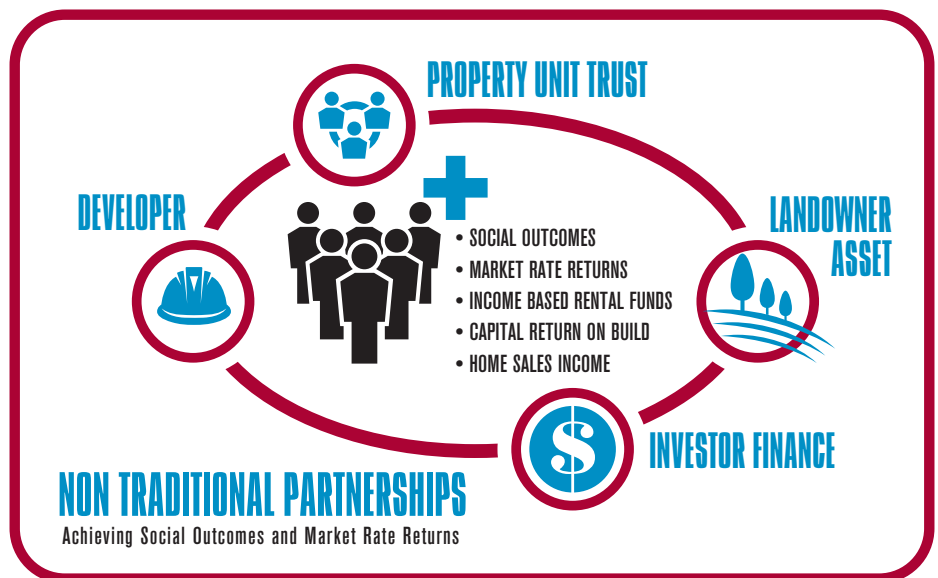


REWARDING PEOPLE

A primary focus area for CapitalAsset Accreditation.

CapitalAsset is increasing the availability of, income-based rental property.

Understanding that appropriate, affordable housing is the basis upon which people can lift self-esteem, achieve better education, maintain employment and realise good health, this aims to improve people's lives and return real affordability to housing.



At its core are people, now able to establish a permanent home, connecting and collaborating to positively contribute to their family and their community. The social mix created is to appropriately consider age, gender, culture and disability, achieving diversity across household type and incomes.

Responding to sustainability in built form and designed to achieve a sense of place, land owners partner with social impact investors in this bold, ethical and socially responsible housing innovation.

Allowing their assets to perform at their best, achieve social outcomes and deliver the services and facilities their owners' desire, the CapitalAsset approach successfully delivers on purpose.

CapitalAsset is a non-traditional approach to property development that is returning real affordability to housing for those who need it. This community-led initiative to creating new housing is a socially responsible innovation combining people, place and purpose in rewarding ways.

The Need is Real

Across the country, the housing market is increasingly becoming less affordable. Created in South Australia by ShelterSA, the CapitalAsset approach responds to this national crisis where rent or mortgage payments are the largest cost in the household budget.

The National Rental Affordability Index shows it is nearly impossible to find affordable housing if you are living on a low income and living in housing stress.

In South Australia, housing affordability is an issue for thousands. Adelaide is one of the most unaffordable cities in Australia to purchase a home¹ and growth in home prices is substantially outstripping incomes.

¹ <http://indaily.com.au/opinion/2016/02/17/sa-planning-policies-make-housing-unaffordable/>



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MAKING HOMES NOT HOUSING

As the peak body for housing in South Australia, ShelterSA's vision is for all South Australian's to have a safe, secure and affordable place to call home, appropriate to their needs.

Additionally, with rising housing costs out-stripping incomes the challenge is real, as it is also impossible for people to access social housing or income-based rental accommodation.

That's why ShelterSA created CapitalAsset and by taking active supervision in delivery, ensures it is an exemplar of housing developments with a positive sense of place.

A CapitalAsset Development adds value to land and under-used buildings. Regardless of whether the land is owned by governments, churches, organisations or individuals it brings the opportunity to harness land assets to provide new purpose-built housing that achieves a social mission, creates a market rate of return and increases the asset value.

Establishing People Places with Community Spaces

Shared space refers to space in multi-unit dwellings and apartments that can be accessed by all residents. This includes public amenity areas such as swimming pools, barbeque areas, gyms, meeting areas, community gardens and children's play areas. It also refers to shared access areas within the residential complex, such as corridors, lifts, stairwells and pathways, plus, if included parking areas and access roads.

