



BUSINESS PAPER

Supplementary Reports Ordinary Council Meeting Wednesday, 19 June 2024

Date: Wednesday, 19 June 2024

Time: 3.00 PM

**Location: Shire Chamber
Coonamble**

**Tim Horan
Mayor**

Order Of Business

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Nil

10 REPORTS TO COUNCIL

10.31 BUSINESS CASE - MEETING COMMUNITY NEED FOR HOUSING

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Annexures: 1. **Cover Brief CSC Business Case** [↓](#) 
2. **Business Case** [↓](#) 

PURPOSE

The purpose of this report is to seek Council endorsement to the proposal of supplying land and civil works to a selected Community Housing Provider (CHP) subject to a successful outcome with the “Housing Australia Future Fund Facility and National Housing Accord Facility” (HAFF).

EXECUTIVE SUMMARY

The HAFF is a \$10 billion investment fund established by the Federal Government and managed by the Future Fund. The income generated by the HAFF will provide disbursements used to deliver 20,000 new social and 10,000 new affordable homes over five years, including housing to support acute housing needs.

It became apparent during investigation into the Housing Australia Future Fund Facility and National Housing Accord Facility grant that Council were not an eligible body for the grant and needed to align itself with a Community Housing Provider (CHP) to be considered for the scheme funding.

Council engaged the Astrolabe Group to undertake a business case in meeting community need for housing. The purpose of the business case was to identify an optimal option for Council to develop social and affordable housing for the Coonamble LGA with the aim of:

- Having a range of options to meet the community needs.
- Attract and retain essential skills and create a diverse population.
- A cost effective, quality and timely delivery of affordable housing.
- Identify whether to work with a CHP, sell land to a developer and build to hold and rent.

BACKGROUND

It has been widely recognised that there is a housing shortage across the nation and the Coonamble LGA also falls within the shortage with record low rentals available on the market.

Council has recognised that it needs to be a leader for the community to address the housing shortage and made a critical decision to identify its own land stock for residential purposes and also purchased suitable land for development.

Council also identified the need to partner with a Community Housing Provider (CHP) to be considered for the “Housing Australia Future Fund Facility and National Housing Accord Facility” (HAFF).

The HAFF funds housing for a period of 25 years commencing from the approval of the application through the site development and completion of the developed housing.

Three CHP's were invited to attend a market sounding session hosted by Astrolabe Group and dialogue was then opened with the three CHP's being;

- Orana Support Services (Dubbo based) - Available and ready for round one of HAFF and meets the immediate needs of Council.
- Housing Plus – not ready for round one but prepared to partner for round two.
- CHL/AAHS - not ready for round one but prepared to partner for round two.

Orana Support Services were identified as the preferred CHP and a decision was made to support their application as they clearly understood and were committed to project arrangements for the HAFF program, they are a financially sound entity and have strong experience operating as a CHP.

The application is for 50 dwellings which include a combination of affordable and social dwellings comprising of two , three , four-bedroom houses and three-bedroom town houses. Ten of these houses will be provided to Council for low-income staff with Council.

(a) Relevance to Integrated Planning and Reporting Framework

The housing strategy addresses the social and low-income housing with the LGA as well as short-term and longer-term skills shortage for not only Councils Day labour operations but industry in general.

(b) Financial Considerations

- Estimated cost of development of the land is in the order of \$4.5million or around \$90k per block.
- Council provides the land and absorbs the original cost of purchase.
- CHP is responsible to source the necessary finance and funding/equity/loans that is associated with HAFF.
- The CHP will be responsible for the ongoing management and maintenance and revenue schemes for managing the houses.
- The indicative cost for 50 dwellings across the sites is in the order of \$32.5million.
- Up to ten houses will be provided to council for low to very low-income council staff.

COMMENTARY

A significant proportion of our residents are “essential workers” with moderate income and access to suitable and affordable housing is a key cause to the challenge in retaining a diminishing population.

It has been identified that Councils strategy aligns with the Federal, State and Local strategies and Policies.

(a) Governance/Policy Implications

CSC Local Strategic Planning Statement – Provide health, aged care and housing diversity across the Shire.

CSC Community Strategic Plan 2022 - 2032 – Create planning framework that strengthens the balance of competing land use interest to minimise risks to the community including the availability of suitable land and adequate affordable housing.

Western Plains Regional Economic Development Strategy -2023 – Key worker housing improve the liveability and housing availability for population and skills growth

(b) Legal Implications

Not applicable at this point, the legal process of transfer of assets will be subject to the successful outcome of the HAFF.

(c) Social Implications

Reduction of rental stress and risk of homelessness.

An opportunity for population and employment growth. Attraction of a diverse population of people and skills to increased demand of goods and service.

Increase social inclusion, diversity and community satisfaction with the creation of quality housing and reduce workforce challenges for local businesses.

(d) Environmental Implications

Nil at this point.

(e) Economic/Asset Management Implications

There are significant economic implications associated with the land development with the creation of quality housing and reduce workforce challenges for local businesses.

There are asset management implications surrounding the creation of a new subdivision with roads and other infrastructure. Should Council provide the land in kind for the housing to a CHP as the housing stock will remain under the ownership of the CHP.

(f) Risk Implications

Key risks were identified in the business case prepared by Astrolabe Group.

CONCLUSION

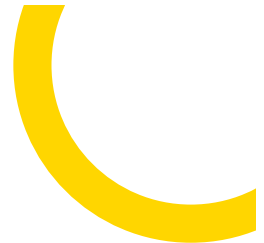
The total cost of the development to supply around 50 dwellings is in the order of \$35million.

The lowest risk to Council is working with Orana Support Services to deliver community housing, by using the HAFF program Council does not need to fund the building construction estimated in the order of \$30million, the ongoing tenancies will

be managed by Orana Support Services who's experience, and capabilities eliminates the need for Council to expand is scope and mitigates risk to Council.

RECOMMENDATION

That Council endorse the proposal of supplying land and civil works at no cost to Orana Support Services being the selected Community Housing Provider (CHP) subject to their successful outcome with the "Housing Australia Future Fund Facility and National Housing Accord Facility" (HAFF) for the development of a combination of social and affordable housing in the Coonamble LGA.



Project	Developing HAFF submission, Coonamble Shire Council	Ref	519
Document Purpose	Business case cover brief		
Date	1 May 2024		

Purpose

This business case cover brief provides commentary to be read and understood in conjunction with the business case.

Background

Astrolabe were engaged by Coonamble Shire Council (Council) to assist them in their Housing Australia Future Fund (HAFF) bid and a subsequent business case to justify Council’s decision to provide land and servicing costs to Orana Support Services (Orana) in their HAFF bid.

The business case assesses three options for achieving more housing in Coonamble:

- Option 1: Working with Orana
- Option 2: Sell land to a developer
- Option 3: Build to hold and rent

The business case seeks to identify an optimal option for Council to develop additional social and affordable housing in Coonamble.

Analysis

Council’s upfront investment of \$5 million, for the cost of the land and servicing each lot, used as equity in the HAFF enables the development of 50 dwellings at a low cost to Orana, with HAFF taking the finance and development risk burden pressures. Without the HAFF, the cost to develop, be that by Council or a private developer, are substantial and require significant returns by the developer to make it an attractive proposition.

Based on the costs provided the average cost per dwelling works out at \$753,405.80, with an average HAFF availability payment per dwelling per annum would be \$34,555.55 (applicable only to the first option). This cost per dwelling is consistent for the other two (non-HAFF) options, excluding the HAFF availability payment. The proposition based on these costs is not compelling enough to offer the margins required by developers, using a conservative 20% margin on costs. What this implies is that the HAFF option is the best option to enable development that would not be tenable by the private market and enable the best outcome and mix of housing options for Coonamble.

Limitations and considerations

We didn’t sight Orana’s final application, nor were we privy to their pro forma and financial figures other than what was provided on a site by site basis with high level costs (see Appendix 2 of the



business case). Furthermore, it's unclear how much of the land and servicing costs council offered Orana was provided as equity in their application.

