

New Builds Volume Leasing Program

ACT and NSW

Information Memorandum





The New Builds Volume Leasing Program is your opportunity to work with DHA to deliver new properties in ACT and NSW.

To meet the housing needs of a growing number of Defence members, Defence Housing Australia (DHA) is regularly looking to add new properties to our portfolio by leasing them directly from investors.

The New Builds Volume Leasing Program is your opportunity to work with DHA to help deliver a minimum of 900 newly constructed, high-quality properties to lease to DHA over the next five years in the Canberra, Sydney, Newcastle and Nowra regions. DHA is seeking multiple suppliers who can collectively deliver this volume of housing.

Expressions of Interest (EOI) are invited from interested parties active in the development of land, building and/or sale of new dwellings to investors, or investment bodies looking for secure long-term leases on properties in their investment portfolios.

This EOI process provides an opportunity for you to demonstrate your organisation's capability to deliver volume properties for DHA to lease in one or more of the Canberra, Sydney, Newcastle and Nowra regions. This requires access to residential land as well as some form of building capability or access to new built-form product.

DHA invites you to respond to this EOI and demonstrate:

- › Your capability to deliver suitable housing in Canberra, Sydney, Newcastle or Nowra.
- › Your ability to access land and construct housing or acquire new built-form housing in Canberra, Sydney, Newcastle or Nowra.
- › The timeframe in which you could deliver built housing on available land over a long-term period.
- › Whether you plan to sell all of the housing to investors, or retain all or some for your own investment portfolio.
- › Any other innovative methods of delivering long-term leased housing for DHA in Canberra, Sydney, Newcastle or Nowra.

Respondents do not need to be able to supply leased housing in all regions to be considered.

An invitation to participate in the New Builds Volume Leasing Program will allow you to:

- › Create suitable house and land packages to promote to investors with a commitment from DHA to lease the property for a term of 6, 9 or 12 years plus a 3-year option.
- › Offer investors the peace of mind of guaranteed rent¹, a long-term lease², and a reliable tenant at the completion of their build.
- › Build or acquire suitable new housing to lease directly to DHA and enjoy the benefits of DHA's long-term lease and Property Care Contract².
- › Work with a trusted Australian Government Business Enterprise with 35 years' experience leasing and managing properties.
- › Benefit from DHA-facilitated access to our existing property investor leads and marketing channels to promote your housing packages, and awareness through our brand and advertising investment.

1. Rent may be subject to abatement under certain circumstances such as loss of enjoyment or amenity, or breach of lease terms. Rent is paid where the property is habitable. Should a property become uninhabitable during the term of the lease, or lessor breaches the lease terms, the rent may cease or abate and the lease may be terminated by DHA. Guaranteed rent is subject to the terms of the lease. DHA does not take into account an investor's objectives or financial needs. Investors should always seek appropriate independent advice before making any investment decisions with DHA.

2 DHA will lease back the property if, on completion of construction of the property, DHA is satisfied that the property has been completed in accordance with DHA's requirements.

New Builds Volume Leasing Program overview

Respondents may express their preference for one or more of the following delivery models to deliver a long-term supply of individually leased housing, which DHA would commit to lease:

- › Build to sell and lease – You have your own development land or you would source land from the market to construct houses on and sell to investors with a DHA lease commitment¹.
- › Build to retain and lease – You have your own development land or you would source land from the market to construct houses on and retain in your own investment portfolio to lease to DHA¹.
- › Corporate Investment – You are a corporate investor that would source properties from third parties to be developed/constructed on your behalf to retain in your own investment portfolio to lease to DHA¹.
- › Property Fund/Trust – You would create a Property Fund or Trust in which units would be owned by investors that would fund the development/construction of properties by third parties which you would lease to DHA¹.

DHA would enter into Long-Term Supply Agreements with successful Respondents which would detail the volume of leased properties that the supplier is able to deliver, and that DHA is willing to commit to over a minimum 5-year period. The agreement allows for regular reviews to update demand from DHA and supply availability from the supplier to enable future delivery planning.

Successful Respondents will have the opportunity to gain DHA-facilitated access to DHA's investor leads and marketing channels to promote their housing packages for sale.

