

A woman with dark hair, wearing a pink cardigan over a red turtleneck, stands in front of a brick house. To her left is a window with white curtains. To her right is a potted tree. The background includes a brick wall and a white fence.

Baptcare

*Affordable
Housing*

Annual Report

2022-2023

Our Mission, Vision and Values



Our Mission

To partner with communities to provide affordable housing solutions that bring hope and opportunity to the most disadvantaged.



Our Vision

Communities free from housing related poverty, where all residents can participate fully in life.



Our Values

We focus on these when working alongside our tenants, partners and supporters; with the very young through to the very old; the vulnerable and families, through all of life's stages and challenges.

Our Mission and Vision are lived through our WE CARE Values.



Wellbeing: you living your life with meaning, we partner with you to enhance your health, safety, comfort and spirituality.



Ethics: being genuine with you, leading with integrity and fulfilling Baptcare's purpose in harmony with community expectations.



Co-creating: building personalised and innovative solutions with you and our allied partners, with your goals as our shared focus.



Accountability: fulfilling our commitments to you and accepting our responsibilities to continually improve.



Respect: understanding and embracing your individuality, standing up for your equality and protecting your dignity.



Effectiveness: being focused on achieving the best outcomes for you, with you.

Baptcare Affordable Housing acknowledges Aboriginal and Torres Strait Islander peoples as First Australians and recognises their culture, history, diversity and their deep connection to the land. We acknowledge that we are on the land of the traditional owners and pay respects to Elders past and present.

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Message from the Board Chair



Home ownership is an increasingly distant dream for many Australians, and the rental market is tighter than ever before. This is a time of crisis in Australian housing.

Low-income earners, confronted by a lack of accessible and affordable housing, are at increased risk of experiencing homelessness.

We believe that secure, appropriate and affordable housing is a basic human right. It provides the foundational stability for individuals and families to enhance wellbeing and create a full, independent life for themselves. Social housing plays a critical role in supporting people impacted by the housing affordability crisis.

We are proud that for ten years Baptcare Affordable Housing (BAH) has played a role in providing accommodation for people in need.

As I reflect on what BAH has achieved over the past decade, I recognise the ways in which we have responded to the opportunity and obligation to grow strategically, engage effectively with government, and build on our existing resources, and what this means for the vulnerable people we work with.

With the rental crisis and housing supply becoming forefront issues of policy discussion, especially at federal level, we believe there should be an increased focus on increasing the supply of social and affordable housing. We look forward to being part of that growth into the future, playing a role in addressing rising housing stress. The private rental market is not a viable option for many lower income and vulnerable households. This means the social and affordable housing sector must expand to provide more homes for more people at risk of homelessness.

In March 2023, Melbourne recorded its lowest-ever rental vacancy rate of just 1.13 per cent. The vacancy rate is even lower in regional Victoria. This, combined with soaring rents, creates a dire housing scenario for vulnerable people. In this financial year the Council to Homeless Persons reported an increase in people working full-time¹, but not being able to find affordable housing, with a resulting risk of homelessness.

A decade ago it was unthinkable that a fully employed person would be unable to find affordable housing! In June 2023, 55,822 households were eligible for social housing and had applications listed on the Victorian Housing Register, indicating the size of the demand.

The Australian Institute of Health and Welfare released a report in June 2023* revealing that social housing makes up just 2.9% of Victoria’s residential properties. This is the lowest percentage of social housing for any Australian state or territory.

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The Australian Bureau of Statistics recorded 30,660 homeless people in Victoria on the night of the August 2021 census, a 24 per cent increase since 2016 and a jump almost five times the national average. We expect that number would be larger today.

These statistics demonstrate why the work of BAH is urgent and needed. The significant challenges in housing across Australia make this a dynamic time for us to be part of the Community Housing sector. BAH is delighted to be partnering with Homes Victoria in delivering more social housing under the Big Housing Build. We welcome the focus from governments in responding to the housing crisis and look forward to further opportunities in the year ahead and beyond, working with government and other partners to respond to the significant need in the communities we serve.

I would like to thank the BAH Board for their diligence and determination to provide housing for people in need. On behalf of the Board, I thank our Chief Executive Officer, Geraldine Lannon, for her leadership and support.

Together we look forward to coming years in which there will be continued growth of our programs providing increased access to affordable housing for vulnerable and disadvantaged people in our community.

I would also like to commend the vision and persistence of all Board members over the decade of BAH’s existence, as well as the former Chief Executive Graham Dangerfield, and all of the staff who have worked and continue to work hard to secure BAH’s current level of success.

We are grateful for the continued support, generosity and involvement of Baptcare, our parent company. I thank our Board for remaining focused on our vision, and continued contribution to the work and mission of BAH.

