



Merri-bek
City Council

Social and Affordable Housing in Central Coburg

Scoping Report

December 2023

D23/527991



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ACKNOWLEDGEMENT OF COUNTRY

Merri-bek City Council acknowledges the Wurundjeri Woi-wurrung people as the Traditional Custodians of the lands and waterways in the area now known as Merri-bek. We pay respect to their Elders past and present as well as to all First Nations communities who significantly contribute to the life of the area.

1. Executive Summary

a. Overview

This report aims to provide Council with a general understanding of the opportunities to deliver affordable housing outcomes in the Central Coburg area. It outlines what is known about the current level of housing need and the settings in terms of existing council policy.

The current need for affordable housing is set within the context of particular need for those on the lowest incomes. The current planning settings point to the scale of opportunity on Council's landholdings. Finally, the report provides a high-level overview of the social and affordable housing development landscape as it is relevant to Central Coburg's potential future. Examples of financial models for development and case studies are provided.

b. Key findings and recommendations

- There is a growing need for social and affordable housing in Merri-bek, particularly in Coburg.
- Coburg is seen as an ideal place for social and affordable housing.
- The current planning settings allow for a significant amount of new housing to be built in Central Coburg. The Coburg Structure plan will be reviewed in coming years, allowing opportunity for planning settings to align with Council's vision for redevelopment of its landholdings in Central Coburg that have been identified for revitalisation.
- The Coburg structure plan envisages that a range of land uses, including community facilities will be delivered in Central Coburg. It also sets objectives for high quality building design, public realm and accessibility.
- For its land that Council wishes to redevelop, the form, model of delivery and quantum of affordable housing that can feasibly be delivered will need to be considered in the broader context of the development and partnership proposition that Council will determine in the coming years.
- The state government's priority is to build housing on state-owned land, including public housing sites. This means that it is unlikely to be an "early mover" as a development partner.
- Federal government programs can make large investments in housing, but these programs largely favour projects with multiple development partners. These preferred partners include non-government partners such as community housing developers or 'for purpose' private developers.
- Council should develop a set of objectives it wants to achieve by providing social and affordable housing in Central Coburg. These objectives should be designed to allow Council flexibility in adopting a range of approaches and development models to achieve them. These objectives should be informed by updated research on housing need in Merri-bek. Objectives relating to excellence in built form, ESD, public realm and accessibility can also be set.
- Support from the community and from key sectors, such as community housing, state and federal governments, the Not-for-Profit sector, financiers and so on, can be increased by engaging them early, for example as part of master planning for Central Coburg. This could be an important way to build the trust and confidence with potential partners.

2. Introduction

a. Background information

The Merri-bek community is facing a housing crisis. The market has failed to deliver the housing we need for a generation. The Council resolution that requested this report points to how we can use its Coburg landholdings to deliver affordable housing. It specifically requested that Council:

Receives a report by December 2023 outlining options for securing the delivery of public and affordable housing leveraging existing Council landholdings in Central Coburg, including consideration of:

- a) The optimal volume of public and affordable housing that can viably be delivered.*
- b) Built form excellence, ESD, public realm and accessibility outcomes.*
- c) Possible pedestrianised precincts in appropriate parts of Central Coburg, particularly along Louisa/Waterfield Street, between Bell Street and Munro Street or along Russell Street, between Bell Street and Harding Street.*
- d) Opportunities for funding from the state and federal governments to deliver this housing, in the context of the imminent Victorian planning system changes and the federal Housing Australia Future Fund and the additional \$2 billion available for affordable housing announced by Prime Minister Albanese on 17 June 2023.*

b. Scope and limitations

Revitalisation projects of this type are very complex, and will likely involve developing new partnerships, delivery models and funding sources. Some core challenges that we need to consider when thinking about a future central Coburg which are out of scope for this report are ensuring our drainage can cope with future flooding events, finding the right balance of carparking and replacing Coburg Library.

The report responds to resolution (a) “The optimal volume of public and affordable housing that can viably be delivered” in a limited manner as questions of what is feasible are contingent on a number of interdependent factors that would make up an approach to development including the costs and scale of non-residential infrastructure and development, the requirements of different potential partners and the preferred proportions for different types of non-market and subsidised housing.

c. Housing terminology in this report

The Council resolution seeks information about the delivery of “public and affordable housing”. For the sake of clarity, the term “social housing” is used in this report as this is the umbrella term of public housing and community housing which is delivered under the Housing Act (Vic) 1983 for households who are eligible to be on the Victorian Housing Register (waiting list). “Public housing” is used to specifically describe housing that is owned and managed by the State Government through Homes Victoria and “community housing” is used to specifically describe housing that is owned and/or managed by not-for-profit registered community housing organisations.

In this report, “affordable housing” refers to housing for rent or purchase that is not social housing which is affordable to households on very low, low and moderate incomes. Typically, the rent or mortgage costs are set below 30% of household income. However, there is not a consistently agreed definition of affordable housing either in Victoria or nationally.

d. Methodology

Desktop research was undertaken using public sources, academic research and presentations from industry conferences and forums. Previous work by Council officers and consultants was

used as background and officers provided input into sections pertinent to their expertise. Informal interviews were undertaken with several industry professionals with recent experience in financing and delivering large scale affordable housing projects to ensure appropriate examples were used and robust conclusions drawn.

