

## MyHome in Canberra – business plan

This note was drafted in March 2021 to explain where we were in forming a business plan for MyHome in Canberra as an operating facility. It was sent to ACT Ministers with the proposal we submitted then, and only minor revisions have been made more recently.

### Envisaged role of MyHome in Canberra Inc

2. We hope the ACT Government will agree to provide capital funds to design, build and fit out MyHome, and the Uniting Church will agree to a set of agreements with ourselves and the ACT Government to enable MyHome to be built and operated on the Church's site. If so, then after the design and building stages when MyHome begins to operate, the role for ourselves – the incorporated association MyHome in Canberra Inc – will be to manage MyHome in the manner agreed with the ACT Government and the Uniting Church.

3. MyHome's role would be separate from that of the agency which we envisage will provide residents with tenancy support and facilitation of other services for them. Our role would involve:

- a) ensuring, in collaboration with the service-providing agency and other stakeholders, that MyHome's objectives are attained for both its residents and the surrounding community – in other words, having the core responsibility to account for whether MyHome succeeds;
- b) overseeing a tenancy committee to select residents and administer their tenancies;
- c) representing MyHome in the Curtin, North Woden and wider communities, to promote understanding, common activities, and volunteering for support roles by residents' family members and others;
- d) ensuring that the built assets are well maintained and providing for their upkeep;
- e) ensuring that operating costs, including those of the service-providing agency, are covered by residents' rents, other income and the back-up fund which will be established for this purpose; and
- f) continuing with fund-raising, both for building relations with the local community and for replenishing the back-up fund to provide for the longer-term future.

### Forecasting uncertainties

4. The business dimension of this role will depend on key variables which at this stage cannot be forecast with confidence:

- a) the numbers and qualifications of the employed staff which the service-providing agency will need to dedicate to MyHome;
- b) the extent of the services which can reliably be provided by volunteers in support of the agency's employed staff, and the readiness and suitability of community members to be such volunteers;
- c) the proportion of residents' pension income which they can reasonably be required to pay as rent in addition to their Commonwealth Rent Assistance (CRA) – although since MyHome's accommodation will be superior in several respects to what's available as private rental or public housing, we believe the proportion can be above 25%; and
- d) the number of residents who will be eligible for National Disability Insurance Scheme (NDIS) packages and will direct payments to the service-providing agency from relevant components of their packages, and what the amounts of such payments will be.

5. We hope that while a site-specific design for MyHome in Canberra is being prepared, we shall be able to formulate these aspects of our operating plan in dialogue with the ACT's

mental-health authorities, the agency selected as preferred service provider, and the NDIA. And we understand that the ACT Government will prefer that the service-providing agency be contracted by MyHome. Therefore at this early stage, for the sake of preparing an indicative business plan for MyHome, we are assuming that:

- a) MyHome would reimburse all related expenditures of the service-providing agency, net of any payments which NDIS participants allocate to it from components of their plans;
- b) the staffing level will for the first three years be one manager suitably qualified in mental health care (abbreviated to MH-qualified) and three other MH-qualified staff (two full-time and the third part-time or casual) so that at least one MH-qualified staff member can be on site at all times, plus one non-MH-qualified staff member;
- c) the staffing level for the following years will be one live-in MH-qualified manager, one other MH-qualified staff member and two non-MH-qualified staff members (one full-time and the other part-time or casual), with trained volunteers providing other support including overnight caretaking to relieve the live-in manager at times;
- d) staffing costs and other operating costs would be broadly comparable to those forecast in the report prepared for ACT Housing by Paxon Group consultants in 2019-20, although for some items we have obtained more realistic forecasts from other sources;
- e) the manager will have a rent-free unit in the MyHome facility as a substantial part of her/his remuneration;
- f) the number of rent-paying residents will rise over several years to an average of 18.5 (allowing on average for one unit to be unoccupied for half of each year as residents leave and are replaced), and their rents will be set at one third of their pensions plus all their CRA;
- g) for an average of two-thirds of residents, there will be payments to the service-providing agency from components of their NDIS plans; and
- h) the back-up fund must be enough to cover, with a safety margin, the forecast gaps for ten years between staffing costs and other operating costs (net of NDIS payments) on one hand and expected income from residents and any additional sources on the other.

