



Family &
Community Services
Housing NSW

National Rental Affordability Scheme

Round 4 NSW NRAS Rouse Hill and NSW NRAS Development Projects

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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 **four** 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;
- *NSW NRAS B* – Available for all eligible organisations, providing the regular State Government contribution of \$2,285 per year, for 10 years;and
- *NSW NRAS Rouse Hill* – Available for not-for-profit registered community housing providers, providing the state contribution as an upfront capital contribution and land.
- *NSW NRAS Development projects* – Available for not-for-profit registered community housing providers, providing the state contribution as an upfront capital contribution, potentially including land.

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>. Applicants should also read the NSW NRAS Program Requirements.

1.2 What does this document 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.

Information on NSW NRAS A and NSW NRAS B is available in the NSW Program Requirements Round 4.

This document explains the available funding and legal arrangements for NSW NRAS Rouse Hill (Section 2) and NSW NRAS Development Projects (Section 3).

2 NSW NRAS Rouse Hill

2.1 Introduction

The New Rouse Hill is a joint venture between Lend Lease and the GPT Group (LL-GPT), in partnership with Landcom and the NSW Department of Planning. Over the life of the Rouse Hill Regional Centre project the developer LL-GPT has agreed to provide 3% of the total residential lots as affordable housing under its Development Agreement with the NSW Government.

The Process

The Rouse Hill Affordable Housing Project will be delivered in two stages. This application process applies to Stage One.

Stage One This stage brings forward the delivery of affordable rental housing in the form of a small apartment building located within the Town Centre of The New Rouse Hill (refer to Appendix B – Rouse Hill Location Maps). It is anticipated that the construction of the apartment building will be completed by 2013.

Stage Two Stage two of the project will involve the construction of new affordable rental housing dwellings on the remaining dedicated lots as they are released from 2013 to 2022.

More information related to infrastructure and services located at The New Rouse Hill, Rouse Hill Regional Centre can be found in Appendix B – An Overview of The New Rouse Hill.

Under NSW NRAS Rouse Hill, 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 Valuation and funding resources

Stage One valuation The value of the land to be transferred under Stage One of the Rouse Hill Affordable Housing Project has been independently valued at \$1,170,000.

There are no recurrent funds from the NSW Government available for ongoing affordable housing management costs and this project must be financially viable in the long term on the basis of rental revenue. Ongoing management costs include all fees and costs associated with owning/occupying property at The New Rouse Hill including council and service rates and utility fees. The selected Provider will also be required to pay community title levies. These levies are currently forecast to be in the range of \$1,000 per annum for a 400 square metre residential land lot and approx \$400 per annum for a typical two bedroom apartment unit. The final levies are to be calculated by the developer based on land values.

Stage One funding opportunities Applicants must indicate what contribution it can make to the Project. The State Government incentive under NRAS will be the capital grant and land contribution.

Stage Two funding opportunities Funding for Stage Two of the project is yet to be determined.

2.3 Legal and funding arrangements

The NSW NRAS Rouse Hill project is subject to the debt equity legal and funding arrangement. Details on the debt equity legal structure are provided in Appendix A1. Under the debt equity model, Housing NSW will enter into an agreement with a registered community housing provider, who will to develop affordable housing.

This project is also subject 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.

2.4 The roles and responsibilities of the registered community housing provider

The roles and responsibilities of the registered community housing provider are detailed in Appendix B.

2.5 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 three NSW mandatory conditions for organisations applying for NSW NRAS Rouse Hill. Only applications that demonstrate compliance with these requirements will be considered. The mandatory conditions are:

a. Registration as a community housing provider in NSW

In order to apply for NSW NRAS Rouse Hill, the applicant and owner of the properties must be a community housing provider registered as a class 1 or 2 provider or transitionally registered and capable of being registered as class 1 or 2 in accordance with the *NSW Housing Act 2001*.

b. Make a significant contribution to the project costs

The contribution from the registered community housing provider will be made up of equity and debt contributions. The provider will negotiate the terms of the finance with their financial institution. The financier must enter into the required legal agreements with the provider and Housing NSW. Larger contributions will allow a greater amount of affordable housing to be developed and will be viewed positively when assessing proposals. A minimum of 30% contribution is required. The land has been valued at \$1.17 million and the cost of constructing the building has been estimated at \$4.8 million.

c. Tenant selection

A maximum of 25% of the apartments can be occupied at any one time by households that fall into the very low income category for Sydney. The remaining 75% will be occupied by low and moderate income households.

2.6 What selection criteria are applied?

Applications for NRAS must satisfy the national and NSW mandatory conditions in Section 6.3 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 and the quality of the provider's service to tenants through demonstrating the strategic approach to community engagement, community integration and investment in social inclusion.

2.7 What are the performance monitoring and reporting requirements?

The successful registered community housing provider will be required to deliver the project in accordance with Commonwealth Government NRAS requirements, the debt equity legal framework (refer to Appendix A1) and the requirements of the *NSW Housing Act 2001*.

Projects funded through the National Rental Affordability Scheme are subject to reporting requirements 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*.

