



## Submission to the Federal Government Inquiry into Homelessness in Australia

**From:** Housing All Australians Ltd

**Date:** 30<sup>th</sup> March 2020

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Housing All Australians Ltd



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### 1. Introduction to Housing All Australians

Housing All Australians (HAA) is a private sector for purpose organisation and registered charity with a single focus on increasing access to affordable housing for vulnerable Australians. It was founded in 2019 by property executive Rob Pradolin. HAA believes it is in Australia's long-term economic interest to provide housing for all its people: rich or poor. Just like the provision of roads, schools and hospitals, safe, affordable and stable housing is a necessity for every Australian to be productive and be able to contribute to society.

HAA's mission is to harness the skills and capacity of the private sector to collaborate with private and public sector industry to address, at scale, the chronic shortage of low-income affordable housing. See our One Page Strategy – (Attachment 1). Housing for all Australians is fundamental economic infrastructure that is necessary to build a successful and prosperous economy and avoid an intergenerational time bomb.

HAA's definition of Affordable Housing is consistent with that currently adopted by the Australian Charities and Not-for-profits Commission which is the provision of housing assistance to those Australians who cannot afford the cost of housing from their own resources which would give them a modest standard of living in the Australian community.



## **2. Housing All Australians response to the Federal Government Inquiry into Homelessness.**

HAA supports the House of Representatives Standing Committee on Social Policy and Legal Affairs inquiry into and report on homelessness in Australia.

**Our submission specifically addresses the following Terms of Reference items:**

- Item 2. Factors affecting the incidence of homelessness, including housing-market factors;
- Item 4. Opportunities for early intervention and prevention of homelessness;
- Item 6. Support and services for people at particular risk of homelessness, including: a. women and children affected by family and domestic violence; people aged 55 or older;
- Item 8. Examples of best-practice approaches in Australia and internationally for preventing and addressing homelessness;
- Item 10. Governance and funding arrangements in relation to housing and homelessness, particularly as they relate to the responsibility of Local, State, Territory and Federal Governments.

**HAA Response to ITEM 2:** Factors affecting the incidence of homelessness, including housing-market factors;

***“Homelessness will continue to increase unless we create a significant upstream supply of non-market rental housing. This needs to be done at scale and it must to be seen as part of the housing continuum”***

As this submission will demonstrate, the factor influencing the level of homelessness in Australia, and its capital cities, is a result of a significant shortage of the available supply of affordable rental housing. While the formation of HAA was founded on a lack of any expectation that government will take the appropriate steps to implement a long term strategy to solve homelessness, we are willing and committed to work with all levels of government, nationally, state and local if they are serious to explore, at scale, ways to address this critical infrastructure shortfall.

This submission does not dismiss the need for greater service planning of homeless services and crisis accommodation. However, addressing the entire housing continuum requires multiple responses.

**Part of the required response is to address the available supply of affordable private rental housing, at below market rents, to alleviate the cascading effect of housing stress ending in homelessness. .**



### ***Housing System and the Homelessness Challenge***

The Australian Housing Urban Research Institute (AHURI), a national research institute dedicated exclusively to housing, homelessness and urban research, has published research to explore the current issues and complexities of homelessness in Australia. In a recent publication, 'The Changing Geography of Homelessness, a spatial analysis from 2001 to 2016', AHURI reports, homelessness on a per capita basis remains highest in very remote areas and is becoming more dispersed nationally with concentrations in major cities growing over time, particularly in the most populous states (NSW and Victoria). By 2016 capital cities accounted for just under two-thirds of all homelessness nationally.

Homelessness is rising in areas where there is a shortage of affordable private rental housing and higher median rents. This rise is most acute in capital city areas, specifically, Sydney, Hobart, Perth and Melbourne.

AHURI research statistically demonstrates there is a strong correlation between the available supply of affordable private rental housing and the rates of homelessness experienced in capital cities and regional areas.

Without support for alternative housing models to increase the supply of affordable private rental housing, this trend of rising homelessness rates will continue. **AHURI estimates the current additional housing need in Australia to be 1.3 million households** (just under 14% of households) which is estimated to rise to 1.7 million households by 2025.

