




Australia's Housing Crisis

UNLOCKING PRIVATE SECTOR CAPITAL FOR AFFORDABLE HOUSING

PRADS[®]

in collaboration with  PEXA

Document date:
06 February 2024

Contact for inquiries:

Robert Pradolin
Executive Director
Robert.pradolin@housingallaustralians.org.au
M (+61) 418387159



www.housingallaustralians.org.au

Table of Contents

Executive Summary.....	4
Housing All Australians	5
Australia’s housing crisis: A problem only solved through true collaboration.....	5
The PRADS affordable housing model.....	6
Filling the subsidy gap	6
Proof of concept.....	6
Unlocking Private sector capital.....	6
The Governance Process	7
The PRADS (affordable housing) Register – the game changer	7
Engaging local government through the Housing Accord	8
Maximising the engagement of the development industry	9
Engagement with the banking sector	10
Other potential uses of the PRADS Register	10
Development of the PRADS Register by PEXA.....	11
The Pilot	12
The Response By Industry.....	12
Appendix	
i. Nightingale Case Study	13
ii. Press Release on the Nightingale Case Study	15
iii. PRADS Model flow chart.....	19
iv. Press Release on the development of the AHR (PRADS Register)	22
v. Letters of support.....	27
vi. Extract of the PEXA Annual Report	33

Executive Summary

Australia's current housing crisis has been developing slowly over decades and has been steadily metastasising itself into the economy. As well as impacting the more vulnerable within our community, it has become a significant social and economic challenge for governments to solve and it is now impacting the ability of businesses to serve the Australian community. Housing is a fundamental human need and without it, we have unintended human consequences. If the housing situation is left unaddressed, the slow but continual erosion of Australian life, as we know it today, will result in future generations, at some point, having to deal with a level of civil unrest.

While most Australians are aware of the housing crisis, few understand the long-term implications for our grandchildren. But there is no quick fix. It has taken over 30 years to get to this point, and it will take a greater period to reverse this reality. The solutions, therefore, must be bipartisan. We must start to create a new paradigm for future Australians so that they too can live in a prosperous country. And for that to happen, all Australians need to firstly be educated about the long-term implications they are leaving for their grandchildren. Once educated, we can ask them to participate and be part of the solution. And that includes business.

By working through an industry lens, HAA has developed an affordable housing rental model that allows the property industry and local government to participate and become an active part of the solution. Whilst it is not a silver bullet it does offer a collaborative approach that unlocks private sector capital to help drive the delivery of affordable housing, at scale.

While still in its early phases, the Progressive Residential Affordability Development Solution (PRADS) is supported by a range of industry participants, including local government, as a way of unlocking an alternative source of funding for affordable rental housing without the use of a government subsidy. One of the key enablers is the creation of the PRADS Register. This innovation will allow the government full oversight of the compliance obligations for the term of the agreement or in perpetuity if that is the condition, of all stakeholders, and live adherence to (or not) of those obligations, allowing the developer the ability to sell the affordable rental home to an investor. This unlocks both private sector interest and capital to deliver affordable housing.

One of HAA's value-aligned corporate leaders, PEXA, has agreed to undertake the development and future maintenance of HAA's PRADS Register, on a pro-bono basis, as their contribution to help end homelessness in Australia.

¹ C'wealth of Australia (2021) Statutory review of the operation of the National Housing Finance and Investment Corporation Act 2018 p.18

Housing All Australians

Housing All Australians (HAA) is a National private sector for-purpose organisation, with a focus on increasing the availability, supply and access, at scale, of affordable housing nationally. HAA believes it is in Australia's long-term economic interest to provide housing for all: rich or poor. Just like the provision of roads, schools and hospitals, safe, affordable, and stable housing is essential infrastructure. It is essential to enable every Australian the opportunity to be productive and able to contribute to society.

Australia's housing crisis: A problem only solved through true collaboration.

Australia is in the midst of a housing crisis, with no short-term fix. In a Federal Government review of NHFIC in 2021, authored by Chris Leptos AM, government actuaries quantified that over the next two decades, the investment required to meet the shortfall in public, social, and affordable housing will be in the order of \$290 billion¹. This is too big for government to fund alone, so a desperate need exists to unlock new forms of capital to help deliver what HAA describes as fundamental economic infrastructure for a prosperous country.

Government must engage the private sector, including our superfunds, to invest in creating the additional housing Australia needs. Otherwise, we will continue to see the erosion of societal values and a significant increase in the economic and social costs for future generations. In 2022, Housing All Australians quantified the additional cost to Australian taxpayers reaching \$25 billion p.a. by 2052 and increasing.²

It has taken decades of eroding affordability to its current level, and it will take decades to reverse this trend. Key workers are no longer able to live close to where business and the community needs their services due to the lack of affordable rentals, let alone affordable housing for purchase. Government and industry recognise this as a significant economic and social issue for Australia. Whilst business wants to help solve this crisis, subsidies are needed to fill the uneconomic gap and unlock private sector capital.

To help address the subsidy gap and to unlock private sector capital, Housing All Australians has developed an affordable housing model, the Progressive Residential Affordability Development Solution (PRADS). The model, predominantly, rests on local government and the development industry working together, in true collaboration, towards a viable solution that addresses their respective needs and perspectives.

¹ C'wealth of Australia (2021) Statutory review of the operation of the National Housing Finance Investment Corporation Act 2018 p.18

² [\(Give me Shelter – the long-term costs of underproviding public, social and affordable housing\)](#)

The PRADS affordable housing model

The outcome of the PRADS model is the creation of privately funded affordable rental housing, rented at agreed below market rents for at least 30 years. As with the National Rental Affordability Scheme (NRAS), tenants would need to qualify to have one of the affordable homes by satisfying affordable housing income tests set by government. Under the model, the obligation for the dwelling to remain affordable would exist on the title through placement of a restrictive covenant. The model has been deliberately created to target and assist key workers.

Filling the subsidy gap

The first principle that parties need to accept is that the creation of affordable housing requires a subsidy. In principle, every reasonable developer would support the creation of affordable housing as long as they are not financially worse off. The second principle is to recognise that local governments are in a position to enable additional value to be created on the land (through density bonuses or time savings) and this additional value can be used as the subsidy to create the affordable housing³.

The developer and councils negotiate, in good faith, the number of affordable dwellings and the percentage below market rent for which these dwellings can be rented. The determination of a number of affordable dwellings and the percentage below market rents is based on the amount of additional value that has been created to the land.

Proof of concept

[Nightingale Housing](#) has used the PRADS model to secure an additional two levels from the City of Merri-bek, in Victoria, which allowed Nightingale to increase the affordable housing from 5% to 15%, without impacting the feasibility of the project. This proof of concept provides evidence that by working collaboratively, new solutions are possible without needing a government subsidy (see Appendix for the Nightingale Case Study).

Unlocking Private sector capital

With a restrictive covenant on title, the developer is able to sell the affordable rental dwellings to either a private sector affordable housing fund (which can include superfunds) or to “Mum and Dad” investors, with the obligation of the rental encumbrance (the percentage below market rent and the term) remaining on title.

³ [PwC Analysis of the PRADS Model](#)

In combination with the use of the PRADS Register (explained later) any subsequent purchaser will be monitored to maintain the affordable home under the terms expressed in the covenant.

