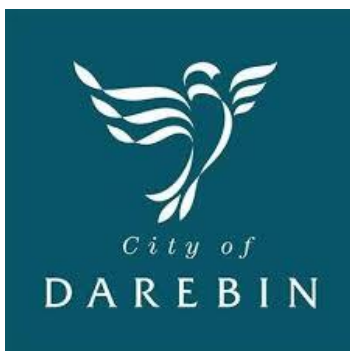


Affordable Housing Advisory Service Pilot Program

Project Completion and Evaluation Report

Moreland and Darebin Councils

June 2019



Moreland City Council

Executive summary

The purpose of the Affordable Housing Advisory Service pilot program was to engage a consultant to provide advice on affordable housing matters in planning permit and planning scheme amendment processes for Darebin and Moreland Councils. The service was modelled on, and operated, in the same way as the long running Heritage Advisory Service, operating in most municipalities in Victoria.

The Affordable Housing Advisory Service was a very successful pilot program and there were considerable learnings.

An Affordable Housing Advisory Service is a useful way to build staff capacity and secure affordable housing outcomes in planning scheme amendments and development applications. The Service can operate across statutory and strategic planning and be used as a way to build knowledge among staff and Councillors. The Service was particularly useful in receiving current advice within the shifting context of affordable housing within the planning system.

However, what the program highlighted was that while staff can get up to speed on their understanding and knowledge of Affordable Housing, there is still an ongoing need and benefit for expert advice throughout planning permit and planning scheme amendment processes. Affordable Housing is no different to Heritage, Urban Design, ESD, Engineering, Acoustics, Contamination, Arboriculture, etc, where Planners call on expert inputs.

Like many other expert inputs into local government Planning processes, having an Affordable Housing Advisor working from the Councils' offices enables ease of access to the Advisor to provide advice, attend meetings, deliver formal training and have informal discussions as a consideration in the *Planning and Environment Act*. The Advisor is also able to assist with examples of good practice and challenges facing the local government, development and community housing sectors. This enables staff to learn at their own pace, on an ongoing basis, and about things that are relevant to the work before them at the time. It also means that the Affordable Housing Advisor can be part of pre-application and ongoing discussions and gain an understanding of the specific local context and nuances rather than simply delivering technical advice by way of written advice.

The Pilot Program showed that the Affordable Housing Advisor needs knowledge of the planning system and processes. This enables the Affordable Housing Advisor to build rapport, trust, and confidence with Council

Planning staff. It also means that referral advice and guidance documents focus on outcomes that are viably achieved through a planning process (permit or amendment).

The Pilot Program has shown that it is essential for the Affordable Housing Advisor to have a strong understanding of development economics. This skill adds value to discussions and can build credibility and confidence with developers and proponents. In an environment of voluntary agreements, if an Advisor can talk the language of a developer/proponent, and understand the costs associated with development then negotiations are more likely to be optimal and effective.

The final aspect of knowledge that assisted in the successful delivery of the Affordable Housing Advisory program was having someone in the role who has working knowledge of the community housing sector. This enables meaningful discussions with community housing applicants and ensures that Council staff do not seek a Section 173 Agreement just because the application is for affordable housing. It also enables negotiations for Affordable Housing Agreements to be based around realistic options that would work for multiple community housing organisations, without actually having to include one or more community housing organisations in the negotiations themselves. The Advisor was also able to direct applicants to the housing agencies operating within the municipal area.

At Moreland, the Service delivered benefit to both the statutory and strategic teams. Expert assistance was provided on many planning scheme amendment and planning permit applications. The Advisor assisted staff and proponents/applicants at all stages of amendment and permit processes and provided significant learnings for staff.

At Darebin, the Service delivered greater benefits to the strategic planning team than the statutory planning team. This reflects the projects that were being undertaken within strategic planning during the term of the Service. The value of the Service in relation to planning permit applications is dependent upon the level of applications above a certain size.

It is important to consider the organisational context and readiness to negotiate voluntary affordable housing agreements. At Darebin, the program coincided with a number of staff departures, which resulted in increased workloads for remaining staff. This impacted upon staff members' ability to engage with the Advisor.

Overall Planning staff and their permit applicants/proponents found being able to call on the expertise of the Affordable Housing Advisor extremely beneficial and helpful.

The State Government, through the implementation of voluntary affordable housing negotiations, has necessitated expert skills and it would be helpful for the State to provide ongoing support for Councils in implementing these changes.

An ongoing program such as this would provide Councils with expert advice while continuing to build the capacity of staff. The State could consider funding such a program across Councils and provide different options for Councils in engaging with the Service (because of the differing demands from different teams/areas).

An objective of the pilot program was to increase the willingness of developers who regularly operate in Moreland and Darebin to enter into voluntary affordable housing agreements. A longer trial of the Service would have provided opportunity for a more fulsome evaluation. Complex planning permit applications and rezonings take longer than six months to resolve and affordable housing outcomes cannot be quantified in such a short space of time. The Affordable Housing pilot program at Moreland and Darebin Councils demonstrated that there would be benefit in this model of local government negotiations of Affordable Housing Agreements. The equivalent Heritage Advisory Service was established with 15+ years of grant assistance from Heritage Victoria and there would be significant benefit from ongoing state and local government funding in rolling out an Affordable Housing Advisory Service across Victoria, particularly in Councils with a high degree of readiness to negotiate affordable housing outcomes.

What did we set out to do?

The purpose of the Affordable Housing Advisory Service was to engage a consultant to provide advice on affordable housing matters in planning permit and planning scheme amendment processes.

The service was modelled on, and operated, in the same way as the long running Heritage Advisory Service, operating in most municipalities in Victoria.