### ***How Housing All Australians can contribute to addressing homelessness with government***

HAA's primary objective is to move the public conversation on public, social and affordable housing away from the traditional "housing" discussion, towards one which reflects its true economic impact to Australian society. **We recommend its reclassification as economic infrastructure; just like roads, schools or hospitals.**

No one can deny that shelter is not a fundamental human need. And without that need being met, there are resulting unintended consequences to humans in the areas of mental and physical health, family violence, policing, justice and ultimately welfare dependency. **For an Australia that prides itself on values of fairness and equity, the consequences of homelessness have economic impacts, and these impacts need to be recognised, quantified and commercial investment decisions made accordingly.**

To achieve this, HAA believes it is important to establish the business logic behind advocating for a significant, and at scale, investment in more public, social and affordable housing. One of our 4 strategic pillars is to commission a study into the *"Long-term costs of not building sufficient social and affordable housing to accommodate all Australians"*. HAA has engaged Australian Housing & Urban Research Institute (AHURI) to undertake the above study, the costs of which will be underwritten by corporate Australia. The companies that support the study to date and have agreed to provide the funding are: Stockland, ISPT, Frasers, AV Jennings, Plenary, Assemble, APD Projects, Metricon, Simonds, Tract, Minter Ellison, the City of Sydney, Mona (Tasmania's art gallery), the Victorian Planning Authority, the Director of Housing (Vic), Melbourne and Monash University. The results of the study will be available for public release in late 2020.



The outcomes and discussions around studies, like the one mentioned above, take time for the public to digest, debate and ultimately influence policy. Given the rising level of homelessness and housing stress that is currently both visible and invisible, this is time we do not have.

In Los Angeles, and other American cities, the level of visible homelessness is extraordinary. At one point in time, there was no homelessness in Los Angeles. It has been allowed to happen, gradually, over a long period of time, society became desensitised. It is only when visitors arrive and are confronted with the reality of the problem, that the scale of the issue is recognised.

HAA does not want Australians, in the future, to wake up one day and also say “How did we allow this to happen”. We must act now. HAA has come to the view that we cannot wait for government to solve homelessness. If change is going to happen, it will be driven by the private sector, and hopefully, with support from government.

#### **HAA Response to Items:**

**ITEM 4.** Opportunities for early intervention and prevention of homelessness;

**ITEM 6.** Support and services for people at particular risk of homelessness, including: a. women and children affected by family and domestic violence; people aged 55 or older;

**ITEM 8.** Examples of best-practice approaches in Australia and internationally for preventing and addressing homelessness;

#### **Pop Up Shelters**

As an immediate private sector response, HAA is focusing on existing empty buildings (awaiting redevelopment approval) as a way to immediately house people. The Pop-Up Shelter concept was developed in response to a recognition that thousands of buildings across Australian cities stand vacant while many of our citizens experience homelessness. Often these buildings are idle pending the outcome of a planning permit for redevelopment of a future use. With the collaboration of an appropriate housing services support agency, many of these buildings can be repurposed for short term shelter and used as crisis or transitional accommodation for people experiencing housing stress. HAA's role is to source the necessary project development, management and construction skills (primarily to be provided by the private sector on a voluntary basis) in order to deliver temporary housing. *A case Study on the Lakehouse, Melbourne's first Pop Up Shelter can be found in Attachment 2.*

Pop Up Shelters alone are not a solution. They are purely a short-term response, by the private sector, to a country with a housing crisis. We must build more housing.

In response to an international ideas challenge from the City of Sydney, HAA were successful in being selected as one of 7 ideas that would help the city with its housing crisis. As part of a public exhibition which commences February 2020, HAA have completed a short film which is a call to action for the private sector (and the public) to support HAA with this endeavour. The short film can be seen the home page of our website. <https://housingallaustralians.org.au/>



Using existing infrastructure in the form of empty buildings with their existing showers and toilets, and having them refurbished by the private sector, through HAA, is a low cost solution in providing temporary accommodation. This type of short-term use should be encouraged.

