

New Builds Volume Leasing Opportunity

Information memorandum





The New Builds Volume Leasing RFI is your opportunity to work with DHA to deliver new properties in Canberra and South East Queensland.

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 Request for Information (RFI) is your opportunity to work with DHA to help deliver up to 600 newly constructed, high-quality properties to lease to DHA over the next five years across Canberra and South East Queensland.

The RFI is open to interested parties active in the development of land or townhouses, building or sale of new dwellings to investors, or investment bodies looking for secure long-term leases on properties in their investment portfolios.

Initially this RFI process provides an opportunity for you to showcase your ability to access land and develop unique delivery models to deliver DHA-compliant housing and may lead to your organisation being invited to participate in the proposed New Builds Volume Leasing Program.

DHA wants you to respond to this RFI and advise us:

- › whether you have the capacity to deliver DHA-compliant housing in Canberra and/or South East Queensland.
- › what your capacity is to access land or new built-form product in Canberra and/or South East Queensland, and the timeframe in which you could deliver leased housing on that land.
- › whether you have the ability to access land or built-form product in other DHA priority regions, as detailed in the RFI.

- › what delivery model/s best suit your organisation's capabilities (see page 3 for examples).

Respondents who are short-listed from this RFI may be invited to participate in a subsequent procurement process to deliver the proposed New Builds Volume Leasing program. Each invited respondent would utilise their own delivery models as agreed with DHA, and there is no limit to the number of models that may be utilised.

Future participation in the proposed program will allow you to:

- › create DHA-compliant house and land packages to promote to investors with a commitment from DHA to lease for up to 12 years.
- › offer investors with the peace of mind of guaranteed rent¹, a long-term lease², and a reliable tenant at the conclusion of their build.
- › buy or build DHA-compliant houses 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 opportunity, 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 RFI overview

Through the New Builds Volume Leasing RFI, DHA seeks to work with industry to deliver up to 600 properties over the next five years across Canberra and South East Queensland.

This unique RFI process provides you the opportunity to develop and propose your own delivery models through which you can provide properties to DHA under the long-term lease arrangement.

Types of models which may be considered include, but are not limited to:

- › creating and selling DHA-compliant house and land packages to investors with a DHA lease commitment¹.
- › coordinating the construction of new, DHA-compliant properties to lease to DHA¹.
- › building or buying new DHA-compliant properties to lease directly to DHA while retaining ownership.

Selected industry participants may propose to bring any number of properties and may have the opportunity to gain DHA-facilitated access to DHA's investor leads and marketing channels to promote their opportunities.

Property and location requirements

The New Builds Volume Leasing opportunity will initially commence across four target regions:

- › Canberra (300 properties)
- › South East Queensland - specifically Brisbane, Ipswich and the Gold Coast (300 properties)

Details of the target locations within these regions are available within the RFI documentation.

The New Builds Volume Leasing opportunity may be expanded to other DHA priority regions in the future. Within the RFI response, you will be asked whether you have access to land or new built-form product in other areas.

We are predominantly seeking townhouses and free-standing houses on a range of land sizes with three to five bedrooms and accommodation for one to two cars.

Properties must also meet DHA's Property Minimum Standards. A full list of housing types required by region and DHA's Property Minimum Standards is available within the RFI documentation.

How to join the New Builds Volume Leasing RFI

To participate in the New Builds Volume Leasing opportunity, you must submit a response to DHA's RFI. This discovery process will allow DHA to identify potential delivery models and industry participants to work with.

The RFI will be released on the AusTender website at <https://www.tenders.gov.au>. You must complete the new user registration or login to AusTender to access the RFI 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 RFI process will allow DHA to select respondents who are deemed suitably qualified who may be invited to participate in a subsequent procurement process to implement their proposed delivery models and ultimately provide leased properties to DHA.

Industry Briefing and feedback sessions

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

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

Following RFI close and receipt of responses, further one-on-one meetings will be held with short listed industry participants to discuss their responses and to gain further insights and feedback on their proposed models to deliver on DHA's New Builds Volume Leasing opportunity.

New Builds Volume Leasing RFI timetable

Stage	Activity	Indicative timing
Stage 1	RFI released to market	Tuesday, 13 June 2023
	Industry Briefing sessions	Wednesday 28 June 2023 and Thursday 29 June 2023
	Deadline for Submission of Respondents' Queries	3.00pm AEST – Thursday 20 July 2023 Respondents may submit queries in writing via email to the Contact Officer any time up to five calendar days before the Closing Time
	Closing Time	3.00pm AEST – Thursday 27 July 2023
	Short-listing of Respondents	Monday 31 July to Friday 18 August 2023
	One-on-one feedback meetings	Monday 4 September to Friday 15 September 2023
Potential Stage 2	Short-listed Respondents invited to participate in procurement process/es	October – December 2023
	Procurement closing date	January – March 2024
	Evaluation of submissions	January – March 2024
	Engage suppliers	April – June 2024
	Commence 5-year trial	April – June 2024

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

¹ 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.



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 12,000 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 rent^{2*} 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 June 2022

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>.

More information

Interested industry participants may submit queries in writing via email to the Contact Officer from the release of the RFI any time up to five calendar days before the Closing Time.

The Contact Officer contact details are available in the RFI documentation.

Should you experience technical difficulties while completing or updating your AusTender registration, contact the AusTender helpdesk via email at tenders@finance.gov.au or by completing 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 RFI documentation: <https://www.tenders.gov.au>
- › DHA New Builds Volume Leasing opportunity webpage: <https://www.dha.gov.au/investing/newbuildsvolumeleasing>



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.

This information memorandum has been prepared by DHA for the information of potential purchasers. DHA specifically disclaims any liability or responsibility for the material and information contained in this document. The information provided in this document, and any supporting information whether written or oral, is provided in good faith, as a general guide only, and does not constitute any offer or contract of sale. Nothing in this document should be considered to be a recommendation in relation to the purchase of a property, or otherwise. Figures and calculations contained in this report may be based on information provided by third party sources, and have not been verified by DHA. Any projections contained in this document are estimates only and may be based on incomplete or erroneous assumptions. All images in this document, including but not limited to plans, specifications, and artist impressions, are indicative only and subject to change. DHA do not guarantee, warrant, or represent the accuracy or completeness of any of the information contained in this document, or provided in connection with this document, and no liability or responsibility is accepted by DHA as to the accuracy of any such information. Interested parties must rely on their own investigations, inspections, and analyses, seek appropriate expert advice, and otherwise satisfy themselves in relation to all aspects of the proposal. DHA, and their employees, agents, representatives, and consultants are not liable for loss or damage in relation to any statement, figure, or other information contained in this document or otherwise which may be incorrect or misleading, or for any failure to disclose information, whether in connection with this document or at any other time.