

EVENT SUMMARY

Social and Affordable Housing Symposium

2017



*Monday 25 September
Griffith University
South Bank campus*

SYMPOSIUM HOSTS



Department of Accounting, Finance and Economics Griffith Business School

Griffith Business School is part of Griffith University—a dynamic, innovative and highly regarded university with 50,000 students from 131 countries. The University is located in South East Queensland, Australia and has campuses in Brisbane, Logan and the Gold Coast.

The School's degrees and programs are recognised nationally and internationally, and their senior researchers are leaders in their fields. Offering undergraduate and postgraduate programs in Asian studies, government and international relations, public policy and public administration, tourism, sport, event management, and real estate and property development; the School also provides a substantial PhD program.

The Department of Accounting, Finance and Economics is one of six departments within Griffith Business School. It offers industry-recognised programs in accounting, banking, business statistics, economics, finance and financial planning.



National Affordable Housing Commission (NAHC)

Sustainable Living Infrastructure Consortium (SLIC)

NAHC is a not-for-profit company registered with the Australian Charities and Not-for-Profits Commission. SLIC, a NAHC subsidiary, is a non-profit focused on housing solutions research.

NAHC works with community groups, the private sector and governments to investigate, develop, promote and provide a range of innovative and quality housing options to meet housing need.

Between 2008 and 2015, NAHC facilitated the construction of more than 3,500 affordable homes as an Approved Participant under the National Rental Affordability Scheme (NRAS). NAHC is the most successful NRAS Approved Participant in the country, having delivered more NRAS affordable housing than any other organisation.

In 2012, the company commenced a property management business exclusively for affordable housing. The business has grown rapidly and NAHC now manages over 1,000 homes from three offices (two in greater Brisbane and one in Townsville, Queensland).

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FOREWORD

Diminishing housing affordability is pushing a growing number of Australian households into housing stress, presenting a number of social, economic and political challenges and a consistent call for the increased provision of social and affordable housing.

Griffith University's Department of Accounting, Finance and Economics; in collaboration with the National Affordable Housing Consortium (NAHC) and Sustainable Living Infrastructure Consortium (SLIC) are proud to have organised the **2017 Social and Affordable Housing Symposium**.

Over the course of a day, the event served as a platform to exchange ideas, discuss research and experience surrounding these growing challenges —attracting 71 policymakers, practitioners, academics and researchers in the social and affordable housing field.

Four major themes: Cities; Measurement of Outcomes; Finance; Production and Procurement; were discussed throughout the day as facilitated panels. One session showcased high-quality academic research papers relating to the field. Key issues highlighted a range of possible solutions, which are described in further detail in this report.

Thank you to all participants, facilitators and speakers who took part in making this event a great success.

The Organising Committee



Pictured (left to right): Professor David Grant, Dr Judy Kraatz, Professor George Earl, The Hon. Matt Thistlethwaite MP, Mike Myers, James Brennan, Professor Paul Burton, Stefen MacAskill, Professor Eduardo Roca, Dr Benjamin Liu.

ORGANISING COMMITTEE



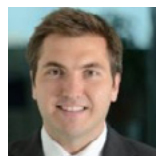
Professor Eduardo Roca
Professor of Finance
Griffith Business School



Professor George Earl
Chairman, NAHC; CEO, SLIC;
Adjunct Professor
Griffith Business School



Dr Benjamin Liu
Senior Lecturer
Griffith Business School



Stefen MacAskill
Project Officer
Griffith Business School



KEYNOTE SPEAKER

The Hon. Matt Thistlethwaite MP

We were pleased to welcome the Honourable Matt Thistlethwaite, Shadow Assistant Minister for Treasury as our keynote speaker.

Mr Thistlethwaite has been an Australian Labor Party member of the Australian House of Representatives since 2013, representing the electorate of Kingsford Smith. He was formerly a member of the Australian Senate from 2011–2013.

