



Scale Sector Capacity
PROSPECTUS
2020

TABLE OF CONTENTS

01	From the PowerHousing Chair	5
02	Introduction	6
03	CHPs: Return on Investment - Sustainable Businesses	8
04	Australia's Housing Affordability Story	9
	<i>Housing Affordability Metrics</i>	10
	4.1 Declining Supply Impacts	10
	4.2 Housing Stress and Interest Rates	10
	4.3 Wage Growth and CPI	10
	4.4 Housing Finance and Owner-Occupier First Homeowner Levels	11
	4.5 Median Dwelling Prices	11
	4.6 20 Year Dwelling House/Unit Snapshot	12
	4.7 25th and 75th percentile prices	13
	4.8 Sales by price point	14
	4.9 Capital City affordability ratios	14
05	Sector Capacity Solutions, Property Transfers and NRAS: Bridging the Yield Gap	15
	<i>Property Transfers</i>	15
	Social Housing Management Transfer Program (NSW)	15
	SGCH: Social Housing Management Transfer Program (NSW)	15
	Centacare Evolve Housing: Stock Leverage Program (TAS)	16
	South Australian Transfer Program (SA)	16
	<i>NRAS: Bridging the yield gap and underpinning affordable housing supply</i>	16
	CHC: Bonner Development (ACT)	17
	Access Housing: Haven @ Rockingham, WA	17
06	Capacity Development: Joint Ventures, Innovative Projects, and Investment in CHPs	18
	Federal Commitment to Housing	19
	<i>National Housing Finance and Investment Corporation</i>	20
	Hume Community Housing Association receives first NHFIC loan	20
	NHFIC: First Home Loan Deposit Scheme	20
	NHFIC: Housing Research Unit	21
	Innovation: Elevate Residential - a Not-for-Profit Real Estate Agency (QLD)	21
	Home4Life Disability Housing Project (NSW)	23
	CEFC Investment into Housing Plus (Regional NSW)	23
07	Case Studies - Achieving Tenant and Community Outcomes	25
	Ivanhoe Estate Redevelopment (NSW)	25
	HousingFirst Box Hill Project (VIC)	25
	Junction Australia's Zen Junction partnership (SA)	26
	YWCA's Innovative Pop-Up Housing Model: The Lakehouse (VIC)	26
	SCCH's Anderson Ave. Boarding Housing (Regional NSW)	27
	Haven; Home, Safe's Wattlewood (VIC)	27
	Pacific Links's Tenant Engagement Housing (NSW)	28
	NCCH Rainforest Creek (Regional NSW)	28

08	Capacity Statement: PowerHousing Member Asset and Financial Snapshot	29
	8.1 Units of Accommodation	29
	8.2 Tenants	30
	8.3 Development	30
	8.4 Staff	30
	8.5 High Calibre Boards & Committees	30
	8.6 Executive Remuneration	32
	8.7 Branding and recognition	33
09	Capacity Statement: Aggregation Projects, Corporate Industry Endorsement and Partnerships	34
	Best Practice Property Services - JLL CHP GIS model	34
	International and SDA Investment Assurance - Global-Mark	35
	Long-term Partnering with the Sector for Growth - Community Sector Banking	37
	Managing Risk - Aon	37
	IT Platform Evolutions - Castleton	38
	High Level Data Security - Content Security	38
	Legal solutions - Hall & Wilcox	39
	Government Platform Integration - Northgate	40
	Manufacturer Suppliers - Eaves Water Systems	41
	Mobility Solutions - sgfleet	41
	PowerHousing Academy - CFO Training - KPMG	42
	Procuring and retaining the right people - Blooming HR	42
	PowerHousing Academy - University Scholarships	43
	PowerHousing Academy - Rising Stars	43
	Department of Social Services internships	44
10	The Evolving Housing Climate	45
	City Deals	45
	Financial Services Inquiry	46
	Global Asset Class	46
	Build-to-Rent - The future	47
	NSW Redfern Build-to-Rent	48
	QLD Build-to-Rent	48
	VIC Build-to-Rent	48
11	International Engagement - Affordable Housing Global Asset Class	49
12	PowerHousing CEO's Conclusion	51
	<i>Rising Star Winners 2018-19</i>	53

Cover image:
Box Hill Project, HousingFirst

“**Our members** provide a range of initiatives that help **strengthen communities** and **build the independence** of families and individuals throughout Australia.”

01 FROM THE POWERHOUSING CHAIR



PowerHousing Australia is the national network representing 34 of the largest Tier 1 and scale Community Housing Providers (CHPs) who develop and manage affordable housing across Australia. PowerHousing's guiding principle is to address affordable housing need through the sharing of best practice in housing and community development, collaboration to mobilise resources and realise innovative ideas, and commitment to excellence in tenancy and asset management.

Together our members in 2019 are forecasted to have raised \$885 million in debt facilities, manage 60,000 dwellings and provided safe, decent and affordable homes for over 100,000 people across the nation in housing worth \$20.2 billion.

PowerHousing today also has formal partnerships with 30 Affiliate and Associate brands such as CoreLogic, Aon, JLL, KPMG and Community Sector Banking to provide broad expertise to CHP activities and development.

PowerHousing Australia is focused on connecting and assisting our CHP members to develop mechanisms that will enable them to respond to the increasing need of affordable housing through growing the supply and providing effective tenancy and housing services through a community-building model.

Our CHP members acquire, develop and manage affordable dwellings throughout Australia, working alongside large-scale developers, state and local governments to deliver new affordable homes in the market to support homeless, first homebuyers, seniors and households under rental stress. In addition to this, our members also provide a range of initiatives that help strengthen communities and build the independence of families and individuals throughout Australia, including for particularly vulnerable groups such as victims of family violence, those needing employment and training linkages, people living with disability and the elderly.

The work of our members is supported by government initiatives at both state and federal level. This includes the establishment of National Housing Finance and Investment Corporation (NHFIC) which administers the Affordable Housing Bond Aggregator (AHBA), with the recent first social bond issue of \$315 million oversubscribed four times.

Other elements include affordable housing Managed Investment Trusts and the National Housing and Homelessness Agreement (NHHA), as well as transfers of existing public housing dwellings and lands to CHPs for the provision of affordable housing in several jurisdictions. Our members are expected to be or are directly involved in most of these initiatives and this is a clear indication of their capacity and capability to manage and deliver these new policies and programs in a sophisticated manner.

Given the right mix of sound housing policies and initiatives, an investor-friendly environment and willingness of state and federal governments and private sector to collaborate with CHPs to increase affordable housing and improve social outcomes for all Australians in housing need.

A handwritten signature in dark ink, appearing to read 'N. Lemon'.

Nicola Lemon
Chair
PowerHousing Australia



02

INTRODUCTION

The capacity and capability of our members and the sector are showcased in this Sector Capacity Prospectus. This includes the knowledge, achievements and diverse experience of our members' talent, from developing leadership through to C-Suite executives across the country. This prospectus also includes housing-related data collated by CoreLogic and member Chief Financial Officers (CFOs) benchmarking, and has statements from major partners demonstrating our capability in risk and insurance as well as people, human resources and

organisational structure perspectives. Through the metrics and case studies showcased in this document, we consider the challenges facing housing affordability and consider collaborations of our Members with different levels of government, the housing development sector, financial institutions and individual Australian investors to increase housing options for Australians in need of affordable housing.



Prime Minister Morrison with PowerHousing member CEOs, Canberra

03

CHPs: RETURN ON INVESTMENT – SUSTAINABLE BUSINESSES

One thing that makes PowerHousing member Community Housing Providers (CHPs) critical to the housing sector and sets them apart from other housing providers is that they are scale not-for-profits, focused on providing social and affordable housing for large numbers of moderate- to very low-income earners, and complement government policies to increase homeownership and reduce rental stress for all Australians.

Affordable housing is an emerging international asset class for investment which has demonstrable characteristics and long-term investment in the communities and cities they operate.

While providing a range of affordable housing options to vulnerable individuals and families at below market rate rents, CHPs continue to strengthen and expand on a housing delivery business model of sustainable and structurally efficient principles to increase investment. This demonstrates CHPs' commitment to increasing the provision of secure and affordable homes as well as helping tenants achieve socio-economic outcomes. As noted in the 2019 Report on Government Services, throughout 2017-18, 81.8 per cent of new community housing allocations were to those households in greatest need.¹

81.8%



of new community housing allocations were to those households in greatest need

Additionally, CHPs are mostly located in or near the communities where they manage or hold affordable housing dwellings. This enables them to use a personalised approach to understand the needs of the community and assist individuals and families in accessing a wide range of services and facilities other than housing. Additionally, CHPs also contribute to creating

employment opportunities in the community, as workers and contractors for the management and maintenance of dwellings are usually sourced locally.

Our CHPs are both financially literate and responsible and this is evident by the expertise and career stories of the C-Suite of CEOs, CFOS, COOs, and development/asset executives. They are capable of executing plans to achieve financial outcomes while at the same time adapting to and working with a rapidly changing political-economic environment.

The most recent AIHW National Social Housing Survey reports that at 80 per cent, community housing tenants have higher levels of satisfaction, are more satisfied overall than those living in other forms of social housing, have better employment and educational outcomes and live in structurally better dwellings.²

The ability of CHPs to deliver best practice outcomes for tenants, and provide affordable housing services through a sustainable business model of reinvestment for social purpose, has helped the community housing sector to grow rapidly in last decade. The number of community housing dwellings has more than doubled between 2008-09 and 2017-18 from 39,800 to 87,800 dwellings, while public housing has decreased by 20,000 in the same period.³ While CHP properties are increasing, overall, social housing stock has not kept pace with household growth, at 4.6 per cent of households in 2017-18, down from 5.1 per cent in 2007-08.⁴

This pace of growth has increased in 2019 with property transfer programs such as Family and Community Services transferring the tenancy management of around 14,000 social housing tenancies to community housing providers, of which around 11,000 are to be managed by PowerHousing Members.

As CHPs continue to work in partnership with different levels of government and the wider private sector, the community housing sector is destined to see greater growth and the appropriate housing of more Australians.

¹Productivity Commission, Report on Government Services 2019, Part G, Chapter 18, 'Housing'. Canberra: PC

²Australian Institute of Health and Welfare 2019, National Social Housing Survey: Key results 2018, Cat. no: HOU 311, Canberra: AIHW

³Australian Institute of Health and Welfare 2019, Housing Assistance in Australia 2019, Cat. no: HOU 315

⁴Australian Institute of Health and Welfare 2019, Housing Assistance in Australia 2019, Cat. no: HOU 315

04

AUSTRALIA'S HOUSING AFFORDABILITY STORY

Affordable housing is still at the centre of housing concerns for households on low and medium incomes. Even as house prices gradually decline across most of the capital cities in the country, Australia's housing affordability crisis continues to make living in an affordable, quality and reasonably located house a far-fetched dream for hundreds of thousands of Australians. A concerted effort is needed by all levels of government to help first homebuyers enter the market and ensure low-income earners have adequate housing.

The figures contained within the latest Australian Affordable Housing Report: Environmental Scan 2019 Election Edition are sobering.⁵ In the five years since June 2013, Sydney house prices have risen by 43.8 per cent, well in excess of wages, and over this time houses selling for under \$400,000 have dropped from 16.3 per cent of all sales to 3.1 per cent. In Melbourne and Canberra, only 2.5 per cent and 5.9 per cent respectively of all houses sold for under \$400,000 in the past year. With the average loan size for first homebuyers sitting at \$352,018, there are hundreds of thousands of young people giving up on the Australian dream of home ownership.⁶

The Federal Government's First Home Loan Deposit Scheme will offer support to up to 10,000 first home buyers annually, administered by the NHFIC and focuses on improving housing affordability. What is certain is that housing policy activates or pacifies investment into the market. Rudd Government policies sent the first home buyer rate rocketing to over 31 per cent of all housing loans in May 2009.

As noted by the Grattan Institute, homeownership has fallen steadily since 1991 for all age groups except those aged 65 and over. Homeownership has declined particularly sharply for those aged 25–34 and 35–44 compared to all older age groups, despite homeownership remaining of high importance to Australians.⁷

Vacant housing rates are rising in our major cities and across Australia 11.2 per cent of housing was recorded as unoccupied at the last census which equates to a total of 1,089,165 dwellings. The 2016 census also showed empty property numbers had risen by 19 per cent in Melbourne and 15 per cent in Sydney over the past five years alone.⁸

Recent early steps towards addressing the issue of affordable housing, such as the development of the NHFIC and a sequel to National Rental Affordability Scheme (NRAS) was proposed as a centrepiece of the Opposition housing policy at the last election. This focus on scale policy show affordable housing issues are becoming central to the thinking of both the Federal Government and the Opposition.

⁵PowerHousing Australia 2018, Australian Affordable Housing Report: Environmental Scan 2019, Canberra, <https://www.powerhousingaustralia.com.au/resources/>

⁶ABS 560112, Lending to households and businesses, Australia, Apr 2019 <https://www.abs.gov.au/AUSSTATS/abs@nsf/DetailsPage/5601.0Apr%202019?OpenDocument>

⁷Daley, J, Coates, B and Wiltshire, T 2018, Housing Affordability: Re-imagining the Australian Dream, Grattan Institute

⁸ABS 2017, 2016 Census QuickStats, released 23 Oct, http://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/O36?opendocument



Blackwattle Apartments development Glebe, City West Housing
Credit: Carrickvisions

Housing Affordability Metrics

The following section provides a brief overview on housing supply and demand in Australia, and considers the impact of these elements on housing affordability, particularly for low-income earners. These include social housing tenants, renters, first homebuyers, key workers (low-income public sector workers), and senior Australians.

Key metrics of the economy and Australian demographics, are shown with CoreLogic providing details on demand indicators and actual housing activity. The picture around housing affordability is one of struggle and challenge for average- to low-income earners in Australia, now and into the future.

4.1 Declining Supply Impacts

Building approvals and overall residential supply is declining significantly and at a greater rate than ever before. Approvals in the 12 months to June 2018 were 232,437 dwellings. Approvals in April dropped down to 14,123 which is the lowest month of approvals since March 2013. If the past two months of approvals averaged out over the next 12 months then Australia would be approving 173,000 homes, which could translate to around 160-164,000 dwellings built in the year 2022.

Such a drop in housing delivery would see a significant downturn in residential jobs, taxes, and ultimately the country would fall below the population replacement rates which would again place upward pressure on house prices eroding recent gains in affordability.

As the residential development market comes back from a stellar record run for four years, the need for federal policy which underpins an annual build rate of 180,000+ homes per year will be critical to meeting population increases and bringing annual increases in house prices and rents down to CPI levels.

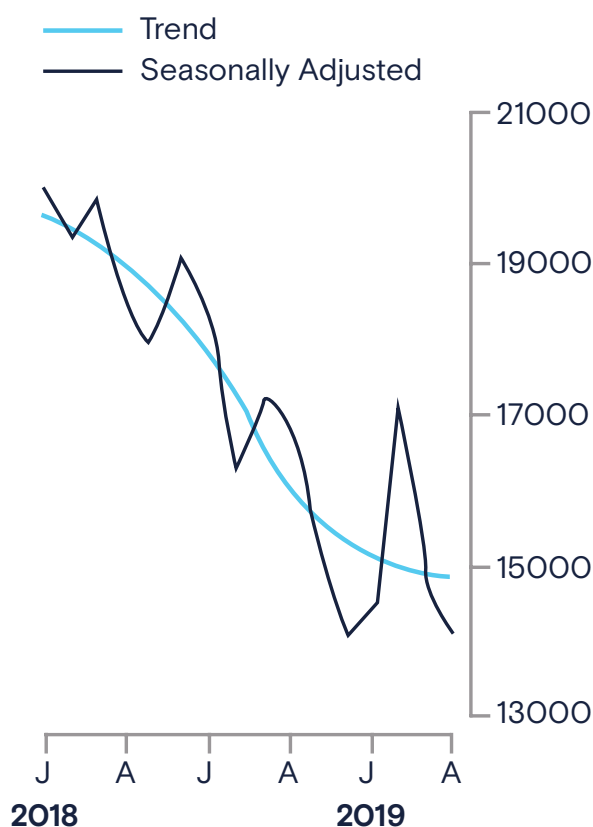
The latest figures released by the ABS show that Australia's population grew by 404,800, or 1.6 per cent, last year to reach 25.18 million by the end of 2018⁹, with growth set to continue on an upward trend over time.

