



Garden Flats

a return with a
difference



wentworth
community housing

HEADING *home*
ENDING HOMELESSNESS HERE

A small investment in your property can provide a financial return – all in your backyard!

Designed to be built at low cost in backyards, garden flats of around 20-25m² provide an income for homeowners and tackle the shortage of low cost permanent housing in our communities. Every garden flat can help with the affordable housing crisis and at the same time it can provide an income stream for homeowners.

As well as increasing property value, this is a unique and clever way to help people stay in their communities and prevent homelessness. It taps into the spirit of mutual benefit that's at the heart of great communities, and can be win-win for both land owner and tenant.



Who needs a garden flat?

Housing stress is at an all time high, according to the latest edition of the Hilda survey, and people are struggling to pay market rent.

In the Blue Mountains Nepean region, we have an under-supply of small, affordable housing. There are many people in our communities who need a garden flat such as older women, older men, students, single people and even couples.



Options to rent out your garden flat

There are two options for someone wanting to rent out their garden flat. One is to rent it out privately with or without a commercial real estate agent. Managing the tenancy directly saves on real estate agent fees but could mean more work.

The second option is to rent a garden flat through Wentworth Community Housing to people experiencing or at risk of homelessness. If you want to rent your garden flat to someone who has experienced homelessness, Wentworth has a limited number of incentive packages and will fully manage the tenancy with no management fees.

Incentive packages: The Wentworth option

This is an opportunity for homeowners to be part of the solution to homelessness in our local communities. Homelessness in the Nepean Blue Mountains region is growing with 1,363 people homeless on Census night 2016, up 27% from 2011.¹ This is higher than the national increase of 14%.²

When you build a garden flat (which will require your property to be in a zone where this type of development is permitted, and may require you to obtain development approval from the Council) and take up an incentive package, Wentworth will nominate a suitable tenant who has experienced or is at risk of homelessness, with your consent, to lease your garden flat. The match will be according to your preferences, and those of our clients. We will put forward two options and, once you accept our suggestion, we will arrange for you to meet the prospective tenants before they move in.

Wentworth will lease the Garden Flat from you, and sublet it to the tenant in occupation. Wentworth will also take on the real estate role to manage the tenancy for free. The Specialist Case Management team at Wentworth will support tenants and if a vacancy occurs, Wentworth will pay the rent until new tenants move in, giving peace of mind to owners.

We'll hold this agreement with you for up to 3 years. For the owner this means a guaranteed return of \$150 per week, or \$7,800 per annum (before the deduction of your expenses). Subject to the terms of your agreement with us and the tenant, your rental income is guaranteed throughout the lease term providing you with a level of certainty. For the tenant it can mean greater stability, confidence, and health.



How do the numbers stack up?

At around half the price of traditional 60m² granny flats, garden flats are an affordable way for home owners to create a long-term income stream that can relieve mortgage stress or supplement retirement funds.

The table below shows the rate of return over two scenarios: 10-year and 30-year term loans.³ The figures are based on an outlay of \$65,000 for a Garden Flat, covering \$45,000 for the build and \$20,000 for site costs. If your garden flat or site costs are higher, repayments will change.

Principal and Interest	10 years	30 years
Monthly Repayment	\$658	\$310
Weekly Repayments	\$151	\$71
Weekly rental from Wentworth	\$150	\$150
Weekly Income minus weekly repayments	(\$1)	\$79 ⁴

The Wentworth incentive package returns a close to market net yield of just under 9% per annum⁵ and returns much more to the community through solving homelessness, one Garden Flat at a time.

Garden Flat – 65K	Annual Return
Wentworth Incentive Package at \$150/wk	8.8% ⁶
Private Market Rental at \$200/wk	10.2% ⁷

Why is having a long term lease better than Airbnb as an investment option?

Based on publicly available information concerning AirBnB rentals, our financial modelling indicates that longer term rentals can provide a better return in the region in comparison to Airbnb.⁸ There are also other considerations such as legal issues with your council and whether your insurance covers the heavy risk of guest damages. There are significant additional costs to fully furnish a unit as well as the regular incidental costs such as cleaning that are typically offered by Airbnb properties.



How your incentive package works – step-by-step



1 **Get in touch with us** – Contact our Heading Home Project Manager and tell us about your property and your plans for a Garden Flat. We will talk through whether an incentive package could work for you.

2 **Express an interest** – We'll respond in principle if we think your location and tenant preferences could work. We need to take into account whether there is any public transport nearby and proximity to services as well as the match between our clients and your tenant profile preferences.

3 **Obtain any necessary Council approvals and build garden flat** – At the Expo we will have a list of builders and experts that will help you discover how you can build a garden flat in your backyard. You can also talk to representatives from the Council about the development approval requirements. Purchasing and building a garden flat is totally in your hands, Wentworth is not part of this step.

