

# Ethically conscious housing initiatives

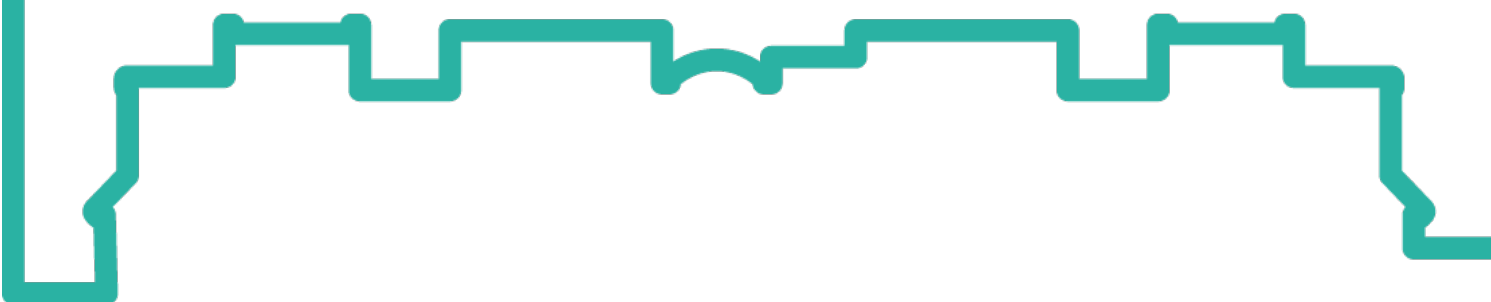
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# 1 Introduction

Shelter NSW is striving to expand its advocacy role in improving housing policy through a series of practical proposals to address housing insecurity across the housing system. Shelter NSW engaged the Australian Housing and Urban Research Institute (AHURI) to develop a repository of information on smaller scale initiatives that are contributing to the stock of 'ethical' housing models and tenure types, particularly those serving the lowest 40 per cent of income earners. The project is intended to assist Shelter NSW to define 'ethical' housing and identify housing initiatives that align with this definition. To assist with understanding the role of these initiatives, these are categorised in a taxonomy which explores the origins, focus, beneficiaries, and outcomes. This also assesses whether the initiative has potential scalability to help direct the advocacy efforts of Shelter NSW. Four complementary case studies have been developed to highlight practical initiatives which focus on market interventions which address Shelter NSW's advocacy goal of improving housing security. A roadmap is then proposed to guide strategic advocacy by Shelter NSW to raise awareness of the purpose and impact of ethically conscious housing initiatives, promote opportunities for greater support for these, and continue the ongoing identification of innovative approaches for enabling a more equitable housing system.

## 1.1 Why do we need a definition of ethically conscious housing initiatives?

Australia is a signatory to international treaties which protect people's right to adequate housing.<sup>1</sup> However, Australia's domestic laws do not recognise housing as a human right. The Australian housing market is critiqued as having exacerbated inequalities which is felt across generations.<sup>2</sup> In this context, there has been growing interest in innovative and alternative housing approaches aiming to facilitate more equitable housing outcomes.<sup>3</sup> In recent years, there has been an emergence of housing initiatives with a focus on environmental sustainability and community outcomes, which are described as ethical. Despite this, there is currently no definition of 'ethical housing'. Establishing a definition of ethical housing can inform consistent appraisal of the aims and outcomes of initiatives, help raise awareness of innovative housing approaches which focuses on outcomes in the public, rather than private interest.

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<sup>1</sup> United Nations (1966) International Covenant on Economic, Social and Cultural Rights.

<sup>2</sup> MacLennan, D., Long, J., et al. (2021) "Housing: Taming the elephant in the economy." *UNSW City Futures Research Centre*.

<sup>3</sup> Crabtree-Hayes, L. "Establishing a glossary of community-led housing" *International Journal of Housing Policy*.

## 1.2 How do we define ethically conscious housing initiatives?

An ethically conscious housing initiative is any initiative regarding the provision of housing that has as its goal achieving a public good, social justice, or environmental sustainability outcome or outcomes.

An 'initiative' in this context could be a policy, development model, financing mechanism, innovation in housing design, delivery or allocation, program, or a housing project, and would most likely represent an addition or alternative to established or 'business as usual' aspects of housing provision. This is not to imply that current practices, policies, or outcomes are inherently unethical. Rather, an ethically conscious housing initiative will be seeking ways to supplement or improve upon existing housing provision, or to address gaps or negative outcomes in the current housing system, in pursuit of an 'ethical' outcome (as defined above).

The four pillars of social, environmental, economic, and cultural, provide a framework for mapping the common characteristics which feature in housing initiatives described as ethical. This list is not exhaustive but encompasses both processes and outcomes and highlights the spectrum of ethically conscious housing initiatives. While some ethically conscious housing initiatives may align with several attributes across pillars, others may be focussed around one pillar.

**Table 1: Attributes of ethically conscious housing initiatives**

Social	Environmental	Economic	Cultural
<ul style="list-style-type: none"> <li>• Citizen-led (deliberative development)</li> <li>• Citizen participation in decision-making</li> <li>• Design-led</li> <li>• Addresses social justice, inclusion and equity</li> <li>• Ensures accessibility</li> <li>• Affordable, low-cost, or subsidised housing</li> <li>• Promotes rights of residents</li> </ul>	<ul style="list-style-type: none"> <li>• Promotes sustainability</li> <li>• Resilient to climate change and other environmental vulnerabilities</li> <li>• Utilises renewable energy</li> <li>• Recycles materials</li> <li>• Reduces carbon emissions</li> <li>• Promotes energy justice</li> </ul>	<ul style="list-style-type: none"> <li>• Ensures safe and fair labour practices</li> <li>• Focuses on ethical financing</li> <li>• Implements ethical supply chains</li> <li>• Not-for-profit</li> <li>• Promotes local employment</li> <li>• Promotes financial inclusion</li> <li>• Low-income rental / home ownership alternatives</li> <li>• Supports social enterprises</li> </ul>	<ul style="list-style-type: none"> <li>• Respects Indigenous culture and promotes reconciliation</li> <li>• Indigenous community-led / supports self-determination</li> <li>• Respects cultural diversity</li> <li>• Exhibits architectural excellence</li> <li>• Makes a significant contribution to built culture</li> </ul>

### 1.3 What ethically conscious housing initiatives are out there in Australia?

Several ethically conscious initiatives identified in Australia have been included in Table 2, that meet the definition outlined in Section 1.2. It is intended that this list can be added to as additional initiatives are identified and emerge.

