

Cost Engineering

Assignment 1 - 2019

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## **Cost Engineering – Assignment 1**

**Project:** Getting to Yes – Social Housing in Central Melbourne

**Client:** Housing Choices Australia

**Stage:** Design

**Date:** 07 August 2019

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### **About Housing Choices Australia**

Housing Choices Australia (Housing Choices) is a national, not-for-profit housing association that creates safe, quality, affordable housing for people who are struggling to find a home in Australia's challenging private rental market. Affordable rents are set at 25% of a person's income and no higher than 75% of market rent.

Housing Choices is dedicated to the development and management of affordable housing in inner-city and urban locations where housing stress is an issue. The company currently owns 1,300 properties and manages 2,400 tenancies across Victoria, Tasmania and the Northern Territory.

Our 20 year history and experience in providing homes to those with disabilities and mental illnesses has shown the need for a range of flexible housing models to create successful outcomes for our residents. Over half of Housing Choices' 2,400 tenancies are dedicated to people requiring support to live independently. We have an ongoing commitment to 25% of all stock being designed to accommodate people with varying disabilities, and last financial year we exceeded this target with over 33% of all properties catering to these residents' needs.

Housing Choices has used innovative funding models that deliver housing to meet a range of housing needs within well located communities. By effectively using resources and partnerships, we have delivered a range of disability accommodation solutions including a Mixed Equity Program, shared accommodation homes, independent living units within developments and in conjunction with shared homes.

### **Need and Tenant Mix**

Through experience and research we have identified the following housing needs:

- There is a need for affordable housing that is at least 3 bedrooms
- There is an overwhelming number of single parent families who cannot find suitable accommodation
- There is a high demand for one and two-bedroom units in the inner city
- Single people and families require the most assistance to live independently
- People with disabilities need suitable, safe housing in well-located areas

We have found that applying a model of 50% of tenants on Centrelink and 50% of tenants on low wages in our developments has been most successful. Housing Choices believes that promoting a social mix in our developments creates inclusive, stable communities in which residents can forge new and productive relationships and live independent lives.

We aim to create safe, secure and inviting environments that encourage tenants to take pride in their homes and look after them. This includes providing housing to all types of people that allows them to have the same experience as anyone.

### **Social Housing Design Guidelines**

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Our developments endeavour to provide a socially cohesive insertion into the existing community. Decisions made at the design stage also have repercussions for the ongoing success of the development in respect to ongoing maintenance and management. The design must consider use by people with limited mobility, with different levels of external support and care, and respect for the independence of residents with a disability. It should also explore the principle of “ageing in place” (whereby spaces can be adapted to respond to resident’s changing circumstances).

We have attached copies of our Design Guidelines and Outline Specifications. The Design Guidelines refer to important location criteria, site planning, and other design considerations. Please also note that disability modified units must comply with disability codes AS 1428.1 and 1428.2.

### Budget

Housing Choices has recently been awarded \$5.57 million in funding from the Federal Government to deliver social housing in the Arden-McCauley area in Melbourne. The funding conditions require Housing Choices to contribute additional private funding equal to 25% of the total project cost to deliver further social housing outcomes for this project. Housing Choices therefore expects the total cost to be approximately \$7.4 million. Housing Choices private debt has to be paid off within 25 years.

In addition Housing Choices has received \$360,000 in philanthropic contributions from the Lord Mayor’s Charitable Foundation to provide for on-site offices, multi-purpose spaces and community infrastructure for all residents, particularly benefiting residents at risk of homelessness, with mental health conditions or disabilities.