4 **Come back to us** – Once you have your garden flat approved and an estimated build date, contact us so we can start sourcing potential tenants. This way, we'll have someone ready to move in as soon as you are ready to rent your garden flat.

5 **Execute a headlease** for Wentworth to rent the Garden Flat from you and a contract guaranteeing support for the tenant. You will need to obtain your own legal, accounting, tax and any other advice that you require before entering into the lease and contract.

6 **Wentworth will provide support** to the tenant for up to 3 years.

7 **After the period of support**, we will review the arrangement together and decide whether to continue or not.



Common Questions

How do I know if my garden flat will be suitable for a Wentworth tenant?

We are looking for a range of location types. Some tenants are looking for a quiet and secluded area to live in while others will want an active community vibe. Please talk to us first if you're interested in an incentive package.

Most tenants are looking for somewhere that is close to public transport with shops and health services nearby.

Who pays for my garden flat?

You do. The garden flat is an investment in your property which will attract a rental income. You can choose the lender and the financial product which best suits your circumstances.

Does Wentworth have a role in the sort of garden flat that is built in my property?

No, this is between you and the builder and the approval authority, such as your local Council. You can find your own builder or Wentworth can provide you with a list of builders who exhibited at the Garden Flat Expo so you can consult with them.

Who do I go to if I have questions about the incentive packages?

Contact the Heading Home Project Manager at Wentworth if you are thinking about a Garden Flat and would like further information on the details below.

Who do I go to if I have questions about a Wentworth tenant?

Once you have built a garden flat and are leasing it to Wentworth, you will have two points of contact – a Client Service Officer (CSO) who will provide property management services and a Case Manager who will provide practical support to the tenant.

If you have any issues with the tenancy, you can contact your assigned CSO. If there are any concerns with your tenant, you can contact their Case Manager.

How long does it take for Wentworth to respond to my enquiries?

If your enquiry is about our incentive package, we will respond within one business day via phone and emails within two business days. If you request a face-to-face meeting, we will endeavour to organise this within a week.

If your enquiry is about a Wentworth tenant living in your garden flat, we will respond within 2 hours during business hours on the phone or email through our Intake and Assessment line.

How will Wentworth manage the tenancy?

Wentworth will sign a Tenancy Agreement for the garden flat with you and then rent the garden flat to tenants. This arrangement is called Headleasing and involves two tenancy agreements - one between Wentworth and you, and the other between the tenant and Wentworth. The Residential Tenancies Act applies to both agreements.

We will undertake property inspections in line with requirements under the Tenancy Agreement.

Do I get a say about who the tenant is?

Yes, we'll match the tenant according to your preferences and our clients. We will put forward two options that match your preferences. Once you accept we will arrange for you to meet the person before they move in.

How much information will I get about prospective tenants?

We will provide you with a tenant profile including name, date of birth, rental history and with the client's consent, a short bio.

How much information will the tenant get about me?

We will provide the tenant with your name and with your consent, a short bio.



What type of support do tenants get?

Wentworth will provide case management to every tenant. Case management is a process where we work closely with the person to identify needs, goals and aspirations and coordinate support and services that can help people to meet their goals. This starts with an initial assessment to identify priorities, then the Case Manager and tenant work together to develop a plan with goals and tasks and support to action the plan with ongoing monitoring and review. Our case management model is based on the stages defined by the National Standards of Practice for Case Management (Case Management Society of Australia and New Zealand).

Each tenant will be assigned their own Case Manager who will support them while they are living in your Garden Flat. In the first week of someone's tenancy we will visit each day for the first three days to ensure they are settling in well. Over the first month we will visit once a week, then fortnightly over the following two months. Most tenants will be settled well by this stage and we will then visit monthly over the next six months. Each tenant has different needs, so after this initial period, we will set up an individual support plan for the next 6 months based on the tenant's unique support needs.

Of course, we are available on the phone in between visits for any additional support needed.

How much interaction will I have with the tenant in my garden flat?

Both parties are entitled to privacy and the relationship is primarily governed by the Tenancy Agreement. Of course, this does not preclude friendly neighbourly interactions as with your other neighbours. If you want to maintain a complete separation you can factor this into the design and landscaping, e.g., separate entrance, fencing etc.

What happens if there are issues with the tenancy?

Wentworth will act on any breaches of the Tenancy Agreement, including any special conditions and take action according to the provisions of the Residential Tenancies Act and the Tenancy Agreement.

Visitors and guests

Tenants might have friends and relatives visiting from time to time and possibly staying within the terms of the agreement. You can let your assigned Client Service Officer know if you feel that the agreement has been broken and they will address this with the tenant.

Noise and nuisance

Under the NSW Residential Tenancies Act, tenants need to ensure that they don't interfere with the reasonable peace, comfort or privacy of neighbours. You can let your assigned Client Service Officer know if you feel that the agreement has been broken and they will follow up with the tenant.

