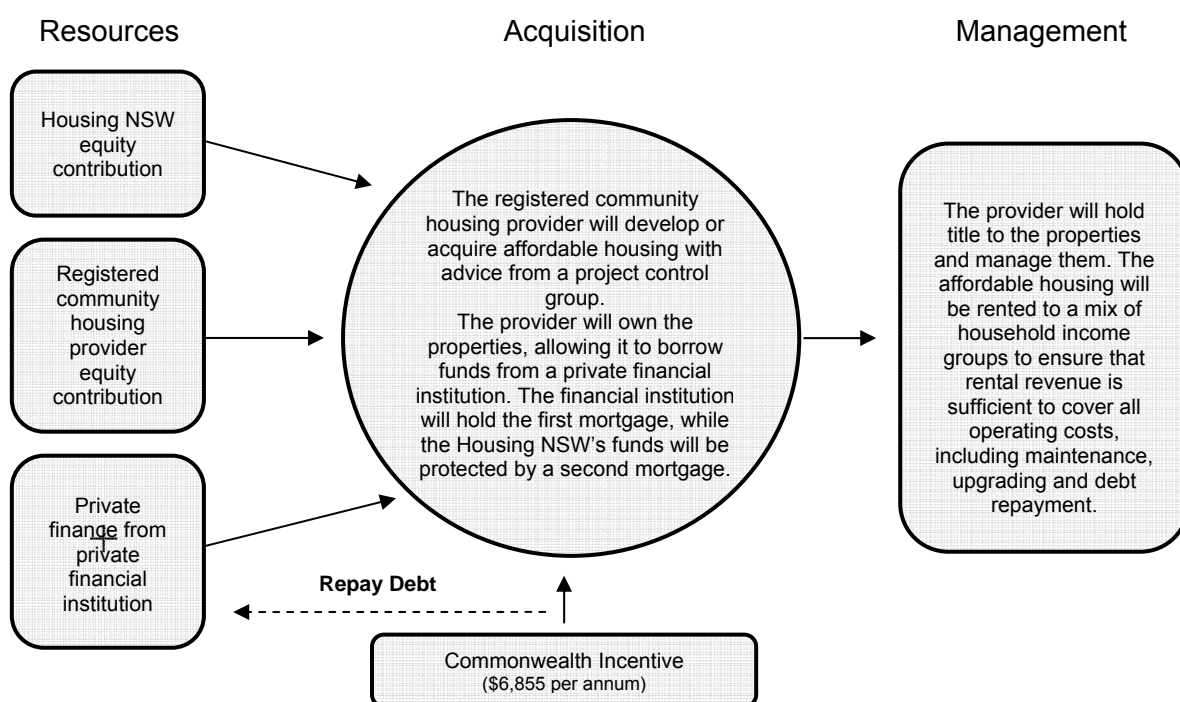
### **2.2 The Debt Equity Model**

The NSW NRAS A upfront capital contribution is subject to the debt equity legal and funding arrangement. Details on the debt equity legal structure are provided in Appendix B. Under the debt equity model, Housing NSW will enter into an agreement with a registered community housing provider, who will to purchase or develop affordable housing. The details of the debt equity model are shown in Figure 1.

Proposals funded under NSW NRAS A are also subjected to the legal arrangements identified in the national *NRAS Policy Guidelines*.

Housing NSW will contribute grant funds, with the provider contributing equity and private finance. It is expected that the NRAS incentive from the Commonwealth will be used to maximise the level of finance that can be serviced. These combined funds will be used to develop or purchase units of affordable housing in an area of housing need in NSW. Once they are completed, the units will be owned and managed by the registered community housing provider for use as affordable rental housing.

**Figure 1 – The Debt Equity model**



### 2.3 What are the mandatory conditions?

In order to apply for NRAS, the project must meet the National Rental Incentive mandatory conditions set by the Commonwealth Government as noted in Section 8.1 of the NRAS Policy Guidelines and Section 3.2 of the NRAS Application Guidelines.

There are four NSW mandatory conditions for organisations applying for NSW NRAS A. Only applications that demonstrate compliance with these requirements will be considered.

