

Buying a property with a DHA lease

Benefits for investors



Defence Housing Australia (DHA) offers property investment with less stress and more financial certainty through a long-term lease and secure rental income.

To make it easier for investors to find a property that meets DHA's requirements, we regularly review Builder House & Land packages and provide a 'commitment to lease' on DHA-compliant properties once they are completed. Put simply, we have identified properties in the right location, with the right inclusions, which would be ideal to lease to us.

You can buy these 'pre-approved' properties directly from participating third parties, such as builders or real estate agents. Once the property is completed, DHA will lease the property back from you (the investor) on our long-term lease.

Benefits of a DHA lease

More than 12,000¹ investors currently lease their property to DHA. The benefits include:

Guaranteed² rent – budget easily knowing you'll receive guaranteed² rental income for the duration of the lease, even if the property is vacant.

Long-term leases – choose a property with a lease term that best suits your needs with long-term leases of up to 12 years, with the possibility of extension.

Property care services – have most non-structural repairs³ covered under our Property Care Contract.

One simple fee – receive these benefits 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 repairs³, 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 a property valuation is required.

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

All of 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% (inc GST) for properties where a body corporate is responsible for most of the common areas, including external paint.

1 - As at June 2024

2 - The rental guarantee is subject to the terms of the lease. 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.

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>.

More than 12,000¹ investors are currently taking advantage of the benefits of DHA's long-term lease and property care services.



Guaranteed² rental income



Long-term leases of up to 12 years



Most non-structural repairs³



Property care services



Covered under a single service fee

Buying a property with a DHA lease

The benefits of a DHA lease are unlike anything else on the market, and the process of finding and buying a property can be a little different too. New properties with a DHA lease are generally sold off-the-plan directly from third-party builders or agents. DHA assess each property and commit to leasing the property on completion.

Finding an investment property

To view a list of 'pre-approved' investment properties with a DHA lease commitment, you can visit [DHA's website](#).

This list is regularly updated with properties across Australia. However, DHA is not the seller of these properties, and is not responsible for any aspect of delivery of the properties.

We have assessed these property locations, plans and inclusions and have committed to a long-term lease on completion of construction, if delivered to the agreed specifications.

Disclaimer: DHA is not the vendor of the property and therefore makes no representation in relation to the land, the builder, the construction of the property or any other matter unrelated to the DHA Lease Agreement or Property Care Contract. Investment in a DHA property is subject to the terms of the DHA Lease or other contractual documentation and those terms take precedence over any information contained in this advertising material. Investors should always seek appropriate independent advice before making any investment decisions with DHA.

Buying off-the-plan

Most of these properties are "off-the-plan", which is when you purchase a property that has not yet been constructed. In some cases, this is before any works have commenced, in others it may be nearer to the completion of construction.

Split contract: When buying off-the-plan, most free-standing properties are purchased under a split-contract arrangement where the dwelling and the land are purchased under separate contracts. This involves:

- › Signing a land purchase contract directly with the developer or owner of the land, and
- › Signing a separate construction contract with the developer or builder for the construction of the dwelling.

When buying a free-standing house and land package, in most cases, you will be required to settle on the land and then make progress payments to the builder throughout the construction period.

There are some advantages of a split-contract arrangement, predominantly that the buyer is securing the land at current market prices and potentially gaining an advantage in any market increases that may occur during the construction period. There may even be stamp duty benefits in some states, where stamp duty is payable on the land component only.

Single contract: In some cases, new properties are available to purchase off-the-plan by way of a single contract, however these are typically only available when the dwelling is part of a strata or group title (such as a townhouse or apartment), where the creation of a title cannot occur until the dwelling construction is complete.

The buyer may sign a single contract to purchase both the land and dwelling with the provider constructing the property.

Property requirements

The general requirements for leasing properties to DHA are listed below and may vary by location.

If you are building a new property that you would like to lease to DHA (that is not from the 'pre-approved' list), we recommend contacting the team on 133 342 or leasing@dha.gov.au during the planning stage of your project to ensure your proposed build meets our requirements.

Requirements	Free standing dwellings	Townhouses	Apartments
Location	Within 30kms of a Defence Base	Within 30kms of a Defence Base Close to transport links and amenities (such as shops and restaurants)	Within 30kms of a Defence Base Close to transport links and amenities (such as shops and restaurants)
Bedrooms	At least 3 (with built-in robes)	At least 2 (with built-in robes)	At least 2 (with built-in robes) 1 bedroom accepted in some locations
Bathrooms	With separate shower and bath Separate toilet to bathroom	✓	✓
Ensuite	✓	Desirable	Desirable
Lounge	✓	✓	✓
Dining/meals	✓	✓	✓
Kitchen	✓	✓	✓
Laundry	✓	Internal laundry	Internal laundry
Garage	Double or single lock-up garage	Double or single lock up garage	Secure car accommodation
Outdoor area	Fully enclosed rear yard Covered outdoor area Low-maintenance garden	Covered outdoor area Low-maintenance garden	-
Storage	Internal storage: linen, broom and pantry cupboards	Internal storage: linen, broom and pantry cupboards	Secure storage room, cage or cupboard
Other features	Security screens Climate control	Security screens Climate control	Security screens (ground floor) Climate control



Want to find out more?

To speak to the team about building a property to lease to DHA or projects you currently have under construction:

- › call 133 342, or
- › email leasing@dha.gov.au

Search properties with a DHA lease

To view a list of properties that DHA has committed to lease visit: www.dha.gov.au/investing/investment-opportunities

For more information regarding a specific property, you can contact the builder or agent directly.

Disclaimer

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