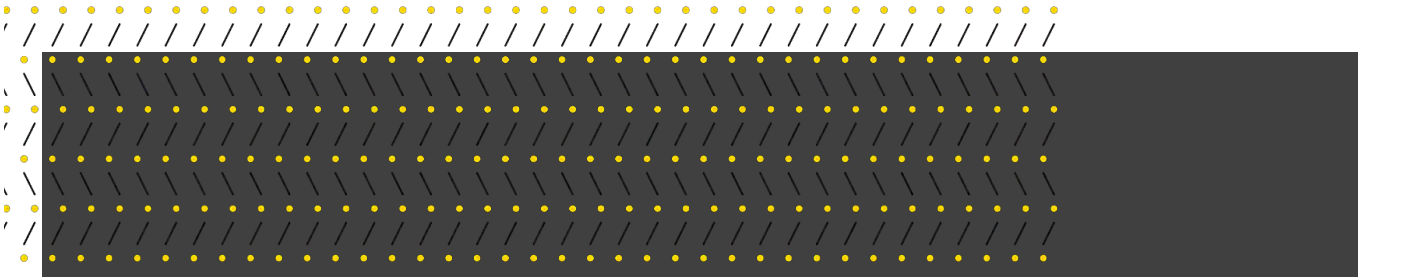
We recommend if Orana is not successful in this round of the HAFF, that Council:

- Re-run the market sounding/EOI process for round 2 of the HAFF to provide other Community Housing Providers with an opportunity to present their case for managing housing in Coonamble.
- Prepare a set of requirements for the build of the specific housing required and obtain three quotes for the build to ensure the financials are robust and consistent with market rates.
- Ensure Council has a role in the quality assurance of the HAFF application before it gets lodged.



Meeting community need for housing

Business Case



For Coonamble Shire Council

May 2024



About Astrolabe Group

Astrolabe Group are the recognised experts in urban growth and change management with a uniquely empathetic approach to client and community.

This report was prepared for Coonamble Shire Council.

In preparing the report, Astrolabe has made every effort to ensure the information included is reliable and accurate. Astrolabe is unable to accept responsibility or liability for the use of this report by third parties.

Acknowledgement of Country

In the spirit of reconciliation, Astrolabe Group Acknowledges the Traditional Owners of Country throughout Australia and their continuing connections to land waters and community.

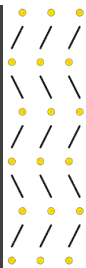
We show our respect to elders past and present. We acknowledge that we stand on Country which was and always will be Aboriginal Land.



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1. Executive summary

Purpose

This business case seeks to identify an optimal option for the Coonamble Shire Council (Council) to develop additional social and affordable housing in Coonamble.

Through housing development, the Council aims to:

- Encourage a range of housing options to meet community needs
- Attract and retain essential skills and a diverse population
- Ensure cost-effective, quality and timely delivery of affordable housing

Background

Coonamble is experiencing severe housing shortages with record low rental housing availabilities. Over the past two years, the vacancy rates were less than 1% over extended periods.

In an effort to provide more housing, Council has purchased three parcels of land in Coonamble. Now Council must make a critical decision regarding how the land should be developed, considering key elements such as resourcing requirements, project timeframes and final outputs.

Council has identified an opportunity to attract a Community Housing Provider (CHP) to oversee the build and management of the properties, leveraging the Housing Australia Future Fund (HAFF) program. While Council will need to absorb the cost of the land and civic works, the HAFF program offers the promise that social and affordable housing can be delivered successfully and rapidly.

Council has completed a market sounding process and identified Orana Support Services as their preferred CHP. Orana has demonstrated its commitment to Council and applied for HAFF funding. It is expected that a total of 50 dwellings will be developed.

Commentary

Addressing housing shortages, rental stress and housing affordability are key items on the agenda of Federal, State and Local Government. This also aligns with the priorities identified in the Coonamble Community Strategic Plan.

This business case has reviewed a range of other options for housing development. These include selling the land to private developers/owners, managing the development and tenancies in-house, and providing raw land to a CHP. However, none of the alternative options can sufficiently address the three objectives listed above.

Conclusion and Recommendation

This business case recommends endorsing the proposal of providing the land and civil works to the selected CHP, Orana, at no cost, subject to a successful HAFF application outcome. This solution provides the most immediate housing relief and ensures an efficient development phase. It will also put in place a professional and sustainable management system, ensuring the smooth running of future tenancies.

2. Case for change

2.1 Background

This business case seeks to develop additional social and affordable housing in Coonamble on three separate parcels of land owned by the Coonamble Shire Council (Council).

The objectives of this business case is to:

- Encourage a range of housing options to meet community needs
- Attract and retain essential skills and a diverse population
- Ensure cost-effective, quality and timely delivery of affordable housing

This business case uses the terms 'housing' and 'dwellings' interchangeably.

Problems and opportunities

Rental and affordable housing shortages

Coonamble Shire Council faces a critical housing issue with record low rental housing availabilities within the LGA. Over the past two years, the vacancy rates less than 1% over extended periods. In January 2024, residential vacancy rates were 0.3%.¹

Lack of rental and affordable housing options impacts the local community negatively. From long-term housing insecurity for the most vulnerable cohorts to extreme rental stress experienced by average residents, the LGA has struggled to retain and attract key workers, impacting its economic and social development. Section 2.2 discuss the implications of housing shortages further.

Developing Council land to address housing affordability

Taking advantage of the potential for Federal funding through the Housing Australia Future Fund (HAFF), Council has identified an opportunity to leverage this subsidy and attract Community Housing Providers (CHP).

With the aim to develop the three parcels of land owned by Council into social and affordable housing, Council considered a variety of options and incentives that will entice CHPs to prioritise Coonamble. Council has determined that, in addition to HAFF funding, providing serviced land at no cost is necessary to deliver the most imminent impact.

Following a market sounding and evaluation process (see Appendix 1), Council has identified Orana Support Services (Orana) as the preferred CHP. In March 2024, Orana confirmed its commitment and submitted a HAFF application to support its proposed development of subsidised and below-market-rate housing in Coonamble. The outcome of the application is due to be announced in September 2024.

This business case seeks to demonstrate Orana as the preferred option for community housing development in Coonamble. It outlines the strategic, economic and social case for this option. Further

¹ SQM Research, Residential Vacancy Rates



details regarding the sites, options considered and financial feasibility will also be explored in later sections.

2.2 Rationale for investment

Council has identified a need for more affordable housing in the LGA to attract and retain diverse skills as well as to encourage a range of housing options for more vulnerable groups, such as older people and families.²

The business case has been developed to respond to the challenges of:

- Lack of housing options and its negative social impact
- Limited ability to attract and maintain skilled labour and workforce

The following section presents data on the current state of each challenge to support the rationale for investment.

Lack of housing options and its negative social impact

Lack of rental availability: The LGA has experienced less than 1% vacancy rate for extended periods over much of the time after July 2021.³ As of January 2024, the residential vacancy rate was at 0.3%.

As shown in Table 1 below, using the 2021 Census and Domain.com data, it depicts the current landscape of rental market within the LGA. The table shows 29.6% of households in the LGA are renters and the percentage of households renting have increase by 3.6% from 2016 to 2021. However, the rental stock available as of March 2024, shows only 3 homes available to rent within the LGA, leaving little to no options for existing or new residents.

Table 1. Demonstrated need for affordable housing.

Percentage of renters 2021	Available stock in 2024 ⁴	Increase in the % of households who are renting 2016 to 2021
29.6% (i.e. 386 households)	4 x 3 bedroom 1 x 2 bedroom 1 x 1 bedroom	3.6%

Lack of modern housing stock: A review of the rental stock found most of the reported dwellings were built during the period between 1950-1980.⁵ This shows that rental stock is aged and there is a lack of current availability of modern, up to date and quality-built sustainable homes for rent.

² Coonamble Shire Council Local Strategic Planning Statement

³ SQM Research, Residential Vacancy Rates

⁴ Domain.com, Number of Rentals on the Market [Accessed 27 March 2024]

⁵ RPData, accessed 8 March 2024



Unmet demand for Social Housing: People in the lowest income households residing within the LGA are being pushed out of the competitive private rental market, and into extreme housing instability and homelessness. The evidence presented in Table 2 indicates total potential need for more affordable housing in the Coonamble LGA.

Table 2. Demonstrated need for social housing.

