

2010
2011



Brisbane Housing Company Ltd

Annual Review 2010 - 2011
celebrating diversity



2011

Come live with us

The theme of our Annual Review this year is innovation through "mixed tenure". Not everyone will know immediately what this expression refers to. What we at Brisbane Housing Company (BHC) mean by the term mixed tenure is the creation of successful communities that offer sustainable homes for people of varying incomes and stages of life.

When BHC started in 2002 we were constrained to build developments that comprised only social housing for those on low incomes. During the nine years of our existence the evidence base for us to move beyond this simple response has been growing. My fellow Board Member, Eloise Atkinson, an architect with Deicke Richards Architects undertook a research study funded by the Churchill Fellowship which documented best practice in mixed tenure developments in the United States, Canada and the United Kingdom. Her report provides powerful evidence of the way progressive organisations in these countries have combined properties to rent with properties for sale and "shared equity".

As our experience of delivering these mixed tenure projects grows we already see evidence of the benefits. Those tenants who in the past might have felt excluded from opportunities see that they are part of a vibrant, active and engaged community. Through our new approach we reaffirm our commitment to those on low incomes and in housing need.

It is therefore with great pride that our company can already point to the completion of three projects which provide mixed tenure.

These are:-

- ARIS in Masters Street, Newstead
- SYRAH in Blackwood Street, Mitchelton
- CORE at Carselgrove Avenue, Fitzgibbon

These three groundbreaking developments are featured in the centre piece of this review. Additionally five of the six developments currently under construction will also provide this important mix of tenures.

Residential buildings are only valuable to the extent that they provide successful homes for people. The insight that we have gained at BHC is that the communities we are creating will thrive when we bring together a range of different types of people with different levels of income, interests and opportunities. I am pleased that this review provides us with an opportunity to share this experience with you.

I commend this review to you.

J. J. McAuliffe

Professor John McAuliffe AM
Independent Chair

.....
September 2011

Innovating to create inclusive communities

The move to mixed tenure means the Brisbane Housing Company is now accommodating affordable living for renters, owners and investors - creating vibrant places for all to share.

"The kind of mixed tenure projects currently being developed by BHC represent the future of affordable housing projects in Australia. Whilst redeveloping large scale social housing precincts has mixed reviews, new developments like this provide great social mix and by blending funding streams also make the best use of limited funding. BHC is a leader in thinking and achieving in these projects."

- **Adrian Pisarski**
Chair National Shelter

"I'm very grateful to live in a clean, bright, light, safe and secure unit here. The building design is wonderful; my front door opens onto the garden and when it rains you can hear it trickling down. It is also incredibly convenient, so close to public transport."

- **Affordable Housing Tenant, Glenis**

"I appreciate the time and effort put into keeping the environment so pleasant."

It is a pleasure to walk around the complex to see how clean, tidy and well maintained it is due to the caretaker and onsite manager. Thanks to everyone involved in the maintenance and running of our complex."

- **NRAS Tenant, David**

RENTERS



"I'm a city worker with a modest budget. I bought based on location, price and proximity to the CBD. The Newstead-Teneriffe precinct is a great place to live."

- **Owner Occupier, Donna**

OWNERS



INVESTORS

"It's almost too good to be true... the government's NRAS incentives more than make up for the discounted rent and the tax incentives provide a better negative gearing arrangement."

- **ARIS Investor, Rae**

CELEBRATING

Innovating to build liveable communities

Brisbane Housing Company has an enviable reputation for its best-practice model. It's a business model both for, and ahead of its time, which attracts significant recognition for its mix of housing stock targeting social diversity. This innovative approach is central to the Company's ongoing success, and forms the focus of BHC's strategic plan into the future.



ARIS - Masters Street, Newstead
Completed 29th June 2010



► BHC's flagship development, ARIS, in Masters Street Newstead, is situated in one of Brisbane's most sought after fringe CBD locations. Maximising use of space and location, ARIS is a demonstration of seamlessly combined affordable living for renters, owners and investors. This development boasts 95 units including 26 affordable rental units, 30 NRAS units and 39 units for sale on the open market.

This outstanding project had a total scheme cost of \$29.9m. Key features of this development include architect designed units (Mode Design), stunning communal spaces, passive cooling to reduce energy consumption for occupants, close proximity to shops, transport, employment and entertainment.

The Brisbane Housing Company is motivated to attract and secure private capital; to leverage, rather than rely heavily on government funds – the combined contributions of both ensure the Company remains in a strong position and has the capacity to realise its goal – to develop more projects and to assist more people into housing.