This spells concern, with housing production slowing and population growth set to continue, there will be a swing back to growth in dwelling sales and rental prices. While this at-CPI growth level is not a bad thing, depending on how long population growth outstrips supply, the pricing will move counter to any commensurate growth expected in wages which will see pressure resume on affordability.

4.2 Housing Stress and Interest Rates

Many renters are experiencing housing stress with 20 per cent of households earning a weekly household income of less than \$650, while households with rent payments greater than or equal to 30 per cent of income rose to 11.5 per cent in 2016, up from 10.4 per cent in 2011.¹⁰

The Reserve Bank of Australia has made its second interest rate cut in successive months down to a record low of 1%, with the ANZ economics team forecasting a further .25% drop by August. This lowering rate should pressure a more shallow fall in future building approvals.¹¹



Source: 8731.0 - Building Approvals, Australia, Apr 2019

4.3 Wage Growth and CPI

Wages grew 0.5 per cent in the March 2019 Quarter, seasonally adjusted, and 2.3 per cent over the last 12 months.¹² Following a previous rise of 0.5 per cent in December 2018, the Consumer Price Index saw no movement in the first quarter of 2019 and rose 1.3 per cent throughout the previous 12 months.¹³ In the previous iteration of the Sector Capacity Prospectus in March 2017, inflation outstripped wage growth.

4.4 Housing Finance and Owner-Occupier First Homeowner Levels

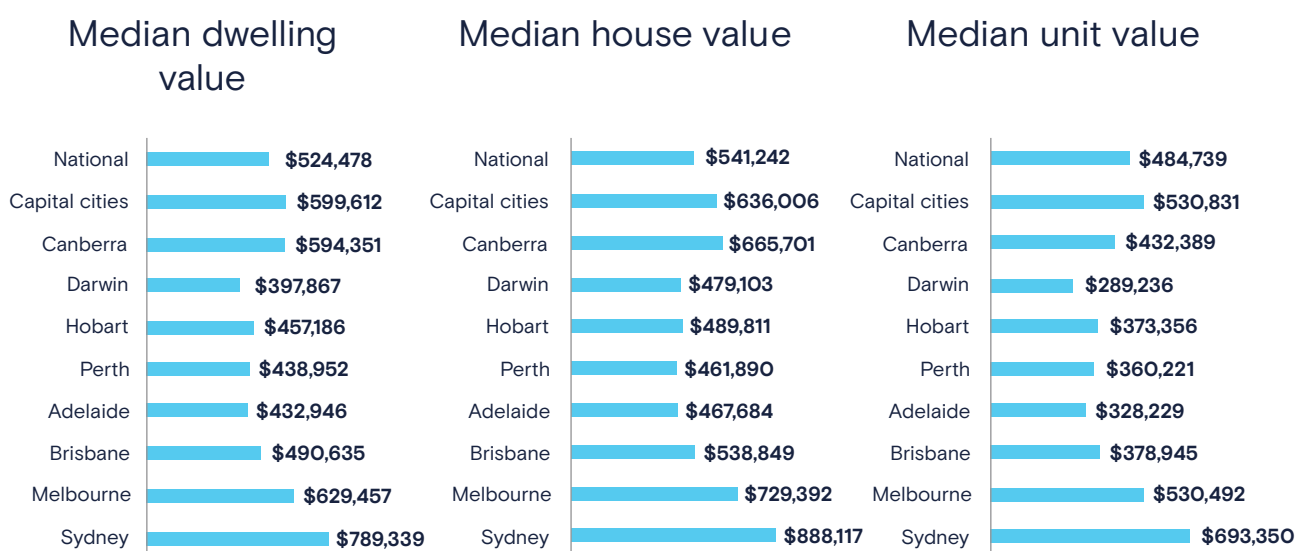
In April, while the number of lending commitments to owner-occupier non-first homebuyers dropped by 2 per cent, the number of loans to owner-occupier first homebuyers rose by 0.1 per cent.¹⁴ For the 12 months ending April 2019, first homebuyers made up almost 37 per cent of all dwellings financed (excluding refinancing) compared with an annual average of 34 per cent over the last 10 years.

First homebuyers received about 108,000 dwelling finance commitments over the last 12 months, slightly higher than the 10-year average of 103,000. However, in the most recent five months, owner-occupier first homebuyers received less than the 12-month average for finance commitments. With the announcement of the First Home Loan Deposit Scheme it is expected that first homeowner commitments will increase.

Canberra (54.0 per cent). There are also substantial value differences between the capital cities. Sydney is still recording the most expensive property values, with a median dwelling value of \$789,339. Darwin recorded the least expensive properties, with a median dwelling value of \$397,867.

Across the capitals, Sydney and Melbourne are the only cities to record a median dwelling value higher than \$600,000. Despite recent declines, values have risen substantially across both cities over the past five years, with the median dwelling value up 28.1 per cent across Sydney. Melbourne values are 24.2 per cent higher over the same period. Every other capital city, with the exception of Canberra, has recorded a median dwelling value less than \$500,000.

4.5 Median Dwelling Prices



Source: CoreLogic, March 2019

The national median dwelling value was recorded as \$524,478 at the end of February 2019—an 18.3 per cent increase on the figure of five years prior. At a national level, there is only a small difference between the median house and unit value (\$541,242 for houses and \$484,739 for units), however the difference becomes more substantial in the capital cities.

Combined, the capital cities recorded a median value of \$636,006 for houses in February 2019, compared with a median value of \$530,831. Houses attract a premium over units in every capital city, however the largest percentage differences can be found in Darwin (65.6 per cent) and

⁹ABS 2019, 3101 Australian Demographic Statistics, Dec 2018 <https://www.abs.gov.au/ausstats/abs@nsf/O/D56C4A3E41586764CA2581A70015893E?Opendocument>

¹⁰ABS 2017, 2016 Census QuickStats, released 23 Oct, http://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/036?opendocument

¹¹2019 Australian Financial Review, 'Regulators pushed to go easy on banks', July 4, p.7

¹²ABS 2019, 6345 Wage Price Index Mar 2019, accessed 10.6.19 <https://www.abs.gov.au/AUSSTATS/abs@nsf/Latestproducts/6345.0Media%20Release1Mar%202019?opendocument&tabname=Summary&prodno=6345.0&issue=Mar%202019&num=&view=>

¹³ABS 2019, 6401 Consumer Price Index mar 2019, accessed 10.6.19

¹⁴ABS 2019, 5601 Lending to Households and Businesses, Australia, April 2019, accessed 10.6.19, <https://www.abs.gov.au/ausstats/abs@nsf/Latestproducts/5601.0Media%20Release1Apr%202019?opendocument&tabname=Summary&prodno=5601.0&issue=Apr%202019&num=&view=>

4.6 20 Year Dwelling House/Unit Snapshot

Dwellings

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra	Capital cities	National
Feb 99	\$241,576	\$154,152	\$136,310	\$111,125	\$135,385	\$98,636	\$160,968	\$136,335	\$156,867	\$140,297
Feb 04	\$458,594	\$306,211	\$306,554	\$243,286	\$245,979	\$231,379	\$192,086	\$333,187	\$325,466	\$297,277
5 yr change	89.8%	98.6%	124.9%	118.9%	81.7%	134.6%	19.3%	144.4%	107.5%	111.4%
Feb 09	\$433,901	\$385,693	\$396,525	\$337,224	\$424,973	\$298,965	\$406,640	\$420,070	\$400,207	\$370,405
5 yr change	-5.4%	25.9%	29.3%	38.6%	72.8%	29.2%	111.7%	26.1%	23.0%	24.6%
Feb 14	\$616,333	\$506,787	\$442,126	\$384,910	\$531,324	\$314,064	\$519,279	\$487,646	\$516,955	\$443,512
5 yr change	42.0%	31.4%	11.5%	14.1%	25.0%	5.1%	27.7%	16.1%	29.2%	19.7%
Feb 19	\$789,339	\$629,457	\$490,635	\$432,946	\$438,952	\$457,186	\$397,867	\$594,351	\$599,612	\$524,478
5 yr change	28.1%	24.2%	11.0%	12.5%	-17.4%	45.6%	-23.4%	21.9%	16.0%	18.3%

Houses

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra	Capital cities	National
Feb 99	246,810	159,655	135,210	117,317	139,368	103,677	157,559	142,859	153,583	136,866
Feb 04	522,715	332,328	323,136	258,237	253,706	244,940	209,536	349,407	337,186	301,806
5 yr change	111.8%	108.2%	139.0%	120.1%	82.0%	136.3%	33.0%	144.6%	119.5%	120.5%
Feb 09	477,117	417,768	413,529	355,900	438,274	310,335	440,890	449,400	421,650	383,310
5 yr change	-8.7%	25.7%	28.0%	37.8%	72.7%	26.7%	110.4%	28.6%	25.0%	27.0%
Feb 14	685,481	558,105	467,286	407,897	553,087	336,579	572,807	522,954	537,674	448,911
5 yr change	43.7%	33.6%	13.0%	14.6%	26.2%	8.5%	29.9%	16.4%	27.5%	17.1%
Feb 19	888,117	729,392	538,849	467,684	461,890	489,811	479,103	665,701	636,006	541,242
5 yr change	29.6%	30.7%	15.3%	14.7%	-16.5%	45.5%	-16.4%	27.3%	18.3%	20.6%

Units

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra	Capital cities	National
Feb 99	237,940	146,701	141,225	86,969	115,515	79,527	162,339	122,736	166,561	154,113
Feb 04	396,361	277,368	249,470	189,903	207,035	186,685	159,452	298,453	300,668	286,412
5 yr change	66.6%	89.1%	76.6%	118.4%	79.2%	134.7%	-1.8%	143.2%	80.5%	85.8%
Feb 09	390,458	353,163	341,522	280,765	350,487	250,285	325,350	355,249	356,031	339,399
5 yr change	-1.5%	27.3%	36.9%	47.8%	69.3%	34.1%	104.0%	19.0%	18.4%	18.5%
Feb 14	565,719	462,423	378,940	310,013	449,489	258,261	421,211	403,069	478,056	429,478
5 yr change	44.9%	30.9%	11.0%	10.4%	28.2%	3.2%	29.5%	13.5%	34.3%	26.5%
Feb 19	693,350	530,492	378,945	328,229	360,221	373,356	289,236	432,389	530,831	484,739
5 yr change	22.6%	14.7%	0.0%	5.9%	-19.9%	44.6%	-31.3%	7.3%	11.0%	12.9%

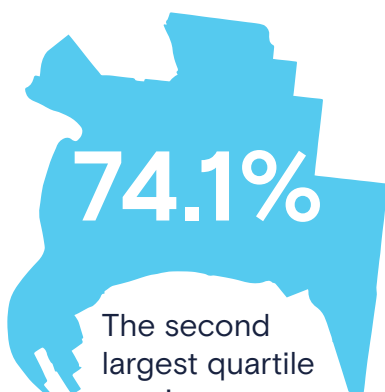
Source: CoreLogic, March 2019

4.7 25th and 75th percentile prices

The most substantial pricing gap between the lowest quartile of housing and the highest can be found in the Sydney detached housing market. The percentage difference between the top and bottom quartiles was 106.7 per cent at the end of February 2019. The Sydney unit sector shows a substantially smaller gap between the quartiles, tracking at 63.9 per cent in February 2019. Sydney's quartile differential has held reasonably firm since late 2014, suggesting a broad spread of capital gains across the pricing spectrum of the market. The second largest quartile gap is across the Melbourne detached housing market, where the pricing difference between the upper and lower quartile was 74.1 per cent. Most other cities are recording more moderate differences between the upper and lower quartiles, generally around the 70 per cent mark for houses and between 50-60 per cent for units.

106.7%

The percentage difference between the top and bottom quartiles for the **Sydney housing market** at the end of February 2019



The second largest quartile gap is across the **Melbourne detached housing market**

City	Housing type	Percentile	Difference
Sydney	Houses	25th: \$645,222 75th: \$1,333,709	106.7%
	Units	25th: \$553,684 75th: \$907,545	63.9%
Melbourne	Houses	25th: \$580,874 75th: \$1,011,321	74.1%
	Units	25th: \$423,412 75th: \$659,054	55.7%
Brisbane	Houses	25th: \$403,984 75th: \$695,420	72.1%
	Units	25th: \$310,947 75th: \$469,983	51.1%
Adelaide	Houses	25th: \$360,678 75th: \$607,369	68.4%
	Units	25th: \$272,372 75th: \$402,182	47.7%
Perth	Houses	25th: \$366,378 75th: \$621,124	69.5%
	Units	25th: \$282,254 75th: \$461,607	63.5%
Hobart	Houses	25th: \$368,784 75th: \$626,409	69.9%
	Units	25th: \$304,637 75th: \$481,262	58.0%
Darwin	Houses	25th: \$406,017 75th: \$564,329	39.0%
	Units	25th: \$237,861 75th: \$366,767	54.2%
Canberra	Houses	25th: \$557,056 75th: \$788,234	41.5%
	Units	25th: \$366,295 75th: \$527,023	43.9%
Combined capitals	Houses	25th: \$480,018 75th: \$915,461	90.7%
	Units	25th: \$391,749 75th: \$708,937	81.0%
National	Houses	25th: \$374,691 75th: \$762,329	103.5%
	Units	25th: \$351,020 75th: \$661,184	88.4%

Source: CoreLogic, March 2019

4.8 Sales by price point

With values rising across most capital cities, the proportion of properties transacting at low price points has diminished over time. Sydney and Melbourne show the smallest proportion of dwellings transacting below \$400,000, with only 3.1 per cent and 2.5 per cent of houses respectively selling at a price below this level over the past 12 months. Five years ago, approximately 16 per cent of Sydney houses and 28 per cent of Melbourne houses sold for less than \$400,000. With unit values generally substantially lower than house values, a higher proportion of units are selling at prices below \$400,000. At the other end of the spectrum, just over one third of Adelaide and Hobart's detached housing sales were at a price below \$400,000 over the past 12 months.

% of sales under \$400k, 12 months ending Feb 2009, 2014, 2019

		2009	2014	2019
Australian Capital Territory	H	36.8%	25.7%	5.9%
	U	67.2%	44.8%	38.0%
Greater Adelaide	H	61.8%	48.8%	37.9%
	U	85.4%	79.6%	67.9%
Greater Brisbane	H	45.3%	35.6%	23.9%
	U	65.0%	49.3%	53.7%
Greater Darwin	H	46.8%	24.8%	28.2%
	U	75.4%	35.6%	68.4%
Greater Hobart	H	76.2%	64.7%	36.9%
	U	88.3%	79.8%	62.0%
Greater Melbourne	H	53.2%	28.4%	2.5%
	U	63.3%	33.5%	21.8%
Greater Perth	H	45.6%	21.7%	30.2%
	U	61.6%	40.5%	54.1%
Greater Sydney	H	39.0%	16.3%	3.1%
	U	54.7%	20.8%	6.1%
Combined capitals	H	48.4%	27.2%	15.3%
	U	61.6%	32.7%	26.5%
National	H	58.1%	40.1%	29.3%
	U	64.9%	41.2%	35.5%

Source: CoreLogic, March 2019

4.9 Capital City affordability ratios

Capital city affordability ratios, as at Sep 2018

Region	Dwelling Price to income ratio	% of household income required to service an 80% LVR mortgage	% of household income required to rent a home
Sydney	9.1	48.4%	30.2%
Melbourne	8.1	43.3%	26.7%
Brisbane	6.0	31.9%	25.4%
Adelaide	6.4	33.9%	27.0%
Perth	5.9	31.3%	22.3%
Hobart	6.1	32.4%	30.4%
Darwin	4.0	21.1%	19.9%
Canberra	5.1	27.1%	21.4%
Regional NSW	7.2	38.5%	31.7%
Regional VIC	5.5	29.6%	25.5%
Regional QLD	6.3	33.6%	28.1%
Regional SA	4.6	24.6%	23.7%
Regional WA	4.6	24.7%	24.6%
Regional TAS	5.2	27.6%	27.4%
Regional NT	5.2	27.9%	29.2%
Combined capital cities	7.3	39.0%	26.3%
Combined regional areas	6.2	33.0%	28.9%

Source: CoreLogic, March 2019

05

SCALE SECTOR CAPACITY SOLUTIONS: PROPERTY TRANSFERS AND BRIDGING THE YIELD GAP

Property Transfers

As sophisticated providers of scale affordable and social housing able to take on the efficient management of public housing, PowerHousing members have received transfers of both management and title of public housing stock and tenancies. The innovative, community-based approach enables CHPs to deliver on tenant and community outcomes both within and beyond the stock transfer programs.