% very low-income private renters in stress (2021) ⁶	Number of very low-income private renters in stress (2021)	People experiencing homelessness (2021)	Total dwelling potential need
76.6%	79	24	113

Limited ability to attract and maintain essential workforce

Vacant roles hinder social and economic development: At the time of writing there were 13 job vacancies on Seek for key roles across several sectors within a 50km radius of Coonamble. Coonamble Shire Council have a demonstrated high level of unmet need for affordable housing for key workers.

The impact of this issue directly impacts Council's ability to action strategic decisions to deliver public good, due to job vacancies in Council. An example of this is noted in the Council's 2022-2023 Annual report, where the delivery program action is to 'develop and action plan to address the housing issues within our communities'. The progress on this action is at 0% as Council is unable to full the job vacancy of multiple planning, regulatory and compliance roles.

Challenges retaining existing workforce: A significant proportion of Coonamble residents are essential workers with moderate incomes. The three largest industries employing Coonamble residents include:

- agriculture, forestry and fishing (364 workers)
- health care and social assistance (189 workers)
- education and training (185 workers).⁷

Access to suitable and affordable housing cause a challenge in retaining these essential workers and has led to the slow decrease of Coonamble's population.

Long commute put a strain on workers: Lack of local accommodation results in long travel time and dissuades workers from seeking employment opportunities in the Coonamble LGA.

A total of 13% of workers in Coonamble travel from outside the LGA. The top 3 places include Gilgandra, Warrumbungle and Dubbo. A one-way commute takes a 1hr, 1hr 11min and 1hr 45min by car respectively.

⁶ Percentage of very low-income households (earning less than 50% of median equivalised household income) paying more than 30% of their gross household income in rent. Source: ABS 2021.

⁷ ABS Census 2021



2.3 Strategic alignment

This section outlines the proposal’s alignment with various federal, state and local strategies and policies. It draws on specific elements of the proposal to demonstrate relevant actions, priorities and targets across the three levels of government.

Federal

Strategy	Relevant policy intention	Alignment
National Housing Accord ⁸	Support an additional 10,000 affordable dwellings over 5 years from 2024 through an availability payment model, to be delivered at an energy efficiency rating of seven stars or greater.	The proposal contributes directly to the affordable dwellings target with Orana’s NatHERs ⁹ rating is minimum 7-stars.
Housing Australia Future Fund ¹⁰	Federal Government initiatives to improve housing outcomes for Australians and will collectively support the delivery of 20,000 new social and 20,000 new affordable homes across Australia over five years.	The proposal looks to develop homes with a housing mix of both social and affordable.
National Housing and Homelessness Plan ¹¹	Improving access to affordable, safe and sustainable housing across the housing spectrum, including to prevent and address homelessness, and to support social and economic participation.	The proposal will support existing residents by providing housing options, particularly key workers and attract new workers through housing availability.

⁸ <https://ministers.treasury.gov.au/ministers/julie-collins-2022/media-releases/national-housing-accord-working-together-help-tackle>

⁹ Nationwide House Energy Rating Scheme

¹⁰ <https://www.housingaustralia.gov.au/housing-australia-future-fund-facility-and-national-housing-accord-facility>

¹¹ <https://www.dss.gov.au/housing-support-programs-services-housing/developing-the-national-housing-and-homelessness-plan>



State

Strategy	Relevant policy intention	Alignment
NSW 2040 Economic Blueprint	The Economic Blueprint highlights the need for 'Productive, vibrant regions.'	Key workers are critical for training the regional and rural workforces that underpin a prosperous economy. The current key worker housing shortage is also imposing a large economic cost, which can be reduced.
State Infrastructure Strategy 2022	Pursue investments and policies to enable diverse and affordable housing in regional and metro areas, including for low-income workers who provide essential service delivery.	The Business Case directly delivers on this immediate priority.
The NSW Government Teacher Supply Strategy 2021 – 2031	The strategy is centred around 'teachers [as] the most important factor in the success of our students and schools.' It is recognised that teacher supply is more challenging in rural and remote areas.	Attraction, retention, training and incentivisation priorities rest upon the assumption that teachers have access to accommodation that supports them to work in regional and rural areas.



Strategy	Relevant policy intention	Alignment
<p>Making it Happen in the Regions: Regional Development Framework 20-Year Economic Vision for Regional NSW</p>	<p>The 20-Year Economic Vision outlines the potential and opportunities for regional NSW, with the Regional Development Framework identifying how this potential, amenity and growth will be achieved. The Framework emphasises that:</p> <ul style="list-style-type: none"> • ‘The NSW Government recognises the importance of ensuring all regional communities can access the essential services of a modern economy.’ • ‘The NSW Government is taking a holistic approach to regional development.’ <p>‘The NSW Government recognises the need to be more strategic and better coordinated if it is to make a difference, particularly in addressing some of the serious issues facing regional NSW such as pockets of youth unemployment, social disadvantage, changing economic opportunities and increased competition.’</p>	<p>The current approach to key worker housing is not holistic, coordinated, strategic or delivering the services that Government recognises are needed to overcome serious issues and enable regions to reach their economic potential.</p> <p>Addressing key worker housing shortages is an important step in equipping local communities to realise their economic potential and liveability. It also avoids the significant economic and fiscal costs associated with current key worker housing shortages.</p>
<p>The Rural and Remote Education Strategy, 2021-2024</p>	<p>The strategy’s vision is that ‘every child in regional NSW has access to the same quality of education as their metropolitan peers.’</p>	<p>Teacher shortages due to lack of suitable accommodation means this vision is not currently being realised.</p> <p>Delivery of this strategy rests on the assumption that key workers have access to accommodation.</p>



Strategy	Relevant policy intention	Alignment
The NSW Government Rural Health Plan, Towards 2021	Enhancing the rural health workforce is identified as Strategy One within the Plan.	Delivery of this Plan rests on the assumption that health professionals have access to accommodation.
Western Plains Regional Economic Development Strategy – 2023 Update	<p>Improve access to health care, aged care, education and childcare to attract and retain working age people and families.</p> <p>Improve liveability and housing availability to enable population skills growth and community wellbeing.</p>	Key worker housing solutions support these regional initiatives.

Local

Strategy	Relevant policy intention	Alignment
Coonamble Shire Council - Local Strategic Planning Statement ¹²	Provide health, aged care and housing diversity across the Shire to assist in aging in place and support a diverse community.	Provision of diverse housing options directly supports key workers in education and health and keep them from moving to other areas.
Coonamble Shire Council Community Strategic Plan 2022 to 2032	Amend and create planning frameworks that strengthen the balance of competing land use interest, and minimises risks to community including availability of suitable land and adequate affordable housing.	Council's purchase of land has secured pockets of land in well located areas for the development of adequate affordable housing.

¹² <https://www.coonambleshire.nsw.gov.au/development/local-strategic-planning-statement>



Strategy	Relevant policy intention	Alignment
Coonamble Shire Council Annual Report 2022-2023	Minimise risks to the community including the availability of suitable residential and adequate affordable housing.	Housing related actions are not progressing due to job vacancies in Council. This proposal aims to provide housing to attract key workers needed to support the LGA and their future growth.
Coonamble Economic Development Strategy	<p>Support population growth and creation of employment opportunities and a skilled workforce.</p> <p>Position the LGA as a place where people wish to live, work, visit and invest.</p> <p>Attract new investment that is sustainable and compatible with community aspirations and the LGA's environment.</p>	The proposal aims to support the economic growth of the LGA and secure housing to attract and retain a skilled workforce.

2.4 Expected outcomes

This business case seeks to leverage funding and expertise from the Commonwealth and Community Housing Providers, to produce subsidised and below-market housing in Coonamble.

The outcome is linked to the development of critical housing to address the lack of housing supply in the LGA to support existing residents, attract and retain skilled labour and workforce. Table 3 details expected outcomes along with the associated benefits and beneficiaries.



Table 3. Expected project outcomes, benefits and beneficiaries.