The service operated for a 6 month period in the first half of 2019. It was funded by the Department of Environment, Land, Water and Planning's Voluntary Affordable Housing Agreements Grants Program.

The service operated in two municipalities; Moreland and Darebin. It was a pilot program to evaluate its effectiveness. The service operated one day per week (half day at each Council).

The primary objectives of the service were to:

- Successfully negotiate voluntary affordable housing agreements with developers as part of major planning permit applications and rezonings
- Increase the capacity of Council Officers to navigate affordable housing agreements and negotiate outcomes
- Increase the willingness and provide guidance to developers who regularly operate in Moreland and Darebin to enter into voluntary affordable housing agreements
- Share the learnings of the pilot with the Department of Environment, Land, Water and Planning and other Councils.

These objectives were to be achieved by:

- Developing and implementing methods to encourage developers to discuss affordable housing before they prepare a permit application or seek a planning scheme amendment
- Reviewing and advising on planning permit applications and planning scheme amendments, including pre-application advice
- Helping to determine the value uplift of a proposal and an appropriate quantum of affordable housing to begin negotiations
- Identifying community housing organisations that could be part of affordable housing negotiations
- Developing and documenting processes for staff in relation to affordable housing negotiations and agreements, including identifying possible incentives.

How did we do it?

The Affordable Housing Advisor worked from the Councils' offices, providing written and verbal advice to both Urban (Statutory) and Strategic Planners and attending meetings with developers and their consultants.

Logistics

The Affordable Housing Advisor was set up in the Councils' IT systems in the same manner as staff. The Affordable Housing Advisor had access to the Councils' network and had a Moreland/Darebin email address and Outlook calendar.

An induction was conducted in accordance with the Councils' standard corporate induction processes for staff and consultants.

Week to week, the Affordable Housing Advisor's time was coordinated by a nominated Council Planner.

A template was developed for written referrals to the Affordable Housing Advisor. The template was developed jointly by Darebin and Moreland, each Council using their own logo on the common template. The template included fields to document the outcomes to assist in evaluating the effectiveness of the Advisory Service.

A draft protocol was developed for referrals to the Affordable Housing Advisor and was based on existing protocols for consultant advice.

Workshops for Council staff

Within the Project Plan for the Affordable Housing Advisory Service pilot program two workshops were proposed for the Urban (Statutory) and Strategic Planners from the two pilot Councils. It was anticipated that approximately 20 staff would attend each of the two workshops.

The first workshop was run at the commencement of the program. Based on the number of staff who attended the workshop, the level of energy in the room and the responses to a survey to determine the affordable housing knowledge of staff, it was clear that there was interest and content to justify three workshops rather than two.

Three workshops were delivered to staff; three months apart. One at commencement of the 6 month pilot program, one three months later, and a final workshop at the conclusion of the pilot program. All workshops were of two hours duration.

There was a good mix of Urban (Statutory) and Strategic Planners at all workshops and strong attendance from both Councils. Darebin and Moreland alternated hosting the workshops.

Capacity building for developers and community housing providers

Within the Project Plan for the Affordable Housing Advisory Service pilot program, two workshops were proposed for developers and community housing providers.

At the inception of the program it was decided that the community housing, not for profit sector already has a very good knowledge of Affordable Housing and that it was unrealistic to expect them to dedicate resources to the workshops envisaged.

In relation to the development sector workshops, a mail-out was undertaken to regular permit applicants and amendment proponents. As well as promoting the Affordable Housing Advisory Service, the letter sought expressions of interest in attending a workshop. Due to the diversity of responses, rather than a workshop it was decided it would be more effective to hold one-on-one meetings with interested people. These meetings were attended by Council Urban (Statutory) and Strategic Planning officers as well as the Affordable Housing Advisor. Meetings were held with twelve Planning consultant and property development personnel.



Moreland City Council hosted an industry Design Excellence event. This event was attended by 35 local developers and designers of medium and high density development. The Affordable Housing Advisor gave a presentation on Affordable Housing in the planning system and spoke to interested developers and designers individually afterwards.

The Affordable Housing Advisory Service was also promoted within online professional and social media groups.



Resources for development sector and Council Planners

The Affordable Housing Advisor provided verbal and written advice as part of permit applications and rezoning processes and this experience helped shape the development of a Fact Sheet, and guidance for staff. These documents are in the process of being finalised, adapted, and approved for each Council. Draft copies of the documents are attached to this report.

The Fact Sheet provides landowners, developers, and planning consultants with an overview of Moreland/Darebin's expectation in relation to negotiating Affordable Housing outcomes. The Fact Sheet recognises the voluntary nature of Affordable Housing Agreements and sets out the information that applicants or proponents will need to provide and when and how Affordable Housing negotiations will take place. The Fact Sheet will be available on-line and will also be provided to applicants / proponents / potential land purchasers at the earliest possible point in the planning process so that they can factor Affordable Housing into their proposals.

The guidance for staff provides a step-by-step diagram showing how and why Affordable Housing negotiations can take place. The advice is presented as a series of questions and answers and is based on the sort of questions that were raised in staff workshops, meetings with applicants/proponents, and discussions with staff.

The Affordable Housing sector is complex and Local Government's involvement in facilitating Affordable Housing is also complex, not least because it is a voluntary deliverable that is achieved through negotiation. The guidance for staff provides practical

and pragmatic advice so that staff can be confident in instigating discussions about Affordable Housing and can also recognise when it is appropriate to call on the help of an Affordable Housing expert. What the program highlighted was that while staff can increase their knowledge and understanding of Affordable Housing, there is still an ongoing need and benefit for expert advice throughout planning permit and planning scheme amendment processes. Affordable Housing is no different to Heritage, Urban Design, ESD, Engineering, Acoustics, Contamination, Arboriculture, etc, where Planners call on expert inputs.

