

# A Coordinated Approach:

## Affordable Housing for Local Government Employees & Essential Workers



**Greg Hoffman PSM**  
Executive Office – NWQROC



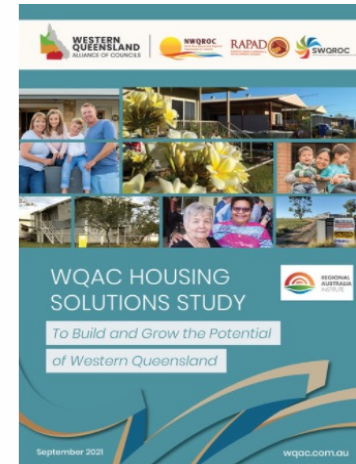
**Darren Mew**  
Executive Manager – QLD and NT

Western Queensland Alliance of Councils – Assembly 2023  
September 2023



# The Journey to Date

- WQAC Assembly 2020
  - Housing, Connectivity, Roads, Financial Sustainability
- WQAC Assembly 2021
  - RAI Housing Solutions Study – Aggregation!!
- WQAC Assembly 2022
  - Deputy Premier announces LHAP funding
  - QTC & Gadens - Options, Financial & Legal Implications
- WQAC Assembly 2023
  - Successful election advocacy re Federal Housing Programs
  - 22 LHAPs completed plus 1 extra near complete
  - QTC Data Analysis of Housing Gaps
  - Housing Summit & Roundtables
- Today – the Aggregation Journey with BlueCHP, Findings to date & Next Steps



# The Journey to Date

- Meet BlueCHP at Housing Summit Oct 2022 – keen to learn more but need the data!
- 22 LHAPs developed between September 2022 & March 2023 – generated the data!
- Discussions start with BlueCHP in March 2023 – frequent meetings since
- QTC finalised Housing Gaps Analysis in April 2023
- What did it tell us??

# The Journey to Date

bluechp

WESTERN  
QUEENSLAND  
ALLIANCE OF COUNCILS



## Estimating the Housing Gap across Western Queensland

Western Queensland Alliance of Councils  
(WQAC)

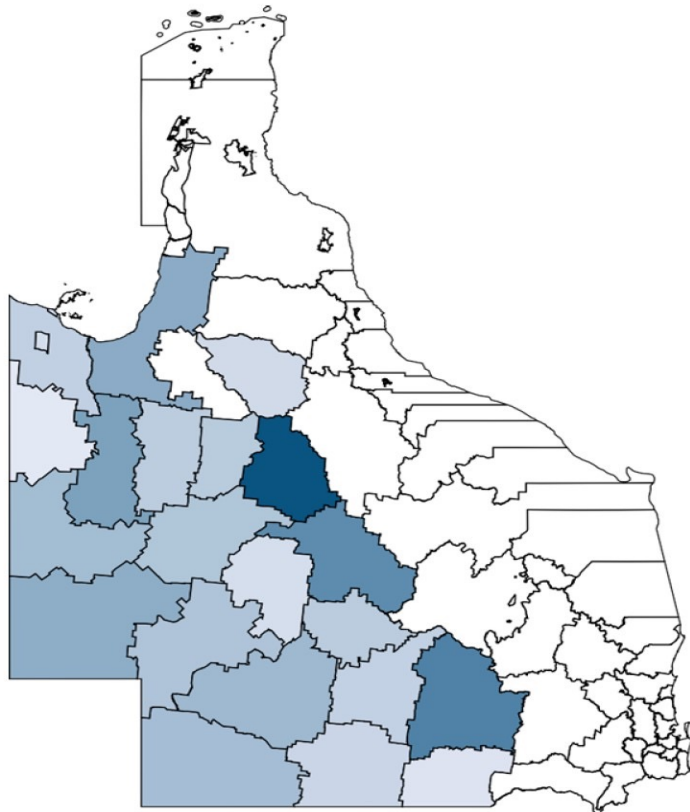
**April 2023**

WESTERN  
QUEENSLAND

# The Journey to Date

## The Gap in Supply and Demand of Council Housing across WQAC

Total demand for council housing across WQAC



Local Government Area Boundaries (2022). Darker LGAs represent a higher estimated values with lighter LGAs representing a lower estimated value.

The current supply of council properties is...

**926**

Council houses

The demand for council properties across WQAC is ...

**1,062**

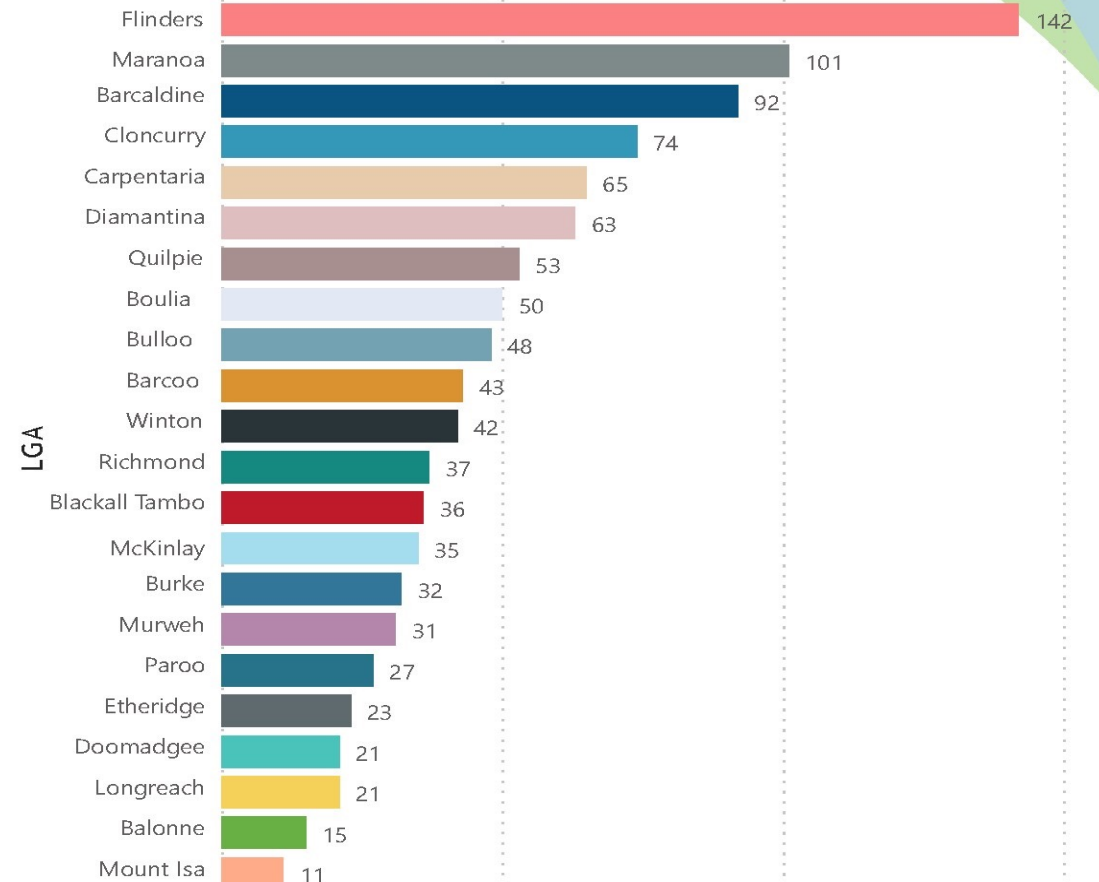
Council houses

Demand outstrips supply, leaving a gap of...

