

*Improving people's lives
through housing*

The Brisbane Housing Company

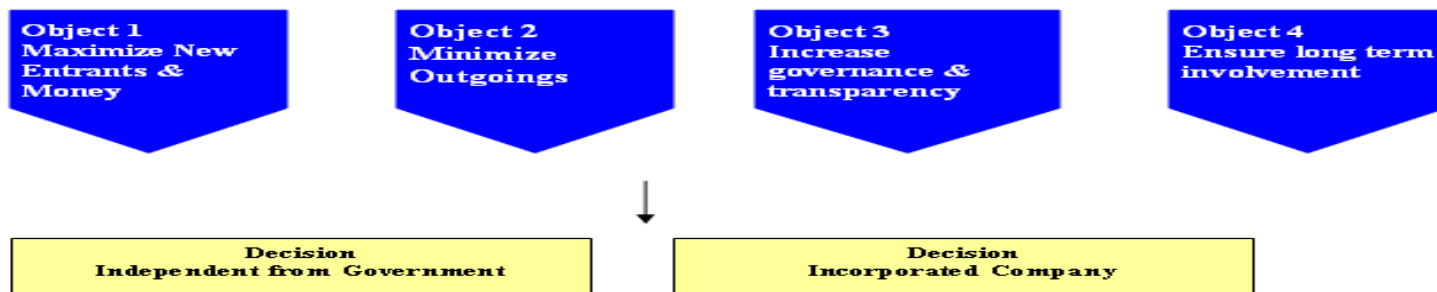
Government Innovation in Affordable Housing