There is a significant amount of information provided in the staff guidance as it is difficult for a planner to absorb all of the detail in a workshop. Most people will learn how to negotiate Affordable Housing Agreements by going through the process one or more times and the staff guidance has been designed so they can dip in and out of the information at different points in the negotiation process.

The Guidance material can be updated as the Councils start to bed-down their processes and/or in response to changes in policy.

How much did it cost?

The Affordable Housing Advisor was engaged for a six month period, 1 day (8 hours) per week, plus time spent preparing for and delivering workshops, meeting with developers and designers to increase knowledge and promote the service, developing guidance material and assisting with the evaluation of the program. The hourly rate was in the order of \$200-250 per hour. The overall cost over the 6 month period was \$50,000.

Moreland & Darebin Councils

Invitation to Statutory and Strategic Planners
from Moreland and Darebin



Affordable Housing Agreements Workshop

Presented by Rachel Hornsby
our Affordable Housing Agreements Advisor

Thursday
14 February
9:30am-11:30am

Concert Hall
Moreland City Council



Workshop 1

The first workshop was an introduction to Affordable Housing in the planning system. There were 46 attendees.

The workshop was delivered through a combination of a presentation from the Affordable Housing Advisor and table group exercises. Each table group was half Darebin and half Moreland and role based – all strategic or all statutory roles.

The workshop content was specifically focussed on *'What do Council Planners need to know in order to have regard to the Planning and Environment Act objective to facilitate the provision of affordable housing?'.* The workshop included information and discussion on:

- What is Affordable Housing?
- What does 'appropriate' mean?
- Who lives in Affordable Housing?
- Who are the key players in delivering Affordable Housing?



Workshop 2



There were 35 attendees at the second workshop, who consolidated their learning regarding the matters to consider when negotiating an Affordable Housing Agreement.

This workshop focussed on reinforcing the definition of Affordable Housing, hearing from colleagues about their learnings and experience, and practicing negotiating Affordable Housing Agreements using scenarios.

The key messages of this workshop were:

- Cheap housing is not the same as Affordable Housing.
 - For something to meet the definition of Affordable Housing (as set out in the *P&E Act*) there needs to be a process of eligibility and allocation for potential tenants/owners
- The key to a successful Affordable Housing Agreement is:
 - It is specific enough to provide certainty
 - **How much housing?**
 - **For how long?**
 - **Who pays for the housing?**
 - It is flexible enough to enable the community housing sector to respond to opportunities.
- The earlier in the process Council can let the land purchaser / developer / applicant / proponent know that an Affordable Housing contribution will be sought, the better able they are to build that cost into their feasibility studies. The later the Council leaves it, the more likely the need to provide trade-offs to secure an Affordable Housing contribution (height, parking or something else).

Attendees worked through scenarios in table groups, once again half Darebin and half Moreland and role based – all strategic or all statutory roles.

Moreland & Darebin Councils

Invitation to Statutory and Strategic Planners
from Moreland and Darebin



Affordable Housing Final Workshop

Wednesday
12 June
9:30am-11:30am

Presented by Rachel Hornsby
our Affordable Housing Advisor

Concert Hall
Moreland City Council



Workshop 3

Workshop 3 consolidated the learnings to date and provided staff with practical examples of calculating the value of an Affordable Housing contribution. There were 28 attendees.



The workshop focused on putting theory into practice, understanding the value of an affordable housing contribution and the matters which should be considered in a Section 173 Agreement. Attendees worked through scenarios in table groups.

It was a chance for staff to reflect on the effectiveness of the Affordable Housing Advisory Service and to highlight the lessons learned.

The workshop provided an overview of the resources for staff and developers that are being finalised and step them through how staff can apply the knowledge they have gained to date, so they can more confidently participate in Affordable Housing negotiations and review Affordable Housing reports.



What was the outcome?

Survey results

A survey of staff across both Councils was undertaken prior to the first workshop and after the third workshop (i.e. at the beginning and end of the pilot program). The first survey provided baseline information about the level of understanding of staff about Affordable Housing agreements and helped identify the areas to focus the learnings in the coming workshops. The second survey measured how people's capacity and understanding of Affordable Housing had changed over the course of the program and their feedback on the service.

The first survey was completed by 47 people, 60% from Moreland and 40% from Darebin. The survey indicated:

- Many people felt Affordable Housing should be a priority in their role (more than 60% agreed or strongly agreed)
- They also felt that they did not have confidence in negotiating Affordable Housing agreements (more than 65%)
- That the Council did not yet have the policy and process in place (more than 50%) to enable successful negotiations.

