

THE CONSTELLATION PROJECT

The Constellation project is driving action through collaboration we share a vision to end homelessness within a generation

FEDERAL & STATE CO-FUNDING

The Federal State Co Funding team was one of the original Social Lab teams incubated by The Constellation Project. The team has worked over the 3 cycles of the Constellation's 'More Homes' initiative.

The team worked together on a core concept of enhancing Federal and State government funding supply to develop more affordable and social housing. The team's prototypes and concepts were tested via economic and financial models developed by skilled technical professionals who were guided by subject matter experts from the Community Housing sector.

This presentation provides an overview of the teams achievements and growth since it's incubation as part of the 'More Homes' Initiative in 2019 through to it's progress and achievements in 2020. Highlighted in this presentation is the team's collaboration with The Department of Communities of Tasmania ("Housing Tasmania") to develop an Economic Feasibility Tool to assist Housing Tasmania with the allocation and development of more social and affordable homes. An overview is also provided of the team modelling methodology behind it's Economic Feasibility Tools and how this is to evolve to assist a wider range of stakeholders from Government, The Community Housing Sector and private capital in the allocation of funding to develop more Social and Affordable homes.

The Fed State Co Funding Team Journey

The Federal State Co Funding team was one of the original Social Lab teams incubated by The Constellation Project. The team has worked over the 3 cycles of the Constellation's 'More Homes' initiative.

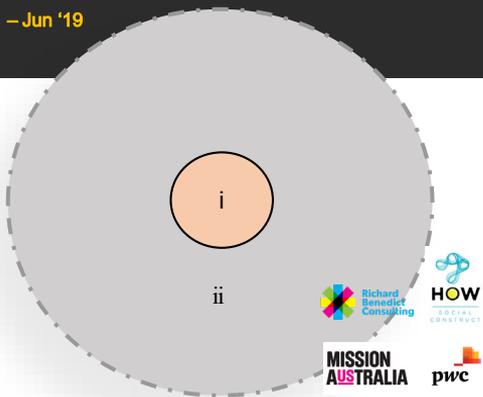
The team worked together on a core concept of enhancing Federal and State government funding supply to develop more affordable and social housing. The teams concepts were tested via economic and financial models developed by skilled technical professionals who were guided by subject matter experts from the Community Housing sector.

The team is composed of a diverse range of professionals, who worked together to develop tested strategic models in partnership with Community Housing Providers, the Private Sector, Government Bodies and our other Lab Team Partners.

Our mission over our cycles of work and going forward is to utilize our team's skills in developing more efficient funding solutions to enhance and significantly increase social and affordable housing supply

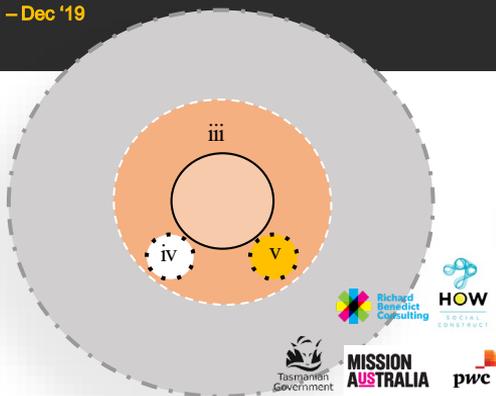
Cycle One

Mar '19 – Jun '19



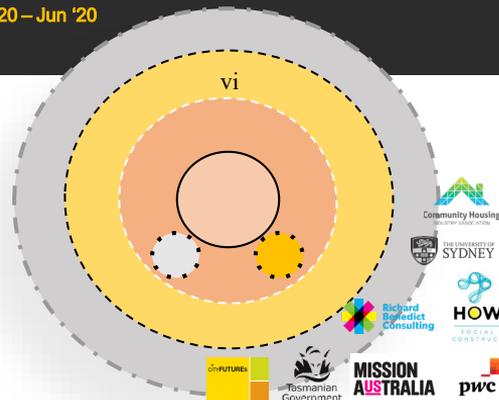
Cycle Two

Sep '19 – Dec '19



Cycle Three

Mar '20 – Jun '20



- i. The **'Core Lab' team** is established and the Fed State Co Funding Team begins its constellation Journey
- ii. The team engages in a **discovery phase** developing a prototype model that is presented at the June 19 Wrap event that still needs to be tested.