**136**

Council houses

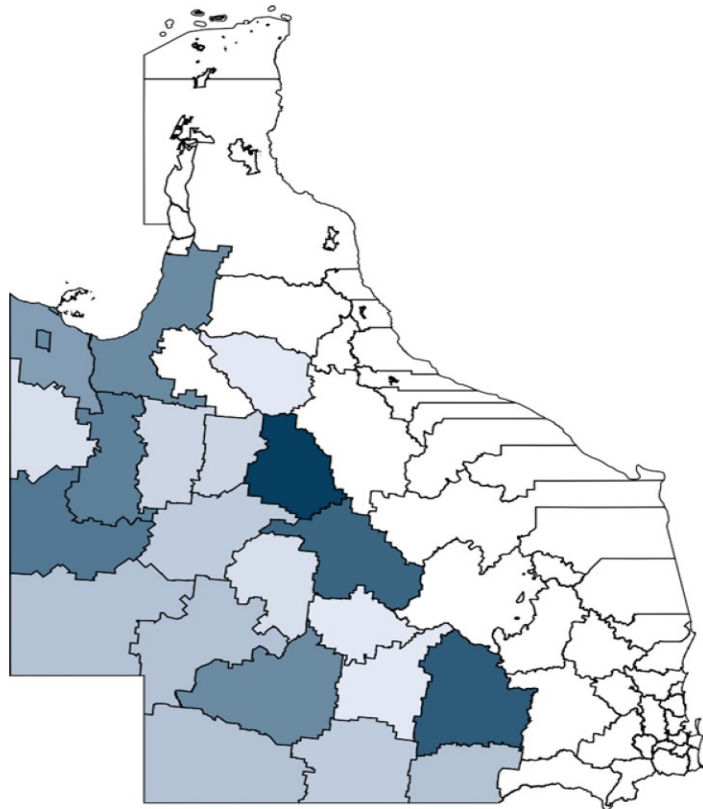
Total demand for Council Housing by LGA



# The Journey to Date

## Examining the council housing gap more closely

Where is the gap for council housing greatest?



Local Government Area Boundaries (2022). Darker LGAs represent a higher estimated need with lighter LGAs representing a lower estimated need.

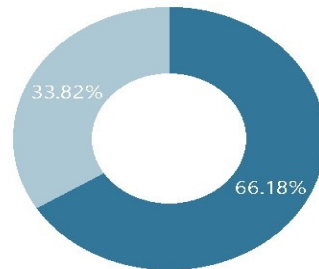
Councils have identified the gap between current supply and estimated demand for housing in the regions (primarily for staff housing purposes).

# 136

Estimated council housing gap

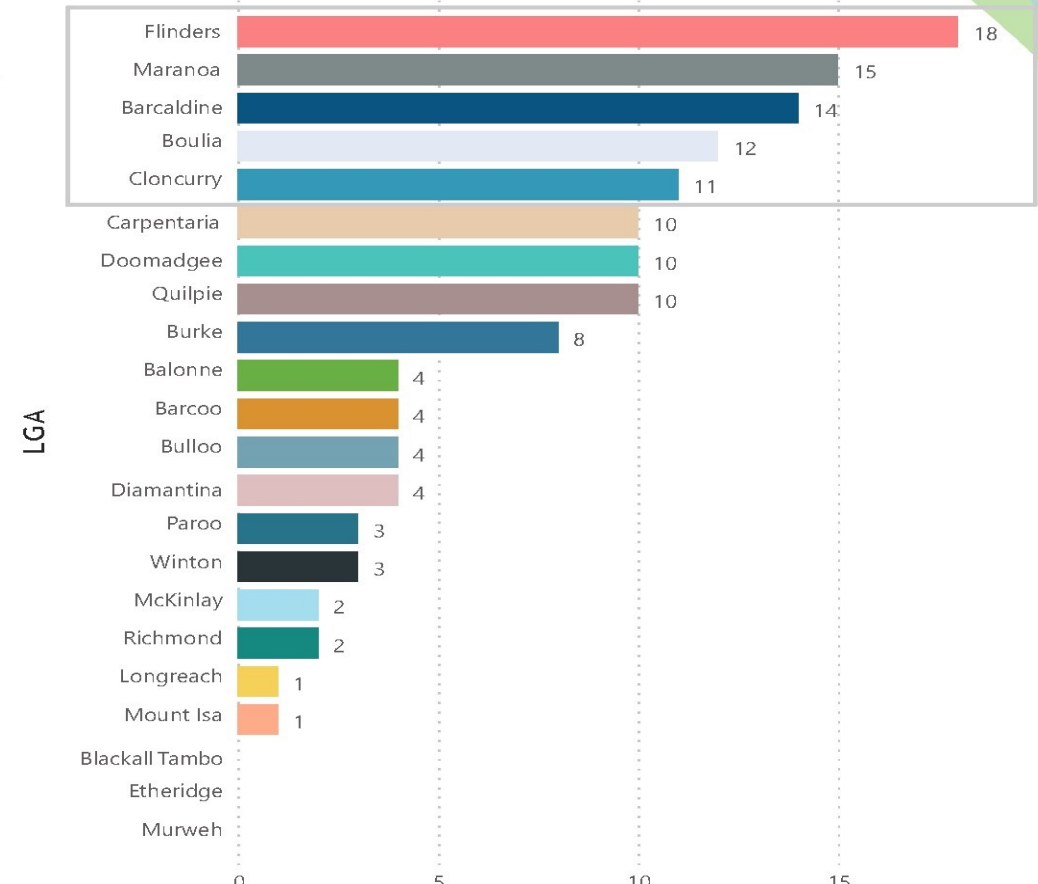
**Five councils** comprise **over 50%** of the region's council housing gap.

Primarily, the gap is required to meet demand for council staff housing.