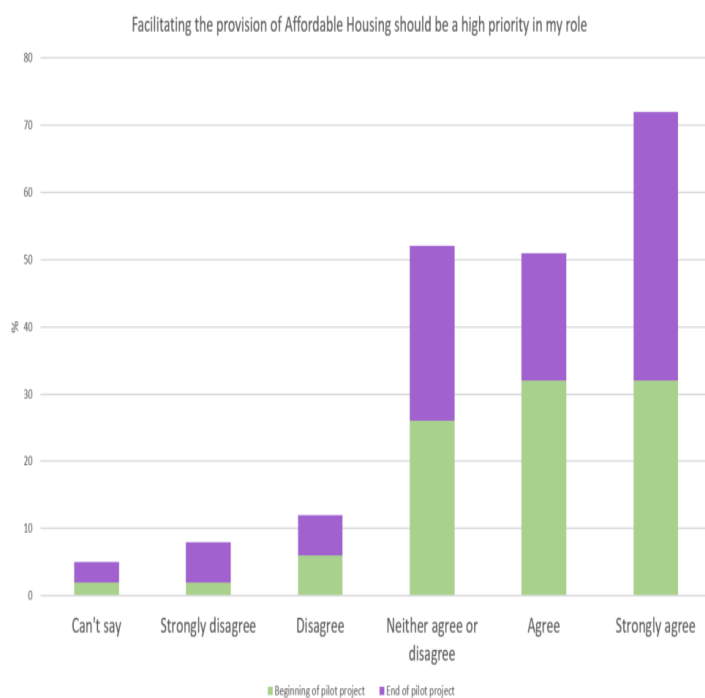
When provided an opportunity to describe the sort of actions that staff felt would assist the facilitation of affordable housing many staff suggested there needed to be strong support in the planning scheme (either at a State or Local level) and some suggested mandatory provisions would be most successful.

The second survey at the end of the pilot program was completed by 31 people, 61% from Moreland and 39% from Darebin.

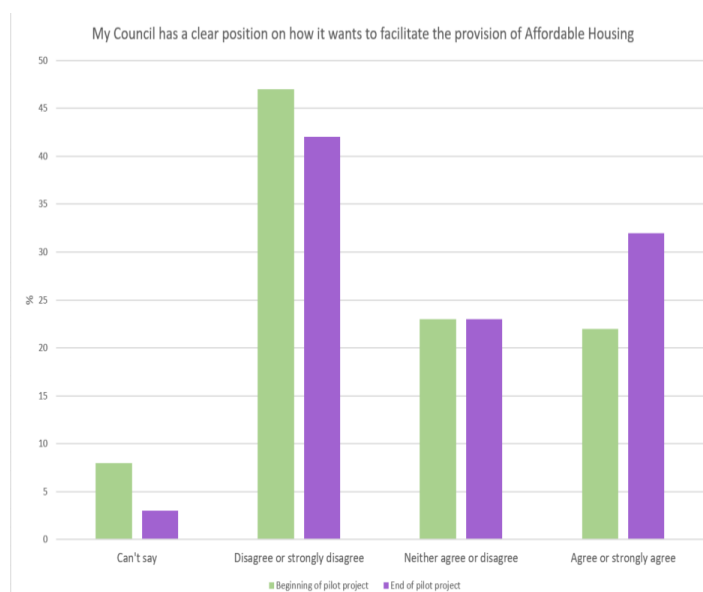
Ninety percent of survey respondents had attended one or more workshops and 60% had attended multiple workshops.

Quantitative results

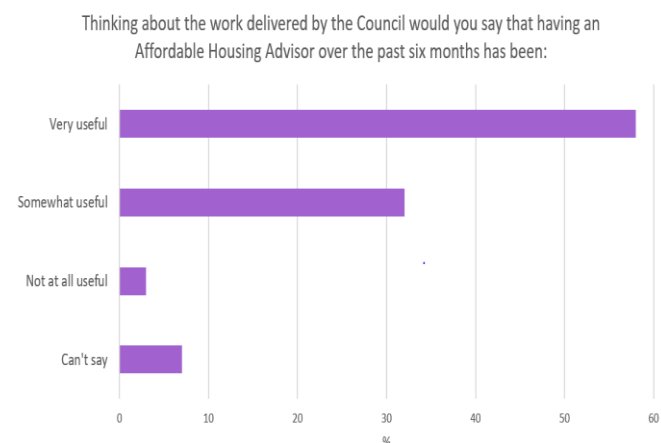
There is a very high level of agreement from staff that facilitating the provision of Affordable Housing should be a high priority in their role.



As an outcome of the Affordable Housing Advisory pilot program there is an increased level of understanding from staff about how their organisation wants to facilitate the provision of Affordable Housing.



Almost all (90%) of the survey respondents considered that having an Affordable Housing Advisor has been useful in the Affordable Housing work delivered over the past 6 months, and more than half (58%) considered having an Affordable Housing Advisor was very useful.

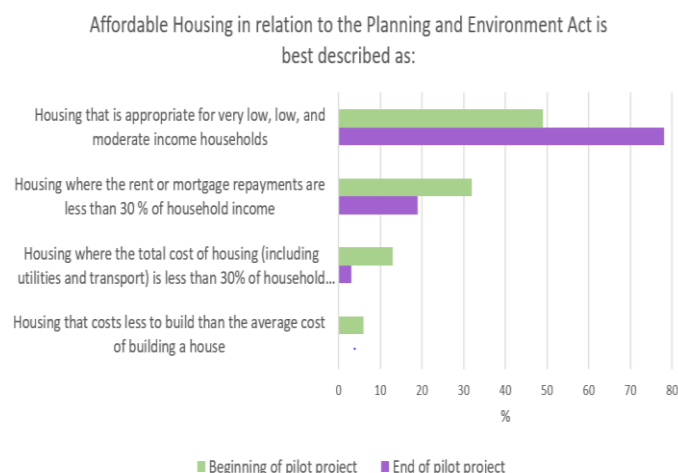


At the commencement of the pilot program, when asked whether they felt confident that they have the knowledge and skills to discuss Affordable Housing with applicants/proponents, only 4% of respondents felt confident. By the end of the pilot program this had increased to 55% agreeing that they feel confident discussing Affordable Housing with applicants/proponents. There was a corresponding significant decrease (from 68% to 29%) in the proportion of respondents who did not feel confident in their Affordable Housing knowledge.

As one of the primary objectives of the pilot program was to increase the capacity of Council Officers to navigate affordable housing agreements and negotiate outcomes, the significant increase in self assessed confidence of staff is an indication of the success of the Affordable Housing Advisor in increasing the knowledge of staff.