### Design Brief

<b>1.0</b>	<b>Occupancy Profile</b>
1.1	Dwelling Type <ul style="list-style-type: none"><li>• Total social housing units: 30 (maximum)</li><li>• 5 units – tenants with mental health conditions and at risk of homelessness</li><li>• 5 units – tenants with a disability (modified units)</li><li>• 10 units – elderly tenants at risk of homelessness</li><li>• 10 units – families</li><li>• Balance of site – private market dwellings</li></ul>
1.2	Staff Numbers <ul style="list-style-type: none"><li>• 1 onsite support staff member</li><li>• 1 rotating housing staff member</li><li>• 1 concierge during night hours</li><li>• 1 Hot desk</li></ul>
1.3	Car Parking Numbers <ul style="list-style-type: none"><li>• 50% of units to have a car space – including all family units</li><li>• 2 staff car spaces</li><li>• 5 visitor car spaces</li></ul> * Subject to planning requirements
<b>2.0</b>	<b>Conceptual Requirements</b>
2.1	General <ul style="list-style-type: none"><li>• Ideally all dwelling types to be mixed through the development rather than concentrated by type</li></ul>

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	<ul style="list-style-type: none"> <li>• Elderly tenants and tenants with a mental health condition work well when dwellings are located together</li> <li>• Multiple entries and/or multiple buildings can minimise traffic and help to avoid an institutional feel</li> <li>• Ensure privacy from the street whilst engaging with the streetscape</li> <li>• Prevention of noise transference between units is essential</li> <li>• Security is critical, including CCTV and peep holes where necessary</li> <li>• Public spaces must be well lit</li> <li>• Ensure solar passive design and cross ventilation</li> <li>• Meet minimum energy star ratings in BCA</li> <li>• Provide Universal Access throughout development (including common areas and entry doors)</li> <li>• Lift access must be included for buildings more than two storeys</li> <li>• Use quality finishes to reduce maintenance costs</li> </ul>
2.2	<p>Independent Living Units</p> <ul style="list-style-type: none"> <li>• Refer to Housing Choices Outline Specification - High Density_2013</li> <li>• 1-2 bedroom units for singles and couples, mix of elderly tenants and those with mental health conditions</li> <li>• Provide adequate space for dining/congregating</li> <li>• Linen Cupboards/internal storage should be provided to all dwellings</li> </ul>
2.3	<p>DDA Units</p> <ul style="list-style-type: none"> <li>• Refer to Housing Choices Outline Specification – Accessible(DDA)_2013</li> <li>• Provide 2 bedrooms to accommodate equipment or carer (wheelchairs)</li> <li>• Provide additional wall protection to dado level to minimise damage</li> <li>• Provide adequate space for family to gather in apartment</li> <li>• Ensure windows allow tenants in wheelchairs to see out</li> <li>• Provide a flexible layout that can accommodate different types of disabilities</li> <li>• Avoid carpet as it is difficult for wheelchairs</li> <li>• Provide adequate space for dining/congregating</li> <li>• Linen Cupboards/internal storage should be provided to all dwellings</li> </ul>
2.4	<p>Family Units</p> <ul style="list-style-type: none"> <li>• 3+ bedroom dwellings</li> <li>• Careful consideration should be given to noise levels and how these units are integrated in the development</li> <li>• Family units should have secure yard/play area</li> <li>• Provide a bath for bathing children</li> <li>• Provide adequate space for dining/congregating</li> <li>• Linen Cupboards/internal storage should be provided to all dwellings</li> </ul>
2.5	<p>Communal Facilities</p> <ul style="list-style-type: none"> <li>• To have all weather access to communal facilities and good access to the lift</li> <li>• Be conscious of selecting materials that endure wear and tear but are warm and inviting</li> </ul>
2.5.1	<p>Entry Foyer and Circulation</p> <ul style="list-style-type: none"> <li>• Ensure accessibility</li> <li>• Provide opportunities for sitting/gathering in circulation spaces</li> <li>• Ensure entry is clearly locatable from the street</li> <li>• Provide secure mailbox for each dwelling, to be located in public, well lit space</li> </ul>