Housing to be delivered under the New Builds Volume Leasing Program would be leased from the investor or Respondent, if retaining the property, under the terms of DHA's lease and Property Care Contract, copies of which are available within the EOI documentation.

Property and location requirements

Through this EOI, DHA seeks to work with industry to deliver around 900 properties over the next five years in the Canberra, Sydney, Newcastle and Nowra regions, details of which are available within the EOI documentation.

DHA is predominantly seeking to lease newly constructed free-standing houses, townhouses or attached dwellings on a range of land sizes with three-to-four bedrooms and accommodation for one to two cars. The leased houses can be single or double storey.

Properties must comply with DHA's Property Inclusions, which provides the minimum standards DHA is seeking for design and construction requirements, with the aim to deliver quality housing that is region and climate appropriate. Further details on the minimum requirements and DHA's Property Inclusions are available within the EOI documentation.

Other regions

Respondents can also indicate other regions where they may be able to supply leased housing in their response. Respondents who are unable to supply leased housing in the Canberra, Sydney, Newcastle or Nowra regions are eligible to participate in this procurement process if they are able to supply leased housing in other regions.

Respondents who are invited to participate in the New Builds Volume Leasing Program as a result of this EOI are then eligible to supply leased housing to DHA in any complying region without the requirement to participate in further procurement processes.

How to participate in the EOI

To participate in the New Builds Volume Leasing Program please submit a response to DHA's Approach to Market, which will be released on the AusTender website at www.tenders.gov.au. You must complete the new user registration or login to AusTender to access the EOI documentation and upload your response.

Responses must be lodged on or before the Closing Time, electronically using the Electronic Tender Box on the AusTender website.

This EOI process will allow DHA to select Respondents who are deemed suitably qualified who may be invited to participate in the New Builds Volume Leasing Program and ultimately provide leased properties to DHA in Canberra, Sydney, Newcastle or Nowra.

Industry briefings and one-on-one meetings

Online Industry Briefing sessions will be held for interested parties to learn more about the New Builds Volume Leasing Program EOI. Links to register for the Industry Briefing sessions are available within the EOI documentation.

A summary of the Industry Briefing queries and responses will be provided via AusTender after the industry briefing sessions are held.

Following EOI close, selected Respondents will be invited to attend one-on-one meetings with DHA to discuss their responses and to allow both parties to ask questions.

Procurement timetable

Activity	Timing
EOI released to market	Tuesday 9 July 2024
Industry briefing sessions	11am AEST – Wednesday 17 July 2024 11am AEST – Thursday 18 July 2024
Deadline for submission of respondents' queries	3pm AEST – Wednesday 31 July 2024 Respondents may submit queries in writing via email to the Contact Officer any time up to six calendar days before the Closing Time
Closing time	3pm AEST – Thursday 8 August 2024
Short-listing of respondents	Monday 12 August 2024 to Friday 23 August 2024 (indicative)
One-on-one meetings	Monday 26 August 2024 to Friday 6 September 2024 (indicative)
Due diligence conducted on accepted suppliers	Monday 21 October 2024 to Friday 15 November 2024 (indicative)
Long-term Supply Agreement negotiations	Commence from Monday 18 November 2024 (indicative)

This information contained herein is for guidance only and subject to change. All information regarding DHA's New Builds Volume Leasing Program EOI should be obtained via AusTender, which will be available upon release.

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About DHA

The Federal Government created Defence Housing Australia (DHA) in 1988 to provide quality housing for Defence members and their families.

Over the past three decades, DHA has developed one of the largest property portfolios in the country by building, buying, and leasing homes. We currently provide homes to almost 16,000 Defence members, ensuring they have safe, quality accommodation close to their work and local amenities.

With more than 12,000¹ homes leased from investors, our properties are located around Australia where Defence bases are located – including all mainland capital cities, as well as some regional centres.

The benefits of the DHA lease to investors

More than 12,000¹ investors currently lease their property to DHA. While Defence members and their families occupy the property, DHA is the tenant under the terms of our lease. With DHA as the tenant, investors get a secure, long-term lease where they are paid guaranteed market value rent² for the duration of the lease.