2.8 How should you prepare an Application?

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

Applications close 14 December 2010. All applications for the Rouse Hill and Development projects will be assessed simultaneously after the application close date. There is no benefit to submitting the application earlier than the close date of 14 December.

Applicants for NSW NRAS Rouse Hill or NSW NRAS Development Projects (see section 3) may submit a single NRAS Call 4 application, with separate projects for each opportunity the applicant wishes to apply for. For example, a single application can include a maximum of 5 projects: Rouse Hill, West Ryde, Telopea, North Parramatta and Seven Hills – or any combination of these.

Applicants for NSW NRAS Rouse Hill must provide specific information within Part 5 of their Application Form or in an attachment to the Application to be labelled "Additional NSW Information – Rouse Hill." The specific details required for Applicants of NSW NRAS Rouse Hill within the Application Form are indicated below.

Question 23. Assessment Criterion 1 (Subset 1) (b) – There is a demonstrated need for the proposal and Proposal meets state priorities.

Applicants should state:

"Rouse Hill is a NSW priority project identified as being in a high need location."

Question 23, Assessment Criterion 1 (Subset 1) (d) (ii) – Demonstrated experience in property acquisition and development.

Applicants should indicate their experience developing mix affordable and social housing projects in partnership with a range of providers. Information to be provided includes details of managing and participating in planning processes, development processes, managing project managers and working with partners to deliver projects.

As part of this, tenderers must demonstrate an understanding of affordable housing and their capacity to work in partnership with other organisations. Tenderers will need to demonstrate that they have sufficient staff and recognising other organisational commitments, to implement the project.

Rouse Hill Affordable Housing will require close collaboration between the Centre and registered community housing provider over a significant period of time. This will include making financial contributions, sharing expertise and jointly making decisions about the direction of the project.

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 *NSW Affordable Housing Guidelines* and to meet the tenant selection requirements in section 2.5 above.

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.

NSW NRAS Rouse Hill applicants must submit two types of cash flow 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 NSW NRAS Rouse Hill applicants to indicate the amount of capital funding required. Please make the amount of funding required and the contribution being made by the applicant clear in the general application.

In Attachment A, NSW NRAS Rouse Hill applicants must enter into the equity contribution cell the sum of the capital grant required, the land value and any equity contribution being provided by the applicant.

Please contact the Centre for Affordable Housing on 8752 8181 if there are any questions about how to prepare Attachment A.

2. Through NSW NRAS Rouse Hill, the NSW Government significantly overmatches the state contribution in order to fund long term affordable housing outcomes. Therefore, a **20 year cash flow** for each of the projects is required to demonstrate viability after the cessation of the Commonwealth incentive. This cash flow must clearly identify the applicant's contribution to the project in year 1. While it is recognised that this project will increase the applicant's capacity to leverage in the future, that is not the focus of this assessment process.

This cash flow must include assumptions of capital growth, rental income, interest rates and expenses. No cross subsidisation of these projects from other elements of the portfolio may be included. It must be clear that the properties will be held as affordable housing in perpetuity. The cash flow should assume that once the units are completed, the units will be owned and managed by the registered community housing provider.

Applicants must also provide a business plan illustrating anticipated future income that can be generated initially from the affordable apartment building and the potential for the applicant to fund, or part fund the construction or purchase of affordable dwellings on the anticipated 30 residential lots to be transferred to Housing NSW in Stage Two of the project.

Question 24, Assessment Criterion 2 (Subset 2) (e) (i) – Proximity of dwellings to transport, schools, shops, health services and employment opportunities

Applicants should state:

“Rouse Hill is a NSW priority project identified as being in a high need location.

Education facilities

The Regional Centre contains a primary school – Ironbark Ridge Primary School, a high school – Rouse Hill High School and a child care centre located to the north of Caddies Creek. The High School opened in 2009 with year 7 and 8 enrolments and will progressively open all years, with its first class of year 12 commencing in 2013

Transport

A dedicated bus transit-way opened in 2007 connecting the centre with Parramatta and Blacktown, as well as Sydney CBD. Private bus companies including Hillsbus and Busways frequently service Rouse Hill Town Centre. Plans are also in place to construct the North West Rail Link from Rouse Hill to Norwest, Castle Hill, Cherrybrook and Epping. Construction is estimated to begin in 2017.

Proximity to centres

The nearest centres to Rouse Hill are Blacktown (11 km) to the south, Parramatta (19 km) to the south-west, and Castle Hill (8 km) to the east.”

Question 24, Assessment Criterion 2 (Subset 2) (e) (ii) – Proposal to support a balanced social mix.

Projects developed under NSW NRAS Rouse Hill will require a strategic approach to community engagement, community integration and investment in social inclusion. Applicants must demonstrate how their management, initiatives and engagement will foster these three elements.

Applicants must describe their vision for their involvement in and contribution to the Rouse Hill Affordable Housing Project. The vision should incorporate the key elements of their strategy for the project, including their objectives, the value they will add to the project, the partnerships and relationships they have or will form in the area and how they will work to ensure that the project integrates into the broader community (The New Rouse Hill and the north-west subregion). The depth and breadth of this vision and the plans for integration and engagement with the community will be assessed.

