

Local Partnerships for Social & Affordable Housing

Northern Village feasibility case study for 81-91 High Street Preston
Northern Community Churches of Christ – Lord Mayor’s Charitable Foundation grant

David Toscano

Northern Community Church of Christ/Careworks



Erin Dolan

Lord Mayor’s Charitable Foundation



Tim Riley

Property Collectives



Part 2: Maximising the potential for underutilized land – a partnership approach between philanthropy & faith-based organisations

Lord Mayor's Charitable Foundation Affordable Housing Challenge case study – 81-91 High Street Preston

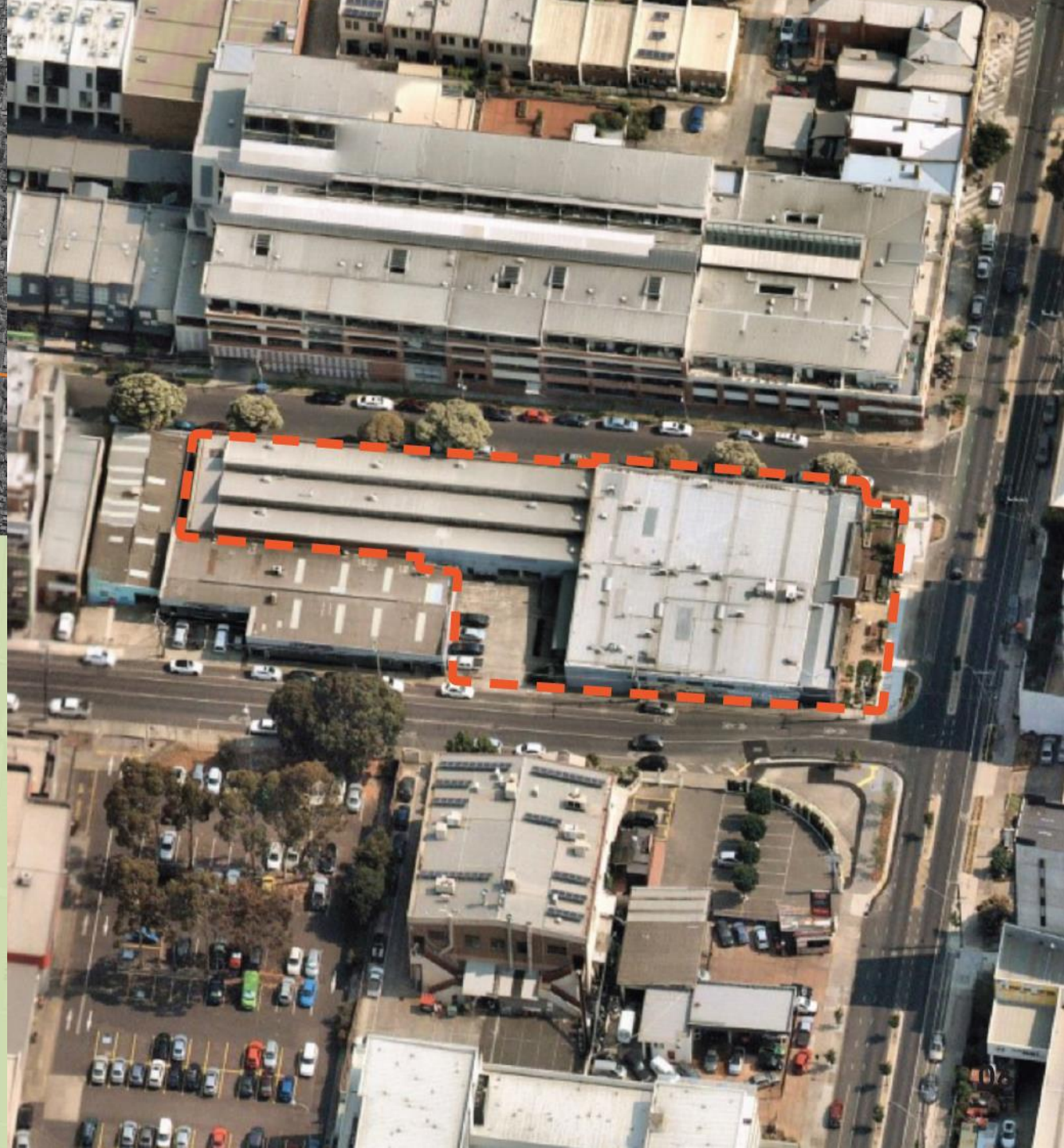
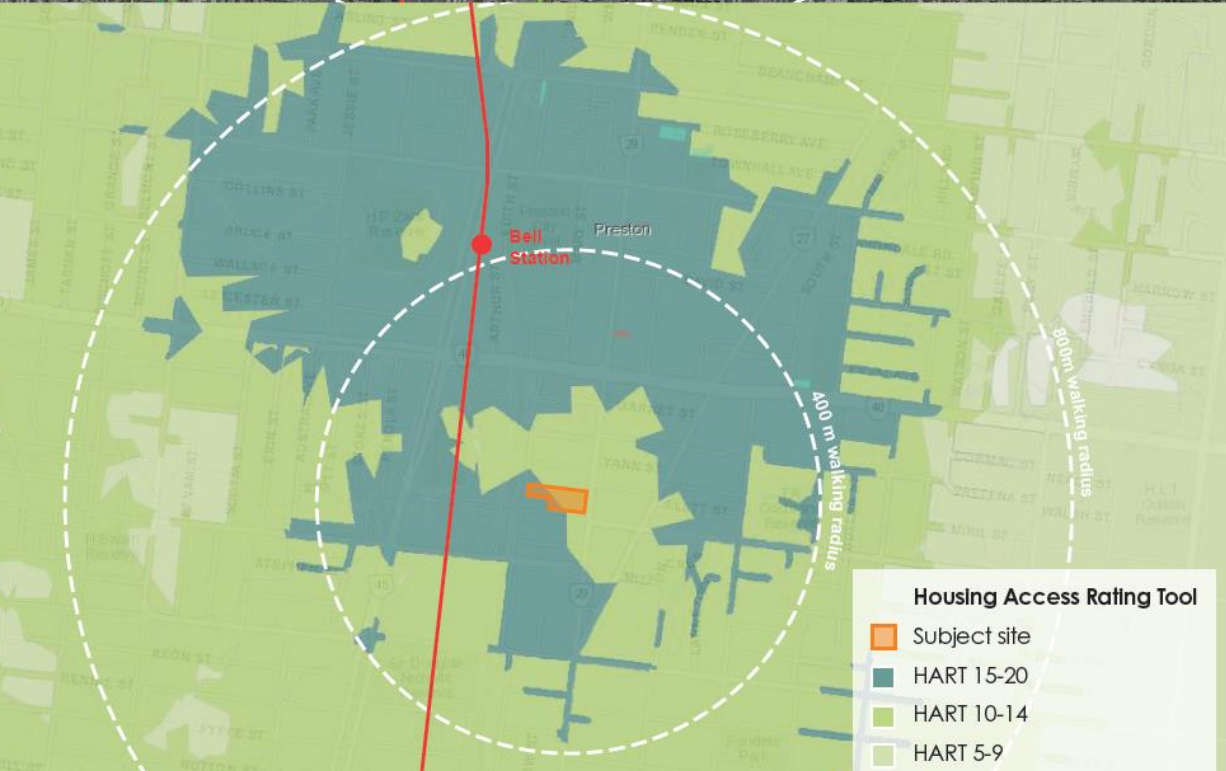
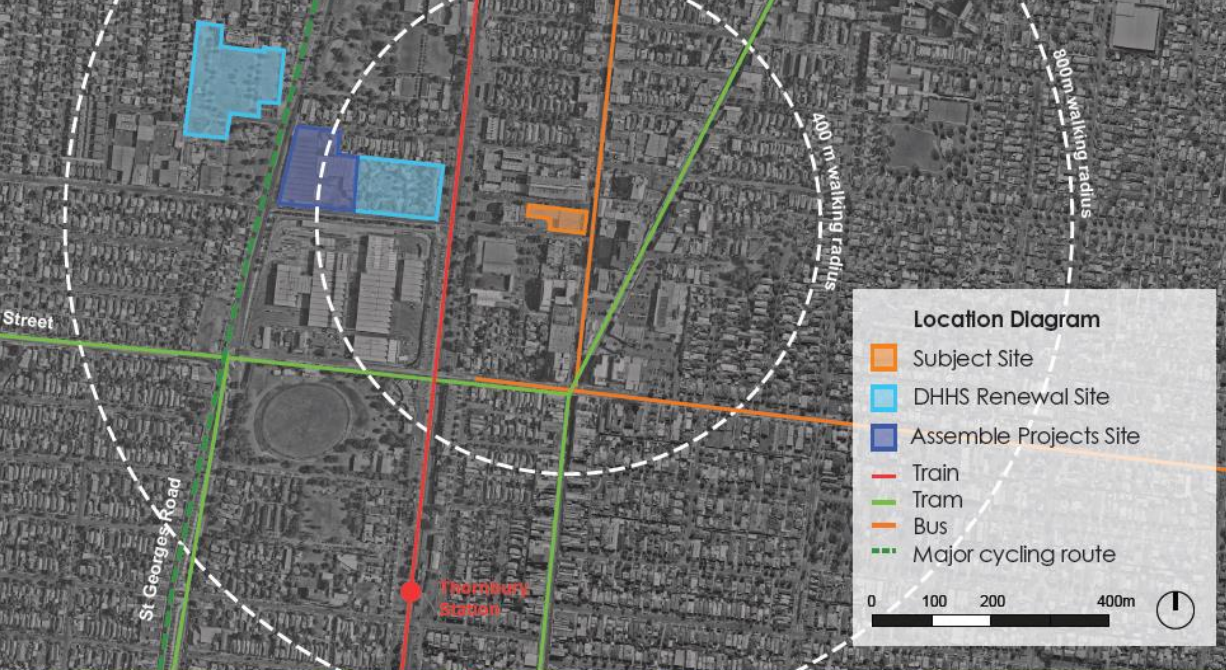
Lord Mayor's Charitable Foundation