This list was used as a starting point to develop and refine the definition of ethical housing and to generate the taxonomy of ethically conscious housing (Table 3) that can enable future initiatives to be analysed and assessed according to this framework.

**Table 2: List of ethically conscious housing initiatives**

Initiative	Examples
<b>Development / housing model</b>	
Not-for-profit housing developer	Nightingale Housing
Baugruppen	Baugruppe at White Gum Valley
Co-housing	Common Equity Co-operative Housing
Loan agreement / rent capping	Older Women's Housing Project (WPI)
Mixed tenure cross-subsidy	Pemulwuy project
Housing for young people with a disability	Summer Housing
<b>Financing mechanism</b>	
Property re-sale caveat	Homes for Homes
Community land trusts	Community Land Trust Proof of Concept for Mid-Coast Joint Regional Organisation
Guarantee support	Headstart Homes
Shared equity	Barnett Model
<b>Housing design and construction</b>	
PassivHaus	Baptcare Affordable Housing Pilot
Carbon neutral	Nightingale Bowen
Retrofitting housing	Health Habitat
Aboriginal housing construction	Aboriginal Sustainable Homes
<b>Housing delivery or allocation</b>	
Accommodation sharing	Community Hosting Program, HMAG/Flatmate.com
For-purpose real estate	HomeGround Real Estate, Sydney
For-purpose real estate	Key2 Realty
Meanwhile use housing	Temporary housing

## 2 Taxonomy

**Table 3: Categorisation of ethically conscious housing initiatives**

Development Model							
Type	Name	Initiative set-up	Approach	Beneficiaries	Ethical attributes	Scalability	Evidence of impact
Not-for profit housing developer	<b>Nightingale Housing</b>	Originally deliberative development and design-led model. Projects currently funded by consortium of impact investors.	20% of apartments are allocated to community housing providers, and 20% to key community contributors.	People on the social housing register, key workers, individuals with a disability, carers, Aboriginal and Torres Strait Islander people, and single women, trans people and gender diverse people aged 55 and over.	<ul style="list-style-type: none"> <li>Design-led</li> <li>Affordable, low-cost or subsidised housing</li> <li>Not-for-profit</li> <li>Reduces environmental footprint or carbon emissions</li> <li>Resilient to climate change</li> <li>Uses recycled materials</li> <li>Utilises renewable energy</li> </ul>	26 social housing dwellings currently under construction in 5 Nightingale buildings in VIC and NSW.	30 social housing dwellings integrated in private housing at Nightingale Village. <sup>1</sup>
Baugruppen	<b>Baugruppe at White Gum Valley</b>	Development WA and the University of Western Australia.	Zero profit co-operative housing model supported by WA Government.	Artists, young people.	<ul style="list-style-type: none"> <li>Citizen-led (deliberative development)</li> <li>Design-led</li> <li>Affordable, low-cost, or subsidised housing</li> </ul>		SHAC affordable artist-led housing; WGV Baugruppe and Evermore 3 affordable housing dwellings.
Co-housing	<b>Common Equity Co-operative Housing</b>	Established to develop non-profit rental housing.	Manages 31 housing co-operatives and delivers new social and affordable co-operative housing dwellings.	Low and moderate income households who do not own property.	<ul style="list-style-type: none"> <li>Affordable, low-cost, or subsidised housing</li> <li>Supports social enterprises</li> </ul>		Management of 518 properties, 38 of which are owned by CENSW. Development approval for 13 social and 9 affordable dwellings.
Loan agreement / rent capping	<b>Older Women's Housing Project</b>	Established by Women's Property Initiative (WPI) with philanthropic support.	Residents invest savings in a loan agreement with WPI which reduces debt to deliver the housing and enter an open-ended lease with rent capped at 30% of income. The loan is refunded with interest when residents decide to leave.	Low-income single women over 55 years old with some savings who are ineligible for social housing and at risk of homelessness.	<ul style="list-style-type: none"> <li>Affordable, low-cost, or subsidised housing</li> <li>Promotes rights of residents</li> <li>Not-for-profit</li> <li>Ensures accessibility</li> <li>Consideration of resource allocation and reduces environmental footprint</li> </ul>	Ability to adjust to identify alternative rent capping or shared equity models that work for older women.	4 homes as pilot initiative.
Mixed tenure cross-subsidy	<b>Pemulwuy project</b>	AHC partnership with developer Deicorp and student accommodation developer Scape.	99-year ground lease of land for student housing to developers to finance affordable Aboriginal rental housing.	Aboriginal people	<ul style="list-style-type: none"> <li>Affordable, low-cost, or subsidised housing</li> <li>Promotes local employment</li> <li>Respects Indigenous culture</li> <li>Indigenous community-led / supports self-determination</li> </ul>	Framework for tailoring development partnerships for Indigenous land corporations. <sup>2</sup>	62 affordable rental dwellings for Aboriginal and Torres Strait Islander people. 23 young Aboriginal people employed during construction. <sup>3</sup>
Housing Project	<b>Summer Housing</b>	Established out of Summer Foundation in 2017.	Prevent young people with a disability from living in aged care facilities through specialist disability accommodation. The 10+1 model enables independent living with 24/7 support.	Young people with a disability.	<ul style="list-style-type: none"> <li>Ensures accessibility</li> <li>Affordable, low-cost or subsidised housing</li> <li>Not-for-profit</li> </ul>	127 homes are in the development process.	317 completed dwellings.