While this tender focuses on participation in Stage One of the project, this vision should encompass Stages One and Two.

Further details and guidance for responding to the assessment criteria are provided in the NSW NRAS Program Requirements available on the Centre for Affordable Housing’s website.

3 NSW NRAS Development Projects

3.1 Introduction

In NSW, community housing providers registered under the *NSW Housing Act 2001* as class 1 or 2 providers, or transitionally registered as community housing providers capable of being registered as a class 1 or 2 provider, are eligible to apply for NSW NRAS Development Projects.

NSW NRAS Development Projects 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. A land contribution may also be provided.

The capital contribution from the NSW Government will overmatch the required minimum state contribution under NRAS. Applicants must indicate in their application the contribution they are able to make to the Development Project.

Applicants for NSW NRAS Development Projects will submit a single application for NRAS to the Commonwealth Government covering information required in Section 3.7 either in the Application Form or in an additional Attachment.

NSW is seeking one or more registered community housing providers to partner with on four development projects in the following locations:

- West Ryde
- Telopea
- North Parramatta
- Seven Hills – the Seven Hills project is at an early state of development and final dwelling numbers and configurations may change.

Full details of the projects are provided at Appendix C. Providers may apply for one or more projects.

Under NSW NRAS Development Projects, 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.

3.2 Legal and funding arrangement

The NSW NRAS Development Projects will be subject to legal and funding arrangements as determined by Housing NSW. The model to be applied is still to be determined, however will be either the debt equity legal and funding arrangement or the *NSW Housing Act 2001* control framework. Details of both models are provided in Appendix B.

Proposals funded under NSW NRAS Development Projects are also subject to the requirements identified in the national *NRAS Policy Guidelines* for the ten year period of the Scheme.

Housing NSW will contribute grant funds and potentially land, with the provider contributing equity and private finance upfront during the development and construction stage. It is expected that the NRAS incentive from the Commonwealth Government will be used to

maximise the level of finance that can be serviced. Once the units are completed, the units will be managed by the registered community housing provider for use as affordable rental housing with specific targets for need groups.

Refer below to section 3.4(b) and Appendix C for more information on targets for different needs groups.

3.3 The roles and responsibilities of the registered community housing provider

For NSW NRAS Development Projects, Housing NSW is seeking to select a preferred registered community housing provider to work with to deliver a range of development projects. Following the NRAS Assessment Process, it is anticipated that Housing NSW and the preferred community housing provider for each project will enter into a Memorandum of Understanding outlining the respective contributions, responsibilities and the details of the development program.

3.4 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 three NSW mandatory conditions for organisations applying for NSW NRAS Development Projects. Only applications that demonstrate compliance with these requirements will be considered.

The mandatory conditions are:

a. Registration as a community housing provider in NSW

In order to apply for NSW NRAS Development Projects, the applicant and owner of the properties must be a community housing provider registered as a class 1 or 2 provider or transitionally registered and capable of being registered as class 1 or class 2 provider in accordance with the *NSW Housing Act 2001*.

b. Deliver places within the project for social housing eligible households

NSW NRAS Development Projects seek to deliver strong social outcomes by delivering a mix of housing products and housing outcomes. A proportion of dwellings must be targeted to very low and low income households eligible for social housing. The number of units in the project that will be targeted to this group is identified in the project details in Appendix C.

c. Make a significant contribution to the project costs

The contribution from the registered community housing provider will be made up of equity and debt contributions. Where equity is to be contributed, the provider must confirm the nature and value of that equity. 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. The provider will negotiate the terms of the finance with their financial institution. The financier must enter into the required legal agreements with the provider and Housing NSW.

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.

3.5 What selection criteria are applied?

Applications for NRAS must satisfy the national and NSW mandatory conditions in Section 3.4 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 and the quality of the services provided to tenants through the strategic approach to community engagement, community integration and investment in social inclusion etc.

3.6 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 or the *NSW Housing Act 2001* control framework (refer to Appendix C) and the requirements of the *NSW Housing Act 2001*.

Projects funded through the National Rental Affordability Scheme are subject to reporting requirements 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*.

3.7 How should you prepare an Application?

Organisations that wish to submit an application for NSW NRAS Development Projects 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.

Applicants for NSW NRAS Development Projects or NSW NRAS Rouse Hill (see section 2) may submit a single NRAS Call 4 application, with separate projects for each opportunity the applicant wishes to apply for. For example, a single application can include a maximum of 5 projects: Rouse Hill, West Ryde, Telopea, North Parramatta and Seven Hills – or any combination of these.

Applications close 14 December 2010. All applications for the Rouse Hill and Development Projects will be assessed simultaneously after the application close date. There is no benefit to submitting the application earlier than the close date of 14 December.

