



**WE ARE ALWAYS ON
COUNTRY.**

A NEW WAY TO OWN.

MIDDLE GROUND HOUSING.



- 1. PURPOSE**
- 2. CONTEXT**
- 3. MIDDLE GROUND HOUSING**
- 4. DISCUSSION**

1. PURPOSE.

A vibrant outdoor courtyard scene. In the foreground, a man in a yellow sweater stands near a building with large glass windows and a brick pillar. To the left, a woman in a black dress and a man in a white shirt are seated at a green table with a woman in a light blue shirt. The courtyard is paved with grey cobblestones and features several green metal tables and chairs. A large, leafy tree stands in the center, casting shadows on the ground. In the background, modern multi-story buildings with balconies are visible. The text "1. PURPOSE." is overlaid in large, white, bold letters across the center of the image.



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20% OF HOUSING IN ZÜRICH

Mehr als Wohnen



Kalkbreite

A NEW WAY TO OWN.

How can we create a platform for a scalable privately funded model of affordable housing for moderate income workers who are stuck in private rental and are priced out of ownership?

How feasible is a new generation of Co-operatives in Australia?



BCCM

THIS IS
SOCIAL
BUSINESS

 **CoHousing**
AUSTRALIA


IMAGINE
HOUSING


PROPERTY
COLLECTIVES

2. CONTEXT.

POLICY CONTEXT.

| | Very Low Low * | Moderate * | Middle | High |
|--------------------------------|--|--|---|---|
| INCOME COHORT: GREATER MELB | Single: < \$49k Couple: < \$75k Family: < \$103k | Single: \$50k - \$74k Couple: \$75k - \$110k Family: \$105k - \$155k | Single: \$65k-\$120k Couple: \$80-\$160k Family: \$120-\$200k say | Single: \$120k+ Couple: \$160k + Family: \$200k + |
| INCOME COHORT: REST OF VIC | Single: < \$23k Couple: < \$34k Family: < \$47k | Single: \$25k - \$36k Couple: \$35k - \$54k Family: \$48k - \$75k | Single: \$30k-\$90k Couple: \$45-\$105k Family: \$60-\$125k say | Single: \$90k + Couple: \$105k + Family: \$125k + |

| Housing Product | | | Challenges | Opportunities |
|----------------------|-------------------------------------|--------------------|---|---|
| SOCIAL RENT | SIGNIFICANT FEDERAL & STATE FUNDING | NO CURRENT SUPPORT | Significant impost on budget to deliver additional supply | |
| AFFORDABLE RENT | FEDERAL/STATE FUNDING | | Significant impost on budget to encourage additional supply | |
| PRIVATE RENT | SIGNIFICANT CRA RECURRENT SPEND | | Difficult to address quality & security of tenure | |
| BTR | FEDERAL/STATE FUNDING | | TAX CONCESSIONS | Supply requires budget incentives, large sites & difficult to target priority cohorts |
| NFP HOUSING COOP | | | | No cost to government Additional mid-rise middle ring supply |
| LAND LEASE COMMUNITY | CRA RECURRENT SPEND | | | |
| OWNERSHIP | | | TAX CONCESSIONS ^ | Incentives increasingly flowing to higher income cohorts given housing affordability |

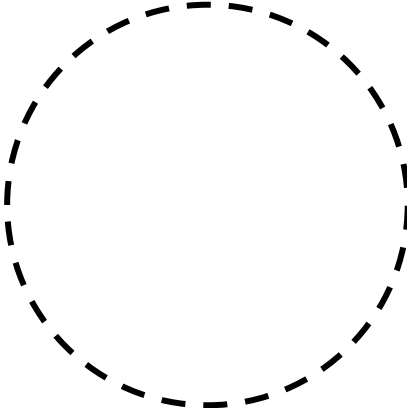
* P&E order in Council income ranges July 2024

^ Benefits technically available to all cohorts

OUR OPTIONS TODAY.

**Subsidised
housing**

**Private
rental**



Build to sell

**Build to
rent**

A GENERATIONAL OPPORTUNITY.



**Subsidised
housing**

**Private
rental**

**Middle
Ground
Housing**

Build to sell

**Build to
rent**

MORE SECURE & AFFORDABLE HOUSING FOR 'MIDDLE AUSTRALIA'.



MIDDLE GROUND HOUSING.