Financing mechanism							
Type	Name	Initiative set-up	Approach	Beneficiaries	Ethical attributes	Scalability	Evidence of impact
Property resale caveat	<b>Homes for Homes</b>	A social enterprise established by The Big Issue, based on US model by a large private developer for Lennar Charitable Housing Foundation.	0.1% tax deductible donation from sale or rent of properties placed on caveat are combined and granted to housing providers through grant process to increase supply of social and affordable housing.	Those who do not have access to safe and secure homes / those living on or below the poverty line.	<ul style="list-style-type: none"> <li>Affordable, low-cost, or subsidised housing</li> <li>Not-for-profit.</li> </ul>	Greater awareness and uptake of initiative.	\$1.8m in funding granted to 21 projects, providing housing for 350 people.
Community Land Trust	<b>Bellingen Shire Community Land Trust</b>	Proof of concept research for establishment of Community Land Trust, with establishment project funded by Siddle Family Foundation	CLT which provides co-ownership or 99-year lease model to deliver affordable housing. Improves affordability by taking land out of market and limiting capital gains. The housing subsidy is passed on to future purchasers.	Participating households.	<ul style="list-style-type: none"> <li>Not-for-profit.</li> <li>Affordable, low-cost, or subsidised housing</li> </ul>	Not yet known but likely to be able to be replicated elsewhere but may require investment in investigation and establishment.	Not yet implemented.
Accommodation sharing	<b>Community Hosting Program</b>	Pilot Program established by the Housing Matters Action Group with flatmate.com with \$30,000 funding from the Bellingen Shire Council.	Matched homeowners willing to share unused space with people in precarious housing situations in return for rent or help. The initiative included a matching portal and example templates for agreements and house rules.	People in precarious housing situations.	<ul style="list-style-type: none"> <li>Affordable, low-cost, or subsidised housing</li> </ul>	Pilot evaluation highlighted greater interest in semi-self-contained housing rather than shared housing.	Pilot completed to identify vacant rooms for community hosting in the Newcastle / Lake Macquarie district. 25 people were interested in hosting, with 5 people proceeding. 8 people housed, and 2 of these ongoing. <sup>4</sup>
Guarantee support	<b>Headstart Homes</b>	Founded in 2018 with support from partner Westpac, with ongoing financial support from 100 businesses and charities, as well as volunteer and in-kind support.	Support homeownership through financial education and provide a guarantee which may remove need for deposit and mortgage insurance.	Low-income people living in affordable housing or on housing register. Targeted to single mums, Aboriginal and Torres Strait Islander people or households with a disability.	<ul style="list-style-type: none"> <li>Affordable, low-cost, or subsidised housing</li> <li>Promotes financial inclusion</li> <li>Low-income / home ownership alternatives</li> </ul>	High potential for replication with social renters paying market rent. Programs with local government have been successful.	Supported 9 households purchase homes which has freed up 8 social housing homes, and 189 households with Savings Plans.
Shared equity	<b>Barnett Model</b>	Developer-led shared equity scheme managed by Barnett Foundation, a Public Benevolent Institution that reinvests in future developments & crisis accomm. In-kind marketing and purchaser pre-qualification contributions provided from Melbourne City Mission. Tax concessions provided due to PBI status.	Residents pay at least \$25,000 deposit and source a loan for remaining development cost (approximately 63% of market value). The remaining market value of 37% is a 'Barnett advance' which functions as a deferred second mortgage which does not attract interest or fees, and is not payable until the home owner sells their unit.	Former social housing tenants.	<ul style="list-style-type: none"> <li>Affordable, low-cost, or subsidised housing</li> <li>Low-income / home ownership alternatives</li> <li>Promotes financial inclusion</li> </ul>	Evaluation by University of Melbourne indicates the Barnett Model is replicable as it delivers sufficient cash-flow to support expanding portfolio over time. <sup>5</sup>	Development of Melbourne Apartment Projects with 34 apartments financed via shared equity. <sup>6</sup> 28 sold to households who were social housing tenants in inner Melb, creating vacancies in social housing. The remaining 6 units sold or retained at market rate to cross subsidise costs of MAP purchasers, as well as establish a market precedent for sales.



Housing design and construction							
Type	Name	Initiative set-up	Approach	Beneficiaries	Ethical attributes	Scalability	Evidence of impact
PassivHaus	<b><u>Baptcare Affordable Housing (BAH) Pilot</u></b>	\$11.5 million social housing project delivered by community housing provider BaptCare with \$7 million from HomesVictoria.	First social/affordable housing in Australia seeking to improve comfort and minimise cost of energy bills with dwellings designed to meet international PassivHaus standards or achieve 7-star NaTHERS energy rating.	Lower income households at risk of or experiencing homelessness.	<ul style="list-style-type: none"> <li>Affordable, low-cost, or subsidised housing</li> <li>Consideration of resource allocation and reduces environmental footprint</li> <li>Promotes sustainability</li> <li>Reduces carbon emissions</li> <li>Promotes energy justice</li> <li>Not-for-profit</li> </ul>	BAH is working with Sustainability Victoria to study the impact of building highly energy-efficient social housing to understand impact on health, financial and social outcomes for residents.	Delivery of 20 social dwellings, including 8 meeting PassivHaus standards, and 12 meeting 7-star NaTHERS rating. <sup>7</sup> Interviews with tenants capturing lived experience.
Carbon Neutral	<b>Nightingale Bowden</b>	\$13.2 million project delivered through partnership between community housing provider Housing Choices Australia, Renewal SA, SA Housing Authority and Nightingale Housing. Renewal SA supported the development by committing to underwrite part of the development, however all homes sold within 24 hours and the underwrite was not needed. <sup>8</sup>	Carbon neutral apartment building with social housing dwellings and affordable home ownership. Dwellings also achieve 7.5-star NatHERS rating.	Households who meet income and asset thresholds set by Housing Choices Australia (\$100,000 gross income individual and \$504,500 assets for individual household; \$130 gross income and \$643,000 assets for couple / family household).	<ul style="list-style-type: none"> <li>Affordable, low-cost, or subsidised housing</li> <li>Consideration of resource allocation and reduces environmental footprint</li> <li>Promotes sustainability</li> <li>Reduces carbon emissions</li> <li>Promotes energy justice</li> <li>Not-for-profit</li> </ul>	4 carbon neutral buildings integrating affordable housing currently under construction by Nightingale.	36 carbon neutral apartments, with 18 social housing dwellings and 18 affordable owner-occupied dwellings offered through HomeSeeker SA. <sup>9</sup>
Retrofitting housing	<b>Health Habitat</b>	Established in 1985 as a not-for-profit company	Improving health and safety of housing based on audit of 250 items.	Low-income communities.	<ul style="list-style-type: none"> <li>Citizen participation in decision-making</li> <li>Respects Indigenous culture</li> </ul>	Housing for Health methodology has been adapted and applied to projects internationally.	9300 homes fixed in Australia, with maximum expenditure of \$11,000 per house.
Aboriginal housing construction	<b>Aboriginal Sustainable Homes</b>	Founded by Brad Draper in 2019 with three full time staff.	Culturally sensitive housing developed by training local Aboriginal people.	Aboriginal households.	<ul style="list-style-type: none"> <li>Respects Indigenous culture and promotes reconciliation</li> <li>Affordable, low-cost or subsidised housing</li> <li>Promotes sustainability</li> <li>Promotes local employment</li> </ul>	Model for training locals.	Upskilling locals reduces construction costs by 45% compared to flying in labour.