Applicants for NSW NRAS Development Projects must provide specific information within Part 5 of their Application Form or in an attachment to the Application to be labelled "Additional NSW Information". The specific details required for Applicants of NSW NRAS Development Projects within the Application Form are indicated below:

Question 23. Assessment Criterion 1 (Subset 1) (b) – There is a demonstrated need for the proposal and Proposal meets state priorities.

Applicants should state:

" 'Name of project' is a NSW priority project identified as being in a high need location."

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 *NSW Affordable Housing Guidelines* and to meet the required targets for very low and low income tenants eligible for social housing which will be managed in accordance with community housing rent, access and eligibility policies.

Question 23, Assessment Criterion 1 (Subset 1) (d) (ii) – Demonstrated experience with property development.

Applicants should indicate their experience developing mixed affordable and social housing projects in partnership with a range of providers. Information to be provided includes details of managing and participating in planning processes, development processes, managing project managers and working with partners to deliver projects.

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.

NSW NRAS Development Projects applicants must submit two types of cash flow 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 NSW NRAS Development Projects applicants to indicate the contribution being made by the applicant. Please make the amount of equity and debt to be contributed by the applicant clear in the general application.

For the purposes of the modelling, for all projects the project costs should be assumed to be \$350,000 (exclusive of GST) per unit including land value. In Attachment A for NSW NRAS Development Projects, applicants must insert in the equity contribution cell the sum of all project costs minus the debt funding.

For example, for a project of ten units where the applicant is proposing to contribute \$1 million in debt funding and \$1 million in equity, the following figures should be used in Attachment A:

Total project costs:	\$3,500,000 (exclusive of GST)
Total debt contribution:	\$1,000,000
Equity contribution:	\$2,500,000
Land value:	\$0

Please contact the Centre for Affordable Housing on 8752 8181 if there are any questions about how to prepare Attachment A.

2. Through NSW NRAS Development Projects, the NSW Government significantly overmatches the state contribution in order to fund long term affordable housing outcomes. Therefore, a **20 year cash flow** for each of the projects is required to demonstrate viability after the cessation of the Commonwealth incentive. This cash flow must clearly identify the applicant's contribution to the project in year 1.

While it is recognised that these projects will increase the applicant's capacity to leverage in the future, that is not the focus of this assessment process.

This cash flow must include assumptions of capital growth, rental income, interest rates and expenses. No cross subsidisation of these projects from other elements of the portfolio may

be included. It must be clear that the properties will be held as affordable housing in perpetuity. This cash flow should assume that once the units are completed, the units will be owned and managed by the registered community housing provider.

Question 24, Assessment Criterion 2 (Subset 2) (e) (i) – Proximity of dwellings to transport, schools, shops, health services and employment opportunities

Applicants should state:

“ ‘Name of Project’ is a NSW priority project identified as being in a high need location.”

And provide additional details identified in Appendix C.

Question 24, Assessment Criterion 2 (Subset 2) (e) (ii) – Proposal to support a balanced social mix.

Projects developed under NSW NRAS Development Projects will require a strategic approach to community engagement, community integration and investment in social inclusion. Applicants must demonstrate how their management, initiatives and engagement will foster these three elements.

Further details and guidance for responding to the assessment criterion are provided in Section 6 – NSW Guide to the NRAS Application Process.

Further details and guidance for responding to the assessment criteria are provided in the NSW NRAS Program Requirements.

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 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. This is available in the NSW NRAS Program Guidelines on the Centre for Affordable Housing’s website.

APPENDIX A1 - 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.

APPENDIX A2 - Asset ownership control framework

In 2010 the NSW Government will begin the transfer of ownership of government funded social housing to registered community housing providers. This includes over 5,500 properties funded through the Nation Building Economic Stimulus Plan and 500 properties currently under community housing management. This framework will also apply when land for redevelopment is directly transferred (ie vested) to registered community housing providers for the purposes of a large redevelopment.

To be eligible to own government funded social housing, an organisation must have the following characteristics:

- Not-for-profit organisation;
- Company (limited by guarantee) under *Corporation Act 2001*, or a company (limited by shares) in certain situations;
- Registration as a class 1 or class 2 community housing provider within the meaning of the *Housing Act 2001*; and
- Constitution or rules of the organisation must contain an appropriate 'wind-up' provision that requires surplus assets to be transferred to a class 1 or class 2 registered community housing provider within the meaning of the *Housing Act 2001*.

Housing NSW has developed a control framework to manage the transfer of ownership to community housing provider. The framework comprises three elements:

1. **Contracts** – Community Housing Agreements setting out the terms and conditions of the transfer of ownership and other requirements that must be met in relation to the ongoing management of the properties. The agreement will include requirements to comply with policies set by Housing NSW and meet reporting requirements.
2. **Statutory regulation** – requirement to maintain registration as a class 1 or class 2 community housing provider within the meaning of the *Housing Act 2001* and be subject to ongoing regulatory oversight.
3. **Legislative powers** - new legislative provisions introduced into the *Housing Act 2001* in March 2010.

These provisions provide the mechanism to transfer ownership through the vesting of land in a community housing provider.

