mangrove community homes

Teresa Reed

CEO

Tier 2 Community Housing Provider

SHS provider

The Forgotten Women

700+ properties under management

soon to own 100 properties

we’re not big

$ is tight

in 2023 we brought our first house

mangrove™ community homes

First QCHIP application pre-submission meeting

First QCHIP approval

First delivery of a QCHIP project

Five pre-submissions all gone onto EOI

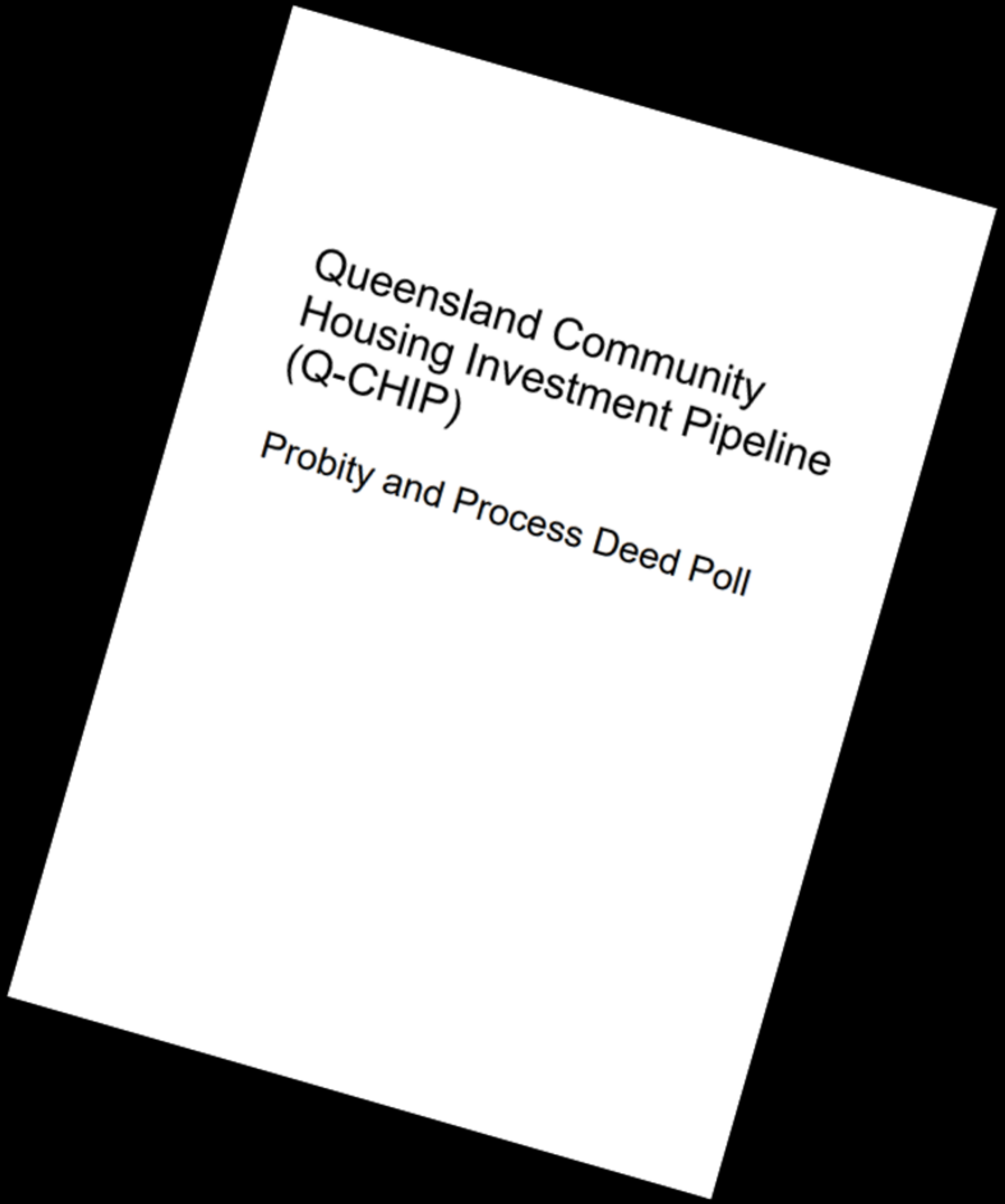
100 + properties in the pipeline for approval

probity

\prō-bə-tē\

adherence to the highest principles and ideals

integrety, virtue, honor


Queensland Community Housing Investment Pipeline (Q-CHIP)