Housing delivery / allocation							
Type	Name	Initiative set-up	Approach	Beneficiaries	Ethical attributes	Scalability	Evidence of impact
For-purpose real estate	<b>Home Ground Real Estate Sydney</b>	Community Housing Provider Bridge Housing formed part of HomeGround network established by Launch Housing as a social enterprise, with funding grant from City of Sydney and philanthropic donations.	Raises awareness of existing tax incentive to landlords for reducing rent below market rate to unlock reduced rent housing supply. Mission to reinvest profits from property management services to community housing provider Bridge Housing to deliver affordable housing.	Households who are priced out of the rental market and at risk of homelessness.  Socially conscious private landlords are able to contribute to subsidised housing supply and potentially claim any discount below market rent as a tax-deductible donation or capital gains tax benefits.	<ul style="list-style-type: none"> <li>Affordable, low-cost, or subsidised housing</li> <li>Not-for-profit</li> </ul>	Part of growing HomeGround network nationally. Established tax incentive for private landlords to reduce rent below market rate.	Supported delivery of 13 below-market rental properties. <sup>10</sup>
For-purpose real estate / meanwhile use	<b>Key 2 Reality</b>	Social enterprise of community housing provider Pacific Link Housing. Operates in Central Coast, NSW.	Profits from property management are directed to programs for Pacific Link Housing's tenants – including education scholarships, driving courses, and other participation activities. Entered into partnership with the University of Newcastle to source long-term affordable rental property options for students.  Utilised housing redevelopment site temporarily to provide housing for older women at risk of homelessness.	Community housing tenants accessing tenant programs.	<ul style="list-style-type: none"> <li>Not-for-profit</li> <li>Affordable, low-cost, or subsidised housing</li> </ul>	Applicable to community housing providers.	14 studio units (Allawah House) for older women at risk of homelessness or experiencing domestic and family violence as meanwhile use project utilising vacant property during redevelopment process with support from NSW Government.
Meanwhile use	<b>Pathways Home</b>	Founded by Women's Community Shelters in partnership with Bridge Housing, Link Housing and Evolve Housing, as well as developers PAYCE Foundation and LendLease.	Partnership arrangements with developers and property owners to identify underutilised or vacant property to use as transitional housing or on a temporary basis.	Women and families escaping domestic and family violence and homelessness.	<ul style="list-style-type: none"> <li>Affordable, low-cost or subsidised housing</li> <li>Not-for-profit</li> </ul>	Applicability to well-located development sites appropriate for temporary housing use.	19 properties in Greater Sydney

## 3 Case studies

### 3.1 Selection criteria

Four case studies have been selected from the taxonomy. Each housing initiative has been selected because it is:

- Innovative in the way it addresses a gap in the provision of affordable housing and seeks to facilitate a more equitable housing system.
- Being implemented and is improving outcomes for those it seeks to benefit.
- Focussed on addressing priorities of Shelter NSW and has applicability to the NSW context.
- Scalable and replicable.

The four case studies are complementary as they explore opportunities to unlock affordable or below-market housing through the private market, support social housing residents to access home ownership, and prevent people from being at risk of homelessness or requiring social housing.

## 3.2 Homeground Real Estate Sydney



# HomeGround Real Estate Sydney

### Case study 1

#### **Not-for-profit and for-purpose licenced real estate agent**

HomeGround Real Estate Sydney was established by community housing provider Bridge Housing Limited as a social enterprise and not-for-profit real estate agency. HomeGround Real Estate Sydney is designed to help unlock affordable housing through the private market by:

- Reinvesting profits from managing residential rental properties to provide affordable housing through Bridge Housing
- Supporting property owner-investors to lease housing at below market rates to households in need, by raising awareness of potential tax incentives
- Managing residential properties for owners who donate the use of their property for tenants who have been unable to access secure housing and are currently experiencing or at risk of homelessness.

The initiative highlights the important contribution property owners can make to below market rental and affordable housing supply by reducing rent in exchange for tax or other benefits.

#### **Background**

HomeGround Real Estate was established as a not-for-profit property management service in Melbourne in 2014 by community housing provider Launch Housing. Profits generated by HomeGround Real Estate are reinvested with Launch Housing to deliver community housing. The HomeGround model appealed to Bridge Housing, which was managing a portfolio of affordable housing and had a growing interest in managing properties on behalf of investors.

Bridge Housing launched HomeGround Real Estate Sydney in 2017/18 with support from a funding grant from the City of Sydney, as well as philanthropic donations. HomeGround Real Estate Sydney is an independent social enterprise of Bridge Housing, operating under a licence of the HomeGround network and leveraging existing arrangements.

HomeGround Real Estate Sydney offers an existing tax incentive to private owners for reducing rent to unlock supply that isn't associated with affordable housing legislation. The Australian Tax Office confirmed the existing tax law through a class ruling which applies exclusively to HomeGround Real Estate Sydney. The law enables landlords who lease their property for a discounted below-market rate through HomeGround Real Estate Sydney to claim the gap as a tax deduction. While the tax ruling was not necessary, the confirmation was important in highlighting this process to housing investors. If properties are offered over time for reduced rent, they may be eligible for capital gains benefits of up to 60 per cent.

