

B|E|C|T|O|N



Public-Private Community Partnerships
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Understanding the roles in a public housing redevelopment

- Owner of the site
 - Sets the parameters
 - Determines the development
 - Selects the developer
- Developer
 - Designs project and secures planning
 - Constructs the product
 - Sells the private housing
- Financier
 - Provides debt finance
 - Invests equity funds and retains ownership
- Manager
 - Provides property and tenancy management
 - Collects rent and maintains dwellings

Allocating the tasks

- Ownership of public housing
 - State Housing Authority or a State regulated NGO
- Development of site
 - Private sector developer
- Investment in public housing
 - Private sector bank or superannuation fund
- Management of public housing
 - Department of Housing or Registered Housing Association
- Subsidy for public housing
 - State Housing Authority

The development process

- Feasibility by DOH
- Development brief by DOH
- Tender documents circulated
- Developer undertakes feasibility
- Developer submits bid
- DOH assesses bids
- DOH selects preferred tenderer
- DOH and preferred tenderer negotiate Development Agreement
- Developer implements development
- DOH monitors implementation

Development team

- Developer
- Architect
- Builder
- Structural engineer
- Planning consultant
- ESD consultant
- Quantity Surveyor
- Social policy consultant
- Lawyer

Development costs

- Land
- Holding costs
- Consultants fees
- Building contract
- Finance costs
- Mandated development contributions to physical infrastructure
- Voluntary developer contributions to social infrastructure

Development risks

- Planning delays
- Contamination and remediation
- Construction costs
- Sales price
- Sales program

Development profits

- Benchmark return from feasibility will be 20% plus
- Accept risk exposure during development will reduce profit
- Acceptable return from project will be 10-15%
- Additional development contributions will only be forthcoming if sales exceed expectations

Development contributions

- Inclusionary zoning
 - Land owner or planning authority requires a percentage of affordable housing in the development
- Affordable housing development levy
 - Planning authority requires developer to contribute funds to an affordable housing trust on the basis that the development will displace affordable housing from the market
- Discount to market
 - Developer provides the affordable housing to provider at a discount to the market price in recognition of the marketing savings and the risk reduction
- Density bonus
 - Planning authority allows developer to build additional housing above that approved on the basis that all the additional housing will be used for affordable housing
- Profit sharing
 - Land owner and developer agree that once the developer reaches benchmark rate of return additional profits will be shared

Kensington redevelopment

- 7 hectare site in inner Melbourne
- 400 walk-up public housing flats demolished
- 230 public housing apartments in two high rise towers retained and upgraded
- 100 new public housing apartments in six apartment blocks spread across the site
- 95 public housing older persons units in one five-level apartment building
- 450 private dwellings (combination of apartments and town houses) for sale to owner occupiers and investors

Key development principles

- Integration with the local community
- Minimise tenure distinctions within the development
- Develop a coordinated approach to site management
- Implement a community building strategy focused on enhancing the well-being of all residents

Integration with the local community

- Reintroduce street grid
- Compatible architectural form
- Include public facilities on-site
- Exclude welfare services on-site
- Establish links with local residents, traders and community services (schools, recreation facilities, local government etc)

Minimise tenure distinctions

- Locate public housing apartment blocks across the site
- Adopt same design and external finish for public and private product
- Use same internal finish in public housing as for standard private housing product
- Implement uniform facilities management strategies across all housing on site – public and private
- Provide on-site one-stop-shop for all housing enquiries for all residents – public and private

Coordinated site management

- Establish on site management company – Kensington Management Company (KMC)
- KMC will negotiate with City of Melbourne a coordinated strategy for management of public places
- KMC appointed as Body Corporate Manager for all bodies corporate
- KMC will be responsible for all facilities management on site
- OOH have located Housing Officers within the KMC team to be responsible for tenancy management
- KMC are negotiating to provide 25 units of affordable housing
- KMC will offer investors a rental management service
- A range of other services will be offered to residents e.g. electricity wholesaling

Community building strategy

- Part of KMC's core business
- Facilitate integration of new residents
- Resource resident forums
- Ensure effective communication with the wider community
- Link residents to community services
- Contribute to the development of community infrastructure
- Facilitate resident participation mechanisms
- Resource community advisory committee
- Encouraging local economic development and employment creation

Vision for Kensington

- Develop an approach where OOH and Becton each work to support best practice place management for the site that maximize benefits for the residents of the new community and the local neighborhood.
- Create a residential environment which is viewed as a good place to live, where people feel safe, valued, involved, well supported and well linked in with the immediate and wider community.
- Provide good quality, functional and ecologically sustainable housing, public buildings and grounds where the spatial distribution, design and efficient management of the public and private housing supports the development of a vibrant, balanced and inclusive community.

Mission of KMC

- Kensington Management Company
 - Serving a diverse and vibrant community
 - Facilitating a great neighborhood in which to live
 - Providing quality services to all residents at a competitive price

Conclusions

- Partnership with government
- Partnership with the community
- Community development approach
- Knit the development with the wider community
- Integration of public and private
- Coordinated approach to site management
- On-site management presence
- Ongoing community building strategy