

A new funding and investment framework for community and affordable housing

Partnering for Growth

July 2019



Overview

Transforming service delivery and increasing housing supply

- A new funding framework will
 - reduce complexity and improve clarity
 - create more flexible use of funds
 - remove barriers to growth
- Along with the other Partnering for Growth reforms, will create the right environment to leverage past investment to grow community and affordable housing
- An investment framework will detail future investment settings and opportunities

What do we mean by growth?

It means different things for different organisations

It can mean development-at-scale through a mixed-finance model, portfolio renewal and service development.

Or a focus on portfolio revitalisation and reconfiguration, enhancing existing services and offering innovative new services.

Investment framework

Key elements

- Investment principles and measurable goals
- Portfolio Development and Finance Plans
- Transparent assessment model

Benefits

- Moving to a strategic, portfolio investment approach enabling growth and revitalisation
- Agreed growth objectives and measures for each organisation
- Reinvest operating efficiencies achieved through the new single housing program and operating framework

How it all fits together

The investment benefits of a new operating and funding framework

Modernised
funding
agreement

Right settings to
leverage existing
government
investment

Greater cash flow
certainty through
longer leases

Instruments to
support finance
arrangements

Agreed growth and
other outcomes
through Portfolio
Development &
Finance plans

One
community
housing
program

Re-invest operating
efficiencies

One revenue stream

New reporting
framework

Re-invest operating
efficiencies
achieved through
reduced duplication
and combined
requirements

Contemporary
policy settings

For example
allowable
expenditure

Investment principles

Future investment will

- enhance access to affordable and community housing
- consider a range of housing tenures including home ownership opportunities
- encourage sustainable building design that minimises the cost of living to tenants
- consider mixed-use, mixed-design and mixed-tenure developments
- leverage a mix of sustainable investment sources

Eligibility

Eligible organisations must

- be a registered community housing provider
- be compliant with registration requirements, legislative and contractual obligations
- meet the existing NRSCH leveraging guidelines, as determined by the Queensland Registrar
- meet the department's risk assessment criteria

Portfolio development and finance plan

A five-year plan

- Detailed plan of what an organisation will deliver and how it will fund, renew and expand its portfolio
- Aligned to organisational strategic objectives, existing property portfolio, service offering and client needs
- Approved plans and agreed outcomes

Assessment model

The department will review

- Provider sustainability and ongoing viability
- Existing and planned future asset portfolio
- 5 year growth plan development projects (this can be multiple or 1)
- Service delivery model
- Proposed funding model and mix

Housing Construction Jobs Program

The Queensland Government's capital contribution to PFG

- \$1.6 billion investment to deliver almost 5,000 new social and affordable housing dwellings over 10 years
- focussed on regions experiencing population growth and increased housing demand
- will deliver jobs, drive growth and ensure better community outcomes
- Delivering well-designed and located accessible homes that respond to need

New funding agreement framework

Key principles

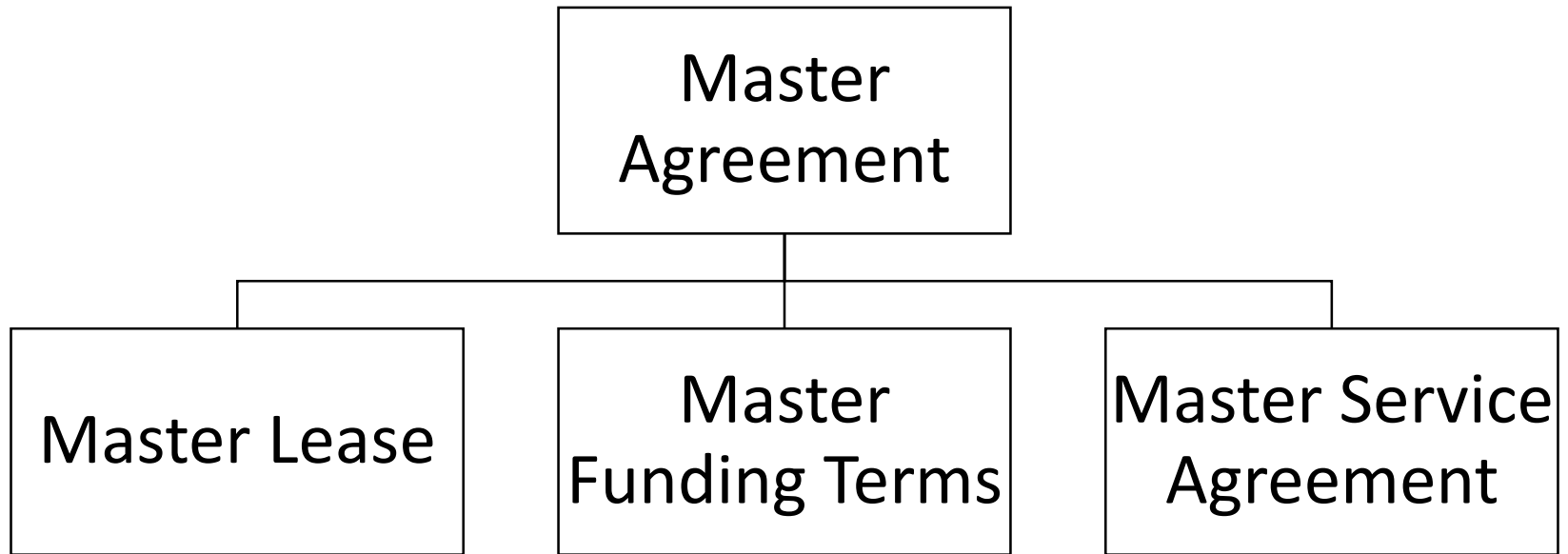
- Simplification
- Clarity
- Flexibility
- Continuing to meet obligations to clients and use of public funds