Landlords can decide the level of the rent reduction offered. For properties subject to affordable housing regulations, such as the National Rental Affordability Scheme (NRAS), the rent amount is determined by the relevant guidelines, which is typically 20 to 25 percent below market rent. HomeGround Real Estate Sydney encourages landlords to seek independent advice on the particular tax benefits for which they may be eligible.

Although community housing providers are exempt from the Property and Stock Agents Act 2002, HomeGround Real Estate Sydney has chosen to operate under a licenced real estate agent to meet industry standards. HomeGround is also registered to manage properties under affordable housing schemes as a social enterprise of Bridge Housing Limited. The initiative is modest in size, currently operating with two senior property managers, a leasing consultant and licensee. As a result of the COVID-19 pandemic and financial crisis, fewer properties signed up for HomeGround Real Estate Sydney than anticipated, and there has been a significant slowdown of residential development. This has impacted slower than anticipated growth in the business, with the agency hopeful that in its third to fourth year of operation, it will commence making a profit to reinvest with Bridge Housing.

The HomeGround network is growing nationally, highlighting that it is a replicable model. The Community Housing Industry Association (CHIA) is looking to create an industry standard, to which HomeGround Real Estate Sydney intends to subscribe.

### Who benefits?

- Households priced out of the rental market and at risk of homelessness.<sup>4</sup>
- Socially conscious private landlords are able to contribute to below market rental housing and potentially claim any discount below market rent as a tax-deductible donation or capital gains tax benefits.

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<sup>4</sup> Eligibility criteria differs by affordable housing program and location but is predominantly determined by income, based on the number of people in the household, savings, assets and citizenship and residency status.

## Performance metrics

HomeGround Real Estate Sydney monitors performance through:

- Documentation of quality of real estate services such as level of arrears, vacancy rates and other property management metrics to demonstrate the quality of real estate services and attract and retain property owners as clients
- Regular tenant and landlord satisfaction surveys
- An annual external report concerning tenants' wellbeing
- A high number of Google reviews from tenants and landlords
- Annual impact statement report

## Lived experience perspectives

HomeGround Real Estate Sydney has captured several tenant and landlord perspectives through interviews.

## Outcomes

Bridge Housing's Annual Report (2021/2) highlights that HomeGround Real Estate Sydney manages 275 properties, and the initiative has supported the delivery of 13 properties as additional below-market rental housing.

## Scaling up

Barriers	Enablers
<ul style="list-style-type: none"><li>• Reduction of properties being offered for rent through HomeGround Real Estate due to impact of COVID-19 and financial crisis on slowing housing market development</li><li>• Affordable housing requirements across local government areas are attached to developments. Some for-profit housing organisations are registering so they can manage those properties. It would be good to have these affordable housing properties managed by not-for-profit real estate agencies.</li></ul>	<ul style="list-style-type: none"><li>• Simple process and easy to understand</li><li>• HomeGround network is established in Melbourne, Sydney, and Canberra, with similar examples by other housing providers across the country</li><li>• Replicable model of reinvesting profits from real estate management services for other agencies</li><li>• Potential for other housing providers that have real estate management services to consider supporting property owners to offer discounted rent</li><li>• Partnerships with developers for 'meanwhile use' of properties that are being redeveloped</li></ul>

## Supporting documentation

- Code of conduct for contractors.
- Purpose and mission aligned with Bridge Housing.
- Social Traders Certified.
- Bridge Housing Limited registered with the Australian Charities and Not-for-profits Commission.
- ATO class ruling for HomeGround Real Estate Sydney.

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<https://www.homegroundrealestatesydney.com.au/>

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<https://bridgehousing.org.au/documents/1225-bridge-housing-annual-report-2022/file>

Interview with Hope Hedi and Helen Tighe, Bridge Housing September 2023.

### 3.3 Nightingale Housing



#### Not-for-profit housing developer integrating community housing

Nightingale Housing is a not-for-profit developer, with over 400 apartments and more in the pipeline across Victoria, South Australia, Western Australia and New South Wales. Since its initial projects, Nightingale aims to have 20 percent of its housing pre-allocated for community housing providers. This commitment has been implemented in several projects, including the Nightingale Village in Brunswick, which is the first private-led housing development in Australia to voluntarily integrate social housing without entering into a partnership with government. These are tenanted by a mix of people on the social housing register, and people who are on low to moderate incomes but do not qualify for social housing.

Several other social, environmental, and financial sustainability principles, underpin Nightingale developments. Sustainability principles are integrated at the outset with each development seeking to reduce energy consumption, carbon emissions, and waste. Energy efficiency is achieved through high thermal insulation, passive ventilation and solar shading, which also reduces operating costs for residents. Dwellings and buildings are designed to minimise need for additional bathrooms, individual laundries and car parking which reduces cost of construction which is passed on to owners. Private dwellings are affected by a caveat which caps the maximum resale price to below what was paid for it (excluding stamp duty) plus the percentage increase in local median house prices from the year it was brought to the year it was sold. Nightingale also seeks to provide fair access to its homes which are purchased through a ballot process. 20 percent of available homes are allocated to key community contributors. This includes key and essential workers, as well as individuals with a disability, carers, Aboriginal and Torres Strait Islander people, and single women, trans people and gender diverse people aged 55 and over.



## Background

In 2007, a group of architects at Breathe invested money together to purchase a site in Brunswick, Melbourne to develop housing in response to concerns about the market being inequitable and unsustainable. The apartment building, The Commons was intended to be an architect- funded housing project, however, due to the Global Financial Crisis, B-corp certified developers Small Giants provided financial support. The design of the Commons demonstrated the interrelationship between sustainability, comfort and reducing construction and operational costs, as well as the social benefits of shared spaces. Several features contribute to reducing the buildings environmental footprint and construction and operation costs including the integration of passive design principles, a communal laundry and rooftop garden, and replacing car parking with bicycle parking and car share.