The integration of vegetation is encouraged as it is noted to have a significant impact on the perceived quality of shared spaces in multi-unit dwellings and apartments. Research has found access to trees and shrubs can reduce residents' perceptions of crowding and therefore promotes a more satisfying residential environment ².

If included, a commercial space or retail areas within each development may bring an income stream to the partnership and potentially allows local government to collect a higher amount of rates than purely residential, owned by not-for-profit organisations that receive a rates concession.



Shared space will be considered favourably in CapitalAsset accreditation:

Offering private, secure and accessible shared spaces within a building can contribute to improved liveability for residents, including improved privacy and sense and security, greater social quality among residents and a sense of community.

The commercial and/or retail space need not be a business, but may be a creative community hub, community service centre, coffee shop for training young people/people with disabilities or of a use that suits the social mission of the partners.

2. http://www.highdensityliveability.org.au/building_complex_shared_space.php

Creating Greater Availability

South Australia is seen as the most progressive Australian State in terms of Inclusionary Zoning requirements for major developments. Here, 15% of a development is to include 'affordable housing' at approximately 80% of market value.

Often the affordable housing units are smaller, have less amenity and may utilise materials of lesser quality than those that are purchased by owner-occupiers, individual investors or available to be rented at full market rates. Anecdotally, affordable housing is also often stigmatised by many builders, developers, home-buyers and tenants.

While Inclusionary Zoning assists some people to move into the home-buyer or private rental markets, it is understood that property available under this Zoning are often still far from affordable for people living on below average incomes.



For CapitalAsset accreditation:

No less than 25% of the total number of rental units must be offered to households eligible for income-based rents. These income-based rental agreements are not necessarily physically tied to any dwelling enabling the development to meet Inclusionary Zoning without loss to design integrity and materials used.

It must offer a mix of housing sizes with a combination of market rents and income-based rents (30% of household income plus Commonwealth Rent Assistance).

There may be some dwellings in the development available for purchase at market rates.

Embracing Social Balance

Social diversity³ is a critical element of producing 'more sustainable, inclusive and opportunity enhancing communities'. Social mixing⁴ is a policy goal of achieving diversity.

Considered tenant allocations⁵ will ensure a sound social mix by avoiding large congregations of any one demographic or income bands. Consideration should also be given to achieving income mix on individual CapitalAsset developments noting that these ratio allocations will be informed by the need to match the newly available supply to demand. Allocations may also be targeted to a specific population group where complex tenant needs do not exist - such as aged households.



Indicators of a positive social mix in the context of CapitalAsset is through:

A mix of household types, sizes and compositions.

A range of household income variations.

Consideration to demographic factors - such as age, sex, or sexuality.

Recognition of culture, ethnicity or other community self-identification factors.

A combination of status characteristics - such as being students, workers or retirees.

Inclusion of people with mental and physical health issues.

³ <http://www.ahuri.edu.au/publications>

⁴ http://www.aho.nsw.gov.au/-ASSETS/media_publications/publications/factsheets/general-aho-fact-sheets/NSWAffordableHousingGuidelines.pdf

⁵ http://www.adelaidecitycouncil.com/assets/acc/Community/planning-programs/docs/sp_city_living_summit_paper.pdf

Achieving Lifestyle Sustainability

Ethical, socially responsible investment in social and affordable housing and the sustainable use of land is a basis for CapitalAsset Developments.

Land costs comprise a substantial percentage of the price of building new housing. The price of housing has risen disproportionately to incomes over the last twenty years, placing home ownership out of reach of many people, especially those living on low incomes.

Utility and maintenance costs form a substantial element of expenditure for people on low incomes. Designs and construction methods that minimise recurrent costs are a priority.

There is also anecdotal evidence that places with good sustainability credentials are simply more pleasant places to be in, and contribute to the wellbeing of occupants.



Developments that can demonstrate compliance with these types of provisions will be considered favourably:

The sustainability guidelines contained in RenewalSA's Developer's Handbook and Urban Design Guidelines⁶ and the NSW Governments' BASIX⁷ - one of the strongest sustainable planning measures to be undertaken in Australia are both good basis for sustainable dwelling design beyond the mandatory requirements of the National Construction Code.