- › Community Foundation for Melbourne
- › Five impact areas
 - › Homelessness and Affordable Housing

Affordable Housing Challenge

- › Started in 2017, local councils
- › Affordable Housing Hallmark
- › Housing Access Research Tool (HART)
- › 2020, not-for-profits, including faith based organisations
- › Feasibility grants





Northern Community Churches of Christ/CareWorks overview and mission



northern community
CareWorks



- › 1999-2004 Four Churches combine and purchase 81-91 High Street Preston
- › Desire to actively and effectively engage with the community.
- › Northern's Vision: Radiating out from our community and residential centre in the City of Darebin, Northern Community Church of Christ will be a faithful Christ-centred community, who seek to live life well for the benefit and blessing of the community and world in which we live.
- › 2020 Northern Community CareWorks with Property Collectives successfully received a \$50,000 grant from the Lord Mayor's Charitable Foundation to provide a feasibility report on an affordable housing development at 81-91 High Street Preston.



Site & Vision – 81-91 High St Preston

- › Four Project Pillars
 - › Active Community
 - › Diverse Housing
 - › Healthy Environment
 - › Enduring Mission
- › Northern Village will be a vibrant new social heart for the growing Preston community. It will provide outward-facing facilities to extend the NCCC mission, with secure and comfortable homes for a diverse resident community focused around a central town square.