3. Need for social and affordable housing in Central Coburg

a. Housing demographics

As of 2021 there are 75471 homes in Merri-bek. This is an increase of 25% since 2001. The population of Coburg is 26,574. The rate of increase in homes in Coburg since 2001 has been lower than the municipality at 17% (11,151)¹.

Most people in Coburg live in sperate houses (65%), with 24% living in terraced or townhouses. A little over 10% live in flats or apartments, which is below the Victorian average of 12%. By comparison, 50.7% of Brunswick East residents live in flat or apartments².

At this time, the only people in Merri-bek guaranteed an affordable rent price are those in public or community housing (social housing) but this is only 3% of Merri-bek homes of which very few are in Coburg. Just over half the public housing residents in Merri-bek are over 65 while households with children represent just over 15% of the total. Young people not living with family represent only 0.5% of public housing residents.

b. Housing affordability issues in the region

5330 people in Coburg receiving Centrelink payments³. If they were to seek a new rental housing on, only 2.5% of advertised rental properties would be affordable⁴.

In Coburg, the level of housing stress, where households are paying more than 30% of income for housing costs, runs about twice as high for all renters (27%) compared to households with mortgages (13%). However, for the 840 private renters on low incomes (less than \$800 pw), 75% are in housing stress⁵. The median weekly rent in Coburg has risen more than twice the rate of inflation from \$200 to \$500 since 2003⁶.

c. Demand for social and affordable housing

As of July 2023, 7598 households on the waiting list for social housing in the North Metro area which includes Coburg, of which 4867 are designated as 'priority access' if they are homeless and receiving support; are escaping or have escaped family violence; with a disability or significant support needs, or with special housing needs.

Research published by the Community Housing Industry Association estimates that the unmet need for affordable housing across Melbourne was 199,800 in 2021, with this set to grow by 48% by 2041. Families with children make up half of this unmet need. This means that social and affordable housing would need to grow by 6.5% per year⁷.

¹ Australian Bureau of Statistics Quick Stats 2021 Census

² ibid

³ Department of Social Services - Expanded DSS Benefit and Payment Recipient Demographics - June 2023

⁴ Homes Victoria Rental Report June 2023

⁵ ABS Rental Affordability Index (RAID) 2021

⁶ Homes Victoria Rental Report June 2023

⁷ Quantifying Australia's unmet housing need, CHIA 2022 <https://chiavic.com.au/chia-national-unmet-housing-need-report/>

4. Council landholdings identified for revitalisation

a. Revitalisation of Council land



Figure 1 Council land identified for revitalisation in Central Coburg

Council owns 45,000 square metres of land in central Coburg between Bell St and Munro/Harding Streets. Much of it is currently used as at grade carpark but also includes Coburg Library and two supermarkets (one of which is currently being used by Schoolhouse Studios).

b. Suitability of Council-owned land for housing development

The location is ideal for all types of households on low income or in need of subsidised housing. It has excellent train, tram and bus links, a range of fresh food and grocery outlets, schools and leisure facilities.

Further work is planned to look at the future provision of carparking and the upgrade of drainage as their solutions will be a factor in the feasibility of any residential housing development including its location and scale.

5. Land use regulations and built-form policy settings

a. Coburg Activity Centre Zone

In October 2015, the Minister for Planning approved the Coburg Activity Centre Zone into the planning scheme under Amendment C123. C123 implemented the land use and built form directions from the Central Coburg 2020 Structure Plan (2006) and Colours of Coburg Place Framework and Strategies (2010), the community framework of The Coburg Initiative, and Pentridge precinct masterplans. The Activity Centre Zone objective for affordable housing is to “encourage and facilitate the provision of affordable housing choices for people in the lowest 40% of income groups”.

The vision for the Coburg Activity Centre was developed with the community and stakeholders of Coburg as part of the Central Coburg 2020 Structure Plan and originally adopted by Council in June 2003. The Vision has been revisited and maintained through subsequent strategic planning exercises.

Central Coburg develops as the prime shopping, living, employment and activity precinct in Moreland. The Activity Centre is transformed into an attractive system of streets and spaces. Central Coburg becomes a sought-after living environment, offering a range of housing choices, including high-density housing. Most people arrive at the Activity Centre on foot, by bike or by public transport. The provision of a range of services enables people to conduct a number of different activities based on the one trip. Central Coburg is linked with networks of green space⁸.

The structure plan for the Activity Centre zone envisages high density development with preferred heights at either 21.6 metres (6 Storeys) or 36 Metres (10 storeys) on Council's landholdings between Sydney Road and Coburg Station (Precinct 1).

The objective for this precinct is that it is “the primary location in the Activity Centre for office, retail and entertainment uses that support an 18 hour economy and provide for daily and weekly shopping needs”. Residential, entertainment community and office used are encouraged above ground floors. The redevelopment of the library is also noted.