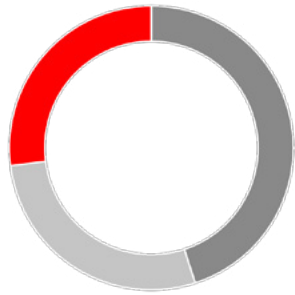
He served as Parliamentary Secretary for Pacific Island Affairs and Parliamentary Secretary for Multicultural Affairs in the Gillard government from March to July 2013, and as Parliamentary Secretary for Infrastructure and Transport in the Rudd government from July to September 2013.

Mr Thistlethwaite's address highlighted key issues present in the housing landscape across Australia, including the Australian Labor Party plan for action on various issues.

ATTENDANCE

The event was well attended, reaching the maximum capacity for the venue. There were a total of 71 registered participants, consisting of a variety of policymakers, practitioners and academics.

Participant breakdown



- Industry professionals, 45%
- Academics, 28%
- Government, 27%

Academics

- Approximately 28% of the audience
- Professors, Associate Professors, Lecturers and PhD students
- Working in the fields of business, affordable housing (capital markets, real estate, economics)
- Griffith University, University of Chile, University of Tasmania, Swinburne University.

Government

- Approximately 27% of the audience
- Department of Housing and Public Works (including Housing and Homelessness), Queensland Treasury, Byron Shire Council.

Industry professionals

- Approximately 45% of the audience
- Directors, Managers, Proprietors, Lawyers, consultants, architects, affordable housing service providers, financial services, developers.

A comprehensive list of registrants is included as **Appendix 1** in this report.



Steve Mann addresses participants in Session 1.



Audience participation in a question-and-answer session.

MAJOR THEMES

The symposium covered four broad themes which focused on cities, measuring outcomes, finance and production, and procurement of social and affordable housing. Across these themes a number of key issues were highlighted, with panellists and audience discussing possible solutions.

Session 1: Cities

This session focused on Australian Cities with a key overarching theme: How to sustain the growth of our cities in an affordable, inclusive, and sustainable manner? Programs such as City Deals, Build to Rent and overarching issues faced by developers across Australia were discussed.

The session was facilitated by **Professor Paul Burton**, Griffith University Cities Research Institute.

Facilitator



Professor Paul Burton
Director, Cities Research Institute
Griffith University

Panelists



The Hon. Matt Thistlethwaite MP
Shadow Assistant
Minister for Treasury



Steve Mann
CEO, Urban Development Institute
of Australia (National)



James Brennan
Director, EY Real Estate
Advisory Services

Issues highlighted

- Australia's capital cities have experienced the lion's share of population growth, with Sydney and Melbourne accounting for 44% of national total population increase
- Between 2012–2017 median house prices have increased 70% in Sydney and 47% in Melbourne. Based on metrics around household income to median home price affordability, Sydney and Melbourne are 'most unaffordable' whereas affordability based on these metrics have been improving over the past 5 years in other capital cities
- Renting amongst Australian households is increasing versus homeownership pathways, particularly in Sydney and Melbourne
- The development industry is one of the most heavily taxed sector with 35%–40% of a typical home price comprised of taxes and levies, which is ultimately paid for by new home buyers
- There is an evident supply shortage of social housing, particularly in QLD and NSW
- There are critical issues in the way Australian cities deliver housing via the supply chain
- Leadership is required to stimulate innovation, incentives, partnerships and financial initiatives or it will be increasingly difficult to provide affordable housing
- James Brennan discussed key findings from the EY team's visit to the United States. The PCA tour consisted of 25 delegates who toured 35 projects in LA, Seattle and San Francisco. These cities are facing similar housing affordability issues

Issues highlighted (continued)

- American examples of Build to Rent were featured as a possible solution to be implemented in Australia. Build to Rent could offer a suitable mechanism for the channelling of institutional investment towards addressing supply shortages in the rental market:
 - Benefits of Build to Rent are numerous. May offer longer term tenancies to a changing housing landscape. It is *bankable*, scalable. Transit-oriented developments (TOD) are priority areas for developments of this type
 - In certain cases, aspects of the LA planning code were waived for certain developments.
- Improve productivity and efficiency of the regulatory framework
- Reform infrastructure taxes and charges to broader low base
- Develop middle–medium density housing to meet a variety of housing needs including first home buyers, downsizers and lone person households
- Build to Rent policies represent an attractive option to addressing the housing affordability issue, in part
- There was a mixed consensus on the implementation of city deals in Australia.