Outcomes (what will happen)	Benefits (why is it good? Is it Measurable?)	Beneficiaries (good for who?)
Increase in housing options and availability	Reduced rental stress and risk of homelessness. Decrease financial cost of providing rental assistance. Opportunity to develop and deliver community housing operations in Coonamble	Local residents Government CHP (Orana)
Increase employment opportunities through construction projects	Increased income generation for workers. Enhances skills development and experience for workers. Increase spending during construction further stimulates the economic activity of retail, hospitality and other services	Local residents Businesses Government
Increase population, output and productivity	Attracts diverse population of people and skills leads to increased demand for goods and services, leading to higher levels of consumption, investment and economic activity.	Businesses Government
Reduce workforce challenges for local businesses	Attract larger group of knowledge and expertise bringing local businesses workforce talent and capabilities	Businesses Government



Outcomes (what will happen)	Benefits (why is it good? Is it Measurable?)	Beneficiaries (good for who?)
Increase social inclusion, diversity and community satisfaction	Improved community experience. Community revitalisation leading to improved quality of life and attractiveness for residents and business.	Local residents

2.5 Stakeholder & community needs

Table 4 shows a summary of stakeholder sentiments that align with the objectives and outcomes proposed in this business case.

Table 4. Summary of stakeholder and community needs

Stakeholder group	Key findings and outcomes
Council	<p>Business Paper: Ordinary Council Meeting, 13 March 2024</p> <p>Council has recognised the need to develop housing initiatives</p>
Council	<p>Coonamble Shire Council Annual Report 2022-2023</p> <p>Further work will be undertaken in 2023-24 for investigation into the construction of both social and low-income housing and potential partnerships with external stakeholders and government for funding opportunities.</p> <p>Council has also begun the development of workforce strategic planning for the short-term and longer-term skills shortage within our Local Government Area, in particular the needs required to deliver the day-to-day operations of the Council. Partnerships with external stakeholders and government for funding opportunities will be further investigated in 2023-24 to foster job creation opportunities within our shire and for our community, these may include areas within waste and plant operations.</p>



Stakeholder group	Key findings and outcomes
Community	<p>Coonamble Shire Council Community Strategic Plan (CSP)</p> <p>The CSP is Coonamble Shire Council’s key planning document for the future. It is developed through community consultation and public exhibition. During engagement, the community has expressed the following observations and desires:</p> <ul style="list-style-type: none"> • There is a great need for rentals but there is no available housing. • The biggest barrier to sustainability and growth for our local businesses and industries is workforce challenges. Skill shortage can be seen in early childhood educators and Council skill shortages and vacancies. • Building capacity in the local workforce is essential.



3. Analysis of the proposal

3.1 Objective & indicators

Table 5. Proposal objectives and success indicators.

Key problem/issue	Key proposal objective	Key success indicator
<ul style="list-style-type: none"> Lack of housing options, including social and affordable housing options Limited ability to attract and maintain skilled labour and workforce Negative social and economic impact associated with above issues 	Encourage a range of housing options to meet community needs	<ul style="list-style-type: none"> Increased number of social housing Increased number of affordable housing Reduction in percentage of residents experiencing rental stress
	Attract and retain essential skills and diverse populations	<ul style="list-style-type: none"> Reduction of residents moving away due to lack of housing availability Reduced workforce challenges for local business
	Ensure cost-effective, quality and timely delivery of affordable housing	<ul style="list-style-type: none"> Reduction in overall project cost to Council and complexity CHP's ability and availability to undertake this project Expected project commencement and completion date Proposed outcomes meet Council target (~50 additional dwellings)

3.2 The base case

Renting a home in Coonamble is highly competitive due to the lack of available options. This competition leads to lower-income households being pushed out of the housing market or are left with unsuitable housing stock. With much of the housing stock built in between 1950 and 1980, availability of modern and quality-built homes for rent is uncommon.

Coonamble's surrounding Councils reported higher vacancy rates in January 2024, offering more housing options for those being pushed out of Coonamble's housing market. Warren Shire Council,



located over a one-hour drive from Coonamble has a vacancy rate of 4.5%, signalling better availability of housing¹³. Other areas in which the residents have moved include Dubbo and Tamworth¹⁴ who also have higher vacancy rates of 0.9% and 1.4% respectively in January.

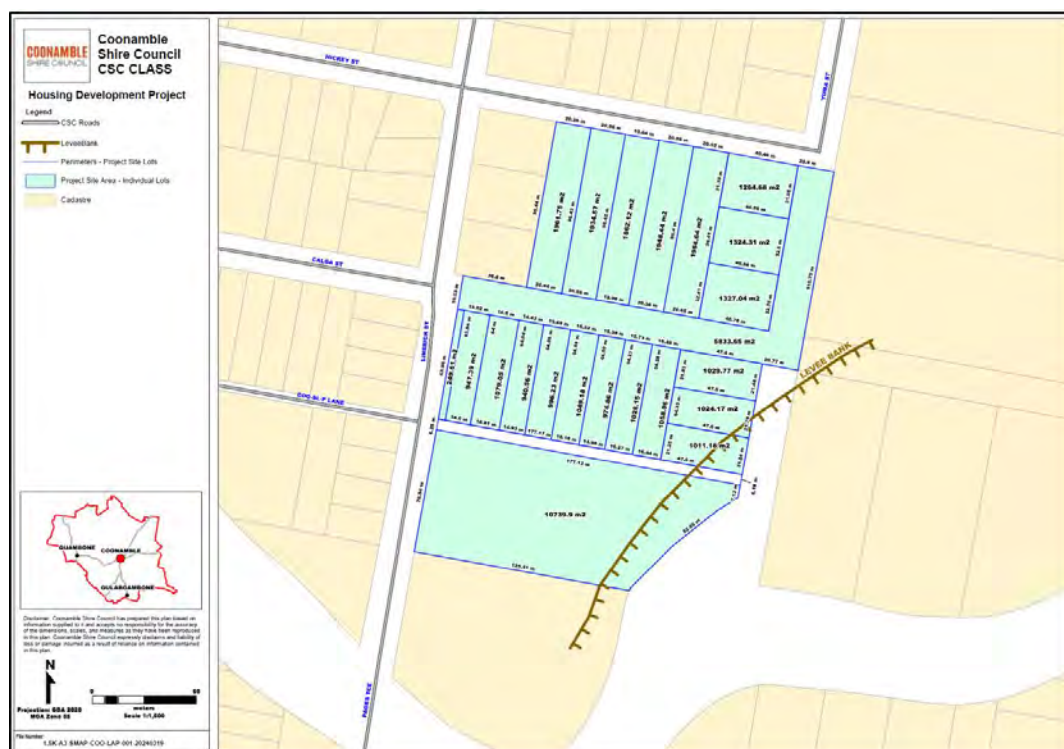
Council's intent to address housing availability led to the purchase of 3 parcels of land for development. These parcels of land aim to bring about up to 50 new homes.

The below section details the land and the mix of housing Council had identified.

Site 1: Hickey street

Approximate lots: expected to hold 25 homes and 6 townhouses.

Preferred housing mix: low income and social housing



¹³ https://sqmresearch.com.au/graph_vacancy.php?mode=p&postcode=2824&t=1

¹⁴ ABS Census 2021 Usual Residence (compared to 5 years ago).



