

# **NATIONAL HOUSING CONFERENCE: 'Finding the Funds'**

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## **ISSUES**

- ◆ **Many areas of high presence of ageing public housing face a three-way downward spiral**
  - social
  - economic
  - environmental
- ◆ **Reinvestment requires reasonable expectations of return (risk/reward relationship)**
  - confidence
  - commercially sustainable
  - subsidy
- ◆ **Government must provide the seed funding and the long term commitment necessary to attract private investment - vision is essential**

# ISSUES

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- ◆ **The private sector is best placed to provide the marketing skills and to manage the redevelopment, sales and building processes**
- ◆ **Community consultation and participation is essential. Inevitably in most cases there will be a ‘community in transition’ over the life of the project**
- ◆ **How to capture the economic benefits for the community**

# DIFFICULTIES FOR HOUSING AGENCIES

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- ◆ regularly expected to be the lead agency
- ◆ front-end costs are high
- ◆ expenditure requirements are beyond usual housing remit
- ◆ benefits are gained by others and difficult to capture
- ◆ dispersal is sometimes opposed by other agencies

# **DIFFICULTIES FOR HOUSING AGENCIES Cont.**

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- ◆ **diminishing housing opportunities (2-4:1)**
- ◆ **relocation costs**
- ◆ **problems of engaging and retaining other stakeholders**
- ◆ **longer term commitments and returns an issue for the private sector**

# INITIATIVES

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- ◆ **Substantial and visible early investment**
- ◆ **Encourage new, affordable forms of housing and tenure**
- ◆ **Create an economic and community development fund**
- ◆ **Ongoing community involvement**
- ◆ **Local employment preference provisions**
- ◆ **Employment and training opportunities**

# INITIATIVES Cont.

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- ◆ **Partnering or Alliance frameworks**
- ◆ **Wider stakeholder involvement (schools, business groups, traders, churches)**
- ◆ **Regular information outflow**
- ◆ **Identification and management of risk**
- ◆ **Monitoring and evaluation - measurable successes**

# THE PARKS URBAN RENEWAL PROJECT

<p><b>ISSUES</b></p> <ul style="list-style-type: none"> <li>• On-going community consultation</li> <li>• Guided by Local Area Plan, with full stakeholder endorsement</li> <li>• No 'status quo' option - intervention required</li> <li>• 'Budget neutral' - minor outlays only</li> <li>• Rehousing of Trust tenants - Relocation Policy</li> <li>• 250 jobs per annum and \$238m value adding</li> </ul>	<p><b>STRUCTURE</b></p> <ul style="list-style-type: none"> <li>• Traditional owner/contractor relationship</li> <li>• Sharing of gross sales revenues (Trust&gt;50%)</li> <li>• Private sector takes construction risk, shares project risk</li> <li>• Trust commits 2,450 houses</li> <li>• Private sector responsible for development, marketing and sales</li> <li>• Council (\$7.5m) and Government commitments secured</li> <li>• Benchmarks</li> <li>• Contracts prepared by CSO; Treasury sign off</li> </ul>
<p><b>OBJECTIVES</b></p> <ul style="list-style-type: none"> <li>• Transformation of declining area and assets through measured and managed urban renewal process (15 years)</li> <li>• Reduction in high concentration public housing from 60% to 23% (80% in some suburbs)</li> <li>• Affordable, more diverse range of housing opportunities close to the CBD</li> <li>• Strong community focus, commercially sustainable</li> <li>• Better balance and distribution of public and private housing</li> <li>• Ongoing monitoring and evaluation, 'best practice'</li> </ul>	<p><b>OUTCOMES</b></p> <ul style="list-style-type: none"> <li>• Reduction from 2,950 ageing Trust double units to 1,200 houses (including 260 renovated and 500 new houses), over 15 years - all Trust proceeds reinvested</li> <li>• 210 renovated and 1900 new houses in private ownership</li> <li>• Increase in asset values for the Government and private home owners, businesses</li> <li>• Revitalised urban and community environment</li> <li>• Extended life of public housing assets, better matched to contemporary needs</li> </ul>

# SUMMARY

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- ..... *a strategic approach, planned with the key financial sponsors*
- ..... *full stakeholder participation from the outset*
- ..... *recognition of private sector issues of EBIT, IRR and risk*
- ..... *alliance contracting framework*
- ..... *loss of public housing inevitable without Federal participation*
- ..... *formal, long term State and local government commitments*
- ..... *'triple bottom line'*
- ..... *community, community, community*