● Council staff ● Community /organisation

Additional council housing required to meet demand



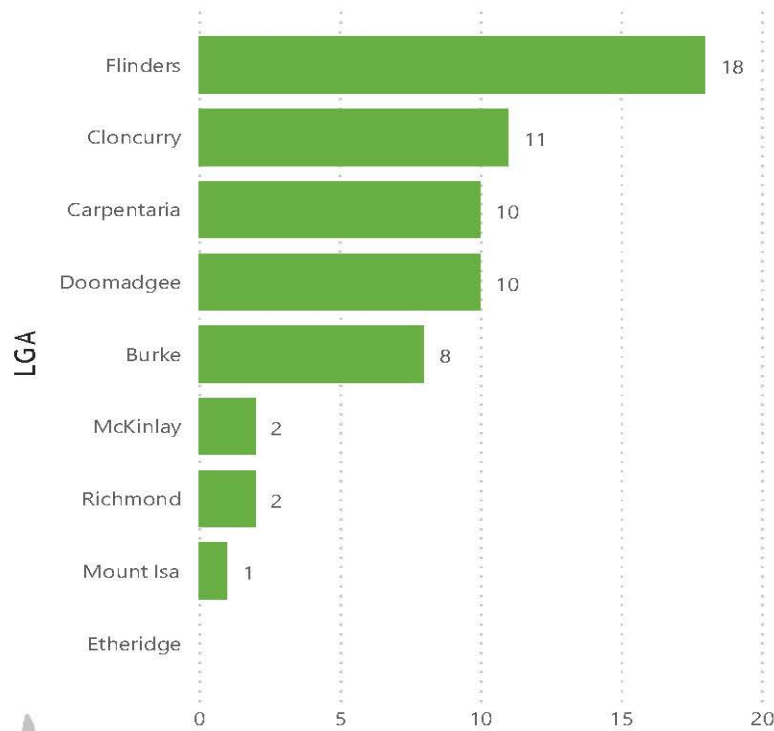
# The Journey to Date

## The Gap Across Each Region of WQAC

62

Estimated Council Gap

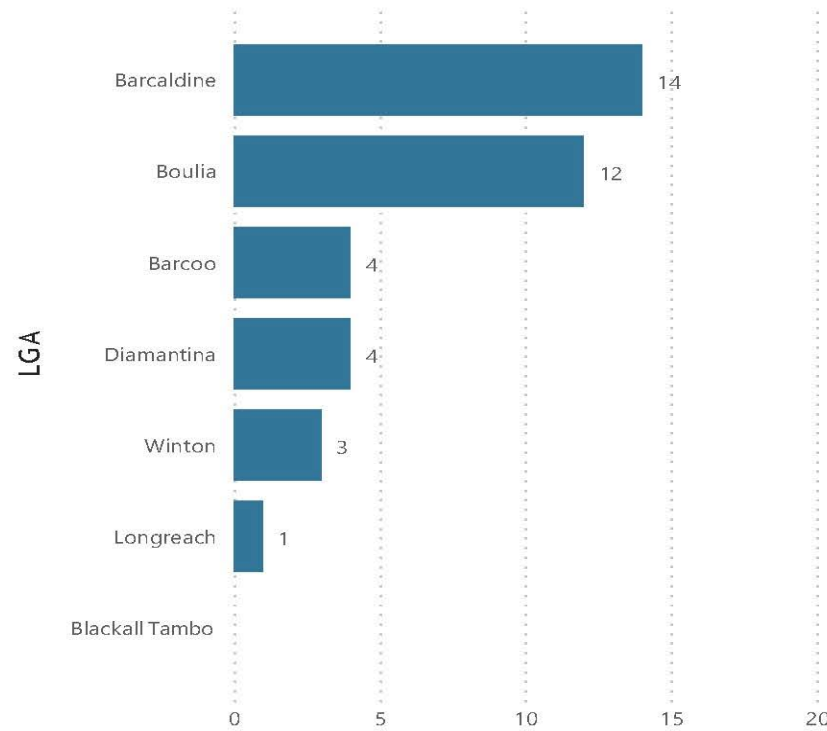
NWQROC



38

Sum of Council Gap

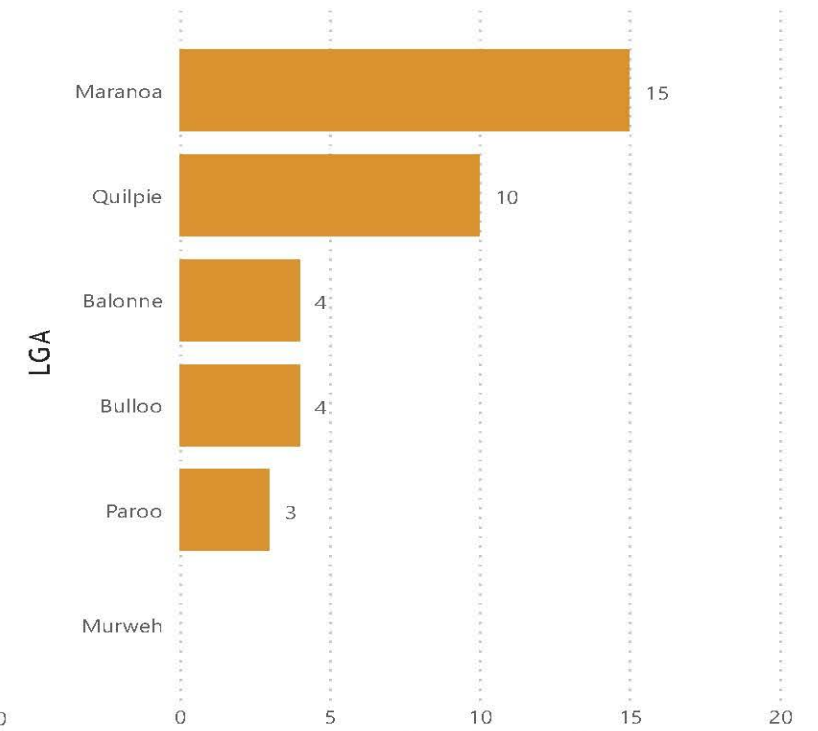
RAPAD



36

Sum of Council Gap

SWQROC



# The Journey to Date

## Available land for development is not in the same location as required housing

136

### Additional council houses required

Councils have identified the gap between current supply and estimated demand for housing in the regions (primarily for staff housing purposes).

456

### Sum of Number of Properties

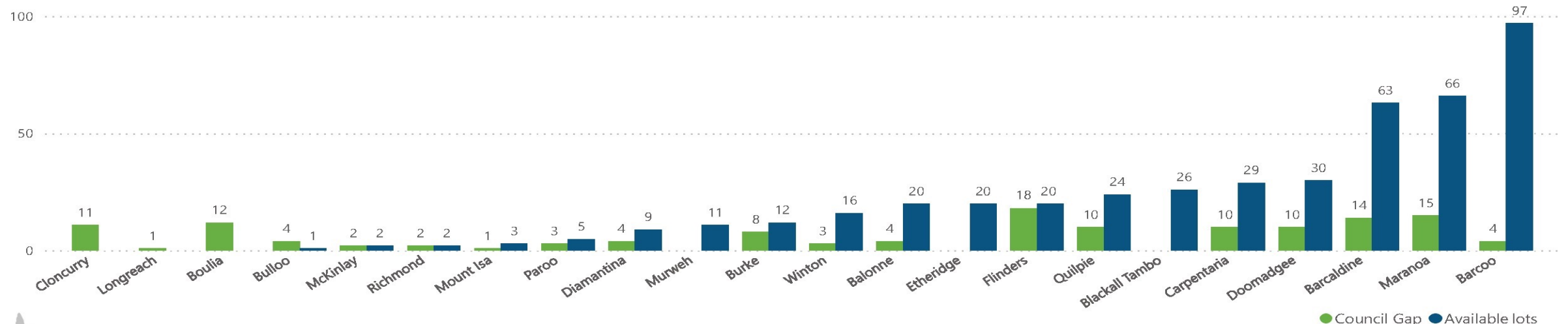
Surveys estimated the number of lots of land across WQAC that are currently connected to services that could be developed.

381

### Additional available lots

It is estimated that additional lots are available for development, however these are not owned by council (privately and state government owned) and it is unclear whether these are connected to services.

Whilst there is sufficient land to service identified need, available land is often not in the required location.





# The Journey to Date

## Estimating the gap in State provided social and emergency housing

The current supply of social & emergency housing is...

**1,927**  
Properties

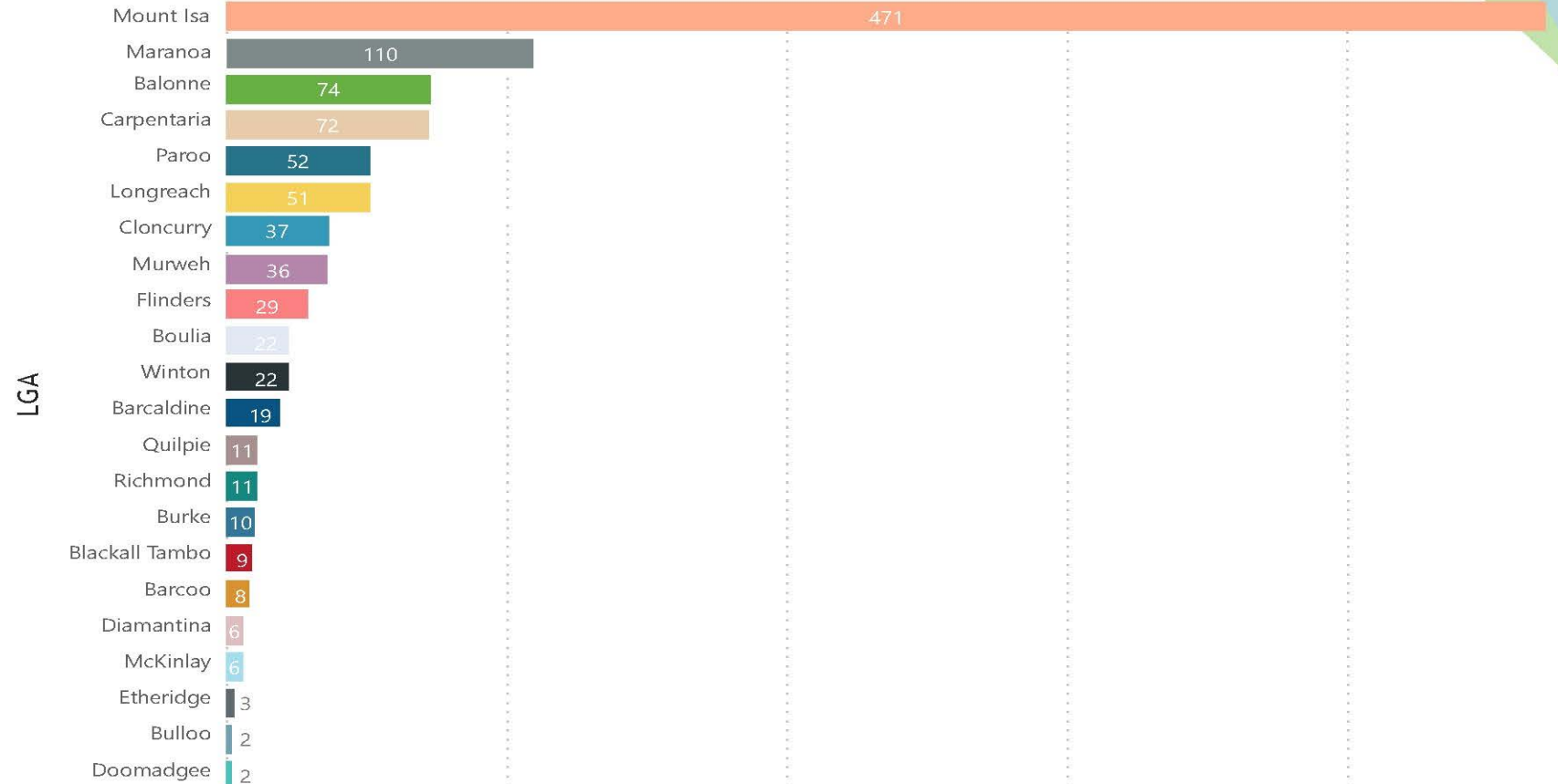
The demand for social & emergency housing is ...