Session 1 outcomes

- Call for the establishment of an Urban Development Program (UDP) which would:
 - coordinate and monitor housing supply and targets (report quarterly)
 - coordinate and prioritise the delivery of the supporting infrastructure.
- Call for the establishment of an Affordable Housing Program (AHP) which would:
 - set policy agenda, facilitating planning instrument and delivery of the program
 - establish finance pathways for combined heat and power partnerships (CHPs) through the Federal Government's Bond Aggregator
 - work with state and local Government on identifying land for inclusion in the AHP
 - work with the development industry on joint venture opportunities
 - explore innovative models like the Western Australian Key Start Scheme, United Kingdom shared equity opportunities and Build to Rent long-term institutional investment products



Pictured (left to right): Session 1 panelists James Brennan, The Hon. Matt Thistlethwaite MP and Steve Mann.



James Brennan addresses the audience in Session 1.

Session 2: Measuring Outcomes

The session focused on measuring housing affordability outcomes, namely the success of programs designed to ameliorate housing stress for Australian households, and perspectives on measuring the issue. A number of academic approaches to measurement were explored, in addition to insightful commentary from the audience.

Facilitator



Darren Doyle
General Manager, Operations
NAHC

Panelists



Dr Judy Kraatz
Senior Research Fellow
Cities Research Institute
Griffith University



Professor Andrew Worthington
Professor of Finance
Griffith University



Professor George Earl
Chairman, NAHC;
CEO, SLIC;
Adjunct Professor
Griffith Business School

Issues highlighted

- Australian housing is considered one of the least affordable amongst the Organisation for Economic Co-operation and Development (OECD)
- There is uncertainty and inconsistency in measuring affordability of housing internationally
- Changing demographics and a growing divergence with planning code rules for certain aspects (such as car parking). Inconsistencies in how this is measured for varying locations within Australia's capital cities

- Value derived from the provision of social and affordable housing can have far reaching positive outcomes (health, safety, economic and societal).

Session 2 outcomes

- Emerging research from the Sustainable Built Environment National Research Centre (SBEnc) aims to focus on the return on investment for social housing. This *social return on investment* will explore monetary investment versus the broader benefits accrued to society as a ratio or aggregated dollar value
- Further research will explore improvements in wellbeing, individual impacts and societal impacts
- Research using Household, Income and Labour Dynamics in Australia (HILDA) Survey data banks reveal that oftentimes, planning codes are not suitable to need for particular urban areas. More research is required to see how this gap can be bridged
- Effective measurement schemes are to consider shifting sociodemographic trends, and changes in the way people use spaces and services.



Dr Judy Kraatz addresses participants in Session 2.



Session 3: Finance

This session focused on innovative financing mechanisms for delivering affordable housing, such as shared equity and varying debt finance structures such as Bond Aggregators (BA) and social benefit bonds.

Facilitator



Graham Marshall
Business Development Manager
NAHC

Panelists



Mike Myers
CEO, NAHC



Peta Winzar
CEO, Community Housing
Industry Association



Mark Flack
CEO, Buy Assist

Issues highlighted

- There is a current lack of long term financing options to combined heat and power partnerships (CHPs) via the capital markets. Australian CHPs generally rely on shorter term bank debt (typically 3–5 years) at unfavourable rates compared to longer term options.
 - Australian CHP access to the Corporate Bond market negligible compared to international comparisons (particularly the UK)
- The Department of Treasury engaged EY to provide a proof of concept regarding the national affordable housing BA. This report has been recently published. *Establishment of an Australian affordable housing bond aggregator (PDF, 2MB)*

- Despite the potential implementation of a BA, there will still be a required government intervention strategy to help make social and affordable housing projects commercially viable
- It is estimated a national (specific) investment of approximately \$60bn will be required to help ease the housing affordability issue
- Estimated 6,300 social and affordable housing dwellings required per year (~\$1.9bn pa) to maintain current status quo (4.3% of population requiring housing assistance)
- Shared Equity features for homeownership
- Changes to capital gains taxation structures for managed investment trusts could yield benefits towards the issue.