During the discovery phase the core lab team work towards identifying potential jurisdictions at a state level where a potential model can be implemented in.

- iii. The **Department of Communities of Tasmania ('Housing Tasmania')** collaborate with Core Lab Team to develop a feasibility tool to address social housing supply and development in the Tasmanian Context
- iv. A **Project Control Group** is created between The Constellation Project and Housing Tasmania to oversee the development of a Feasibility Tool
- v. Technical experts are onboarded (**actuarial and economic modellers**) to develop a tool which is successfully handed over at the conclusion of cycle II to Housing Tasmania

- vi. The Fed State team has now adapted the model Feasibility Tool developed in Cycle I & II to be applied to a wider context.

A **collaboration with external research partners and the Housing Capital Aggregator Team** is established to enhance the capability of the tools developed in previous cycles to calculate subsidy and funding requirements for a portfolio of social and affordable housing developments. Agile modelling approaches are taken in order to develop an open source tool in the future.

The Tasmanian Collaboration Journey



In June 2019 Department of Communities (“Housing Tasmania”) attended the Cycle I wrap event to learn about The Constellation Project. This initial introduction led to a collaboration between the Fed State Co Funding team and Housing Tasmania on the development of an Economic Feasibility tool. A timeline of key milestones is outlined below:

June '19 – Housing Tasmania attend Cycle 1 Wrap Event

July '19 – Fed State team propose a collaboration with Housing Tasmania

August '19 – Constellation present to Tasmanian Parliamentary Commission on housing affordability in Tasmania

Sept '19 – Project Control Group established and collaboration on tool commences

Nov '19 – Workshops undertaken in Hobart

Dec '19 – Tool handed over by collaboration team to Housing Tasmania

A Project Control Group was established alongside the core lab team to oversee confidentiality and risk mitigation of the collaboration. The collaboration was undertaken via 3 workshops onsite in Tasmania and utilizing digital virtual platforms, by a lab team comprised of members of Housing Tasmania and The Constellation Project.

At the conclusion of the project a fit for purpose and dynamic Feasibility Tool was handed over to Housing Tasmania to assist with their mission to help the wider Tasmanian community.

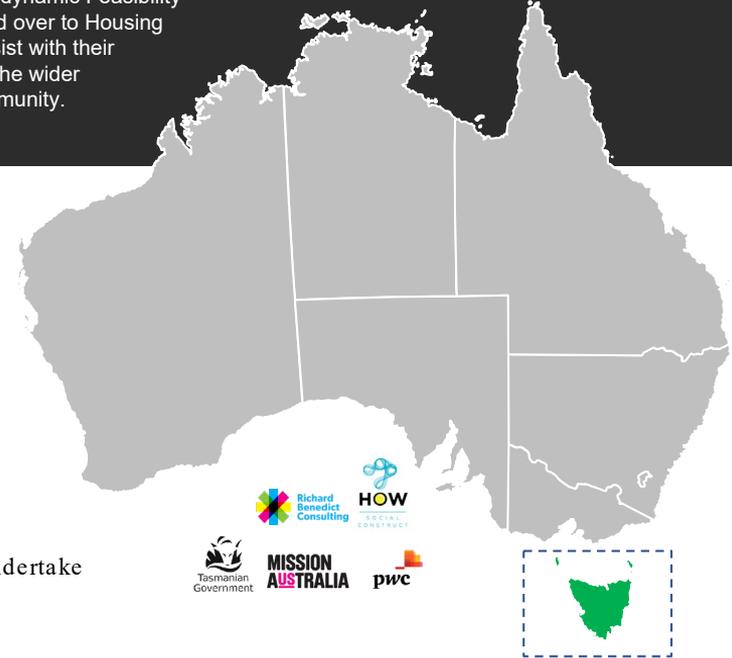


Peter White
Deputy Secretary
Housing, Disability and Community Services

What we intended and achieved in the Tasmanian context:

