

9 March 2016

Subject: Affordable Housing Working Group Submission

I applaud the initiative of this Working Group to improve the supply of affordable housing and to maximise the effectiveness of government expenditure. I personally have had a long involvement in this field having been involved in:

- Working on the first inclusionary zoning in Australia for the CityWest Project in Ultimo/Pymont;
- Proposing and developing the Bonus FSR concept for Affordable Housing (South Sydney Green Square and Waverley Council);
- Proposing the concept and master planning the CityEdge Project in ACT - a joint venture between Community Housing Canberra (CHC) and CIC. The split of profits delivered a mix of affordable and social housing interspersed with private stock housing.
- Designing the Affordable Housing Calculator for the NSW Planning to quantify the cash or in-kind component of affordable housing for the bonus in FSR provided to the developer.

I have also held a position on:

- The NSW Finance Round Table for Affordable Housing.
- The NSW Affordable Housing Taskforce.
- The Advisory Board to NSW Housing.

I note and support your initiatives for increasing viable sources for funding affordable housing through housing and social housing bonds and also increasing the Third Sector housing pool through housing trusts and cooperatives.

I believe an innovative approach to reduce the barrier to wider scale institutional investment for housing trusts and cooperatives would be to mandate an analytical process I call Big RED.

Big RED

Big RED stands for Big Data for Real Estate Data.

The basic concept I propose is that all interested parties (e.g. the housing trusts and cooperatives) seeking Housing Bonds or funding through the Housing Finance Corporation or alike, provide their feasibility data in a common format to an online programme for loan assessment and approval.

This platform I propose could be the Estate Master DF program with a customised input form that feeds codified data into a central database. An alternative program could be designed but the option detailed above provides the best value for money for Government and is readily available and proven.

The suggested codified data would be verified against existing data for verification and risk assessment. An overall score could be given along with identification of key areas of risk or non-conformity.

The information would act as a gateway for funding approval and general intelligence on pipeline capacity or funding needs. Over time, with increased source data and verification, this information will provide key data on industry benchmarks and patterns of development.

This data would also serve as industry benchmarks for costs, revenues and timescales that could be on sold to developers and valuers.

What Data is needed

A customised coded input sheet would be developed to suit this approval process. The suggested key elements of this input sheet accessed on line would have cost/sale data on the following key elements:

- a) Location (suburb)
- b) Property Description (size)
- c) Land price per unit
- d) Professional fees % of project cost
- e) Total cost per dwelling unit & \$GFA
- f) Other non-housing costs
- g) % contingency
- h) Development charges per dwelling & GFA
- i) Holding Costs \$ & % project cost
- j) Selling Cost
- k) Leasing Costs
- l) Sale Value (if sold)
- m) Rental Value

- n) Outgoings % of revenue
- o) Vacancy Allowance

Once a project is approved, the feasibility data can be tracked with live/actual data. This program exists in the Estate Master DM program. This real data could supplement the feasibility data as real data on costs and sales. It would also be a leading indicator on sale/price movements and take up rates. Such data is difficult to find on a collective basis. Other benefits would apply to stock number and pipeline delivery forecasts.

The above data could be tracked through development phase as a live quarterly reporting process. This would give greater transparency on financial risk and delivery.

For completed projects, this data could apply to the operational side as well. Again key industry data on rents, stock numbers vacancies could be collectively reviewed.

I think the possibilities are expanding and exciting. I would be honoured if I could further develop and present this concept to your working group.

I looked forward to consideration and meeting with your team. Information about the Estate Master Development Suite can be found on this link - <http://www.estatemaster.com>

Sincerely



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