⁸ Coburg Activity Centre Structure Plan Reference Document, 2018 <https://www.merri-bek.vic.gov.au/link/c18b1c19575145da99d6b5f1e7559ef1.aspx>

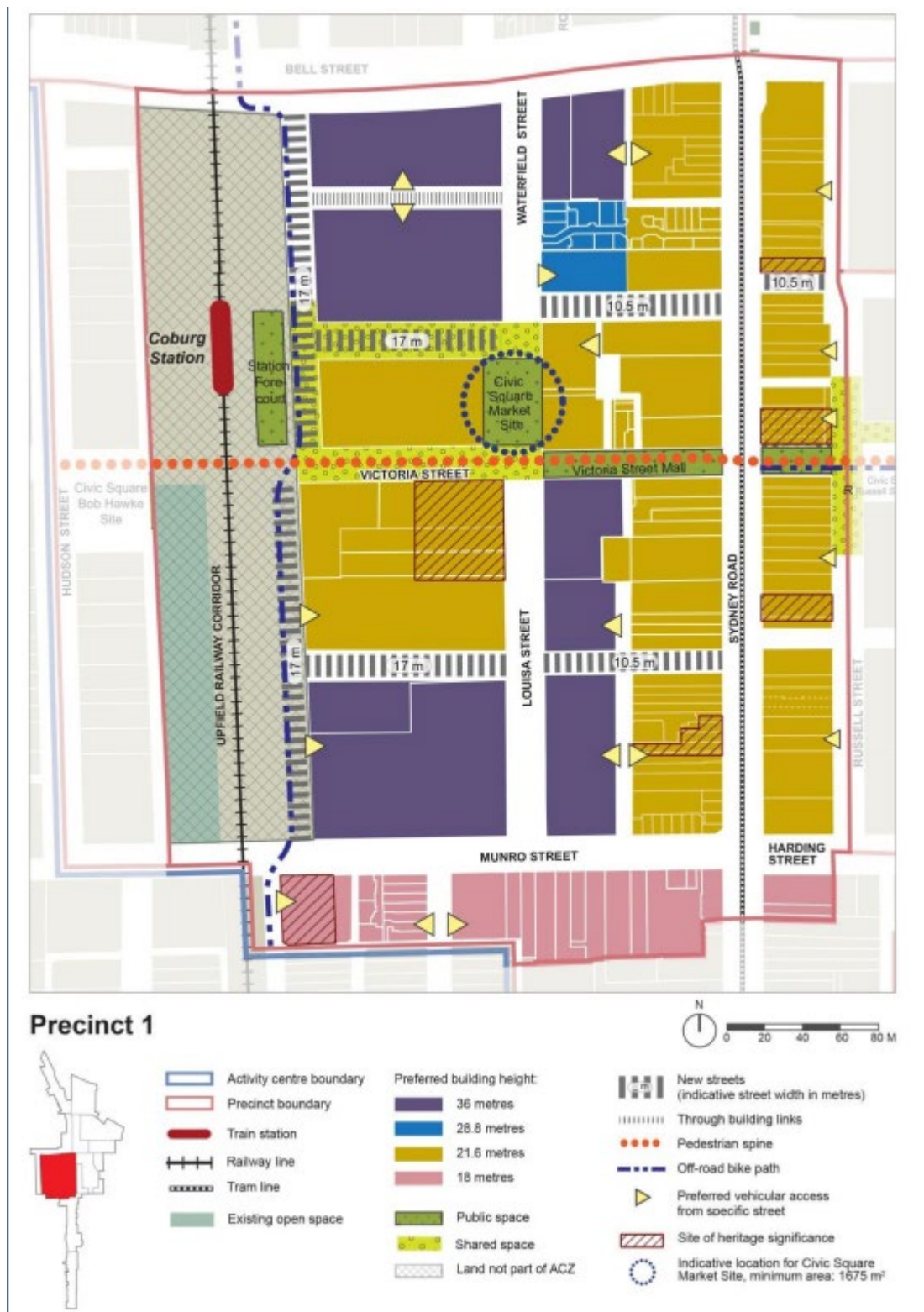


Figure 2 Planning Scheme objectives between Sydney Road and Coburg Station

On its land in Russell Street, the planning scheme has preferred building height of 28.8 metres (8 storeys) and 36 metres (10 storeys) This precinct is tagged primarily for residential uses "to accommodate a diversity of households and home occupation activity while allowing retail and office uses "that support residential activity".