Social Housing Management Transfer Program (NSW)

Family and Community Services (FACS) NSW is transferring the tenancy management of around 14,000 social housing tenancies to CHPs, including the delivery of private rental assistance products under Housing Pathways.

Out of the nine successful CHPs involved in the Social Housing Management Transfer (SHMT) program, seven are PowerHousing Members: Compass Housing Services, Bridge Housing, Hume Community Housing, Link Housing, Southern Cross Community Housing, Mission Australia Housing and SGCH. These make up approximately 10,600 of the 13,700 properties to be transferred. There are about 144,000 social housing properties across NSW and 19 per cent are already managed by community housing providers. The transfers will bring this total up to 32 per cent.

Social housing budgets have been stretched at the state level for some time but this approach of scale property transfer reduces the weight on taxpayers' shoulders in meeting the mounting administration, asset management and maintenance costs.

SGCH: Social Housing Management Transfer Program (NSW)

As a recipient of NSW's Social Housing Management Transfer (SHMT) program announced in October 2017, PowerHousing member SGCH has completed a management transfer of 1,400 tenancies from FACS in Northern Sydney. SGCH will manage tenancy and property management services for a portfolio which includes homes in the Hunters Hill, Lane Cove, North Sydney and Willoughby local government areas.

SGCH has held over 30 events with tenants over the past year including information sessions, coffee cart morning

teas and barbeques to explain the program and introduce the team to its new tenants. In addition to all tenancy management services and housing enquiries, SGCH provide the full range of Private Rental Assistance products that were previously managed by FACS. These services are for people who are experiencing homelessness or at risk of homelessness and need assistance to access housing.

Centacare Evolve Housing: Stock Leverage Program (TAS)

In last year's PowerHousing Annual Awards, Centacare Evolve Housing (CEH) was highly commended for the PowerHousing Leadership and Innovation award. CEH was awarded management of around 1,000 government owned dwellings located in a region north of Hobart under a program called Better Housing Futures (BHF). Revenue from a faster than predicated uptake of CEH leases from public housing tenants was invested into accelerated upgrades to overcome the significant maintenance liability of the dwellings.

The increased margin from maintenance savings was then intended to be directed towards the funding of new dwellings, however there was a challenge in providing sufficient finance security with lenders reluctant to consider loan-to-value ratios in excess of 65 per cent. CEH modelling demonstrated that for every three dwellings transferred, one new dwelling could be constructed, with the combined margin able to largely fund construction finance. The model demonstrated that a degree of government subsidy was required, but it represented an attractive option for the government relative to funding constructions of their own.

The legislation controlling social housing did not provide for transfer of asset title to the community sector, so enabling legislation was developed. The government then released a Request for Proposals inviting CHPs to participate in a pilot program whereby up to 450 titles would be transferred

in exchange for the construction of 150 new dwellings dedicated to the priority end of the social housing waiting list, with a commitment they be retained for this purpose for thirty years.

The response exceeded government expectations, with CEH alone committing to 150 dwellings. These are now under construction and are contributing to housing solutions for some of the most disadvantaged in Tasmania.

South Australian Transfer Program (SA)

The property and tenancy management of over 5,000 public housing properties commenced transfer to community housing providers in 2015. The South Australian Housing Authority managed the transfer of properties in collaboration with community housing

providers, Housing SA and tenants. As was stated at the time, CHPs are able to provide flexible housing management and can tailor their services to work with the needs of individual tenants and neighbourhoods, they are accessible and welcoming to tenants and offer opportunities for tenants to be involved in their communities.

The successful initial round in 2015 saw the management of over 1,000 Housing Trust properties transferred to PowerHousing Members AnglicareSA (479) and Junction Australia (608). The second round announced in 2016 saw 4,000 additional properties transferred to our members Unity Housing Company, Anglicare SA, Junction Australia, Housing Choices and non-member CHL across SA with positive feedback received from tenants and local businesses, and tenants reporting better services and more work done to their homes.¹⁵

NRAS: Bridging the yield gap and underpinning affordable housing supply

CHPs are mindful of the yield gap between income and cost of social and affordable housing provision. Innovative partnerships and ideas around subsidising the yield gap need to be considered as part of the suite of housing measures the Federal Government is putting forward if the objective of increasing the supply of affordable housing is to be achieved. This is especially true of the NHFIC and AHBA as minimising the difference between commercial return on investment and yields traditionally seen by CHPs would help to further incentivise institutional investment in the scheme.

The National Rental Affordability Scheme (NRAS) is a government incentive that aims to address the yield gap shortfall in affordable rental housing by offering financial incentives for the building and renting of dwellings to low and moderate income households

at below-market rates for 10 years.

Importantly, policies that fill this yield gap provide below market level rentals to those that need it the most and stimulate the housing market when supply is contracting.

NRAS was introduced when the Australian housing market was flatlining. Australia's building approvals slumped to just 9,419 dwellings in January 2009, which annualised would equate to around 113,000 approvals. Policy centred on the delivery of new affordable housing was a new concept in this country at that time but it drew investment and produced housing delivery outcomes. NRAS mobilised investors, developers and providers of affordable housing to produce just under 37,000 homes and kickstarted the national housing boom that Australia has just experienced.



Andrew Hannan

Community Housing Canberra Limited (CHC)

Position: Chief Executive Officer

Head Office: Bruce, ACT

Appointed: December, 2017

Current role: Andrew has driven a strategy review and re-set for CHC, in conjunction with the Board, as part of the 20th year of CHC operations in 2018. All CHC activity is now centred on delivering the three strategic goals of a sustainable business model, outstanding tenant experience, and increased impact. Andrew has overseen a material reduction in operating costs across CHC; the launch of CHC's new not-for-profit business HomeGround Real Estate Canberra; and, delivery of over 50 new properties, with a further 200 in the pipeline for specialist disability accommodation, affordable rental, affordable sale and market sale. Focus areas today are a re-set of the capital structure to position CHC for sustainable future growth, and development of commercial structures to enable equity partnering on future affordable rental developments.

Previous role: Prior to moving to Canberra and joining CHC Andrew held senior management roles, with accountabilities across strategy, commercial and operations, in higher education (University of Queensland), the energy sector (Santos, Alinta Energy), listed infrastructure funds management (Babcock and Brown), and as a management consultant (Booz and Company).

CHC: Bonner Development (ACT)

PowerHousing member CHC is a not-for-profit CHP in the ACT, and was established to help fill the affordability gap that exists between government-provided public housing (Housing ACT) and the private market. During 2012 and 2013, CHC completed development of 83 three-bedroom standalone homes in Bonner, each of which, through NRAS incentives, was able to be retained by CHC, and added to CHC's affordable rental portfolio. All homes were designed for energy efficiency, with features such as double glazing and solar-boosted gas hot water systems. The homes were also delivered in partnership with the ACT Government, through the Land Rent Scheme, whereby CHC was granted Land Rent Leases over each property, with an obligation to pay land rent equal to 2 per cent of the unimproved value of the land each year. Under the scheme CHC can convert the Land Rent Leases to Crown Leases at any stage by paying the unimproved value of the land to the ACT Government.



Access Housing: Haven @ Rockingham (WA)

Access Housing's Haven @ Rockingham won the Best Affordable Housing Development Award at the Property Council of Australia's Innovation and Excellence Awards in 2018. Haven is a modern architecturally designed mixed-use complex offering 28 stylish two-bedroom apartments, four unique three-bedroom townhouses plus three commercial units within a boutique secure complex. The development is close to public transport routes and interchanges and is only minutes to the Rockingham foreshore, with other amenities such as schools, parks, sporting facilities, Murdoch University campus and Rockingham City Shopping Centre close by.

It provides much-needed affordable accommodation for a diverse range of people which is provided through a total of 24 NRAS incentives across the project. Access Housing has retained eight apartments for long-term social and affordable rental with eight NRAS incentives, with the remaining 16 NRAS allocations sold to investors for discounted affordable market rent. Additionally, buyers have the option to purchase their new home either fully or under a shared home ownership arrangement.

¹⁵<https://renewalsa.sa.gov.au/housing-sa-tenants-to-benefit-from-transfers-to-community-housing-providers/>



06 CAPACITY DEVELOPMENT: JOINT VENTURES, INNOVATIVE PROJECTS, AND INVESTMENT IN CHPs

PowerHousing CHPs are recognised by developers and key industry leaders as having the capacity and maturity to deliver and manage large projects. They are also recognised by state, territory and federal governments as a key factor in the successful and sustainable delivery of affordable housing.

PowerHousing and its members have together influenced the development of legislation and the viability of the sector as a stable emerging asset class for investment. Members continue to engage in creative processes to develop their capacity to provide housing through innovative projects and joint ventures, giving more Australians better futures.

Federal Commitment to Housing

Special Purpose Ventures (SPVs) are a more common feature of the social and affordable housing landscape in Australia. SPVs allow CHPs to partners together with government, private financiers and partner companies to develop social and affordable housing through legal structures set up for particular projects and partnerships.

Australian CHPs increasingly work with government and other partners to deliver scale affordable housing projects, and concepts such as build-to-rent can look to these structures in the future as an avenue for private public partnerships in conjunction with CHPs.

Partnerships, joint ventures and investment in social and affordable housing looks to innovative approaches for scale outcomes.

These partnerships have seen leadership at the Federal Government level, particularly through the development of the National Housing Finance and Investment Corporation which is a substantial investment into social and affordable housing financing infrastructure. Having the right structure to develop innovative partnerships has also been supported with both the appointment of a Minister for Housing and an Assistant Minister for Community Housing. The Federal Opposition has also been committed to social housing delivery.

As at the last election the Federal Opposition committed to delivering 250,000 new affordable social housing rentals to be managed by CHPs over the next election. This scale NRAS 2 type initiative is a valued policy with its retention and future adoption considered to be the essence of closing off the yield gap. This type of policy drives national impact to social housing delivery, underpins the jobs/economic outputs that every new house provides and underpins the housing supply rate that creates a sustainable house price growth equilibrium where housing supply matches demand.



Hon Josh Frydenberg MP, Treasurer



Hon Michael Sukkar MP and Nicholas Proud, CEO, PowerHousing Australia



Hon Luke Howarth MP, Assistant Minister for Community Housing



Dr. Jim Chalmers MP, Shadow Treasurer, and Nicola Lemon, Chair, PowerHousing Australia



Hon Anthony Albanese MP, Leader of the Opposition

National Housing Finance and Investment Corporation

Through a welcome bipartisan approach, the National Housing Finance and Investment Corporation (NHFIC) made its assent into law at the close of the 2017-18 financial year. The legislation was aimed at improving housing outcomes by providing loans, grants and investments that support the development of new housing.

The NHFIC operates under an Investment Mandate set out by the Australian Government. The PowerHousing Australia Treasury Working Group (TWG), consisting of experienced member CFOs, Development & Assets managers and PowerHousing affiliates such as BFIN, AVJennings and KPMG, engaged in talks with the Department of Treasury and Australian Government Solicitor (AGS) to develop an effective Investment Mandate Direction, which took effect in early July 2018. By March 2019, NHFIC announced Australia's largest social bond of \$315 million in its first bond issue which was four times oversubscribed. With PowerHousing members shovel-ready, this new source of debt chips away at the yield gap issue and speeds up the supply of affordable housing.

Hume Community Housing Association receives first NHFIC loan

In January 2019, PowerHousing member Hume Community Housing was the first to receive a NHFIC AHBA loan. One of the largest Tier 1 CHPs in NSW, Hume is using the \$35 million in NHFIC loan finance to support its ongoing operations providing affordable homes and services to over 4,500 customers. Hume will also expand into the Hunter region in September 2019 as a result of

being successful in its bid to manage a further 4,600 customers in NSW Land and Housing dwellings located in Maitland and Port Stephens.

NHFIC's first financing commitment with Hume was a significant milestone towards NHFIC building a substantial loan portfolio with CHPs. NHFIC passed on the benefits of strong investor demand for its first social bond by providing a fixed rate of under three per cent for 10-year, interest-only loans to CHPs, with PowerHousing member CHPs (BlueCHP, Compass Housing Services, Evolve Housing, Hume Community Housing and Unity Housing Company) comprising five of the six recipients.

NHFIC: First Home Loan Deposit Scheme

Announced at the 2019 federal election, the Australian Government's First Home Loan Deposit Scheme will be delivered by NHFIC and help eligible first homebuyers purchase a home with a deposit as low as five per cent. This will see an estimated reduction of around \$10,000 in LMI and move 10,000 first homebuyers annually into homeownership. NHFIC will receive a \$500 million equity injection to facilitate the scheme. The scheme aims to partner with a variety of financial institutions, that could include Community Sector Banking. There are opportunities also to bring together the 60 per cent Affordable Housing CGT Discount once passed as legislation.



PowerHousing Australia Treasury Working Group

National Housing Finance and Investment Corporation

Low-cost, long-term, government-backed finance

In just under 24 months, Australia has built the National Housing Finance and Investment Corporation delivering a sustainable long term, low cost finance and investment corporation focused on supporting our sector.

PowerHousing and its members drove this outcome.

TIMELINE

Pre-Jul 2016

CHP sector calls for Affordable Housing Bond Aggregator (AHBA)

Dec 2016–Mar 2017

PowerHousing shares our PwC Aggregated Capital report with Federal Treasury and Treasurer's office – presents sector capacity to support an AHBA

May 2017

AHBA announced in Federal Budget

Jun 2017–May 2018

PowerHousing Treasury Working Group partner with Treasury to develop Investment Mandate Direction

Jun 27 2018

PowerHousing walks crossbench offices to secure hours motion to see NHFI legislation passed through both houses

Jul 1 2018

NHFIC opens its doors

Aug 2018

PowerHousing Director David Cant announced as a Director of NHFIC

Jan–Feb 2019

PowerHousing members secure first NHFIC loans

Mar 2019

NHFIC first social bond issue of \$315m oversubscribed four times

NHFIC: Housing Research Unit

NHFIC will take on an expanded role to conduct comprehensive research on housing demand, supply and affordability in Australia, established through an additional \$25 million funding allocation over the next four years. Greater understanding on the future requirement and delivery of housing and its influence on the economy cannot be understated. The ability to consider the social and affordable housing needs and measure innovation will be an important next step for assisting equilibrium supply/demand outcomes.

Innovation: Elevate Residential – a Not-for-Profit Real Estate Agency (QLD)

Elevate Residential is a not-for-profit real estate agency developed by PowerHousing member BHC's Amy Maynard. It delivers property owners with the highest standard of property management and sales service and all profits are delivered to BHC to fund their core business of providing homes at below-market rents.

BHC's Corporate Strategy 2016/17 prioritised business and revenue diversification. It did this with two main responses: a move into retirement villages, offering seniors the opportunity to buy in at an affordable price; and Elevate Residential.

Elevate aims to create a profitable business over time to support BHC's affordable housing service delivery through increased cashflow, as well as providing a transition point for NRAS landlords and catching NRAS sales as properties exit the schemes. Elevate operates within BHC's subsidiary company. It has a property management focus and the capacity for sales, and works with market rents. It has a full time Business Development Manager and the General Manager oversees both the NRAS and the Elevate portfolios.

In addition to BHC, a growing number of PowerHousing Members including Bridge Housing (HomeGround Real Estate Sydney), CHC (HomeGround Real Estate Canberra), Compass Housing (Myplace Property), Evolve Housing (Echo Realty), Housing Choices (Urban Choices Property), Unison (Unison Property Corporation) Westside Housing Association (rebranding soon as Westside Housing Company) have real estate agencies. The operation of the real estate agencies provides additional options for housing those on low to moderate incomes including those in NRAS properties.



Amy Maynard

BHC Ltd (t/a BHC Creating Liveable Communities)

Position: Manager – Strategic Projects & Communications

Head Office: Brisbane, QLD

Appointed: July, 2012

PowerHousing Award: Outstanding Achievement Award, 2018

Current role: Amy plays a pivotal role in shaping and delivering BHC's strategies for growth and innovation in affordable housing. Responsible for development of new service delivery models, business improvement initiatives, and communications & PR, Amy also sits on the board of BHC's subsidiary Catalyst Affordable Housing. Amy recently led the establishment of Elevate Residential, a social enterprise real estate agency operating within Catalyst Affordable Housing, where all profits support BHC's mission to grow the supply of affordable housing.