The mandatory conditions are:

#### 1. Registration as a community housing provider in NSW

In order to apply for NSW NRAS A, the applicant and owner of the properties must be a community housing provider registered in accordance with the *NSW Housing Act 2001*.

#### 2. Deliver places within the project for public housing eligible households

NSW's contribution to projects under NSW NRAS A will result in dwellings targeted to social housing eligible households. The number of units in the project that will be targeted to social housing eligible households will be proportional to Housing NSW's contribution to the project.

For example, if the total project costs were \$10 million and the registered community housing provider received grant funds of \$7 million and contributed \$3 million in debt or equity, 70 per cent of the units in the project would have to be set aside for social housing eligible households, as NSW Government would have contributed 70 per cent of the funds.

Note: Households must be housed in accordance with the *NSW Affordable Housing Guidelines*. To download a copy of the Guidelines visit:

<http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/Managing+Affordable+Housing/>

### **3. Contribute a significant proportion of the project costs**

Preference will be given to applications where the registered community housing provider's total contribution to the project is at least 30 per cent of the total project costs.

The 30 per cent contribution from the registered community housing provider will be made up of equity and debt contributions. Preference will be given to applications where the provider contributes a minimum of 5 per cent equity. The provider's equity contribution could be in the form of cash and/or unencumbered physical assets such as property, buildings and land.

The remainder of the registered community housing provider's contribution can be provided through private finance. It is expected that this will generally be through borrowings, but equity finance arrangements may be considered. The provider will negotiate the terms of the finance with their financial institution. The financier must enter into the debt equity legal agreements.

Different projects will be able to sustain different debt levels. Larger contributions will allow a greater amount of affordable housing to be developed and will be viewed positively when assessing proposals.

For example, if the total project costs for the proposed affordable rental housing project were \$10 million, Housing NSW would give preference to applications that request \$7 million or less in grant funding (70 per cent of the total project costs). The preferred contribution from the registered community housing provider would be \$3 million including \$500,000 of equity (30 per cent of the total project costs).

### **4. Offer security that the properties will be used for affordable housing in perpetuity**

The registered community housing provider must give NSW reasonable security that the properties will continue to be used for social housing beyond the contractual agreement that is put in place. If the organisation can demonstrate that it is bound by its constitution and charitable status to deliver social housing, NSW will consider this to be reasonable security. Other forms of security will also be considered.

If the organisation expects that any dwellings may need to be sold following the cessation of Commonwealth annual incentive, the organisation must give Housing NSW reasonable security that the grant contribution from NSW NRAS A will result in properties that will continue to be used for affordable housing in perpetuity.

#### **2.4 What selection criteria are applied?**

Applications for NRAS must satisfy the national and NSW mandatory conditions in Section 2.3 of this document. After establishing their eligibility, applications must address the national assessment criteria in the Application Form. Details on eligibility, the assessment process and assessment criteria are provided in Section 3 and 4 of the *NRAS Application Guidelines*.

In making final funding decisions, Housing NSW will consider the application's value for money and how the application maximises housing outcomes and leverage on government funding.

## 2.5 What are the performance monitoring and reporting requirements?

The successful registered community housing provider(s) will be required to deliver the project in accordance with Commonwealth Government NRAS requirements, the debt equity legal framework (refer to Appendix 3) and the requirements of the *NSW Housing Act 2001*.

Projects funded through the National Rental Affordability Scheme are subject to reporting measurements prescribed in the *NRAS Policy Guidelines* from FaHCSIA. These include a statement of compliance and a tenant demographic assessment which are completed on an annual basis. Additional detail in regards to reporting requirements and performance monitoring can be found in the *NRAS Policy Guidelines*.

## 2.6 How should you prepare an Application?

Organisations that wish to submit an application for NSW NRAS A are invited to complete the Commonwealth NRAS Application Form. Applicants must register via FaHCSIA's [NRAS Round 4](#) website by clicking the 'Apply Online' button.

Applications are open for 6 months and close 14 December 2010.

Applicants for NSW NRAS A must provide specific information within Part 5 of their Application Form (see details below).

The specific details required for Applicants of NSW NRAS A within the Application Form are:

### **Question 23, Assessment Criterion 1 (Subset 1) (d) (iii) – Proposed processes for tenant selection, tenancy management, rent setting and property management.**

Applicants should indicate their willingness to manage the properties in accordance with the community housing rent and eligibility policies and the *NSW Affordable Housing Guidelines*.