Leasing a property to DHA allows investors to:

- › budget easily knowing they'll receive guaranteed² rental income for the duration of their lease, even if the property is vacant.
- › choose the terms that best suit their needs with long-term leases of up to 12 years, with the possibility of extension.
- › have most non-structural repairs³ covered under our Property Care Contract.
- › receive all these benefits covered under one service fee charged as a percentage of gross rent.

DHA Property Care

When an investor leases their property to DHA, we act as both tenant and manager for the investor's property. We manage it under the terms of the Property Care Contract, which outlines the services we provide throughout the lease term including:

Vacancy management: we keep the property occupied throughout the lease term and manage the occupant on the investor's behalf. If the property is ever unoccupied, we still pay rent and manage the grounds to ensure they are neat and tidy.

Repair: we organise and pay for most non-structural repairs, including the replacement of fixed appliances as needed. If an emergency repair or maintenance is required, we will act quickly on the investor's behalf.

Scheduling and facilitating: we carry out inspections and report back to the investor regularly so they know everything is in order. We also facilitate investor inspections, for instance if they require a property valuation.

Rent review: we conduct annual rent review through licensed, independent valuers to ensure that investors receive market-value rent.

All the benefits of the Property Care Contract are provided under one simple service fee.

This service fee is calculated as a percentage of the gross rent and is deducted from the investor's monthly payments. Depending on the property type, we charge:

- › a flat fee of 16.5% (inc GST) for most free-standing houses; or
- › a flat fee of 13.0% (inc GST) for properties where a body corporate is responsible for most of the common areas, including external paint.

More than 12,000¹ investors are currently taking advantage of the benefits of DHA's long-term lease and Property Care Contract



Guaranteed² rental income



Long-term leases of up to 12 years



Most non-structural repairs³



Property care and management



Covered under a single service fee

1 - As at 30 June 2023

2 - Rent may be subject to abatement under certain circumstances such as loss of enjoyment or amenity, or breach of lease terms. Rent is paid where the property is habitable. Should a property become uninhabitable during the term of the lease, or lessor breaches the lease terms, the rent may cease or abate and the lease may be terminated by DHA. Guaranteed rent is subject to the terms of the lease. DHA does not take into account an investor's objectives or financial needs. Investors should always seek appropriate independent advice before making any investment decisions with DHA.

3 - A comprehensive description of repairs included in our service and exclusions can be found in the Property Care Contract. For more information, please visit <https://www.dha.gov.au/investing/property-care>

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More information

Interested parties may submit queries in writing via email to the Contact Officer at tenders@dha.gov.au from the release of the EOI any time up to five calendar days before the Closing Time specified on AusTender.

Should you experience technical difficulties while completing or updating your AusTender registration, contact the AusTender helpdesk via email at tenders@finance.gov.au or complete the Contact Us form available on their website. The Help Desk is available between 9am and 5pm ACT Local Time, Monday to Friday (excluding ACT and Australian national public holidays).

Key links

- › AusTender website to register and download EOI documentation: <https://www.tenders.gov.au>
- › DHA New Builds Volume Leasing Program webpage: <https://www.dha.gov.au/investing/new-builds-volume-leasing>



Disclaimer

General information, Terms and Conditions:

Defence Housing Australia (DHA) reserves the right to make changes to any of the information or requirements contained within this document without notice. DHA will assess submissions and may select a preferred respondent. DHA retains the right to negotiate with a preferred respondent. DHA reserves the right to conduct a financial assessment on respondents at its discretion. DHA reserves the right not to accept any submission or to seek further proposals from others should the submissions not suitably achieve DHA's objectives for the project and/or are not satisfactory to DHA in its absolute discretion. DHA reserves its right to consider a non-conforming submission for evaluation. **Absence of**

obligations: No legal or other obligations will arise between a respondent and DHA unless and until formal binding documentation has been signed. DHA is not obliged to proceed with or accept any submission. In particular, DHA reserves the right to negotiate directly with any party as part of this process. **Right to amend and terminate process:**

At its absolute discretion, DHA reserves the right to amend and terminate the process set out in this document without notice. **Costs borne by respondents:** Any and all costs and expenses incurred by the respondents in any way associated with the development, preparation of their submission(s), including all its due diligence, attending meetings and providing additional information if required, will be entirely borne by respondents.

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