Previous role: Since joining BHC in 2012, Amy has held a variety of senior Business Development and Project Management roles focused on strategic growth. Amy was an inaugural Director of CHPS for QLD (now CHIA Qld), a member-led peak body for Queensland community housing providers. She has previously managed community housing programs across Queensland for the Department of Housing and Public Works, and has held executive roles in Housing Services with the London Borough of Hammersmith & Fulham.



Ian Rennie

Compass Housing Services Co Limited

Position: Group Chief Financial Officer and Chair of the PowerHousing CFO Roundtable

Head Office: Newcastle NSW

Appointed: April 2016

Current role: Ian oversees Compass' commercial and procurement, strategic asset management, and financial services. Ian is highly skilled in the areas of financial and management accounting, project management, strategic planning, risk management, business administration, and information management.

Previous role: Prior to joining Compass in 2016, Ian's career includes 14 years' experience with major financial institutions working in credit, treasury, property finance and distressed asset management. He also spent 20 years in the manufacturing sector, including FMCG, in senior financial roles with extensive experience gained in implementing ERP systems, and responsibility for finance, legal, company secretary, procurement and ICT departments.

Home4Life Disability Housing Project (NSW)

The Home4Life consortium comprises PowerHousing members Compass Housing Services and BlueCHP, with investment firm Lighthouse Infrastructure. The program will see the construction and management of 69 new homes for people with a disability living in the Hunter Residences, and leverage the NDIS' Specialist Disability Accommodation (SDA) funding to house tenants for life. Home4Life was developed as a Special Purpose Vehicle (SPV) joint venture, and as an entity it owns the properties and takes on the associated risks. BlueCHP is managing the SPV for the first five years before passing it on to Compass.

Local builders were selected for the construction, which is spread throughout NSW (Ballina to Wagga to Wollongong). The buildings are notable for their flexible modular design to suit tenants' living and privacy needs, and all are built to the robust design category. All people living in the Hunter Residences and their families will participate in detailed planning to prepare for the move to their new homes.

CEFC Investment into Housing Plus (Regional NSW)

The Clean Energy Finance Corporation (CEFC) recently invested up to \$95 million in PowerHousing CHP member Housing Plus based in Orange (NSW) to develop 220 energy-efficient homes over the next three years.

The agreement will see 47 new homes developed in Bathurst, 87 in Dubbo and 86 in Orange. All will be built to the 7-star National Housing Energy Rating System (NatHERS) standard which aims to reduce the running costs for residents while benefiting the environment. This is effectively a 40 per cent improvement on the energy efficiency achieved in homes built to the current minimum standard. Housing Plus will also use the funding to upgrade some of its existing portfolios with rooftop solar and energy efficient technologies.

Housing Plus CEO David Fisher said, 'As well as providing families with secure, affordable housing, Housing Plus will link tenants and household members with local services to help them work towards greater independence. There is a particular focus on supporting vulnerable older women in these new dwellings.'

In 2017, the CEFC provided SGCH with \$170 million to finance the development of approximately 500 energy efficient homes in Sydney, as part of its long-standing commitment to the social and affordable housing sector.

The finance is part of the CEFC's Sustainable Cities Investment Program, which invests in clean energy initiatives in Australian cities. The Housing Plus homes will be constructed by regional developers over the next three years.



Residents, City West Housing
Credit: 'The Story Mill'



Kirk Robinson

BFIN Australia Securities Limited

Position: Partner and Head of BFIN Australia

Head Office: Sydney, NSW

Appointed: November 2015

Current role: Kirk Robinson joined BFIN Australia in November 2015, he previously worked for BFIN in Brazil from January 2012 as a Partner. He has more than 18 years' experience investing in and advising on large scale construction and infrastructure projects, real estate and M&A transactions. Kirk has a wide range of experience across different commercial models in different countries, having lived and worked in Australia, United States, Canada, Mexico, Thailand and Brazil.

Kirk has been responsible for the negotiation of infrastructure concession contracts directly with government officials, as well as construction contracts, operations & maintenance contracts, equity investor negotiations, project and structure finance debt agreements. He has planned and controlled due diligence budgets on a variety of projects, developed complex financial models, and led risk reviews and mitigation strategies on complex infrastructure projects. He was also closely involved in the refinancing of the M5 Motorway and the Eastern Distributor tollway.

Most recently, Kirk and the BFIN team have been involved in advising Community Housing Providers and institutional capital providers on several social, affordable and disability housing projects across Australia and New Zealand.

Previous role: Prior to joining BFIN, Kirk was a Senior Vice President at Macquarie Group in their infrastructure investments division, bidding for and operating concessions in Australia, United States, Mexico and Canada. Kirk was also the CFO of Country Group Securities, a listed financial services company in Thailand.



Charles Northcote

BlueCHP

Position: Chief Executive Officer

Head Office: Lumeah, NSW

Appointed: January, 2013

Current role: Under Charles's leadership BlueCHP has delivered innovation to the building industry with largest residential timber building in Australasia, has become the leading developer of Specialist Disability Accommodation under the NDIS, and was part of the successful initial NHFC \$315m bond raising in the Australian capital markets. Charles has recently become Chairman of PowerHousing Disability Housing Community of Practice. Charles won the Macarthur Regional Business Award for Outstanding Business Leader in 2018. Charles is a graduate of the Australian Institute of Company Directors and the Association of Corporate Treasurers UK, with a Bachelor of Commerce (NZ) and a MBA from Warwick University UK.

Previous role: Charles brings over 30 years' of senior leadership; in Operational, Financial Divisions and Strategy. Exercising leadership and delivering outcomes in cross cultural jurisdictions in Asia, Europe, North and South America and ANZ; in business sectors covering Community Housing, Chemicals, Engineering, Mining Services, Agribusiness, Building & Construction, Distribution/Logistics and Merchant Banking highlights include growing two organisations into global companies with sales exceeding a billion dollars.

07

CASE STUDIES – ACHIEVING TENANT AND COMMUNITY OUTCOMES

As sophisticated providers of scale affordable and social housing able to take on the efficient management of public housing, PowerHousing members have received transfers of both management and title of public housing stock and tenancies. The innovative, community-based approach enables CHPs to deliver on tenant and community outcomes both within and beyond the stock transfer programs.

Ivanhoe Estate Redevelopment (NSW)

The updated masterplan for the \$1.8 billion Ivanhoe Estate at Macquarie Park, considered Australia's largest social housing project was released in May 2019 with the first stage of the project to comprise a total of 740 dwellings, including 259 social homes.

NSW Land and Housing Corporation (LAHC) has been working with the Aspire Consortium – developers Frasers Property Australia and PowerHousing Australia member Mission Australia Housing on transforming the 8.2-hectare site. Plans for the Ivanhoe Estate will see it developed into an integrated community of around 3,000 to 3,500 homes.

Ivanhoe Estate, the first major project proposed under the Future Directions policy and Communities Plus program, will also include 950 social housing units and 128 affordable rental units across the next 10 to 12 years, along with delivering new support services and public facilities.



HousingFirst Box Hill Project (VIC)

HousingFirst is an acknowledged national leader in partnering with councils, and few community housing providers have achieved as much in this area in Victoria and Australia. These projects can help local councils demonstrate to their state governments how they can make a difference in affordable housing. It also shows that with an innovative approach and some lateral thought, you can bring together private and public partners to make community projects a reality.

HousingFirst has teamed up with the Whitehorse City Council and property developer MAB Corporation to deliver brand new architect-designed, affordable homes for low income residents. The Box Hill Project is a \$25 million social housing project that promises to deliver 73 stylish and accessible homes in Box Hill, for older people and those living with a disability. The Box Hill Project is part of a wider development that will also deliver 156 privately owned units.

This new development will have beautifully designed and serene spaces to encourage residents to mix. It will have activated walkways, harmonious spaces, plus an enterprise café and retail opportunities. The rooftop, which has been specifically designed for tenants who need wheelchair access and for those with limited mobility, will include a vegetable garden, various other large modular garden beds and a shaded pagoda with a barbeque and picnic area.

The enterprise café (at street-level frontage) will be based on the award-winning Ashwood-Chadstone Gateway Project where Café Ed, in partnership with a local secondary school (Berengarra), provided additional vocational pathways for students with rent waived for the space.



Junction Australia's Zen Junction partnership (SA)

The ZEN-Junction partnership is delivering a mix of three to five kilowatt solar energy systems on around 100 properties managed by Junction in Mitchell Park. The initiative will equate to the installation of more than 1,000 solar panels across Junction properties with potential to deliver up to a 50 per cent reduction on tenants' energy bills.

The initiative to install solar panels at Mitchell Park has proven 'a blessing'. Low income earners and families don't have significant control over the cost of power and the fact that Junction Australia was able to help the tenants out goes a long way.

In addition to the Mitchell Park initiative, all new Junction Australia properties where possible will have solar inclusion to maximise energy-saving potential for tenants.

YWCA's Innovative Pop-Up Housing Model: The Lakehouse (VIC)

Women face some of the biggest housing affordability challenges in our community. Women make up the majority of people using housing support systems, and the number of older women experiencing homelessness grew 31 per cent between 2011 and 2016. YWCA Housing developed, renovated and furnished an Australian-first innovative 'pop-up' co-living facility, the Lakehouse, in 2018 for women. The project won the 2018-19 PowerHousing Australia Leadership and Innovation Award.

The Lakehouse has the capacity to keep nearly 40 older women safe, warm and supported. Each room has its own ensuite facilities, small bar fridge, double bed and mattress, bedside table and lamps. Residents pay their own way. This opportunity can make a huge difference to women's lives by allowing an opportunity to settle, regroup and then get back on track with their lives into long-term affordable accommodation.

Formerly an aged care facility, the Lakehouse had been sitting empty while awaiting redevelopment. Rented to YWCA for \$1 a year for two years, the development and renovation into the co-living space was supported by corporate partners including Metricon, Guest Group and Two Good, among others.

Unoccupied commercial buildings offer the potential for providing dignified, safe, housing options. The key is to find vacant buildings that are slated for development, but where there would be a significant gap between decommissioning and development. Charities and corporates can then step in and work together to efficiently renovate and furnish interim pop-up housing for at-risk groups at relatively low cost and risk.

While pop-up housing is not a long-term solution, repurposing all vacant properties into affordable accommodation for a short time will help to reduce the number of Australians experiencing homelessness.





SCCH's Anderson Ave. Boarding Housing (Regional NSW)

With a number of developments in the pipeline for PowerHousing member SCCH, one highlight is the construction of a fit-for-purpose modern boarding house in the Shoalhaven area providing up to seven units of accommodation. Co-designed with strategic partner CareSouth, the property has been tailored to meet the housing needs of young people leaving the out-of-home-care sector.

The studio apartments will provide safe, affordable and secure housing to support the longer-term transition of young people as they journey towards independence. Each unit of accommodation is fully self-contained with a private entry, bathroom, laundry, kitchenette, living and bedroom zones, as well having direct access to private outdoor space. The design provides flexibility for the provision communal spaces and provides two fully accessible units of accommodation.

Project Coordinator John Lenarduzzi worked extremely hard to manage this development including the on-site supervision of three trainees. The Shoalhaven area has one of the highest youth unemployment rates in New South Wales; SCCH identified this project as an opportunity to recruit three young trainees who were looking for work. The trainees will be mentored by each subcontractor, enabling them to be exposed to every stage of construction from site clearing and foundations through to fit-out and landscaping. Each trainee will also be provided with study time and computer access while being mentored by the SCCH Asset team to complete the Certificate 4 in Construction.

This project demonstrates how collaboration among like-minded organisations can achieve fantastic outcomes. This partnership between SCCH and CareSouth exhibits how working together will ultimately provide a safe haven for young people in desperate need with onsite support.

Haven; Home, Safe's Wattlewood (VIC)

Haven; Home, Safe's Wattlewood was highly commended for the 2018 PowerHousing Excellence in Tenant Engagement and Social Inclusion Award. This \$88 million master-planned development includes a 237-lot residential subdivision with 100 affordable housing units integrated with private market homes. It is an extraordinary development which has delivered remarkable outcomes for elderly residents growing a mixed community in contemporary social housing.

Tenant input was designed throughout the entire lifecycle. Haven; Home, Safe worked with residents to develop positive relations with tenants, provide genuine avenues for tenant input, incorporate tenant input into the program and provide opportunities for tenants to connect with and participate in their community.

Activities are supported and encouraged – with a central park, a monthly newsletter, regular functions for residents, an op shop and a band group. This has been beneficial in achieving good integrated housing, support and a community development model supporting tenant inclusion outcomes.



Pacific Links's Tenant Engagement Housing (NSW)

As an organisation Pacific Link continuously works towards improving tenant outcomes through a suite of programs and projects. As an example of best practice tenant engagement, social inclusion and building tenants' capacity is through their education projects in partnership with Central Coast Community College, initiated in 2017. Central Coast Community College receives funding through Smart and Skilled, a reform of the NSW Vocational Education and Training system. Specifically, through the Community Service Obligation payments, Pacific Link tenants are able to access funded training if they meet eligibility requirements.

This project aims to provide tenants with:

- Accessible and supported education opportunities and pathways
- Increased self-confidence and sense of social inclusion
- Nationally recognised units of competency
- Skills needed to gain and maintain employment
- And in the longer-term, sustainable and fulfilling employment which can assist in their transition pathway to the private rental market.

NCCH Rainforest Creek (Regional NSW)

Rainforest Creek is a healthy, mixed tenure housing development and is a prime example of North Coast's 'commitment to implementing affordable housing outcomes that are sustainable, vibrant and built to meet local need.'

Rainforest Creek was completed without government funding and has become what North Coast terms a 'thriving community within a thriving community', resulting in enhanced housing outcomes for tenants and the broader City of Lismore. This development was built with environmental impact in mind, inclusive of both solar hot water and water tanks standard; and is also North Coast's latest solar panel electricity installation site. The development enhances the streetscape and has a progressive internal and external colour palette, differentiating one townhouse from another. This creation of individuality has increased tenant satisfaction with the build, and fostered a sense of ownership and pride.

North Coast's innovative partnership with Lismore City Council included the purchase of the land at a reduced cost in return for providing much needed affordable housing outcomes in Lismore. DA approval and utilisation of Council as the principal certifying authority provided Council with the opportunity to enjoy an immediate return as a result of this build.



Rainforest Creek, North Coast Community Housing

08

CAPACITY STATEMENT: POWERHOUSING MEMBER ASSET AND FINANCIAL SNAPSHOT

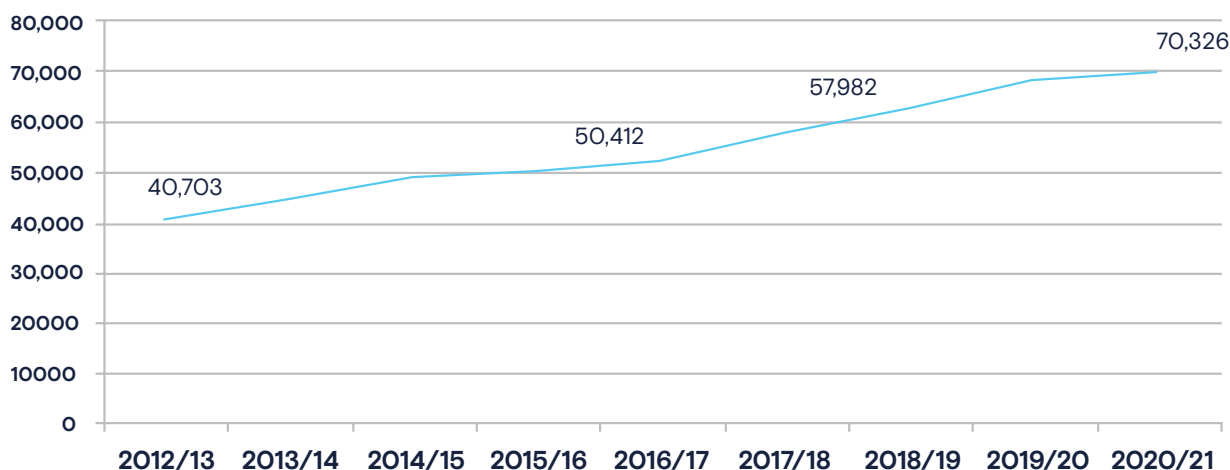
The Community Housing Sector has grown in sophistication and complexity over the past 15 years in partnership with private industry, other not-for-profits and financial entities. These partnerships and supports have enabled the sector to grow as detailed in the following section. The data for this section was collected in collaboration with PowerHousing Australia member CFOs and analysed by Jeff Logan, outgoing CFO of Foundation Housing Limited. The data collected includes inputs from PowerHousing Australia's 34 member organisations.