The new provisions also allow Housing NSW to register an interest on the title to land that is vested. The registered interest restricts a community housing provider from selling or dealing in the land for the purposes of other than providing community housing without consent being obtained from Housing NSW.

A range of other measures have also been also introduced to protect Housing NSW's interest and provide additional step in provisions in the event of provider failure, including expanded regulatory powers. The Act specifically requires Housing NSW when acting in the event of provider failure to have regard for the interest of any creditors that may be affected.

Asset Ownership Control Relationship



APPENDIX B - AN OVERVIEW OF THE NEW ROUSE HILL

Introduction to The New Rouse Hill

The New Rouse Hill, also known as the Rouse Hill Regional Centre, is located 43 kilometres north-west of Sydney CBD, adjacent to Windsor Road. The site falls within The Hills Shire Council (formerly Baulkham Hills Shire Council) Local Government Area and is zoned 3(a) Business (Retail).

When complete, The New Rouse Hill is expected to deliver up to 1,800 residential dwellings and 4,500 new residents. The Regional Centre is anticipated to create approximately 12,000 jobs and service in excess of 250,000 local residents with the infrastructure established.

Rouse Hill Town Centre

Rouse Hill Town Centre covers an area of 12 hectares of the 122 hectare Regional Centre entire site. The Town Centre is located on the western edge of the Regional Centre and includes a variety of shops, cafés, restaurants, entertainment, town square and the local community centre and library branch. Every month the Town Centre also hosts the Hawkesbury Harvest Farmers Markets.

Education facilities

The Regional Centre contains a primary school – Ironbark Ridge Primary School, a high school – Rouse Hill High School and a child care centre located to the north of Caddies Creek. The High School opened in 2009 with year 7 and 8 enrolments and will progressively open all years, with its first class of year 12 commencing in 2013

Transport

A dedicated bus transit-way opened in 2007 connecting the centre with Parramatta and Blacktown, as well as Sydney CBD. Private bus companies including Hillsbus and Busways frequently service Rouse Hill Town Centre. Plans are also in place to construct the North West Rail Link from Rouse Hill to Norwest, Castle Hill, Cherrybrook and Epping. Construction is estimated to begin in 2017.

Proximity to centres

The nearest centres to Rouse Hill are Blacktown (11 km) to the south, Parramatta (19 km) to the south-west, and Castle Hill (8 km) to the east.

Construction of residential buildings

To date approximately 104 residential apartments have been constructed. On completion a total of approximately 200 apartments, including affordable housing units in the Town Centre will be constructed. Additional mixed-use development to the north-west of the Town Centre and higher density living options will also be built in the future. Overall, 800 to 900 apartments will be built throughout the Regional Centre. Residential lots for low-rise dwellings are on currently for sale and are being developed in the Southern Residential precinct of the larger development.

Roles and Responsibilities of the Community Housing Provider

The selected registered community housing provider will be the key player in the delivery of affordable housing dwellings in Stage One of the Rouse Hill Affordable Housing Project. Under the Project Development Agreement (2003) a total of 3% of all residential lots developed at The New Rouse Hill are to be transferred to Housing NSW for nil consideration to be used for the provision of affordable housing, held in perpetuity.

The role of managing the provision of affordable housing at The New Rouse Hill has been delegated from the Minister of Planning, to the Minister of Housing and subsequently to the Manager of the Centre for Affordable Housing.

After the registered community housing provider is selected from the tender process and the land is transferred to Housing NSW, Housing NSW will subsequently transfer the land to the selected Provider.

Tenant selection A maximum of 25% of the apartments can be occupied at any one time by households that fall into the very low income category for Sydney. The remaining 75% will be occupied by low and moderate income households to make the project self-financing by cross subsidising across the portfolio.

Chart 1 – Project Phases and Expected Timeframes

Project Phase	Steps in the Project	Anticipated Completion Date
1. Project Proposal	Joint development and lodgement of proposal to develop multi-unit apartment (the Centre for Affordable Housing and the selected Provider) concurrent with the property transfer process.	Development consent from The Hills Shire Council achieved by March 2011.
2. Property Transfer	Transfer of land to the selected Provider from the developer (LL-GPT).	Land transferred to the Provider by March/April 2011.
3. Apartment Building Construction	<p>Establish the Project Control Group, consisting of representatives from the Centre for Affordable Housing, Landcom, LL-GPT and the registered community housing provider to oversee the project.</p> <p>The selected Provider will lead and participate on a Project Control Group to oversee the development of the apartments.</p> <p>The Provider will be the Project Superintendent and will be responsible for project managing the design, the DA process and the contract with the builder, whilst being accountable to the developer and HNSW.</p>	<p>Commencement of construction by April/May 2011.</p> <p>Completion of construction by end of 2011.</p>
4. Housing Management	The registered community housing provider will have the responsibility for meeting all operating costs from rent revenue as well as the tenancy and property management responsibilities for the project including the selection of eligible tenants.	Commencement on completion of constructed apartment dwellings.
5. Performance Assessment	Performance assessment of the development and tenancies management will be undertaken by Housing NSW.	Assessment of registered community housing provider's performance to be undertaken following the completion of Stage One

The assessment will assist Housing NSW determine the participation of the selected registered community housing provider in Stage Two of the project. dwellings.