Property care

If the tenant causes damage to any fixtures, fittings or other parts of the property, Wentworth will organise for repairs or replacement at no cost to you. As the landlord you will be responsible for maintaining the property and for damage not caused by the tenant, and you should maintain appropriate insurance.

If I want them to leave

You have the same rights and responsibilities as any landlord and can issue Wentworth a termination notice. If you issue a 'no cause' termination notice to Wentworth on or after the expiry of the fixed term of the lease, this will bring the lease with Wentworth to an end and Wentworth will not enter into a new lease with you.

If a tenant breaches the Tenancy Agreement and the issue cannot be resolved, then Wentworth will seek to terminate the tenancy through an order from the NSW Civil and Administrative Tribunal.

What happens if my property becomes vacant?

Wentworth will cover the vacancy period until a new tenant is approved. We will put forward two options that match your preferences. Wentworth has extensive experience in headleasing and we always look for the best match. If you reject our selection of two matches we will lease the property with the next person on our wait list who matches the agreed tenant profile for your property. Remember you can issue Wentworth with a termination notice at any time.



Contact Us

To find out if an incentive package can work for you, contact our Heading Home Project Manager.

Monday 8.30am – 4.30pm

Tuesday 8.30am – 4.30pm

Wednesday 1pm – 4.30pm

Thursday 8.30am – 4.30pm

Friday 8.30am – 4.30pm

Ph: 02 4777 8000

Email: headinghome@wentworth.org.au

¹<https://www.homelessnessnsw.org.au/sites/homelessnessnsw/files/2018-08/Homelessness%20in%20NSW%20by%20FACS%20districts%20and%20LGA%20.pdf>

²<https://www.homelessnessnsw.org.au/sites/homelessnessnsw/files/2018-08/Homelessness%20in%20Australia%20.pdf>

³Based on a variable interest rate of 4%. The interest rate each borrower will receive may be higher or lower than 4% depending on their individual circumstances and the bank and product they choose, as there are hundreds of different price variables even within each individual bank. A search of 65 home loans in November 2018 show a range of interest rates from 3.49% - 4.29% ([https://www.finder.com.au/home-loans/best-home-loans?utm_source=bing_ppc_mrts-ph&utm_medium=cpc&utm_campaign=FHL+-+Keyword+Research+\(Phrase\)&msclkid=ed2f99acaf6f15125bffc24c53c9e0ec&utm_term=mortgage%20rates&utm_content=MRT%20-%20Mortgage%20Rates%20\(Phrase\)\)](https://www.finder.com.au/home-loans/best-home-loans?utm_source=bing_ppc_mrts-ph&utm_medium=cpc&utm_campaign=FHL+-+Keyword+Research+(Phrase)&msclkid=ed2f99acaf6f15125bffc24c53c9e0ec&utm_term=mortgage%20rates&utm_content=MRT%20-%20Mortgage%20Rates%20(Phrase)))).

⁴Weekly and monthly repayments calculated from mortgage calculator: <https://www.yourmortgage.com.au/calculators/home-loan-repayment/result/>.

The weekly rental from Wentworth is based on an affordable rent for a single person on a Newstart Allowance and is calculated on 30% of the weekly payment plus the maximum Commonwealth Rent Assistance. <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4130.0-2013%E2%80%9314-Main%20Features-Housing%20Costs%20and%20Affordability-5-A-common-measure-of-rental-stress-is-to-look-at-the-proportion-of-lower-income-households-paying-more-than-30%-of-their-income-on-housing-costs.-This-is-in-line-with-NSW-FaCS-Affordable-Housing-guidelines>.

⁵Figures show net yield taking into account annual property expenses of \$2100 covering maintenance, Council costs (bins) and insurance. These figures are based on Wentworth's average cost of maintaining properties across our portfolio of over 2300 properties in Western Sydney.

⁶As above

⁷Figures show net yield taking into account annual property expenses of \$2100 covering maintenance, Council costs (bins) and insurance (These figures are based on Wentworth's average cost of maintaining properties across our portfolio of over 2300 properties in Western Sydney) and an annual vacancy rate for the region of 2.6% as of September 2018. https://sqmresearch.com.au/graph_vacancy.php?sfx=®ion=nsw%3A%3AWestern+Sydney&t=1 https://sqmresearch.com.au/graph_vacancy.php?sfx=®ion=nsw%3A%3ABlue+Mountains&t=1

Figures are based on the assumption that the owner will use the services of a commercial real estate property manager at an annual cost of \$1350 including property management plus letting fees.

⁸<http://insideairbnb.com/sydney/>

Disclaimer: The information contained within this information booklet is intended as general reference information only. While Wentworth has made every reasonable effort to obtain reliable information, it does not give any representation or warranty as to the accuracy or completeness of any material contained within this information booklet. Projected financial outcomes are for illustrative purposes only and readers should consider their individual circumstances and seek independent advice when considering if the 'Heading Home' project is right for them.

