



ACT
Government

Affordable Rental **Prospectus**



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and Economic Development Directorate

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Acknowledgement of Country



The ACT Government acknowledges the Ngunnawal people as traditional custodians of the ACT and recognise any other people or families with connection to the lands of the ACT and region. We acknowledge and respect their continuing culture and the contribution they make to the life of this city and this region.



Accessibility
Ph 13 22 81



Interpreter
Ph 131 450

Ministers' foreword

The ACT Government is committed to partnering with the community housing sector to deliver affordable rental housing for lower-income households in the ACT. This includes leveraging funding available under the National Housing Accord and the ACT's \$60 million Affordable Housing Project Fund announced as part of the 2023–24 ACT Budget.

We also want to promote the development of large-scale Build-to-Rent projects as a way of growing rental supply in the Territory. We offer incentives to developments that include a minimum of 15 per cent affordable rental over a 15-year period.

In line with this commitment to grow affordable rentals, we are also allowing developers with affordable sale commitments to apply to convert these to community housing managed affordable rentals.

Andrew Barr MLA
Chief Minister

Yvette Berry
Deputy Chief Minister



The ACT landscape

The ACT economy continues to perform soundly, with high average incomes, a stable workforce and good overall levels of wellbeing.

However, lower-income households in the private rental market are experiencing rental stress. In 2022, more than half of Commonwealth Rent Assistance recipients (53.9 per cent) in the ACT were experiencing rental stress, higher than the national rate of 43.9 per cent. This is partially explained by high rents in the ACT and, until recently, our low vacancy rates. The ACT has some of the highest rents in the country with a median rent of \$669 per week (Source: CoreLogic Quarterly Rental Review, July 2023).

The ACT Government is keen to partner with community housing providers to boost the supply and mix of affordable rental housing in the ACT.

There is a need for investment across a range of household types to support both single person and family households vulnerable to rental stress.

Our Build-to-Rent affordable rental initiatives based in multi-unit developments are primarily designed to meet the needs of single person and smaller household types in quintiles one and two.

Land release and tenancy management opportunities of privately-owned dwellings can support lower density options and the needs of a broader range of households.

Lower income households (Q1 and Q2) in rental stress, by household type

	Separate house	Semi-detached	Flat or apartment	TOTAL	%
Single person household	887	797	2,281	3,965	46%
Couple family with no children	339	276	699	1,314	15%
Couple family with children	635	279	324	1,238	14%
One parent family with children	676	390	268	1,334	15%
Group household	301	206	341	848	10%
TOTAL	2,838	1,948	3,913	8,699	100%

Why invest in the ACT?

The ACT Government is working hard to increase the supply of affordable housing in the ACT, including in partnership with the Commonwealth under the National Housing Accord.

The ACT has a continual focus on growing rental supply. This is getting results with our residential vacancy rate increasing to 2.2 per cent in June 2023; however, more work is needed.

As a smaller jurisdiction, ACT community housing providers and developers are closer to the community and more accessible to the Government and the property sector compared with other jurisdictions, as the ACT Government performs both local and state government functions. There is also only one planning system to negotiate, with the Government willing to assist community housing provider proponents to navigate the development application process.

The ACT Government has an ambitious Infrastructure Investment Program, including extending light rail. This provides opportunities for community housing providers to deliver affordable rental housing that leverages the benefits of the ACT's efficient and integrated public transport network.

Canberra also has high rental yield and capital growth opportunities, providing options for community housing providers to optimise their portfolio returns through market dwellings for rent or sale.

Opportunities for providers that have access to a site

The Government is inviting community housing providers and Build-to-Rent operators with shovel-ready opportunities to submit their proposal and apply for Government assistance as part of the \$60 million Affordable Housing Project Fund announced in the 2023–24 ACT Budget.

The second Request for Proposal (RFP) process opened on 26 September 2023. Applicants will be notified of a decision in either early 2024 or mid 2024, depending on when the proposal is submitted.

Community housing providers or developers who own a site, or community housing providers who can partner with a leaseholder of a site, are encouraged to submit a proposal under the RFP process.

Proposals can include options to use Commonwealth funding and financing available under the National Housing Accord and/or existing financing provided by the National Housing Finance and Investment Corporation (NHFIC).

Financial assistance will be considered over the life of the program to facilitate delivery of the affordable rental component. Ongoing financial assistance is preferred to ensure continued provision of the affordable rentals.

The Government may also consider upfront financial assistance, such as a grant, to assist with development costs, although this would be dependent on the project meeting delivery milestones and demonstrating the achievement of the Government's objectives and requirements over time.

Proposals must include a minimum of 15 per cent affordable rental for at least 15 years.

For more information on the RFP process, contact CMTEDDBuildtoRent@act.gov.au

Opportunities for providers to purchase a site or property

The Government is supporting the delivery of Build-to-Rent projects with an affordable rental component on nominated sites as part of the land release program. Sites earmarked for release are considered favourable in size and proximity to public transport.

- > A site in Gungahlin is intended to be released in 2024–25 for a Build-to-Rent development with an affordable rental component.
- > This follows the release of Block 3 Section 57 in Turner in 2022–23 to pilot Build-to-Rent with a minimum affordable rental component.

For more information on land release initiatives, visit: suburbanland.act.gov.au

The Government has developed a pipeline of community housing opportunities with more than 100 community housing dwellings expected to become available for sale to community housing providers in coming years.

Further sites are also expected to become available through the ACT's Indicative Land Release Program.

The Suburban Land Agency (SLA) will be inviting registered community housing providers to participate in a market sounding process to identify their interest and preferences in the community housing pipeline, as well as capacity and interest in purchasing specific Government land release sites.

You can register your interest in any future land sales, including Build to-Rent and community housing projects, by subscribing to the Suburban Land Agency mailing list at suburbanland.act.gov.au.

Opportunities for community housing providers that can property manage privately-owned dwellings

There are several affordable rental opportunities for community housing providers who are authorised to manage privately-owned dwellings.

Under the **Affordable Housing Land Tax Exemption scheme**, community housing providers manage privately-owned dwellings where a property owner is willing to offer their property to a lower-income household for less than 75 per cent market rent. As of 1 July 2023, the scheme has 157 private properties.

- > Currently there are two providers of the scheme:
 - CHC tenancy-manages dwellings under the Homeground initiative.
 - YWCA tenancy-manages dwellings under the Rentwell initiative.
- > Other community housing providers interested in participating in this scheme are encouraged to express their interest.

- > Property owners are also encouraged to participate in these initiatives to support affordable rent in the ACT.

The ACT Government is also commencing a new initiative to enable leaseholders and developers who are required to deliver dwellings for affordable sale to apply to deliver these dwellings as affordable rentals instead, for a period of at least 10 years. Leaseholders must engage a registered community housing provider to tenancy manage the affordable rental dwellings.

Interested property owners and community housing providers can email CMTEDDBuildtoRent@act.gov.au for additional information on how to apply.



For more information on how to engage with the ACT Government's initiatives, you can contact CMTEDDBuildtoRent@act.gov.au



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