## Recommendations:

Policies and practices from all levels of government that can scale the Pop Up Shelter concept are as follows:

1. **That the Federal Government promote the utilisation of existing empty buildings and support HAA to scale the Pop Up Shelter concept nationally.** Government could actively help identify buildings, remove red tape and encourage the private sector to participate in providing their skills, on a pro bono basis, through HAA. This will not have any impact on government funds.
2. **To encourage appropriate vacant buildings to be made available for short term accommodation, the Federal government could encourage the State governments to participate and to incentivise the private sector by offering, at the State Treasurers discretion, to suspend the payment of land tax to the property owners IF their building is made available to HAA and IS ABLE to be converted into short term transitional housing and managed by an appropriate NFP like the YWCA or the Salvation Army.**
3. **Federal government to consider having a requirement that for private companies to be on future government construction tenders, they need to demonstrate a level of pro bono activity.** This is common practise in the top tier legal firms. For example, during 2019, the construction company Built was involved in the construction of 18 crisis accommodation for Melbourne City Mission at zero profit and zero overheads. This is approximately \$400,000 in foregone profit. In 2020, Kane Constructions has committed, through HAA, to refurbish an existing empty building owned by the City of Melbourne, at zero profit and zero overheads. The approximate value is close to \$1 million in forgone profit. In fact, the entire team of building practitioners involved with this project are donating their time on a pro bono basis. <https://www.melbourne.vic.gov.au/news-and-media/Pages/Melbourne-unites-on-World-Homeless-Day.aspx>. This type of commitment in helping the broader community “for free” should be encouraged and acknowledged.



## HAA response to Items:

**ITEM 10.** Governance and funding arrangements in relation to housing and homelessness, particularly as they relate to the responsibility of Local, State, Territory and Federal Governments.

**ITEM 8.** Examples of best-practice approaches in Australia and internationally for preventing and addressing homelessness;

### **Creation of a national affordable housing model.**

As mentioned above, Pop Up Shelters are not a solution. They are a short term response. We must build more housing. Ultimately, all state governments must, at some point, mandate inclusion rezoning. However, for this to be done properly, state governments **MUST** give industry a sufficient transition period to factor this additional cost into their feasibility studies and ultimately, play less for the land. Without a sufficient time, allowance and therefore a proper grandfathering provision, supply will stop as inclusion rezoning will be a significant financial impost and make a number of projects unviable.

As our principles stipulate, HAA is not going to wait for government. We have consequently developed an affordable housing model called the Permanent Rental Affordability Development Solution (PRADS). A visual overview can be found in Attachment 3. The principles of the model are applicable nationally and to ensure simplicity for the property industry, one set of national governance rules should apply.

The PRADS model facilitates the provision of affordable rental housing that is delivered by the private sector as a long term affordable rental housing. It facilitates a supply of housing that complements the existing public and social housing system. It increases the supply of housing for that proportion of households that are experiencing rental stress, and which are not able to be currently accommodated through State provided housing or the registered housing agencies. It is, in effect, based on the governance principles of the existing National Rental Affordability Scheme, but is facilitated under a different delivery model **which does not cost the Federal or State Governments any money** and locks in affordable housing for life rather than for 10 years under NRAS. It also allows the stock to be either managed by the Community Housing Associations or the Private Sector.

The PRADS model works on the principle of “value sharing” some of the economic gains delivered through the planning process. It is a form of value capture but in reverse. Local government and the development community need to work together to enable the developer to achieve savings in terms of time or density bonuses which would offset the subsidy needed to provide affordable housing. It needs to be acknowledged that this type of housing needs a subsidy and the best way to achieve this is by capturing some of the uplift created in land values.

The housing created under the PRADS model, is rented at below market rents, to tenants with incomes that satisfy the Department of Social Services definition of income which is consistent with the *Social Security Act 1991* (the SS Act). This obligation will exist on title for the economic life of the dwelling.



The developer and councils (Local Govt) negotiate, in good faith, the number of dwellings and the percentage below market rent for which these dwellings can be rented. In Victoria (State Govt), this obligation is secured via a Section 173 Agreement for the economic life of the dwelling (Each state has a different mechanism to lock this type of obligation on title for life). The developer can then sell the dwelling to investors in the private market with the rental encumbrance and an obligation to comply with an appropriate governance process. Through an approved private sector property manager, or a housing association, the private investor then rents the dwelling to the target market. As an additional level of governance, the model also includes the creation of an Affordable Rental Housing Register which identifies all affordable rental obligations, and this register is audited annually to ensure satisfactory compliance with the agreed obligations. This model, if scaled up for delivery through voluntary planning agreements, has the potential to create a significant supply of long-term affordable private rental housing without the need for any ongoing government subsidy. From a governance perspective, it will be based on a similar process that currently exists and is used with managing National Rental Affordability Scheme (NRAS) properties.