Co-design of flexible tool that is adaptable to circumstances

- Better understanding of housing demand
- Being able to determine what type of housing was required to meet the demand and undertake informed strategic planning
- Modelling of costs to provide housing types matched to demand
- Potential outcomes and benefits of new supply



Key questions and tasks



HOW we stayed focused

Four Key questions

What is the unmet demand for social and affordable housing?

Match appropriate housing profile that needs to be developed to meet unmet demand

How can this housing be financed and delivered most efficiently and effectively?

What are the social and economic benefits from closing the gap in Tasmania?

WHAT does The Tool do?

Key Outputs

Unmet Housing Demand “The Gap”

Calculate the unmet demand based on existing and future housing supply construction pipeline. This was undertaken at a Local Government Area (LGA) level across a particular State or Territory

What type of housing is needed to close The Gap

Provide the EFT users the ability to match different housing typologies that are required across different predetermined user cohorts required to meet the calculated unmet housing demand. This is undertaken at a LGA level.

Construction and Land Costs

Calculate the total land and construction costs that are required to build the required housing profile across each LGA

Financing & Funding Requirements

Calculate the total financing requirements that are required to develop the housing profile at a consolidated LGA level across a State or Territory

Economic Benefits

Calculate the estimated economic benefits associated with the development of the housing profile that is required to meet the unmet demand at a State or Territory level

Tasmania Economic Feasibility Tool Overview



HOW does the tool do it?



Outlined below is how the inputs, calculations and core outputs are developed from the EFT

1. User Populated Inputs

This is the input step. The EFT user is required to populate inputs from data sources such as:

- Demographic and housing user profiles
- Construction Costs
- Land Costs
- Financing requirements (debt terms, gearing, government funding)
- Economic benefits

All inputs (with the exception of the financing and economic inputs) are inputted at a LGA level.

Financing and economic inputs are inputted at a consolidated level.

2. Automated Calculation

Automated calculations utilizing the user populated inputs from Step 1 are undertaken. The calculation logic for these calculations are based on the particular scope of the project. Calculation complexity is kept to a minimum and follow best practice modelling guidelines.

Example of calculations undertaken include:

- Total cost and required funding profile (*total cost per dwelling multiplied by number of dwelling*)
- Debt repayment profile (*this is based off debt terms and repayment profiles and is calculated on an annual basis*)
- Equity funding gap calculated as the shortfall of funding required after Government and Debt funding has been injected into the project

3. Dashboard Outputs

A Dashboard is developed incorporating the core inputs and calculations in a presentable and user friendly template.

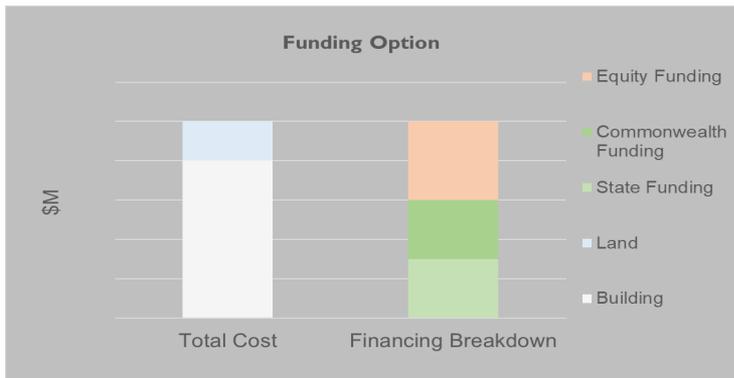
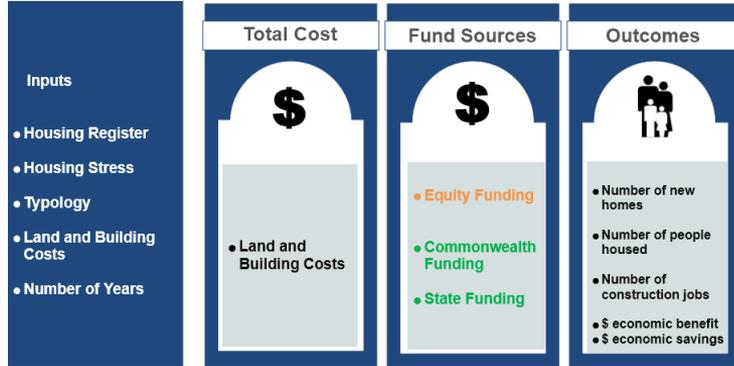
The EFT presently captures the following on it's dashboard summary:

- Total unmet demand
- Total construction need
- Cash Flow and spend profile (calculated for 10 years on an annual timeframe)
- Debt repayment profile
- Total sources and uses of funds (presented graphically and in a table format)
- Total economic cost benefits and savings

Economic Feasibility Tool



Key Outputs from the Tasmanian Economic Feasibility Tool



Uses of the Tasmania Economic Feasibility Tool

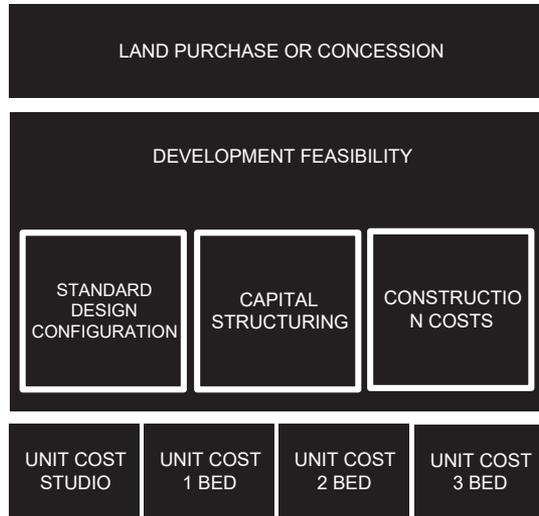
- The tool is **flexible and adaptable**
- Outlines the **Level of housing demand**
- Assists with **Strategic Asset Management** planning
- Assist with a proactive **Procurement** strategy
- Based on an **Area** approach:
 - Local Government Area
 - Regional
 - State-wide
- Outlines **Investment** options