8.1 Units of Accommodation

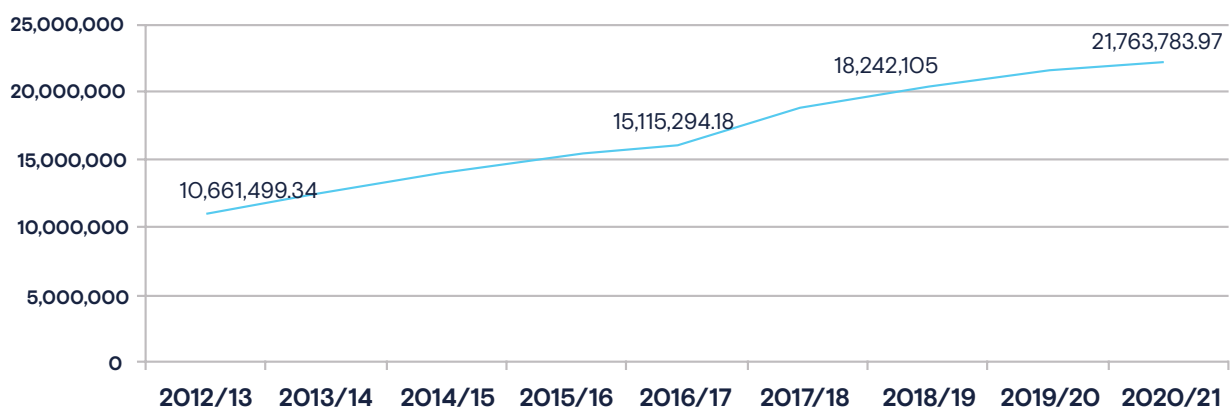
PowerHousing members collectively manage 60,000 units of accommodation and are projected to be managing 63,000 by the end of June 2019. This represents a growth of around 20,000 units over the past five years or an increase of around 50 per cent from June 2013.

PowerHousing members are projected to manage stock worth \$20.2 billion representing an increase of almost double over the last five years. Members are projected to manage stock worth \$21.8 billion three years from now.

Total units under management



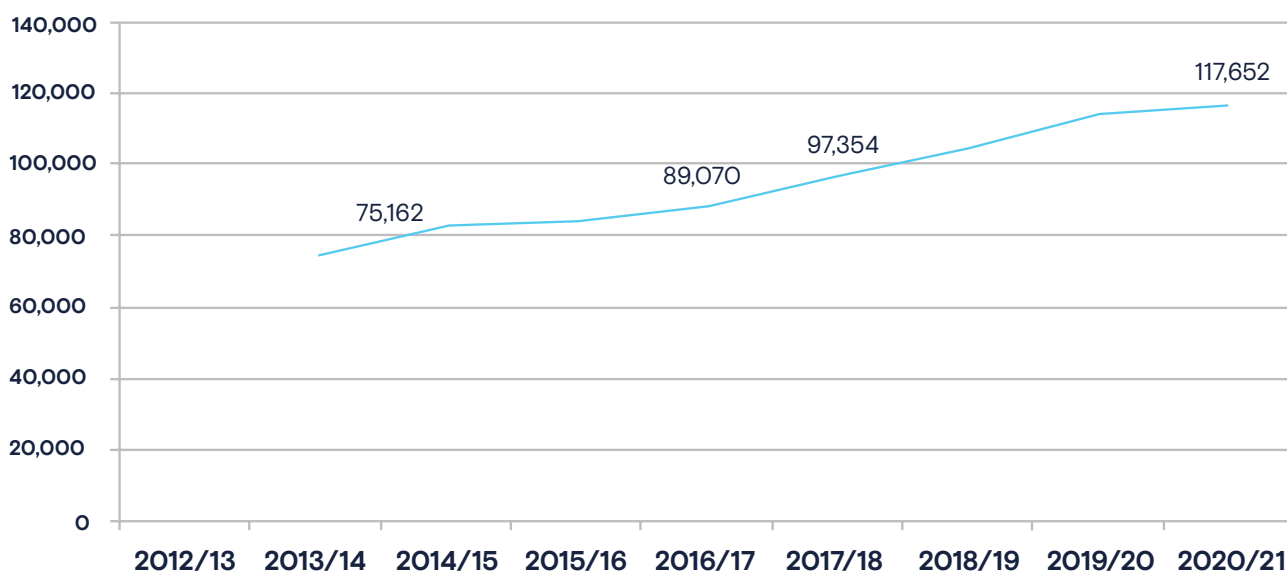
Value of total units under management (\$'000)



8.2 Tenants

PowerHousing members house over 100,000 people and are projected to add an around 17,000 to that total in the next three years. These figures have increased as more Tier 1 and equivalent CHPs have sought PowerHousing membership.

Number of people housed (#'s)



8.3 Development

Much of the sector growth in recent years was enabled by financial leverage made possible through asset transfers and NRAS properties. There were also quite a few developments and purchases by the sector, with organisations and jurisdictions reflecting variable rates of development and outright purchases.

8.4 Staff

Members were estimated to employ 2100 people at the end of June 2019. Growth in staffing has accelerated as CHPs increase their resourcing to meet growth expectations in current and coming years. Structuring for growth includes all levels of staff and management, ensuring organisations meet the additional corporate sophistication required to manage the increased stock and asset growth numbers discussed above. 90 per cent of staff employed by PowerHousing members are full-time. This is noteworthy considering Australia is experiencing near record levels of underemployment, a trend that seems set to continue.

8.5 High Calibre Boards & Committees

Board performance continues to be vital to the success of an organisation. A board should have a diverse array of skills and knowledge, and continually monitor its performance to be able to work effectively as a team. Three Chairs Consulting is an affiliate of PowerHousing, working with some of the largest community housing providers in the country to support best practice governance.

This sector is facing a significant growth opportunity, driven by the establishment of NHFIC, the introduction of bond aggregators, and federal policy including the appointment of both a Minister for Housing and an Assistant Minister for Community Housing, Homelessness and Community Services. Three Chairs Consulting is committed to using their expertise in accelerated growth strategies to support CHPs to deliver safe and affordable housing for Australians. In this period of growth for the PowerHousing membership, it is more critical than ever for our boards to be diverse, highly skilled and knowledgeable to meet the challenges and needs of a changing sector.



Mario Roccisano

Haven Home Safe

Position: Director Housing Development & Acquisitions

Head Office: Bendigo Victoria

Appointed: Commenced with HHS in 1997

Current role: Mario is responsible for sourcing and developing business opportunities and partnerships within the Industry, procurement and project delivery. .

Previous role: Mario has 22 years working at HHS and managed the organisation's Mallee office in the North West of the State for a number of years until moving to Bendigo in Central Victoria to directly manage our development and acquisitions program in 2007. In addition to an Agricultural background and Private Development experience, Mario commenced his employment career with the Lands Department in Victoria and also spend time in, Community Services Victoria..



Judy Line

Women's Housing Ltd

Position: Chief Executive Officer

Head Office: Cremorne VIC

Appointed: April, 2005

Current role: Judy is a passionate housing advocate and has represented WHL on the board of Community Housing Industry Australia and is a member of PowerHousing Australia. Judy has developed the agency from a Transitional Housing Manager with a portfolio of 100 houses to an Affordable Housing company owning 115 units in a total housing portfolio of just under 400, whilst reducing WHL's reliance on government funding. Judy was appointed to the Family Violence Housing Assistance Implementation Taskforce in 2016.

In 2018, Judy successfully guided WHL to achieve Housing Association status and secured funding for a new community housing project at Bayswater where 24 units are on-track to be completed by December. WHL also opened a new 21-dwelling development at Newport.

Previous role: Judy Line has worked in the housing and homelessness sector since 1986. Prior to her position with WHL, Judy worked in women's refuges, a youth service and was the state project officer for the Victorian Public Tenant's Association. Since joining WHL, the agency has grown from a small transitional housing manager to a Housing Association that now provides long term social housing and specialises in building new affordable housing for women and their children.

8.6 Executive Remuneration

Attracting the right people and the remuneration of those people is a critical element why our CHPs are growing in size and capability. Bringing in high functioning executives with the commercial nous, people, leadership and governance skills and strategic focus are a highly valuable asset to any organisation.

Recent research has found that PowerHousing member executives were paid significantly higher salaries than was expected which positively enables recruiters to open the door to wider and potentially more diverse candidates to fill roles in our organisations. Member CEOs have higher annual salaries than is common in the not-for-profit market, and executive pays are found to be in line with comparable private sector roles in development and asset maintenance.

In addition to this, performance bonus schemes were highlighted by members with:

- 20 per cent of CHPs involved in the study having a performance related bonus structure in place, with up to 10 per cent (of base + super) additional remuneration offered for meeting individual and/or corporate targets.
- A further 20 per cent are considering adopting such a scheme to build capacity and boost productivity.

It is fast becoming a commercial imperative to incorporate performance bonus schemes for the CHP sector to accompany the dramatic shift in commerciality over the last 10 years.

While previous growth cycles have been typically driven by government policy, CHPs are now looking to enhance their (revenue and asset-based) resource capacity through new business ventures and wider engagement with a variety of government, NFP and private partners. The social housing sector is growing significantly in Australia, and research indicates that CHP organisations are self-driven, continuing to invest in their own organisational capacity, and avidly seeking growth opportunities for their businesses through the pursuit of new funding sources, partnerships and mergers with multiple industries.



Leonie King

City West Housing

Position: Chief Executive Officer

Head Office: Pyrmont, NSW

Appointed: November 2017

Current role: As CEO Leonie is responsible for helping build diverse communities in inner Sydney through the provision of quality affordable rental housing, including working with the Board of Directors to help grow the business to deliver more homes.

Previous role: Leonie joined City West Housing after holding senior executive roles in the government and non-government sectors in housing and human services. This included 16 years working for the NSW Government in housing policy and strategy, 8 of those with a focus on building the size and capability of the community housing sector and the broader affordable housing industry through a range of State and national reforms. Leonie is a Director of the Community Housing Industry Association (CHIA) in NSW and is also a Director on the national CHIA Board.

8.7 Branding and recognition

PowerHousing brands are evolving and being positioned more visibly through their partnerships and through growing social and community engagement. Many of our brands have changed to better reflect the functions of the CHP. In recent years we have seen organisations such as Rural Housing Network as well as Port Philip Housing Association change to new branding such as BeyondHousing and HousingFirst.

In particular, as the largest community housing provider in the Goulburn and Ovens and Murray regions of Victoria, Rural Housing didn't adequately represent an organisation which provides services in rapidly growing regional centres like Shepparton and Wodonga; and the urban fringes of Melbourne, in Wallan. As it is also the largest service provider for people who are homeless or at risk across its catchment, it wanted to reflect that the organisation goes 'beyond' just housing; and also that when people have safe, secure, affordable housing, they are able to go 'beyond' their current situation.

BEYOND
HOUSING

HousingFirst



09

CAPACITY STATEMENT: AGGREGATION PROJECTS, CORPORATE INDUSTRY ENDORSEMENT AND PARTNERSHIPS

PowerHousing continues to work through member aggregation partnership opportunities and policy positioning. The concepts of each of these projects were born out of our Member Exchange Communities of Practice and Roundtables, and were then broken down into expert groups that incorporate outside expertise. These projects are available for all members to opt into or out of with the aggregations as a general rule producing the result without additional participation cost to members.

While there are a range of other aggregations underdevelopment, with Members currently working with Bunnings, Harvey Norman and Property Safe, below are some key aggregations that members are undertaking to provide best practice, sustainable social and affordable housing options.

Best Practice Property Services - JLL CHP GIS model

PowerHousing Affiliate JLL has significant exposure to the social, community and affordable housing sector around the world and is working closely with PowerHousing to ensure this knowledge and experience is shared with the members. JLL is acutely aware of the need for the sector to manage and minimise operational costs, where possible, while engaging with service providers with the aim of achieving best practice and quality property services and increasing the opportunity to generate better outcomes for their clients and the community.

JLL Australia has committed to being part of the sector's solution by providing various tailored and customised property-related services to CHPs. The main service provided to date has been valuations for finance and financial reporting purposes and have been offered by way of valuation aggregation; whereby the valuation fees have been determined after taking into consideration the scale of the PowerHousing member body. This initiative has led to an ever increasing number of PowerHousing members engaging with JLL for valuation services.

In addition to valuation services, members have also engaged JLL to provide a variety of other services including bespoke strategic research, quantity surveying, buyer's advocacy, and data analytics via Geographic Information Systems (GIS).

JLL continues to work on a CHP GIS model which upon completion will digitally reflect the location, type of accommodation (including number of bedrooms) of all providers while using a plethora of other data to visually show the areas of Australia where there is a requirement for accommodation based on, but not limited to, rental affordability, housing incomes, rental values and housing

values. JLL are also creating and developing a GIS model that will enable greater insight into permissible development, developable land and concept scenarios. This will further provide CHPs with a valuable time and cost saving tool when considering locations, scale of developments, associated costs and feasibility.

Given JLL's exposure to the Social, Community and Affordable housing sectors, JLL is well positioned to provide further services to assist the sector in obtaining greater operational cost efficiencies through services such as Energy Sustainable Services, Property & Asset Management and Property Development Services. All services may see a reduction in costs incurred by the CHP thereby enabling greater investment in their core services.

As JLL is further engaged by the CHP sector the JLL Research department will garner greater insights into this sector which will result in regular commentary and insight. JLL are strategically positioned to be a supplier of choice not only to PowerHousing but to all government housing departments as well as Australia's entire CHP sector.



Craig Ashford

JLL

Position: Head of Integrated Property Advisory – Valuation and Advisory – Australia

Head Office: Brisbane, QLD

Appointed: January, 2019

Current role: As the Head of Integrated Property Advisory (IPA), Craig leads and manages a team of property professionals within the four key business lines of Valuation Services, Quantity Surveying, Buyer’s Advocacy and Building & Pest Inspections. Valuation Services specialises in corporate clients, portfolio valuations for government departments and the community and social housing sector, legal and accounting. Craig is responsible for the strategic growth of each business line with a key focus on the expansion of market share and client base.

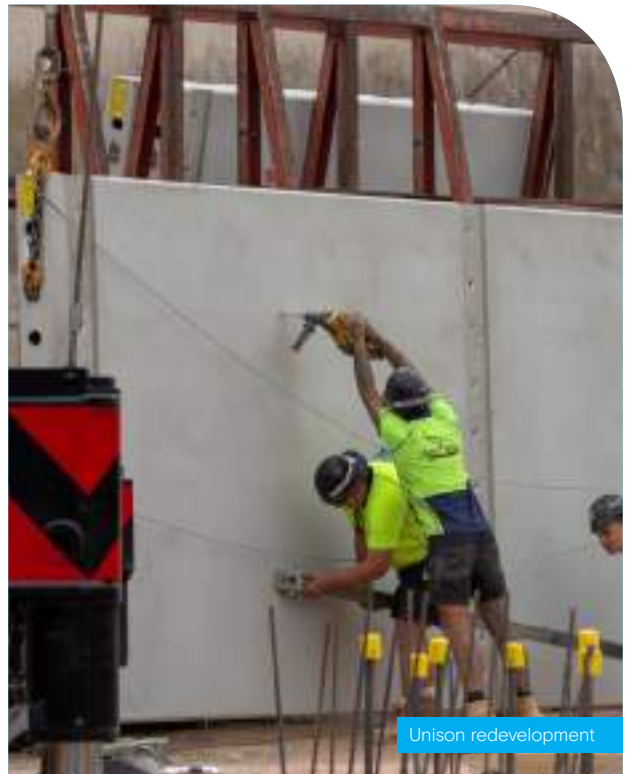
Previous role: Craig’s previous role as Director, Client Engagement for JLL focused on being the single point of contact for a multitude of non-mortgage clients. His key objectives were to strengthen client relationships, largely through identifying internal efficiencies for clients, as well as cost efficiencies in the services JLL provides. Craig is a Certified Practising Valuer with extensive experience in most areas of valuations including complex and comprehensive valuations for financial reporting, litigation and compensation purposes, as well as project management and client liaison. He has provided property advice to a multitude of clients with specific focus on portfolio valuations for various government bodies and community housing providers. Craig has significant experience in Family Law reporting and continues to oversee JLL’s national team of experts providing specialist family law services.