Probity and Process Deed Poll


THE
GOOD
THE
BAD
AND THE
UGLY

our experience with two types of projects and general lessons:

1. turnkey marketplace purchase
2. traditional construction project
3. general lessons

critical factors for mangrove

we have:

- limited funds to use to speculate on projects
- limited resources to take on multiple construction projects at one time
- limited capital funds, relying on mortgages as our contributions
- a board with a low risk tolerance
- a preference to develop a diverse portfolio of properties offerings that respond to housing need not just the waitlist

as a result, we have a preference for the majority of our projects to be turnkey (sale) projects where the builder/developer takes all the risk and the complications of construction.

we largely work with builders/developers on already established/developed projects to determine if they would be suitable for the social / affordable housing marketplace.

turnkey marketplace purchase

the builder/developer takes all the risks and all the costs, and we buy the project through a sales contract at the end of the build.

- dwellings are designed for the open market
- minimal internal resources
- costs: due diligence and financing

THE GOOD

Quick if its already in construction or about to commence – one project less than 80-day turnaround

4months between approval and announcement

no design back and forth.

valuation and sales contract match. Happens in real time with a tangible asset to value.

THE BAD

Prebuild lodgement in QCHIP = design back and forth. Builder at risk with no guaranteed funding

Sales contract and valuation need to be in alignment – no error margin.

AND THE UGLY

Valuations required at EOI phase – 12 months+ out from construction. Sales contract alignment risk.

Builder alters their design at EOI phase for social housing but not funded after detailed submission.

$ expended by CHP, $ expended by Developer, 12 months later in Detailed and then a NO.

key lessons

- timing is everything for this type of project
- QCHIP valuation requirements, including the 0% margin of error for valuations, doesn't work well for this type of project if sales contract and valuation don't occur at the same time.

traditional construction project

THE GOOD

Can be a Quicker approval process

builder of choice

QS vs valuation

THE BAD

EOI phase requires QS
- speculation $

Doesn’t progress until all the information is provided. (Slow) In theory it is staged assessments but in practice the process is beginning to function as a single late-stage assessment gate.

DA is almost required at EOI phase

AND THE UGLY

Ongoing time and $ investment without guarantee of funding despite project being well advanced.

Focused on waitlist housing, vs need
Box ticking vs flexibility

Process assumption that the CHP is building the project from the ground up. It struggles when the CHP is dovetailing an established project into a social housing project.

key lessons
- Timing the pre-submission stage to when entry into EOI when you have the majority of the information for the EOI stage.
- Desktop, Quantity Surveyor as your DD prior to EOI
- provider resources limits the number of traditional construction projects at any one time – harder for smaller CHPs to maximise their project opportunities

general learnings

Timing is everything

- turnkeys work best if they are in construction or near commencement at the time of submission.

Pre-submission – EOI – Detailed Submission

- EOI information needs to be developed to and/or very close to the detailed proposal level before submission.

Builder/Developer Relationships

- builder and partner developer relationships can be easily errored when approvals are not forthcoming and timely.
- This is especially true for projects that already exist and are being dovetailed to social housing sector.
- The trend towards late-stage approval is counter productive to relationships

QS over valuations

- valuations will struggle to meet sale price exactly, so whenever there's a construction gap go QS

our observations

The process has slowed down, with bigger delays between each of the stages since its commencement

The EOI phased questions are growing and moving from 'if available' to mandatory.

Despite not having a benchmark costs, every project submitted has had a comment about its cost (too high). Lack of transparency around costing expectations.

The inability to mix in affordable housing in projects under 50 properties, acts as a growth barrier to smaller CHP's and reduces the ability take advantage of affordable housing opportunities.

good luck with your QCHIP submissions