### **Question 23, Assessment Criterion 1 (Subset 1) (e) – The proposal must demonstrate compliance or prospective compliance with the Scheme requirements, and appear reasonable and viable.**

NRAS A applicants will have to submit two cash flows with their application.

1. The **NRAS Attachment A provided by FAHCSIA** is limited to 10 years. The NRAS Attachment A form does not provide a separate cell or location for NRAS A applicants to indicate the amount of capital funding being sought. Please make the amount of funding sought clear in the general application. In Attachment A NSW NRAS A applicants must add the capital grant amount sought to any other equity contribution being provided then put the total figure in the equity contribution cell.

2. Through NRAS A, the NSW Government significantly overmatches the state contribution in order to fund long term affordable housing outcomes. Therefore, a **20 year cash flow** to demonstrate viability after the cessation of the Commonwealth incentive is required. This cash flow must include assumptions of capital growth and any proposed sales of dwellings over a 20 year period. It must be clear how many properties will be held as affordable housing in perpetuity.

### **Question 24, Assessment Criterion 2 (Subset 2) (d) – Proposal maximises affordable housing outcomes for tenants including building and design features that reduces overall costs for tenants.**

NSW NRAS A applicants should indicate:

- The number of units proposed to be retained following cessation of the Commonwealth Government NRAS annual incentive.

- Whether the organisation is bound by its constitution and charitable status to deliver affordable housing. A copy of the constitution is not required at this stage however the application should quote the relevant sections of their constitution (for example, Objects and Use of property on wind up.)

Further details and guidance for responding to the assessment criterion are provided in Section 5 – NSW Guide to the NRAS Application Process.

### **3 NSW NRAS B**

#### **3.1 Introduction**

NSW NRAS B will provide an annual \$2,285 incentive in addition to the Commonwealth Government incentive of \$6,855 to all eligible organisations such as developers, aged care providers or not for profit organisations. 1250 NRAS B incentives are available. This number may be updated. Updates will be published on the CAH website.

#### **3.2 What are the mandatory conditions?**

In order to apply for NSW NRAS B, the proposal must meet the mandatory conditions set by the Commonwealth Government in Section 8.1 of the *NRAS Policy Guidelines* and section 3.2 of the *NRAS Application Guidelines*. Each project will also be assessed against the NSW Affordable Housing Priorities for NRAS proposals which are identified in Section 5 under Question 23, Assessment Criterion 1 (b) (ii) – Explain how your proposal meets the State/Territory priority needs. The NSW Affordable Housing Priorities can be found in Appendix 1, which also highlights which question and assessment criterion within the Application Form responds to each state priority. Proposals which meet the state priorities will be preferred, however proposals which do not meet all of the priorities will be considered.

#### **3.3 What selection criteria are applied?**

Applications must satisfy the national mandatory conditions and eligibility requirements. After establishing their eligibility, applications must address the national and state selection criteria in the application form.

#### **3.4 What are the legal arrangements for NSW NRAS B proposals?**

The Commonwealth Government National Rental Incentives are subject to the legislative requirements for the Scheme as provided for in the *National Rental Affordability Scheme Act 2008*, the *National Rental Affordability Scheme (Consequential Amendments) Act 2008* and the *National Rental Affordability Scheme Regulations 2008*. Coverage of the State and Territory Government NRAS payments is limited in the federal legislation and regulation and for this reason; Housing NSW has developed a Deed of Agreement. The Deed is consistent with the federal legislation and regulation and has been vetted by the Australian Taxation Office, which has determined that NSW Government NRAS payments are not subject to GST.

#### **3.5 What are the performance monitoring and reporting requirements?**

Monitoring and reporting requirements are the responsibility of the Commonwealth Government and will be undertaken as detailed in the Commonwealth Government NRAS Guidelines.

Projects funded through the National Rental Affordability Scheme are subject to reporting measurements prescribed in the *NRAS Policy Guidelines* from FaHCSIA. These include a statement of compliance and a tenant demographic assessment which are completed on an annual basis. Additional detail in regards to reporting requirements and performance monitoring can be found in the *NRAS Policy Guidelines*.