Session 3 outcomes

- EY analysis of the case for the Australian BA suggests the Community Housing sector could benefit from the creation of a BA, set up with a pass-through structure with borrower funding requirements equally matched to funding sourced from debt capital markets (DCM), with a standardized product to reduce complexity and enhance transparency
- CHPs could access finance over a longer tenor at a lower cost via a BA
- BA financing savings suggested to be approximately -1% to -1.4% vs comparable sources over 10 year debt, dependent on the final structure and provision of a Government guarantee
- Analysis shows there is sufficient sector debt (~\$1bn) to supply market demand, and the higher Tier CHPs in Australia exhibit strong but debt constrained financial metrics
- A BA will not solve the sector's primary concern: the funding gap and level of Government intervention required to make projects commercially viable
- Government support is often important to the success of a BA model. Standalone BAs (supported by CHPs) would be unlikely to be successful due to onerous requirements of maintaining an investment-grade standard.

Session 3 outcomes (continued)

- A nationally consistent framework is suggested—in application and intent—that enables an appropriate framework for the management of lenders’ security interests is required. National CHP governance and financial deregulation also needs to be applied consistently across State and Territory jurisdictions to provide investor confidence that the regulatory safety value is functional. Government support therefore has to bridge the gap between capital markets requirements, the standalone creditworthiness and debt needs of CHPs and the unique Australian regulatory and policy environment
- Internationally, CHPs are able to access long term finance via capital markets. In Australia, the Community Housing sector has yet to access this capital source, instead relying on shorter term bank debt (typically 3-5 years)
- Longer term capital markets finance can lower interest costs and better match the sector’s asset life—a core principle of good corporate finance practice—and can therefore make a meaningful contribution to the Australian sector’s growth in scale and sophistication.



Pictured (left to right): Session 3 panelists Mike Myers, Peta Winzar and Mark Flack.



John Kettle addresses participants in Session 4.

Session 4: Production and procurement

This session focused on stories of production and procurement of social and affordable housing from personalised local and international experience.

Facilitator



Professor George Earl
Chairman, NAHC;
CEO, SLIC;
Adjunct Professor
Griffith Business School

Panelists



Tamati Shepherd
Partner
EY Human Services Advisory



John Kettle
Partner
McCullough Robertson Lawyers

Discussion items

This session brought to the forefront the personal impact of social and affordable housing policies—achieving superior social outcomes and inclusivity—as described by panelist Tamati Sheperd.

John Kettle discussed key areas of international government production and procurement with examples from Ireland.

ACADEMIC RESEARCH

The symposium attracted social and affordable housing paper submissions academics around the world. Papers were presented via concurrent sessions, and were considered for a \$500 best paper award (sponsored by SLIC). Sessions were facilitated by Professor Eduardo Roca and Dr Benjamin Lui from Griffith Business School.

Paper presentations included:

- David Sommerville, Questus
Guaranteeing community outcomes from a diverse affordable housing delivery system
- David Lovell, Griffith University/
Buchan Architects. *Size does matter: Intergenerational housing norms and its impact on affordability*
- Juan Pablo Urrutia Munoz, University of Chile
New housing strategies for emergent demands
- Augustine Conteh, Griffith University
The profitability of social housing in Australia: A real option approach
- Quynh Pham, Griffith University
Australian bank mortgage price-setting behaviour pre- and post-GFC: Does international funding cost matter?
- Maria Belen Yanotti, University of Tasmania
Who is a residential investor in Australia?

The best paper award was presented to **Maria Belen Yanotti**, from the University of Tasmania.

MEDIA COVERAGE

GriffithNews, 2017. *Symposium seeks solutions to increasing 'housing stress'*. [online] Available at: <<https://app.secure.griffith.edu.au/news/2017/10/09/symposium-seeks-solutions-to-increasing-housing-stress/>> [Accessed 13 Oct. 2017].

Please find the compiled slides on our website: griffith.edu.au/housing-symposium



Best paper award winner Maria Belen Yanotti (right), with Professor George Earl.



Pictured (left to right): Juan Pablo Urrutia Munoz, David Sommerville and David Lovell.



David Lovell's paper investigated intergenerational housing norms and their impact on affordability.



