



Financing your affordable housing project

Bringing Housing Together – Tasmania
13 July 2011



Scope up your project 1

- What's the housing?
 - Number of dwellings
 - Type of dwellings
 - Location
- Who's going to live there?
 - Income level
 - Rent structure
 - Management requirements



Scope up your project 2

- What does it cost?
 - Cost to purchase/develop
 - Including cost of finance
 - Cost to manage
- Where does the money come from?
 - Capital
 - Rents
 - Recurrent subsidy

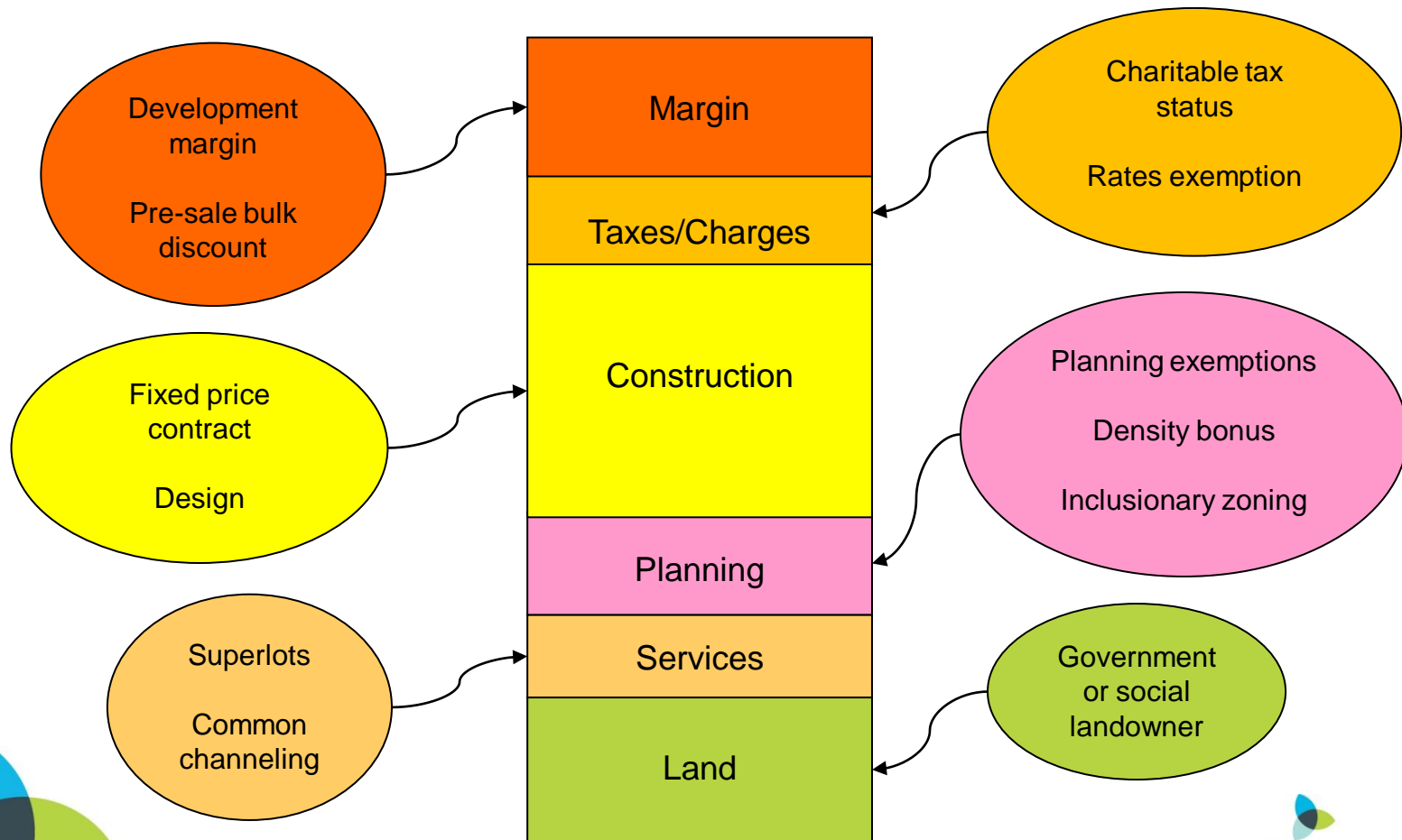


Key challenges

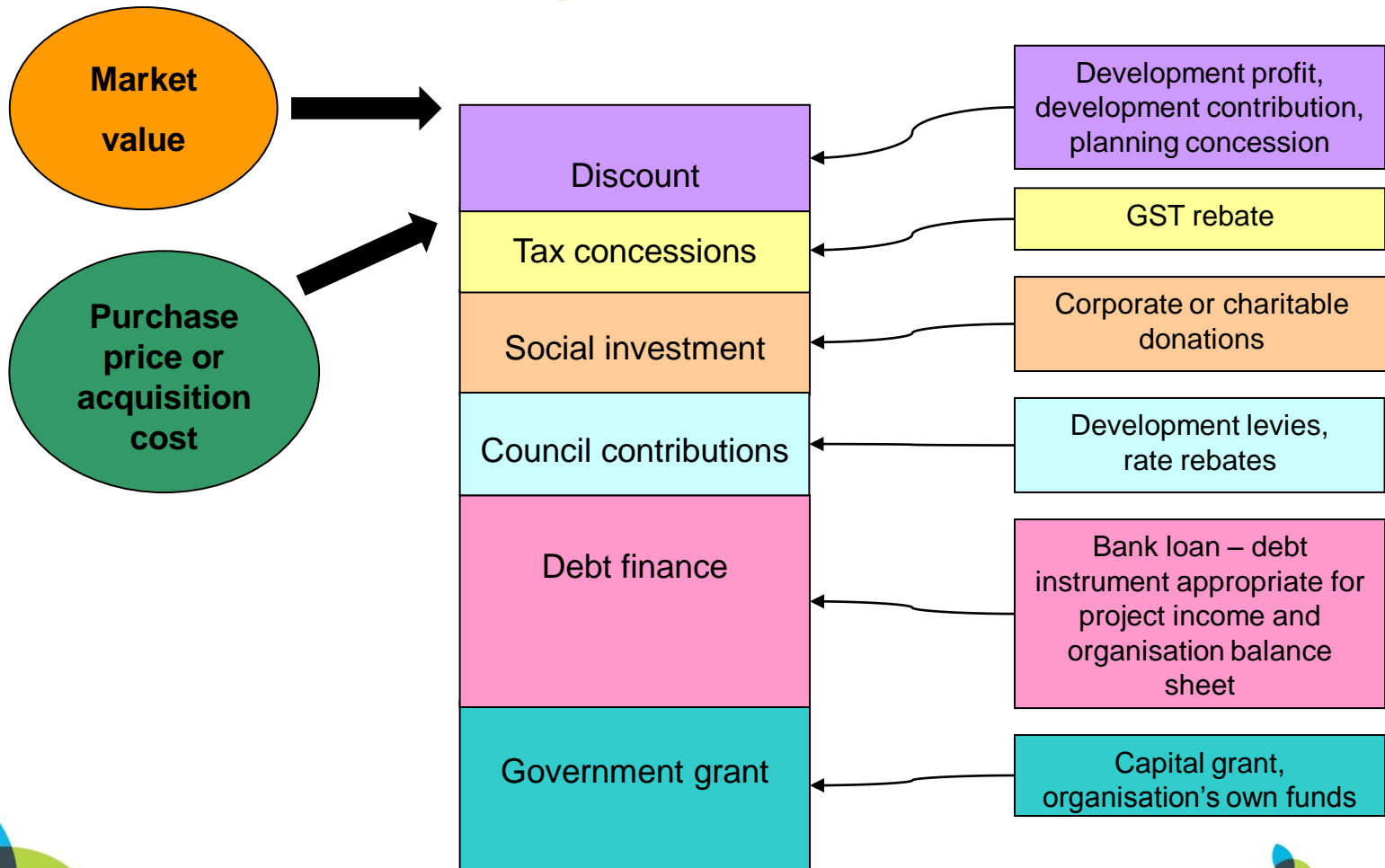
- Reducing the cost of capital
- Raising the finance for acquisition
- Ensuring the sustainability of the project



Reducing the cost of capital



Raising the finance



Ensuring the sustainability of the project

- Income
 - Rental income – less vacancies
 - Recurrent subsidy
 - Capture rent assistance
- Expenditure
 - Loan repayments
 - Maintenance – responsive & planned
 - Body corporate costs
 - Corporate overheads
 - Tenancy management
 - Council rates



The gap in the sector

Community Housing Providers - Management

Affordable Housing Companies - Development

National Housing Company - Finance



Working with the sector

- Works with existing community housing providers:
 - Property management expertise
 - Tenancy management expertise
 - Head lease model
 - Share in capital gain



Sample project

1

- National Rental Affordability Scheme (NRAS) Round 3 (1000+) submission
 - 1,350 affordable housing dwellings across 30 projects
 - Dwellings in Queensland, NSW & Victoria
 - Commonwealth & State Government subsidy for 10 years
 - 100% private capital (\$560 million)
 - Housing management by local community housing providers



Sample project

2

- Redevelopment of public housing site
 - NHC is “capital partner” and “social partner” to Government
 - Mixed tenure development: social, private, affordable
 - Integrated place management on larger sites
 - Partner with Community Housing Provider – end owner/manager of social and affordable housing



Product continuum

Project Type	Rent as % MR	Private finance	NRAS	Capital subsidy	Retain >10yrs
AH	75%	100%	Yes	0%	15-20%
AH	75%	70%	No	30%	15-20%
AH	75%	80%	Yes	20%	35-40%
SH	50%	75%	Yes	25%	20-25%
SH	50%	35%	No	65%	80-100%



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