At the beginning of the pilot program half (49%) of the survey respondents were able to identify Affordable Housing in accordance with the definition within the *Planning and Environment Act*. By the end of the pilot program this had increased to more than three quarters of staff (78%) having clarity that Affordable Housing is housing that is appropriate for very low, low, and moderate income households.



Qualitative results

At the end of the pilot program, when asked what staff would like to see implemented / provided / developed to help them better understand and deliver Affordable Housing in their role, more than half of the survey respondents said they want the Affordable Housing Advisor to continue.

Comments included:

- Having an Affordable Housing Advisor at Council has brought the issue of Affordable Housing to the forefront of our planning decision making
- Simply having the conversations, knowing the correct language to use and understanding how to navigate the Affordable Housing space also helps to bring Affordable Housing to a more prominent position in the minds of applicants
- The three sessions were really well prepared and the activities - particularly the third session where we looked at the cost implications was really valuable.
- Having expert advice has helped us learn in leaps and bounds
- Having the advisor gave officers support and confidence to discuss the issue with applicants
- Having a technical expert who can demystify the process for Council and the developer perspectives has been invaluable

- Great project - every Council with higher density development should have an Affordable Housing Advisor
- It was really useful to be able to regularly talk about affordable housing matters in both a formal and informal way
- I would like the Affordable Housing Advisor and training to continue
- Retention of the Affordable Housing Advisor on a permanent basis
- Continued access to a technical expert to help with Section 173 agreements and negotiation with developers
- An Affordable Housing procedure and continuation of the Affordable Housing Advisor position
- Having an expert on hand for Council officers to get expert advice from and participate in negotiations improved the likelihood that a negotiated outcome could be achieved - applicants take it more seriously.



Half of survey respondents would like to see resources and planning scheme guidance developed.

Comments included:

- Affordable housing strategy, facts sheets for developers etc - I know that these are coming which is great! Once these are in place I will feel more confident using the skills I have learnt in negotiating agreements for affordable housing.
- Fact sheet on what different type of affordable housing are possible and useful and in what circumstances each option may be appropriate
- An online knowledge repository for Officers to direct applicants that are seeking further information about affordable housing
- Council priorities for affordable housing and what Council will trade off in affordable housing voluntary negotiations

- I think benefits can also be gained by the Affordable Housing Advisor advocating the state government for more effective legislation in securing an affordable housing outcome in a way that isn't a de facto tax on the developer community
- We should pour our energy into lobbying the State Government to impose a mandatory requirement for Affordable Housing within medium to large housing projects throughout the state, as is the case in overseas jurisdictions. The cost of providing such housing would then be known and calculated upfront prior to purchase thereby avoiding the haggling and uncertainty associated with the current system.
- At the very least we should produce a local planning policy on Affordable Housing
- Clear statement on position and expectation, social and affordable housing strategy (identifying benchmarks), implementation guidelines
- Something similar to the Moreland Scorecard system that would enable Darebin to offer an applicant tangible benefit to the inclusion of affordable housing within their developments.

Based on discussions with leadership staff and practitioners within Moreland and Darebin, the following observations and comments were provided.

Moreland Strategic Planning summary:

- It was extremely helpful to have the Advisor explain Affordable Housing to an amendment proponent in a way they understood
- The Advisor's economic background enabled them to speak a proponent's language
- The Advisor was very clear with the proponent about what needed to be provided in an Affordable Housing Report
- There is an ongoing need for this resource even as we become more well versed in Affordable Housing
- The Advisor assisted in refining instructions for a proponent's legal advisor in the preparation of a Section 173 agreement.

Moreland Statutory planning feedback:

- Planners have been very willing to engage with the Advisor to upskill in how they can affect change
- Planners value working for an organisation that supports them in making a difference in people's lives
- The Advisor has assisted in negotiating more realistic and achievable affordable housing proposals.

- The Advisor provided practical advice on how I could support a planning application for an affordable housing project, being delivered by a registered housing agency, to meet the objective in the P&E Act “*to facilitate the provision of Affordable Housing in Victoria*” - the practical advice (prioritise so it is determined ASAP and to work directly with the housing agency, so they understand the cost implications of any changes) influenced the way I managed the application
- It was helpful to have the Advisor confirm in the first instance that the project and housing agency were reputable and were providing housing in accordance with the relevant objective in the Act; this meant I did not waste any unnecessary time on this aspect of the proposal.

Darebin Strategic Planning summary:

- It was extremely beneficial in relation to planning scheme amendment and the associated affordable housing negotiations to have the Advisor involved
- The Advisor assisted in moving through a complex situation with multiple landowners and existing Council resolutions, and resulted in an affordable housing report being submitted
- The Advisor negotiated with landowners on behalf of Council and provided practical advice that was informed by experience in local government
- The Advisor was able to provide advice quickly and being located in the office enable discussion and a depth of understanding that would otherwise not exist
- It was extremely beneficial to have the Advisor attend Councillor briefings and provide advice on Housing Trusts and the operation of affordable housing in other jurisdictions.

Darebin Statutory planning feedback:

- The Planners see the benefit of the service despite having relatively few applications to refer
- Planners thought the workshops were beneficial in understanding when to seek contributions and how to approach them.

Insights from meetings with property developers and their consultants

As part of the pilot program meetings were held with twelve Planning consultant and property development personnel.

Consultants advised there is little interest from their non-deliberative development clients. Where they had been involved in negotiations the expectation was trade-offs in other aspects of planning scheme requirements to deliver affordable housing, in both planning permit applications and planning scheme amendments.

