



National Housing
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CHPs as BTR Operators

Big opportunity or big liability?

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A background image of a cityscape with a bridge over a river, overlaid with a semi-transparent green filter. The text is centered in the middle of the image.

Question 1: Can CHPs be effective Affordable and Private BTR Operators?

Answer: Yes

But should you do it?

Let's weigh it up (in 15 mins or less)



A background image of a cityscape with a bridge and a river, overlaid with a semi-transparent green filter. The text is centered over the image.

Question 1: What BTR projects are suitable for CHPs

Types of BTR projects

- › Social and Affordable Housing Projects
 - › Social and Affordable Housing Projects with Private/SDA component
 - › Affordable and Private Housing Projects (at or below market rent)
 - › Private/Premium BTR Projects (at or above market rent)

 - › Recent examples of BTR projects:
 - › Victoria PHRP Ground Lease transaction (Social, Affordable, Private)
 - › NSW LAHC Ground Lease transaction (Social, Private)
 - › Queensland HIF Fund (Social, Affordable, Private)
 - › Tasmanian Housing Redevelopment Program (Social and Affordable)
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Question 2: What are the benefits to CHPS of being a BTR Operator

Benefits of pursuing BTR projects

Its not a big leap from an organisation services perspective

- › CHPs, by their nature, are BTR operators already
- › CHPs have strong backgrounds in community engagement and access to services.
- › CHPs typically already have asset management teams or contractors in place

Alternate income stream

- › The housing sector is increasingly moving away from leveraged funding to cash flow lending.
 - › Fee for service vs vacancy underwriting BTR models
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Benefits of pursuing BTR projects

Mixed housing is here to stay

- › Government focus on sustainable social housing models incorporating multiple revenue streams
- › Inclusionary planning measures are becoming more prominent.

Tenant pathways

- › Mixed housing projects provide opportunity for CHPs to maintain connection with tenants
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The main title of the slide, 'Question 3: What are the challenges for CHPS in being a BTR Operator', is centered in a bold, dark blue font. A large white geometric shape is on the left side of the slide.

**Question 3: What are the challenges
for CHPS in being a BTR Operator**

Challenges for CHPs

Organisation capability

- › BTR projects are large by their nature
 - › Scalability is a fundamental requirement to achieve efficiency
 - › Operating BTR requires investment in personnel, technology and services
 - › Segregation of funds and reporting
 - › Real Estate licensing issues (State by State)
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Challenges for CHPs

Asset Management

- › Underwriting vs fee for service model
- › Single building exposure vs spread of risk
- › Asset management KPIs
- › Profitable asset management model – cost recovery is not enough



Challenges for CHPs

Tenant Management

- › Rights of tenants – RTA rights and managing owner exposures
- › Vacancy KPIs
- › Tenant satisfaction across the tenancy mix
- › Determining market rents and selecting affordable tenants



Key takeaways

- › Projects with social housing elements present the best opportunities.
 - › Make sure your strategy has scalability and your organisation resources up appropriately.
 - › Get market advice and set clear goals on what fees/revenues you should be achieving
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