

# 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