Site 2: Old Sawmill Site – Yarran Street

Approximate lots: 20 houses (>750sqm per lot)

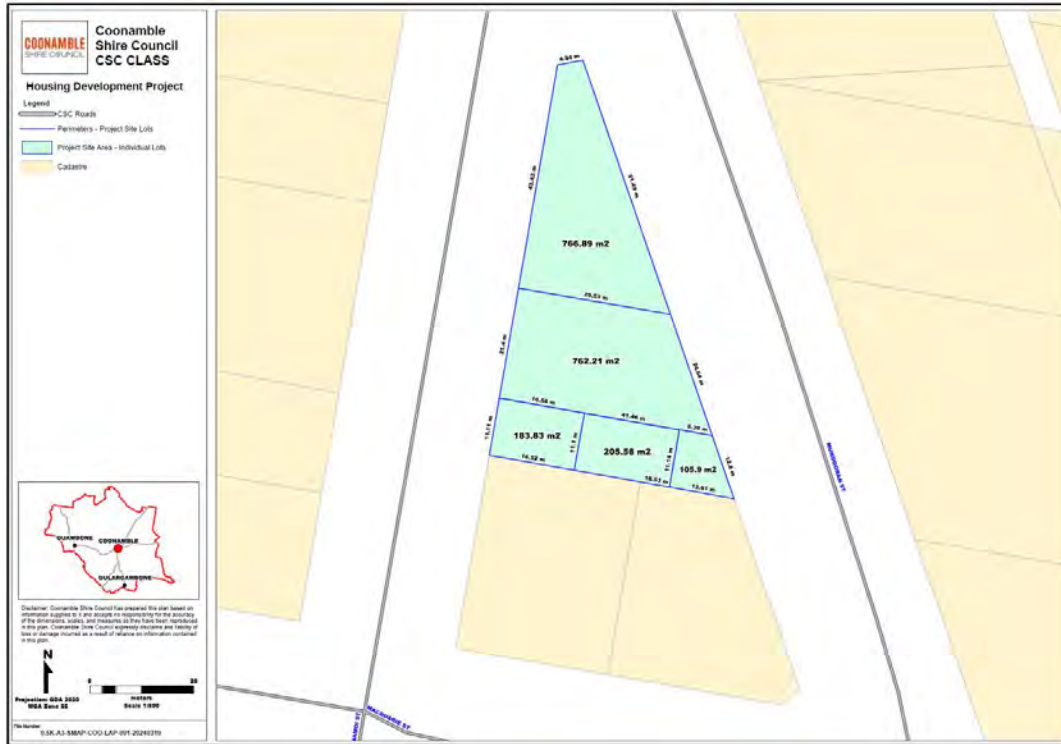
Preferred housing mix: social housing



Site 3: Namoi Street

Approximate lots: 4 houses

Preferred housing mix: low-income housing



3.3 Options considered

Option 1: Council provides serviced land to CHP and supports their application for HAFF

This option is the recommended option.

This option involves the Council providing Orana with the three serviced sites for the development of social and affordable housing. Orana will utilise the HAFF program (approval pending), which provides funding and requires construction to commence within 18 months. Orana will manage the build and operate the tenancies. In return, Council will receive a minimum of 10 dwellings to be provided for low—to very low-income Council staff.

Strengths and opportunities	Constraints
<ul style="list-style-type: none"> • Community Housing Provider Orana has committed to the development • Approximately 50 houses will be developed, including social, affordable and Council staff housing • Streamlining planning process as Council will complete civil works and construction will commence within 18 months • Project delivered and managed by a CHP with sector expertise and experience • Utilise HAFF funding • Council’s goodwill and contribution enhances its reputation 	<ul style="list-style-type: none"> • Not recovering the costs of land purchases • Council needs to deliver and cover the costs of civil works • HAFF application must be successful

Option 2: Council sells land (market rate)

This option involves Council selling the three sites to develop housing at market rate. While this option might increase the total dwellings in Coonamble, it may not address rental shortages or housing stock diversity as people who are unable to purchase a home are left out. Compared to Option 1, Council is unable to control when new housing will be built and who will benefit from the new homes.

Strengths and opportunities	Constraints
<ul style="list-style-type: none"> • Council could recover the costs of land purchases (partial or full) • Likely to lead to more housing development in the private market 	<ul style="list-style-type: none"> • High uncertainty regarding when the land will be developed • High uncertainty regarding whom this will benefit as private development is less likely to become affordable rentals

Option 3: Council builds houses - build houses to hold and rent

This option requires Council to develop houses and manage them. While this is a viable option to address rental shortages, Council has limited capacity in delivering and managing rental properties.



Expanding Council's functions can therefore be inefficient and create resource constraints. Compared to Option 1 where tenancies are professionally managed, Council is expected to perform the function of a CHP without the expertise and additional resources.

Strengths and opportunities	Constraints
<ul style="list-style-type: none"> Council can determine the development timeline and number of houses to develop, including social, affordable and Council staff housing 	<ul style="list-style-type: none"> High investment and increased risks and responsibilities for Council to oversee three residential developments Ongoing management will require additional resourcing which Council may not be able provide Securing finance and approvals through Local Government NSW are key barriers to getting this option off the ground.

3.4 Information about the proposal/project

Site specific info and preferred option (Council provide serviced land to CHP)

Scope of Works

The business case seeks to develop social and affordable housing through Orana with funding support from the HAFF. The objective of the business case is to attract and retain a diverse population and encourage a range of housing options appropriate for older people and families.

The new social and affordable housing will be located in Coonamble, on the lands of the Wailwan and Gamilaroi people, across three separate sites and will be managed by the Coonamble Shire Council and Orana Support Services.

Council have agreed that the 3 sites will be fully serviced before being transferred to Orana for development. Orana's HAFF submission proposes the development on all 3 sites with the configurations in Table 6.

Table 6. Orana's proposed development configurations.

Site	Number of homes	Housing mix*	Bedroom configuration
Site 1	26	<ul style="list-style-type: none"> 26 x affordable housing 	<ul style="list-style-type: none"> 5 x 2-bedroom house 12 x 3-bedroom house 6 x 3-bedroom townhouse 3 x 4-bedroom house
Site 2	20	<ul style="list-style-type: none"> 18 x social housing 	<ul style="list-style-type: none"> 3 x 2-bedroom 8 x 3-bedroom 7 x 4-bedroom
		<ul style="list-style-type: none"> 2 x affordable housing 	<ul style="list-style-type: none"> 2 x 2-bedroom



Site 3	4	<ul style="list-style-type: none"> 4 x affordable housing 	<ul style="list-style-type: none"> 3 x 2-bedroom 1 x 3-bedroom
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* A minimum of 10 dwellings will be provided for low to very low-income Council staff.

Proposal Exclusions

This proposal does not include operational expenses.

3.5 Projected costs

Item	Value	Description
Cost of land	\$607,140	Site 1: \$400,000 Site 2: \$187,520 Site 3: \$19,620
Cost of servicing land	\$4,500,000	Site Remediation Costs, Site Preparation, Site Infrastructure and Connection Costs, estimated at \$90,000 per lot/
Cost of building houses (CHP)	\$32,593,150	Orana provided cost to build houses across the three sites.
Cost of managing houses (CHP)		Orana will use the rental income to fund the management and maintenance of the dwellings. The HAFF also makes provisions for the management of properties.
Anticipated rental income (CHP)		

3.6 Rapid socio-economic appraisal

Option	Encourage a range of housing options to meet community needs	Attract and retain diverse skills and population	Ensure cost-effective, quality and timely delivery of affordable housing
Base case: Do nothing			
Option 1: Working with Orana	✓	✓	✓
Option 2: Sell land		✓	



Option 3: Build to hold and rent	✓	✓	
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Only Option 1 (preferred option) responds to the three objectives of this business case: addressing gaps in current housing stock, retain skills and population, and efficient project delivery.

Base case: Council has recently purchased these three parcels of land with a view of developing them into affordable social housing. To do nothing will not address existing issues.

Option 1: Providing serviced land to a CHP at no cost ensures that operating at Coonamble is highly attractive. This has been evident through the market sounding process and Orana’s commitment. This option ensures the Council land can be effectively developed into affordable housing and provide more housing options for local residents and workers. As it will be managed by an experienced CHP, an efficient project delivery is expected, alleviating the need for Council to stretch its resources to facilitate residential development and management.

Option 2: Selling the land for private development will likely lead to additional houses, however this process can take long and it overlooks the demographics that are most in need of affordable rentals.

Option 3: As discussed under Option 1, significant resources will be required for Council to develop and manage new housing. While Council can have full control of the development and ensure more affordable and social housing, coordinating these projects will pose a risk to Council’s resourcing capacity.

3.7 Financial appraisal

A rapid financial appraisal was undertaken for all options (excluding the base case). The financial appraisal was undertaken agnostic of funding sources and made several conservative assumptions for each option. The net present value for each option is based on the discounted cash rate, discounted by 5% over a 25 year period. The figure in the table below is the net cost to Council.

Option	NPV (\$)
Base case: Do nothing	-
Option 1: Working with Orana	-\$5,107,140.00
Option 2: Sell land	-\$28,405,062.29
Option 3: Build to hold	-\$77,877,059.95

Base case: Holding undeveloped land will incur costs and not generate any short-term financial or social benefits.