International and SDA Investment Assurance – Global-Mark

Affordable housing is increasingly heading towards being considered a global asset class with institutional investors looking for long-term, low-risk investment-grade opportunities. With Australian CHPs increasingly coming into focus for international and institutional investors there are further measures being required of the risk class of these organisations and this can come from a range of indicators from reporting and accreditation undertaken by Global-Mark, a non-government certification provider.

Some members undertake accreditation to standards around provision of community housing. The National Community Housing Standards provide a nationally consistent framework to accredit community housing and provide service users with an assurance of quality. The standards can be used by all types and sizes of organisations to achieve continuous quality improvement and improve service delivery. In NSW, Global-Mark offers accreditation of community housing providers against the new National Community Housing Standards. Community housing providers can apply to Global-Mark for certification as an Accredited Housing Provider on a fee-for-service basis.

Global-Mark also provide SDA NDIS accreditation to CHP members to support best practice provision of disability housing and increase the quality of life through the housing offered, with aggregated pricing on SDA and CHP accreditation being considered for members.



Long-term Partnering with the Sector for Growth - Community Sector Banking

Community Sector Banking (CSB) works with PowerHousing Australia members and has supported the CHP Sector over the early part of the recent scaling up journey. They have been a reliable banking and trusted partner long before the sector had been considered a place for investment.

CSB, led today by CEO Andrew Cairns, and the team have nurtured the financial ecosystem in which all major banks now engage and their visionary work has created the ripe environment which will see affordable housing enter its next phase as an investment grade asset class.

An example of a ground breaking new program that help people buy a home is the CSB 'Unpack for Good' shared equity scheme which has been developed in conjunction with CHPs and is set to be rolled out in F2020. CSB has recently completed a 14 home shared equity pilot in Victoria, with strong interest from for-profit developers, however the focus in 2020 will be working with CHPs, government and developer partnerships.

The unique pilot program aims to help people living in community housing purchase their own home. It provides a shared equity opportunity which particularly valuable at a time when state and Federal Governments are looking at finding new and innovative opportunities for first homebuyers. Residents are able to co-own their home with their housing provider – sharing ownership lowers the cost of purchasing the home for residents, meaning they can buy a home that would otherwise be unaffordable. The remainder of the property's cost is made up by a regular Community Sector Banking home loan.

This is a unique type of agreement that partners with CHPs and a banking service in Australia to assist residents into home ownership; and in doing so it also frees up housing stock for community housing providers, allowing them to assist more people in need.

Unique but sound financing arrangements, such as the Unpack for Good shared equity scheme, can open new doors with the likes of the NHFIC and its new First Home Loan Deposit scheme. It is through the ingenuity of this type of financing concept that CHPs and institutional cornerstones of the sector will continue to find new ways to see housing and home ownership reach those that aspire to this Aussie dream.



Trish Burden

Unity Housing Company

Position: Chief Operations Officer

Head Office: Norwood, SA

Appointed: 2011

Current role: Trish is the Chief Operations Officer with Unity Housing Company and is responsible for the strategic leadership and operational management of social and affordable housing in an environment of change and growth in South Australia. Social and housing outcomes for 4,500 tenants are underpinned by tenant engagement and community development deliverables as part of Trish's leadership focus. In addition, Trish continues to be an active member of the Powerhousing Operations Leadership group since 2011 and was inaugural Chair of the Powerhousing Operations roundtable for a 3 year term.

Previous role: Prior to commencing at Unity in 2011, Trish worked for Uniting Communities for 12 years as Group Manager, Community Services through which the key focus of her work was the development of operational strategy and initiatives to create pathways for people away from poverty, homelessness and addiction. Achievements in this role included the development of corporate business partnerships in the areas of microfinance, indigenous business support and energy services.

Managing Risk – Aon

Reducing the cost of providing social and affordable housing is a key function for PowerHousing members. Ensuring that we have the best systems in place to minimise risk and system reliability is critical.

A majority of PowerHousing members utilise Aon’s services for risk and insurance. As such, Aon has developed detailed insights and information about the Australian CHP sector risk and insurance profiles. In the future, as the relationship between Aon and CHPs continues to mature, the data Aon collects will be used to further understand sector risk and to build mitigation strategies through innovative approaches.

Following on from 2018 and the insights gained from the Aon portfolio of Community Housing claim profiles it was clearly identified that fire contributed to the majority of costs incurred from claims, despite not being the most frequent type of claim lodged. To that end Aon sought

to review the types of fire claims that were occurring to determine any trends and attempt to build mitigation strategies as mentioned last year.

The below analysis provides the breakdown of 128 individual fire claims lodged between June 2014 and November 2018 from all around Australia within the Aon portfolio. A number were unable to be determined officially but it was felt to be important to provide the suspected causes to complete the data review and insight.

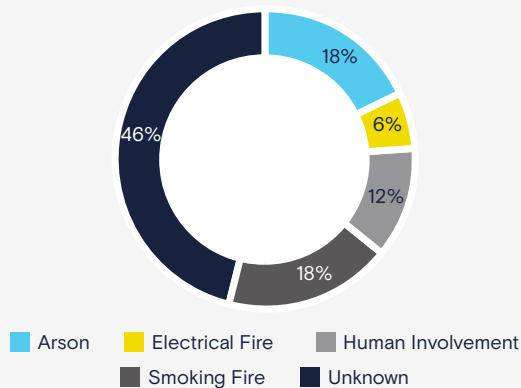
It is clear that Third Party Arson is a major contributor and pleasingly the more property maintenance related claims such as electrical fires are negligible, demonstrating that the management of the properties is generally of a high standard within the sector. Given the domestic style risk profile there is always likely to be kitchen-related fires and anecdotally there are similarities with non-Community Housing domestic insurer portfolios.



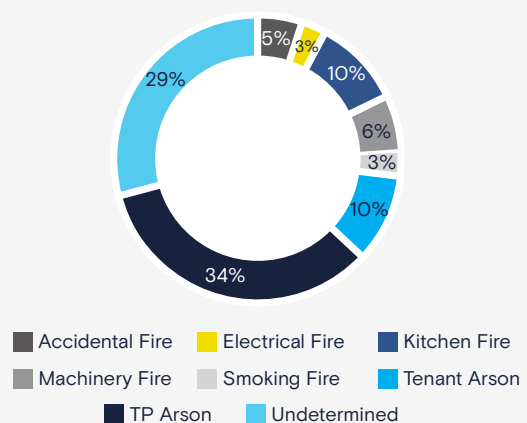
Breakdown of Aon Community Housing Fire claims since June 2014

Date as at November 2018

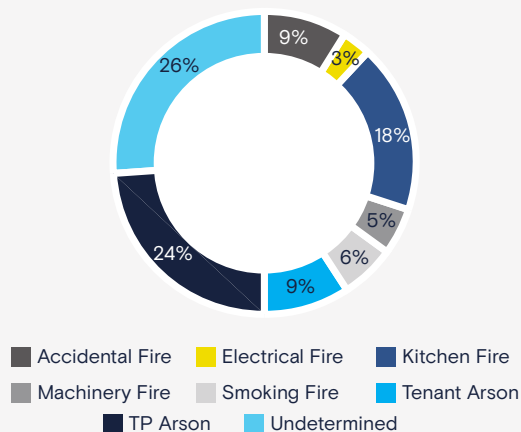
Categories of fire causes (number of)



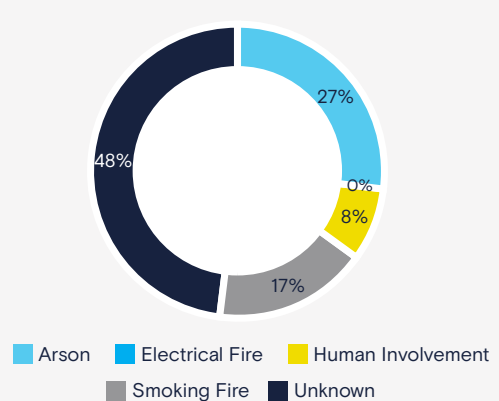
Categories of fire causes (incurred)



Categories of fire causes (number of)



“Undetermined” potential causes (incurred)



The number of dwellings within the Community Housing sector continues to grow, as is well documented, particularly within New South Wales. With events such as the east coast storms and hail events, consideration must be given to the generally good spread of risk in terms of dwelling location. The focus, however, remains on fire claims around Australia and how to reduce their impact on the portfolio.

Risks that have been somewhat dormant but could also be considered emerging present themselves as property maintenance negligence and cyber-style claims, not as a frequency issue but rather in terms of severity, as evidenced in some recent cases. Negligence claims from 2013, 2014 and 2015 continue to be lodged after years of silence from third parties now partnering with solicitors and ready to seek damages. These long tail claims are eroding insurers collected premiums from years gone by.

Groups such as the PowerHousing Compliance Community of Practice provide a great insight into the broad membership concerns and allow some opportunity to combine the workings of the insurance products with the risk mitigation. An example being where a cyber policy may provide cover for a suspected attack and to investigate/fix before any known event is established, which is often too late.

There are a number of other risk related topics that continue to come up such as cladding, however the sector is generally seen as group of well run, risk adverse organisations by insurers but with continued claims in several specific areas which need insurance cover to be set and priced accordingly.

IT Platform Evolutions - Castleton

The demand for social and affordable rental housing in Australia continues to grow and increasingly the States and Territories are looking to the capacity of community housing providers and other non-government organisations to manage and mitigate this demand.

But delivering capacity is about more than simply increasing the supply of social housing stock. There is growing pressure on the community housing sector to deliver social outcomes (health, employment/education, social inclusion). As such, there is a heightened need to find ways to better understand and measure the client experience, the changes that occur for clients while in social housing and life outcomes.

Making the most of advancing technologies has a role to play here and Castleton is committed to ongoing investment in products and partnerships that leverage these technologies to improve both the client experience and business practices. There is a strong drive towards digitisation and mobilisation of services and a focus

on technologies such as digital self-service platforms, mobile working solutions, voice recognition technology, and data collection and analytics tools. Deploying such technologies can improve client satisfaction, amenity, inclusivity and safety and allow providers to both free up valuable resources and improve the collection of data through alternative channels.

Better access to timely, consistent and reliable social impact data, together with the capacity to accurately measure such data, enables providers to gain a deeper understanding of the aspects of their community housing offering that work and which create a positive impact (type and features of housing, support services, approaches to community engagement etc.). This information can be utilised by housing providers to improve business processes, support and manage social impact outcomes and inform the future direction of housing and service strategies.

High Level Data Security - Content Security

Content Security is an Australian IT security integration and consulting firm providing Australian organisations with information security services and solutions to mitigate risk in the context of a growing cyber risk to Australian businesses in recent years. Content Security is one of the most reputable IT Security companies, whose services today cover NSW Police, Red Cross, SAI Global, Bupa, Fairfax, Australia Post, SGCH and others.

Content Security is partnering with PowerHousing Australia to offer our 34 CHP members an IT data, security and breach audit as part of their membership. The audit will provide an added layer of IT security awareness for each member CHP and comfort for the executive management and board in the quality of their IT Security Rating.

It forms the basis of a major health assessment of our overall membership and for each member's organisational confidence in engaging with NHFIC and other domestic and international investment sources. It will assess member CHPs' IT risks and vulnerabilities to ensure the effective continued operation of business with all organisations able to benchmark their performance against an aggregated dataset.

Legal solutions – Hall & Wilcox

Hall & Wilcox has particular expertise in the social housing sector. The firm is leading the way in providing specialist legal advice in all areas of social and affordable housing, including banking & finance, property and projects, construction and financial services.

While PowerHousing has had a long association with Lander & Rogers, Hall & Wilcox has been involved in a number of major social housing and NDIS projects that PowerHousing members are engaged in, including:

- The NSW Social and Affordable Housing Fund 1 and 2 (SAHF 1 and 2).
- The NSW Social Housing Management Transfer (SHMT).
- The Hunter Residences Project, involving the transfer of 350 persons with a disability from large residential centres or institutions into purpose built group homes.

Hall & Wilcock has deep knowledge of the various transaction structures used to stimulate the creation of social housing and to improve social housing for residents. In their engagement with CHPs they have been able to provide specific advice around choice of transaction structure and the development of documentation. They have specialised knowledge of the types of key performance indicators required by government from community housing providers across multiple jurisdictions.

\$315m

is the NHFIC's first bond issue and is the **largest social bond** issued in Australia

Hall & Wilcock has also recently advised Compass Housing Services and Hume Community Housing Association on the first round of NHFIC loans. NHFIC's first bond issue of \$315 million is the largest social bond issued in Australia. The funds raised will be loaned to community housing providers that provide social and affordable housing in Australia. NHFIC will provide a fixed rate of under 3 per cent for 10-year interest-only loans to these providers, including Compass and Hume, and estimates up to 300 new affordable rental dwellings, enhanced support services and ongoing maintenance will result.



Nick Slack

Hall & Wilcox

Position: Partner

Appointed: January 2016

Current role: Nick Slack has 22 years' experience acting for Australian and international borrowers and lenders in corporate finance, acquisition finance, project finance, real estate and construction finance and general finance across a range of sectors including social housing, property, health and aged care.

Nick's recent experience includes acting for Compass Housing Group and Hume Community Housing on the first round of National Housing Finance and Investment Corporation (NHFIC) loans, acting for Compass Housing Group on all debt related aspects of the Hunter Residences Project (the acquisition from the NSW State Government of land in the Hunter and the construction of purpose built group homes for the disabled), and advising community housing providers on social housing transfer management projects in New Zealand including the Christchurch Social Housing transfer and the Invercargill social housing transfer.

Nick is recommended in The Legal 500 Asia Pacific 2018 in Banking and Finance.

Recent Hall & Wilcox experience includes:

- Advising Compass Housing Services and Hume Community Housing Association on the first round of NHFIC loans.
- The NSW Social and Affordable Housing Fund 1 and 2 (SAHF 1 and 2).
- The NSW Social Housing Management Transfer (SHMT).
- Advising Arena REIT on its recent acquisition of three specialist disability housing properties in Adelaide for A\$23 million.

Government Platform Integration – Northgate

Northgate Public Services is the Australian Government software provider of choice. Northgate work with government clients such as SA, NSW, QLD, ACT, WA and Housing New Zealand. Northgate Public Services software underpins critical housing and government services, ensuring delivery of the right data at the right time to protect and improve people’s lives.

Australian governments are signed on today to utilise Northgate software and this report will acknowledge that the partnership of CHPs with States such as NSW where property transfer is underway is underpinned by Northgate Public Services.

Northgate look to see opportunities in the future such as through using internet, mobile and AI technology, and new tools that maximise the positive experience people have of critical services, and looking to open up third party channels to further streamline reporting. There are opportunities to make engagement with state governments stronger by acknowledging the commitment made by Northgate to the positive social outcomes of these states which could be aided by better third party input and reporting.

We know IT will further enhance social and affordable housing delivery in the future and better integration of current systems with State software will only further reduce costs and provide more outcomes for finite Commonwealth and State resources.



Julia MacDonald

Foundation Housing Ltd

Position: Manager, Hampton Road Lodging House, Fremantle, WA

Appointed: January 2006
(founding staff member)

Current role: Julia MacDonald has lead a team of staff who have brought about significant positive changes at Foundation Housing’s largest lodging house which is home to over nearly 200 people. Under Julia’s guidance, a number of support agencies now work in partnership with Foundation Housing to deliver more holistic support to the people living at the lodge, many of whom are transitioning out of homelessness due to issues such as mental illness, addiction and past trauma. This proactive and collaborative approach is influencing the overall culture of Hampton Road and bringing about better individual outcomes.

Previous role: Julia has worked in a variety of client facing roles since the Foundation Housing was established in 2006. Her achievements include establishing the Tenant and Resident Advisory Groups and administering Foundation Housing’s complaints process. In this role she ensured that tenant feedback about the service they receive from the organisation was heard and dealt with in a respectful and timely manner.

Manufacturer Suppliers – Eaves Water Systems

Members of Powerhousing are impressed with the Eaves Water System from an innovation, cost saving and risk reduction perspective. In simple terms, the closed guttering system, which is safer for bushfire protection and, of particular interest to our members, reduces the costs of ongoing property maintenance. The design prevents leaves and other debris, animals and pests from entering the gutter, reducing the need for regular clearing and fire risk, and improving the quality of any water captured for consumption.