As former general Manager for Frasers Property Australia (formally Australand), and the Founder of Housing All Australians (HAA), in developing the PRADS model, Rob Pradolin has focused on how best to engage the development community and to align their interests to that of government to achieve the necessary public policy outcomes and create more affordable housing. PRADS was formulated based on this concept, recognising that while the public and social housing streams of assistance are well defined and regulated there are other parts of the housing continuum where the private sector can play a part to address the shortfall in the available supply of affordable rentals. This, in the long term, will reduce the cascading effect that is currently occurring, where demand and housing vulnerability is at risk of rising due to limited supply of affordable rental properties for moderate income earners. We will never solve homelessness unless we create a significant supply of non-market or subsidised housing.

The principles of the PRADS model are supported by a number of key stakeholders nationally and has already been used in Victoria by the Century Group in its development of Flinders Bank. As part of this planning outcome, 20 key worker housing, at 50% of the market rent, was locked in for the economic life of the dwellings (see Attachment 3). Please see Attachment 4 for more detail on HAA'S housing models which includes letters of support from Dr. Marcus Spiller - Principle and Partner from SGS Economics, Margaret Guthrie - Chairperson of the Public Tenants Association, Danni Hunter - Chief Executive Officer Urban Development Institute of Australia (Victoria) and Andrew Cairns – CEO of the Community Sector Banking.

In addition, a significant body of work has been done on the model by PWC on behalf of the inner city Melbourne councils. While the PWC assessment was undertaken specifically to assess particular scenarios put forward by iMap, the PRADS model can be used to create affordable housing by in sharing in the uplift created through a rezoning application or with density bonuses. The report was released in November 2019 and is attached as Attachment 5.



Since the reports release, discussions with superfunds have been had and interest shown. PWC, Norton Rose Fulbright, Minter Ellison and Corrs Chambers Westgarth have agreed to work with HAA, in a pro bono capacity, to further the required structures to facilitate a possible fund, at scale, of affordable housing under this model.

## Recommendations

- 4. That the Federal government work with HAA, and its relevant corporate partners, to explore the scalability of the PRADS model to deliver affordable housing at scale nationally at no costs to either state or federal governments. This would result in a federally legislated governance structure which is then implemented by the respective state government.**

### Build-To-Rent on leased Federal Government land

As mentioned previously, we need to build more social, public and affordable housing if we are serious about putting a dent in the growing level of homelessness and save our future society significant long term costs. Over the last 15 years, as General Manager of Frasers Property Australia, I was actively involved in securing 3 significant market opportunities where the Victorian government offered, **and sold**, land to the private sector, in order to finance and build new social housing. These projects were a mixture of private and public housing and in total delivered well over 2000 dwellings. The projects concerned were the Commonwealth Games Village in Parkville, the redevelopment of the Carlton Housing Estate and a development of public land in Westmeadows.

As a supporter of market driven economy and the efficiencies provided by working with the private sector, I have always had the view that decisions to sell public land need to be considered from an intergenerational perspective and if it is in the long term interest of Australian taxpayers. This is why the last pillar of the HAA strategy is the development of a Build to Rent (BTR) asset class on leased government land (**not sold**) but at a peppercorn rent. The purpose of the peppercorn rent is to help get the economics for BTR closer to being viable without the need of having to make significant legislative tax changes and not having to sell the land in the process. It's a sensible and practical solution, especially given the current Covid19 demands on government funds and the need to stimulate economic activity post Covid19.

Firstly, we need to reframe social and affordable housing as economic infrastructure, just like roads, hospitals and schools. By both government and the private sector adopting an infrastructure approach, the risks and required financial yields can be reduced and, by doing so, private capital can be mobilised. The scale of the investment needed to properly address the shortfall of social and public housing is so significant that governments cannot fund it alone. But to involve private sector capital, the funds invested need to achieve a satisfactory return relative to the risk.

BTR as an asset class aiming to target a mid market rents is currently not economically viable in Australia. Discussions on tax concessions between government and industry have been taking place at both federal and state levels, and are needed to improve the economic viability of BTR. And while these discussions are worthwhile, this will take time and will not necessarily address the significant shortage of public, social and affordable housing that is needed.





