

Affordable Housing Models

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Approach

- _ Case studies
- _ Key issues
- _ Strategic directions

Case studies

- _ Emmaus Community Housing Project
- _ Victoria Harbour Affordable Housing Proposal
- _ Port Phillip Housing Program Restructure
- _ Kensington Public Housing Redevelopment
- _ Adelaide Redevelopment Project
- _ St Mary's Affordable housing Strategy

Emmaus Community Housing Project

- _ Overview
 - South Croydon, Melbourne
 - 3 hectares, residential
 - Church owned site
 - Mixed private, community housing
 - Community centre
- _ Players
 - Emmaus Christian Community Ltd
 - Jubilee Housing Inc
 - VicUrban
 - Office of Housing
 - National Australia Bank

Emmaus Community Housing Project

- _ Outcome
 - 20 lots sold to owner builders
 - One lot returned to Church for Community centre
 - Medium density lot retained for 19 community housing units
- _ Features
 - Community contribution
 - Ownership in Trust by ITEC
 - Project management and development risk by VicUrban
 - Bank loan, net income stream, first mortgage
 - OOH grant
 - Priority Deed

Victoria Harbour Affordable Housing Proposal

- _ Overview
 - Docklands, Melbourne
 - Mixed retail, commercial and residential precinct
 - High "land" value
 - Affordable housing for low wage employees
- _ Players
 - Lend Lease Development
 - VicUrban
 - National Australia Bank
 - Office of Housing
 - Melbourne Affordable housing

Victoria Harbour Affordable Housing Proposal

- Outcome
 - 10% affordable housing proposal
 - 55 unit demonstration project
 - Mixed use building
 - Located in prime position
- Features
 - Land value
 - Target group, affordability
 - Tax benefits
 - Capital subsidy
 - Loan structure
 - Ownership structure
 - Allocation of risk
 - Management performance

Kensington Public Housing Redevelopment

- Overview
 - Inner city Melbourne
 - 6 hectare site, 586 PH units
 - 385 PH units demolished
 - Two towers upgraded
 - Site development to public tender
- Players
 - Office of Housing
 - Becton Corporation
 - Kensington Management Company
 - Kensington Community Liaison Committee

Kensington Public Housing Redevelopment

- Outcome
 - 195 new PH units
 - 450 private units
 - Community building approach
 - On site management organisation
 - First two stages opened 2004
- Features
 - Relocation of tenants
 - Integration of public and private
 - Ownership and management of public housing
 - Coordinated approach to community building
 - Common facilities management

Port Phillip Housing Program

- Overview
 - City of Port Phillip
 - 14 projects over 19 years
 - \$14M invested plus \$23M State funding
 - Sustainable, growing, independent
 - AHA status, leverage asset base
- Players
 - City of Port Phillip
 - Port Phillip Housing Association
 - Office of Housing
 - Bank
 - Developers

Port Phillip Housing Program

- Outcomes
 - Proposal under consideration
 - Port Phillip Housing Trust
 - Port Phillip Housing Company
 - 10 year development program, 500 units
 - \$65M investment
- Features
 - Transfer of assets
 - Ownership of trustee company
 - Capital subsidy
 - Allocation of risk (political risk)
 - Management performance
 - Partnership agreements

Adelaide City Redevelopment Project

- Overview
 - Adelaide CAD
 - 7 hectare redevelopment site
 - Master plan approved for 1000 dwellings
 - Requirement for 15% affordable housing
 - Public tender
- Players
 - City of Adelaide
 - Multiplex/Urban Construct
 - South Australian Housing Trust
 - Swinburne ISR
 - MACHA

Adelaide City Redevelopment Project

- _ Outcomes
 - Negotiating DA
 - Proposal exceeds requirements wrt AH
 - Combination of social housing, affordable rental and purchase, student housing
- _ Features
 - Ownership
 - Capital subsidies
 - Debt finance
 - Allocation of risk
 - Loan product for low income purchasers
 - Management performance

St Mary's Affordable Housing Strategy

- _ Overview
 - Western Sydney
 - 1,500 hectare new land release
 - 3% lots required for affordable housing
- _ Players
 - ComLand (for ADI)
 - Delfin Lend Lease
 - Maryland Development Company
 - DIPNR
 - DOH

St Mary's Affordable Housing Strategy

- _ Outcomes
 - Currently DLL and DOH negotiating MOU
 - Approx 150 lots to be handed over
 - Combination of affordable rental and home purchase
- _ Features
 - Target group
 - Affordability
 - Design
 - Ownership
 - Management
 - Loan products both models
 - Risk allocation

Key issues for "model"

- _ How do you reduce the cost of production?
- _ Who is the target group?
- _ What are the objectives?
- _ Where is the money going to come from?
- _ Who is going to own the property?
- _ Who is going to manage the property?
- _ How will the risks be apportioned?

Cost of production

- _ Land
- _ Infrastructure
- _ Construction
- _ Margins

Target group

- _ Welfare clients
- _ Low income wage earners
- _ Low to moderate income households

Objectives

- _ Affordability
- _ Security of tenure
- _ Location
- _ Amenity
- _ Equity
- _ Ownership

Finance

- _ Social investment
- _ Public debt
- _ Public equity
- _ Public grants
- _ Private debt
- _ Private equity

Ownership

- _ Private sector investment vehicle
- _ Public sector authority
- _ Joint venture vehicle
- _ Community sector organisation
- _ Affordable housing trust

Management

- _ Private sector
- _ Public sector
- _ Community housing organisation
- _ Affordable housing association
- _ Joint venture

Risks

- _ Development risk
- _ Construction risk
- _ Capital risk
- _ Management risk
 - Rental income
 - Property condition
- _ Political risk

An affordable housing "model"



Strategic Directions

- _ National Affordable Housing Strategy
 - Adequacy and security of CRA
 - Long term capital funding program
 - Investment in industry infrastructure
 - Consistent approach to NGO regulation
 - Confirmation of taxation arrangements
 - Agreed approach to debt finance
 - Agreed targets, agreed outcomes

Strategic Directions

- _ State affordable housing programs
 - Inclusionary zoning
 - Capital budget
 - Regulated providers
 - NGO ownership
 - Framework for public/private/community partnerships

Strategic Directions

- _ Affordable housing projects
 - Mixed developments
 - Public/private/community partnership agreements
 - Reduce land cost
 - Transparent development and construction margins
 - Recognised ownership arrangements (AHT's)
 - Market related rents
 - Maximise debt finance against net income stream
 - Accountable management