CORE - Carselgrove Avenue, Fitzgibbon
Completed 14th January 2011



► The Core Apartments are a signature development heralding the entrance to the ULDA master planned community of Fitzgibbon. At a total scheme cost of \$14.2m, this development incorporates 48 affordable rental units, 14 National Rental Affordability Scheme (NRAS) units and two owner occupied dwellings. Units have been developed in a range of sizes from one bed to three bedroom dwellings.

Nestled within Fitzgibbon Chase, residents enjoy access to walking paths, bike ways, parklands, and close proximity to major public transport facilities and shops. Designed by Arkhefield, units boast beautiful features including high ceilings, large outdoor living areas and abundant natural lighting. They are space and energy efficient, environmentally sustainable and provide residents with secure and private living.



S P A C E
EFFICIENCY



SUB

TROPICAL
DESIGN

PASSIVE
COOLING

TENANT
FOCUS



SYRAH - Blackwood Street, Mitchelton
Completed 6th August 2010



► SYRAH is located in the heart of Mitchelton amidst a thriving local business district. Developed to enhance this locale, Syrah combines residential, commercial and retail spaces. At a total scheme cost of \$13.9m Syrah incorporates 16 affordable rental units, 15 market for sale units, four retail and three commercial spaces.

Designed for sub-tropical living by Arkhefield, Syrah features a large central atrium, native planting, natural ventilation and well-appointed communal areas throughout the building. Units range from studios to two bedroom units.



COMMUNITY

DIVERSITY

Summary of financial operations 2010-2011

Since its incorporation, the Company has received \$114.4 million in grant funding from the State Government and \$18.1 million in funding from the Brisbane City Council. The Company has received \$76.1 million in funding from the Nation Building Social Housing Initiative.

Revenue for the year was \$51.56 million, a 29% reduction on the previous year due to the winding down of the Nation Building Social Housing Initiative which reduced grant income by 59%. This was offset by a 55% increase in Sales and a \$36% increase in Rental Income.

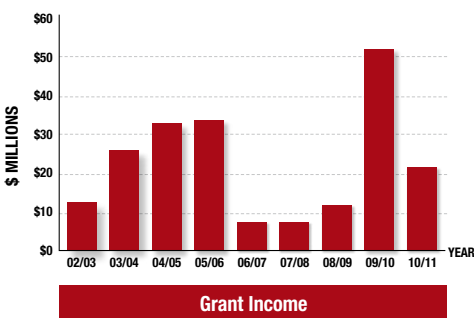
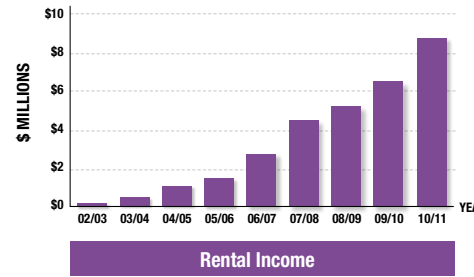
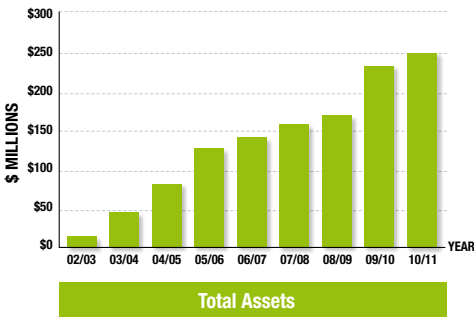
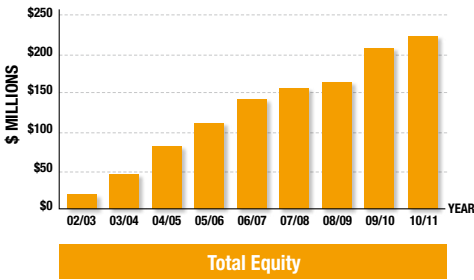
Total Expenses increased by \$12.38 million on the 2009/10 results due largely to an increase in costs associated with sales (\$9.5 million), administration expenses (\$1.7 million) and property expenses (\$1.1 million).

The Company has a \$50 million credit facility with Westpac Banking Corporation as at the 30th June 2011 of which \$15.0 million has been drawn.

Brisbane Housing Company is audited by Grant Thornton Brisbane of 102 Adelaide Street, Brisbane Qld 4000.