Under the PRADS model, the investor can rent the dwelling through either a CHP or an approved private sector property manager both of which would need to comply with the robust governance process (see Appendix for a PRADS Model flow chart).

The Governance Process

A key requirement for the PRADS Register is to have a robust governance process that can be trusted by all stakeholders including all levels of government. Ultimately, it needs to be beyond reproach.

As a starting point, the PRADS Register will adopt the governance process established by the Federal and State governments for the National Rental Affordability Scheme (NRAS) which was established in 2008. With the PRADS Register, the entire process will be done online through a web-based portal, eliminating the clumsy “hard copy” and emailed attachments which currently form the main method of distributing the required compliance information for NRAS.

Whilst several aspects around NRAS have been highly criticised, it did demonstrate interest from private capital markets in investing in affordable housing, and that affordable housing could be managed by the private sector through an agreed governance process. This was demonstrated by Frasers Property Australia who undertook the property management of all their NRAS properties.

The PRADS (affordable housing) Register – the game changer.

Currently, the only way that federal, state and local government can ensure that any (subsidised) affordable housing remains affordable is via the Community Housing Providers (CHPs), as they are regulated in each state and territory by the [Housing Registrar](#). To achieve an “at-scale” solution, we must not only continue to grow the CHP sector but find new ways to fund and engage the existing development ecosystem.

In formulating the PRADS model as an “at scale”, private sector funded solution, a fundamental requirement was to establish a credible alternative to the Housing Registrar to enable appropriate oversight over the affordable housing stock. Firstly, to ensure it remained affordable for the term of the agreement and secondly, that only qualifying tenants were able to obtain access to the affordable dwelling. This need led to the development of the PRADS Register.

The PRADS Register will provide a centralised platform that records all affordable housing obligations and enable (predominantly) local government to monitor the compliance of all stakeholders over the life of the commitment. It will ensure that developers, investors, owners, and tenants are undertaking compliance obligations, as they did with NRAS.

With compliance now able to be monitored remotely with the PRADS Register, the only stakeholders needed to create affordable housing are a local government, a developer, and a qualified⁴ real-estate agent. Private sector capital can be mobilised and governed to fund affordable housing, nationally, including regional Australia.

Engaging local government through the Housing Accord

The Municipal Association of Victoria (MAV) supports the use of the PRADS model and particularly the PRADS Register. On the public release of the initiative, Kelly Grigsby, CEO of the MAV, said Local Government holds a crucial responsibility in this process and collaboration with industry is the key.

“The PRADS approach is another constructive way to support productive partnerships between the development industry and local government which, over time, could generate substantial quantities of affordable housing. We also believe the AHR will fill a significant gap, helping councils monitor voluntary agreements with developers over the long term” (see Press Release in the Appendix).

The MAV has commenced discussions with the Australian Local Government Association (ALGA) to familiarise them with the model and gain broader, national support. The MAV recognises the opportunity to enable this across Australia, through local government, and as part of the Housing Accord.

In developing the PRADS Register, it is acknowledged that for an “at-scale” solution, local government does not have the resources to manually oversee and review all the commitments. Therefore, the PRADS Register will be kept “management light” via the use of smart technology, with local government only being notified when non-compliance is detected. To ensure the PRADS Register is functioning as intended in line with the approved governance process, it will be subject to an independent annual audit.

⁴ A “qualified” real estate agent has trained in the PRADS model and confirmed they will follow the agreed governance process.

Maximising the engagement of the development industry

Even though prospective tenants of affordable housing are key workers, there is a real concern from developers that “the market” might perceive the occupants to be public or social housing tenants consequently having the potential to negatively impact future sales prices, and rents. This is a matter, rightly or wrongly, that impacts the developer's risk profile and consequently, in the majority of cases, inhibits the participation and interest of the developer in being associated with affordable housing. Currently, this “perception” extends to the potential use of a CPH to manage these properties within a project, as they have a direct association with the tenant profile they manage.

Recognising this reality, the PRADS Model has been specifically designed through a developer lens to maximise the engagement of the industry and help solve Australia’s housing crisis. Accepting the transparency of compliance through the PRADS Register, developers have the option of either using a CPH, managing the affordable rental housing themselves, or using any qualified private sector real estate agent, thereby mitigating any perception risk.

Australand, which was later acquired by Frasers Property Australia, used the NRAS to help sell apartments to “mum and dad” investors and strategically, ensured they were the property managers to minimise any perception risk. After 8 years of successfully managing NRAS properties, Fraser's experience shows that private sector property managers, following a clear governance process, can manage affordable housing.

With governments at all levels currently funneling the ownership and/or management of affordable housing through the CHP sector, we need to acknowledge that negative perceptions exist and, rightly or wrongly, most developers do not want to take the risk with “affordable”, “community” or “social” housing being included in their developments due to the negative community sentiment. This was recently front and center in Tasmania where covenants were introduced on a land subdivision prohibiting the construction of public, social, or affordable housing to avoid an impact on the land price.

[Restrictive covenant at New Norfolk housing development blocks use of land for public housing](#)

While some say this perception has shifted, it would only be at the extreme margins. With the existence and use of the PRADS Register, developers are more likely to be engaged in the delivery of affordable housing as they can sell the product to their investor database and have the option for the properties to be managed by approved real estate agents.

Industry and local government support for the PRADS model, and the creation of the PRADS Register, is further reinforced by letters of support from the Property Council of Australia, the UDIA (Vic), and the MAV (see Appendix).

Engagement with the banking sector

Over the past few years, HAA has engaged with leaders within Bendigo and Adelaide Bank's NFP sector specialist, CSB (Community Sector Banking), in discussing the general lending requirements including the effect of the encumbrances or restrictive covenants likely required on these titles. The initial view, subject to legal due diligence, was that provided there was a common approach to the management of the covenant process, the approach to lending into this residential asset class could follow the normal residential lending regime.

The advice concluded that the initiative was well worth pursuing and that further work is required on the legal/stakeholder agreements and deed documentation.

Another of HAA's value-aligned corporates, Norton Rose Fulbright (NRF), has been advising, on a pro-bono basis, on the details that would need to be included in the Restrictive Covenant and how this could be implemented consistently, nationally.

Subsequent engagement, and interest, has also been shown by the Commonwealth Bank who recognise the ability of the PRADS Model to unlock private sector capital for affordable housing. A copy of their letter of support is also available in the Appendix.

Other potential uses of the PRADS Register

Whilst the PRADS Register will initially be developed to enable affordable housing to be delivered, at scale, by the private sector, the PRADS Register has potential for other national applications.

One prospective initiative could expand the PRADS Register to encompass all social housing, thereby enabling government comprehensive oversight and detailed transparency regarding the quantity, rent, locations, and ownership details of all social and affordable housing dwellings. Based on discussions with Housing Australia executives, such an expansion of available data would make a significant difference in helping shape future housing policy. The implementation of the PRADS Register can empower all three levels of government to enhance their planning and allocation strategies, enabling both Community Housing Providers (CHP) and the private sector to efficiently deliver social and affordable housing.

Another potential use for the PRADS Register is to collect national data from the short stay accommodation industry.

Given the controversy surrounding the decreasing availability of rental housing due to its use as short-stay accommodation (SSA), more granular data is needed to allow a better insight, and therefore any policy response, as the impact seems to differ depending on the Local Government Area (LGA). To achieve this, a central register of some type is needed to assess the local nuances in every LGA, as there are also benefits to the tourism industry that come from the provision of short-stay accommodation. Without reinventing the wheel, once developed, the PRADS Register can easily be expanded and used as a central repository for short-stay accommodation data.

