

JOINT VENTURE OR PARTNERSHIP ARRANGEMENT

A model to release council land for Affordable Housing



Photo courtesy of YWCA

OVERVIEW

- The model involves the council and a Registered Housing Agency agreeing to enter a Joint Venture (JV) or a Partnership Arrangement to realise a common strategic goal whilst maintaining an appropriate separation of other business and assets.
- A council can enter a partnership or joint venture with any other person or body¹.

¹Division 10, Clause 3 of the *Local Government Act 2020*



Landowner: Subject to arrangement. Affordable Housing assets could be owned in a Special Purpose Vehicle (SPV), council or by a Registered Housing Agency.



Level of resourcing to implement:
High.



Responsibility for assets and tenants at end of term or dwelling life: Dependent on structure of agreement and control of assets. May be Registered Housing Agency, SPV or council.

KEY STRENGTHS

- Supports an active council role in development decision making and share in risks and rewards.
- Can be applied to council sites with high potential and other intended community uses - supports development to proceed with cost-sharing and distribution of assets.

KEY WEAKNESSES

- Complex and requires sufficient skills and resourcing.
- Level of risk. Most likely to also apply to more complex sites involving significant funding and financing and mix of public benefits.

JOINT VENTURE	PARTNERSHIP
<ul style="list-style-type: none"> ● Typically focuses on the development process, with a defined end point. ● Parties are typically liable for their own debts, which they incur individually. ● Governed by a legal agreement between the parties. ● A third entity, such as a developer, could also be party to a JV. ● Typically, the organisations will establish a separate, new legal entity to run the JV with purpose and obligations set out in a JV Agreement. ● A JV agreement is expected to include terms relating to the inputs each organisation will bring to the venture, governance structure, dispute resolution process, and wind up of the JV. 	<ul style="list-style-type: none"> ● A partnership arrangement is where two or more organisations have joint interests in the project. ● Parties are jointly and severally liable for the expenses of the project. ● The partnership may be structured so that assets arising from the development partnership are co-owned by the partners, placed in a SPV, owned by the council, or owned by the Registered Housing Agency. ● A partnership agreement will need to consider the purpose, obligations, and liabilities to project costs, how assets will be distributed and managed, governance and decision-making, dispute resolution and the duration and terms of termination of the partnership.

SCENARIOS WHERE A JV OR PARTNERSHIP ARE BEST SUITED INCLUDE:

- Council has a strong desire to have a greater role and subsequently share in the risks and potential rewards arising from the development.
- Precinct redevelopment and/or multiple sites are intended to be provided into an Affordable Housing purpose, with a significant development scale and a corresponding financial and risk profile.
- Other community services are proposed to be delivered on the site requiring other council investment and/or level of control, whilst also ensuring separation of risk and liability from other council business.
- Parties are seeking to scale the other entity's resources to complete a specific project or goal while reducing total cost and spreading out the risk and liabilities.
- Council and Registered Housing Agency are committed to a dedicated partnership approach over a longer period.

Check out the full report *Options for Delivering and Securing Affordable Housing on Local Government Land* to learn more about council forming a JV or partnership with a Registered Housing Agency for Affordable Housing.