

CHPs as BTR Operators

Big opportunity or big liability?

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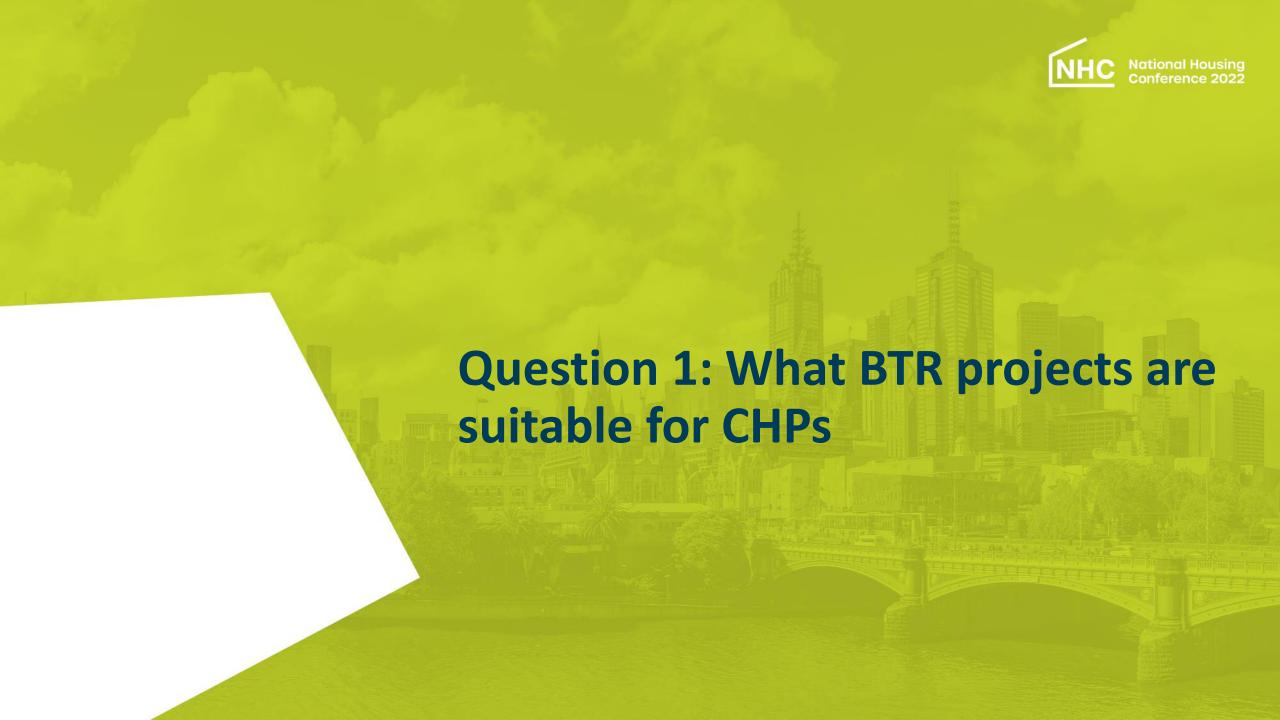




Answer: Yes

But should you do it?