Another example of potential benefits that could arise from the creation of the PRADS Register is to help Housing Australia (HA) expand its leveraging in delivering more affordable and social housing. Through some small legislative changes, HA could use the compliance monitoring features of the PRADS Register to expand its funding remit to other charities, or perhaps even private sector organisations, that are committed to delivering affordable housing. By being able to monitor the compliance of all stakeholders involved, HA will be able to ensure that any public funds are used for their intended purpose, thereby leveraging other organisations into the delivery of affordable and social housing. Transparency and the establishment of a strong governance process are the key and, with smart technology built into the PRADS Register by PEXA, this level of oversight is possible.

Development of the PRADS Register by PEXA

Property Exchange Australia (PEXA) is a multi-award winning ASX-listed Australian prop-tech business with over a decade of experience. PEXA was formed to fulfil the Council of Australian Governments (COAG) initiative to deliver a single, national e-conveyancing solution to the Australian property industry.

PEXA has agreed to support HAA by developing, on a pro bono basis, the PRADS Register for its use as centralised national platform that records all affordable housing obligations and enables (local) government to monitor the compliance of all stakeholders.

PEXA's commitment was reported as part of its Annual Report for the 2022/23 Financial Year (see Appendix).

The Pilot

To ensure the requirements of local government are incorporated into the development of the PRADS Register, HAA and PEXA have established a working group that includes local government representation.

Currently, the City of Melbourne, the City of Port Philip, and the City of Yarra are part of the working group and work is underway to extend this working group to include local governments in other states to ensure a consistent national approach.

To complete the connection between local government and private sector developers, HOME, Australia's largest build-to-rent operator with affordable homes delivered as part of a broader market offering within the City of Yarra, has also agreed to be part of the pilot as has Mirvac, who have projects within the City of Melbourne.

To understand the benefits of the PRADS Register from one industry perspective, Christian Graham, Head of HOME said:

“Through the transparency and oversight provided to government by the AHR (rebranded to the PRADS Register), we now have a tool that supports the BTR operator managing its entire portfolio. This is a significant innovation for our sector.”

In 2022-23, PEXA and HAA began a partnership to build a national PRADS Register and, as mentioned earlier, established a working group to advise on its development. PEXA commenced work on building a prototype register in 2023 and successfully tested it against historical data from the City of Port Philip. It is expected that a working Minimal Viable Product (MVP) will be completed in the 2024 calendar year.

The Response by Industry

Australia's housing crisis is too big for government to solve alone. The private sector must be involved, on a commercially viable basis, in helping solve this critical issue for our country. It is incumbent on industry to support innovative solutions that make sense and to drive a national narrative to house all Australians, rich or poor, based on both social and economic outcomes.

Appendix

i. [Nightingale Case Study](#)

CASE STUDY



NIGHTINGALE HOUSING CITY OF MERRI-BEK VIC 2021-2023

“ Affordable housing needs a subsidy. We used the principles of Housing All Australians PRADS model, and worked collaboratively with council to achieve additional density, which increased the land value. We used this additional value to provide the subsidy needed for the affordable housing. It's a clever way to create affordable housing without using any government money. ”

Dan McKenna
CEO Nightingale Housing



Sheppard Street and Norris Street, development site (in orange) North Coburg, Victoria. The land to which the Incorporated Plan applies.

ADDING ADDITIONAL VALUE TO LAND TO FUND AFFORDABLE HOUSING

THE NEED

Australia is in a housing crisis and the need has never been so great. In order to achieve more affordable housing in a highly competitive land environment, developers need to be able to deliver a viable financial proposition to investors. This case study profiles an approach of what can be achieved when value aligned stakeholders that understand development economics, work together to unlock additional land value. The additional value goes directly into the subsidy needed to create affordable housing which is then rented at an agreed percentage below market rent, for an agreed period of time.

ABOUT NIGHTINGALE

Nightingale Housing is a not-for-profit organisation building apartments that are socially, financially and environmentally sustainable. Nightingale, like all developers, includes project contingencies and market-tested project management and development management fees to ensure we can complete our projects to a high standard. At the project end, any remaining funds are reinvested back into increasing the supply of affordable housing.

ABOUT HAA

Housing All Australians (HAA) is a private sector for purpose organisation (PBI & DGR1) with a single focus on increasing the supply and access, at scale, of affordable housing nationally. HAA believes it is in Australia's long-term economic interest to provide housing for all its people: rich or poor.

THE PRADS MODEL

HAA has developed an affordable housing model known as the Progressive Residential Affordability Development Solution (PRADS) which harnesses the benefits of the private sector working collaboratively with local government. This model allows for a supply of long-term affordable rental housing, locked in at an agreed below market rent for a period of at least 30 years, without the need for any government subsidy. The compliance requirements of all stakeholders will then be monitored by local government through a digital Affordable Housing Register (AHR) which is being developed in collaboration with PEXA.

The AHR will provide local government with the confidence that the affordable homes will remain rented at below market rates for the time agreed period.

APPLYING THE PRADS MODEL IN MERRI-BEK

- When Nightingale Housing acquired the Sheppard St and Norris St parcels of land, it was in the process of being rezoned from industrial to residential and mixed use.
- Nightingale took an Incorporated Plan rezoning approach which included the provision of 5% of dwellings as affordable housing in return for a building not exceeding the preferred height limit. However, noting that the provision of affordable housing needs a subsidy to be economically viable, the rezoning included an option of increasing the building height to 5 storeys if the provision of affordable housing was increased to 15% (this percentage includes both social and affordable housing).
- The additional uplift (building height) created additional value to the land which in-turn became the subsidy needed for the social and affordable housing. The provision of affordable and social housing comes at a cost to the development that needs to be funded in some way. By allowing the building height to exceed the preferred controls, real community benefit was achieved by increasing the provision of affordable housing.

CONTACT US

NIGHTINGALE HOUSING

✉ simon@nightingalehousing.org
🌐 nightingalehousing.com

HOUSING ALL AUSTRALIANS

✉ info@housingallaustralians.org.au
🌐 www.housingallaustralians.org.au



ii. [Press Release on the Nightingale Case Study](#)



Nightingale Housing

nightingalehousing.org

1 / 6 Florence St, Brunswick VIC

MEDIA RELEASE

OCTOBER 5, 2023

FOR IMMEDIATE RELEASE

NIGHTINGALE HAILS NEW AFFORDABLE HOUSING DEVELOPMENT MODEL AS A GAME CHANGER

An innovative new housing development model, which encourages the creation of additional affordable housing through the leveraging of increased land value in the planning process, is being hailed by innovative not-for-profit housing provider Nightingale as a gamechanger for the nation as it grapples with an unprecedented housing crisis.

The Progressive Residential Affordability Development Solution (PRADS), developed by housing group Housing All Australians (HIA), has been used for the first time in Nightingale's latest project in North Coburg and has led to the provision of affordable housing in the development going from 5 to 15 per cent.

Nightingale CEO Dan McKenna said the beauty of PRADS was that it allowed projects to increase social housing without threatening the project's financial viability, or forcing them to seek subsidies from taxpayers.

"The housing crisis won't be fixed with a single solution. It's going to require us trying many different things, from many different angles, to ensure the homes we need are built in a timeframe that will help people put a much-needed roof over their heads," said McKenna.