**2,990**  
Properties

Demand outstrips supply leaving a gap of...

**1,063**  
Properties

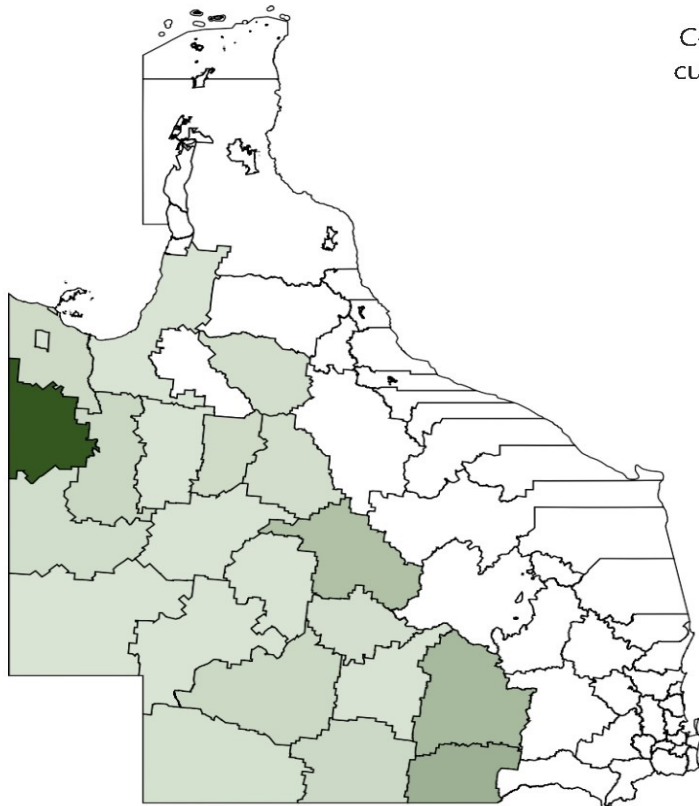
Where is the gap in state provided housing greatest?



# The Journey to Date

## Estimating the housing gap in the residential market for the region

Where is the gap for residential housing greatest?



Local Government Area Boundaries (2022). Darker LGAs represent a higher estimated need with lighter LGAs representing a lower estimated need.

Councils have identified the perceived gap between current supply and estimated demand for residential housing in the regions.

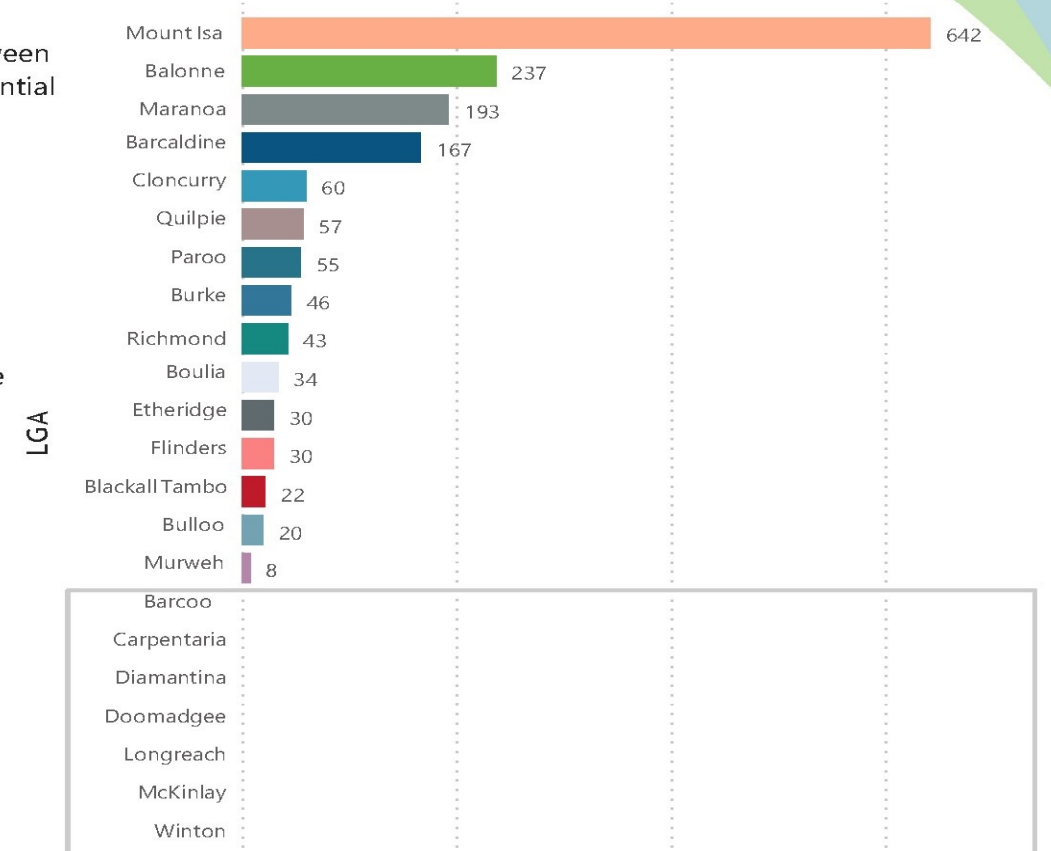
# 1,644

Total Residential Gap

**Seven councils** could not quantify the future residential housing requirement.

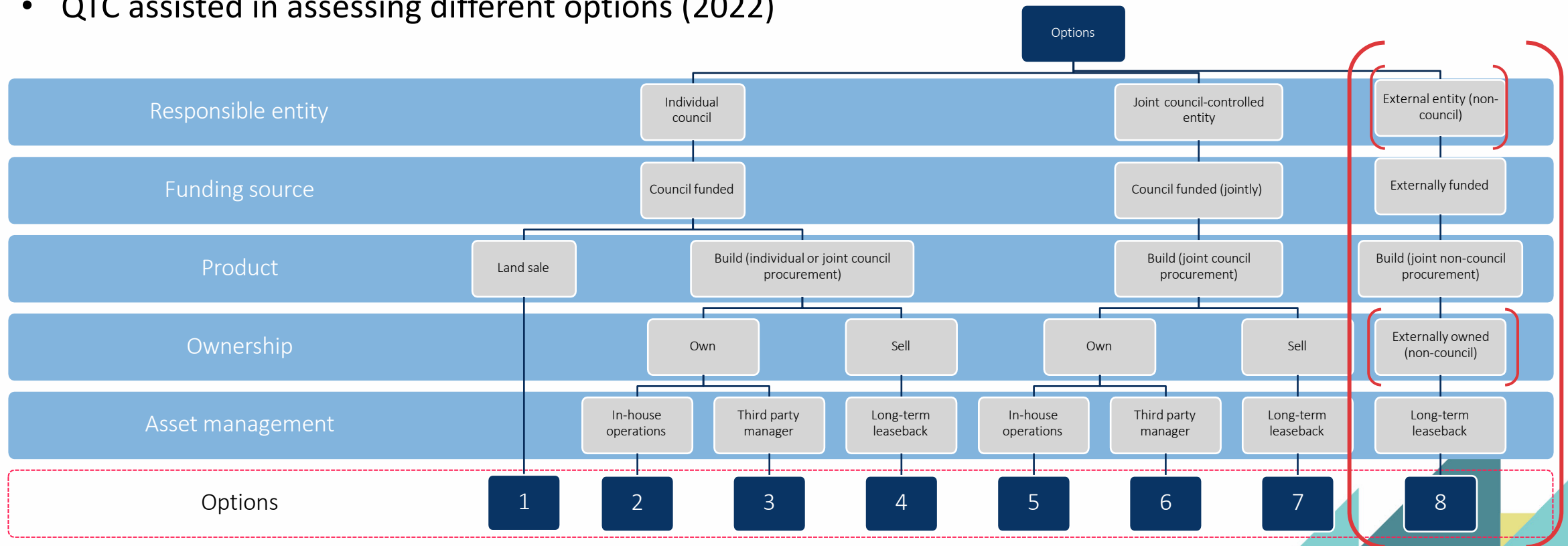
As such, the residential housing figures for these councils have been excluded.