Carol Geyer – Chair, Baptcare Affordable Housing

**Source: www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia/contents/social-housing-dwellings

Meet the Board

| Director | Appointment | Meeting eligible | Meeting attended |
|---|---------------|------------------|------------------|
| Carol Geyer | February 2021 | 7 | 6 |
| Anthony Bridge | February 2021 | 7 | 5 |
| Gregory Cooper <small>Resigned October 2023</small> | October 2013 | 3 | 2 |
| Matthew Hick | March 2019 | 7 | 5 |
| Ellen Matusko | February 2021 | 7 | 6 |

Current BAH portfolio

Baptcare Affordable Housing has properties in Boronia, Deanside, Devonport, Highton, Maribyrnong, Norlane, Ringwood, South Morang, St. Albans, Sunshine and Wangaratta.

| Breakdown according to number of rooms | Total of BAH properties |
|--|-------------------------|
| One-bedroom | 95 |
| Two-bedroom | 68 |
| Three-bedroom | 20 |
| Four-bedroom | 8 |
| Total | 191 |

Chief Executive Officer's Report



Baptcare Affordable Housing commenced business activity in 2013, as part of a commitment by Baptcare Ltd to meet the needs of the most disadvantaged people in our community.

As a Registered Housing Provider, Baptcare Affordable Housing (BAH) was tasked by Baptcare with providing quality and affordable housing, as well as respect and dignity for people in need of accommodation. The quest was always to provide housing that was well-located, of quality build and affordable.

BAH began as a very small provider, overseeing the management of five housing units. Progress across the early years was both slow and steady. By the end of two years BAH managed 16 units across two locations, Boronia and Wangaratta. The affordable housing portfolio doubled in the third year, with the development of new townhouses in Wangaratta. By 2020 BAH managed 100 apartments, units and houses, providing homes for 170 residents.

The Victorian government's Big Housing Build was a catalyst for an exciting new chapter for BAH.



348

Total number of people housed with Baptcare Affordable Housing

"Housing is a human right... there can be no fairness or justice in a society in which some live in homelessness, or in the shadow of that risk, while others cannot even imagine it."

Jordan Flaherty

BAH is in the process of expanding its social housing portfolio. In addition to the 20 dwellings recently constructed in Sunshine, BAH was awarded management of 159 dwellings under the state government Community Housing Placement Program.



We also partnered in the Sunshine development that includes the first PassivHaus affordable housing dwellings in Australia. It is a source of pride that we had our first renters placed in these PassivHouses this year. BAH is a leader in this space, and we are delighted that renters will reap the benefit of drastically reduced energy bills at a time of increased cost of living pressures.

BAH is in the process of expanding its social housing portfolio. In addition to the 20 dwellings recently constructed in Sunshine, BAH was awarded management of 159 dwellings under the state government Community Housing Placement Program. BAH has ongoing plans for the construction of additional dwellings in the coming years at our Lalor and Keilor Downs sites.

2022-23 has been a significant year of growth, strengthening BAH and positioning it to play an expanding role in meeting the challenges of relieving housing stress in the community into the future.

We continue to respond to challenges. For example, following the pandemic, construction costs and timelines have increased from initial estimates on our Lalor and Keilor Downs projects, which BAH is negotiating with key stakeholders.

The enormous pressures on housing affordability are well documented, as well as the ever-growing gap between what is a sustainable level of housing expenditure for low and moderate income earners against the cost of market rents and ownership. The work of BAH is needed even more now than it was ten years ago.

I would like to thank the Board for its steadfast commitment to bringing our goals and strategies to fruition. The invaluable work BAH is doing in social and affordable housing can only be achieved through the strong support of all concerned.

Geraldine Lannon – CEO, Baptcare Affordable Housing





Huma finds a safe space in her PassivHaus

Baptcare Affordable Housing’s development in Sunshine includes eight PassivHouses. Huma Nazukmir moved into her new Baptcare PassivHaus home in Sunshine with her six children in May 2023.

“I really like this house,” Huma says. “We were so happy to move in. It is close to the doctor, the train station, the bus stop. My youngest child is five and his kindergarten is just down the street. There are lots of places for him to play.”

Baptcare Affordable Housing’s development in Sunshine includes eight PassivHouses. These dwellings meet international PassivHaus standards for airtightness, thermal insulation, ventilation, use of high-performance windows and doors and thermal bridge-free construction.

“It feels a little bit different living in a PassivHaus,” Huma said. “On cold nights I think the house stays warmer. When you open the sliding doors (to the rear yard) you can feel how heavy they are. It makes the house quieter.”

Huma started life in Kabul, Afghanistan, in difficult family circumstances. The Soviet-Afghan war, civil wars and in particular the rise of the Taliban made life intolerable.