### **3.6 How should you prepare an Application?**

Organisations that wish to submit an application for NSW NRAS B are invited to complete the Commonwealth NRAS Application Form. Applicants must register via FaHCSIA's [NRAS Round 4](#) website by clicking the 'Apply Online' button.

Applications are open for 6 months and close 14 December 2010.

## **4 What assistance is available?**

Organisations planning to submit applications for NRAS proposals in NSW may contact the Centre for Affordable Housing on 02 8753 8181 or [nras@housing.nsw.gov.au](mailto:nras@housing.nsw.gov.au) if they have any questions about these program requirements or the Scheme.

General information on the NRAS and the assessment process is available by ringing the NRAS hotline on 1800 334 505 or by visiting <http://www.fahcsia.gov.au/>.

## **5 NSW Guide to the NRAS Application Process**

The Centre for Affordable Housing has developed the 'NSW Guide to the National Rental Affordability Scheme Application Process' which provides guidance to applicants responding to NSW state-specific criteria.

### **5.1 How should you complete the Application for NSW projects?**

The Federal Government's Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) administers the National Rental Affordability Scheme (NRAS). The *NRAS Application Guidelines* and *NRAS Policy Guidelines* published by FaHCSIA provide details to applicants in regards to the implementation and administration of the Scheme.

The Guide is intended to be read and used alongside the *NRAS Application Guidelines* and *NRAS Policy Guidelines* for Round 4. This NSW-focussed document pays particular attention to NSW state-specific criteria, principally in terms of Question 23, Assessment Criterion 1 (Subset 1), and Question 24, Assessment Criterion 2 (Subset 2). These Guidelines are only to be applied to projects which are being proposed in NSW. If an application includes projects in other jurisdictions, the state-based criteria of all other jurisdictions must be addressed.

**Disclaimer:** The information found within this document is to be used as a guide for applicants who wish to apply for the NRAS Round 4 incentives. The document advises applicants of a range of resources which may be used to assist in the application process for funding under the Scheme.

The information below is provided to applicants of NRAS Round 4 to assist in the writing of strong applications which demonstrate the viability and strengths of their affordable housing project/s.

### **QUESTION 23 – ASSESSMENT CRITERION 1 (Subset 1)**

#### **(b) There is a demonstrated need for the proposal.**

Applicants need to provide evidence of the need for the proposal and how the proposal seeks to address this need.

#### ***(i) Demonstrate how you have identified that there is a need for the proposal.***

Applicants must demonstrate the need for housing in the proposed location/s. For the purpose of this criterion, need is determined according to location, dwelling type and targeted tenant groups.

Applicants must also describe how the project/s will meet the identified need.

Applicants must demonstrate that each project satisfies local need through the type of dwelling, configuration and size of the dwellings. In most areas of NSW the highest need is for 1 and 2 bedroom dwellings. However, in some areas larger dwellings may be needed dependant on demographic data, for example Aboriginal housing.

If the application consists of more than one project and/or location, applicants must provide separate evidence for each location.

In the application form:

- Indicate the Local Government Area.
- Indicate the housing need category according to the NSW ranking of Local Government Areas.
- Indicate the level of housing stress experienced.
- Identify the household types which are experiencing housing stress in the Local Government Area.
- Identify the targeted need group/s.
- Indicate how the configuration and dwelling type's meets the local need and/or targeted need group.
- Indicate whether a range of household incomes and/or special need groups will be housed in the dwellings.
- Indicate the proposed discounted market rent and household income for which rents are affordable for.

Preference is given to projects which are located in high and moderate-high housing need Local Government Areas. Projects which fall within low, low-moderate or moderate housing need areas will need to give additional evidence which demonstrates the specific need in the area for the type of dwellings proposed.

Key resources:

- 'Local Government Areas by Housing Need' (Appendix A).

- o [Local Government Housing Kit](#) and [Database](#).
- o [Housing Market Analysis](#).

**(ii) Explain how your proposal meets the State/Territory priority areas.**

In this section, applicants should address each component listed below separately and concisely to illustrate how each project addresses the need identified in Question 23, Assessment Criterion 1 (b) (i).