Additional residential housing required to meet demand



# Backtrack for a Moment

- RAI Housing Solutions Report (2021) had proposed a Housing Trust for Council employee housing – an aggregation model!
- QTC assisted in assessing different options (2022)



# Backtrack for a Moment

## HOW ARE THOSE SOLUTIONS ASSESSED?

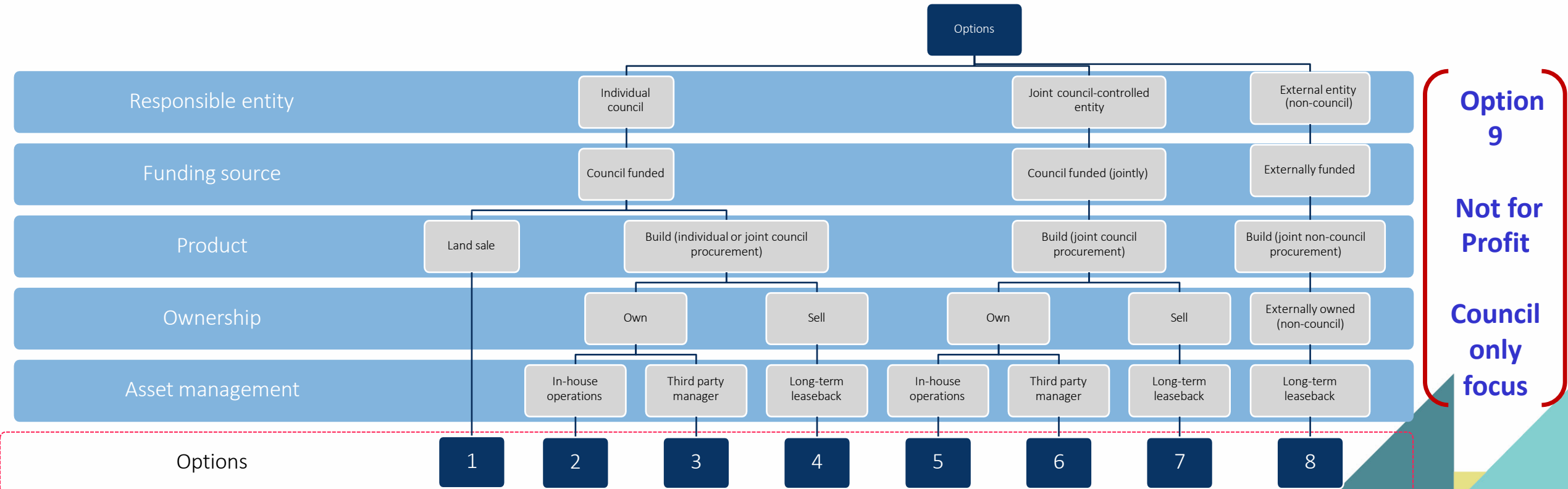
			Value		Ease			Risk
			Addresses housing shortage	Financial feasibility	Ease of procurement and delivery	Ease of asset management	Governance and collaboration complexity	Risk Rating
Options	Individual council	1	Very High Value	Very High Value	Very High Ease	Very High Ease	Very Low Risk	Very Low Risk
		2	High Value	High Value	High Ease	High Ease	Very Low Risk	Very Low Risk
		3	High Value	High Value	High Ease	Medium Ease	Very Low Risk	Very Low Risk
		4	High Value	Very High Value	High Ease	High Ease	Very Low Risk	High Risk
	Joint council-controlled entity	5	Very High Value	Medium Value	Very High Ease	Medium Ease	High Risk	High Risk
		6	Very High Value	Medium Value	Very High Ease	High Ease	High Risk	High Risk
		7	Very High Value	High Value	Very High Ease	High Ease	High Risk	High Risk
	External	8	Very High Value	High Value	Very High Ease	High Ease	Medium Risk	High Risk

Key	Value	Very High Value	High Value	Medium Value	Low Value	Very Low Value
	Ease	Very High Ease	High Ease	Medium Ease	Low Ease	Very Low Ease
	Risk	Very Low Risk	Low Risk	Medium Risk	High Risk	Very High Risk

The assessment is based on a high-level outline of each option. Depending on how an option is designed, a revised assessment may be significantly different.

# Back to the Future

- What is now being considered!!



# What it is – What it isn't !!

## Solving for Local Government & Essential Workers



# Value Proposition

## CURRENT Situation

- **Existing Stock:**
  - Council owns & operates
    - North-West – **368**, Central West – **319**, South-West – **242** = **929**
  - Council carries all maintenance & operational costs
  - Council responsible for all replacement costs
- **New Stock:**
  - Raises all funding (grants/cash/loans) = **136**
  - Carries on Balance Sheet
- **All Stock:**
  - Depreciation challenge
- **Outcome:**
  - No economy of scale – procuring new & maintaining existing = **1045**
  - No coordination / aggregation of need to support programmatic approach
  - Ongoing undersupply of required housing
  - Ongoing challenge – attracting & retaining staff

# Value Proposition

## PROPOSED Situation

- **Create new Not for Profit Community Housing Provider (CHP) Entity**
  - Council / ROC representation
  - Sole Focus – Council & essential worker affordable housing supply
- **Existing Stock:**
  - Transferred to CHP which maintains & leases back to Council who subleases to their tenants
  - Options – *Long term lease / Registered Interest on Title / Straight transfer*
- **New Stock:**
  - CHP creates portfolio growth plans
  - Attracts program finance to drive growth
  - Oversees all development, delivery, operations & maintenance.



# Value Proposition

## PROPOSED Situation (cont.)

- **Outcome:**

- Maximises access to Federal, State & philanthropic funding
- Secures taxation advantages – Not for Profit charity
- Achieves economy of scale - lowers procurement costs per council & per dwelling
- Provides organised & structured schedule of housing delivery – modular or built onsite
- Seeks to maximise use of local trades and creates apprenticeship opportunities
- Provides structured maintenance across councils with maximum local input
- Reduces overall costs of operation and delivery
- Designed to protect Council's interests - Tenants & Assets



# A Coordinated Approach:

**Affordable Housing for Local Government Employees & Essential Workers**

**Darren Mew**

Executive Manager – QLD and NT

BlueCHP

A NOT-FOR-PROFIT TIER-ONE COMMUNITY HOUSING PROVIDER



## Why

At BlueCHP we **make a difference to people's lives** - we believe that everyone should have access to a home they can afford.

We focus on impact – providing affordable rental homes is our mission.



## How

We have a dedicated team of property development professionals that seek to turn every dollar into more affordable, social & disability housing by adopting innovative designs and new technologies for the creation of homes

Utilising our commercial business skills we bring transactions to life – we create the bridge between the commercial and not-for-profit/government worlds

We focus on excellence, embracing change and partnering with others to leverage our expertise to create more homes



**BlueCHP – Tier 1 Community Housing Provider**

**NFP Specialist Developer of:**

**- Social, Affordable and Disability Housing**

**More than 2,000 homes built**

**Retained Portfolio ~900 dwellings / ~\$400m**

**Housing >2,000 residents**

**\$7.15m social benefit provision Per Annum**

**bluechp**



**BlueCHP Limited**  
AFFORDABLE HOUSING - FOUNDATION FOR LIFE

office@bluechp.com.au Ph: 02 4621 8600









uechp

LE SOCIAL DISABILITY HOUSING

FOR PROFIT B2B AND COMMUNITY HOUSING PROVIDERS





bluechp

### OUR JUST CAUSE

The benefits of a future where every Australian has access to a home they can afford, meaning that everyone that has been impacted by the current housing market, having either being unable to purchase or unable to sell, is able to find a home that suits their needs. This is our just cause. We are committed to making this a reality for all Australians. We will work to provide security and opportunity for our members and to ensure that every Australian has access to a home they can afford. Our members will be able to purchase a home that suits their needs, and we will ensure that every Australian has access to a home they can afford.