If, however, government land (either federal or state) was leased at a peppercorn rent, the economics for Build-to-Rent would totally change and a pipeline of new and affordable housing supply can start to be created by the private sector. Not only that, at the end of the lease period, the Federal or State Government still owns the land and the improvements that have been built (and maintained). This, in my view, maximises public value and it does not “sell the farm” in the process and should enable the state government to accelerate the development of more housing.

Given the economic impact of Covid19, all governments will be considering how to stimulate the economy post Covid19. From a Federal Government perspective, rolling out a pipeline of housing developments (which must include a blend of social, public, affordable and private housing) on federal government land will not only provide an economic stimulus to the building industry and the other related areas, but do it with minimal impact on federal governments funds in the forward estimates. In addition, with the land being commonwealth land and not to be sold (as it is leased land), then the planning approval from the state is not required. This would allow the federal government to roll out a pipeline of projects around the country, through the private sector, on a predetermined and fixed timetable, with worlds best practice urban design principles, in a timeframe that will not be inhibited by state or local politics around planning.

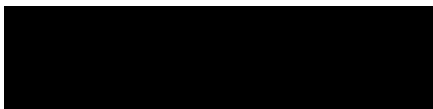
## Recommendations

- 5. That the Federal government identifies Federal land, in each state, suitable for development as Build-to Rent housing with the stock diversity to include social, public, affordable and private housing. *(I believe this has already been undertaken)***
- 6. That the Federal Government considers developing a pipeline of BTR projects, in each state and territory, and offering it on a long term peppercorn rent basis, with the successful tenderer being based on the proponent that delivers the greatest number of social and affordable housing within their development**

In closing, HAA believes homelessness needs a whole of system response and part of that response is increasing the supply of social, public and affordable private rentals. This problem cannot be addressed by government alone. It requires cooperation and collaboration. Through its networks of purposeful organisations, HAA can harness the skills and capacity of the private sector to collaborate with governments and address the chronic shortage of affordable rental housing. Doing nothing is not an option!

Thank you for the opportunity.

Yours faithfully,



Robert Pradolin  
Founder and Board Member of Housing All Australians



## Attachments

Attachment 1: HAA Strategy on a Page

Attachment 2: Lakehouse Pop Up Case Study

Attachment 3: Permanent Rental Affordability Development Solution (PRADS)

Attachment 4: HAA's Housing Models and Letters of Support

Attachment 5: IMAP PWC Report



## Attachment 1: HAA Strategy Plan on a Page





## Attachment 2: Lakehouse Pop Up Shelter Case Study

### CASE STUDY

#### POP UP SHELTER LAKEHOUSE, VIC.

2018

“ Council hopes the Lakehouse success story will inspire other councils, community agencies, private organisations and governments to recognise the huge opportunities offered by using temporarily vacant buildings as a rapid response to alleviating homelessness. ”

Bernadene Voss  
Former Mayor, City of Port Phillip (2018)



'It's excellent, I'm happy.  
We live like a family here  
and help and support each  
other during difficult times.'  
Mrs R, resident,  
Lakehouse, Melbourne

The Lakehouse is Melbourne's first Pop Up Shelter for women in need of temporary housing (2018)

#### THE NEED

Women over 50 are the fastest growing group of people experiencing housing instability in Australia – often as a result of pay inequity, little to no superannuation or savings, divorce, domestic and family violence and time taken as unpaid carers.

Adequate supply of social housing and affordable housing remains an enduring issue across Australia. Currently there are more than 40,000 applicants for social housing, on the Victorian Housing Register alone. (March 2019).

#### THE SOLUTION

- Utilise and repurpose a vacant aged care facility owned by CaSPA Care in South Melbourne, Vic, to provide short-term crisis or transitional accommodation for up to 30 women at a time, while the building awaits redevelopment approval.
- Private sector and Local Gov't donate professional services and goods for set-up, site preparation, building works, garden, fit out and furnishings. (\$300k estimated value)
- YWCA Housing becomes the lessee and tenancy provider. It also supports those being housed and connects them to additional community services.
- Additional project funds secured from State Government (DHHS) and Lord Mayor's Charitable Foundation for support staff for the women.
- YWCA is charged \$1 a year for use of the property. Building outgoings are recovered via below market rent paid by the women as sub-tenants.