Our Achievements in 2020

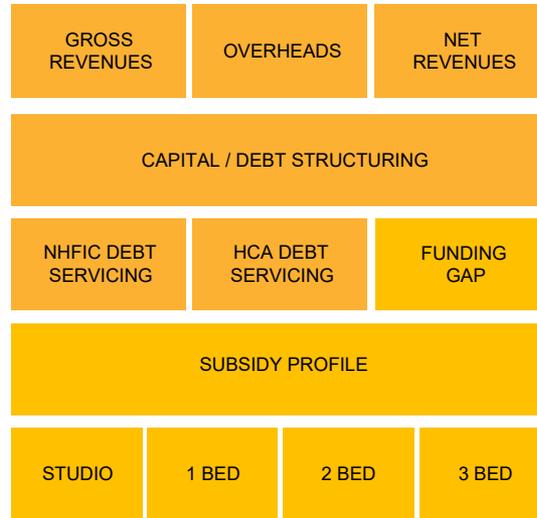


Modelling framework

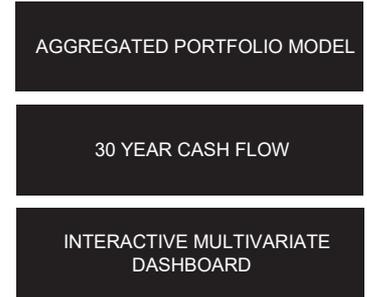
Development Model



Investment Model



Portfolio



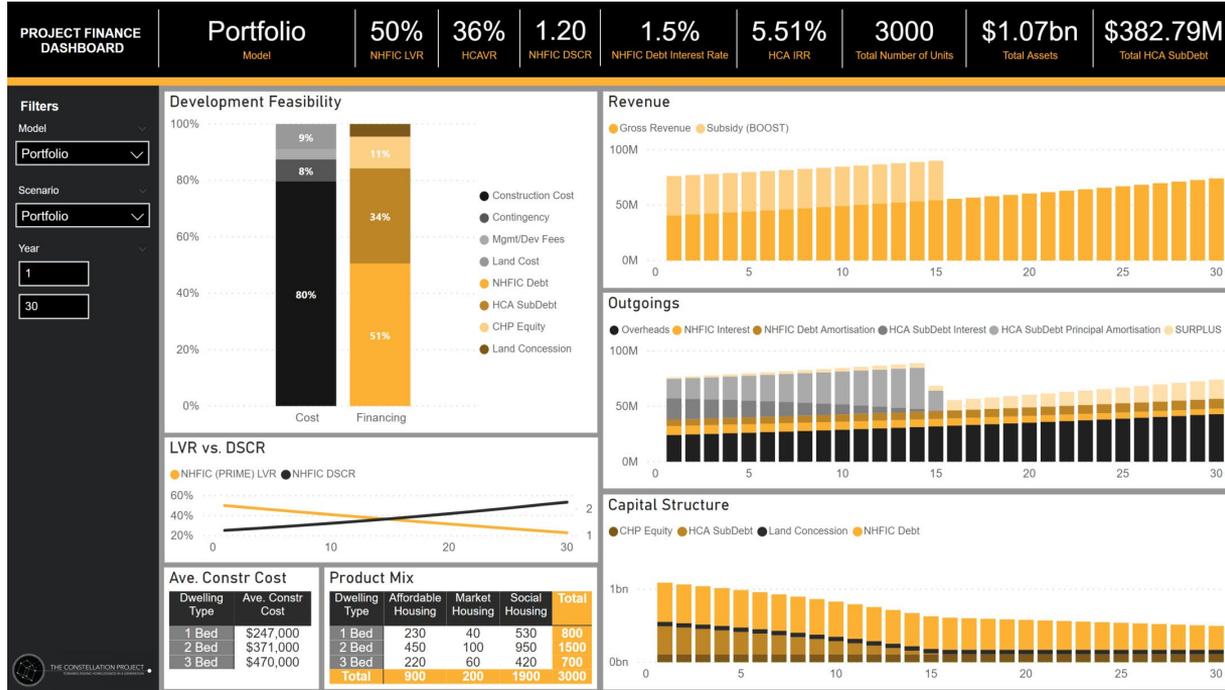
Development of new way of working with our tools

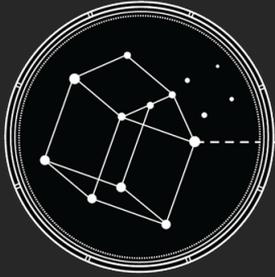


A Dynamic Adaptive Open Source Tool

The Fed State team has now adapted the model Feasibility Tool developed in Cycle I & II to be applied to a wider context.

A collaboration with external research partners and the Housing Capital Aggregator Team has been established to enhance the capability of the tools developed in previous cycles to calculate subsidy and funding requirements for a portfolio of social and affordable housing developments. Agile modelling approaches are taken in order to develop an open source tool in the future.

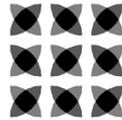




THE CONSTELLATION PROJECT

TOWARDS ENDING HOMELESSNESS IN A GENERATION

the
power of
humanity



CENTRE
for SOCIAL
IMPACT

MISSION
AUSTRALIA