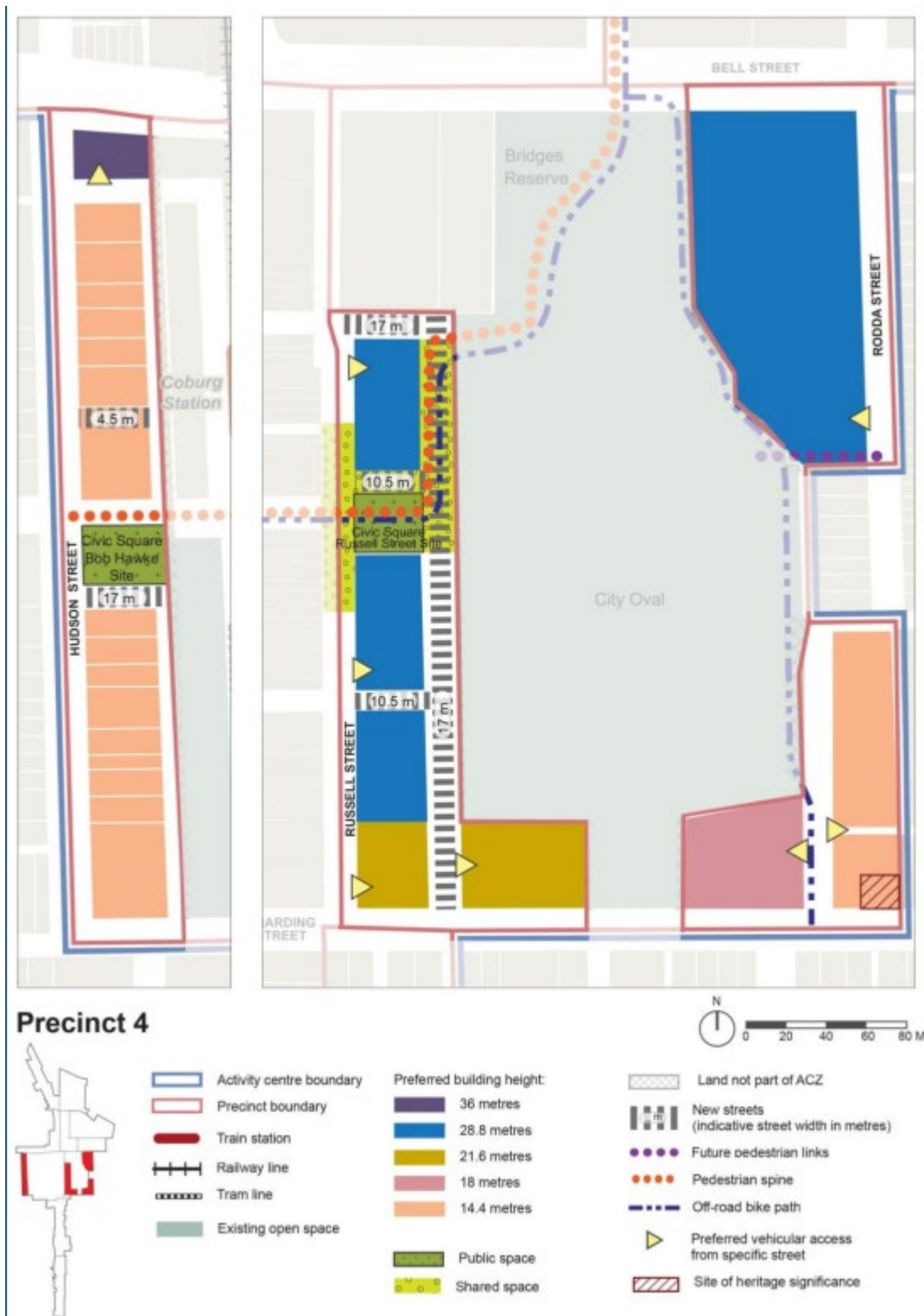


Figure 3 Planning Scheme objectives on Russell St

b. Future review of the planning settings for Coburg

A review of the function and effectiveness of the planning scheme in 2022 noted a concern with future capacity in the Coburg Activity Centre if the centre starts to experience similar redevelopment activity to the Brunswick Activity Centre. The review also acknowledged that built form and planning controls were included in the Planning Scheme in 2015 and that Practice Note 58 – Structure Planning for Activity Centres suggests that structure plans that are more than 10 years old should have a comprehensive review, especially in relation to an activity centres ongoing ability to accommodate growth and change.

The removal of the level crossing in Coburg has transformed the core of the centre and it is expected that development interest will increase. Reviewing the structure plan and planning controls for the centre will ensure that the policy settings and planning controls are the right ones to deliver the land use and built form outcomes that are needed for the centres. The review recommended that the Coburg Structure Plan and Activity Centre Zone be reviewed by 2027.

c. Victorian Planning Provision reform

Victoria's Housing Statement, released on 20 September, announced that the state government will introduce new planning controls in 10 activity centres to deliver an additional 60,000 homes⁹. The "Increasing housing choice in activity centres" program will "consider the best way to incentivise affordable housing". While Coburg is not included in the ten selected, media reports indicate that the program could be expanded to up to 100 activity centres in the future¹⁰.

An expanded Development Facilitation Program was gazetted under amendment VC242 to coincide with the release of the Statement. This allows the Minister for Planning to be the decision maker for residential projects in Melbourne worth more than \$50m on the condition that the project delivers at least 10 per cent affordable housing. It promises a 4-month application process with public notice but no appeal rights. The Minister may waive the affordable housing requirement as well as planning scheme requirements around setbacks, height limits and minimum garden areas.

The state government is also proposing to update Plan Melbourne with Plan Victoria with a renewed focus of a target of 70% of new homes to be built in established areas such as Coburg. For the planning system as a whole, it is flagging that a comprehensive "review and rewrite" of the Planning and Environment Act will be undertaken.

d. The Housing Statement and state government investment priorities

There are a number of initiatives in the Housing Statement which indicate the priorities with regard to new housing including public, community and social housing. Each of these focus on creating an uplift on existing state government-owned land.

The most significant proposal is to demolish and redevelop 44 high rise public housing blocks across inner Melbourne. The stated aim is to work with private and community housing partners to triple the population living on this land in which 10000 public housing residents currently live.

The state government has further promised to rezone surplus government land at 45 sites with the aim to deliver around 9,000 homes. This will again involve private sector partners with a stated aim to have a minimum of 10% affordable housing.

