

Social Housing Acceleration & Renovation Program (SHARP)

- 30,000 social rented homes across Australia at cost in land / cash to federal and state / territory governments (etc) of \$7.2B
- Plus a \$500M renovation and upgrading program



- SHARP OBJECTIVES**
- Increase** the supply of social housing, predominantly within mixed-tenure developments.
 - Meet needs** – new housing targeted at households who are homeless, at risk of homelessness or otherwise enduring unsuitable housing.
 - Stimulate** the building maintenance and construction industry.
 - Support** employment in regional and metro areas across Australia. (6% of jobs in Australia are housing construction related)
 - Enhance** social housing environmental performance and cut tenants' energy bills.
 - Build capacity** in not-for-profit CHOs and encourage innovation in construction quality and design
 - Maximize** public value through CHOs combining their rental income with other government subsidies, tax benefits, partnership arrangements and private finance to provide additional, low cost housing.
 - Over the longer term maximise tenant, community and economic outcomes.**

BUILDING THE RECOVERY - SECURING JOBS AND SOCIAL OUTCOMES

At this difficult time the Government's emergency measures to support businesses and workers will bring much-needed relief to many Australians. Equally, it's imperative that we plan now for a government-driven stimulus program to kickstart our country's post-crisis recovery. This will be vital in getting people back into jobs fast, and also in enhancing building company confidence to retain workers.

Government can capitalise on historically low bond rates through an infrastructure investment boost that will deliver long-term economic benefits and, by focusing on housing, begin to redress the intensifying shortfall in social rental provision across Australia.

Under the SHARP, backed by state/territory contributions, Australian Government investment would enable the delivery of at least 30,000 additional social housing units and renovation to high environmental standards of many thousands more existing properties. The program should aim for 75% of new homes to be completed within three years.

Our calculations show a new build/acquisition program of this order will require total government investment of circa \$7.2 Billion. A renovation budget of an additional \$500M would improve quality of life for tens of thousands of existing social renters, as well as bringing back into use many homes out of service awaiting works.



Launched by the national peak bodies, the Community Housing Industry Association (CHIA), Homelessness Australia and National Shelter, and national housing campaign, Everybody's Home. View at www.communityhousing.com.au



And in the longer term? REFORM



Community Housing
INDUSTRY ASSOCIATION

- Productive Infrastructure
- Attracting institutional capital
 - Ongoing subsidy
 - Housing capital aggregator
- Infrastructure Australia
- Planning and affordable housing
- Homelessness Prevention
- And Housing Governance

AHIB in 7 steps
for housing providers tendering for a specific affordable housing project.

- 1 Project planning and estimation of affordable housing project costs.
- 2 Estimation of rental revenue stream generated by the affordable properties, including any operational subsidies and, where relevant, commonwealth rent assistance.
- 3 Estimation of borrowing and interest cost serviceable by the affordable housing project's rental revenue stream while meeting prudential lending criteria, e.g. interest coverage ratio and rates of return.
= Project cost - borrowing serviceable by rental revenue stream generates the gross financing gap.
- 4 Identification of additional equity contributions in the form of capital and land.
= Gross financing gap - additional equity contributions generates the net financing gap.
- 5 Submit tender for tax credits to meet net financing gap; and meet prudential lending standards and investment returns. Tax credits can be sold to investors in return for additional equity injection and formation of an equity partnership.
- 6 The administering agency evaluates tax credit tender against marginality thresholds (upper level at which a project is deemed supportable by the Budget) and additional state level housing priorities and value for money outcomes.
- 7 Investor benefits through a dollar-for-dollar reduction in tax liability for a flexible period of time (5-15 years). The tax credits are tradeable and adjusted for the time value of money providing investors with risk reduction and an additional financial incentive.

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AHIB is thus a vehicle for a long-term strategy to provide an infrastructure of affordable housing in Australian cities and neighbourhoods.”