Note: The above timeframe is indicative only and subject to confirmation and/or change.

Stage One

The Centre for Affordable Housing and LL-GPT have agreed the transfer of the first lot for dedicated affordable housing under the 3% total residential lot agreement to the selected registered community housing provider. The final mechanism for the transfer is still under negotiation.

The Provider will be responsible for delivering the affordable housing dwellings under Stage One of the project, by managing the planning approvals process, appointing a builder to construct the 20 unit apartment building and owning and managing the constructed dwellings. The construction of the building will be funded through grant funding and debt/equity funding contributed by the successful registered community housing provider.

Housing NSW has consulted an architect to prepare a concept design for the Rouse Hill Affordable Housing Project. The cost of constructing the building has been estimated at \$4.8 million.

A Project Control Group (PCG) will be set up to oversee and manage the construction and delivery of the affordable housing building. The members of the Project Control Group will be the Centre for Affordable Housing, the selected registered community housing provider, Landcom and LL-GPT. The PCG will have an advisory and performance monitoring role during the construction of the affordable housing. It is anticipated that construction of this building will commence as early as during 2010/11 and be completed by 2013.

The selected registered community housing provider will project manage the development process including the building design and development approvals. The land for the building will be transferred to the registered community housing provider before construction commences.

Stage Two

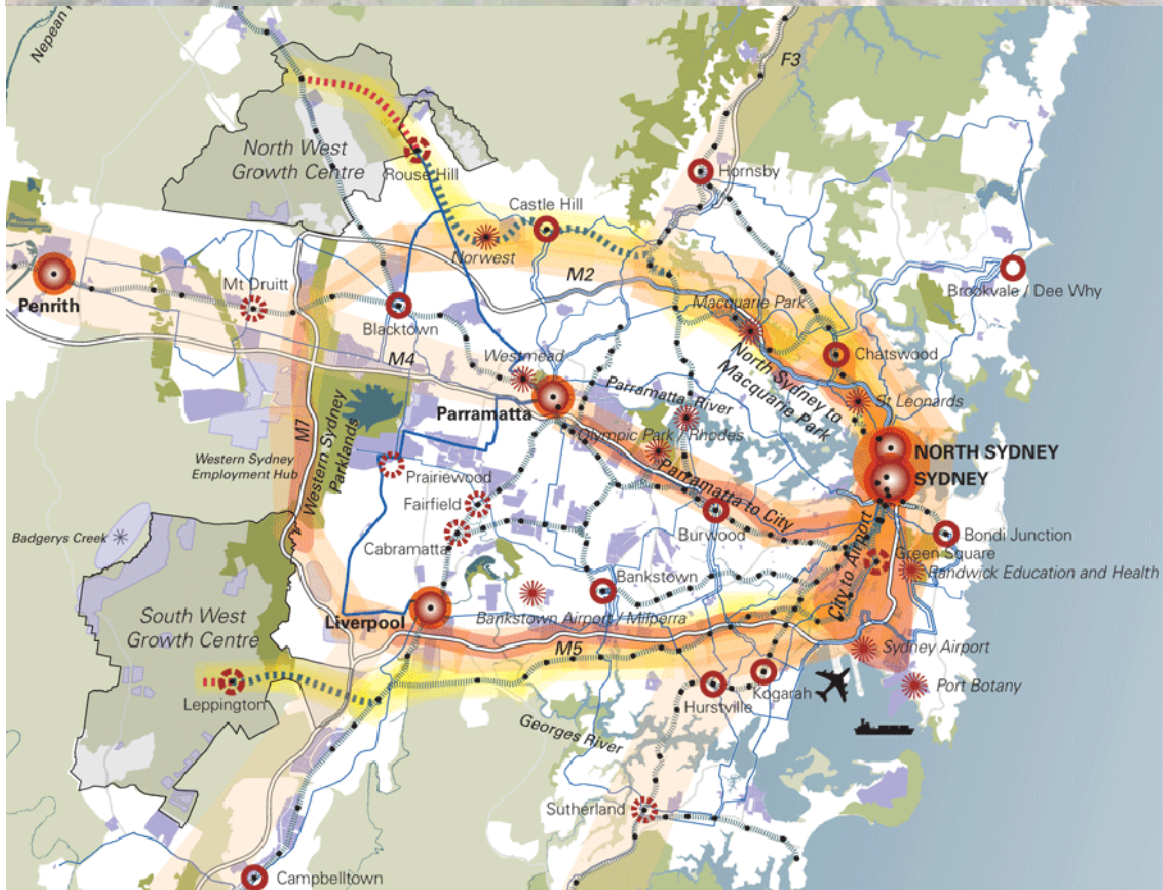
Under Stage Two of the Project, the remainder of the dedicated lots will be transferred to Housing NSW and affordable housing units will be constructed. The mechanism for transfer and funding for construction will be determined by the Centre for Affordable Housing and LL-GPT, with input from the selected registered community housing provider. The Registered Provider will be required to contribute equity and/or debt for the construction of dwellings or for purchase dwellings constructed by LL-GPT on the residential lots provided in Stage Two.