Closing remarks were given by Professor Fabrizio Carmignani.

APPENDIX 1: LIST OF REGISTRANTS

First name	Last name	Organisation	Position
Merv	Pratt	Afford a Home Group	Manager
Matt	Thistlethwaite	Australian Labour Party	Shadow assistant minister for Treasury, Australia
Stuart	Lummis	BHC Limited	CEO
Richard	Hurl	Brisbane City Council	Manager, Special Services Team
Annemaree	Callander	Brisbane Youth Service	CEO
Mark	Flack	Buy-Assist	CEO
Sarah	Ndiaye	Byron Shire Council	Councillor
Josephine	Ahern	CHPs for QLD	Non Executive Director & Chair
Frances	Paterson-Fleider	Churches of Christ Housing Services	General Manager, Housing Services
Peta	Winzar	Community Housing Industry Association	CEO
Samantha	Proudley	Department of Housing and Public Works	
Chris	Orr	Economic Development Queensland	Development Manager
Daniel	Heenan	Economic Development Queensland	Manager
Petria	Forwood	Economic Development Queensland	Project Director
Tamati	Shepherd	EY Human Services Advisory	Partner
Matt	Lumb	EY National Transactions Human Services	Associate Director
James	Brennan	EY Real Estate Advisory	Director, Real Estate Advisory Services
John	Fan	Griffith University	Assistant Professor in Finance, Research Consultant
Xiyang	Li	Griffith University	PhD Student
Akihiro	Omura	Griffith University	PhD Student
Alexandr	Akimov	Griffith University	Professor of Finance
Andrew	Worthington	Griffith University	Professor of Finance
Augustine	Conteh	Griffith University	Honours Student
Benjamin	Liu	Griffith University	Senior Lecturer
Bin	Li	Griffith University	Senior Lecturer
Darren	Lee	Griffith University	Research Fellow
David	Grant	Griffith University	Pro Vice Chancellor (Business)
Di	Mo	Griffith University	PhD Student
Eduardo	Roca	Griffith University	Professor of Finance
Fabrizio	Carmignani	Griffith University	Dean (Academic) Griffith Business School
Judy	Kraatz	Griffith University	Research Fellow
Laura	Dorn	Griffith University	
Melissa	Pocock	Griffith University	Lecturer

APPENDIX 1: LIST OF REGISTRANTS (CONTINUED)

First name	Last name	Organisation	Position
Nirodha	Jayawardena	Griffith University	Research Fellow
Parmendra	Sharma	Griffith University	Senior Lecturer
Paul	Burton	Griffith University	Director (Cities Research Institute) and Professor
Quynh	Pham	Griffith University	PhD Student
Robert	Bianchi	Griffith University	Associate Professor of Finance
S M Rajibur	Reza	Griffith University	
Sian	Jones	Griffith University	
Stefen	MacAskill	Griffith University	PhD student, lecturer
Tong	Tong	Griffith University	PhD Student
Tracey	West	Griffith University	Lecturer
Victor	Wong	Griffith University	Senior Lecturer
David	Lovell	Griffith University/ Buchan Group Architects	Honours Student
Bruce	Hayman	Hayman	CEO
Tod	Gillespie	Herron Todd White	Director and Owner
Michelle	Brown	Housing and Homelessness, Department of Housing and Public Works	
Nils	Miller	Investec Australia Limited	Banker
John	Kettle	McCullough Robertson Lawyers	Partner
Heather	Watson	McCullough Robertson Lawyers	Board member
Darren	Doyle	NAHC	Central Services Manager
Graham	Marshall	NAHC	Business Development Manager
Jeff	Dutton	NAHC	Board Member
Mike	Myers	NAHC	CEO
Steve	Denaro	NAHC	Board Member
Ismail	Jangda	Pacific Enterprises	Director
Muhammad	Jangda	Pacific Enterprises	Director
Fiona	Hunt	QCOSS	Project Officer
Laura	Barnes	QCOSS	Senior Manager
Christine	Crain	Queensland Treasury	Director
David	Sommerville	Questus	Executive Chairman
Paul	Eagles	Robertsday	
George	Earl	Sustainable Living Infrastructure Consortium (SLIC)	CEO (SLIC); Chairman (National Affordable Housing Consortium);
Rachel	Maguire	Swinburne University	Lecturer
Nathan	Percy	The Property Council of Australia	Policy Advisor
Steve	Mann	UDIA	CEO
Juan	Urrutia	University of Chile	PhD Student
Maria Belen	Yanotti	UTAS	Lecturer