After enduring many hardships in her native country and Pakistan where she fled to escape the Taliban, Huma is grateful for a secure home and the opportunity for her children to start a new life.

As the single parent of six children, most of them living at home, Huma needs all of the four bedrooms in her PassivHaus. “Every time we go outside there is fresh air, green grass, flowers and it’s very nice,” Huma says.

“My children’s future here is very good. In Australia there is women’s rights. Women can work, can have a house. And when I go upstairs to my own bedroom and close the door I have my own space, and that is good.”

Well-located and soundly-built housing for people on lower incomes who are at risk of, or already experiencing, homelessness, delivers not just a roof over someone’s head, but also a sense of security and belonging.

Australian-first energy-efficient affordable housing project



Our ground-breaking affordable housing project prioritising energy efficiency was completed, with renters moving into all homes.

BAH's pilot project in Sunshine comprises 20 new residences including eight PassivHouses. This is the first PassivHaus-designed social/affordable housing in Australia.

These dwellings meet international PassivHaus standards for airtightness, thermal insulation, ventilation, use of high-performance windows and doors and thermal bridge-free construction. The project includes two four-bedroom PassivHouses and six two-bedroom PassivHouses.

The other 12 dwellings are built to seven-star NatHERS energy rating and aim to achieve a minimum of gold standard on the Liveable Housing Australia rating for accessibility to and within the property. Project architects were Clarke Hopkins Clarke, and the builders were Creation Homes.

BAH has invested in building highly energy efficient dwellings as a response to studies showing that soaring energy prices are a huge burden for many renters, especially in social and affordable housing. BAH is preparing to work with Sustainability Victoria

and other agencies to study the ongoing impact of building highly energy-efficient social and affordable housing, and what this means for the health, financial and social outcomes for the people living in these dwellings.

The development provides housing support for larger families, sole parents, financially disadvantaged people, people experiencing family or domestic violence, and older Victorians who meet the criteria for social housing. The new houses are located close to Sunshine shopping centre, Barclay Reserve, services and public transport.

This project has been funded through the Building Works Package, with the Victorian Government contributing \$7 million to the \$11.5 million development.

Housing program expanded through CHPP



Our ability to provide accommodation for Victorians in need was enhanced through a successful tender for two packages in the first round of the Community Housing Placement Program (CHPP).

BAH's innovation in the housing and homelessness space was cited as a key reason for the tender's success. Under the contract signed with Homes Victoria, BAH will gain 159 properties to manage, and build an additional 33 dwellings.

We estimate that the increased holdings will mean we can house between 400-600 extra vulnerable women, men and children. Twenty-one of the new houses we are building will be four-bedroom, and 12 will be five-bedroom, allowing us to address an area of great unmet need. There is an acute lack of social housing for larger family groups.

Two of the new houses that we construct will be PassivHouses, building on our experience with designing and constructing innovative PassivHouses in Sunshine. We are commissioning research into how PassivHaus tenancy impacts on energy hardship, seeking insights that will have relevance across the sector.

Some of the new homes BAH will manage will be located at Highton, which links with our current work in Norlane. The rest of the homes will be clustered in the northern and western corridors of metropolitan Melbourne.

The new homes that we are building will be completed by 31 December 2026. The dwellings acquired and built for CHPP must be operated as social housing for a period of at least 30 years. This aligns with BAH's mission, 'To partner with communities to provide affordable housing solutions that bring hope and opportunity to the disadvantaged.'

Financials Update

Statement of Profit or Loss

Statement of profit or loss and other comprehensive income for the year ended 30 June 2023

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| Revenue | 1,594 | 1,594 |
| EXPENSES | | |
| Employee benefits expenses | (319) | (202) |
| Property maintenance expenses | (166) | (115) |
| Services and utilities expenses | (413) | (329) |
| Other expenses | (246) | (555) |
| Surplus for the year prior to depreciation expense and finance costs | 594 | 393 |
| Depreciation expense | (333) | (129) |
| Finance costs | (134) | (138) |
| Surplus for the year | 127 | 128 |
| Other comprehensive income for the year | - | - |
| Total Comprehensive Income for the Year | 127 | 128 |

The surplus for the year prior to depreciation expense and finance costs amounted to \$594,000 (2022: \$393,000). The total surplus for the Company amounted to \$127,000 (2022: \$128,000).

Baptcare established Baptcare Affordable Housing (BAH) as a separate but related company in response to changes in the Housing Act with the intent to provide pathways to secure social and affordable housing for existing clients including asylum seekers, homeless persons, people with a disability and low income older persons.

BAH is one of Victoria's 36 registered Housing Providers. It achieved registration in 2013.