Option 1: Working with Orana

While Council must contribute approximate \$5 million to facilitate the delivery of community housing, this option carries the lowest risk for Council. By utilising the HAFF program, Council does not need to fund building construction, which is over \$30 million. The project and ongoing tenancies will also be managed by Orana, whose capabilities and experience eliminates the need for Council to expand its scope and protects Council from costs and challenges that may arise as a result of



service expansion, for example personnel and IT systems. Most importantly, this option enables 50 new dwellings of affordable or social housing to be constructed within Coonamble rapidly. They will ensure more workers are housed and reduce the housing stress experienced by local families. Based on the cost inputs the estimated cost per dwelling in this option is \$753,405.80, with an estimated average HAFF availability payment per dwelling of \$34,555.55.

Option 1	Total \$(Year 0 – 25)
CAPEX	
Cost of land (raw)	-\$607,140.00 ¹
Servicing costs	-\$4,500,000.00 ²
Construction costs	-\$32,563,150.00 ³
HAFF principal repayment	-\$31,260,624.00 ⁴
Other costs	\$ -
Retail sale price	\$ -
Discounted cashflows (5% discount rate)	-\$22,224,368.29 ⁵
OPEX	
HAFF subsidy (availability payment)	\$15,841,392.00 ⁶
Interest cost	\$ -
Mmgt	-\$3,000,000.00 ⁷
Rent + CRA	\$18,419,232.00 ⁸
Discounted cashflows (5% discount rate)	\$17,117,228.29 ⁹
NPV (Grand total)	-\$5,107,140.00¹⁰
Assumptions	
<p>Capex is the sum of cost of land, servicing costs, construction costs, HAFF principal repayment, discounted cashflow (5% discount rate)</p> <p>1 Cost of land as given by CSC to Orana, based on the purchase price for the Site 2 and Site 3, Site 1 price is based on Preston Rowe valuation (as communicated by Council on 18 March 2024)</p> <p>2 Servicing costs based on \$90,000 per dwelling, as provided by Council</p> <p>3 This is strategic cost estimate provided by Orana and used in their HAFF application</p> <p>4 HAFF principal repayment based on strategic cost estimate of the total loan amount (i.e. construction costs) divided by 25, paid off over the 25-year payback period of the HAFF.</p>	



5 Discounted cashflow calculated using the social discount rate of 5% per annum, calculated using net present value calculation. See *NSW Government Guide to Cost Benefit Analysis* for more on the social discount rate.

Opex is sum of HAFF subsidy, interest costs, management fees, rent plus CRA, discounted cashflow (5% discount rate)

6 HAFF subsidy based on an estimate only as Orana figures in their pro forma are commercial in confidence and were not provided to Astrolabe, estimate derived from addition of HAFF principal payment +interest +management + rent (incl. CRA)

7 Interest cost is based on a conservative 7% interest

8 Management fee is based on an estimate of \$2,500 per dwelling to manage and maintain per year

9 Rent is based on figures provided by Orana, including the CRA figure for possible rental income for the dwelling types and mix for Coonamble

10 NPV grant total is the addition of the Capex and Opex over the 25 year period using the 5% discount rate for all costs

Option 2: Sell land

As Council purchased the land specifically for development. Selling the land without any development will not deliver community outcomes. There are also two significant risks to Council. First, the land may not be purchased for an extended period of time, requiring the Council to cover holding cost. Second, the land price may decrease if local economic activities continue to suffer without sufficient housing, Council may incur a loss as a result of the sale. A further risk for the developer is the significant cost to fund and service the debt required to build the number of dwellings required, thus making this option unfeasible.

The financial appraisal we undertook assumed a developer would purchase the land at cost and pay for servicing. We also assumed a developer margin on costs of 20%, requiring approximately \$7.5 million on total costs to build to make the venture worthwhile. The retail sale price used in this option analysis used sales data for the last 3 years in Coonamble for 2 bedroom, 3 bedroom and 4 bedroom dwellings to estimate an indicative market value for these products.

Option 2	NPV(\$)(5% discount)
CAPEX	
Cost of land (raw)	-\$607,140.00 ¹
Servicing costs	-\$4,500,000.00 ²
Construction costs	-\$32,563,150.00 ³
Other costs	\$ -
Retail sale price	\$16,585,000.00 ⁴



Developer profit (margin on cost of 20%)	-\$7,534,058.00 ⁵
Discounted cashflows (5% discount rate)	-\$28,405,062.29 ⁶
OPEX	\$0
NPV (Grand total)	-\$28,405,062.29⁷
Assumptions	
<p>Capex is the sum of cost of land, servicing costs, construction costs, retail sale price, discounted cashflow (5% discount rate)</p> <p>1 Cost of land as given by CSC to Orana, based on the purchase price for the Site 2 and Site 3, Site 1 price is based on Preston Rowe valuation (as communicated by Council on 18 March 2024)</p> <p>2 Servicing costs based on \$90,000 per dwelling, as provided by Council</p> <p>3 This is strategic cost estimate provided by Orana and used in their HAFF application</p> <p>4 Retail sale price is based on sales data for similar property types in Coonamble over the past 3 years, price extracted 1 May 2024 from PriceFinder (pulling data from Domain)</p> <p>5 Developer profit margin is calculated as the profit as a percentage of total costs, we have used a conservative profit margin of 20% however this will vary depending on developer, their risk profile and size of the development.</p> <p>6 As per option 1. Noting in this scenario this figure would be the cost Council would have to pay the developer to develop the land for a reasonable rate of return.</p> <p>Opex is assumed to be \$0 as the strategy is to sell the land to a developer who will develop the land and sell at a market rate.</p> <p>7 NPV grant total is the addition of the Capex and Opex over the 25 year period using the 5% discount rate for all costs</p>	

Option 3: Build to hold and rent

The development cost for this option is significant and pose the highest risk to Council from financial, resourcing and operational standpoints. As construction cost escalations are hard to predict and project timeframes often exceed forecast, Council would bear the risks of cost blowout during development. Once operational, Council would also need to be financially accountable for major repairs and day to day operations. Both phases could significantly impact the financial sustainability of Council. Furthermore, Council would need to undertake a business case for Local Government NSW since the capital expenditure would be in excess of \$10 million. Additionally, to secure finance for the build and maintenance of the dwellings Council would likely need to secure a loan, since the construction of housing is outside of Council’s general remit it is likely they would not



be able to secure those funds through TCorp and instead would need to go through a commercial bank.

Option 3	NPV\$(5% discount)
CAPEX	
Cost of land (raw)	-\$607,140.00 ¹
Servicing costs	-\$4,500,000.00 ²
Construction costs	-\$32,563,150.00 ³
Other costs	\$-
Retail sale price	\$-
Principal repayment (over 20 years)	-\$47,464,565.40 ⁴
Developer profit (margin on cost of 20%)	-\$7,534,058.00 ⁵
Discounted cashflows (5% discount rate)	-\$67,929,941.33 ⁶
OPEX	
Debt servicing (interest rate 7%)	-\$19,935,117.47 ⁷
Management costs (incl depreciation)	-\$5,985,561.58 ⁸
Revenue	\$11,959,164.00 ⁹
Discounted cashflows (5% discount rate)	\$3,000,453.47 ¹⁰
NPV (Grand total)	-\$77,877,059.95¹¹
Assumptions	
<p>Capex is the sum of cost of land, servicing costs, construction costs, principal repayment, discounted cashflow (5% discount rate)</p> <p>1 Cost of land as given by CSC to Orana, based on the purchase price for the Site 2 and Site 3, Site 1 price is based on Preston Rowe valuation (as communicated by Council on 18 March 2024)</p> <p>2 Servicing costs based on \$90,000 per dwelling, as provided by Council</p> <p>3 This is strategic cost estimate provided by Orana and used in their HAFF application</p>	



4 Principal repayment based on a strategic cost estimate of what the total loan might be (i.e. construction costs plus developer margin) divided by 20, paid off over a 20 year payback period

5 Developer profit margin is calculated as the profit as a percentage of total costs, we have used a conservative profit margin of 20% however this will vary depending on developer, their risk profile and size of the development.