Property developers said they want clarity within the planning scheme regarding affordable housing requirements, in the same way there is clarity regarding open space and development contributions, so that they can factor it into the price they pay for a development site.

Developers advised that they would prefer clear cut requirements as requirements which involve subjectivity and uncertainty can impact on project viability. The lack of a defined structure is a barrier to their subsidy of affordable housing.

Voluntary negotiations were considered to be an inefficient way of delivering affordable housing in private development and developers could see little value in entering into a voluntary negotiation.

A challenge was the gap between the value of a dwelling and the value of an incentive. While rezoning and height or density bonuses did provide a meaningful amount of uplift in value of a proposal all other incentives (e.g. reduced parking requirements, discounted development contributions) were of such a small value it was difficult for a developer to deliver a viable project that includes Affordable Housing if non-density-bonus incentives were the only incentives available.

The most significant challenge in negotiations was how much was paid for the land. If the land had recently transacted, and a premium had been paid in anticipation of a rezoning or redevelopment, then it was unviable for developers to provide a significant Affordable Housing contribution. Where the land had been held for a long period of time, there was more opportunity to convince the landowner to share in the uplift created by a rezoning.

Summary of the outcomes in practice

Hornsby & Co. was engaged to deliver the Affordable Housing Advisor pilot program, and concurrently was also engaged by multiple other Councils to deliver their Voluntary Affordable Housing Agreement projects. The key difference between Moreland/Darebin's approach was that Hornsby & Co. was embedded in the Moreland/Darebin offices and was engaged through a more standard consultancy approach than with the other Councils. The key differences Hornsby & Co. noted between the different approaches was that the work for Moreland/Darebin:

- Provided an opportunity to identify the needs of the Council and Council staff so that training could be targeted to those needs
- Enabled staff to have informal discussions with the Affordable Housing Advisor about Affordable Housing, changes to the Act, examples of good practice, challenges facing the local government, development and community housing sectors, so they could learn at their own pace, on an ongoing basis, and about things that were relevant to the work before them at the time
- Meant that the Affordable Housing Advisor was able to be part of pre-application and ongoing discussions and gain an understanding of the specific local context and nuances rather than simply delivering technical advice by way of a referral
- Provided learning opportunities and capacity building for staff as and when they needed it, supported by formal learning opportunities (the workshops)
- Provided the Councils a resource that was able to attend Councillor briefings and community events.

The Affordable Housing Advisor program delivered:

- 8 meetings with applicants / proponents
- 5 referrals for existing permits or Council resolutions where an Affordable Housing contribution was being sought
- 5 referrals and advice for statutory planning applications
- 5 referrals for social housing projects
- 4 referrals and advice for strategic planning referrals
- 3 pre-application meetings
- 1 meeting with the Victorian Planning Authority
- 1 Councillor briefing session (Darebin)
- 1 community event – launch of the Design Excellence Scorecard (Moreland)
- 1 workshop with consultants undertaking Affordable Housing strategic work
- Written comments on draft Affordable Housing strategic work
- An Affordable Housing Fact Sheet for planning permit applicants/planning scheme amendment proponents
- An Affordable Housing Toolkit for staff.

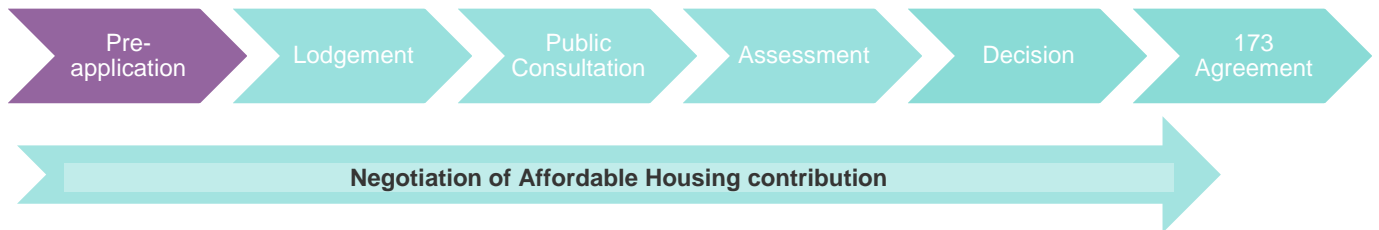
One of the objectives of the pilot program was to successfully negotiate voluntary affordable housing agreements with developers as part of major planning permit applications and rezonings. Case studies of the referrals are set out in the following section. The pilot program crystallised that the statutory and strategic planning processes take time and that it was not possible within the six months to be part of the pre-application discussions all the way through to the execution of an Affordable Housing Section 173 Agreement. However, there were sufficient opportunities to provide advice for applications/proposals that were at different stages of the process to gain an understanding of where and how the Affordable Housing Advisor could add value.

In all cases, the sooner the Affordable Housing Advisor can be involved, preferably at the pre-purchase or pre-application stage, the greater the likelihood of negotiating a successful outcome. The program found that there is a need for the Affordable Housing Advisor to be involved at numerous stages throughout the permit or amendment process.

Case studies

Planning permit applications

Coburg



The site is located in the Coburg Activity Centre where a Housing Affordability Report is an application requirement (as appropriate). The Pentridge Coburg Design Guidelines & Masterplan 2014 is an Incorporated Document in the Moreland Planning Scheme that seeks affordable housing outcomes.

The Masterplan sets out an approach to delivering affordable housing. It relies almost exclusively on government funding (State or Federal) or market purchase, to deliver the affordable housing or lower cost market housing.

There is no guidance in the scheme about what the Housing Affordability Report should contain and what

level of subsidy by the developer to Affordable Housing outcomes is required.