#### EXIT STRATEGY

- A detailed strategy for the closure of the Pop Up is part of the original lease agreement. All those housed are to be transitioned by YWCA into public or community housing, private rental or supported to return to family or friends.
- The furniture and chattels will be redeployed to other housing projects to support more women.

#### OUTCOMES

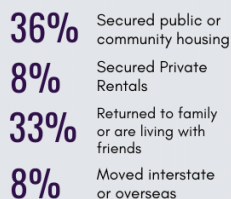
#### One year after opening



51\*  
WOMEN  
HOUSED

\* Women housed July 2018  
to September 2019

Of the women housed:



- Six new 'Pop Ups' in development in VIC and NSW.
- CaSPA agrees to extend lease till late 2020, ensuring many more women will be housed.
- YWCA has seen an increase in new donations of goods and services for its other properties supporting women.
- Housing All Australians has attracted significant interest from media, the private sector and government. Awarded a City of Sydney, Alternative Housing Ideas Challenge.

#### COST

##### ITEM

Building Rent – p.a. (peppercorn)  
Case Worker part time x 2 years  
YWCA Tenancy Worker and costs  
Outgoings – Insurance, power etc

##### PRICE

\$ 1  
\$ 74,000  
\$ 60,000  
recovered  
via tenant  
rent

##### PRO BONO VALUE

##### Donated goods & services.

Project planning, lease & tender.  
Site prep, cleaning, garden, fit out,  
electrical, plumbing, painting and  
cabinetry. Beds, couches,  
furnishings. Bedding, towels,  
toiletries, utensils. Whitegoods:  
fridge, ovens, washing machines.

\$ 300,000

#### CONTACT US

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info@ywca.org.au

##### HOUSING ALL AUSTRALIANS

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## CASE STUDY

### POP UP SHELTER LAKEHOUSE, VIC.

“There's hundreds of vacant buildings waiting for redevelopment. It's another form of society's wastage while people are sleeping on our streets, on couches or in cars. It's not a long term solution. It's a temporary fix to a society in crisis.”

Rob Pradolin  
Founder, Housing All Australians



Newly renovated spaces at the Lakehouse - all provided pro bono by the private sector

### BENEFITS FOR THE CONTRIBUTORS

- **CaSPA Care (property owner):** The cohort of older women being supported links directly to our mission. Enhanced social reputation. Raised profile in local community. Saved outgoings on security and insurance. Strengthened stakeholder relationships with local and state government.
- **YWCA Housing:** Ability to deliver more housing for women (our mission). Positive media coverage and invitations to present at key conferences. Won a 2018 Powerhouse Award for Innovation and Leadership. Increased corporate awareness of the issue and engagement with our organisation.
- **Metriticon:** As one of Australia's leading home builders we were delighted to be part of this initiative and took immense pride in engaging our suppliers and staff to collaborate to support the proof of concept of this innovative housing solution. The model aligned well with our Alternative Housing business and commitment to nurturing relationships with organisations that have a positive impact in the community.
- **City of Port Phillip:** Tangible evidence of Council affordable housing policy in action. Provides a new and innovative model for local government to reduce street homelessness, achieving rapid results through re-purposing underutilised buildings.
- **Rob Pradolin (HAA):** The model has spurred national interest, with new pop ups underway. It's been instrumental in developing our charity 'Housing All Australians' to harness the ability of the private sector to address a chronic shortage of low income affordable housing.
- **VIC Govt DHHS:** The department is interested in innovation and supportive of collaborations between commercial, government and community sectors.
- **Rotary Albert Park:** We are so proud of this project. Our provision of volunteer support and goods e.g. linen, to those who need it most in our local community is everything Rotary stands for.

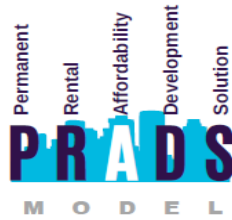
### KEY LEARNINGS

- 1 **Industry contacts**  
Critical role of a person with the contacts and respect of the property and building industry to secure pro bono goods and services.
- 2 **Project manager & governance**  
One person or organisation to be responsible for project management and governance.
- 3 **Funding**  
Identify and secure any funding gaps prior to implementation.
- 4 **Goodwill of the private sector and local government**  
Without the generous donations of time, goods and services the Pop Up would not have eventuated.
- 5 **The Lease**  
12 month lease with 2 x 6 month options to extend at property owner's discretion.
- 6 **Community Housing provider**  
Appoint a provider with exceptional track record and expertise in the cohort to be housed. Clarify the tenancy and support services to be provided to those being housed.
- 7 **Property owner & local government**  
Develop and maintain an open and trusted relationship with the property owner and local council.
- 8 **Pro bono inventory**  
Record commercial value of goods and services provided.