6 As per option 1.

Opex is sum of interest costs, management fees, revenue, discounted cashflow (5% discount rate)

7 Debt servicing cost is based on a conservative 7% interest rate on the loan amount

8 Management fee is based on a 7% of revenue (i.e. rent), based on a conservative estimate for regional NSW usually estimated at 5 – 12% (source: realestate.com.au)

9 Revenue is rent is based on figures provided by Orana, including the CRA figure

10 NPV grant total is the addition of the Capex and Opex over the 25 year period using the 5% discount rate for all costs

3.8 Proposed funding arrangements

Item	Arrangements
Cost of land	<ul style="list-style-type: none"> • Council provides land and absorbs the original cost of purchase
Cost of servicing land	<ul style="list-style-type: none"> • Council allocates funding to carry out civil works
Cost of building houses	<ul style="list-style-type: none"> • Orana is solely responsible to sources necessary finance and funding, including equity, HAFF subsidy, and any loans that may be associated with this project
Cost of managing houses	<ul style="list-style-type: none"> • Orana is solely responsible for the costs associated with ongoing management and maintenance. The source will include rental income and potentially other revenue streams such as grants.



4. Implementation case

4.1 Program & milestones

The delivery of the proposal is broken into four stages: HAFF application, civil works, construction and occupation. The HAFF funds housing for a period of 25 years from the approval of the application. The proposed program runs from site development through to the completion and operation of the housing developed. A summary of key events is highlighted in Table 7.

Table 7. Key events.

Event	Start	Finish
Market Sounding/EOI process	March 2024	March 2024
Selection of preferred partner	March 2024	March 2024
Council agreement regarding what they're contribution is to the project	March 2024	March 2024
HAFF determination	July 2024	September 2024
Commencement of design process for servicing of land	TBD	TBD
Council secures DA to subdivide and service land	TBD	TBD
Commencement of delivery process for servicing of land	TBD	TBD
Completion of servicing	TBD	TBD
Transfer of serviced land to CHP	TBD	TBD
Delivery of housing management subject to arrangement between Commonwealth government and CHP as a condition of accessing the HAFF	TBD	TBD
Housing becomes operational	TBD	TBD



4.2 Governance

Council have indicated to Orana that they will transfer the nominated sites if Orana are successful in their HAFF application. Council's requirement to Orana once the sites have been transferred is for a minimum of 10 dwellings to be provided for low to very low-income Council staff. Council also requires quarterly progress reports from Orana during development.

Formal governance arrangements are yet to be determined.

The below RACI matrix identifies the proposal's key milestones and associated responsibilities.

Key – R (responsible); A (accountable); C (consulted); I (informed).

Event	Coonamble Shire Council	Orana Support Services	HAFF
Market Sounding/EOI process	R / A	R	C
Selection of preferred partner	R / A	C	C
Council agreement regarding what they're contribution is to the project	R / A	R	-
HAFF determination	I	I	R/A
Commencement of design process for servicing of land	R / A	C	-
Council secures DA to subdivide and service land	R / A	C	-
Commencement of delivery process for servicing of land	R / A	C	-
Completion of servicing	R / A	C	-
Transfer of serviced land to CHP	R / A	R	-
Delivery of housing management subject to arrangement between Commonwealth government and CHP as a condition of accessing the HAFF	I	R / A	R
Housing becomes operational	I	R / A	I



4.3 Key risks

The key risk areas, risks and mitigations associated with the proposal have been highlighted in Appendix 3. At a high level the following risks and mitigations have been identified.

Table 8. Key proposal risks

Risk area	ID	Risk	Mitigation
HAFF	1	CHP application for HAFF is unsuccessful	Council has endorsed CHP application to ensure its success. And CHP can apply for a future round of HAFF
Council	2	Council lacks essential personnel to facilitate project delivery	Council has chosen to partner with CHP to reduce the project's resource requirements
Council	3	Council experiences delays in servicing land and subdivision	Council has factored in possible delays in project planning
Council	4	Cost of development exceeds estimates	Council has considered potential overruns and has sufficient funding in reserve to cover additional costs
Orana	5	CHP experiences delays in project delivery	Orana has factored in possible delays in project planning. CHP is also liable under the HAFF program to deliver within timeframe.
Orana	6	CHP faces business continuity or financial challenges	Orana is financially sound and this has been demonstrated in their HAFF application. HAFF subsidy also provides funding relief for CHPs. During the market sounding process Council has also identify other providers that may be interested in operating in Coonamble.
Orana	7	CHP fails to fulfill responsibilities as per contract agreement	Orana has clearly understood and committed to project arrangements in order to apply for HAFF subsidy. During the market sounding process Council has also identify other providers that may be interested in operating in Coonamble.



4.4 Legislative, regulatory issues & approvals

Prior to implementation, Council must consider all relevant legislative provisions and what approvals are required to undertake this project. Particularly, land use and planning regulations that will enable Council to subdivide and service land.

4.5 Proposed management activities / proposed reporting

Orana has committed to provide quarterly reporting to Council during the development phase. Reporting on high level milestones will also be required as part of the HAFF program.



APPENDIX

Appendix 1 - Market Sounding Exercise

Analysis: Three CHPs were invited to attend a online market sounding session, hosted by Astrolabe on behalf of Coonamble Council, on Thursday, 13 March. Orana Supports submitted an expression of interest that meets Councils immediate need to have an application submitted by a CHP in this first round of the Housing Australia Future Fund (HAFF). Housing Plus verbally indicated their decision to decline and interest in a future round. CHL/AAHS submitted an expression of interest however indicated interest in applying for the next round of the HAFF.

Purpose

This memo documents the process undertaken by Astrolabe Group, on behalf of Coonamble Shire Council, to elicit market interest from Community Housing Providers (CHPs) in developing and managing social and affordable housing in Coonamble.

Scope

The scope of the work undertaken:

Contract three CHPs identified as potential providers in the community (CHL, Orana Supports and Housing Plus) to participate in a market sounding exercise

- Prepare Council’s offer memo for the CHPs applications to the HAFF
- Undertake an online market sounding session to provide all participants with the information about councils offer

Document the process undertaken and any questions and outcomes emerging from the process (this memo)

Background

Astrolabe were engaged by Coonamble Shire Council to support Council to seek investment in a regional housing solution to provide accommodation options for essential workers from key industries. Council raised a scope re-interpretation to enable Astrolabe to undertake market sounding.

Coonamble Shire Council have purchased three sites with the purpose of increasing the stock of social and affordable housing in Coonamble. Council is offering approximately 55 serviced lots across the three sites to a CHP(s) as freehold land with civil works completed on the site prior to



handover. This offer is contingent upon the CHP’s success in securing funding from the HAFF and the offer can be used as equity in their HAFF applications.

Outcome – market sounding

The following responses were received in response to the market sounding expression of interest:

Organisation	Position	Proposed lots/sites		
Housing Plus	Interested - not this round	N/A		
Orana Supports	Interested – ready for this round	Subject to Council green space and zoning requirements, Orana have proposed the following configurations:		
		Site 1 (25 homes, 6 townhouses)	Social	5: 2 x 1-bedroom + 3 x 2-bedroom
		<i>*not indicated the mix for the townhouses</i>	Affordable	20: 5 x 2-bedroom, 12 x 3-bedroom, 3 x 4-bedroom
		Site 2 (20 homes)	Social	5 x 2-bedroom, 8 x 3-bedroom, 7 x 4-bedroom
		Site 3 (4 homes)	Affordable	3 x 2-bedrooms, 1 x 3-bedroom
CHL/AAHS	Interested - not this round	CHL/AAHS proposed interest in Site 1 (Hickey Street) and Site 2 (Yarran Street) however are interested in submitting for the project in the next round of the HAFF later in the year.		
		They proposed the following configuration:		
		Site 1 (25 homes, 6 townhouses)(mix of 2 and 3-bedroom homes)	Mix not stated	Mix not stated
		Site 2	Mix not stated	Mix not stated
		Site 3	N/A	N/A



Appendix 2 – Orana financials

The following financials were provided to Astrolabe on 9 April 2024 from Orana. These figures were used by Orana in their HAFF application.