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2.5.2	<p>Multi-Purpose Space</p> <ul style="list-style-type: none"> <li>• Provide a flexible space that can be divided into smaller spaces</li> <li>• Multi-purpose space to accommodate groups of residents, resident meetings, community activities to relate to the secure external space where appropriate</li> </ul>			
2.5.3	<p>External Space</p> <ul style="list-style-type: none"> <li>• Provide a safe and secure external communal space accessible to all tenants to “come together”</li> <li>• Include community garden facilities (raised beds)</li> <li>• To relate to multi-purpose space where appropriate</li> </ul>			
2.5.4	<p>Communal Laundry</p> <ul style="list-style-type: none"> <li>• A small coin operated common laundry that is secure and within public view should be provided</li> <li>• Allow 2 No. domestic washing machine</li> <li>• Allow 1 No. domestic dryer</li> </ul> <p>* All dwellings are to have taps and space for laundry facilities</p>			
2.5.5	<p>Car Parking/Plant and Utilities</p> <ul style="list-style-type: none"> <li>• Car parking should be secure</li> <li>• Storage Cages constructed of wire mesh should be avoided as they get broken into. Cupboards work much better and ideally would be located close to dwelling (i.e. on the same floor level)</li> <li>• Bin storage area needed</li> </ul>			
2.6	<p>Office</p> <ul style="list-style-type: none"> <li>• To be near entry and easily accessible to visitors and residents</li> <li>• Provide space for desk, hot desk, and file storage</li> <li>• Ensure second safe means of egress</li> </ul>			
2.7	<p>Commercial Space</p> <ul style="list-style-type: none"> <li>• In considering a mixed-use building, it works well to tailor ground floor commercial space with street interface</li> <li>• Community based support services and/or retail outlets work well with social housing</li> </ul>			
<b>3.0</b>	<b>Minimum Spatial Requirements</b>	<b>Dimensions/ Quantity</b>	<b>m<sup>2</sup></b>	<b>Total m<sup>2</sup></b>
<b>3.1</b>	<b>Residential Areas (NLA)</b>			
3.1.2	Independent Living Units – 1 Bedroom	7 dwellings	50	350
3.1.3	Independent Living Units – 2 Bedroom	8 dwellings	65	520
3.1.4	DDA Units – 2 Bedroom	5 dwellings	80	400
3.1.5	Family Units – 3+ Bedroom	10 dwellings	85	850
<b>3.2</b>	<b>Communal Facilities</b>			
3.2.1	Entry Foyer	6 x 3	18	18
3.2.2	Office	3 x 8	24	24
3.2.3	Multi-Purpose Area	6 x 8	48	48
3.2.4	Store Room	10 x 3	30	30
3.2.5	Laundry	4 x 5	20	20
3.2.6	Residential Storage units – 2 sqm/dwelling	30	2	60
3.2.7	Car Parking – provide spaces to 50% of dwellings + visitor spaces	To BCA Requirements		

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3.2.8	Plant & Utilities		60	60
<b>4.0</b>	<b>External Areas</b>			
	<ul style="list-style-type: none"> <li>• Landscaping should be low maintenance but inviting</li> <li>• Ensure adequate storm water drainage for the building</li> <li>• Use porous paving</li> </ul>			
<b>5.0</b>	<b>Design Specifications</b>			
	Please refer to following attached HCA Design Standards: <ul style="list-style-type: none"> <li>• Housing Choices Design Guidelines - March 2013</li> <li>• Housing Choices Outline Specification - High Density_2013</li> <li>• Housing Choices Outline Specification – Accessible(DDA)_2013</li> </ul>			

## Financial Assumptions

As Housing Choices will be the developer and on-going owner and manager of the development, the following financial assumptions should be used.

Weekly Rent Assumptions	Rent Amounts	Rent charged % of Market Rent
Market Rent 1 bed	\$ 350	
Market Rent 2 bed	\$ 390	
Market Rent 3 bed	\$ 420	
Average actual rent charged 1 Bed	\$ 165	47%
Average actual rent charged 2 Bed	\$ 221	57%
Average actual rent charged 3 Bed	\$ 271	64%

### Tenant Profile

Centrelink only	50%
Low income wages	50%
Average Weekly Rent	\$ 225
Average % Market rent	57%

### Operating Assumptions

Council Rates	\$ 1,200
Water rates	\$ 800
Insurance	\$ 350
Owners Corporation	\$ 2,500
Responsive maintenance	\$ 500
Tenancy & Property Mangement	\$ 2,000

Project Management Fees	2.00%
Development Manager Fees	2.00%
Debt Interest rate	8.15%