"The PRADS model is a fantastic approach and we hope it will only gain momentum as more projects like North Coburg demonstrate its benefits."

McKenna said the excitement around PRADS had increased after the Victorian Government announced measures in its recent Housing Statement, with incentives for developers to create projects with a minimum 10 per cent social housing.

"Those changes flagged by the Victorian Government, deployed concurrently with PRADS, will make it just so much more attractive for any developer to include a significant affordable housing component in their multi-unit residential projects," said McKenna.

Under the PRADS model, local government, acting as the planning authority, grants concessions related to height limits to developers in exchange for a commitment to include a substantial number of affordable housing units in the project.

This planning concession serves as the foundation for creating the affordable housing stock by enhancing the project's land value which becomes the subsidy for the affordable housing. This uplift enables developers to offer more affordable rent to tenants.

In the case of the North Coburg project, Nightingale worked with Merri-bek Council to increase the height by two storeys as part of the rezoning of a warehouse site from commercial to residential. This increased the value of the land, with Nightingale using that increase to fund the additional affordable housing units.

"Nightingale acknowledges the collaboration with Merri-bek Council in their support of the PRADS model, and the work of HAA in developing the model," said McKenna.

"To fix a broken Australian housing market will require exactly this kind of innovation and collaboration."



Nightingale Housing

nightingalehousing.org

1 / 6 Florence St, Brunswick VIC

For more information about the PRADS model visit housingallaustralians.org.au or call Robert Pradolin on 0418 387 159.

For more information about Nightingale Housing visit nightingalehousing.org

For further information or interview requests, please contact:

Ben Hart

0407 445 551

About Nightingale Housing:

Nightingale Housing is a not-for-profit developer committed to creating sustainable, affordable, and community-focused housing solutions. Their projects prioritise people and the planet while striving to address the housing affordability crisis.

About Housing All Australians (HAA):

Housing All Australians is a private sector for-purpose organization and registered charity with a mission to increase the supply and access to affordable housing at scale throughout Australia. HAA firmly believes that housing is fundamental economic infrastructure for a prosperous country, just like infrastructure such as roads, schools, and hospitals. Their mission is to engage the private sector to prevent the long-term economic and social consequences of homelessness by addressing the chronic shortage of low-income affordable housing. HAA collaborates with private and public sector industry stakeholders to find innovative solutions to this critical issue.

More about Nightingale's North Coburg development:

In March 2021 Nightingale Housing acquired an industrial site on the corner of Sheppard St and Norris St, North Coburg, for its latest development. At the time, the land was in the process of being rezoned from industrial to residential and mixed-use.

While the original incorporated plan zoning approach only prescribed 5 per cent of homes to be affordable, Nightingale utilised the PRADS model to unlock a provision that allowed it to increase the height limit from three to five storeys, as long as the proportion of affordable housing was increased to 15 per cent. In October 2022 councillors at Merri-bek Council, the relevant planning authority, agreed to this change.



Nightingale Housing's Dan McKenna and Victorian Premier Jacinta Allan at a Brunswick site yesterday. PHOTO: EAMON GALLAGHER

Crisis collaboration raises the roof

Michael Bleby

A Melbourne council has given a developer two extra storeys – exceeding its own planning controls – as a way to triple the proportion of affordable housing on the 10,000-square-metre Coburg North site at no extra cost.

Merri-bek Council's lifting the height to five levels increased the yield on the 16 Sheppard Street site and allowed 15 per cent of the 200-odd apartments – up from the council's 5 per cent minimum – to become designated key worker housing, Nightingale Housing chief executive Dan McKenna said.

The deal predates Victoria's announcement last month of faster proposals for projects with at least 10 per cent affordable housing, but combining the two such measures would make below-market-rate rental units more attractive for commercial developers, Mr McKenna said.

"Sheppard Street shows what is possible and what can be achieved by collaborating, in this case between the local government and the not-for-profit

developer," Mr McKenna told *The Australian Financial Review* yesterday.

"The state government is about time and speed. This is the sort of thing [it] wants to incentivise the for-profit development community to do."

At a time when Australia's rental housing crisis is strengthening proposals for inclusionary zoning, requiring developers to increase provision of below-market-rent apartment stock, the Sheppard Street development showed these homes could be created without cost to the government or developer, Mr McKenna said.

"We think it is a really key piece to actually unlocking the market to drive the solutions to the housing crisis and not just relying on government and government alone," he said.

The agreed rezoning of the former industrial site limits the buildings at the edge to three storeys but rises to four and five further back in the precinct. The affordable housing contribution for buildings up to four storeys is 5 per cent of the total dwellings, but it jumps to 15 per cent for buildings of five storeys.

The decision showed that councils were able to work creatively with developers, Merri-bek Mayor Angelica Panopoulos said.

"Merri-bek is pleased to be able to provide an increase in affordable housing through projects like Nightingale, but the reality is that affordable housing still falls drastically short of what is needed," she said.

"Council can only do what the planning scheme allows. We need state and federal governments to step up and work with us to solve the housing crisis."

Council data reveals 5026 renters to be low-income renters paying more than 30 per cent of their household income on rent.

The affordable homes created could be owned and managed by a community housing provider or owned by individual investors and managed through the newly created Affordable Housing Register, Mr McKenna said.

Premier Jacinta Allan said yesterday the government had received more than 100 queries about the fast-track planning proposals it announced last month.

iii. [PRADS Model flow chart](#)

The PRADS model can create a significant supply of privately owned rental housing, rented at below-market rates for at least 30 years, without the need for government assistance. By using a Restrictive Covenant, this obligation remains on the title for the agreed period, after which it reverts to market and becomes unencumbered.



ADVANTAGES

- Increases affordable housing without impacting a developer's feasibility.
- Unlocks private sector capital by leveraging the subsidy across more affordable housing with the investor paying the balance.
- Allows developers to sell the affordable housing to their investor database.
- Enables developers to manage properties themselves or choose a qualified private-sector real estate agent or Community Housing Provider.
- Applicable to any form of dwelling: apartment, townhouse or house and land.
- Can assist qualified key workers to live close to employment.
- Diversifies the funding base for affordable housing sector away from government funding.
- The affordable housing obligation lasts for 30 years, or a negotiated term, after which it reverts to market.
- The PRADS Register enables government to transparently monitor the obligations of all stakeholders.
- Use of the PRADS Model and Register has the support of the Municipal Association of Victoria (MAV).

PHASE 1: PRE-DEVELOPMENT

Local Government

- Acknowledges affordable housing needs a subsidy.
- Works with developer to create additional value to the land, creating the required subsidy.
- Then negotiates a number of affordable homes at a % below market rent for an agreed period of time.
- Includes agreed outcome in the planning permit/amendment.

Developer

- Negotiates with council in good faith to include affordable homes in the development
- Achieves outcome that allows the development to remain viable
- Receives planning permit/amendment that reflects negotiated outcome.

PRADS Register

- Records the agreed number of affordable homes created, the % below market rent which the homes must not exceed, and the length of time these homes must remain affordable.

PHASE 2: DEVELOPMENT & SALE

Developer

- Develops the affordable homes and places the Restrictive Covenant on title, reflecting the planning permits inclusion of affordable homes, as negotiated.
- Sells the affordable home to an investor at a price that reflects the encumbrance on title.