Compared to standard open-trough guttering it features:

- Same cost as traditional open-trough gutters
- 40 year as opposed to current 15 year replacement for traditional open-trough gutters
- No maintenance/clearing of gutters
- No clogged drains/sub-earth clearing nor overflow damage to eave cavities
- Less call outs for tenants
- Bushfire Prone Area – Flame Zone (BAL-FZ) compliant
- Less administration
- Less chance of fire in the eaves
- Reduced pressure on insurance premiums

When it comes to supplying social and affordable housing at below market cost, it is innovative OpEx and new build procurement that creates less cost and allows for the delivery of more homes.

Mobility Solutions – sgfleet

sgfleet actively contributes to the global discussion about the future of transport and is now set to shape the new mobility landscape with PowerHousing members. sgfleet is a member of the Electric Vehicle Council and Hydrogen Mobility Australia and works to help transition its customers' fleets to zero emission vehicles. sgfleet continuously evolves its highly advanced fleet management capabilities and flexible mobility solutions, consistently exceeding its customers' expectations. An example of such a solution is the introduction of car share arrangements for fleets to address inefficient utilisation of pool vehicles.

CASE STUDY

Car Sharing with application for CHPs

The ANU (the client) previously used a car share scheme that provided convenient access to a range of vehicles on campus for personal and business use and reduced the number of the university's pool vehicles. While the scheme delivered these benefits, it did so with limited success.

SOLUTION

Through sgfleet, the client's provider under the Whole of Australian Government Fleet Arrangement, a new partnership was negotiated in February 2019 with GoGet for the ongoing provision of car share services. GoGet is considered the leader in car share in the Australian market, with 3,000 vehicles and 100,000 members, including an established presence in the ACT. sgfleet applied its expertise to analyse the ANU fleet data to achieve enhanced fleet optimisation and utilisation. This has meant that the new arrangement is a more cost effective end-to-end model, with greater flexibility and a better presence and support structure in the ACT region. Building on the initial car scheme, sgfleet introduced various service improvements for the new 'GoGet CarShare' arrangement.

The key element in this successful arrangement is the 'no minimum use' policy. There is no longer a need to pay to have a car share vehicle on-site, but will only do so when the vehicle is actually used. The cost is split by time and kilometre use to discourage any 'non-essential' business travel. Importantly, enhanced functionality within sgfleet's Fleet intelligence portal means that fleet managers and administrators can quickly and easily allocate trips to the correct cost centres and track usage by driver. This arrangement should encourage other fleets including the CHP sector to use the same approach as an enhanced fleet optimisation tool.

PowerHousing Academy – CFO Training – KPMG

Financial sustainability is rated as being the single most important issue for our organisations. Not just reporting sustainability in the annual disclosures, but in the approach taken towards all aspects of operating a CHP.

While we partner with some significant financial affiliates such as Community Sector Banking and some of the big four banks, we also partner with financial intermediaries that help structure the agreements. These range recently from BFIN, Capital United, Advisian and CINCH Finance. We have a core partner in KPMG that brings together international expertise from around the globe. KPMG partners with our members to bring some of the most complex developments to fruition.

What is also critical is that they support the financial sustainability mandate for our growing members to be a core function of the engagement. As such we undertake a 1-2 day 'deep dive' into social and affordable housing financing concepts that brings together this international expertise.

PowerHousing and KPMG undertook a single-day intensive Treasury course in February 2019, which covered the key areas around Treasury management. With PowerHousing and our members engaging closely with Treasury at the federal and state level, the Finance and Capital Management Course has been developed for members to support our expertise in this field.

Procuring and retaining the right people – Blooming HR

Blooming HR has been providing people and culture best practice support to the community housing sector since 2011 to build the capacity, profile and reputation of the sector and position it as an employer of choice.

Awarded Consultancy of the Year at the National PowerHousing Awards for their measurable impact on the community housing sector in Australia with a people and culture transformation for Link Housing seeing them awarded the 14th Best Place to Work in Australia with 9 of the 13 criteria assessed as world class.

Having undertaken international research in organisation design there will be a collaboration with PowerHousing and its members to undertake a 2019-20 community housing salary benchmarking. This will enable the sector to compare its salaries to comparable industries and roles. This will enable the sector to compete and retain the skills and expertise needed to meet growing social affordable housing requirements.

Blooming HR have developed, with our partners at the Voice Project, a community housing sector employee engagement survey. This survey has resulted in a sector benchmark for employee engagement and other key people measures. These benchmarks drive ongoing development and focus on people practices that ultimately drive business results.

The community housing sector's employee value proposition is strong. There is a diverse range of financial and non-financial benefits available to those working in the community housing sector. For one, the ATO's salary sacrifice benefits allows employees to package up to *\$15,900 of their base salary, reducing their taxable income. They can use their pre-tax dollars to pay for ongoing expenses such as rent, school fees and other loans.

Flexible work arrangements are the norm. Remote working, job share, flexible start and finish times, condensed work weeks and part-time arrangements (for child care or study) are considered best practice and are commonplace in the community housing sector.

New roles in IT, service innovation and of course property development are attracting best of breed talent with salaries matching those of the commercial sector.

Combine this with the attraction of working for a profit-for-purpose and values-based organisation, tax savings and flexible working arrangements means the sector is fast evolving into an employer of choice.



Image credit: Blooming HR

PowerHousing Academy – University Scholarships

PowerHousing is coordinating engagement with several Universities to develop scholarships for our staff across the various occupations. The sector has worked broadly with Swinburne University to introduce part-time students in Swinburne University's Graduate Certificate of Social Science (Housing Management and Policy). The course is open to those currently working in housing and homelessness who have either a degree or five years relevant work experience from anywhere in Australia.

PowerHousing members already engage in training with CFOs undertaking its KPMG Treasury course annually and members taking interest in other opportunities for training.

PowerHousing Academy – Rising Stars

PowerHousing Australia established the Emerging Leaders and Rising Stars Steering Group to provide a forum for the staff of PHA members to offer structured career and professional development opportunities to support emerging leaders and talent in the sector. This group reflect the key goals of PHA – peer to peer exchange, thought leadership and resource mobilisation.

The members of the Emerging Leaders and Rising Stars Steering Group meet regularly for the following purposes:

- Peer to peer exchange, networking, information sharing and cross pollination of knowledge
- Input into policy development and implementation
- Development of structured opportunities for Emerging Leaders that support the greater goals of PHA and member organisations

- Provide a forum to contribute to strategic sector talent attraction and management strategies
- Developing Social and affordable Housing as an acknowledged career path
- Providing professional development opportunities that support career progression
- International best practice, collaboration and information exchange – Engagement with the International Housing Partnership and the Emerging leader networks in the USA, UK, Canada and New Zealand.



Department of Social Services internships

PowerHousing Australia has had four internships in the past year, three in our Deakin Canberra offices and one with CHP member CHC.

The secondment to PowerHousing has not only given our four DSS interns a great insight into how the community housing sector operates on the ground but has also reaffirmed the view that housing affordability should be at the forefront of collaborations between government, private and not-for-profit sectors to support some of the most vulnerable members in our society.



PowerHousing Australia - Mandy Hudson
DSS intern - Sumati Marharjan



PowerHousing Australia staff and DSS Interns
Kathryn Adams and Cameron Sweeney



David Burton

Junction Australia

Position: General Manager, Housing Services

Head Office: Parkside, SA

Appointed: November 2018

Current role: Passionate about urban renewal and creating strong, connected communities, David has extensive experience and a strong track record in development management; capital acquisitions; planning, design and importantly, leading high performing teams. He is ideally positioned to drive the strategic direction, management and growth of Junction's property portfolio. David leads the housing team at Junction and is responsible for the place making, active management, redevelopment and community engagement across Junction's 2,200+ homes.

Previous role: David joined Junction from Stockland in Sydney where, as National Manager, Business Development and Capital Transactions, he was responsible for the growth of the company's residential business. Prior to this David has held a number of senior roles at market leading property companies including Peet, Colliers International, Metro Property Development and Devine.

10

THE EVOLVING HOUSING CLIMATE

City Deals

The Greater Manchester Combined Authority (GMCA) is made up of the ten Greater Manchester councils and Mayor, who work with other local services, businesses, communities and partners to improve the city-region. The Greater Manchester Investment Fund is a series of investment funds aimed at encouraging business growth and investment in property and infrastructure. Included within the Greater Manchester Investment Fund is the Housing Investment Fund, which supports the delivery of the City Council's Residential Growth ambitions.

A PowerHousing Australia delegation met in October 2018 with the directors of the GMCA, with the following enabling structure and elements of the City Deal considered:

- The MOU structure of the 10 Greater Manchester local government areas that represent the 2.8 million residents;
- The devolution principles that underpin the MOU and the strategies that flow;
- The Greater Manchester Strategy produced by GMCA illustrates a focus on securing growth, increasing productivity and fostering independence and self-reliance for residents. These broad strategic objectives are supported by a strong spatial and locality focus to delivering positive change
- £300m housing fund established by the GMCA which is part of the Greater Manchester Devolution Agreement with features that include:
 - > Ten-year committed local government funding
 - > Publicly committed to 21 schemes as of July 2017
 - > Traditional development finance to support housing growth across Greater Manchester
 - > Set up to encourage, accelerate and unlock residential housing schemes
 - > Available for private sector-led schemes
 - > Competitive pricing and lending structures
 - > All residential sector schemes considered (within Greater Manchester geography)
 - > Stretch senior debt and mezzanine finance options. Equity investment will be considered
 - > Upfront infrastructure funding considered case by case
 - > Any loan size considered between £500,000 and £30million

To date the **Housing Investment Fund** has committed over

£420m

to build over

5,150 units

at **40 sites**

across **Greater Manchester.**

To date the Housing Investment Fund has committed over £420m to build over 5,150 units at 40 sites across Greater Manchester. While the Fund has reached the £300m milestone after two-and-a-half years, the Fund has said it remains open for business utilising recycled funds to continue to invest in more homes across the region.

The concept of City Deals has recently been introduced in an Australian context. As an example of Australian City Deals, the Australian and NSW Governments, together with eight local governments of Western Sydney, signed the Western Sydney City Deal on 4 March 2018. The City Deal is a 20-year agreement between the three levels of government to deliver a once-in-a-generation transformation of Sydney's outer west. The City Deal builds on the Australian Government's \$5.3 billion investment in the Western Sydney Airport to catalyse investment, development and job opportunities.

The Western Sydney City Deal includes commitments from all levels of government across six priority domains:

- Connectivity – connecting the Western City by world-class road, rail, aviation and digital infrastructure.
- Jobs for the future – building on the unique opportunity of the Western Sydney Airport to drive business investment and employment growth.
- Skills and Education – coordinated approach to education, skills and training to ensure all people have the opportunity to equip themselves with the skills to take advantage of the substantial job opportunities now and into the future.

- Planning and Housing – a package of reform across the whole planning spectrum to improve housing supply and affordability.
- Liveability and Environment – working together to ensure the Western City is a great place to live, with inclusive and welcoming communities and celebrated natural assets.
- Governance – a shared vision and implementation plan for the Western City.

The federal Labor Opposition and in particular Opposition leader Anthony Albanese strongly support the city partnership approach which has its basis in the UK model.

Having a greater link to housing in these partnerships is critical in the future for the provision of a home to be seen as essential to the long-term infrastructure and wider plan for cities.

The Northern Territory Regional Deal has a focus on housing bringing into partnership two CHPs, however housing like Manchester should be a component of the current and future City Deals.

Financial Services Inquiry

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry has concluded and after receiving over 10,000 submissions and hearings the final report was tabled in Parliament on 4 February 2019.

With the handing down of the report, financial institutions have looked to consider refining their position in the community and new legislation and recommendations have been enacted. With the new Australian Financial Complaints Authority (the AFCA a merger of three former offices, including the superannuation complaints tribunal, the financial ombudsman office and the credit ombudsman) now receiving 50 per cent more complaints (up from 950 coming to the three previous agencies a year ago up to 1,450 per week in June 2019¹⁵) there will be a greater awareness of community obligation from these institutions. With additional legislation coming into force on July 1, 2019 there will be a much wider range of historical issues and legacy complaints dating back to January 1, 2008 that will now come under the AFCA remit.

There is an opportunity to see financial institutions act to play a community betterment role in some ways similar to the US Community Reinvestment Act which, since 1977, has required US banks to help meet the needs of the communities in which they do business.

Global Asset Class

In the context of a growing appetite within capital markets for investment with environmental, social and governance overlays, October 2018's Manchester International Housing Partnership (IHP) Conference which PowerHousing Members attended included a timely discussion of affordable housing as a global asset class. The IHP countries US, UK, Canada and Australia saw an opportunity to gain a greater understanding of what this would look like and seek to promote it across boundaries to create greater efficiencies in pricing and capital structures.

Following the IHP, there has been formative discussion between the four country networks to explore if there are enough similar characteristics and parallels to define a global asset class, to ultimately lead to more efficient capital flows for providers.

PowerHousing is leading the four country effort chaired by SGCH's Scott Langford. Our Australian working group has done some initial work exploring the similarities in characteristics in the affordable housing markets from our country. Then in turn, with characteristics from each of the four IHP countries, the network can form a reference point for a global affordable housing asset class, and whether this could then lead to more efficient and favourable capital solutions.

With a platform for international cooperation at the IHP San Francisco meeting in October 2019 and at the PowerHousing National Conference in November 2019, the IHP effort underpinned by SGCH, PowerHousing and the four IHP countries will consider with research from Paxon Group:

- What are the opportunities that the IHP members could consider around the world and define what are the global / international needs and what are the market / country specific needs? What funding and security form is being targeted? Debt, equity and / or other?
- Defining what is an asset class? In both meaning, definition, benefits accruing and how do mature asset classes eventuate.
- What Social and Affordable Housing Asset Class legal structures exist today around the world and what are the international limits and barriers that may prohibit an asset class?

- The risk assessment of the broad social and affordable housing asset class, the asset class spectrum (sub sectors and segments of social and affordable housing) and the analogous asset classes and risk profiles that exist in markets. What are the risk return profiles that should and could apply?
- What steps are required for implementation beyond IHP San Francisco?

Build-to-Rent – The future

Since 2012, Sydney unit prices have risen by 45 per cent, well ahead of any increase in low to middle-income wages and over this time homes selling for under \$400,000 have dropped from about 25 per cent of all sales in 2012 to around three per cent in the recent year.

Since 2012 Sydney unit prices have risen by

45%



Build-to-Rent has been raised as a potential solution if, combined with the withholding tax advantages of managed investment trusts, along with some other measures, it could help low to middle-income earners to get into the housing market. The Build-to-Rent model – building properties to rent instead of selling them to individual buyers – aims to provide high quality and well maintained rental stock to affordable to premium renters.

The major Build-to-Rent players in the US that PowerHousing Australia recently met in 2018 in New York, Washington and San Francisco, see Australia as being primed for this Build-to-Rent.

There is a simplicity in the Build-to-Rent model that exists in the US and Britain which could be replicated. It is surprising it hasn't taken off here, but in places like the US there has been a Low Income Housing Tax Credit for affordable housing in operation for 30 years underpinning the delivery of up to 10 per cent of all new homes. Developers can bank on a steady affordable housing component to their developments and investors can get a government-backed return that is almost shock proof. It's also clear that affordable housing/Build-to-Rent development was a safe haven for residential investors during the Global Financial Crisis.

Institutional investors and super funds are sending their

capital overseas to invest in affordable and/or Build-to-Rent developments despite there being an affordable housing challenge to address at home in Australia.

If coupled with tax credits, planning, infrastructure and a community reinvestment focus from lending institutions, as is the case in the US, Build-to-Rent could potentially underpin 10-20 per cent of the pre-commitment for a development in much the same way foreign investment went from nothing in 2012 to a 10-40 per cent component of many developments today. Foreign investment helped boost annual supply levels by 70,000 dwellings above forecasts in 2016 alone.

Recent foreign investment trends show a massive interest in the Australian residential market. Foreign investment in new residential property as recorded in the most recent Foreign Investment Review Board annual report showed the number of foreign investment residential approvals growing to 40,149 in 2015-16 compared with 11,668 in 2012-13, representing \$72.4 billion in 2015-16 of proposed investment as opposed to \$17.2 billion in 2012-13.

The Build-to-Rent market can create another housing option in the spectrum of housing and a new asset class for long-term, stable, diversified investment for both domestic and foreign investors. It can provide housing for key workers on low or average weekly earnings, giving them the opportunity to live close to where they work.

The Financial Services Inquiry, encourages banks to reconnect with their communities, and the US Community Reinvestment Act could be a model for achieving this. It would incentivise depository institutions to help meet the credit needs of communities, including low and moderate-income neighbourhoods, as it does in the US.