Key financial statistics

Summary Statement of Financial Performance	2010/11 \$	2009/10 \$	2008/09 \$	2007/08 \$
Rent	\$ 8,723,171	\$ 6,421,860	\$ 5,431,317	\$ 4,523,166
Grants	\$ 21,655,676	\$ 52,416,523	\$ 12,488,943	\$ 7,000,000
Sales	\$ 19,584,910	\$ 12,620,909	\$ 4,045,091	\$
Other (Bank Interest & Sundry)	\$ 1,599,618	\$ 1,125,412	\$ 363,923	\$ 1,438,772
Total Revenue	\$ 51,563,375	\$ 72,584,704	\$ 22,289,874	\$ 12,961,938
Total Expenses	\$ 31,952,463	\$ 18,868,490	\$ 11,072,786	\$ 5,704,866
Net Surplus / Loss	\$ 19,610,912	\$ 53,716,213	\$ 11,216,488	\$ 7,257,072
Cash at the end of the Financial Year	\$ 6,162,308	\$ 29,391,278	\$ 11,933,399	\$ 13,284,715
Total Assets	\$ 254,224,942	\$ 237,312,153	\$ 167,618,367	\$ 160,335,765
Total Liabilities	\$ 21,518,814	\$ 25,678,048	\$ 8,225,518	\$ 4,811,070
Total Equity	\$ 232,706,128	\$ 211,634,105	\$ 159,392,849	\$ 155,524,695



Our board of directors

JAN WILLIAMS
"There needs to be a choice of homes for people to rent or buy according to what they can afford. Mixed tenure gives you that choice – often in the one building enabling amenity and location to be shared by people from a wide variety of backgrounds and income levels. Innovative design ensures that residents' privacy is protected but also provides opportunity for shared social activities."

What is critical to the success of mixed tenure is ensuring that the potential of every site is maximised. For BHC, mixed tenure is not an end in itself - it is a way for us to remain true to our original goal to increase the amount of affordable housing while building vibrant communities for all."



BEN FOSTER
"As we have started to complete sell and tenant our mixed tenure developments, the most positive aspect of this model has been to witness the development of community environments from which our tenants and neighbours are benefiting through their connectedness and contributions."



JOHN GALLIMORE
"Good social housing involves the broader community. This can be achieved by placing small developments in the general community, but that is not always cost-effective."

Brisbane Housing Company is achieving a remarkable level of integration, coupled with cost effectiveness, by building an increasing number of sustainable mixed tenure developments."



ELOISE ATKINSON
"BHC is continuing to be a trail-blazer in delivering affordable housing with three mixed tenure projects now on the ground, and many others to be delivered over the next 12 months."

These high-density, mixed tenure developments are new for Brisbane but with the range of projects being designed and constructed, we have the advantage of being able to explore design and management ideas to ensure that we are meeting the needs and expectations of all residents - our tenants, key workers and owners."



PROFESSOR JOHN MCAULIFFE AM
"BHC builds buildings to create your home."

BHC exists to provide as much housing as possible to meet your necessary needs and for you to say here is my home..."

We have endeavoured to develop sites which are well located, buildings of good design, and at the same time offer quality accommodation below market rents. Our tenancy managers provide a high standard of direct management of our properties and this in turn provides an excellent governance mechanism for neighbourhoods where our properties are located."



GEOFF WOOLCOCK
"There's increasing talk of the importance of diversity and social mix to enhance any community's social cohesion... research evidence tells us it's easier said than done but we're up for the challenge at BHC"

PROFESSOR JOHN MCAULIFFE AM
"BHC builds buildings to create your home."

BHC exists to provide as much housing as possible to meet your necessary needs and for you to say here is my home..."



STUART GREGORY
"Our preference for building affordable mixed tenure developments has significant financial, as well as social, implications."

Finding investors and owner occupiers to purchase our "for sale" units has not been easy during the current weak property market, but is essential for the company to maintain its active mixed tenure development program."



ANN LANGLEY
"It's wonderful to see how local residents now welcome the creation of mixed use and mixed tenure communities. BHC's active engagement with all key stakeholders ensures that each of our developments truly meets the needs of the people who live there. It is a real pleasure to be part of a company which provides wonderful exciting places for so many people to enjoy."

Disaster relief housing

Whilst BHC itself was spared the effects of the disastrous weather events which severely impacted the state of Queensland in early 2011, we empathise the loss experienced by others. BHC was therefore privileged to be in a position to provide assistance to the community of Grantham.

We are currently working to deliver three new high quality homes through an innovative pilot project employing a deferred purchase arrangement. BHC hopes, in some small way, this helps to ease a little of the heartache by assisting some of the severely affected residents to live in quality affordable housing while rebuilding their lives.