In response to local interest for future quality medium density housing projects following the completion of the Commons in 2013, Breathe created the Nightingale approach which was underpinned by a triple bottom line and design-led approach with architects. The second apartment project, Nightingale 1, was developed by raising investor funds from several Melbourne architects and impact investors. The intellectual property across the development process was also shared with other architects to encourage similar projects to be delivered. Nightingale 1 initiated a ballot process for prospective purchasers, and profits being capped.

In 2016, Nightingale Housing became an independent social enterprise. It initially operated on a licensing model, granting several licences to architects to deliver Nightingale projects for a small application fee. However, only three projects were delivered through this approach, and Nightingale recognised reputational risks if projects weren't delivered to the same design and sustainability standards as promoted. From 2019, Nightingale shifted its model to encompass in house management of project delivery that includes managing site acquisition, financing, construction, and community engagement. While this is similar to a traditional developer, Nightingale achieved not-for-profit status in 2021. Although the model has shifted, this has enabled greater ability to protect the core principles of the Nightingale approach, as well as larger project delivery. The Nightingale approach has an ongoing commitment to allocating 20 percent of housing to community housing providers, with an additional 20 percent to key community contributors.

### Who benefits?

- People on the social housing register
- People on low to moderate incomes who are not eligible for the social housing register
- Key and essential workers
- Individuals with a disability, carers, Aboriginal and Torres Strait Islander people, and single women, trans people and gender diverse people aged 55 and over.

### Performance metrics

Nightingale conducts post occupancy evaluation surveys with residents which is repeated after 3 months and 12 months. This provides insights into their experiences around the process and outcome which is used to inform future projects. The social value of one of the developments, CRT + YRD in Nightingale Village has also been assessed in collaboration with the Australian Social Value Bank. A report has also been conducted by RMIT exploring practitioner and resident perspectives of social mix at Nightingale Village.

### Lived experience perspectives

Nightingale shares several resident stories on their website.

### Outcomes

Nightingale has delivered more than 400 homes, with several hundred more under construction or being planned. To date, approximately 63 homes have been pre-allocated to community housing providers.

## Scaling up

Barriers	Enablers
<ul style="list-style-type: none"><li>• There is growing need for affordable and quality housing near public transport, however, construction costs, inflation and other conditions make it challenging to deliver. There is need to evolve and reinvent how housing can be delivered to low and moderate income earners.</li><li>• Access to funding and finance is a challenge. As a not-for-profit developer, Nightingale does not have access to the same funding as community housing providers. Nightingale is also working in the same market conditions, but constrained by trying to cross-subsidise affordable outcomes through private residents.</li></ul>	<ul style="list-style-type: none"><li>• Subsidised funding would have a significant impact on how affordable homes could be delivered.</li><li>• Incentives to the market to pick up ideas to promote sustainability, affordability, and other community outcomes.</li><li>• Waiving development fees or fast-tracking approvals for not-for-profit developers.</li><li>• Broadening of criteria for funding for not-for-profit developers to deliver affordable housing.</li><li>• Nightingale is an established approach to delivering housing, that has evolved over time with interest and exposure from government, academics, and media.</li></ul>

## Supporting documentation

- Nightingale Housing is a not-for-profit organisation.

## References

Interview with Dan McKenna, CEO Nightingale Housing (November 2023).

Nightingale Housing (2023) <https://www.nightingalehousing.org/>

Kelly, D. and Porter, L. (2022) "Social mix at Nightingale Village." Melbourne: RMIT University.

## 3.4 Head Start Homes



### Case study 3

#### Empowering social and affordable housing renters to access more equitable pathways to home ownership

Head Start Homes (HSH) engenders a more equitable home ownership system by supporting renters who are living in, or eligible for social housing to buy their own home. Empowerment Products and Services enable HSH's clients to overcome three major barriers to homeownership: saving for a deposit, lack of awareness on how to become a homeowner, and a lack of supply of affordable homes. These initiatives include:

- **Head Start Savings Plans** – HSH's provides education for clients to become more financially capable and mortgage ready. This aims to overcome a lack of financial skills or not having family members who are able to share knowledge of accessing homeownership.
- **Head Start Recycling Guarantee** – To address significant challenges to saving for a deposit, HSH created Australia's first recycling guarantee which reduces the requirements for a bank deposit and lender's mortgage insurance, as well as assists with lower bank fees and interest rates.
- **Head Start Purchase** – Searching for a home can be daunting, particularly for those whose family haven't gone through the process. It can also be risky if unsuitable properties are purchased. HSH empowers clients to find an appropriate home, which may include help from a free property coach, property resources and discounted services such as conveyancing.
- **Head Start Supply** – In recognising a critical lack of availability of affordable housing, HSH provides access to existing housing at a discounted price which reduces the home loan amount and positive equity called Equity+.

#### About the Head Start Recycling Guarantee

The Head Start Recycling Guarantee provides a 20% security to the bank as a guarantee in a term deposit which earns compound interest. This is designed to operate in a similar way in which parents act as a guarantor for their children, substituting the parental home for cash in the term deposit. The guarantees provided through partner banks, enable clients to benefit from no deposit or lender's mortgage insurance, in addition to discounted interest rates and lower fees. As the homeowner pays off their home loan, or the value of the home increases over time, the contribution is released, or recycled, back to Head Start Homes. This occurs when

the value of the home is 20% greater than the home loan balance (known as the loan-to-value ratio).

Through the Burketown Equity Plus program, HSH worked with Burke Shire Council in remote far north Queensland to enable up to 21 predominantly First Nations tenants to buy their Council rented home. To date, 4 households have purchased their home under the program. The Council sought to sell properties at a 40% discount to its First Nations tenants. As banks were not accepting the discount and would typically accept the lower of the sale or valuation price, HSH created an innovation hub with Westpac to negotiate a favourable purchasing option in which the valuation price is accepted. This enables the Loan to Valuation ratio to be approximately 60%, and results in no deposit or Lenders Mortgage Insurance requirement.

Wollongong City Council awarded HSH a \$1.3 million tender for the Wollongong Recycling Home Ownership Program in 2022, which supports low to moderate income households to buy their own home without a deposit or mortgage insurance. The program will receive an additional funding of \$5 million from Wollongong City Council in 2023 to also establish an affordable rent-to-buy homeownership pathway, as well as financial guidance, support, and education.