**I. Identify whether a registered Community Housing Provider will be the tenancy manager for the project and/or whether management will be in accordance with the NSW Affordable Housing Guidelines.**

In the application form:

- Indicate whether a registered community housing provider will manage the proposed dwellings.
- Indicate whether the properties will be managed in accordance with the *NSW Affordable Housing Guidelines*.

Key resources:

- o An up-to-date list of NSW registered community housing providers can be found on the Registrar of Community Housing [website](#).
- o The [NSW Affordable Housing Guidelines](#).

Applications which appoint registered community housing providers as the property and tenancy manager of the project/s will be preferred.

Preference is for applications and projects which are managed in accordance with the *NSW Affordable Housing Guidelines*. These Guidelines are designed to be used as a best practice guide for managing affordable housing stock in NSW.

Proposals which do not involve management by a registered community housing provider or management in accordance with the *NSW Affordable Housing Guidelines* will be considered where they can demonstrate that there will be quality property management services, as well as quality outcomes for the tenants.

**II. Demonstrate how the project increases access to affordable housing and demonstrate how the project delivers value for money.**

In the application form:

- Indicate how the project delivers value for money.
- Demonstrate that the project delivers affordable housing in comparison to market rents in the area.

Key resources:

- o [NSW Rent and Sales Report](#) data (released on a quarterly basis).

Applicants must demonstrate that each project proposed provides value for money through indicating market rents for proposed dwellings in the location and demonstrating that the discount will improve access to affordable housing for the target group/s.

If the market rent for proposed dwellings would be affordable for very low income households without discount, additional information on how the NRAS incentive improves affordability must be provided.

Preference will be given to proposals and projects which provide value for money by providing a discount which makes dwellings more affordable for a broader range of household income groups.

Preference is for projects which can be leveraged to build more affordable housing dwellings or delivers affordable housing outcomes in excess of 10 years.

### *III. Demonstrate how the project supports NSW development and growth strategies.*

In the application form:

- Indicate whether the project is in a priority area identified in a NSW plan and/or strategic document.
- Refer to NSW Government strategic planning documents which represent the future direction of NSW.
- Indicate how the project seeks to support the objectives and directions set out within these plans.

Key resources:

- [NSW Department of Planning](#) website.
- [NSW Government's State Plan – A New Direction for NSW](#).
- [Metropolitan Strategy – City of Cities: A Plan for Sydney's Future](#).
- [Sub-regional Plans](#).
- [Regional Plans](#).
- [Cities Taskforce](#).

Preference will be given to projects which support the directions, priorities and objectives of relevant planning policies.

### **(c) Have you discussed the lodgement of your application with the relevant State or Territory Government?**

NSW recommends that the organisation contact the Centre for Affordable Housing to discuss their application.

The NSW Government does not require applicants to discuss the proposed project/s or obtain any proof of contact from the Centre for Affordable Housing to be lodged as an attachment to the application form.

Level of support for proposed projects will be determined by assessing all criteria, as well as the NSW State Priorities provided at Appendix B. Information provided at Question 23 – Criterion 1 (b) (i), (ii), Question 24 – Criterion 2 (d) and (e) (ii) will be used to assess how the proposal meets the state priorities.

No added information from the applicant is required from this question.

**(d) The Proposal must demonstrate capacity and experience of the applicant to comply with the Scheme requirements (or capacity to comply with the Scheme requirements into the future).**

***(ii) Experience in property and tenancy management.***

Applicants must detail for each project the tenancy manager's experience and capacity to undertake increased tenancy management services.

In the application form:

- Provide detail on the organisation's current portfolio, size and diversity.
- Indicate the current number of properties and/or tenancies currently managed.
- Identify how the proposal will affect the organisations current portfolio.

Responses could also include:

- Roles and responsibilities of the tenancy and property manager.
- Reference to plans and policies which apply to the management of affordable housing.
- Evidence of compliance to tenancy laws and options for support provisions to tenants.

**QUESTION 24 – ASSESSMENT CRITERION 2 (Subset 2)**

**(e) The proposal delivers accessibility and sustainability outcomes, including the following:**

***(i) Proximity of dwellings to transport, schools, shops, health services and employment opportunities. Note: You must complete Attachment B to respond to this criterion.***

Applicants must provide evidence for each project in terms of its proximity to transport, schools, shops, health services and employment opportunities, which are relevant to the types of tenants targeted within the project.

