

Community Housing Industry Council (CHIC) Website:

Summary of key findings: Advantages and disadvantages of funding models for the Community Housing Sector

The Community Housing Industry Council (CHIC) in partnership with the NSW Government undertook a high-level review of various funding models available to the Community Housing Sector in first half of 2023 to understand the advantages and disadvantages of funding models.

Key findings

- Housing is a complex issue that requires a coordinated policy response from all levels of government and private and community sectors.
- There are many different models that are currently in use to support delivery of social and affordable housing across the Community Housing sector.
- A mix of models is required to help increase the supply of social and affordable housing as there is no one perfect delivery model. Each have their advantages and disadvantages and work to meet different scales/markets/opportunities.
- Desirability of models will depend upon various aspects including size of the development, residual land ownership, site location, risk exposure, funding certainty and level of investment required/available.
- Large scale models can take advantage of asset value uplift from planning and zoning changes, while smaller scale projects have shorter implementation time frames given scale and nature of projects. These models also enable broader sector diversity by encouraging participation from smaller CHPs and ACHPs.
- Models that are based on grants are more portable from a location point of view and more flexible from a delivery point of view (e.g. purchase, redevelopment, lease) and can apply anywhere in the State across multiple small and medium sized projects. This also spreads the risk of delivery. The upfront grant or availability payments reflect the higher or lower costs of delivery in various geographies.
- Models leveraging residual land value such as Communities Plus are usually larger metropolitan projects, dependent on planning approvals/ density uplifts and may involve infrastructure and estate renewal.
- Superannuation fund investment have largely targeted affordable housing sector, given the higher returns (lower subsidy). CHPs have also partnered with private equity and institutional investors to deliver affordable housing outcomes without any government support. However, injection of some form of subsidy is generally required to deliver social housing outcomes in addition to affordable and private housing in these developments.
- The CHIC encourages the community housing sector and the government to continue to develop and promote feasible alternative funding models to deliver social and affordable housing outcomes.