northern community
CareWorks





Northern Village

Feasibility Report

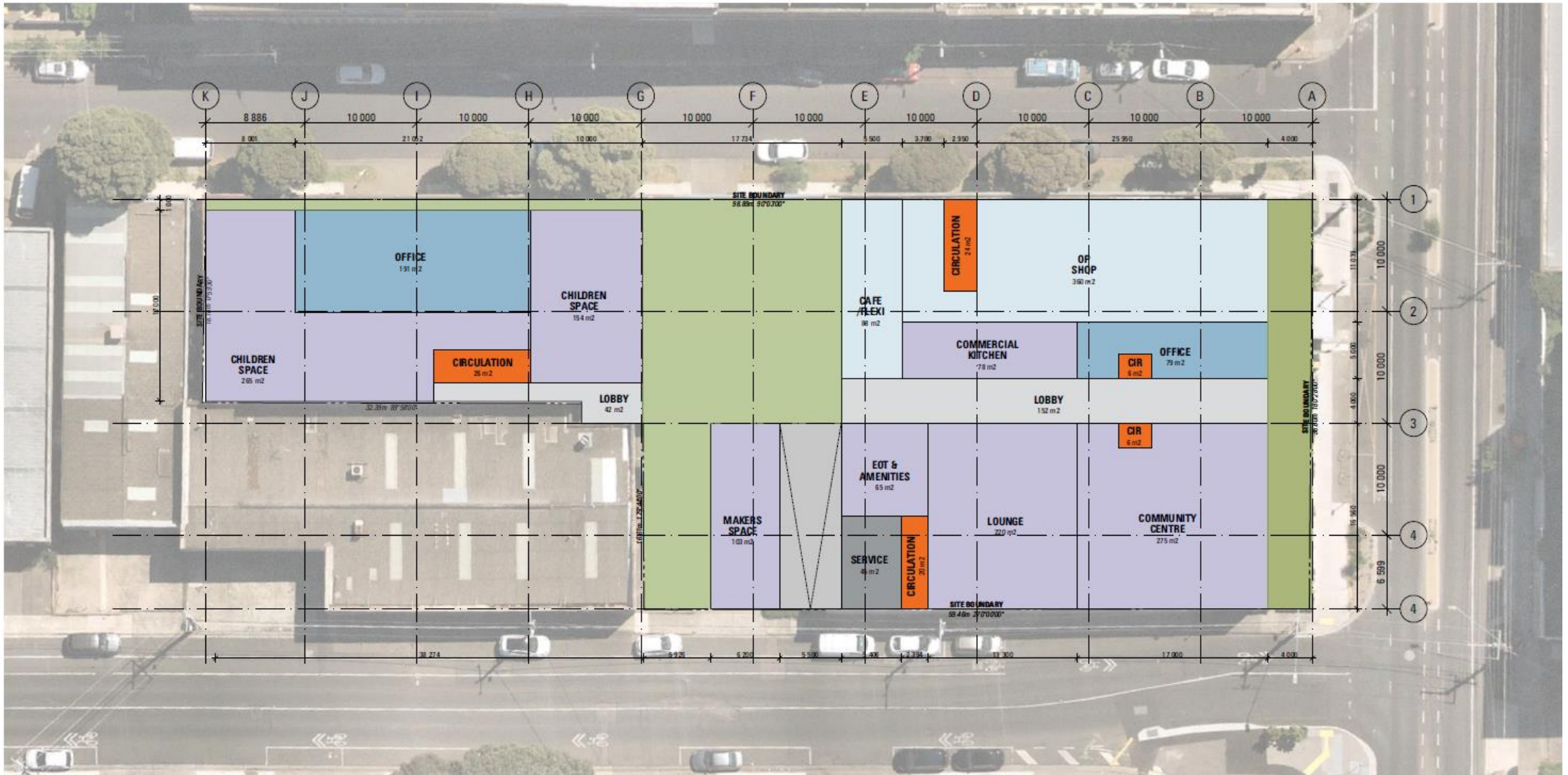


northern community
CareWorks

