



# Local opportunities for providing affordable housing

NSW Community Housing Conference

11 September 2008



# Today's presentation



- Generating affordable housing
  - Design
  - Subsidy
  - Cost efficiencies
- Bringing it together
- Partnerships
- Opportunities



# Generating affordable housing



- Doesn't happen naturally
- 3 drivers – design, subsidy and cost efficiencies
- No one mechanism adequate
- Partnerships



# Affordability through design



Accessory dwelling at Hunterford in Oatlands

- Buildings – unit mix, bedroom sizes, accessory dwellings
- Financials – shared equity, deferred land purchase, land rent



# Affordability through subsidy



- Supply - capital funding, NRAS, HAF
- Demand – CRA, FHOG
- Tax concessions – GST, depreciation, stamp duty, land tax, capital gains tax
- Planning benefits – density bonus, developer contributions



# Affordability through cost efficiencies



- Construction methods, economic land use, bulk purchase of materials
- Not for profit development



# Bringing it together – City West Housing



City West Housing project  
Pyrmont NSW

- Design – standard materials, scale
- Subsidy – grant, developer contributions, tax concessions
- Cost efficiencies – NFP development (1/3 more units)



# Another example – debt equity



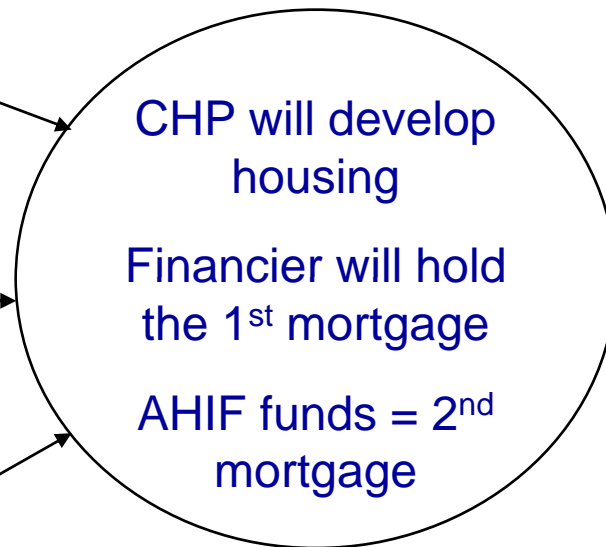
## Resources

Housing  
NSW  
contribution  
60%

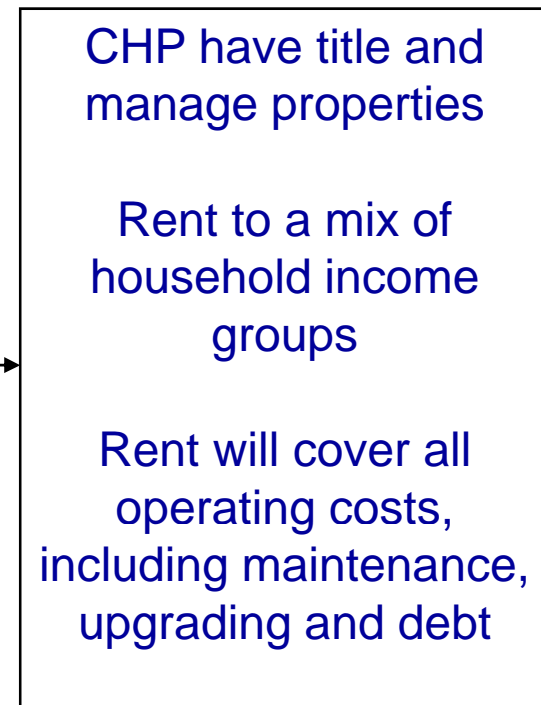
CHP equity  
contribution  
20%

Debt finance  
20%

## Acquisition



## Management



# Debt equity – project details

Organisation	LGA	Unit #s	Housing NSW (\$m)	CHP equity (\$m)	CHP debt (\$m)	Total cost (\$m)	Cost to govt
<b>Debt Equity 1</b>							
CHL*	Willoughby	28	1.7	3.5	2.5	7.7	\$60,714
Shoalhaven*	Nowra	12	1.7	0.65	0.5	2.85	\$141,667
<b>Total DE1</b>		<b>40</b>	<b>3.4</b>	<b>4.15</b>	<b>3</b>	<b>10.55</b>	<b>\$85,000</b>
<b>Debt Equity 2</b>							
CHL*	Randwick	8	1.175	1.85	0.35	3.375	\$146,875
Compass*	Cessnock	11	1.3	0.8	0.5	2.6	\$118,182
Cumberland	Western Sydney	12	1.53	0.385	0.62	2.535	\$127,500
Western Suburbs	Western Sydney	8	1.14	0.38	0.38	1.9	\$142,500
SWISH	Inner Sydney	6	0.78	0.26	0.26	1.3	\$130,000
<b>Total DE2</b>		<b>45</b>	<b>5.925</b>	<b>3.675</b>	<b>2.11</b>	<b>11.71</b>	<b>\$131,667</b>
<b>AHIF 2007-08</b>							
Blue CHP	Syd Western Subs	40	6.4	1.728	4.313	12.441	\$160,000
Compass	Newcastle	4	0.6	0.33	0.104	1.034	\$150,000
St George	Campbelltown	50	6.458	1	3.306	10.764	\$129,160
<b>Total 07-08</b>		<b>94</b>	<b>13.458</b>	<b>3.058</b>	<b>7.723</b>	<b>24.239</b>	<b>\$143,170</b>
<b>Total</b>		<b>179</b>	<b>22.783</b>	<b>10.883</b>	<b>12.833</b>	<b>46.499</b>	<b>\$127,279</b>

# Debt equity – partnerships



Unit #s	Housing NSW funds	CHP equity	CHP debt
179	22.9m	10.9m	12.8m

- Average cost to government per unit \$127,000
- 99 additional units delivered by government working in partnership



# Opportunities



- Political momentum
- New funding streams – NRAS and HAF
- Private sector interest – weight of money, diversification, new subsidy
- Very fluid environment



# National Rental Affordability Scheme



- New partnerships:
  - With financial institutions, developers and investors
  - As managers, investors and developers
- Further leverage:
  - By joining NRAS with other subsidy streams (eg. HAF) and contributions (eg. land, cash)



# Housing Affordability Fund



- \$512M over 5 years to lower cost of new homes:
  - Infrastructure costs
  - Holding costs (electronic development assessment systems to reduce red tape)
- Funds targeted to state and local government for new release and infill developments in high priority areas
- EOI in September
- Opportunity to combine with NRAS funding



# Questions?



- How can we help?
- CAH contact details
  - Ring: 02 8753 8181
  - Email: [cah@housing.nsw.gov.au](mailto:cah@housing.nsw.gov.au)
  - Visit: <http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing>