The Commonwealth Government has provided \$496.5m to the state government as its share of the \$2 billion Social Housing Accelerator and in the Housing Statement it committed to building up to 769 new social housing homes, again on state government land. It has announced two

⁹ Victoria's Housing Statement <https://www.vic.gov.au/housing-statement>

¹⁰ The Age the 10 Melbourne Locations to get thousands of new homes 30 October 2023
<https://www.theage.com.au/national/victoria/the-10-melbourne-locations-set-to-get-thousands-of-new-homes-20231030-p5eg1x.html>

significant projects under this funding already. The first is the demolition and redevelopment of two high rise public housing blocks in Carlton North and the second is, just north of Merri-bek, an \$80m project to deliver 120 homes on open space adjacent to the Banksia Gardens public housing estate in Broadmeadows.

e. Regulation of sale, lease or transfer of land

A Strategic Property Framework, adopted by Council in June 2023, provides the structure and clear processes to support rigorous and efficient decision-making on major property transactions. It presents the context, vision and guiding principles, and decision-making processes for each property function, including a comprehensive assessment process which will include evaluation against prescribed formulae under a decision-making matrix.

Legislative requirements for the sale and transfer of land are guided by the Local Government Best Practice Guideline for the Sale, Exchange and Transfer of Land 2009 (2009 Guideline) which elaborates on the legislative requirements contained in the Local Government Act 1989.

The new Local Government Act 2020 has largely replicated much of the old Act's provisions in relation to the sale and lease of land and continues to prevent Local Government entering leases for more than 50 years.

f. Built form excellence

The design of development in the Coburg Activity Centre is guided by an Activity Centre Zone. One of the built form objectives for the Zone is to ensure all buildings are designed to meet best practice standards for Environmentally Sustainable Design (ESD). In addition, Council has pursued a planning scheme amendment in partnership with other Councils for elevated ESD targets in planning schemes. The Zone also includes objectives relating to built form, building envelope and active frontages and sets expectations, including exemplary design for development that exceeds preferred building height.

Council has been active in trying to improve the quality of development through:

- Referral process with Urban Design and Open Space to influence the overall design of buildings and landscaping in proposed development.
- Elevated design, landscaping and accessibility direction as part of incentivised planning processes to get better outcomes as part of the Design Excellence Scorecard
- Proactive Planning Enforcement that looks at landscaping, accessibility and sustainability design compliance in approved development during the construction stage.
- Advocating to the State Government through various engagements to elevate greening and cooling policy in the scheme, including to ResCode's landscaping and open space standards.

A Design Excellence Scorecard was adopted by Council in February 2019 on a trial basis. Since the commencement of the trial, seven developments have met the requirements of the Scorecard. The Scorecard compliant developments go beyond the acceptable by delivering design excellence, through architecture, environmental sustainable design (ESD), accessibility and public benefits (e.g. affordable housing).

Built form excellence could become an objective of the revitalisation project.

g. Public Realm and Accessibility

The urban form in the core of the Coburg Activity Centre has been transformed with the construction of new railway stations and removal of several level crossings. It has offered new and improved connections through the activity centre, along with new open spaces, bike and pedestrian paths and recreational facilities.

The Activity Centre Zone has a land use and development objective to develop the Coburg Principal Activity Centre into a vibrant and diverse pedestrian oriented high density mixed use

centre. Further to this there are a number of built form objectives that support a high-quality public realm and accessibility, including:

To ensure that development contributes to active street frontages to:

- foster the passive surveillance of adjacent public spaces, particularly at ground and first floor;
- provide visual interest and design articulation at ground and upper levels; – facilitate visual interaction between people on streets and users of the building at ground level.

To provide a pedestrian oriented environment with improved links and an attractive and safe system of streets, laneways and other public spaces.

The Zone also includes an objective to encourage the provision of adaptable and visitable housing.

A high quality, pedestrianised public realm and accessibility could become objectives of the revitalisation project.

7. Calculating the quantum of Social and Affordable Housing that can be delivered

Subsidy of some kind is required to provide social and affordable housing. This can come in the form of capital investment or ongoing transfers from government, through to tax incentives or less direct measures like the gifting or discounting of land or providing uplift in building scale. The scale of subsidy varies based both on the type of housing provided and, primarily, on the capacity of renters or purchasers to pay. In simple terms, the more one moves to the left side of the Housing Continuum (Fig.4), the higher the subsidy required.

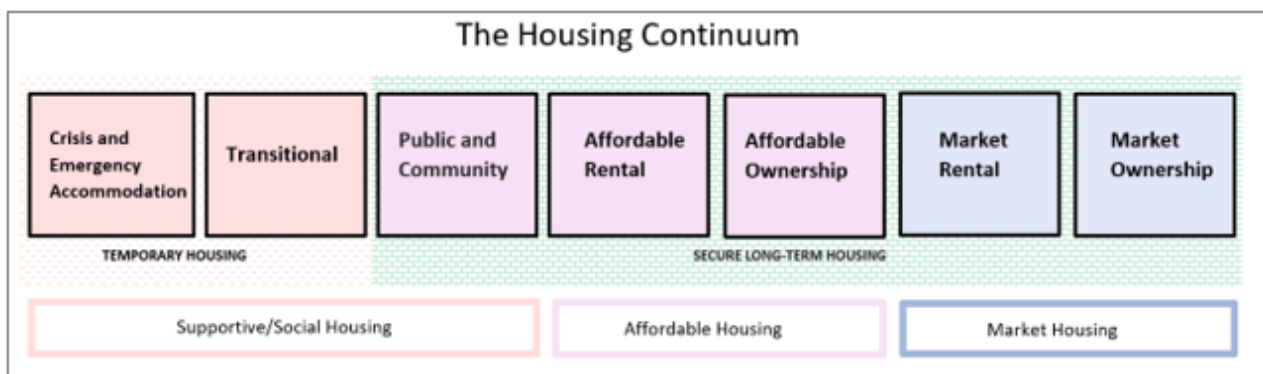


Figure 4 the Housing Continuum

Therefore any estimation of what level of social and affordable housing can be delivered requires identifying a number of variable factors including,