### RISKS & CHALLENGES

- The fact a project like this had never been done before meant there was no precedent.
- The property owner rightly needed to be assured of a) the cohort to be housed b) how the property would be managed and maintained, and c) the exit strategy. – in order not to impact on the building's future development plans. City of Port Phillip played a key role in this when negotiating the lease with the property owner.
- Mitigating any concerns from local residents about the project. This was addressed through community consultation and by housing a low risk cohort of women.
- YWCA Board approval of the project's viable lessee opportunity – financial and social.
- Unforeseen costs and work required to clean up and repair the site after being vacant for so long.
- Effective communication to ensure clarity across the partners – who is doing what, launch event procedures and project governance was a challenge.
- Ensuring a realistic time frame from compliance approvals, signing the lease with property owner, to getting the women into the house.

## Attachment 3: PRADS MODEL



Creating a significant supply of long-term affordable rental housing without the need for any ongoing government subsidy.

### BENEFITS

- Increases affordable housing supply within developments** – By having a private sector property manager the developer reduces the possible “stigma” (rightly or wrongly) that management by a community housing organisation could impact their sales value.
- Leverages more affordable housing dwellings** - Rather than gifting a dwelling, this equity is apportioned across a number of properties with the investor paying the balance. The cost to developer remains same.
- Reduces housing system bottlenecks** - The model directly targets a source of the problem; un-affordable private housing.
- Speed** – Capacity to establish an agreed, transparent governance model should lead to faster negotiated outcomes. It can also facilitate a level of pre-sales that can assist in accelerating bank financing.
- Multipurpose** - The model can equally apply to both apartment projects and land subdivisions.
- Long term affordability** -It creates long term affordable housing linked to the economic life of the building and in perpetuity affordable housing in land subdivisions.
- Market perception and management** – Having the option to use a private rental manager to manage the affordable housing reduces the marketing risk for the developer.
- Broader investor market** - Provides an investment product attractive to small ‘mum and dad’ investors.



Housing All Australians believes that it is in Australia's long-term economic interest to provide housing for all its people, rich or poor. It aims to harness the ability of the private sector to collaboratively address the chronic shortage of low-income affordable housing.

The outcome of the PRADS model is the creation of privately owned rental housing, rented at below market rents, with an obligation resting on title for the economic life of the dwelling. This is to be managed through an agreed governance process.

### PHASE 1: PRE-DEVELOPMENT

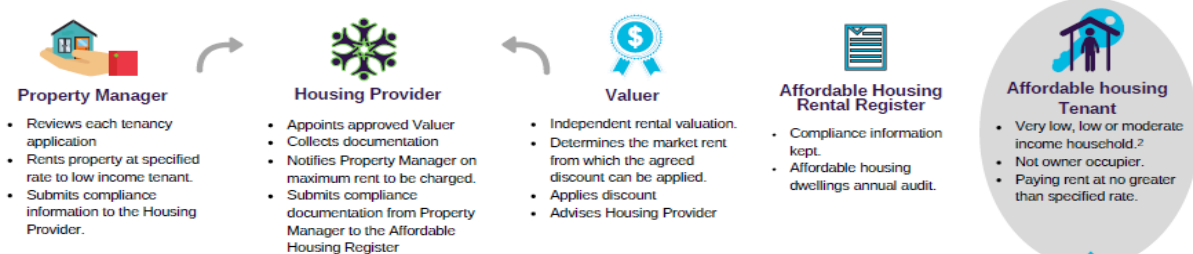


<sup>1</sup> Voluntary Planning Agreement under Section 7.4 of the Environmental Planning and Assessment Act 1979 (NSW)

### PHASE 2: DEVELOPMENT & SALE



### PHASE 3: RENTAL TENANCY



<sup>2</sup> Must meet income test defined in Affordable Housing Income Levels