In the application form:

- Indicate the frequency of services and destinations for local bus and train routes.

In regional areas information on local bus or transport services should be included in the application.

Applicants must complete Attachment B of the application form indicating the distance to transport services, health facilities, schools, shopping facilities and employment opportunities.

Applicants are encouraged to include maps as evidence of proximity, highlighting each project and its relevant distance to local services and amenities.

Note for projects which do not deliver a high level of accessibility, applicants are encouraged to discuss and include strategies or services which may be provided to

overcome such proximity constraints or provide additional opportunities for tenants to access services.

In terms of accessibility to transport services, the proposed projects should be located within 800 metres from bus, rail and/or light rail services. Close proximity to transport services provides tenants with access local shops, employment, schools and health facilities. This is particularly important for potential tenants with limited access to private transport modes.

Key resources for Question 24, Criterion 2 (e) (i):

- Google Earth (including distance measurement tools), Google Maps and other mapping services such as Where Is.
- Service and timetable information from City Rail, Sydney Buses, Country Link and private bus companies' websites.

***(ii) Types of dwellings and proposed household compositions to facilitate a balanced social mix.***

Applicants must provide evidence that the dwellings will be delivered in such a way as to facilitate long term outcomes and balanced social mix. Subject to NRAS requirements, to achieve a balanced social mix, applicants are encouraged to target a mix of household incomes and sizes.

Achieving a mix in dwelling types may be achieved according to two situations either within the NRAS development or within the broader community. Ideally a mix in household incomes may be achieved by targeting a range of household incomes, from very low to moderate, in the one project. Alternatively, the project itself may not provide a mix in household incomes, but by its development may contribute to an income mix within the broader community.

In the application form:

- Indicate how the proposal meets social mix in the area in which it is situated.
- Indicate whether a range of household incomes and special need groups will be housed in the dwellings.

Preference will be given to applications and projects which rent their approved dwellings to a mix of household incomes.

Key resources for Question 24, Criterion 2 (e) (ii):

- Refer to the [income eligibility limits](#) for NRAS.
- [Local Government Housing Kit](#) and [Database](#).

## **5.2 Resource checklist for preparing an Application**

A resource checklist is provided on the following pages to refer applications to a range of resources relating to Question 23, Assessment Criterion 1 (Subset 1) and Question 24, Assessment Criterion 2 (Subset 2). Please note the list is not exhaustive and other forms of data other than the resources detailed may accompany the NRAS application.

### **Local Government Areas by Housing Need**

The 'Local Government Areas by Housing Need' table categorises regions across the NSW according to high, moderate-high, moderate, low moderate and low housing need.

Applicants will find the 'Local Government Areas by Housing Need' table in Appendix A.

### **The Local Government Housing Kit Database**

The Local Government Housing Kit Database provides a number of useful tables containing population, demographic and housing data for Local Government Areas across NSW.

The database allows users to compare the selected LGA against one or more locations across NSW. This feature of the database provides the applicant with opportunities to compare and contrast the demand and need for the project(s), as well as demonstrating how the location of the project is best suited for the type of dwellings being proposed.

<b>Tables and Descriptions for NRAS Applications</b>	
<b>M5</b> - Rental affordability of Commonwealth Assistance recipients	Indicates the demand (%) for affordable housing through recipients of CRA (government assistance for people on lower incomes to meet rental need).
<b>M2</b> - Number of households in housing stress	Provides evidence for the proportion of households experiencing housing stress.
<b>S1</b> - Dwelling structure	Identifies the mix of dwelling types for selected areas. Dwelling structure information is useful for providing evidence for the type of dwelling proposed for the NRAS.
<b>D3</b> - Household and family type	Details information related to mix of household types. The data is useful to provide advice and evidence for the number of proposed bedrooms and type of dwellings.
<b>M4</b> - Median rent and house price data	Indicates current median market rent prices. This data can be used to assist applicants in determining what rents to charge.

Table 1. Relevant tables applying to NRAS application Question 23 (b) (i) (Criterion 1, Subset 1).  
Source: Local Government Housing Kit Database, Centre for Affordable Housing website.