A Master Agreement

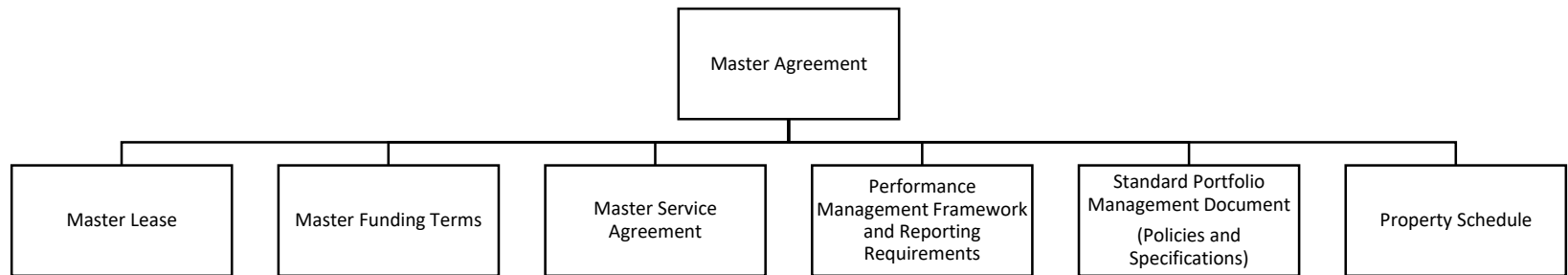
Objectives

- Existing key contractual arrangements consolidated into a Master Agreement
- Allow flexibility to respond to changes in portfolios and service delivery
- Longer term funding and tenure of properties

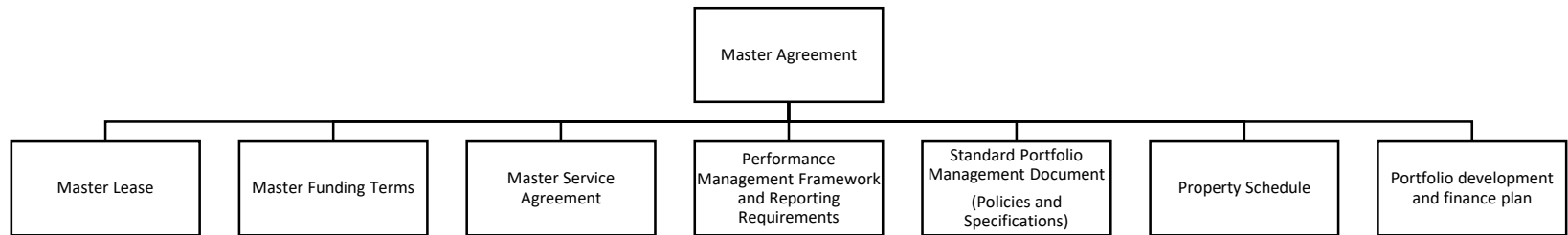
A Master Agreement



A Master Agreement



A Master Agreement



A Master Agreement

Key elements under consideration

- The duration of the Master Agreement
- Master Lease for a minimum five year period
- Use of Mortgages to secure real property assets
- Use of tripartite agreements.