It is anticipated that 30 residential lots will be transferred to a registered community housing provider (for nil consideration) after they are transferred to Housing NSW by LL-GPT under Stage Two of the project, between years 2013 and 2022. The final number of the residential lots will be dependent on the total number of dwellings constructed at The New Rouse Hill.

It is at the discretion of Housing NSW to decide whether to allocate Stage Two of the project to the successful registered community housing provider. The decision will be predominately based on the registered community housing providers' performance during Stage One. Housing NSW retains the right to call a Stage Two tender to allow bidding from other registered community housing providers.

ROUSE HILL LOCATION MAPS

Rouse Hill Regional Centre (affordable housing project in red) and Sydney Context map



APPENDIX C – NSW NRAS Development Project Details

Project Title	North Parramatta																												
Location	The project address is 9 Albert Street, North Parramatta. It is situated approximately 1 km north of the Parramatta CBD, and is accessible to a range of services such as Cumberland and Westmead Hospital. The site is located in close proximity to bus and metropolitan road networks, including the Cumberland Highway.																												
Project Proposal	The project has been designed as three separate buildings to deliver a total of 108 units. It is proposed that Buildings A and B, which comprise 71 units (53 x 1 bed, 17 x 2 bed, 1 x 3 bed), will be developed as affordable rental housing, while the lots on which Buildings C are to be developed will be sold to the private sector for the development of around 37 units of residential housing.																												
Housing Targets	<p>The community housing provider will be expected to deliver a total of 71 affordable rental dwellings and of this:</p> <ul style="list-style-type: none"> • 44 units should be targeted to households eligible for social housing; and • 27 units should be targeted to other low and moderate income households. 																												
Project Timing	<p>A development application for Building A has been lodged with Parramatta City Council and is awaiting final approval. Key project milestones are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: left;">Stage 1 (development of Building A)</th> </tr> </thead> <tbody> <tr> <td style="padding-left: 20px;">Submit development application</td> <td style="text-align: right;">2 July 2010</td> </tr> <tr> <td style="padding-left: 20px;">Secure development approval</td> <td style="text-align: right;">November 2010</td> </tr> <tr> <td style="padding-left: 20px;">Appoint construction contractor</td> <td style="text-align: right;">February 2011</td> </tr> <tr> <td style="padding-left: 20px;">Commence construction</td> <td style="text-align: right;">February 2011</td> </tr> <tr> <td style="padding-left: 20px;">Practical completion of construction</td> <td style="text-align: right;">April 2012</td> </tr> <tr> <td style="padding-left: 20px;">Commence tenanting of Building A</td> <td style="text-align: right;">May 2012</td> </tr> <tr> <th colspan="2" style="text-align: left;">Stage 2 (development of Building B)</th> </tr> <tr> <td style="padding-left: 20px;">Submit development application</td> <td style="text-align: right;">June 2011</td> </tr> <tr> <td style="padding-left: 20px;">Secure development approval</td> <td style="text-align: right;">October 2011</td> </tr> <tr> <td style="padding-left: 20px;">Appoint construction contractor</td> <td style="text-align: right;">January 2012</td> </tr> <tr> <td style="padding-left: 20px;">Commence construction</td> <td style="text-align: right;">January 2012</td> </tr> <tr> <td style="padding-left: 20px;">Practical completion of construction</td> <td style="text-align: right;">May 2013</td> </tr> <tr> <td style="padding-left: 20px;">Commence tenanting of Building A</td> <td style="text-align: right;">June 2013</td> </tr> </tbody> </table>	Stage 1 (development of Building A)		Submit development application	2 July 2010	Secure development approval	November 2010	Appoint construction contractor	February 2011	Commence construction	February 2011	Practical completion of construction	April 2012	Commence tenanting of Building A	May 2012	Stage 2 (development of Building B)		Submit development application	June 2011	Secure development approval	October 2011	Appoint construction contractor	January 2012	Commence construction	January 2012	Practical completion of construction	May 2013	Commence tenanting of Building A	June 2013
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Appoint construction contractor	February 2011																												
Commence construction	February 2011																												
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Commence tenanting of Building A	May 2012																												
Stage 2 (development of Building B)																													
Submit development application	June 2011																												
Secure development approval	October 2011																												
Appoint construction contractor	January 2012																												
Commence construction	January 2012																												
Practical completion of construction	May 2013																												
Commence tenanting of Building A	June 2013																												
Project Title	Seven Hills																												
Location	The project comprises up to four sites located within a precinct bounded by Best Road and First Avenue in Seven Hills. The precinct is located approximately 28 kilometres from Sydney CBD, 8 kilometres north west of Parramatta CBD and 3 kilometres east of Blacktown CBD. It is close to Seven Hills Railway Station, bus services and regional road networks; as well as commercial and retail services.																												