Sample new home to be delivered into Grantham

"BHC is a wonderful organisation that has helped us when no-one else would. The team has repeatedly exceeded our expectations and nothing is a problem."

We are enormously grateful for their assistance and excited to be moving into our new home very soon."

- Grantham Family

All images within this publication are of BHC tenants and properties. We thank our tenants and investors for their generous input.



Dedicated to a better Brisbane

Brisbane Housing Company takes this opportunity to acknowledge the funding received from the Commonwealth Government, Queensland Government and Brisbane City Council and the continued support of all our community shareholders.

Brisbane Housing Company

ABN: 101263834

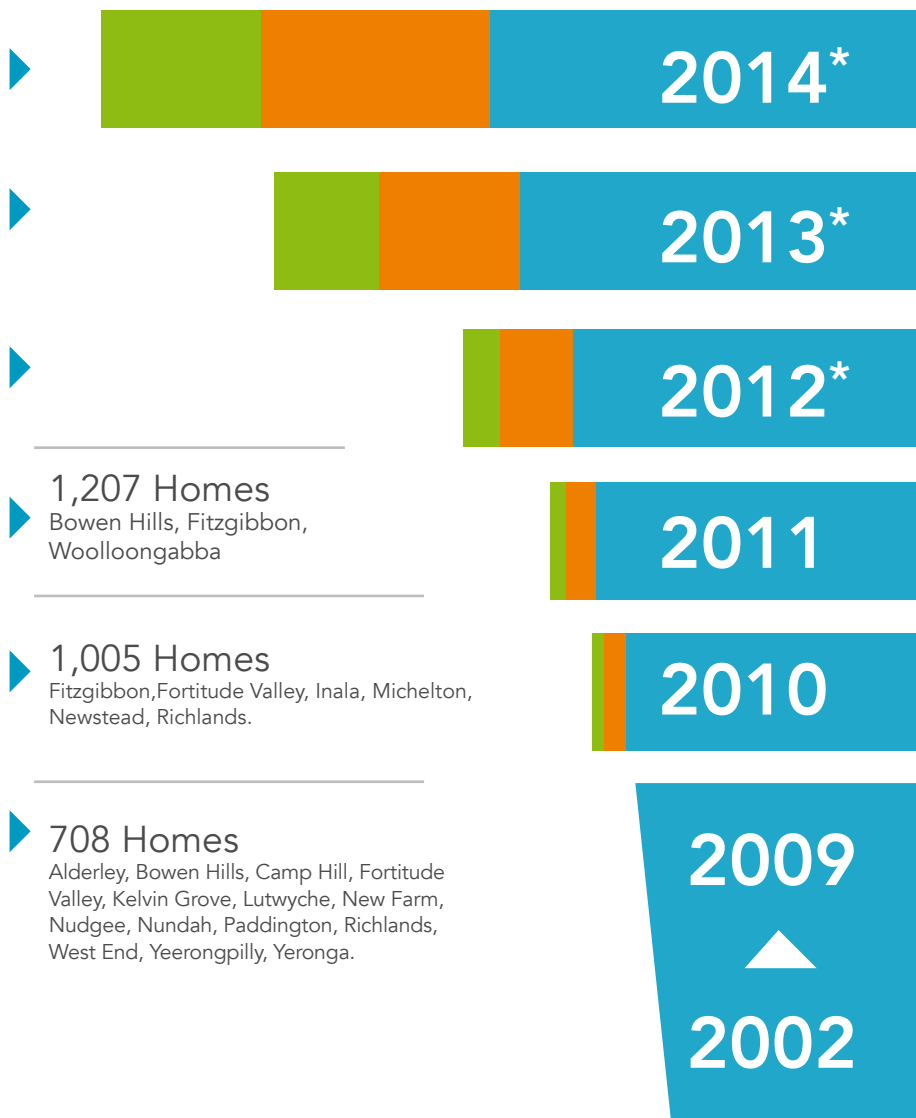
GPO BOX 544
Brisbane QLD 4001

Ph: 07 3307 3000
Fax: 07 3839 2000

Email: reception@brisbanehousingcompany.com.au

BHC is a public company limited by shares, a public benevolent institution, an income tax exempt charity and deductible gift recipient.

Mixed tenure - our journey



Mixed tenure - mixed use

NRAS Units for Sale Market for Sale Units Affordable Housing

* Projected growth. Subject to market conditions and sales program



TOGETHER