Investor

- Purchases dwelling with the encumbrance on title.
- Appoints an appropriately qualified property manager to manage the affordable housing.
- Can sell the affordable home at any time with the encumbrance remaining on title until the expiry of the agreed term.

Property Manager

- Manages the property for investor on agreed terms and advertises for qualifying tenants
- Complies with the governance requirements of PRADS Model and uses the PRADS web portal to record compliance obligations, enabling visibility by government authorities.

PRADS Register

- Used by all stakeholders as the central repository for all compliance information.
- Allows integration with existing property management software, used by the managing agent or community housing provider, which allows the relevant data to be transferred once compliance obligations are met.
- Subject to any privacy provisions, it enables full visibility to the relevant government authority.

PHASE 3: RENTAL TENANCY + FUTURE SALE

Tenant

- Submits all required information through the PRADS web portal to confirm qualification.
- Signs a standard Residential Tenancy Agreement (RTA) at the agreed below market rent.
- Tenants the property in accordance with the conditions as specified in the RTA.

Valuer

- Is appointed by the agent, on behalf of the owner, to provide independent assessment of market rent and determines the maximum rent based on the encumbrance on title.
- Information uploaded through the PRADS portal.
- Process of determining market rent occurs on the 12-month anniversary of rent commencing.

Property Manager

- Reviews each tenancy application and performs their normal tenancy checks.
- Rents the property to a qualifying tenant based on the Valuers valuation.
- Submits information via PRADS web portal.
- Manages the property in the same manner as they would a market tenant.

PRADS Register

- Records all compliance information that is uploaded by the respective stakeholder.
- Using smart tech, the PRADS Register assesses all information provided and determines compliance
- If non-compliance is detected, the Register automatically advises the appropriate government department to investigate further.
- The Register is audited annually to ensure it is performing as intended.

THE PRADS REGISTER

A key component of the PRADS Model is the Register which is accessed through a web-based portal. The Register will:

- Provide a paperless platform allowing stakeholders to perform all functions online.
- Allows government to record agreed affordable housing outcomes, including the number of negotiated affordable homes, their tenure, and the % below market rent which the homes must not exceed.
- Provides transparency and monitoring of the compliance process to give government confidence that all stakeholders are meeting the agreed obligations.
- Using smart technology, it processes and verifies the eligibility criteria of tenants, specific to the LGA, and advises the respective government department if non-compliance is detected.
- Give developers the ability to sell affordable housing to their investor database, as well as the choice to manage the properties themselves or choose a qualified real estate agent or a Community Housing Provider.
- Allows Build To Rent (BTR) operators to manage their own affordable housing
- Comply with all federal, state and local government-approved cyber security protocols.
- Integrate with existing property management software to provide a seamless transition to business-as-usual operations.
- Provides access to annual attestation by property manager noting:
 - Affordable lease in accordance with the Residential Tenancy Act and at the agreed level negotiated with local government.
 - Affordable rent is being paid at no more than the agreed percentage below market rent.
 - Copy of Audit conducted every three years.
 - Valuation on market rent.
- Allows the tenancy applicant to:
 - Receive a link enabling online rental applications.
 - Process the required financial statements and prompts the tenant for any missing information.
 - Verify eligibility at the time of submitting their application.
 - Upload information including bank and income statements, and Statutory Declarations, as required.

iv. [Press Release on the development of the AHR \(PRADS Register\)](#)



ABN 23 629 193 764 | PEXA Group Limited

News Release

EMBARGOED UNTIL 12.00AM, TUESDAY 19TH SEPTEMBER

Australian-first digital Affordable Housing Register to help solve nation's housing crisis.

Australia will be home to a game-changing digital Affordable Housing Register (**AHR**) designed to help tackle the nation's housing crisis by unlocking private capital to fund affordable housing projects, nationwide.

The Affordable Housing Register is spearheaded by the non-profit organisation Housing All Australians (**HAA**) and PEXA Group Limited (**PEXA**), a world-leading digital property exchange platform and property insight solutions business.

With input from local government and the property industry, PEXA and HAA are building a national register that serves as a centralised platform and repository for recording all affordable housing commitments, while providing governments with the ability to transparently monitor the compliance of all stakeholders through the process.

The AHR ensures that developers, investors, property owners and tenants uphold their obligations, such as the committed period of below-market rent, guaranteeing the long-term affordability of the housing created.

HAA Chair, Louise Rutten, emphasised the urgency of addressing Australia's housing crisis through collaborative efforts between the public and private sectors.

“One of the biggest challenges with affordable housing is being able to track both the construction of housing – where it’s going and where it’s needed – and then the compliance with developers’ commitments to keep the housing affordable in the longer term. The other big challenge is attracting private capital to this sector because, despite good-intentioned efforts at a local, state and federal level, we know governments can’t solve this problem alone. Innovations like the AHR are fundamental to finding new solutions that deliver more affordable housing,” she said.

PEXA Group Chief Executive Officer, Glenn King, described the register as an important step toward ensuring transparency on affordable housing commitments.

“At PEXA, we are driven by our purpose and there’s no greater purpose for us than applying our technology capabilities to help resolve Australia’s urgent housing crisis. If we do not collectively solve this issue it will challenge the future prosperity of our country. This is a societal problem that requires true collaboration between business and the public sector,



ABN 23 629 193 764 | PEXA Group Limited

and it's this kind of 'out of the box' thinking being driven by organisations, like HAA, that will pave the way for innovative, new solutions to Australia's housing challenges."

While the AHR will be a national platform, it will be trialled in Melbourne first, with the City of Port Phillip, the City of Yarra, and the City of Melbourne staff playing pivotal roles in the pilot working group. Melbourne Lord Mayor Sally Capp said she strongly supported the initiative.

"The AHR will help magnify the outcomes from the City of Melbourne's affordable housing strategy," she said. "By unlocking private sector capital, we can offer affordable housing for essential workers that is closer to their workplaces, strengthening our local communities."

The AHR platform will seamlessly integrate with HAA's Progressive Residential Affordability Development Solution (**PRADS**). PRADS enables the creation of affordable housing without relying on any government subsidy or funding. It enables private sector collaboration with government to create additional value within the development which is then used as the subsidy for the affordable housing. This added value can be created in various ways, such as increasing development density or through negotiated outcomes of rezoning applications.

The resulting affordable housing obligations are secured on title, with rents set below market rates for at least 30 years, allowing developers to sell the affordable housing to investors while the government maintains oversight, through the AHR, to ensure the affordability is maintained for the agreed period.

Kelly Grigsby, CEO of the Municipal Association of Victoria, said Local Government holds a crucial responsibility in this process and collaboration with industry is the key.

"The PRADS approach is another constructive way to support productive partnerships between the development industry and local government which, over time, could generate substantial quantities of affordable housing. We also believe the AHR will fill a significant gap, helping councils monitor voluntary agreements with developers over the long term".

The introduction of the AHR will replace the outdated Excel spreadsheets currently used by most councils, enabling real time transparency.

The AHR can be used in both the build-to-sell and build-to-rent markets. Developers like HOME, Australia's largest build-to-rent (BTR) operator, are eager to collaborate with local government to ensure ongoing compliance and affordability in negotiated housing.