Applicants will find the Local Government Housing Kit – Database by visiting <http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/NSW+Local+Government+Housing+Kit/Local+Government+Housing+Kit+Database/>.

### **Housing Market Analyses**

The Local Government Housing Kit also includes new or updated reports analysing local housing markets. The Housing Market Analyses provides valuable information for each Local Government Area in NSW including specific data affecting the general and private rental housing markets and key housing issues. The data and information provided within the analyses can assist applicants in providing strong evidence for demonstrating the need for each project proposed.

Applicants will find the Local Government Housing Kit – Housing Market Analysis by visiting <http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/NSW+Local+Government+Housing+Kit/Developing+your+own+Housing+Strategy/Developing+a+Statement+of+Issues/Step+2+-+Understanding+the+Housing+Market.htm>.

#### **Rent and Sales Reports**

Housing NSW publishes quarterly Rent and Sales Reports for regions across NSW. Each quarterly report indicates median market rent price which provide a guide to rents charged in a regions across NSW.

Applicants will find the Housing NSW Rent and Sales Report by visiting <http://www.housing.nsw.gov.au/About+Us/Reports+Plans+and+Papers/Rent+and+Sales+Reports/>.

#### **Local Government Housing Strategies**

Some local councils may have developed local housing strategies which guide the development of housing, as well as managing population growth and infrastructure. These housing strategies may contain data and information to assist applicants in demonstrating the need for affordable housing in the selected location(s).

Applicants should visit the website for each local council where their projects are proposed to find out whether they hold a housing strategy.

#### **NSW Department of Planning Strategies**

The Department of Planning release a number of metropolitan, subregional and regional planning strategies to set visions, directions and targets for the future growth and development of regions across the state.

Applicants will find planning strategies relevant to the locations of the projects by visiting <http://www.planning.nsw.gov.au/PlansforAction/tabid/63/language/en-US/Default.aspx>.

#### **Registrar of Community Housing**

The Registrar of Community Housing is responsible for the registration and regulation of community housing providers in NSW.

Applicants will find an up-to-date list of registered community housing providers by visiting <http://www.rch.nsw.gov.au/Provider+Register/>.

#### **NSW Affordable Housing Guidelines**

The *NSW Affordable Housing Guidelines* provide principles to guide the management and operation of affordable housing as well as policy guidelines on key issues. Applicants should refer to the guidelines for best practice management of affordable housing dwellings.

Applicants will find the operating guidelines by visiting <http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/Managing+Affordable+Housing/#Guidelines>.

## APPENDIX A - NSW Affordable Housing Priorities

NSW's priorities for the delivery of new affordable housing projects in NSW are provided below. While these represent NSW's preferences for proposals under the National Rental Affordability Scheme (NRAS), proposals will be considered that do not meet all of these areas. This document should be read in conjunction with the Commonwealth *NRAS Policy Guidelines*, *NRAS Application Guidelines*, Application Form and Prospectus; the NSW program requirements; and the additional resources referred to in the priorities below.

NSW program requirements and additional resources are available on the NSW NRAS website: <http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/NRAS>.

NSW's priorities include:

- Proposals located in high need areas of NSW. Areas of high need are identified at: <http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/NRAS>.
- Proposals that deliver property and tenancy management through registered community housing providers, with a preference for Growth Community Housing Providers. A list of registered community housing providers and Growth Community Housing providers is available at: <http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/NRAS>. Proposals that do not involve management by a registered community housing provider will be considered where they can demonstrate quality tenancy and management services and outcomes for tenants.
- Proposals that commit to manage properties and tenancies in accordance with relevant sections of the *NSW Affordable Housing Guidelines*. The Guidelines are available at <http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/NRAS>.
- Proposals that rent dwellings to a range of very low to moderate income households within the eligibility criteria of the Scheme.
- Support the objectives of the State Government's adopted development and growth strategies including the NSW Government's State Plan – A New Direction for NSW; Metropolitan Strategy and Regional and Subregional Plans. Copies of these Plans are available at <http://www.planning.nsw.gov.au>.
- Demonstrate dwelling stock meets an identified local need with appropriate size, configuration and dwelling type.
- Deliver long term housing outcomes. Preference will be for proposals that deliver housing outcomes beyond the ten year period of the Scheme for low to moderate income households as defined within *NSW Affordable Housing Guidelines*.
- Demonstrate value for money and maximum leverage of government resources.