The applicant had provided an Affordable Housing Report for the development of a site on the Pentridge site prior to the changes to the *Planning and Environment Act*.

The Affordable Housing Advisor reviewed the report and provided comments to Planning staff noting that the report did not meet the expectations of the Council in relation to Affordable Housing. The Affordable Housing Advisor advised the Planning Officer to invite the applicant to meet with Affordable Housing Advisor.

Coburg



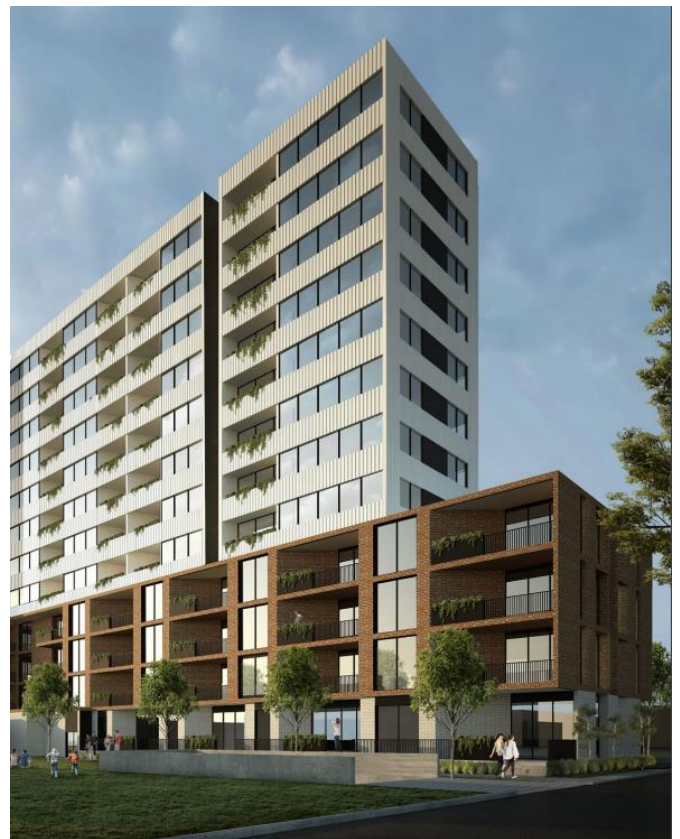
Development Victoria is facilitating the delivery of a social and/or affordable housing outcome through the sale of a site through an Expression of Interest process.

The Expression of Interest documentation included the following information:

'The supply of social and affordable housing is embedded firmly into the Moreland Planning Scheme and also has significant support from Councillors. This commitment to encourage social and or affordable housing has led Moreland to work with DELWP in providing a specialist Affordable Housing Advisor to help facilitate such outcomes. The Affordable Housing Advisor and Moreland Council officers welcome the opportunity to meet and discuss how a social and or affordable housing project can be facilitated on this site.'

Together with planning staff, the Affordable Housing Advisor met with a consortium who were preparing a bid for the project. This enabled the consortium to gain a better understanding of the Council's approach to Affordable Housing projects. It meant they could put together a competitive bid with a full understanding of the incentives available to them.

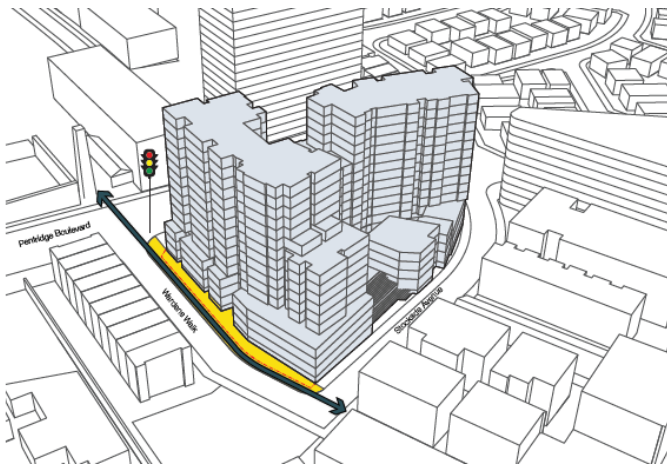
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Coburg



An application has been received for the development of 339 dwellings, a supermarket and retail tenancies within two buildings of 15 and 16 storeys.



The site is located within the Coburg Activity Centre where a Housing Affordability Report is an application requirement (as appropriate). The Pentridge Village Design Guidelines and Masterplan 2009 is an

Incorporated Document in the Moreland Planning Scheme that seeks affordable housing outcomes. The Activity Centre Zone envisages 7-8 storey buildings for this site.

An Affordable Housing Report was sought which addresses how the proposal contributes to the affordable housing objectives of the Moreland Planning Scheme and identifies, as appropriate:

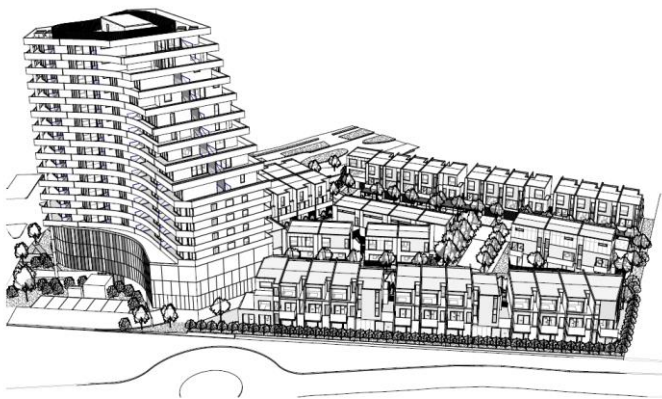
- The number and proportion of total dwellings that are proposed to be Affordable Housing dwellings.
- The location of Affordable Housing dwellings proposed to be provided.
- The mix of one, two and three-bedroom Affordable Housing dwellings.
- A suggested method of implementation through the planning process (e.g. voluntary s173 Agreement).
- A summary of any preliminary discussions with Affordable Housing providers.