**Orana Support Service and Coonamble Shire Council
HAFF Application 2024**

Site 1: 34 – 46 Hickey Street, 40 Calga Street, Coonamble NSW 2829

Dwelling size	Social	Affordable
1-bedroom house		-
2-bedroom house		5
3-bedroom house		12
3-bedroom townhouse		6
4-bedroom house		3
Total		26

Financials

Project Inputs

Dwelling Inputs

Rent Inputs	Social (ex CRA)	Affordable (ex CRA)
1 bedroom	100	-
2 bedroom	133	202
3 bedroom		210
4 bedroom		225

CRA	Social	Affordable
1 bedroom	110	-
2 bedroom	110	110
3 bedroom		110
4 bedroom		110

Development Inputs

Development Cost Summary (Ex GST)		
Land Acquisition Costs (Ex GST)	\$	400,000
Site Remediation Costs (Ex GST)	\$	310,000
Site Preparation, Site Infrastructure and Connection Costs (Ex GST)	\$	155,000
Other Transaction Costs (Ex GST) (Excl. Upfront Fees on Debt)	\$	20,000
Professional, Consultant and Statutory Fees (Ex GST)	\$	128,550
Construction Costs (Ex GST)	\$	16,197,500
Contingencies (Ex GST)	\$	515,000
Escalation (Ex GST)	\$	250,000
Statutory Costs (Ex GST)	\$	-
Other Costs (Ex GST)	\$	-
Less: External Other Grant Funding	\$	-
Total Development Costs (Excl. Financing Costs and GST)	\$	17,976,050
Upfront Financing Fees	\$	-
Non-reclaimable GST	\$	-
Financing Costs During Construction (Ex GST)	\$	-
Total Development Costs	\$	17,976,050



Site 2: 70 & 78 Yarran Street Coonamble NSW 2829
(Lot 85 & 87 DP: 3693)

Dwelling size	Social	Affordable
1-bedroom house	-	
2-bedroom house	3	2
3-bedroom house	8	
4-bedroom house	7	
Total	18	2

Financials

Project Inputs

Dwelling Inputs

Rent Inputs	Social (ex CRA)	Affordable (ex CRA)
1 bedroom		
2 bedroom	133	202
3 bedroom	145	
4 bedroom	145	

CRA	Social	Affordable
1 bedroom		
2 bedroom	110	110
3 bedroom	110	
4 bedroom	110	

Development Inputs

Development Cost Summary (Ex GST)		
Land Acquisition Costs (Ex GST)	\$	187,520
Site Remediation Costs (Ex GST)	\$	310,000
Site Preparation, Site Infrastructure and Connection Costs (Ex GST)	\$	155,000
Other Transaction Costs (Ex GST) (Excl. Upfront Fees on Debt)	\$	20,000
Professional, Consultant and Statutory Fees (Ex GST)	\$	128,550
Construction Costs (Ex GST)	\$	11,430,000
Contingencies (Ex GST)	\$	480,000
Escalation (Ex GST)	\$	230,000
Statutory Costs (Ex GST)	\$	-
Other Costs (Ex GST)	\$	-
Less: External Other Grant Funding	\$	-
Total Development Costs (Excl. Financing Costs and GST)	\$	12,941,070
Upfront Financing Fees	\$	-
Non-reclaimable GST	\$	-
Financing Costs During Construction (Ex GST)	\$	-
Total Development Costs	\$	12,941,070



Site 3: Namoi Street Coonamble NSW 2829
 (Lots 1, 2, 3, 4 & 5 Section A DP: 758282 – Jane Cant Park)

Dwelling size	Affordable
1-bedroom house	-
2-bedroom house	3
3-bedroom house	1
4-bedroom house	-
Total	4

Financials

Project Inputs

Dwelling Inputs

Rent Inputs	Social (ex CRA)	Affordable (ex CRA)
1 bedroom		
2 bedroom		202
3 bedroom		210
4 bedroom		

CRA	Social	Affordable
1 bedroom		
2 bedroom		110
3 bedroom		110
4 bedroom		

Development Inputs

Development Cost Summary (Ex GST)		
Land Acquisition Costs (Ex GST)	19,620	
Site Remediation Costs (Ex GST)	40,000	
Site Preparation, Site Infrastructure and Connection Costs (Ex GST)	14,500	
Other Transaction Costs (Ex GST) (Excl. Upfront Fees on Debt)	10,000	
Professional, Consultant and Statutory Fees (Ex GST)	128,550	
Construction Costs (Ex GST)	1,872,500	
Contingencies (Ex GST)	118,000	
Escalation (Ex GST)	80,000	
Statutory Costs (Ex GST)	-	
Other Costs (Ex GST)	-	
Less: External Other Grant Funding	-	
Total Development Costs (Excl. Financing Costs and GST)	2,283,170	
Upfront Financing Fees	-	
Non-reclaimable GST	-	
Financing Costs During Construction (Ex GST)	-	
Total Development Costs	2,283,170	



Appendix 3 – Risk assessment

Table 9. Risk assessment

Risk area	ID	Risk	Likelihood	Consequence	Risk rating	Mitigation	Rating after mitigation		
							Consequence	Likelihood	Rating
HAFF	1	CHP application for HAFF is unsuccessful	Possible	High	Moderate	Council has endorsed CHP application to ensure its success. And CHP can apply for a future round of HAFF	High	Possible	Moderate
Council	2	Council lacks essential personnel to facilitate project delivery	Likely	Very high	Extreme	Council has chosen to partner with CHP to reduce the project's resource requirements	Medium	Possible	Moderate
Council	3	Council experiences delays in	Possible	High	Moderate	Council has factored in possible delays	Low	Likely	Low

Risk area	ID	Risk	Likelihood	Consequence	Risk rating	Mitigation	Rating after mitigation		
							Consequence	Likelihood	Rating
		servicing land and subdivision				in project planning			
Council	4	Cost of development exceeds estimates	Possible	Very high	Extreme	Council has considered potential overruns and has sufficient funding in reserve to cover additional costs	Medium	Likely	Moderate
Orana	5	CHP experiences delays in project delivery	Possible	Very high	Extreme	Orana has factored in possible delays in project planning. CHP is also liable under the HAFF program to deliver within timeframe.	Medium	Possible	Moderate
Orana	6	CHP faces business	Possible	Very high	Extreme	Orana is financially sound	High	Rare	Moderate



Risk area	ID	Risk	Likelihood	Consequence	Risk rating	Mitigation	Rating after mitigation		
							Consequence	Likelihood	Rating
		continuity or financial challenges				and this has been demonstrated in their HAFF application. HAFF subsidy also provides funding relief for CHPs. During the market sounding process Council has also identify other providers that may be interested in operating in Coonamble.			
Orana	7	CHP fails to fulfill responsibilities as per contract agreement	Rare	Very high	Moderate	Orana has clearly understood and committed to project arrangements in order to apply for	High	Rare	Moderate



Risk area	ID	Risk	Likelihood	Consequence	Risk rating	Mitigation	Rating after mitigation		
							Consequence	Likelihood	Rating
						HAFF subsidy. During the market sounding process Council has also identify other providers that may be interested in operating in Coonamble.			



Table 10. Risk rating assessment criteria

Likelihood			Consequence		
	Frequency	Probability		Financial	Scheduling
Rare	The event could occur in exceptional circumstances	Less than 1%	Low	Minimal to minor financial impact that the project could easily absorb	Minimal and inconsequential impact on timeframe
Possible	The event might occur at some time in the next five years	More than 1% and up to 20%	Medium	Moderate financial impact that may require budget adjustments within existing funding streams	Moderate impact on timeframe that can cause recoverable delays
Likely	The event will probably occur once during the year	More than 20% and up to 99%	High	High financial impact that may require additional funding that is within reach	High impact on timeframe that requires a short extension
Almost certain	The event is expected to occur in most circumstances, and frequently during the year	More than 99%	Very High	Extreme financial impact that may require additional funding beyond what can be secured	Extreme impact on timeframe that a short extension is not sufficient

Risk rating



Low



Moderate



Extreme

Consequence/ Likelihood	Low	Medium	High	Very High
Almost certain	Moderate	Moderate	Extreme	Extreme
Likely	Low	Moderate	Extreme	Extreme
Possible	Low	Moderate	Moderate	Extreme
Rare	Low	Low	Moderate	Moderate