- The cost of the development land- this could be the price for freehold sale or leasehold fees and end of lease costs
- Construction costs- which may include demolition, remediation or infrastructure provision costs and specific built form preferences like ESD rating, accessibility and non-residential facilities provided
- Financing costs- this will vary dependent on time to practical completion, the cost of borrowing and debt/equity ratio
- The development entity- whether it is Not For Profit (e.g Community housing providers, Nightingale Housing) or commercial

- Projected rent/sale income- this will vary depending on who will live in the homes
- Lifecycle costs- maintenance, owners corporation fees
- Level of subsidy- different mechanism that ensure the relative cost of housing to income of residents remains affordable

The variations in quantum of delivery are wide. The Assemble Futures Model has no government subsidy but is delivering in its first examples in Preston 20% social housing and 30% affordable rentals. The state government led Ground Lease model delivers a majority of new homes either social or affordable, cross subsidised both by market housing and government subsidies. Projects funded under the Homes Victoria Social Housing Growth Fund are developed by community housing providers and are typically 100% social housing. In the Arden development precinct, the City of Melbourne land is requiring 25% affordable housing but most of the developable land which is being sold by the state government to private developers encourages but does not require a 6% affordable housing provision.

8. Housing Models

a. Commercial Build to Sell developments

In a "build to sell" scenario, developers focus on designing and constructing units that appeal to potential buyers in the real estate market. They aim to maximize the market value of the individual units by considering factors such as location, amenities, design features, and overall market demand. The goal is to create a development that attracts buyers looking for either a place to live or as an investment property. This

Build to Sell is heavily influenced by short-term market conditions, investor preferences, and the overall economic climate. This can mean that a development may remain on hold for periods from months to years with the land vacant until such time as proponents judge that they can launch a marketing campaign to quickly gain the 60-70% of off the pan sales usually required to get construction finance from banks. This model has been the predominant development model for medium to high density housing and there is sporadic supply of social and affordable housing across new developments from community housing providers or Homes Victoria purchasing at market price or occasionally at a discount if an affordable housing agreement has been negotiated with the planning permit. With the exception of some recent examples of Homes Victoria buying a significant proportion of developments under the Big Housing Build Spot Purchase Program, it is typical that social and affordable housing will be less than 5% of homes in a development.

b. BTR and all its variants

The Build to Rent (BTR) model is relatively new in Australia with about 10000 units currently delivered but is well established in Europe and the United States. BTR is a real estate development model where residential properties are constructed with the explicit purpose of being rented out rather than sold to individual homeowners or investors. This approach aims to create purpose-built rental communities, providing a long-term and sustainable income stream for property developers and investors.

Key features of Build to Rent in Australia include:

- Long-Term Ownership: Unlike traditional residential developments where units are sold individually, in Build to Rent projects, developers typically retain ownership of the entire development. This allows for a steady and predictable income through rental payments.
- Professional Management: Build to Rent properties are often managed by professional property management companies or the developers themselves rather than an owners corporation delivering services to multiple owners.
- Amenities and Community Spaces: Build to Rent developments often include shared amenities and community spaces to enhance the living experience for tenants. Common

features may include gyms, communal lounges, rooftop gardens, and other facilities that foster a sense of community.

- **Flexible Lease Terms:** Build to Rent projects may offer more flexible lease terms, in particular longer leases, compared to traditional rental properties.
- **Focus on Resident Satisfaction:** Since the success of Build to Rent relies on attracting and retaining residents, BTR providers claim they have a heightened focus on renter satisfaction. This may involve responsive customer service, proactive maintenance, and community-building initiatives.

Both the Commonwealth and state governments are promoting BTR as an answer to the rental supply crisis and some tax incentives have been introduced to promote investment. However, whether it is model that can meet the challenge to deliver affordable and secure rentals for lower income households is not yet apparent, but more supply of rental housing in the market is a positive.

c. Not for Profit /At-cost developers

The last decade has seen the emergence of development models with a stated aim to deliver improved built-form, environmental and community outcomes in inner-urban settings. The most notable of these is Nightingale Housing but also includes Property Collectives who have 10 developments (two in Merri-bek) completed through forming owner developer collectives. Nightingale Housing have included social, disability and affordable housing in a number of recent developments including the Nightingale Village and Nightingale Anstey. Nightingale Housing provides a small discount to community housing providers to purchase properties in development. Its community housing partners and their funders indicate that they are attracted to the quality of the build, low energy costs for renters and community-building environments. In a new contrast to its normal model of developing apartments for individual owner-purchase, Nightingale Housing is developing a Build To Rent project on land leased from a faith-based organisation in Marrickville, Sydney¹¹

d. Community Housing

The Community Housing sector, in Victoria made up of 11 relatively large Housing Associations and about 40 smaller housing providers, is being supported as the primary vehicle of social housing growth across all governments in Australia. However, there are still only a handful of Housing Associations that have the capacity to work at the scale of a revitalisation project. It has become common for the larger entities to work with locally based or specialised community housing providers and other community service organisations to ensure appropriate knowledge and support is in play for the residents.