Christian Graham, Head of HOME said: "HOME owns and manages affordable housing in one of our BTR communities and, subject to regulatory incentives, we believe more should be done in this space. Through the transparency and oversight provided to government by the AHR, we now have a tool that supports the BTR operator managing its entire portfolio. This is a significant innovation for our sector."

-ENDS-



ABN 23 629 193 764 | PEXA Group Limited

For more information, please contact:

Danielle Tricarico – Head of Corporate Affairs, PEXA

E: Danielle.tricarico@pexa.com.au

M: 0403 688 980

Robert Pradolin – Founder and Executive Director, HAA

E: robert.pradolin@housingallaustralians.org.au

M: 0418 387 159

About Housing All Australians (HAA)

Housing All Australians is a private sector for-purpose organization and registered charity with a mission to increase the supply and access to affordable housing at scale throughout Australia. HAA firmly believes that housing is fundamental economic infrastructure for a prosperous country, just like infrastructure such as roads, schools, and hospitals. Their mission is to engage the private sector to prevent the long-term economic and social consequences of homelessness by addressing the chronic shortage of low-income affordable housing. HAA collaborates with private and public sector industry stakeholders to find innovative solutions to this critical issue.

About PEXA

PEXA is a world-leading ASX-listed digital property exchange platform and property insights solutions business. Since 2014, PEXA has facilitated more than 16 million property settlements through the PEXA Exchange in Australia, with 88% market reach, and in 2022 PEXA launched in the UK. The PEXA Group of companies, including .id (Informed Decisions), Value Australia and Land Insight, delivers digital insights and property solutions that help government, financial institutions, banks and property practitioners to unlock the future value of property.

www.afr.com | Tuesday 19 September 2023

Registry will track, help fund affordable housing

Michael Bleby

A new PEXA-backed platform, the first national registry of affordable housing, could unlock “hundreds of millions” of dollars of private investment into affordable housing by tracking developers’ commitments and providing a governance record to ensure promises are met.

The Affordable Housing Register would offer a verifiable way for individuals to own and lease out units for qualifying key workers at below-market rents, widening the pool of money in affordable housing, beyond institutions and community housing providers, platform founder Rob Pradolin said.

“It unlocks private sector capital by letting developers sell to their investor database an affordable home that helps society but is going to be monitored for 30 years by the Affordable Housing Register that ensures all stakeholders keep their promises,” Mr Pradolin, a former head of Frasers Property Australia, told *The Australian Financial Review*.

The first national platform, it would also allow policymakers and industry to see where affordable housing is located. To date, those details are held in disparate spreadsheets held by individual local authorities.

With definitions of “affordable” varying across regions, the register would also create a record of what those are. In time, tenants will be able to enter their data into the register to show their eligibility to rent the housing.



Rob Pradolin

Individual investors bought rental units under the now-discontinued NRAS scheme, under which below-market rents were subsidised by the federal government.

But with the right controls in place investors could again put money into affordable apartments developed in exchange for height or density bonuses

This is a societal problem that requires true collaboration.

Glenn King, CEO, PEXA

— as NSW Premier Chris Minns’ government has committed to do — said Mr Pradolin, now the head of advocacy group Housing All Australians.

“By unlocking private sector capital, we can offer affordable housing for essential workers that is closer to their workplaces, strengthening our local communities,” said Melbourne Lord Mayor Sally Capp, whose council will work with the City of Port Phillip and City of Yarra on the pilot.

“This is a societal problem that requires true collaboration between business and the public sector,” PEXA chief executive Glenn King said.

The subsidy in the form of the extra yield that allowed the developer to develop the affordable units and sell them at a discounted price meant no further funding was needed, said Mr Pradolin.

Build-to-rent operator Home, which will place 14 units in Melbourne’s Richmond on the platform as part of a pilot due to start next month, said it was a “significant innovation” that would allow BTR players to manage an affordable housing portfolio.

“Through the transparency and oversight provided to government by the AHR, we now have a tool that supports the BTR operator managing its entire portfolio,” Home’s Christian Graham said.

It could create a new housing asset type that investors could buy through their self-managed super fund and then bequeath to a grandchild as an unencumbered dwelling when the affordability requirement expired at the end of the fixed term, which should be a minimum of 30 years, he said.

“If NRAS was 35,000 dwellings there is no reason in the longer term that this could not mimic the rollout of NRAS,” Mr Pradolin said.

For the platform to function as designed, the federal government would have to agree to a recommendation of a 2021 report into the National Housing Finance and Investment Corporation — shortly to be renamed Housing Australia — that NHFC be allowed to channel money through a wider pool of not-for-profit providers, he said.

Cheaper to rent than buy in most suburbs

Nila Sweeney

Rising rates have hit housing affordability, with the percentage of suburbs where it is cheaper to buy a home than rent one slumping to just 3.3 per cent nationally from 30 per cent before interest rates began rising last year, new CoreLogic data shows.

The rising cost of money since May last year has pushed up mortgage repayments on a \$500,000 variable-rate loan with principal and interest repayments over a 30-year term by 25.5 per cent, adding about \$606 a month, according to the data provider.

This has hit the affordability of unit and house purchases.

Only 6.5 per cent of all unit markets nationwide are now more affordable for buyers than renters — a sharp decline from 48 per cent of suburbs as of April last year.

That’s a drop from 552 unit markets to 78. For house purchases the number

of suburbs slumped from 818 to 91.

“Even though rents were still rising rapidly, up 9 per cent over the past 12 months, mortgage repayments have risen substantially more, which has placed further downwards pressure on the number of suburbs where it’s cheaper to buy than rent,” CoreLogic research director Tim Lawless said.

“A cut in interest rates would clearly lower mortgage repayments, but is also likely to stimulate more demand-side pressures, which could push housing prices even higher.”

The only solution was for more supply to be added to the national market, to contain prices and create more diversity of housing type, especially in price-sensitive areas, he said.

AMP head of investment strategy and chief economist Shane Oliver said interest rate cuts would improve buying affordability, but these were unlikely to occur any time soon.

Continued p30

Buyers’ markets

Suburbs where it’s cheaper to buy a unit than rent

Suburb	Median value (\$)	Monthly mortgage repayment (\$)	Median monthly rental value (\$)	Monthly savings from buying (\$)
Carlton Vic	356,977	2,129	2,405	276
Melbourne City, Vic	464,508	2,770	2,929	159
Travancore, Vic	362,347	2,161	2,252	91
Spring Hill, Qld	438,528	2,615	2,680	65
Waterford West, Qld	279,878	1,669	1,722	53
Woodridge, Qld	258,908	1,544	1,573	29
Logan Central, Qld	258,151	1,539	1,554	15
Orenda, WA	204,919	1,222	1,633	411
Glendalough, WA	288,894	1,723	2,099	377
Thornlie, WA	289,592	1,727	2,064	337

SOURCE: CORELOGIC



v. Letters of support



**Commonwealth
Bank**

Michael Bennett
General Manager Property and
Construction Finance
Business Banking
Level 7
CBP South, 11 Harbour Street
Sydney NSW 2000
bennetmi@cba.com.au

Mr. Robert Pradolin
Housing All Australians
13 Fuchsia Lane
Mount Macedon VIC 3441

8/01/2024

Dear Rob,

RE: Affordable Housing Register (AHR)

CBA is committed to supporting our communities and seeks to contribute in ways that produce positive outcomes for society. We support customers with respect to housing affordability through participation in the Government's Home Guarantee schemes and through direct provision of banking products and services to residential housing developers, Community Housing Providers (CHP), and construction businesses.