**bluechp**

AFFORDABLE SOCIAL DISABILITY HOUSING

A NOT-FOR-PROFIT TIER-ONE COMMUNITY HOUSING PROVIDER



A NOT-FOR-PROFIT TIER-ONE COMMUNITY HOUSING PROVIDER



# How we operate:

- We believe every Australian should be able to access a home they can afford
- We make the housing happen through coordination of all transaction design, financing, financial modelling, design, development or acquisition.
- We engage local CHP's to provide tenancy and asset management
- We work across Australia, currently in 24 LGA's and across 6 CHP's T&A Managers
- We work collaboratively to solve for housing affordability

# Affordable Housing Funding Landscape

PROGRAM	DWELLINGS	VALUE	USE
HAFF	30,000 over 5 years	\$10bn Bond / \$500m pa	Affordable and Social
HOUSING ACCORD	20,000 over 5 years	TBD	Affordable
HOUSING INFRASTRUCTURE FUND	TBD	~\$1bn	Affordable and Social
QLD HOUSING INVESTMENT FUND (Round 3)	TBD	TBD	Affordable and Social
QLD QUICKSTARTS	TBD	~\$320m	Social



# What is the HAFF

**Housing Australia Future Fund - The Australian Government plans to borrow A\$10 billion:**

- to invest in equity markets,
- generating an estimated \$500M annual return; to
- subsidise housing development that, backed by investment income, would be accounted as 'off balance sheet' expenditure (sits outside the annual budget)

**BlueCHP and other CHP's will then:**

- secure private (debt) finance from institutional investors to develop 30,000 dwellings in the program's first 5 years,
- underpinned by government contracts for annual subsidy payments for 25 years.

**NOTE:**

It is a **competitive and complex process**, with emphasis on **value for money** to government, and **scale of lending**.



AFFORDABLE SOCIAL DISABILITY HOUSING

# Affordable Housing Funding Landscape

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# WQAC – Current Council Housing Structure



## Currently each Council:

- Operates Independently
- Responsible for housing delivery, operations and maintenance
- Retains all properties on-balance sheet
- No benefit of scale through aggregation.

## Engaging with New Funding Models in this way will likely:

- Duplicate high transaction & organization costs
- Create competition for Finance
- Cause procurement inefficiency
- Provide limited opportunity for information share or improvement gains



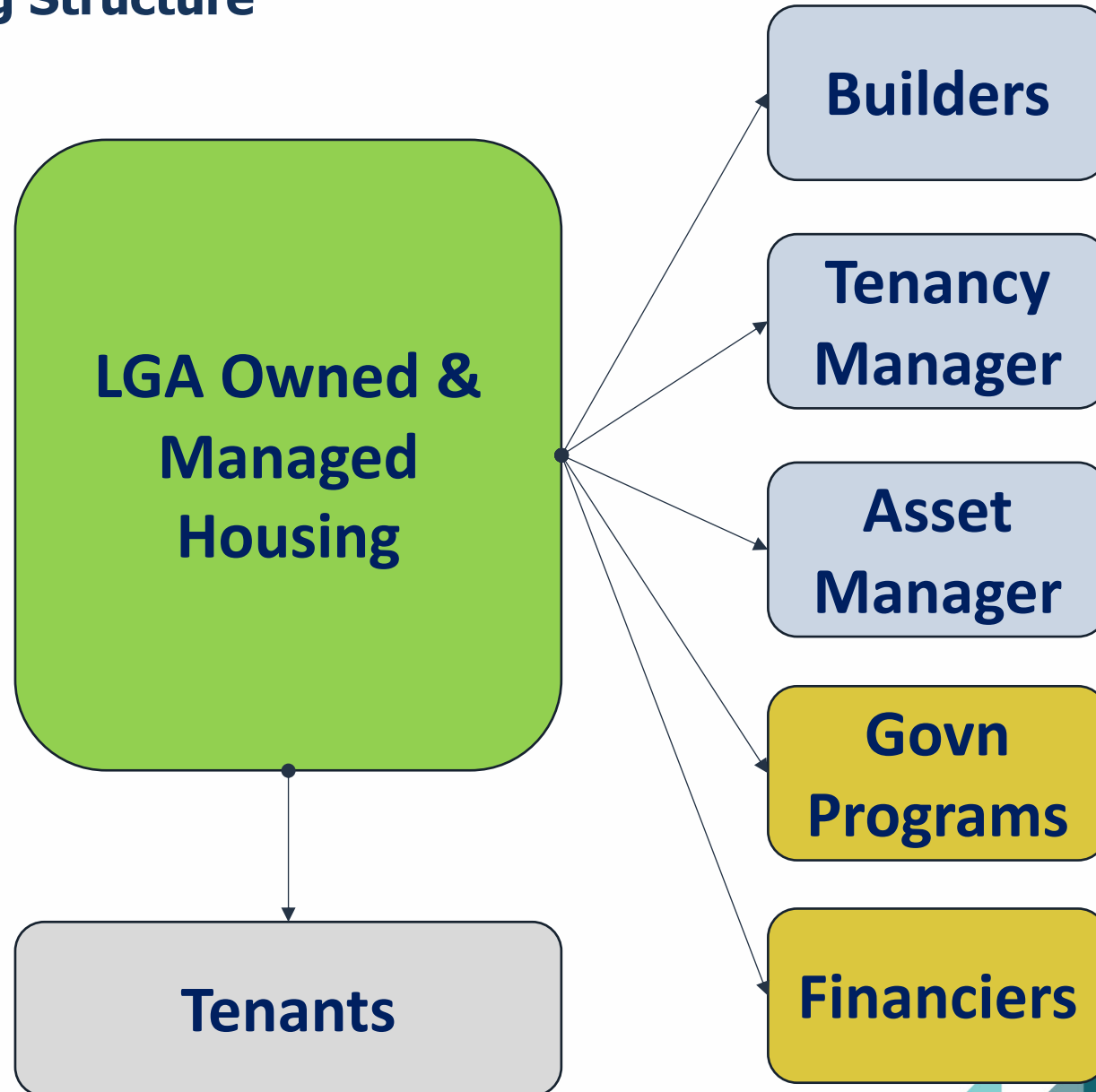
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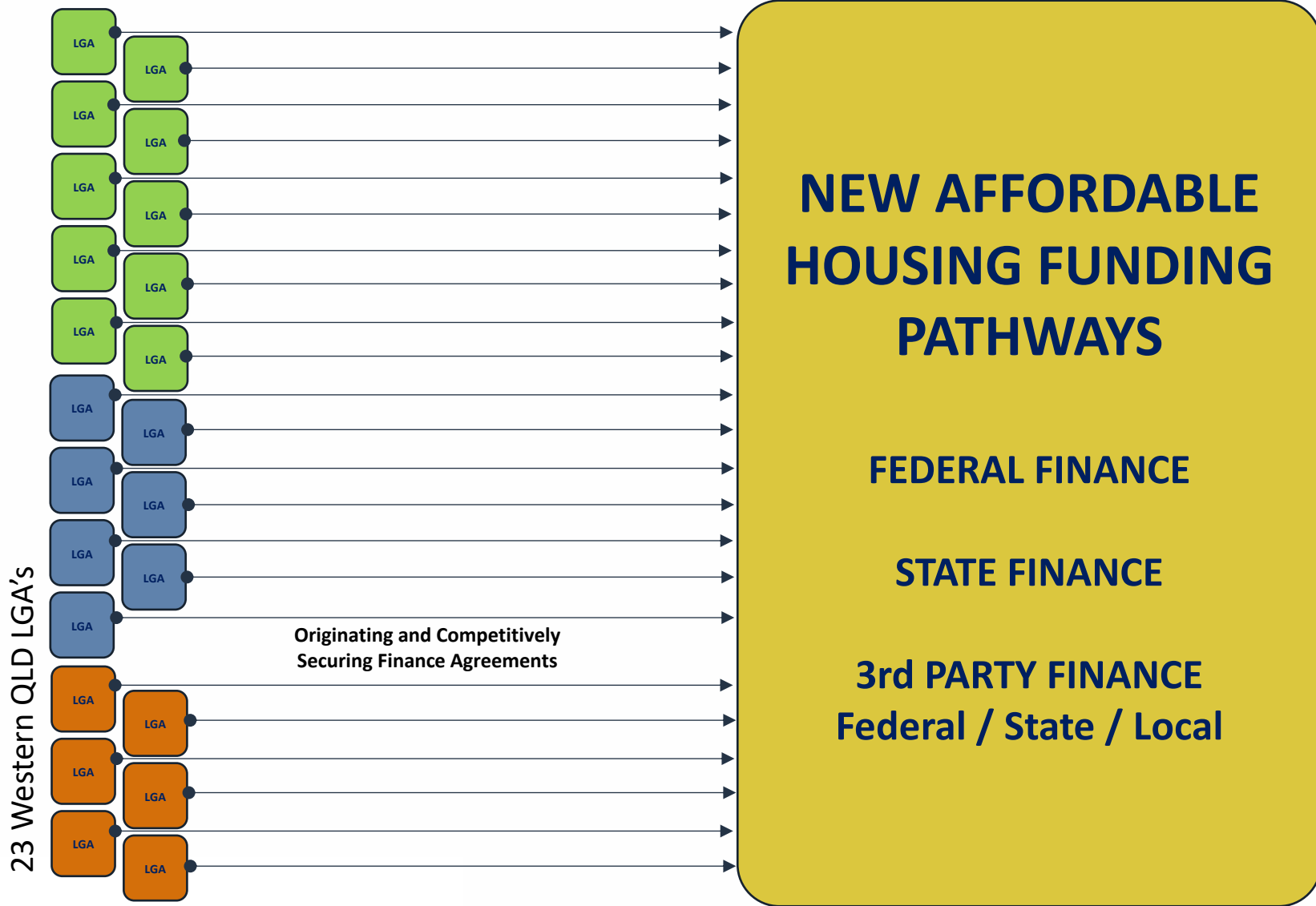
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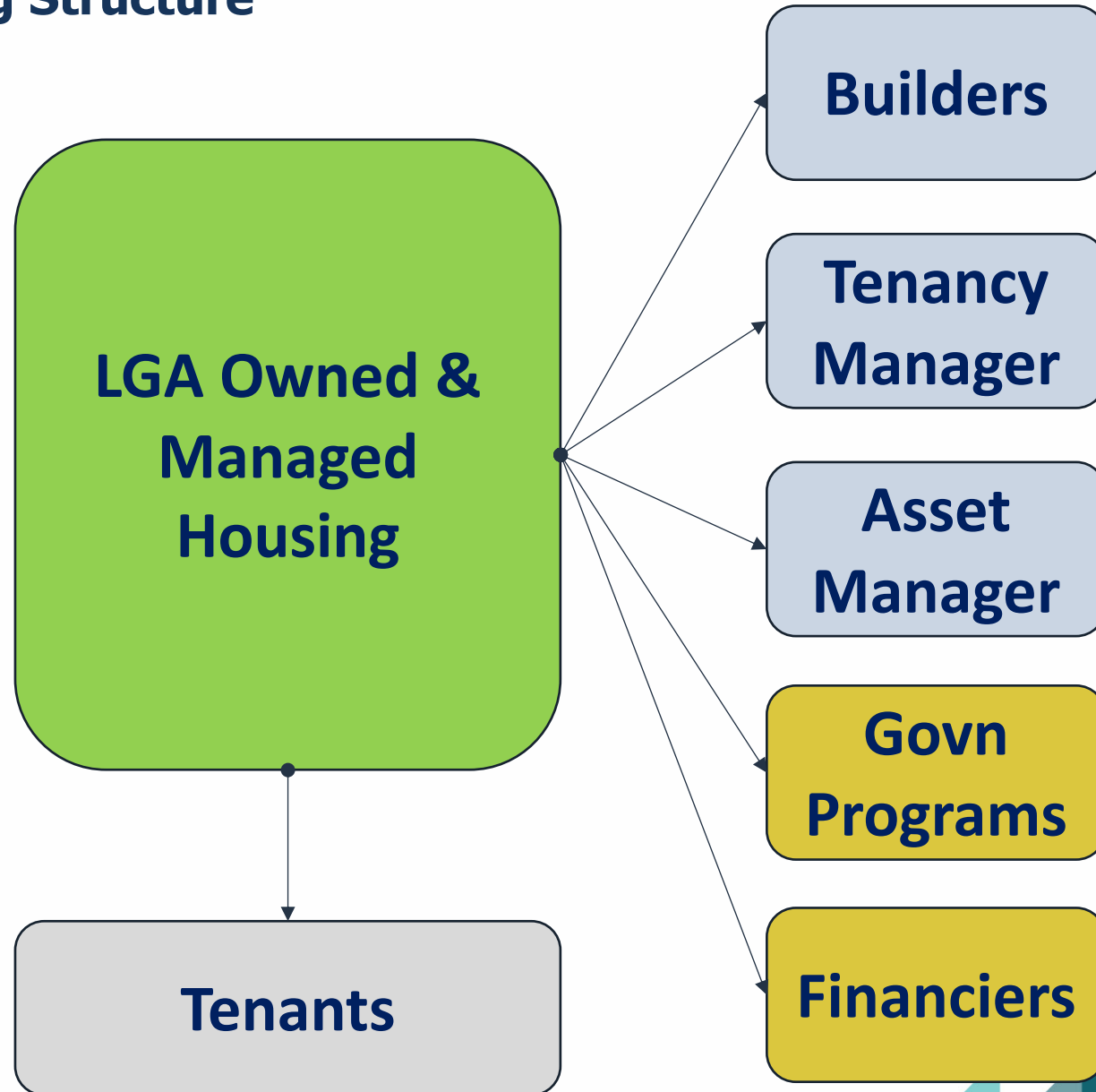