e. Merri-bek Affordable Housing

Merri-bek Affordable Housing is building its capacity as a potential broker and advocate across community, industry and government. Given its clear remit to increase affordable housing provision in the municipality, it has the potential to add considerable value to affordable housing delivery in Central Coburg.

f. Ground Lease Model

Public land is leased from Homes Victoria to a project group who finance, design and construct new housing. The community housing provider then manages and maintains the sites for 40 years, before handing the land, and all dwellings, back to Homes Victoria. Compared to other types of Public Private Partnerships, this model retains ownership of public land and reduces upfront costs for the landowner. However, Homes Victoria does need to fund a subsidy payment for the social housing over the course of the lease. To date this model has been used exclusively to redevelop public housing sites.

¹¹ Nightingale Marrickville <https://www.nightingalehousing.org/updates/nightingale-is-coming-to-sydney>

9. Sources of funding and finance

a. Victorian State Government

- Homes Victoria

Formerly the Office of Housing, Homes Victoria is the lead agency for the management of public housing as well as managing funding for new developments of public housing, community housing and affordable housing. It also funds and manages programs that respond to homelessness.

Its primary funding vehicle is the Social Housing Growth Fund. This is available to Community Housing Providers who make competitive bids for project funding. Specialist funding rounds have also been run for regional areas, First Nations and people living with mental health issues.

Homes Victoria is also directly commissioning redevelopment and infill development of public housing. With at least one exception at Markham Avenue in Ashburton, the larger scale new developments are managed under contract by community housing providers.

While a “partnerships” channel of funding was promised with the announcement of the \$5.3 billion Big Housing Build in 2020, Homes Victoria has not designated any funding programs to date that can be accessed directly by local government.

The Victorian Budget forward estimates show that the Big Housing Build funds will be expended by 2026 and while some new funds have been allocated to regional areas for affordable housing, the only identifiable new funding ongoing funding sources for Homes Victoria based on current government announcements is the \$498.5m Social Housing Accelerator Program and an estimated \$70m per year which the new Short Stay Accommodation Levy may produce.

- Affordable Housing Industry Partnerships (Treasury)

Affordable Housing Investment Partnerships (AHIP) is a \$2.1 billion program to finance social and affordable housing. In addition to community housing providers, not-for-profit housing providers and councils can access the low interest loans and government guarantees for affordable housing components of mixed-tenure projects, and affordable housing projects.

b. Commonwealth Government

- Housing Australia Future Fund (HAFF)

The HAFF is a dedicated investment vehicle to provide additional funding to support and increase social and affordable housing, as well as other acute housing needs including, but not limited to, the particular needs of Indigenous communities and housing services for women, children and veterans. It will disburse a minimum of \$500m a year to community housing providers, state and territory governments, local governments and certain kinds of partnership ventures that include government entities. As its enabling legislation was only recently enacted, its administering body, Housing Australia (formerly NHFIC), has not yet released funding guidelines. The local government sector has been advised that any funding would need to be channelled through the states or territories. It is as yet unclear if that means the state government would have a role in allocating HAFF funds to local government. Public announcements and briefings by Housing Australia to date provide a strong indication that it will want to deliver on the 30,000 homes goal by using HAFF supports projects in a co-investment role rather than providing the lion's share of funds.

- National Housing Infrastructure Facility

The National Housing Infrastructure Facility provides concessional loans and grants for new social and affordable housing and for critical infrastructure that supports “unlocking new housing supply”. In 2023 its fund was topped up by \$575m and the eligibility was changed to make it easier for local governments to get support for housing projects. The critical

infrastructure funding can be accessed for site remediation and sewage and stormwater infrastructure.

c. Philanthropy

Charitable Foundations and philanthropic trusts have been growing in importance in contributing grants to social and affordable housing developments. Examples include

- The Lord Mayors Charitable Foundation. Its affordable Housing challenge offers investment of \$1 million to projects. Winners have included the Townhall Avenue project in Preston which was initiated by Darebin Council.
- Homes for Homes is an initiative of the Big Issue Magazine and raises funds through from the development sector and individual donations when a property is sold.
- The Peter & Lyndy White Foundation has distributed \$105m in grants since 2005 with a major focus on homelessness. This includes major grants to Wintringham Housing for two projects for older people in Coburg.

d. Financial sector

Super funds

Superannuation funds are now emerging as important partners in affordable housing financing. The most prominent entity is Super Housing Partnerships which describes its mission “a vehicle for innovation in response to Australia’s unacceptable housing crisis. We originate, facilitate, invest, and manage capital into housing solutions at scale”¹². For super funds to meet their required remit to deliver returns for their members, social housing or housing for those on the lowest incomes may not always be feasible. It is also notable that “scale” means a project needs to be at least \$200m. With the involvement of funds such as HESTA, there is a strong interest in aligning affordable housing with the needs of key workers in the health and community service sector.