## Background

Founder and Managing Director, Stephen Woodlands, established HSH as a not-for-profit social enterprise in 2017 to unlock barriers to homeownership for people living in, and eligible for social housing. The vision for HSH was influenced by Stephen's experience of growing up in social housing and the impact of accessing secure and affordable housing on improving his family's life. Inspired by the experience of his hardworking mum, Stephen sought solutions to the challenges social rental households face in saving for a deposit when their rents increased to reflect their increased income. Through conversations with hundreds of people across the sector, Stephen felt there needed to be fairer accesses to the intergenerational benefits that housing provides to overcome structural disadvantage. The organisation is driven by innovative thinking, centred around ensuring the client's needs and priorities are at the forefront. This leads to designing tailored solutions, and subsequently sourcing the financial support required.

Westpac became a founding partner in 2018 and has continued to provide financial support including seconding Stephen to HSH. Westpac collaborated to develop their Head Start Pledge product which provides low-interest home loans for HSH's clients. HSH highlights that whole of sector collaboration has been key, with conversations leading to opportunities at the right time to help solve the challenge. The organisation has 100 partners including charities, banks, and developers, with support provided through:

- \$6.3 million committed from the Wollongong City Council;
- \$600,000+ from the Westpac Group;
- \$250,000 from the Snow Foundation;
- \$100,000 from Impact Investing Australia to support the design of Equity+ build-to-rent-to-buy model;
- \$110,000 from Lendlease towards HeadStart Recycling Guarantees;
- \$240,000 from Aboriginal Housing Office towards the HeadStart Recycling Guarantees;
- \$50,000 from the Bank of Queensland;
- \$30,000 from the Mercy Foundation;
- 150 volunteers and \$2 million of in-kind support.

### Who benefits?

- Low-income renters with priority assistance for social or affordable housing tenants, single parents, First Nations Peoples, households with a disability, and people who were previously migrants or refugees.
- Children of home-owners who receive intergenerational benefits from parents of knowledge of home ownership and housing asset

### Performance metrics

HSH's Impact Framework and Theory of Change guides how outcomes are measured to improve people's lives. Outcomes that are measured include the number of households supported into home ownership, number of households supported with Empowerment Services and Products, number of key demographics of client households, the total number of household beneficiaries, and number of social housing places freed up or households able to access a newly vacated social or affordable housing home. HSH also explores short- and long-term outcomes for clients which include greater financial literacy and economic empowerment, improved health, and wellbeing, becoming mortgage or homeowner ready, improved employment outcomes, remaining in safe and stable housing, and feel connected to their community. A [Live Impact Dashboard](#) captures the outcomes of the Impact Framework and Theory of Change.

Lived experience perspectives

Head Start Homes seek lived experience perspectives of their clients in several ways. This includes their team of social workers who work closely with clients. They also share a number of tenant or home owner experiences on their website and annual reports. Supporting new home owners to tell their own stories and have a voice is empowering and is valuable for providing inspiration to others.

Outcomes

The Live Impact Dashboard highlights that as of November 2023, HSH has supported:

- 208 households with their Savings Plan.
- 9 households to buy their own home, which has freed up 8 social housing and affordable homes. Additionally, the first guarantees are starting to recycle to assist more households.

Scaling up

Barriers	Enablers
<ul style="list-style-type: none"><li>• Access to affordable homes for ownership.</li></ul>	<ul style="list-style-type: none"><li>• Replication of the model is welcomed, and this has been observed through government guarantee initiatives. However, it is critical that any initiatives are designed appropriately and focus on lower income households to ensure maximum impact.</li></ul>

Supporting documentation

- HSH is accredited as a tax-exempt not-for-profit Community services Organisation.

References

Head Start Homes (2022) *Annual Report*,  
<https://www.canva.com/design/DAFMXLi4xtg/DHPnfwGMmpMQ4jpcmK81hA/view>.  
Interview with Stephen Woodlands, Founder and Managing Director, Head Start Homes (October 2023).  
Head Start Homes (2023) *Impact Framework*  
Head Start Homes (2022) *Live Impact Dashboard*

### 3.5 Older Women's Housing Project



#### **Affordable, high quality and flexible homes for older women, preventing housing insecurity**

Not-for-profit community housing provider, Women's Property Initiatives (WPI) developed 4 townhouses in Beaconsfield, 44km from central Melbourne, as a pilot of the Older Women's Housing Project. The project focuses on assisting single low-income women over the age of 55 who are ineligible for social housing as they have some savings, however, do not have sufficient finances to access a mortgage or own their own home. The project reflects a preventative approach for women depleting their savings in the private rental market and ageing into poverty. Without housing security, these women risk living in insecure or inappropriate housing, experiencing homelessness, and ultimately needing social housing.

Each resident of the project invests \$150,000 of their savings to secure a home that enables them to age in place and are charged rent which is capped at 30% of their income.<sup>5</sup> The original investment is preserved and can be accessed with interest if the resident decides to vacate the property. Residents enter into two agreements with WPI - a loan agreement which enables women to exit the project with the initial loan investment refunded with interest; and a Residential Tenancies Agreement without a fixed term. As the owner of the homes, WPI maintains the properties and is responsible for rates and building insurance.

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<sup>5</sup> Rent is adjusted if the resident's circumstances change, such as retiring onto a pension, or having a relative or partner move in.



The homes at Beaconsfield have been designed by Studio Bright to be light, airy, maximise energy efficiency and support accessibility.<sup>6</sup> Women who expressed interest in the project were involved in the design process through a round table session. This consultation highlighted the importance of having the ability for a caregiver or grandchildren to visit, with the homes designed to offer flexibility with the second living or study space able to be enclosed as a second bedroom if needed. Each home has a courtyard garden as well as a car parking space that is designed to be an extension of communal open space when not used for parking. The homes are designed to Gold liveable standards to support accessibility.