⁶ [Urban Design Guidelines for Bowden Urban Village](#)

⁷ BASIX. <https://www.planningportal.nsw.gov.au/planning-tools/basix>

Measuring Residential Balance

Through a CapitalAsset approach, there is a housing mix of owner occupiers, property investors and income based rentals.

To be eligible for an income-based rent, the household income must fall below the third lowest income quintiles⁸ and meet the individual development's tenancy management eligibility criteria.

A person who has qualified as eligible for an income-based rental dwelling at the commencement of their tenancy, may increase their income after they become housed through gaining employment, finding better job placements or transitioning to full-time work. In these instances, these households will proportionately increase their rent up to a market rent ceiling. Conversely, the opposite would occur if household income became less during the tenancy.

Tenants who commence paying market rents may continue their tenancy to the end of their five year tenure at which time their eligibility will be reviewed six months prior to its end date. If households are regularly able to attain market rents, it is appropriate for them to move to an open market rental dwelling. This then enables the landlord to covert this vacancy back to an income based rental dwelling. At any time, tenants may give notice that they wish to end their lease under the usual terms of the Residential Tenancies Act SA.



Measures for CapitalAsset accreditation seek to:

Offer dwellings on the basis of an income-based rent that are built with equal amenity, high quality materials and are not physically earmarked in terms of design and build.

Create a positive Social Mix across all tenancies as a key feature of their Allocations Policy.

Embed tenant eligibility criteria in the management policy and procedure.

Offer 100% of income-based rent households with five year leases and at the end of the lease, if their circumstances are unchanged, they may re-apply for a further five year period.

⁸ http://www.acoss.org.au/wp-content/uploads/2015/06/Inequality_in_Australia_FINAL.pdf

BENEFITS FOR PEOPLE, PLACE AND PURPOSE

Governments are not willing to take sole responsibility for bridging the gap between low incomes and the cost of housing and there is a limit to the available social housing.

The supply of social and affordable housing is at the heart of our work, with a view to addressing housing stress and homelessness more effectively.

ShelterSA aims to increase the supply of social and affordable housing within the current set of policy and funding constraints. With CapitalAsset we seek to achieve the new supply of social housing without a government subsidy, in a sustainable and progressive way.

Through a CapitalAsset Development real housing affordability is achieved, increasing the supply of income-based rental property in South Australia. This is the innovative way that not-for-profit organisations can better achieve their social outcomes.

They are ethical investment vehicles offering safe, secure, long-term returns, unaffected by stock market fluctuations or sensitivities.

A 'Build-Own-Operate' Consortium of landowner, developer and social impact investors transform land and under-used buildings into more valuable assets. They may also contain commercial, retail and community spaces.

Additionally, the design, construction and materials must respond to environmental factors, amenity, sustainability issues, community mix, social inclusion and the requirements of private and shared spaces.

ShelterSA has developed this alternative housing, development and investment approach to bring housing innovation across commerce, construction and community.

Be Involved

In a CapitalAsset Development consortium, all participants enjoy benefits - landowner, developer, financier, investor and occupier - with the positive social outcome of more South Australians with an affordable and secure place to call home, appropriate to their needs.

As an additional incentive to undertake a CapitalAsset Development, sample business model and project management approaches are freely available, together with advice, strategies and tactics to help mitigate risk.

For a confidential appointment to explore your opportunities in undertaking a CapitalAsset Development, or simply to learn more about this innovative approach, please contact us at sheltersa@sheltersa.asn.au or telephone (08) 8223 4077.

Benefits to Commerce:

*Private investment and financing
(no Government funding, subsidy or grant monies).*

*Partnerships between land owners and investors that are mutually beneficial,
financially sustainable and profitable.*

Profit sharing within the partnership.

Unique socially responsible, ethical investment.

*Creation of capital growth and cash flow that may not be available to individual
investors or land owners alone.*

Landowners retain their land and utilise a 99 year lease arrangement.

Benefits to Construction:

Excellence in design and high quality materials.

*New builds minimise maintenance costs and maximise tax advantages
through depreciation.*

Slightly higher density to maximise land use and minimise building costs.

Benefits to Community:

*The provision of housing that is affordable for a range of income levels
including both market and below market prices for people living
on very low incomes.*

Social mix that ensures tenants and residents are from all walks of life.

Sustainable dwellings for liveability, ongoing costs and environmental aspects.

Job creation through new builds.



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