The current landscape of housing affordability requires a multifaceted approach that involves innovative sustainable solutions and cooperation between private and public sectors. We welcome the work and innovative approach undertaken by Housing All Australians (HAA) and PEXA to develop a national model aimed at increasing affordable housing supply.

The Affordable Housing Register (AHR) initiative by HAA will provide a centralised national repository for recording and monitoring affordable housing commitments across local councils. Transparent and consistent mechanisms for affordable housing delivery and monitoring have the potential of unlocking private sector capital and facilitating greater cooperation between local governments and developers. HAA's Progressive Residential Affordability Development Solution (PRADS) model, which facilitates non-monetary concessions such as density and re-zoning application outcomes in exchange for affordable housing commitments can help mobilise private investment capital to meet the substantive upfront housing cost.

We believe the HAA proposed PRADS affordable housing model with the creation of the AHR, could facilitate and promote private sector participation leading to a more integrated approach to long-term affordable accommodation.

CBA welcomes AHR initiative, and we look forward to continuing to work with HAA and other stakeholders in the housing industry on improving housing affordability.

Sincerely,


Michael Bennett
General Manager Property and Construction Finance

22 January 2024

To whom it may concern

Letter of support: Housing All Australians Permanent Rental Affordability Development Solution and Affordable Housing Register

The Municipal Association of Victoria (MAV) is the statutory representative and advocacy body for Victoria's 79 councils. Today, the MAV is a driving and influential force behind a strong and strategically positioned local government sector. Our role is to represent and advocate the interests of local government; raise the sector's profile; ensure its long-term security; facilitate effective networks; support councillors; provide policy and strategic advice, capacity building programs and insurance services to local government.

The MAV has a long-standing interest in housing, and considers that every Victorian deserves safe, secure and affordable housing. We have provided a range of submissions and advice to the many inquiries and reviews and work closely with both the federal and state governments to support councils in their continuing efforts to address the housing crisis that presently impacts their communities.

Limitations arising from the Victorian Planning Scheme are a source of frustration for councils as they seek to include more social and affordable housing in their communities. The Progressive Residential Affordability Development Solution (PRADS) model provides a way forward, and importantly, positively engages the development industry. The Affordable Housing Register (AHR), which is currently being tested by three Victorian councils, has the potential to deliver timely, accurate and transparent data, which is becoming increasingly important to councils, developers, and policy makers.

Both the PRADS model and the AHR, when fully tested and scaled, could be important parts of a viable, sustainable, and effective system to deliver more social and affordable housing to Victorian communities.

Yours sincerely



KELLY GRIGSBY
Chief Executive Officer





21 February 2024

Robert Pradolin
Founder & Director
Housing All Australians
Robert.Pradolin@housingallaustralians.org.au

Dear Robert,

REA Group agrees in principle to support Housing All Australians' Affordable Housing Register

REA Group operates Australia's leading residential and share property websites realestate.com.au and Flatmates.com.au, connecting property seekers with available properties around the country. As the number one destination for renters, our aim is to simplify the renting process for tenants, landlords and property managers.

REA intends to develop functionality on its relevant platforms to allow property managers to advertise eligible properties as affordable while property seekers will be able to identify themselves as eligible tenants.

We believe everyone should have a safe place to sleep every night and are committed to connecting all members of our community with a home that is right for them.

Yours sincerely,

Jarrold Scott
General Manager – Product
REA Group



Property Council of Australia ABN 13 00847 4422
A Level 7, 50 Carrington Street, Sydney NSW 2000
T +612 9033 1900
E info@propertycouncil.com.au
W propertycouncil.com.au
T [@propertycouncil](https://twitter.com/propertycouncil)

21 December 2023

Letter of support for Housing All Australians' Permanent Rental Affordability Development Solution and Affordable Housing Register

The Property Council of Australia represents the driving force behind the nation's economy, contributing \$232.7 billion to the GDP, providing employment for 1.4 million Australians, and generating \$178 billion in employee incomes. The role of property in meeting Australia's social and economic needs has never been more apparent.

Our valued members play a crucial role in shaping our cities, fostering communities, and building the essential homes that Australians require. We understand the pressing issue of insufficient residential housing stock for both owners and renters. The lack of affordable housing is a growing concern that demands immediate attention and concerted efforts by all tiers of governments.

In this light, the Property Council of Australia stands in support of the commendable work undertaken by Housing All Australians (HAA), on the Permanent Rental Affordability Development Solution (PRADS) model and the Affordable Housing Register (AHR) initiative.

We endorse these initiatives, recognising the PRADS model and the AHR's capacity to unlock private sector capital - a crucial factor in growing the supply pipeline of affordable housing in Australia.

Initiatives aimed at unlocking more affordable housing are paramount, along with ensuring an adequate supply of retirement villages, build-to-rent developments, and purpose-built student accommodation assets.

The Property Council of Australia remains committed to championing these initiatives and collaborating with all stakeholders to address the urgent need in our nation's housing landscape.

Sincerely

A handwritten signature in blue ink, appearing to read 'Matthew Kandelaars'.

Matthew Kandelaars
Group Executive, Policy and Advocacy
Property Council of Australia

21 February 2024

Attention: Robert Pradolin
Executive Director
Housing All Australians

By Email: Robert.pradolin@housingallaustralians.org.au

Dear Rob

PRADs Model in Australian Build to Rent

HOME is Australia's largest creator and operator of Build to Rent apartment communities. We were pioneers in this space established in 2017 with the aim of reinventing the lifestyle experience for renters.

Today over 1,200 people and 150 pets live in our two live communities, and we have two more buildings to open in the next year and a further four in development across Melbourne and Sydney. Our customers have spoken with their feet adopting BTR as a better way of renting.

Within our HOME Richmond community, we proudly own and manage some moderate income (key worker) affordable housing apartments as part of the wider BTR mixed use community. These apartments are fully occupied. When we developed these apartments, we were surprised at the lack of information, guidance and infrastructure to deliver and manage affordable housing in Australia.

We commend you for this national initiative in devising the PRADs model as it addresses two industry barriers in producing affordable housing into property developments: (i) the economic impost of providing affordable housing relative to market housing and (ii) the need for a community housing provider (**CHP**).

Firstly, HOME recognises the importance to Australia of providing and delivering affordable housing but it needs to be acknowledged that affordable housing needs some form of genuine subsidy.

HOME is very willing to work with Local Government to create genuine and material value. If it is not, it will only serve to decrease future potential housing supply. We note that a number of projects were put on hold in 2023 across Australia due to viability.

The PRADS model is one such way that should be explored by Government.

The additional value could be directed to affordable housing initiatives. This approach would ensure the developer remains whole and the affordable housing can be subsidised. Meaningful time savings and additional planning certainty should also be targeted where possible as they assist with attracting necessarily cautious, institutional investment and accelerate housing delivery.

The second barrier that your model resolves is the property management. In the past we accepted that using CHP's was an easy and convenient way that government would ensure that any affordable housing would remain affordable. However, with the creation of the PRADS register, it will now be possible for government to have that oversight using technology.

As mentioned above, BTR operators already successfully manage affordable housing within their communities but planning policy is inconsistent across Australia.

Given the PRADS register, BTR operators will be able to manage any affordable housing and allow government with the oversight to ensure compliance is achieved.

