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Funding Social Housing

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30 May 2018



History

- Community Housing organisations relied primarily on State and Federal Governments to help fund a variety of programs.
- Projects often funded up to 75% of the capital – these were mostly small scale of up to 20 units per project.
- The last of these funding ventures in Victoria was provided by the Rudd Government's GFC Stimulus Package and was directed at building new affordable housing.
- Victorian Government pocketed more than half of the amount for its own social housing upgrades and additions.
- Housing organisations also did very well with some Housing Associations doubling their portfolios.

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Present Day

- BAH was established toward the end of another innovative Government program – National Rental Affordability Scheme (NRAS) – which was also abandoned with the fall of the Rudd/Gillard Governments.
- Today these grants have all dried up.
- Federal Government policy funding is now mostly geared as low-cost, Government guaranteed loans and subsidies paid to support shortfalls in an agency's ability to pay down debt and the amount actually required to make those payments.

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Baptcare Affordable Housing

- BAH has to find alternate ways to raise capital to create new housing. To date, of the 90 houses that are being managed, only 4 have received a Government subsidy (of 50%).
- The remainder have come from:
 - Gifted property left to the organisation in the will of a Baptist Church Member
 - Grants provided under previous Governments in the 1980's and 1990's
 - The parent company (Baptcare) taking on full responsibility of funding the large scale development at Norlane (52)
 - The granting of funds from Baptcare

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Recent Analysis

- A recent report from AHURI (Government Led Innovations in Affordable Housing Delivery – October 2017) looked at ways in which current housing can be funded.
- By studying 6 major developments across three states it found that Government contributions remained extremely important to outcomes.
- Across the projects, the study found that the main funding mechanisms used in combination were:
 - access to and/or discounted purchase of public land – 6 cases
 - public and/or NFP development capital – 5 cases
 - market sales – 4 cases
 - operating subsidies – 5 cases

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Options Going Forward

- Utilising development profits toward building the BAH portfolio. However, despite NFP tax breaks and internal capacity to undertake our own developments, we would still need to consider selling a proportion of a development in order to achieve some level of retention. That creates slow growth and significant risk.
- Another option is to utilise loans available from both State and Federal Government - the “Bond Aggregator” (Fed) and “Loan Facility” (Vic).
- A third option relies on partnerships with land holders who maybe passionate (or mandated by legislation) about meeting the needs of those at risk of homelessness in future developments.
- The reality is that returns on social housing are minimal and, while small scale, using surpluses to build more housing is quite difficult. In the meantime, BAH sees its current growth very much dependent on the generosity and commitment of the Baptcare Board.

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Wangaratta



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Norlane



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Thank you

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