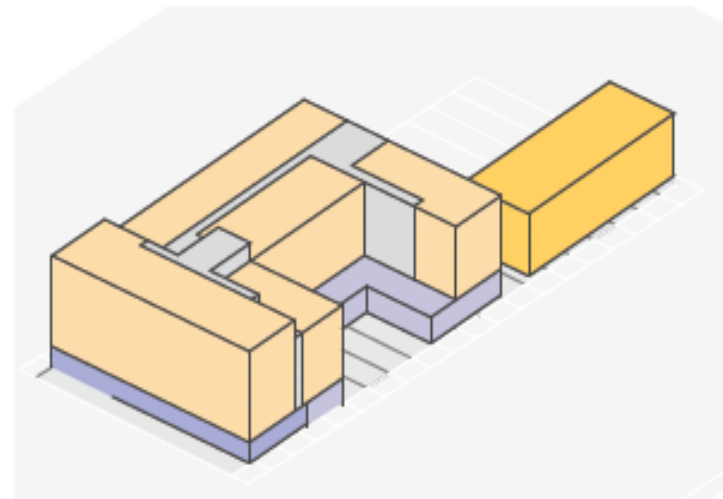
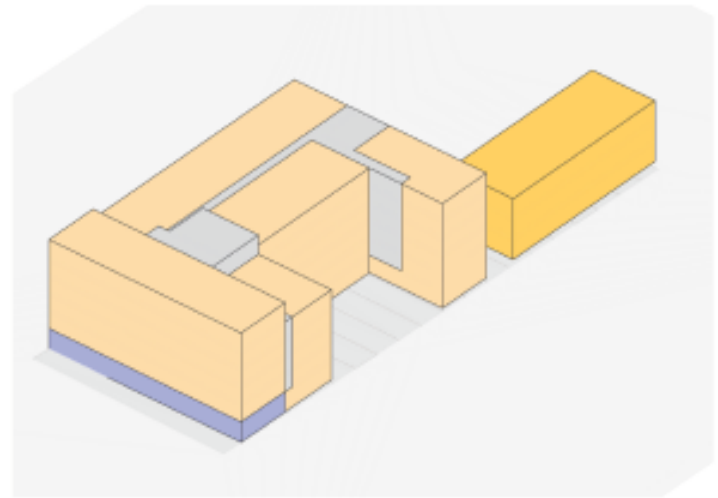
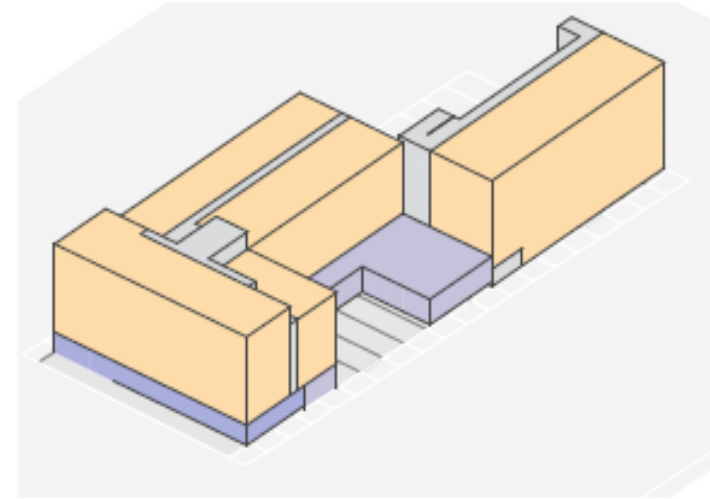
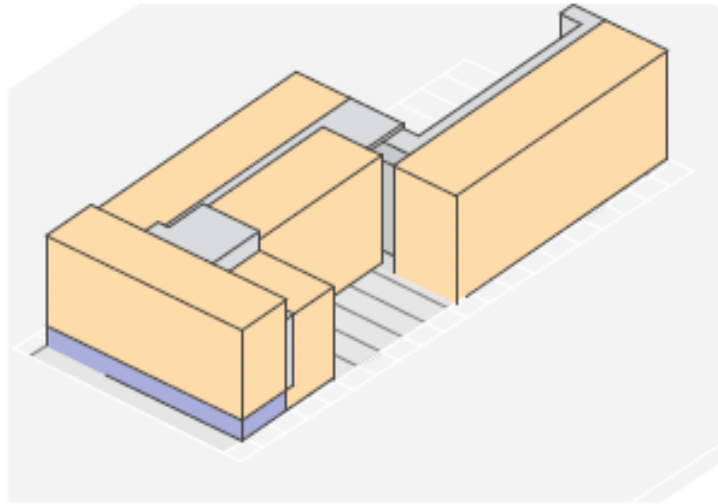