### Catering

6. We hope that, as an important part of community-building in and around MyHome, at least one meal each day will be prepared in a professional-standard kitchen and served in a shared dining room in the MyHome facility to those residents who want it. However, at this stage we cannot forecast the extent of this catering for collective meals, nor in what combination its cost could be covered by inputs from volunteers and donors or additional contributions from residents. Therefore, collective catering is for the time being omitted from our indicative business plan.

### Other sources of income

7. We believe it's reasonable to expect some operating income supplementing what residents pay in rent. First, using the shared kitchen facilities for outside catering may bring in net income, as is the case at HOME in Queanbeyan. Second, some residents may have paid employment or other non-pension income, such as income from a disability trust set up by their family, and be able to pay extra rent. Third, where family carers have been supporting financially a person who becomes a MyHome resident, such as by paying part of private rental costs, they may be able and willing to pay MyHome a regular amount in addition to the resident's rent. In order for our financial forecasts to be cautious, we're currently including only income from the third of these sources – the one of which we're most confident from our knowledge of financial support being provided by ageing parents to a number of people who fit the description of prospective MyHome residents. We believe financial support of this kind for one or several residents is likely to amount to \$25,000 annually.

8. Local fund-raising will be an important aspect of MyHome's ongoing work, and will be distinct from our work to replenish the back-up fund (see paragraphs 5(h) and 10) for the future beyond the first ten years of operation by seeking new commitments and the enlargement and rolling-forward of existing commitments. As a community-based organisation with links to local churches, service organisations and businesses, MyHome – like HOME in Queanbeyan – will be well placed for promoting local fundraising and we shall want to do this to strengthen these local connections. Given MyHome's fund-raising performance so far, we're confident of raising \$20,000 annually from donations of small amounts and \$20,000 annually of in-kind contributions to reduce operating expenses.

#### Finance spreadsheet

9. The accompanying spreadsheet has been prepared on the basis described above. Its logical flow is from a set of inputs to forecasts of MyHome's operating income and expenses, with annual shortfalls in income which, when summed over ten years and with some proportion added as a safety margin, give the amount required at the outset in a back-up fund. The spreadsheet pages are linked so that when the initial values of inputs are altered the effects can be identified. It should be emphasised that most of the content of the spreadsheet should be regarded as tentative, until more reliable data can be obtained through our consultations, especially with NDIA and prospective service-providing agencies.

#### Relation to Paxon Consultants' financial model

10. In February 2020 we provided comments to ACT Housing on the draft report by Paxon Consultants. In respect of its financial modelling, we pointed out that the consultants had assumed that MyHome – unlike Haven and Clear Breeze – would not have any income from residents' NDIS plans; nor had they considered possible contributions from residents' families. In formulating our business plan we have not adopted their suggestion that MyHome would pay into a sinking fund for the building's capital cost. We have instead incorporated annual payments of around \$100,000 from MyHome to a fund, administered jointly by a property board comprising representatives of MyHome and the Uniting Church, to pay for upkeep and refurbishment during and at the end of ten years. In addition, we have modified their suggestion of an endowment fund large enough for income from it to make up budget gaps indefinitely. We propose instead, as noted in paragraph 5(h), a back-up fund to make up budget gaps during MyHome's first ten years of operation. Since it would be run down progressively during that period it would need to be replenished, as noted in paragraph 8.

#### Other key financial assumptions

11. Our financial model incorporates other important assumptions:
- a) that MyHome will be exempted from rates and land tax (even if these were to be payable in respect of another part of the Uniting Church's development of the site);
  - b) that deconcessionalisation fees and lease variation charges associated with development on the part of the site on which MyHome is located will be waived; and
  - c) that the Uniting Church will be willing to charge MyHome only a nominal site rent, provided that MyHome meets all costs pertaining to the site normally met by the leaseholder, and makes adequate financial provision for repairs and maintenance of the building/s.