APPENDIX 2: PROGRAM

Social and Affordable Housing Symposium

Monday 25 September 2017 | Ship Inn (S06), South Bank campus

8.30–9.00 am Registration and refreshments

9.00–9.05 am

Welcome

Professor George Earl
Conference host

9.05–9.20 am

Opening address

Professor David Grant
Pro Vice Chancellor (Business), Griffith University

9.20–10.00 am

Keynote address

The Hon. Matt Thistlethwaite, MP
Shadow Assistant Minister for Treasury

30 minute address, followed
by a 10 minute Q&A session

10.00–10.10 am Morning tea

10.10–11.10 am

Session 1—Cities

What is the future of the city? City deals and the impact overseas and its potential impact in Australia.

Speakers

- The Hon. Matt Thistlethwaite, MP
Shadow Assistant Minister for Treasury
- Steve Mann, CEO, UDIA
- James Brennan, Director, EY Real Estate Advisory Services

Facilitator:

Professor Paul Burton
Cities Research Institute,
Griffith University

Facilitated panel discussion
and audience Q&A

11.10 am–12.10 pm

Session 2—Measuring outcomes

How do we measure affordable housing outcomes and initiatives?

Speakers

- Dr Judy Kraatz—*Rethinking and valuing social housing projects*
- Professor Andrew Worthington—*How do we and how should we measure housing affordability in Australia?*
- Professor George Earl—*HILDA West End Study*

Facilitator:

Darren Doyle
National Affordable Housing
Consortium (NAHC)

Speaker presentations
followed by a panel
discussion and audience Q&A

12.10–12.50 pm Lunch

12.50–1.50 pm

Session 3—Finance

How do we approach financing social and affordable housing? Innovative approaches and studies.

Speakers

- Michael Lennon, Chair, Community Housing Industry Association
- Mark Flack, CEO, Buy-Assist
- Matt Lumb, Associate Director, EY Economics, Policy and Regulation

Facilitator:

Graham Marshall
National Affordable Housing
Consortium (NAHC)

Facilitated panel discussion
and audience Q&A

APPENDIX 2: PROGRAM (CONTINUED)

Social and Affordable Housing Symposium

Monday 25 September 2017 | Ship Inn (S06), South Bank campus

1.50–2.00 pm	Afternoon tea	
2.00–3.00 pm	Concurrent session 1 Facilitator: Professor Eduardo Roca Griffith University <i>Speakers</i> <ul style="list-style-type: none">• David Sommerville—<i>Guaranteeing community outcomes from a diverse affordable housing delivery system</i>• David Lovell—<i>Size does matter: Intergenerational housing norms and its impact on affordability</i>• Juan Pablo Urrutia Munoz—<i>New housing strategies for emergent demands</i>	Concurrent session 2 Facilitator: Dr Benjamin Liu Griffith University <i>Speakers</i> <ul style="list-style-type: none">• Augustine Conteh—<i>The profitability of social housing in Australia: A real option approach</i>• Quynh Pham—<i>Australian bank mortgage price-setting behaviour pre- and post-GFC: Does international funding cost matter?</i>• Maria Yanotti—<i>Who is a residential investor in Australia</i>
3.00–4.00 pm	Session 4—Production and procurement Innovative ways of thinking, construction and development. <ul style="list-style-type: none">• Tamati Shepherd, Partner, EY Human Services Advisory• John Kettle, Partner, McCullough Robertson Lawyers	Facilitator: Professor George Earl Griffith University and Sustainable Living Infrastructure Consortium Facilitated panel discussion and audience Q&A
4.00–4.10 pm	Closing remarks Professor Fabrizio Carmignani Dean (Academic), Griffith Business School	
4.10–5.30 pm	Networking function Networking, drinks and canapes on balcony	



CONTACT US

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