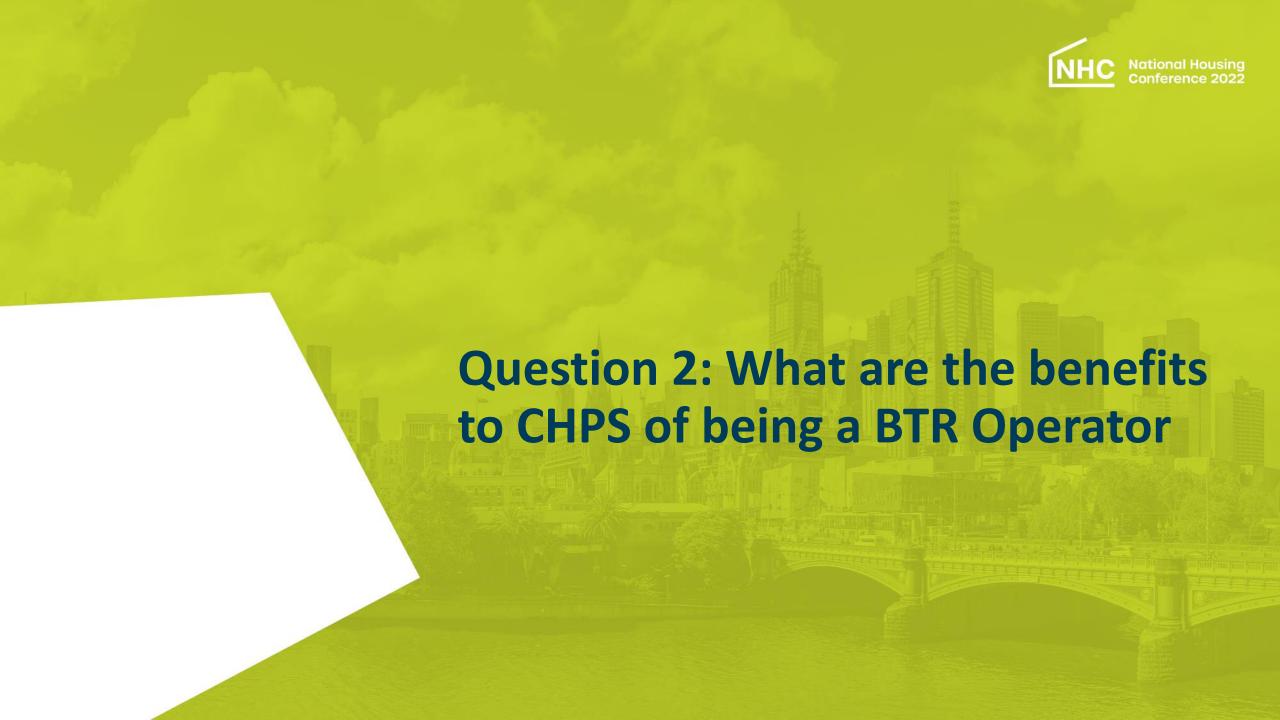
Let's weigh it up (in 15 mins or less)





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)





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



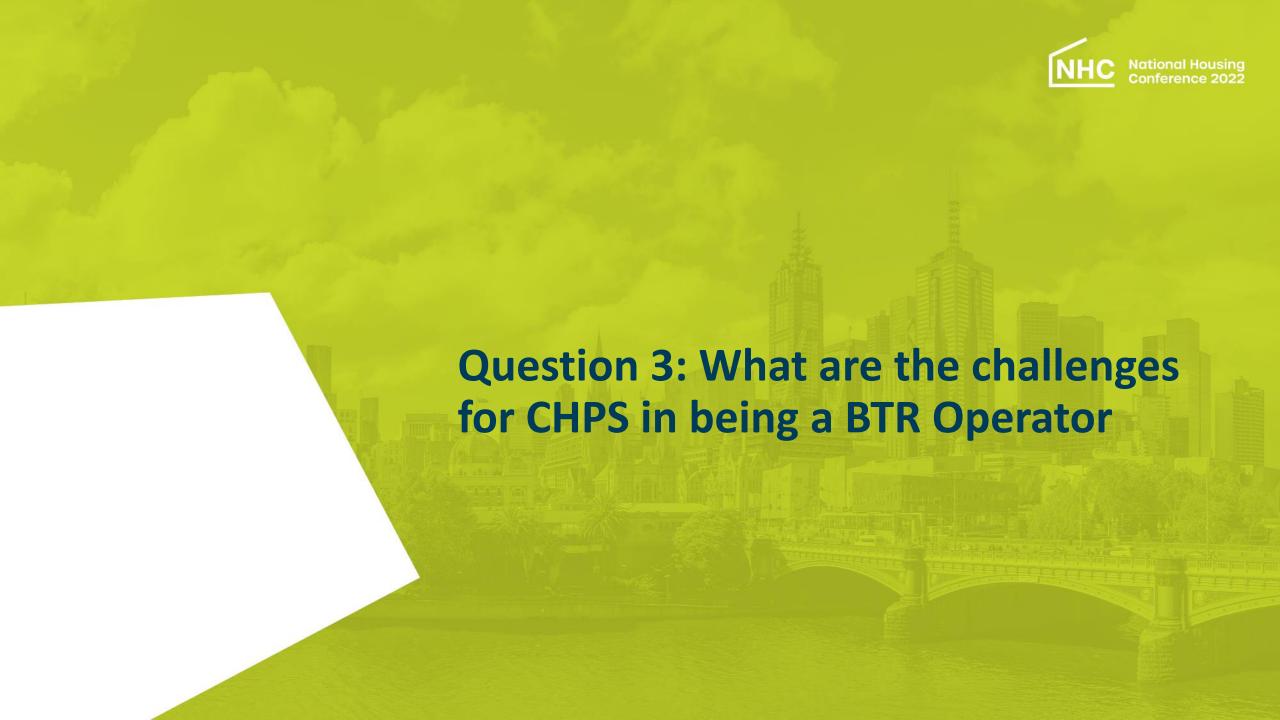
Benefits of pursuing BTR projects

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





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)



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



- > 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