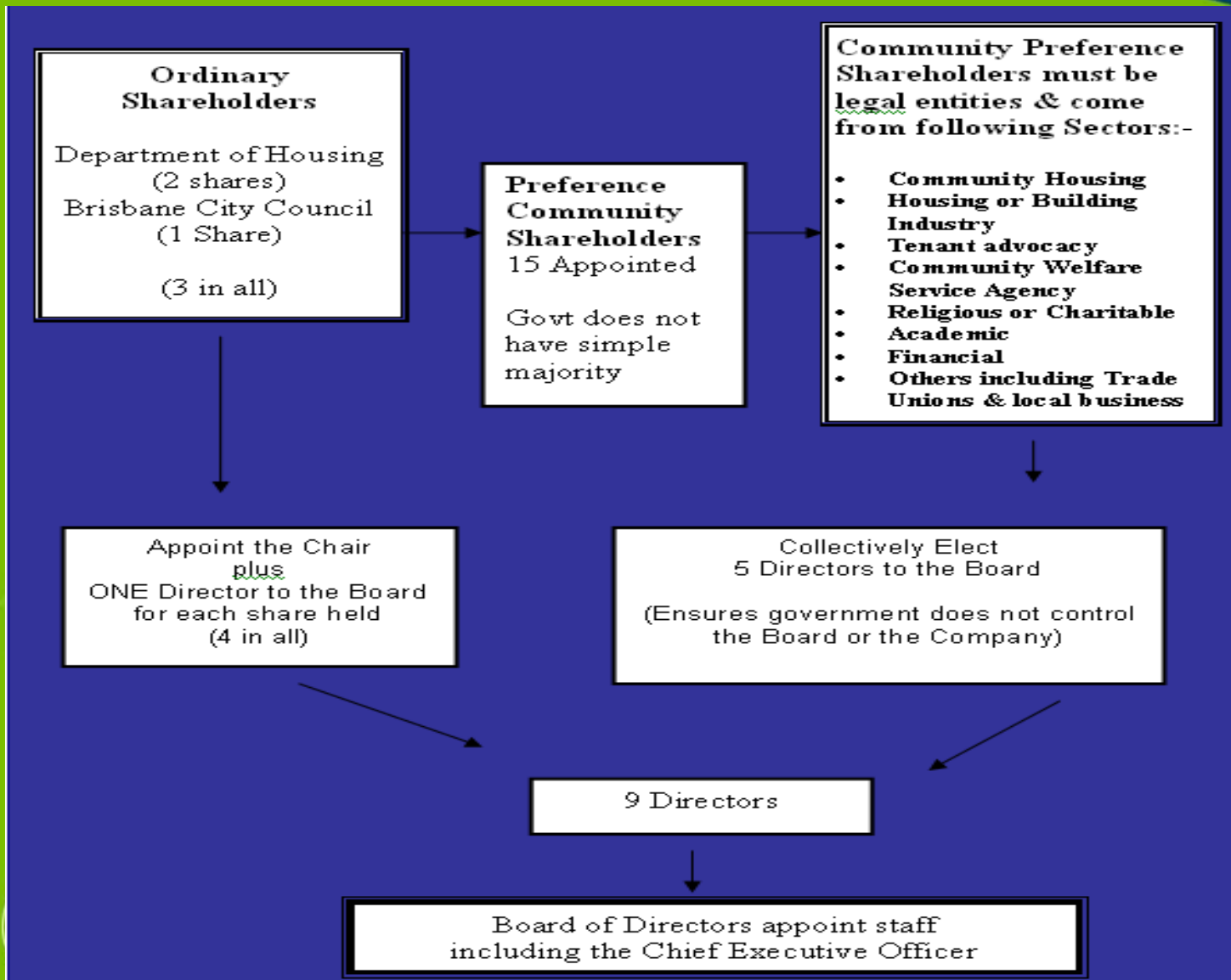
Queensland Government

Department of Housing

Mapping objectives to structure



The Company Structure



Mapping objectives to structure

Object 1
Maximize New Entrants & Money

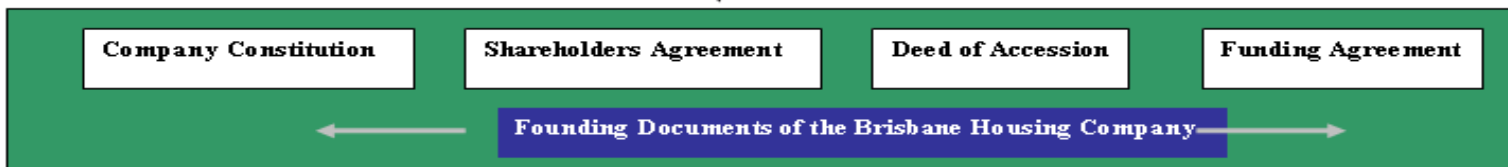
Object 2
Minimize Outgoings

Object 3
Increase governance & transparency

Object 4
Ensure long term involvement

Decision
Independent from Government

Decision
Incorporated Company



Key Themes

New Partners & New Sources of Funding
Leveraging Government Funds
Appropriately opportunistic
Funded for sustainability



Funding for sustainability

- Financial Modelling
- Scenario Analysis
- Initial Transfer of Turn Key Project
- Market Based Rental policy



Evaluation Framework

Three Measures of Success

Achievement of Social Objectives

Achievement of Financial Objectives

Achievement of improved outcomes

vis a vis existing models



Enabling Regimes

State Land Protocol

- Affordable Housing Contributions generated through Value adding
- Contribution of 50% of added value to entities providing Affordable Rental Housing



Enabling Regimes

Affordable Housing Concessions

- Local government Concessions
- Capital Discounts for Government Land sold to Affordable Housing Providers



Enforcing Obligations

Statutory Covenants

Affordable Rental Housing Agreements



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Innovation in Affordable Housing

One Year On

Brisbane Housing Company

Key messages...

- We have made an excellent start
 - **Milestones, key results, value for money**
- We have some exciting plans for the future
 - **Innovations & proposals**

Milestones passed

Incorporation	July 2002
Funding Agreements signed	Dec 2002
Senior staff appointed	Jan 2003
First contract let	Feb 2003
Bowen Hills transfer	April 2003
Private finance secured	May 2003

Key results for year 1

- Project procurement ahead of plan
 - **78 units in management, 73 on site**
- New approach to tenancy management driven by risk allocation
 - **5 managing agents signed up**
- Financials above forecast
 - **Surplus & net assets both better than plan**

Keeping rents affordable

Market rents vs BHC forecast rents

- | | | |
|-----------|--------|-------------|
| ● Shared | \$130+ | \$90-\$110 |
| ● Studios | \$140+ | \$100-\$120 |
| ● 1 beds | \$160+ | \$115-\$145 |
| ● 2 beds | \$200+ | \$140-\$180 |
| ● 3 beds | \$240+ | \$175-\$200 |

Tenants eligible for rent assistance

Achieving value for money

- Average development cost per unit in business plan \$106k
- Average forecast development cost per unit to-date \$84k
- Saving on business plan 20%
- This will finance extra units

Giving consumers choice

- Choice of units
 - Shared with en-suite, studios, 1, 2 and 3 bed units
 - 81% say it is better than their previous place
- Choice with rents
 - What you pay reflects what you get and no extra rent with extra income
 - Over 80% say they are satisfied with the rent and it is value for money

Innovations

- We are already working with private developers (e.g. Alford Street)
- 3 charities have expressed interest in joint ventures to reduce land costs
- The proto-type for a new generation of boarding houses will be built at Warry Street, Fortitude Valley

Looking to the future

- BHC will achieve the 400 unit target (or exceed it)
- The current program is substantially committed
- Our task is now to persuade our sponsors to provide mechanisms for us to do more

Questions ?



Thank You

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Brisbane Housing Company