Project Proposal	The project forms part of a larger master-planned redevelopment proposal within the precinct. It is proposed that this project will deliver approximately 168 units of affordable rental housing within the precinct. For modelling purposes it should be assumed that this comprises 87 x 1 bedroom units and 81 x 2 bedroom units.
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Housing Targets	<p>The community housing provider will be expected to deliver a total of 168 affordable rental dwellings and of this:</p> <ul style="list-style-type: none"> • 123 units should be targeted to households eligible for social housing; and • 45 units should be targeted to other low and moderate income households.
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Project Timing	<p>A submission for the redevelopment of these sites will be lodged in the second half of 2011. Key project milestones are as follows:</p> <table> <tr> <td>Submit development application</td> <td>July 2012</td> </tr> <tr> <td>Secure development approval</td> <td>December 2012</td> </tr> <tr> <td>Appoint construction contractor</td> <td>February 2013</td> </tr> <tr> <td>Commence construction</td> <td>March 2013</td> </tr> <tr> <td>Practical completion of construction</td> <td>June 2014</td> </tr> <tr> <td>Commence tenanting</td> <td>June 2014</td> </tr> </table>	Submit development application	July 2012	Secure development approval	December 2012	Appoint construction contractor	February 2013	Commence construction	March 2013	Practical completion of construction	June 2014	Commence tenanting	June 2014
Submit development application	July 2012												
Secure development approval	December 2012												
Appoint construction contractor	February 2013												
Commence construction	March 2013												
Practical completion of construction	June 2014												
Commence tenanting	June 2014												

Project Title	Telopea
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Location	<p>The project comprises two sites. Site 1 is at 1A, 1, 3 and 5 Shortland Street and 1A Marshall Road, Telopea, while Site 2 is at 15 Stuart Street, Telopea.</p> <p>Telopea is located 5km north east of Parramatta. The precincts are in close proximity to the Telopea Railway Station and bus services. The area is well serviced by community facilities such as the Waratah Shopping Village, Telopea Primary School and Telopea Community Centre and Library.</p>
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Project Proposal	<p>The project forms part of a larger master-planned redevelopment proposal in the area. It is proposed that this project will deliver 152 units of affordable rental housing as follows:</p> <ul style="list-style-type: none"> • Site 1 will comprise two buildings containing 103 units; and • Site 2 will comprise one building containing 49 units. <p>It is expected that the successful community housing provider would use the debt and equity funds they bring to this project to deliver a further 154 units for affordable rental housing either off site or as part of the larger master-planned redevelopment. For modelling purposes, applicants should use the same cost assumption \$350,000 (exclusive of GST) including land. It should be assumed that the 306 units comprise 155 x 1 bedroom units and 151 x 2 bedroom units.</p>
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Housing Targets	<p>The community housing provider will be expected to deliver a total of 306 affordable rental dwellings and of this:</p> <ul style="list-style-type: none"> • 205 units should be targeted to households eligible for social housing; and • 101 units should be targeted to other low and moderate income households.
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Project Timing Approval for both the design concept and the development of Sites 1 and 2 has been secured under Part 3A of the NSW Environmental Planning and Assessment Act. Demolition of the site has taken place and construction has commenced. Key project milestones are as follows:

Stage 1 (development of Sites 1 and 2)

Commence construction	October 2010
Practical completion of construction	December 2011
Commence tenant occupation of Building A	December 2011

Stage 2

Submit development application	October 2011
Secure development approval	April 2012
Appoint construction contractor	June 2012
Commence construction	June 2012
Practical completion of construction	September 2013
Commence tenanting	September 2013

Project Title	West Ryde
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Location	The project address is 63-77 West Parade, West Ryde. It is located within close proximity of the West Ryde town centre and within 400m of the West Ryde rail / bus interchange.
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Project Proposal The project has been designed as three separate buildings to deliver a total of 138 residential units. It is proposed that Buildings B and C, which will comprise 65 units¹ (30 x 1 bed, 35 x 2 bed), will be developed as affordable rental housing, while the lot on which Building A is to be developed will be sold to the private sector for the development of around 77 units of residential housing.

It is expected that the successful community housing provider would use the debt and equity funds they bring to this project to deliver a further 30 dwellings for affordable rental housing either off site or as part of Building A. For modelling purposes it should be assumed that this comprises 15 x 1 bedroom units and 15 x 2 bedroom units.

Housing Targets The community housing provider will be expected to deliver a total of 95 affordable rental dwellings and of this:

- 68 units should be targeted to households eligible for social housing; and
- 27 units should be targeted to other low and moderate income households.

Project Timing The design concept for the development has been approved by the Minister for Planning under Part 3A of the NSW Environmental Planning and Assessment Act. It is proposed that the Project Application under Part 3A to develop Buildings B and C as affordable rental housing will be submitted once a community housing provider has been identified. Key project milestones are as follows:

¹ 36 of these units will be designed as universal housing to accommodate older people or people with special needs.

Submit project application	June 2011
Secure project approval	November 2011
Appoint construction contractor	February 2012
Commence construction	March 2012
Practical completion of construction	June 2013
Commence tenant occupation of Buildings B and C	June 2013