In our view, whilst details need working through, conceptually these initiatives could remove two previously significant barriers to deliver more affordable housing for moderate income/key workers as part of BTR communities.

Please get in touch if you require further information.

Yours sincerely,



Christian Grahame
Head of Home

20 February 2024

To whom it may concern

Letter of support: Housing All Australians Permanent Rental Affordability Development Solution and Affordable Housing Register

The Australian Institute of Architects (Institute) is the peak body for the architectural profession in Australia. It is an independent, national member organisation with more than 14,500 members across Australia and overseas. The Institute's vision is "*everyone benefits from good architecture*", and our purpose is "*to demonstrate the value of architecture and support the profession*".

The Institute has advocated for many years to both the Federal and individual State and Territory governments on issues of social and affordable housing. The key issues have been expanding supply and ensuring that good design is a key consideration of social and affordable housing.

We are very supportive of the direction being established by the submission that Housing All Australians has prepared to create more affordable homes. It responds to a reality that governments in Australia cannot, on their own, create the required housing to address its needs. Only 4.4% of Australia's dwellings are social housing, well below the OECD average of 7.0%. As at June 2022, there was only 170.4 dwellings per 10,000 persons across the country. It is clear that an affordable housing solution must be created as a partnership between the government, the community and the development sector.

HAA's proposal is to use regulatory levers alone. We do urge that all levels of government apply the model amongst a range of solutions to deliver affordable homes for Australians. Governments must commit to achieving an operational and administrative definition of affordable housing and legislating the powers to establish, monitor and enforce the intent of PRADS and the Affordable Housing Register to enable this model to be delivered. In addition, there must be cooperation in relation to planning controls of State and Local Governments in each jurisdiction.

Last year, our Institute's National President, Stuart Tanner, stated publicly that Australia not only needs more housing, but better housing. Any housing created under this model must leave an enduring legacy to reduce total impacts on the environment in terms carbon emissions and other environmental degradation. Operational carbon emissions mandate that our affordable housing must be energy efficient, starting at 7 Star, but going even higher. We also need to use low carbon, replenishable materials.

Building durable homes that last longer than an average 30 years reduces embodied carbon and other environmental degradation.

Australia's homes must also be highly accessible and adaptable for changing needs. Australia also has the largest homes in the world amongst OECD nations. This creates direct risks for carbon as well as urban sprawl. Attention to best design design will enable us to "right-size" our homes and still enjoy high livability and reduce our environmental footprint. These requirements for best design should engineered into the model.

We support the proposal and look forward to hearing of its acceptance, implementation and success.

Yours sincerely

Leanne Hardwicke
General Manager, Policy, and Advocacy



5 April 2019

To whom it may concern

PERMANENT RENTAL AFFORDABILITY DEVELOPMENT SOLUTION (PRADS)

SGS has examined the PRADS model and we endorse it as a welcome and innovative way of sharing the value created through development approvals.

The great strength of the PRADS model is that it minimises transaction and negotiation costs for the development proponent. It can mobilise a broad spectrum of private investment capital to meet the substantive cost of providing the affordable housing. The proposal to set up a central register of PRADS agreements will not only facilitate monitoring and enforcement, it will help diffuse innovations in affordable housing practice.

SGS advocates for affordable housing requirements of developers to be clearly expressed and announced well in advance so that proponents can factor these obligations into their feasibility studies. Ideally, the discounted present value of these obligations should be readily discoverable by the proponent well in advance of site purchase. The PRADS model could complement a range of other mechanisms by which this \$ value may be delivered to the community, including 'gifting' of social housing units, or transfers at discounted prices. PRADS is inherently flexible for all parties negotiating how affordable housing will be delivered and is therefore an efficient option.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Spiller', with a large loop at the end.

Dr Marcus Spiller
Principal and Partner Convenor, SGS
Adjunct Professor RMIT University
Adjunct Professor UNSW
Associate Professor University of Melbourne

SGS Economics & Planning Pty Ltd
Offices in Canberra, Hobart, Melbourne and Sydney
Phone: 03 8616 0331



September 20 2023

To whom it may concern

RE: Permanent Rental Affordability Development Solution (PRADS) and Affordable Housing Register (AHR)

The Urban Development Institute of Australia, Victoria (UDIA) represents the residential development sector and the professional services that support it. Our members exist to deliver housing for Victorians – from detached houses, to medium and high rise developments. Our members deliver homes in Metropolitan Melbourne and in the regions.

UDIA recognises the lack of supply of suitable housing stock across the housing continuum for both home owners and renters. The lack of affordable housing is now at crisis level, and requires a response commensurate to the need from government and industry.

UDIA supports the work of Housing All Australians, including the PRADS model, and the Affordable Housing Register. The AHR promotes both transparency and accountability of all parties involved in the delivery of affordable housing and has the potential to unlock private sector capital for affordable housing. The use of technology in this platform to drive innovation in the sector is welcome and needed.

All stakeholders in the housing industry must work together to address the current crisis and we welcome the AHR initiative.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Linda Allison'.

Linda Allison
Chief Executive Officer

info@udiavic.com.au



vi. [Extract of the PEXA Annual Report 22/23 Financial Year](#)



ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Sustainability

PEXA remains on target to be net zero by 2025 across Scope 1 and Scope 2 emissions and, with the development of our carbon management plan, we are focusing on long-term environmental emissions reduction across the PEXA Group.

Social impact - PEXA giving back to the community

PEXA is proud to be a long-time partner of social enterprise, Homes for Homes,¹ supporting its long-term mission to end homelessness in Australia.

PEXA and Homes for Homes began working together in 2016. Between 2021 and 2023, PEXA has granted \$300,000 to Homes for Homes and is pleased to continue the partnership into FY24.

In FY23, PEXA began a partnership with Housing All Australians to build a national Affordable Housing Register – aimed to drive transparency, efficiency and trust in affordable housing programs. PEXA looks forward to continuing this partnership and important work.

The journey to sustainable and genuine reconciliation

PEXA proudly supports the Uluru Statement from the Heart and believes that meaningful engagement with First Nations communities is a key part of achieving this vision. In FY23, PEXA completed its inaugural Indigenous Engagement Strategy (IES) which will roll out over the course of FY24 in target areas of employment, products and services as well as community.

ESG governance

In late FY23, PEXA undertook its inaugural ESG Materiality Assessment. The process involved feedback from PEXA's leadership team, its customers, employees and investors. This resulted in the identification of current and developing ESG topics of interest to the PEXA Group and its stakeholders. The outcomes of our assessment alongside our corporate risk management frameworks will inform the next phase of PEXA's ESG strategy and governance practices.

"Housing All Australians firmly believes that collaboration with value-aligned private sector organisations, such as PEXA, can play a pivotal role in addressing Australia's housing crisis. PEXA has demonstrated its commitment by contributing its expertise to develop the PRADS Affordable Housing Register, a groundbreaking initiative that facilitates the unlocking of private sector capital, at scale, to support the delivery of affordable housing nationwide. We consider ourselves incredibly fortunate to have PEXA as our partner in our mission to help resolve Australia's housing crisis."

Louise Rutten, Chair and Co-Founder, Housing All Australians

1. Homes for Homes is a social enterprise – backed by The Big Issue – where property owners choose to contribute 0.1% of the sale price of the property when it sells to support Homes for Homes which in turn pools the funds and disburses them to community housing providers to increase the supply of homes to those in need.