

## Request for Costing an Election Commitment

<b>Name of proposal:</b>	Provide more than 1,200 new homes for Canberrans on low incomes – Providing \$100 million line of credit to community housing providers
Person requesting costing:	Alistair Coe MLA
Date of request:	30 September 2020
Summary of proposal:	The Canberra Liberals will provide an additional \$100 million line of credit to ACT-based Community Housing Providers.
Issue the proposal will address:	Proposal will support initiatives in partnership with community housing providers to provide more affordable and community housing dwellings.

### What are the key assumptions that have been made in the proposal?

**Note:** The costing will be developed on the basis of information and assumptions provided in the costing request. The professional judgment of the Under Treasurer will determine whether these assumptions are adopted in the costing of the proposal.

The ACT Government will provide \$100 million new line of credit to ACT-based community housing providers to provide a set number of affordable dwellings. Interest will not be charged on these loans.

The full line of credit will be available from 2021-22. The line of credit will remain available until \$100 million is exhausted.

The Chief Minister, Treasury and Economic Development Directorate and Community Services Directorate will absorb the administration costs.

The line of credit is provided at 0 percent, for a term of 30 years. Repayments commence after 10 years and are at 5 percent of the principal; however, loans will be rolled over if the community housing providers are delivering the required dwellings.

The benchmark interest rate for the cost of funds is assumed to be 1.6 per cent percent.

What are the estimated revenue and operating costs each year (if available) and what are the capital requirements for this proposal and estimated costs each year (if available)?

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue<sup>(a)</sup></b>					

<b>Expenses<sup>(a)</sup></b>		-1,600.0	-1,600.0	-1,600.0	-4,800.0
<b>Capital</b>					
<b>Depreciation</b>					
(a) A negative number indicates a decrease in revenue or an increase in expenses. The expenses row does not include depreciation costs.					
<b>Has any specific information or data been utilised in generating the proposal?</b>					
Line of credit will be made on similar terms to the loans previously provided to Community Housing Canberra. The <a href="#">2019-20 ACT Budget - Summary and terms of debt capital</a> has been used as source of information.					
<b>Where relevant, is funding for the proposal to be demand driven or a capped amount?</b>					
Capped – total amount of credit cannot exceed \$100m at any time.					
<b>Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the proposal? Does the proposal provide additional funding to, or redirect, any existing Commonwealth/State or Territory funding arrangements?</b>					
N/A					
<b>Will funding/the cost require indexation?</b>					
No.					
<b>Who will administer the proposal?</b>					
The proposal will be administered by the Chief Minister, Treasury and Economic Development Directorate and Community Services Directorate.					
<b>How will the proposal be administered?</b>					
The Community Services Directorate will assist in liaising with the community housing providers and enabling credit to be used for particular projects or initiatives. The Chief Minister, Treasury and Economic Development Directorate through the ACT Revenue Office will be responsible for administering the loan.					
<b>Is the proposal part of a broader package?</b>					
This proposal forms part of the Canberra Liberals Policy on Affordable Housing.					
<b>Has an allowance been made for expenses necessary to support the implementation of this proposal?</b>					
<ul style="list-style-type: none"> <li>– If no, will the government agency be expected to absorb expenses associated with this proposal?</li> </ul>					

– If yes, please specify the key assumptions.
The Chief Minister, Treasury and Economic Development Directorate and Community Services Directorate will absorb the administrative costs associated with this proposal.
Will the proposal generate savings or offsets?
No.
Has the proposal been previously costed by an external (third) party? Will a copy of this material, including any assumptions, be made available to Treasury?
N/A
What are the community impacts associated with the proposal? Who and how many people will be affected?
The line of credit will be used in conjunction with other initiatives to enable 1,200 affordable dwellings to be delivered. This will enable more Canberrans to rent at an affordable rate or purchase their own home at an affordable price.
Are there any transitional considerations associated with implementation of the proposal? If so, how will they be managed?
No.
What is the intended implementation date of the proposal?
1 July 2021.
When is the proposal expected to be fully operational? Please provide details such as the start and end dates, the level of commitment during each period etc.
The full line of credit will be able to be drawn down upon during 2021-22.
Will the proposal cease, and if so, when?
The proposal will continue until the loans are repaid.
Is there any additional information relevant to this proposal?
N/A