As a registered Housing Provider it operates in compliance with the regulatory framework and performance standards as prescribed by the Office of the Housing Registrar (Victoria).

BAH operates with its own Board and CEO but subcontracts most of its work to Baptcare. The operational relationship is outlined in a corporate services agreement.

BAH's skills-based Board oversees and monitors the performance of the organisation by: Setting its strategic direction; Monitoring performance; Managing risk; Monitoring compliance.

BAH is in the process of expanding its social housing portfolio. In addition to the 20 dwellings recently constructed in Albion, it was awarded management of 159 dwellings under the state government Community Housing Placement Program.

BAH has ongoing plans for the construction of additional dwellings in the coming years at our recently acquired Lalor and Keilor Downs sites.

Following the pandemic, construction costs and timelines have increased from initial estimates which BAH is negotiating with key stakeholders.

Statement of Financial Position

Statement of financial position as at 30 June 2023

| Assets | 2023 \$'000 | 2022 \$'000 |
|--------------------------------------|----------------|----------------|
| Current assets | | |
| Cash and cash equivalents | 306 | 170 |
| Trade and other receivables | 485 | 1,019 |
| Prepayments | 65 | 23 |
| Total current assets | 856 | 1,212 |
| Non-current assets | | |
| Property, plant and equipment | 23,971 | 13,796 |
| Total non-current assets | 23,971 | 13,796 |
| Total Assets | 24,827 | 15,008 |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 858 | 739 |
| Borrowings | - | 2,500 |
| Contract liabilities | 314 | 91 |
| Total current liabilities | 1,172 | 3,330 |
| Non-current liabilities | | |
| Borrowings | 3,766 | 3,655 |
| Contract liabilities | 14,133 | 2,394 |
| Total non-current liabilities | 17,899 | 6,049 |
| Total Liabilities | 19,071 | 9,379 |
| Net Assets | 5,756 | 5,629 |
| Equity | | |
| Contribution of equity by owners | 2,885 | 2,885 |
| Accumulated surplus | 2,871 | 2,744 |
| Total Equity | 5,756 | 5,629 |

Financials Update

Statement of Changes in Equity

Balance as at 30 June 2023

Statement of changes in equity for the year ended 30 June 2023

| | Contribution of equity by owners \$'000 | Accumulated surplus \$'000 | Total equity \$'000 |
|--|--|----------------------------------|---------------------------|
| Restated balance at 1 July 2021 | 3,736 | 2,616 | 6,352 |
| Surplus for the year | - | 128 | 128 |
| Other comprehensive income for the year | - | - | - |
| Total Comprehensive Income for the Year | - | 128 | 128 |
| Contribution by owners for the year | (851) | - | (851) |
| Balance at 30 June 2022 | 2,885 | 2,744 | 5,629 |

| | Contribution of equity by owners \$'000 | Accumulated surplus \$'000 | Total equity \$'000 |
|--|--|----------------------------------|---------------------------|
| Restated balance at 1 July 2022 | 2,885 | 2,744 | 5,629 |
| Surplus for the year | - | 127 | 127 |
| Other comprehensive income for the year | - | - | - |
| Total Comprehensive Income for the Year | - | 127 | 127 |
| Contribution by owners for the year | - | - | - |
| Balance at 30 June 2023 | 2,885 | 2,871 | 5,756 |

The full financial statements for Baptcare Affordable Housing Ltd will be publicly available on the ACNC (Australian Charities and Not-for-profits Commission) website by 31 December 2023 (www.acnc.gov.au)

Statement of Cash Flows

Net increase/(decrease) in cash and cash equivalents and total cash and cash equivalents at the end of the financial year

Statement of cash flows for the year ended 30 June 2023

| | 2023 \$000 | 2022 \$000 |
|--|-----------------|----------------|
| Cash flows from operating activities | | |
| Receipts from residents | 2,160 | 1,082 |
| Receipts from government sources | 12,074 | 2,529 |
| Payments to suppliers and employees | 482) | (1,920) |
| Net cash from operating activities | 13,752 | 1,691 |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment and investment property | (11,116) | (5,702) |
| Payments for property, plant and equipment and investment property | - | 2,582 |
| Net cash used in investing activities | (11,116) | (2,697) |
| Cash flows from financing activities | | |
| Amounts advances from related parties | 1,500 | 423 |
| Repayments of borrowings from related parties | (4,000) | - |
| Net cash (used) / provided by financing activities | (2,500) | 423 |
| Net increase / (decrease) in cash and cash equivalents | 136 | (1,006) |
| Cash and cash equivalents at the beginning of the financial year | 170 | 1,176 |
| Cash and cash equivalents at the end of the financial year | 170 | 170 |

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