Developers in the US partner with the affordable housing sector for Build-to-Rent projects. The lessons of the GFC also suggest Build-to-Rent may even be the critical lever of new diversified investment that counteracts a softening residential construction market. This will be vital if building levels fall back to the 10-year average where 40,000-60,000 fewer homes are being built than in 2017.

¹⁶The Australian Business Review, Banking Royal Commission spurs surge in complaints, The Australian, 17.6.19

NSW Redfern Build-to-Rent

In July 2018, the NSW Minister for Social Housing, the Hon. Pru Goward MP, announced an innovative strategy for Communities Plus, with the introduction of a Build-to-Rent model to be used for 600 Elizabeth St, Redfern to deliver more social, affordable and private housing. The site is well situated for future residents; with easy access to the new Waterloo metro and Redfern train station, local employment, education and support services, as well as retail outlets.

Under Build-to-Rent, proponents enter a long term lease and collect rental income for the duration in return for building and managing the dwellings on the site. The NSW Government retains ownership of all land and dwellings, which will be returned to the NSW community after the lease expires.

Infrastructure investors have warmed to the NSW Build-to-Rent project at Redfern in inner city Sydney, with two of the three consortia shortlisted coming from that sector. The project involves a concession of more than 50 years combined with government-supplied land in a location that can expect a high level of demand.

QLD Build-to-Rent

The Queensland Government is looking to work with developers, investors and/or consortia to facilitate Build-to-Rent developments in Queensland with a pilot project set to provide a targeted rental subsidy to deliver affordable and market rental housing within Build-to-Rent developments in Brisbane.

The final development is expected to provide all residents with a high amenity rental experience, access to transport and employment nodes and premium service delivery. The pilot project will initially target delivery of developments on privately owned land at the cost and risk of a successful proponent.

While expressions of Interest Stage 1 closed at the end of May 2019, there will be some tweaks made to the Queensland Build-to-Rent pilot project, with the government's proposal likely to change to be more suitable for infrastructure or property investors. The Queensland government said it would offer a 20-year concession and that the bid group must secure or have the rights to buy land within 10km of the city centre. They must also have the ability to develop more than 250 apartments.

Making the project work is a key consideration for CHPs who are the main leaders of bids for social housing tenders, however ensuring the right mix of social housing in the projects will be the key. The balance between this being an infrastructure and a property investment will also be the challenge that CHPs face in getting the Build-to-Rent arrangement to come to fruition over the coming year.

VIC Build-to-Rent

The Victorian Government is acting to improve housing affordability by supporting Build-to-Rent. The Government will be facilitating planning assessment, is engaging with an industry working group, financially supporting Build-to-Rent in community housing, clarifying taxation arrangements, and making the case for Build-to-Rent to the federal government.

At the time of the announcement, Treasurer Tim Pallas indicated that encouraging Build-to-Rent will increase the supply of new, large-scale housing for longer-term renting. It can grow our stock of affordable and social housing, expanding housing choices for Victorians.

The first Build-to-Rent approval in Victoria is for a 60-level apartment block on City Road, Southbank, with several further applications being assessed through the fast track process.

11

INTERNATIONAL ENGAGEMENT - AFFORDABLE HOUSING GLOBAL ASSET CLASS

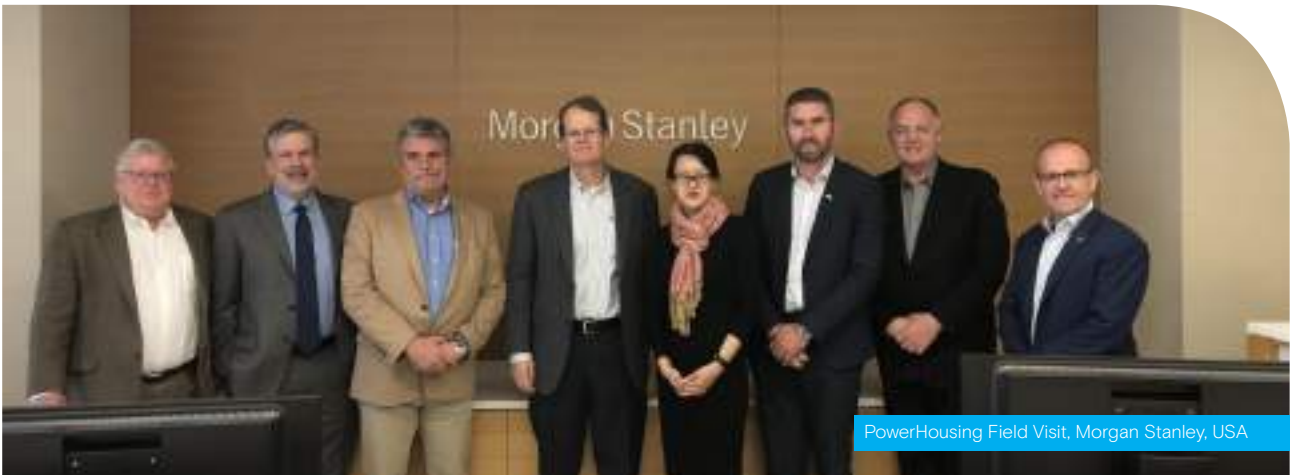
PowerHousing Australia is a member in the multinational social and affordable International Housing Partnership (IHP), alongside the United Kingdom, United States of America and Canada. PowerHousing's associate member from New Zealand, Accessible Properties, is also a delegate of the IHP.



Whilst we meet in one of the four partner countries regularly (San Francisco – to meet Oct 2019), we work on international member exchange of best practice in social and affordable housing throughout the year. Currently we are working on driving momentum for affordable housing as a global asset class for international and institutional investment. This is a working collaborative of the IHP partner countries and affiliate partners, and is chaired by Scott Langford of SGCH, supported by our PowerHousing Member Working Group. The project is contracted to Paxon Group and will be presented and used to drive this agenda at IHP San Francisco in 2019, with presentations concluding at our PowerHousing 2019 Conference in Canberra in late November.

PowerHousing has also engaged to help define the build-to-rent agenda. This effort builds on the relationships built by PowerHousing Australia CEO Nicholas Proud

over the past 5 years across roles and expanded upon with PowerHousing having 25 meetings in New York, Washington and San Francisco in 2018. At the request of then-Treasurer Morrison these meetings, which included Haven; Home, Safe CEO Ken Marchingo, Community Sector Banking CEO Andrew Cairns and Nicholas Proud, brought together the largest institutional investors to support Australian partnerships to draw on the 30-year US model of institutional investment in social/affordable housing. As the recent boom in foreign investment into Australian residential real estate shows and with the first NHFIC bond issue oversubscribed four times, there is a wave of international/institutional investment that this work positions our scale sector members to support international/institutional equity injections to social and affordable housing.



PowerHousing Field Visit, Morgan Stanley, USA

In our work with cities urban development, PowerHousing has also developed relationships with international partners overseas to progress our Australian objectives. In conjunction with our meeting with the IHP Manchester, we have formed a working relationship with the Greater Manchester Combined Authority to define future housing in the Australian City Deals.

Members and affiliates of PowerHousing such as Compass Housing Services and AVJennings have in recent years engaged international through the Pacific region. Both companies have a footprint in New Zealand and Compass has operations further abroad in Vanuatu with a broader interest. Compass CEO Greg Budworth has a broader role of Vice President – UN General Assembly of Partners. His leadership, particularly in the Pacific, brings our members in proximity of international forums such as Pacific Urban Forum, which brought together most housing ministers and several prime ministers to meet in Fiji in July 2019.

The Australian Government also has close interest in this region supporting the Australia Pacific Training Coalition (APTC) across six campuses in countries such as Fiji, Vanuatu and Papua New Guinea. Seeing an increasing connectivity of the leadership of organisations such as UN Habitat, Compass Housing Services, APTC, and the Australian Department of Foreign Affairs and Trade is critical to the provision of housing.



City Deals meeting – Greater Manchester Combined Authority and PowerHousing delegation



Fijian Minister for Housing Premila Kumar and PowerHousing CEO Nicholas Proud



APTC, Fiji

12 POWERHOUSING CEO'S CONCLUSION



At the time of this prospectus, population is rocketing at the fastest rate of all countries on the planet yet housing supply is about to drop at the highest levels in our country's history.

Affordable housing is one of the few levers left to generate vital supply and reduce the risk of house prices and rents returning to unsustainable rises that resume the pattern of the recent decade where rises outstrip wage growth and household capacity.

It is fair to say that the world around CHPs is changing dramatically - CHPs and the concept of dealing with the affordable housing issue has momentum with both sides of federal politics. The case in point is that the Commonwealth Government is getting on with the job and has delivered its first loans from the Affordable Housing Bond Aggregator in less than 24 months since the Bond Aggregator and NHFIC were first announced.

Our CHPs, their management expertise, the staff, and the tenant outcomes that we provide are all elements of the solution to the affordability crisis gripping the country today. Our partners and the sophistication of the expertise in these relationships are driving us toward a pivotal point in the response to this crisis. So it should be a given that we will be one of the many 'hands to the wheel', but it hasn't always been the case for CHPs and can't be counted on into the future without continued, concerted efforts.

Our workforce is now made up of a blend of professionals that have made a career in community housing, rising through the ranks alongside newcomers with notable previous experience in prestigious accounting, financial, legal, development, and professional firms.

The maturity of the debate and the recognition that housing affordability needs to be tackled by the leaders of the sector and by Federal and State politicians that are now stepping up to the plate to face down the challenge is being recognised.

The long-term thinking around housing is now coming into play and as a country, we are lucky to be seeing this bi-partisan approach towards affordable housing adopted nationally.

While the past several years have driven some key outcomes and the establishment of NHFIC in just the last 12 months, the next two to three years will be a turning point where national dwelling delivery can see structured growth, with potential Build-to-Rent and MIT components of up to 30 per cent of a development as affordable housing. In new market conditions where house prices and rents are now set to stabilise, it will be critical that the affordable housing delivery strategies that rise to the top of the Government's priorities are agreed and then implemented.

With banks continuing to tighten lending approvals for home loans, almost stagnant wage growth and record population growth in major cities in Australia, and a decline in housing delivery on its way, there is a need to look at the last levers to ensure housing supply for rent and to buy meets demand. This emerging lever of additional affordable supply, which supports social housing outcomes, also importantly underpins economic growth, jobs, taxes with residential delivery being the lifeblood of all metro and regional communities.

While overall supply of housing has increased in the last few years, a more concentrated effort is needed to address the shortfall in safe, secure and affordable housing for households on low and very low incomes.

A handwritten signature in dark ink, appearing to read 'N-Proud'.

Nicholas Proud
Chief Executive Officer
PowerHousing Australia

2018-19 Sector Recognised Rising Stars:



Sunette Le Roux

AnglicareSA



Sage Lukacs

Bridge Housing



Andrew Goelst

Centacare Evolve Housing



Lauren Moon

Compass Housing Services



Roisin Carmody

Foundation Housing



Elaine Kerr

Haven; Home, Safe



Keelin Byrne

Hume Community Housing



Madeleine (Maddie) Wachter

Link Housing



Elizabeth Olivieri

NCCH



Irena Petrovska

SGCH

Rising Star Winners 2018–19

PowerHousing is proud of our dual Rising Star winners for 2018–19.

Each year we recognize a new cohort of Rising Stars who have an impressive set of skills borne out of their experience both from previous roles and their vital positions that help make our CHP member organisations what they are today.

In recognising this group of amazing individuals we seek to support their ambition and aspiration to provide deep social impact and provide pathways to achieve their full potential of careers.

PowerHousing hopes that the camaraderie of this group, that combines the Rising Star winners, and their Rising Star alumni from previous years, creates the most valuable peer exchange networks supporting their roles today and for the future.



Laura Lovey

Junction Australia

Position: Program Maintenance Officer

Head Office: Parkside, SA

Appointed: November, 2017

Award: Rising Star Award winner 2018–19

As part of winning the Rising Star award, Laura engaged in IHP Manchester 2018 immersion as supported by Community Sector Banking.

Current role: As part of her Award, Laura travelled to New Zealand to visit community housing providers. In her current role Laura has project managed \$2.6m worth of capital expenses to Junction's Mitchel Park common grounds and assets; from analysis of asset data, budgeting, project planning and approval to complete delivery of programs. She has also assisted with laying down the foundation for future projects by documenting and reviewing trial processes to ensure her department operates intelligently and efficiently.

Previous role: Prior to Junction Laura has worked in various customer service and data entry roles, beginning with Junction at an entry level role her proven ability was quickly recognised and was encouraged and supported to progress from a level 2 role to a level 5.



Calvin Garrett

BHC Creating Liveable Communities

Position: Strategic Projects Manager

Head Office: Spring Hill, Qld

Appointed: February 2017

Award: Rising Star Award winner 2018–19

As part of winning the Rising Star award, Calvin engaged in IHP Manchester 2018 immersion as supported by Community Sector Banking.

Current role: Until recently, Calvin was a Strategic Projects Manager for BHC Creating Liveable Communities. Calvin is passionate about influencing the sector to ensure new developments are well designed and provide safe, secure living that meets the diverse needs of all Australians. Calvin was BHC's programme lead for all activities and funding opportunities relating to the NDIS. He was also responsible for assisting the wider Operations Team to develop more efficient business practices and manages BHC's Marketing and Communications Team. Calvin is currently travelling Europe heading to work in Housing Association opportunities in the UK.

Calvin holds a Bachelor Degree in Urban and Regional Planning and a Masters Degree in Project Management, both from QUT.

Previous role: Housing Manager, also for BHC.



Parafield Gardens renewal project, Westside Housing Association

PowerHousing Australia Members

AUSTRALIAN CAPITAL TERRITORY

CHC Australia
www.chcaustralia.com.au

NEW SOUTH WALES

Argyle Housing
www.argylehousing.com.au

BlueCHP Limited
www.bluechp.com.au

Bridge Housing Limited
www.bridgehousing.org.au

City West Housing
www.citywesthousing.com.au

Compass Housing Services
www.compasshousing.org

Evolve Housing
www.achl.org.au

Homes North
www.homesnorth.org

Housing Plus
www.housingplus.com.au

Hume Community Housing Association
www.humehousing.com.au

Link Housing
www.linkhousing.org.au

NCCH
www.ncchc.org.au

Pacific Link Housing
www.pacificlink.org.au

SCCH
www.scch.org.au

SGCH
www.sgch.com.au

Housing Trust
www.housingtrust.org.au

Wentworth Community Housing
www.wentworth.org.au

Mission Australia Housing
www.mahousing.com.au

VICTORIA

Beyond Housing
www.beyondhousing.org.au

Haven; Home, Safe
www.haven.org.au

Housing Choices Australia
www.hcau.org.au

HousingFirst
www.housingfirst.org.au

Women's Housing Ltd.
www.womenshousing.com.au

Unison
www.unison.org.au

YWCA National Housing
www.ywca.net

WESTERN AUSTRALIA

Access Housing Australia
www.accesshousing.org.au

Bethanie Housing Group
www.bethanie.com.au

Foundation Housing
www.foundationhousing.org.au

SOUTH AUSTRALIA

Anglicare-SA
www.anglicare-sa.org.au

Junction Australia
www.jwh.org.au

Westside Housing Association
www.wha.org.au

Unity Housing Company Ltd
www.unityhousing.com.au

QUEENSLAND

BHCL
www.bhcl.com.au

TASMANIA

Centacare Evolve Housing
www.centacareevolve.com.au

About PowerHousing Australia and its Members

PowerHousing Australia is a unique forum for peer-to-peer exchange collaboration amongst housing professionals who are dedicated to improving lives through the provision of social and affordable housing. As per the CFO Benchmarking survey, the organisation today has 34 of the largest scale Community Housing Provider Members who collectively manage over \$20 billion in housing, own or manage over 60,000 homes for over 100,000 people on low to moderate incomes.

Sector Capacity Prospectus 2019 – Research Developer

The Sector Capacity Prospectus was managed and co-written by Scarlett Mitchell, Research and Projects Manager at PowerHousing Australia. Scarlett also managed and co-wrote PowerHousing Australia's Australian Affordable Housing Report: Environmental Scan 2019. For further queries contact PowerHousing Australia on (02) 6210 5040.

PowerHousing acknowledges the work of our Affiliate CoreLogic to provide data to support the PowerHousing Australia Scale Sector Capacity Prospectus 2020



PowerHousing Australia Affiliate Members



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