## APPENDIX B - Local Government Areas by Housing Need

<b>High</b>	<b>Moderate High</b>	<b>Moderate</b>
Auburn	Ashfield	Albury
Bankstown	Ballina	Armidale Dumaresq
Blacktown	Baulkham Hills	Bathurst Regional
Canterbury	Blue Mountains	Bega Valley
Fairfield	Botany Bay	Bellingen
Gosford	Burwood	Berrigan
Hornsby	Byron	Broken Hill
Lake Macquarie	Campbelltown	Cessnock
Liverpool	Canada Bay	Cootamundra
Marrickville	Clarence Valley	Dubbo
Newcastle	Coffs Harbour	Glen Innes Severn
North Sydney	Eurobodalla	Gloucester
Parramatta	Hastings	Goulburn Mulwaree
Penrith	Hawkesbury	Great Lakes
Randwick	Holroyd	Greater Taree
Rockdale	Hunters Hill	Gunnedah
Ryde	Hurstville	Inverell
Sutherland	Kogarah	Kempsey
Sydney	Ku-Ring-Gai	Kiama
Tweed	Lane Cove	Liverpool Plains
Warringah	Leichhardt	Mid-Western Regional
Waverley	Lismore	Nambucca
Willoughby	Maitland	Orange
Wollongong	Manly	Parkes
Wyong	Mosman	Tamworth Regional
	Pittwater	Tenterfield
	Port Stephens	Upper Hunter Shire
	Queanbeyan	Uralla
	Richmond Valley	Walgett
	Shellharbour	Yass Valley
	Shoalhaven	
	Strathfield	
	Wagga Wagga	
	Wingecarribee	
	Wollondilly	
	Woollahra	

## APPENDIX C - Debt Equity Legal Framework

- The registered community housing provider will own the properties. This will protect their financial interest and allow them to borrow funds for the proposal.
- Housing NSW and the registered community housing provider will also enter into a **delivery framework agreement** that will specify tenancy and property management arrangements including how rents will be charged, who will be eligible for housing and how properties will be allocated.
- Housing NSW and the registered community housing provider will enter into a **loan facility agreement** that will outline their contributions to the proposal and how and when they will be provided, their responsibilities, the proposal's stages, project management arrangements, the legal structure and dispute resolution processes. This document will be signed as soon as the proposal description, project termination date and the contributions of all parties can be confirmed.
- Housing NSW's capital contribution to the registered community housing provider will be secured by a **mortgage** over the properties to be held in perpetuity. The mortgage will secure Housing NSW's equity share in the proposal for a 40-year period. It will only be repayable if the proposal winds up. At the end of the 40-year period Housing NSW's direct interest in the proposal will cease, but the public investment in the proposal will be protected and the properties will continue to be used for affordable housing due to the security this organisation provides. For example, the registered community housing provider may be bound by its constitution and its charitable status to provide affordable housing or the organisation may allow a public positive covenant to be placed on title to secure the use of the land for affordable housing in perpetuity.
- The registered community housing provider will secure private finance from a private financial institution. The financial institution will then take a **first mortgage** over the property to secure the debt. This mortgage will be for a fixed dollar amount and will have a standard term over which the community housing provider will repay the debt. Housing NSW's mortgage will revert to a **second mortgage** at this stage.
- Housing NSW will negotiate a **priority deed** and a **call offer agreement** with the registered community housing provider and the financial institution at the same time as the provider borrows funds. This will:
  - (a) ensure that Housing NSW has the 'first right of refusal' should the registered community housing provider default on its loan or the Loan Facility Agreement and give Housing NSW the option of buying out the financial institution at this point, thereby ensuring that the properties continue to be used for affordable housing. Exercise of this option will be at Housing NSW's discretion;
  - (b) establish the priority according to which funds will be distributed should the properties be sold before the loan is discharged;
  - (c) limit the registered community housing provider's borrowings to an agreed level; and
  - (d) limit the provider's ability to redraw funds from the mortgage.