2024 Election Commitment – Canberra Liberals

Name of Commitment:	**Housing – More community housing**
	Reference Number: LIB073
Request Submitted by:	Elizabeth Lee MLA, Canberra Liberals
Date Request Received:	11-Oct-24
Additional Information Requested (details and date)	N/A
Additional Information Received (details and date)	N/A

Financial Implications					
Impact On:	**2024-25 $'000**	**2025-26 $'000**	**2026-27 $'000**	**2027-28 $'000**	**TOTAL $'000**
Revenues [(a)]	0.0	0.0	0.0	0.0	**0.0**
Expenses [(a)(b)]	0.0	-1,782.0	-3,702.2	-5,768.8	**-11,253.0**
- Employee Expenses	0.0	0.0	0.0	0.0	**0.0**
- Other Expenses	0.0	0.0	0.0	0.0	**0.0**
- Cost of Financing	0.0	-1,782.0	-3,702.2	-5,768.8	**-11,253.0**
Depreciation	0.0	0.0	0.0	0.0	**0.0**
Net Operating Balance	**0.0**	**-1,782.0**	**-3,702.2**	**-5,768.8**	**-11,253.0**
Capital Requirement	0.0	-33,943.5	-34,792.0	-35,661.9	**-104,397.4**
Cash Surplus/Deficit	0.0	-35,725.5	-38,494.2	-41,430.6	**-115,650.3**

(a) A negative number indicates a decrease in revenue or an increase in expenses.
(b) Excludes depreciation

Other Information

Costing Methodology Used:

- Costing Technique:

The costing has been completed using a price by quantity methodology, based on 100 blocks per financial year and the average price of over-the-counter blocks available for sale by the Suburban Land Agency (SLA), indexed by the Consumer Price Index (CPI).

- Proposal Parameters:

The costing assumes:

- the community housing shared equity program would start in 2025-26 and run for four financial years;
- an average land price of $660,700 per block (based on the average price of over-the-counter blocks available for sale by the SLA), indexed by CPI estimates as per the Standard Costing Parameters 2024;
- the Territory would fund and own 50 per cent of the value of the land and Community Housing Providers would fund and own the other 50 per cent of the value of the land and any improvements (i.e. buildings) on the land, and that these arrangements continue in perpetuity;
- the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) would receive capital injection appropriation to fund the Territory's share of the land purchase costs (50 per cent);
- no additional funding or support from Government for Community Housing Providers to cover their share (50 per cent) of the land purchase costs or the design, construction, operations, repairs or maintenance of improvements on the land;
- full take-up of the 100 blocks per financial year and that there would be sufficient available blocks to service the program;
- any administrative expenses associated with the program would be absorbed by SLA and CMTEDD;
- no changes to the SLA's revenue estimates as SLA would continue to receive payment for the blocks; and
- no changes to rates or other government own-source revenue estimates as a result of the proposed arrangements.

Caveats or qualifications to the costing:

- Actual land costs may differ from the prices assumed, as the prices are averages and may not increase in line with CPI.
- Project management costs have not been included; it is assumed that these costs would be met from existing directorate resources.
- Treasury considers that the SLA and/or CMTEDD may have to reduce or reprioritise existing services to cover the associated administration costs.

Other Comments:

- The financial impacts of the proposal over its full term (the four years from 2025-26 to 2028-29 inclusive) are:
  - Net Operating Balance: -$19.244 million;
  - Capital Requirement: -$140.951 million;
  - Cash Surplus/Deficit: -$160.194 million.
- Treasury's costing differs slightly from that submitted due to rounding, a correction to the application of CPI indexation rates, and the inclusion of cost of financing.

- Statistical Data Used:

- SLA Block Data - over-the-counter blocks, downloaded from the SLA website on 14 October 2024.
- CPI estimates are as per the Standard Costing Parameters 2024 and reflected in the 2024 Pre-Election Budget Update.

Stuart Hocking PSM
Under Treasurer
17 October 2024