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**IMAGINE
HOUSING**



**PROPERTY
COLLECTIVES**

VISION.

A new tenure
of secure
market
housing for
'generation
rent'

Embeds
security of
tenure &
self-
determination

'At cost'
housing that
grows more
affordable
over time vs
market

Secure
housing with
minimal
resident
equity



A MIDDLE GROUND BETWEEN HOME OWNERSHIP & RENTING...

A NFP Housing Co-op controls the building + ground lease

Members buy a share of the Co-op

28 units

Ground lease of 75 years from city

Refundable Membership Fee

A right of occupancy payment

Member Fee = 18,500 EU

Monthly Residence Charge

vs

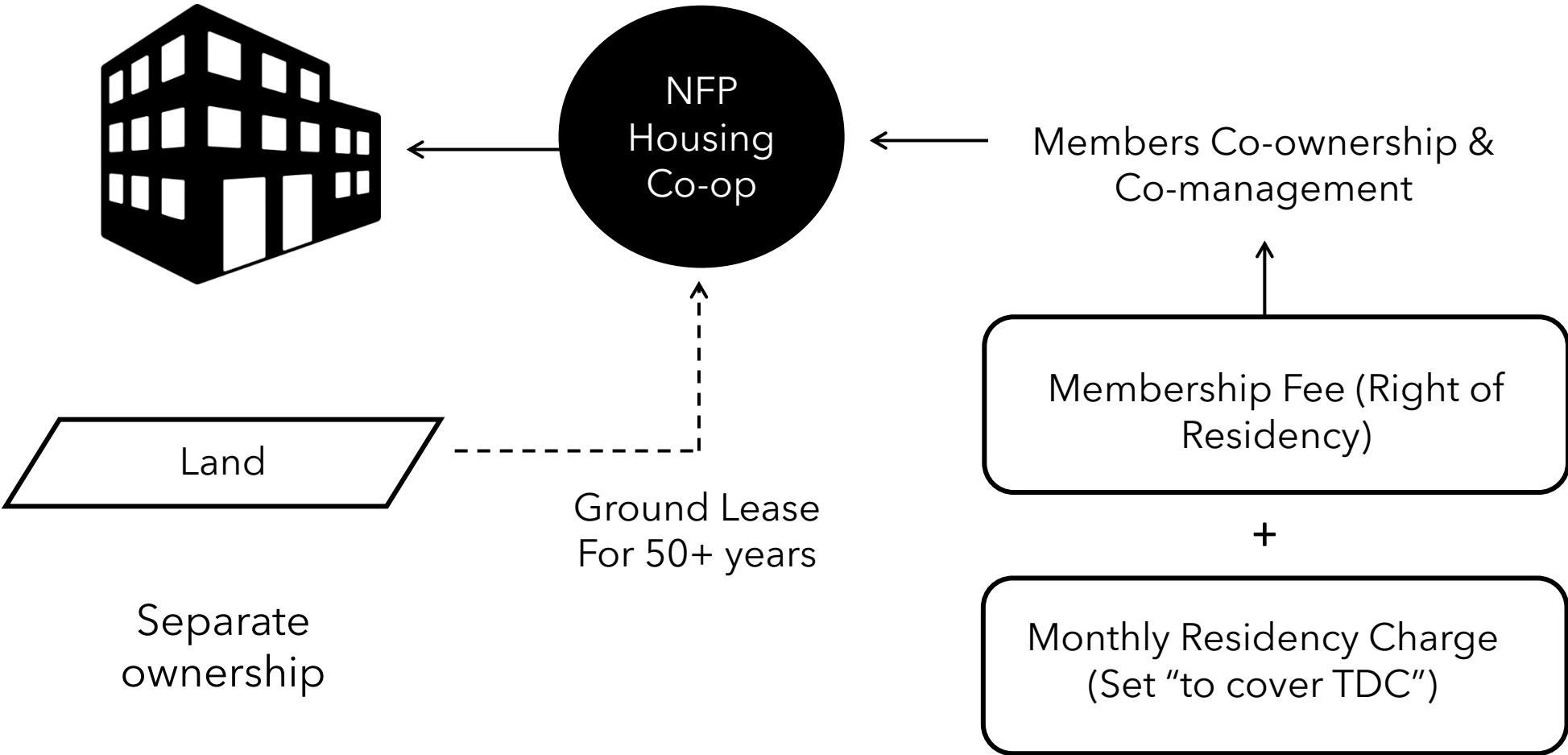
Rent to Landlord

Residence Charge covers all building expenses & sinking fund

Residency charge = 30-35% below market rent



GROUND LEASE UNLOCKS AFFORDABILITY.