# WQAC – Current Council Housing Structure

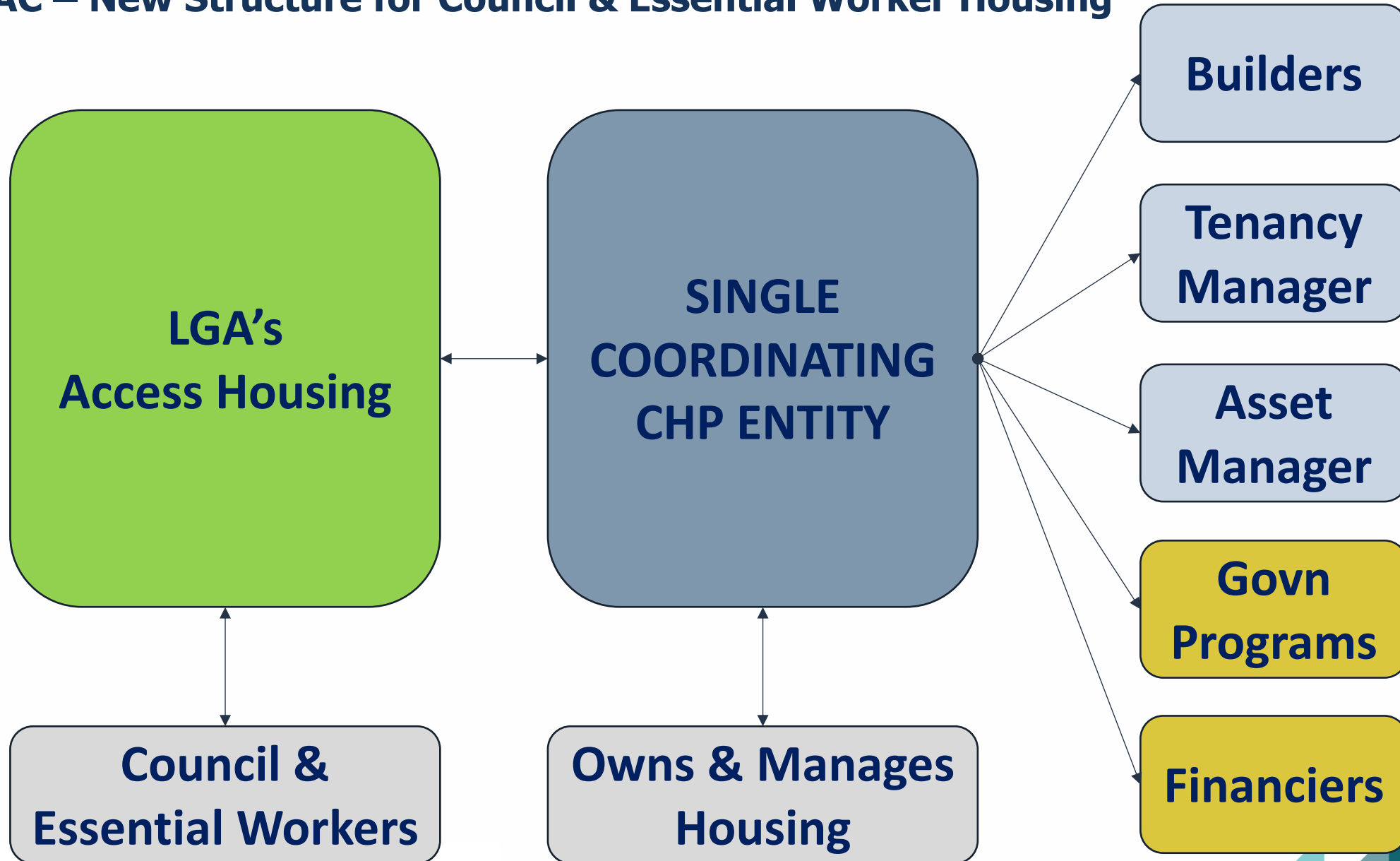
Housing Portfolio: 926 Existing / 136 Dwellings needed