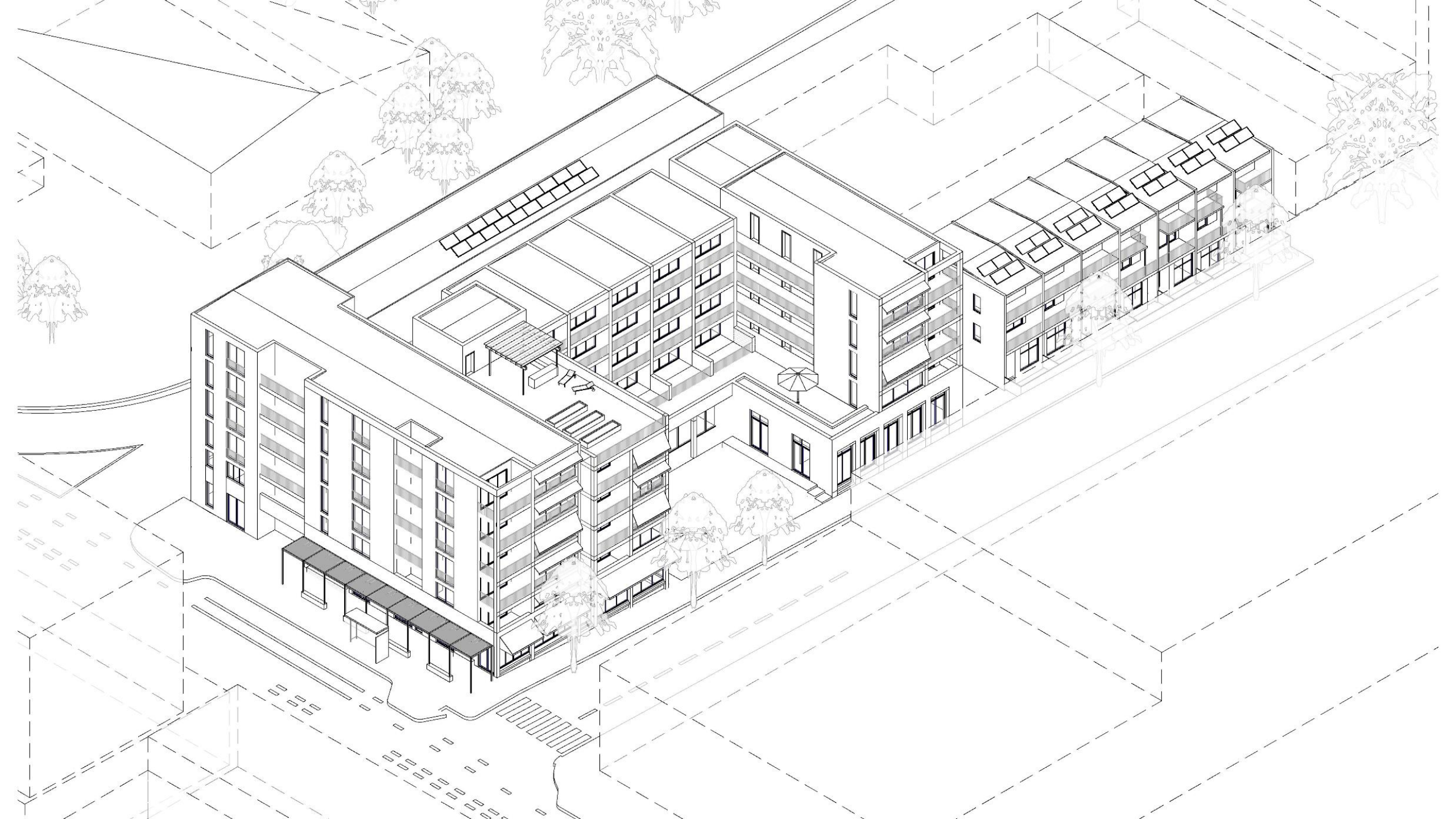
Feasibility Study – Objective & Process

- › Objective > protect book value of Church asset while enhancing social impact for community.
 - › Process:
 - › Introduced a Plan of Work that was disciplined in defining vision and robust development brief - clear functional areas and relationships. Important to test stakeholder requirements in words and numbers.
 - › Understanding residual land value of church asset under different development scenarios plus commercial cost/opportunity cost of ground plane program was paramount.
 - › Scenario analysis separated design envelope, commercial structures and financial modelling to identify most viable pathway.
 - › Examined all conceivable development options (i.e. speculative to affordable & social housing) to identify the right pathway for the Church.
 - › Developed 4 key design scenarios (~80-140 apartments) and from this 14 financial scenarios were analysed to identify most financially viable pathway for the Church (C8).
 - › Conscious of staying abstract and in the numbers before commencing any detailed design development.
-











Feasibility Study - Outcome

- › C8 pathway to maintaining Church asset book value involved divesting 800m² part of site and retaining control of 1400m² ground plane and car parks plus ongoing revenue via rent.
 - › Modelling of ~80 units indicates a FV book value of ~\$40m+ with enough development margin and yield on cost to make project viable.
 - › Market sounding with CHPs via Term Sheet of Church requirements and commercial engagement.
 - › Preferred structure was 20-30+ year ground lease and rent with mix of affordable & social housing > market feedback preference for strata and capital grant for social housing.
-



CAREWORKS



Next Steps – Forming a JV

- › Looking for a values aligned Community Housing Provider with development capacity to JV with.
 - › Have identified a potential partner and are exploring progressing to participate in build and operate Big Housing Build grant round in H2 2022.
 - › Preparing to conduct more detailed design work to finalise business case modelling for investment committee.
-

Key Learnings

1. Foundation funding was:
 - a. critical to enable a structured and methodical process with consultant team.
 - b. Foundation grant has enabled development of a replicable process > approach can be applied to other NFP assets with development potential for impact.
 2. Strong client-side vision and leadership imperative
 3. Demonstrating residual value of Church asset and cost/opportunity cost of controlled spaces under multiple development scenarios critical to achieve internal buy in & identify best pathway.
 4. Only begin detailed design when the numbers indicate viability – this avoids
 - a. Abortive work, wasted time and resources and
 - b. Stakeholders becoming emotionally attached to unviable design outcomes
 5. Delivering innovative structures (i.e. ground lease) is difficult to progress in an environment where CHPs are resource constrained and grant funding rounds are the main game. Evolutionary not revolutionary environment.
-

Thank you