A Master Agreement

Who would a Master Agreement apply to?

- All funded providers delivering the current community housing and crisis accommodation programs.
- Scaled based on the organisation's funded deliverables, development plans and size
- Does not apply to Specialist Homelessness Services funding.

A Master Agreement

How would a Master Agreement apply to different organisations?

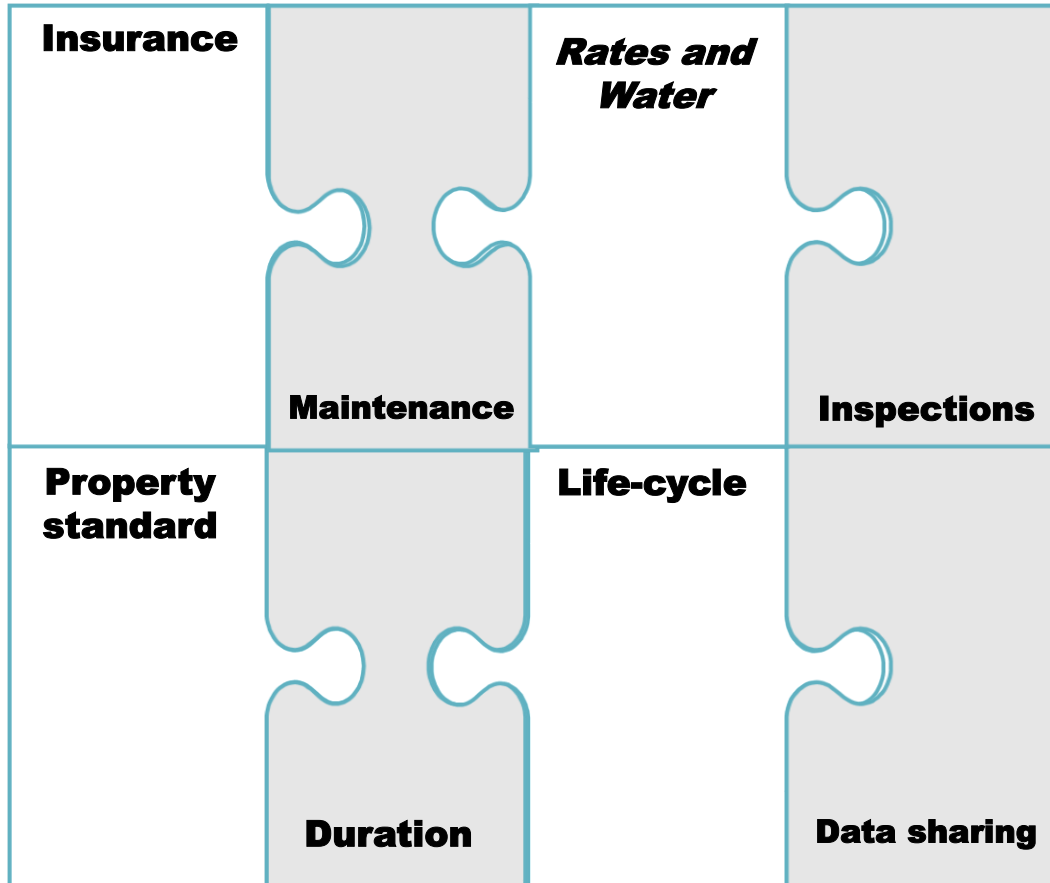
- Tier one and two providers enter into a Master Agreement with all schedules attached.
- Tier three providers undertaking growth or renewal, scaled based on their deliverables and development or renewal proposal
- Variation will occur in the property schedule
- Variation in the detail in the development and funding plans
- Tier three providers that are not undertaking growth and providers currently delivering the Crisis Accommodation Program only would have a Master Agreement with relevant elements applied

A Master Agreement

Existing provisions

- Existing agreements are being reviewed to understand and identify key positions and opportunities for streamlining or improvement.
- Seeking input to ensure the Master Agreement supports the delivery of Partnering for Growth.

Leasing and asset management arrangements



New Funding Agreement Framework

Timing and transition

- Regional Workshops to test the concept and elements of the Funding Framework
- Working with providers to identify strengths and weaknesses of current arrangements.
- Funding Framework documentation being considered with the sector
- Transition phase to move funded providers to the new framework