## Background

In 2013, WPI was observing an increase in older women seeking their assistance. WPI began to explore a scalable model which offered women an opportunity to invest their life savings into good quality housing which offered security and affordability and addressed a gap in the market. The project was originally conceived as a shared equity scheme, however this met challenges as many older women are not able to contribute financially beyond an initial lump sum, and partial property ownership restricts low-income earners from receiving Commonwealth Rent Assistance. A model was developed in which women loan their savings to WPI through a loan agreement, with the value of the investment preserved with interest when they wish to leave the housing. The upfront loan of \$150,000 each resident contributes reduces the debt required to deliver the project. The women then pay rent which is capped to reflect their income.

The project received philanthropic support in 2018 from the Lord Mayor's Charitable Foundation, Gandel Foundation, Homes for Homes, and the Mercy Foundation.

## Who benefits?

- Single low-income older women over the age of 55 who are not eligible for social housing due to their assets in superannuation, savings, or investments but who cannot afford to buy a home.

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<sup>6</sup> The townhouses meet Gold livable standards.

## Performance metrics

- An independent evaluation has been conducted with funds provided by the Ian Potter Foundation. This has helped to identify potential improvements to the model.
- WPI are interested in engaging evaluators to understand lived experience perspectives of their residents, as well as understand the social return on investment.

## Outcomes

- Four women have engaged in loan and rental agreements to live in the Older Women's Housing Project. One of the women has moved on since being able to get a low interest loan from the state government.
- The women who reside in the townhouses have been positive about their experience.

## Scaling up

Barriers	Enablers
<ul style="list-style-type: none"><li>• The number of older women experiencing housing insecurity, and their needs, is not well understood. Older women may be deterred for applying for the housing register, or other housing services due to pride or concerns about stigma. Different communication and marketing approaches are essential for promoting housing initiatives targeting older women.</li><li>• The loan agreement model may deter some prospective residents. WPI organised pro bono legal advice for prospective residents which highlighted a small risk to the loan in the unlikely event that WPI were to go under.</li></ul>	<ul style="list-style-type: none"><li>• There are opportunities to evolve and replicate the model. Alternatives could include delivering housing which aligns with the Retirement Villages Act 1986 which would enable residents to retain their investment in property and potentially be able to claim Commonwealth Rent Assistance; or a shared equity model which would minimise risk to residents of losing their loan if WPI were to fail.</li><li>• Government investment or subsidy is vital for delivering alternative housing models which support older women at scale.</li><li>• Government funding to undertake further research and investigation of potential models.</li></ul>

## References

Interview with Jeanette Large, Chief Executive Officer, Women's Property Initiatives (October 2023).

Kalagas, A. (2022) "WPI Older Women's Housing Project by Studio Bright" ArchitectureAu.

Women's Property Initiatives (2023) Older Women's Housing Project,  
<https://wpi.org.au/older-womens-housing-project/>

# Appendix 1: Existing housing repositories

A component of the project included the identification of organisations which have collated and maintain a similar list of housing initiatives or case studies. The table below outlines these repositories and their focus.

Repository	Organisation	Focus	Alignment
Local government housing kit	DCJ	<ul style="list-style-type: none"> <li>Housing strategies, planning mechanisms and policies</li> </ul>	<ul style="list-style-type: none"> <li>Report that would need to be updated</li> </ul>
<a href="#">Alternative Housing Models Research Paper</a>	Byron Bay Council	<ul style="list-style-type: none"> <li>Alternative housing models</li> </ul>	<ul style="list-style-type: none"> <li>Report that would need to be updated</li> <li>Several good examples that may align</li> </ul>
<a href="#">Affordable Housing Case Studies</a>	Shelter WA	<ul style="list-style-type: none"> <li>Affordable housing</li> </ul>	<ul style="list-style-type: none"> <li>Potential for strengthening advocacy and state collaboration</li> <li>Potential for high level of control</li> <li>Ability to update regularly</li> </ul>
<a href="#">IBA</a>	University of Melbourne and partner unis	<ul style="list-style-type: none"> <li>Design</li> <li>Alternative models</li> </ul>	<ul style="list-style-type: none"> <li>Ability to update regularly</li> <li>Focus more on design innovation</li> </ul>

# Endnotes

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<sup>1</sup> Kelly, D., and Porter, L. (2022) *Social Mix at Nightingale Village*. Melbourne: RMIT University, <https://cur.org.au/cms/wp-content/uploads/2022/06/nightingale-v7.pdf>.

<sup>2</sup> Benedict, R., Gurran, N., Gilbert, C., Hamilton, C., Rowley, S. and Liu, S. (2022) Private sector involvement in social and affordable housing, AHURI Final Report No. 388, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/finalreports/388>, doi: 10.18408/ahuri7326901.

<sup>3</sup> Ibid.

<sup>4</sup> Housing Matters Action Group (2023) *Housing matters Action Group Community Hosting Pilot Report*.

<sup>5</sup> Raynor, K, Palm, M, O'Neil, M. 2018. The Barnett Model: Evaluating the outcome and scalability of an affordable homeownership model, Transforming Housing, The University of Melbourne: Melbourne, <https://www.mcm.org.au/-/media/mcm/content-repository-files/the-melbourne-apartments-project.pdf>.

<sup>6</sup> Ibid.

<sup>7</sup> Baptcare (2023) "Australian-first energy efficient social housing project opens in Sunshine", <https://www.baptcare.org.au/why-baptcare/news/australian-first-energy-efficient-housing-project-opens-in-sunshine>.

<sup>8</sup> Infrastructure Victoria (2023), "Our home choices", [https://www.infrastructurevictoria.com.au/wp-content/uploads/2023/03/Our-home-choices\\_How-more-housing-options-can-make-better-use-of-Victorias-infrastructure.pdf](https://www.infrastructurevictoria.com.au/wp-content/uploads/2023/03/Our-home-choices_How-more-housing-options-can-make-better-use-of-Victorias-infrastructure.pdf).

<sup>9</sup> Housing Choices Australia (2023) "SA's first carbon neutral apartment block reaches completion", <https://www.housingchoices.org.au/news/sas-first-carbon-neutral-apartment-block-reaches-completion/>.

<sup>10</sup> Bridge Housing (2022) Annual Report, <https://bridgehousing.org.au/documents/1225-bridge-housing-annual-report-2022/file>