ADVANTAGES.



Attractive
return on
equity capital

No capital subsidy
needed
with access to
low interest debt

Commercial
ground lease
payments

Opens access to new
land types
(business, private,
govt or religious)

More
affordable
housing
vs
market

Small "deposit" &
Below market rent
residency charge

More
secure tenure
housing

Modest scale of
circa 40+ homes
in good infill
locations

Enhanced
community
resilience
+
wellbeing

Self-determination &
control via
co-ownership &
co-management

ADVANTAGES FOR GOVERNMENT.

| Benefit | | Commentary |
|---------|--|--|
| 1 | No cost to Government | No Capital or operational subsidy required. |
| 2 | Stimulates well located supply | Enables additional supply for mid-scale sites of 40-60 apartments. Same supply that is not viable for BTS developers not focused on luxury or BTR operators that require scale. Structure can support regional communities with key and local worker housing outcomes. |
| 3 | Additional private investment into housing market | Scalable pathway for private equity to invest in housing without being inflationary. |
| 4 | A new class of housing that delivers diversity to a critical cohort. | Cohort don't receive any form of housing assistance and can't access the benefits of homeownership. Model delivers more affordable housing with more resident control and security vs premium BTR. We need "all flowers to boom" to solve the housing crisis. |
| 5 | Proven low risk solution for 'middle income' cohort locked out of homeownership | Model is tried and tested overseas, and uses existing ownership, finance and management approaches with existing legislative and statutory tools. New application, but not new tools. Slashes the "deposit" amount to \$30k-\$80k vs say \$180k for median house purchase of \$900k. |
| 6 | Better value than "premium" BTR | Enables better targeting of new supply to a middle-income cohort vs high income earners that can afford premium rents. |
| 7 | Positive effect on housing market without new statutory controls | Scaling will put upwards pressure on housing quality and downwards pressure on rent without needed to apply additional statutory measures. |
| 8 | NFP Co-op structure ensures appropriate use of AHIP/AHBA funds | Existing Co-operatives National Law legislation sets out robust requirements for NFP co-ops, ensuring that benefits of access to Treasury debt is not creating windfall profit for individual households. |
| 9 | Supports diverse communities & strong connections | By enabling households to remain in their communities, rather than move to access stable, quality housing they can afford. |
| 10 | Enable more development of state, local, faith based and charitable land. | Encourages state and local government land and land held by private, charitable and religious institutions to be developed. Model doesn't require owners to divest land holdings and can afford ground lease payments. |

GAME CHANGERS.

CHP
sponsorship to
evolve the
model further

A partnership
to progress a
pilot

NFP housing
coop access to
government
Low Interest
Loan facilities

MIDDLE GROUND HOUSING PARTNERSHIPS.

| Organisation | Role | Comments |
|-----------------------------|-------------------------------------|--|
| CHP | Revenue Generation | |
| | Landowner | Would receive commercial return on ground lease Can embed conditions/requirements into ground lease, if desired |
| | Tenancy & Asset management provider | Would receive fee-for-service payment Compliance against service agreement, not Housing regulator |
| | Margin on financing | Uses access to AHIP/AHBA loans Requires use of CHP portfolio as collateral Could reduce the cost of access to dwellings (replaces membership fee per dwelling) |
| | Mission Delivery | |
| | Nomination rights to dwellings | CHP could buy membership/s to house tenants of their choosing Less/no subsidy required to house CHP tenants, as membership fee/residence charge costs are lower than market. Could use HAFF availability payments to cover subsidy required to house lower income tenants. |
| Middle Ground Housing | Resource org and incubator | |
| | Site Identification | |
| | Model development | |
| | Development manager | |
| | Ground lease holder | |
| Limited Equity Housing Coop | Building owner | |
| | Resident group - revenue stream | Each member pays membership fee and ongoing residency charge |
| | Service contractor | Co-op would contract services directly. |
| | Ground lease recipient | |



MIDDLEGROUND HOUSING.ORG

A NEW WAY TO OWN.