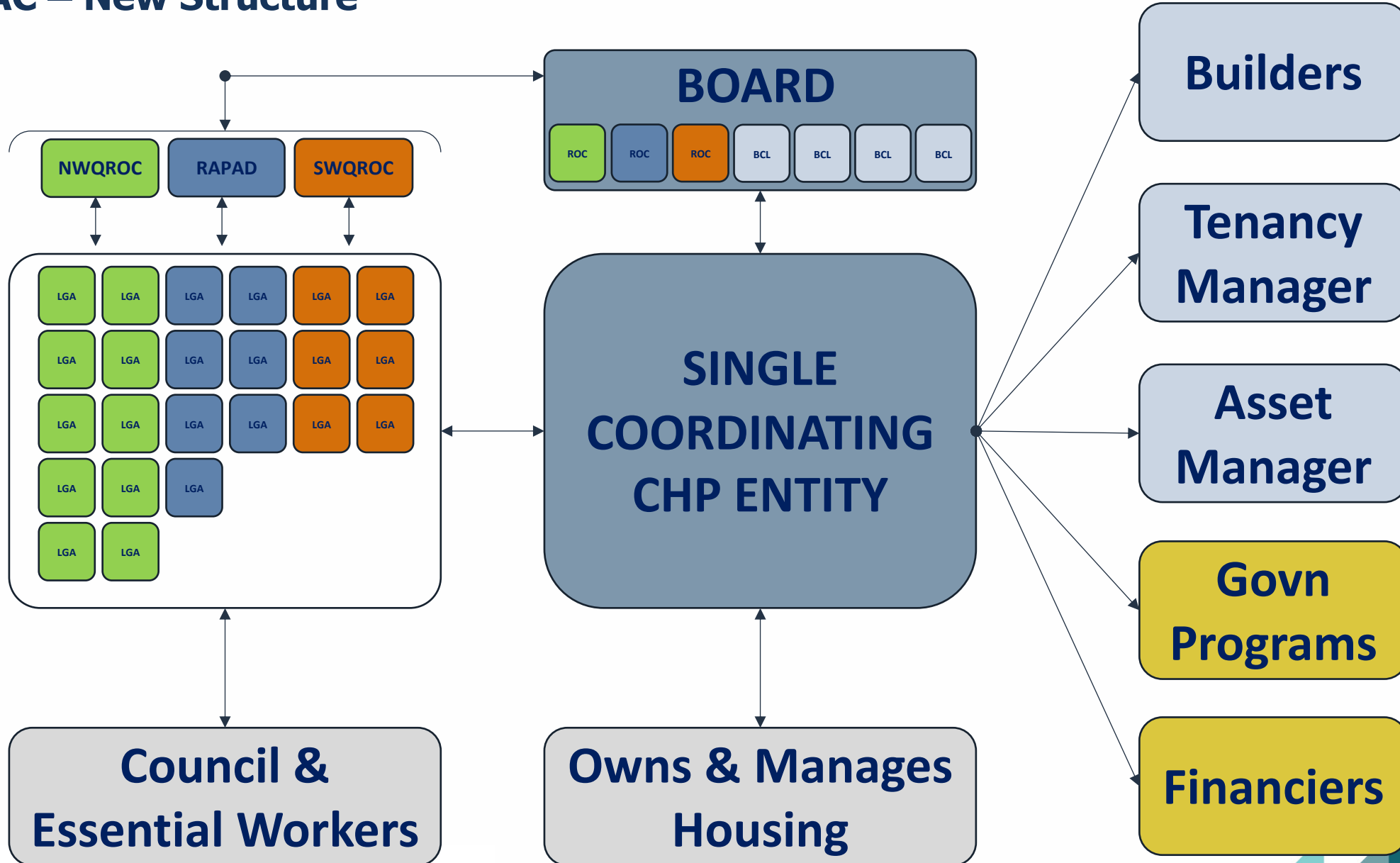
# WQAC – Current Council Housing Structure



# WQAC – New Structure for Council & Essential Worker Housing



# WQAC – New Structure





# Structure and Governance

## **Governance:**

- LGA's represented through Board to oversee operations, establish growth plans.
- Constitution defines all decision-making authorities of Board and voting rights on material matters
- Shareholder agreement confirms Board representation.

## **Corporate Structure:**

- Single entity constituted as a CHP to attract preferable finance and protect all investments
- Board requires majority CHP member representation to meet ACNC and TAX compliance
- Independent Chair an option

## **Operations:**

- Business Plan, Growth Strategy and Operational Plan approved and overseen by Board

# LGA Interests Preserved

## Access to Housing

- All housing accessed through a Head Lease directly with Single CHP Entity
- Housing Sub-Let to Local Government Employee and Essential Worker Tenants

## Preservation of Invested Value

- Current LGA Housing transferred into Single CHP Entity, while interests preserved through Constitutional Wind Up Clauses, and/or registered interests on title.
- Representation on Board of Single CHP Entity through ROC Board Member, overseeing Strategic and Operational Plan

## Accessing Funding Pathways

- Single CHP Entity undertakes all tendering with Commonwealth and State funding providers to support growth across Western QLD.
- Single CHP Entity undertakes all engagement with Funding Parties to achieve preferable finance (debt / grants / availability payments)

# Scale is Critical

## Transfer of Existing Housing Stock

- Enable establishment of asset base for lending and shifts assets off-balance sheet for LGA's
- Enables planning for renewal of existing stock, in a coordinated manner, without new land acquisitions

## Head Leasing of Stock by LGA's

- Creates cashflow to fund operations, and a coordination of cyclical maintenance and repairs
- Enables LGA's to sub-let housing to Staff or Essential Workers directly, or to outsource tenancy management directly through the Single CHP Entity.

## Attracting Funding at a Program Level

- Aggregating Western Qld housing need into ONE GROWTH STRATEGY will enable a single coordinated approach to Commonwealth and State funding partners, reducing individual costs, improving value for money proposition

# Next Steps

## What is Planned?

### 1. Detailed Investigation – *September-November 2023*

- Identification of Interested Councils to join Working Group -
- Obtain detailed inventory of existing stock & confirm current need
- Analyse Legal Issues and Undertake Financial Modelling
- Seek Government Input – State & Federal
- Document preferred model(s) for council consideration

### 2. WQAC Housing Forum – *November 2023*

- Table Preferred Model (CHP-Council Partnership)
- Seek feedback and refine.

### 3. Agree CHP-Council Partnership Model – *December 2023*

- Confirm Early Adopters
- Create MOU – roles & responsibilities of parties (viz Mackay)

# Next Steps

What is Planned? (cont.)

4. **Develop WQAC Local Government & Essential Worker Housing Strategy & Action Plan #1 – *January 2024***
  - **Confirm program – defined numbers, product types, timelines & cost**
  - **Submit funding proposal to State & Federal Governments**

# The Bottom Line

## The Fundamental Objective

1. Provision of housing for council employee and essential workers – 1000+ and growing!!
2. Attraction and retention of staff
3. Securing quality housing at the best possible cost i.e., maximising ongoing external funding sources
4. Having a single point of contact to –
  - secure new housing
  - maintain existing stock with local input
5. Creating opportunities for trade apprenticeships and traineeships.

## The Fundamental Question

Do we want to continue to do what we've always done and get what we've always got  
or  
Embrace a new approach that achieves the objective but with a whole lot more benefits?