Banks

Major banks have set targets for investment in affordable housing. National Australia Bank says it has already invested \$2.3 billion in “affordable and specialist housing” and aims to reach \$6.9 Billion by 2029. ANZ reports already expending \$5.5 billion of a \$10 billion dollar fund. Smaller banks like Bank Australia are also committed to supporting affordable housing through smaller scale impact lending

Other institutional capital

International capital funds are major players in some of the recent BTR developments. However, Australia is still seen as an immature market compared to the United States or UK. These kinds of investors are comfortable with long-term investment on the basis that there is a solid business case backed up by data. Council’s ongoing research program which clearly identifies need (for example for which key workers or vulnerable community members it seeks to assist with new housing) is an advantage. Affordable housing can also be attractive in terms of meeting ESG (environmental Social and Governance) targets with community and environmental outcomes.

10. Governance and process

It is a common concern across the community housing and financing players that selection and bid processes involving government can take extended lengths of time or have require a high level of resource investment. It is unusual for a local government to take on a revitalisation

¹² Interview with Caroline Viney, CEO Super Industry Partnerships :
<https://www.ahuri.edu.au/analysis/news/viewpoint-super-housing-partnerships-ceo-carolyn-viney-talks-institutional-investment-affordable-and-social-housing>

project of the scale and complexity presented by Central Coburg but if the ambition is matched with a clear outcome in mind, community support and careful governance, it can be achieved. The progress of the Health Precinct is already demonstrating Council's capacity for innovation.

11. Appendix

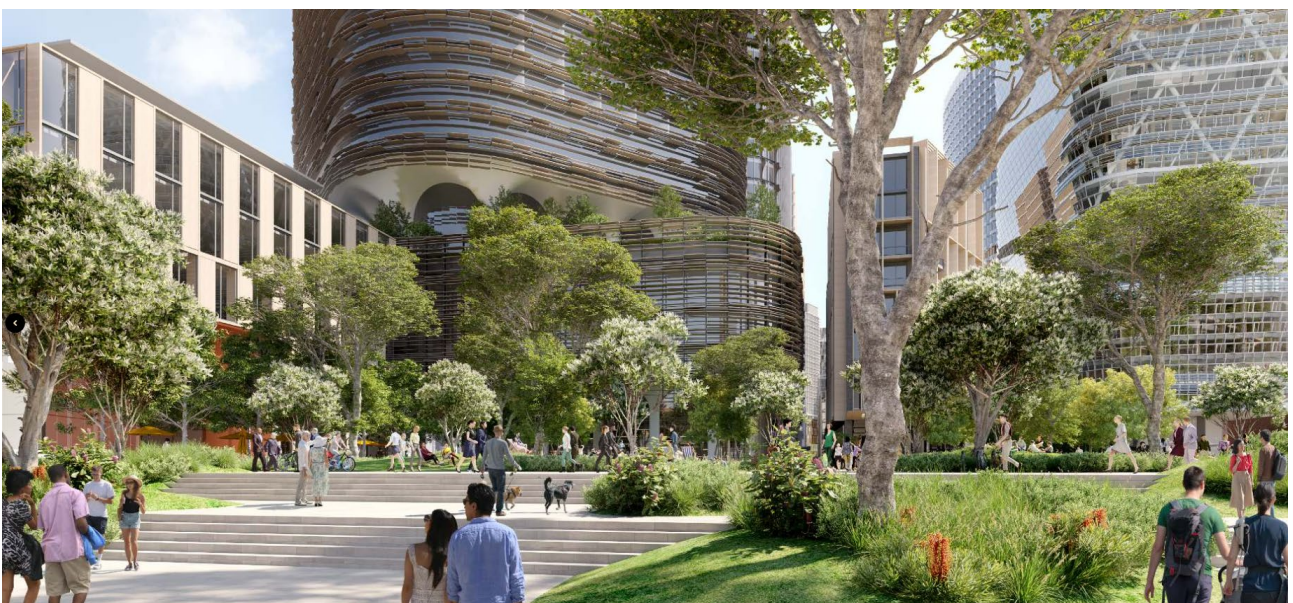
a. Case Studies

New Epping



Developer Riverlee partnered with community housing provider Haven Home Safe and Homes Victoria to deliver a 151 unit building which is 100% social and affordable housing as the first residential element of the \$2 billion 51-hectare New Epping precinct. The City of Whittlesea worked closely with developer to a planning outcome that delivers significant social and environmental outcomes.

Central Station Sydney



Led by Transport for NSW, this 45 hectare development will deliver 850 homes, 30% of which will be affordable housing.

Bellfield Launch Housing



This \$24m, 58 home, 100% social housing development is a partnership between Launch Housing, the Victorian Government and the City of Banyule. The council has leased the land for 50 years.

Townhall Avenue- Preston



Situated on a previously at grade car park in Preston, this recently completed development comprises 39 one and two-bedroom apartments across five levels and includes re-provision of 28 public car parks at ground level. The land has been leased to Housing Choices Australia for 50 years and was funded by Homes Victoria and the Lord Mayors Charitable Foundation.

Local Residential, Kensington



41 affordable, social and specialist disability accommodation units will be delivered in this 477 unit BTR development. Local is a B-Corp registered company backed by Macquarie Bank, which states its purpose is “impact housing” with an aim to build 5000 BTR units across Melbourne. Community housing provider, Women’s Property Initiatives will manage the social and affordable homes.