The Affordable Housing Report is being reviewed by the Affordable Housing Advisor.

Coburg



A planning permit application for 116 apartments and 51 townhouses.



A permit had been issued for the site prior to engagement of the Affordable Housing Advisor, that included a condition for the provision of Affordable Housing. The condition was worded as follows:

Affordable Housing

Before the commencement of the development the owner of the land must:

a) Enter into an agreement with the Responsible Authority pursuant to section 173 of the Planning and Environment Act 1987 (the Act) in a form satisfactory to the Responsible Authority in which up to 5% of dwellings will be offered to a registered housing agency at cost.

b) Do all things necessary to enable the Responsible Authority to register the agreement with the Registrar of Titles in accordance with section 181 of the Act.

The Affordable Housing Advisor has given advice to both the permit holder and Council officers about:

- What is achievable within the parameters of the wording of the condition
- The need for a pragmatic and viable outcome
- What might be viable/achievable for a registered housing agency
- Timing/delivery of the housing
- The information that needs to be provided to Council in resolving the terms of the agreement
- The likely outcome in terms of subsidy amount vs number of dwellings.

Brunswick



This deliberative development is for 208 dwellings and 8 commercial tenancies in seven buildings. The proposed buildings contain 20 car parking spaces; a reduction of 326 car parking spaces as required by the planning scheme.

A permit condition requires a Section 173 agreement for provision of 14 dwellings as Affordable Housing. The condition is non-specific about the depth of subsidy of the provision or whether the dwellings are sold to or simply managed by a registered housing agency.

The permit condition applies the Section 173 agreement to the parent title. The agreement ceases when the Affordable Housing lots are transferred to a registered housing agency.

As lodged the application was for 210 dwellings with 30-40 dwellings Affordable Housing dwellings. Compliance with planning scheme requirements in relation to street wall height, upper level setbacks and building separation reduced the overall number of dwellings to 208 and the number of Affordable Housing dwellings was reduced to 14.

This application was determined prior to engagement of the Affordable Housing Advisor. Since the commencement of the Advisor, Planners have begun to understand the differences between a large number/percentage of dwellings at comparatively lower rate of subsidy vs a lesser number of dwellings but at higher rates of subsidy.

One of the key learnings of the pilot program is the need to understand the value of the Affordable Housing contribution in order to make an assessment of whether the trade-offs are reasonable and feasible in the circumstances.

By way of example, the table that follows sets out the different value of the Affordable Housing contribution assuming market value of \$800,000 and weekly rental of \$400.

Discount offered	Calculation	AH Contribution per AH dwelling
100%	100% x market value	\$800,000
50%	50% x market value	\$400,000
Discount rent 20% (AH rental)	20% x (weekly rent x 52)	\$4,160 <i>per dwelling per year</i>

Another learning is the key difference between housing affordability and Affordable Housing. The deliberative development approach allows for the 'developer profit' to be internalised within the project, meaning the cost of a dwelling is less than the market value of an equivalent dwelling. However, the cost is still significant and is well out of the reach of a very low or low income households. In many cases the dwellings would be out of the reach of moderate income households too. As such, the dwellings may not meet the definition of Affordable Housing (as set out in the *Planning and Environment Act*).

In this example, the level of discount was not set out in the permit conditions, and so it is also possible that the properties may not be able to be purchased by a registered housing agency, if they have insufficient resources to buy the dwellings.



Social housing projects

Brunswick



A Community Housing Provider will be lodging an application for a planning permit to develop the site with 12-17 community housing apartments.

The application was referred to the Affordable Housing Advisor to ensure that there were no requirements (e.g. a S173 agreement) were inadvertently requested by Planning staff.

The Affordable Housing Advisor attended a pre-application meeting and was able to identify that Council had an existing process in relation to discounting Development Contributions for charitable organisations.

The Affordable Housing Advisor provided advice on the information that should be included in the application in relation to how the Affordable Housing will be allocated.

Brunswick



A proposal that seeks to provide Affordable Housing for sale to eligible households (as opposed to Affordable Housing for rent).

As this is an Affordable Housing project, being delivered by a registered housing agency, there is no requirement for Council to seek to secure the Affordable Housing through a Section 173 or other mechanism.

The Affordable Housing Advisor provided advice on how Council could facilitate a positive outcome, including:

- Prioritise the application
- Work directly with applicant to understand the implication of any proposed changes to the built form (rather than only the consultant)
- A rebate for Development Contributions in accordance with existing Council policy.

Fitzroy North



This is a proposal to refurbish 30 existing, dilapidated social housing units, into 22 social housing units specifically designed for people with disability. It will provide individual and independent living accommodation for some of Victoria's most marginalised people living with profound disability, who historically may have lived at home with ageing parents or in shared institutional facilities. It will include an on-site overnight support unit.

The Affordable Housing Advisor provided referral comments and suggested the following:

- Prioritise the application
- Work directly with applicant to understand the implications of any proposed changes to the built form
- Consider a waiver / reduction in Development Contributions.



Fairfield



This is a social housing development being delivered by a registered housing agency. It contains 11 studios, 26 1-bedroom apartments and 6 car parking spaces.

It was approved prior to engagement of the Affordable Housing Advisor and was discussed as a case study in an Affordable Housing staff workshop.

In this development a reduction in car parking was supported based on proximity to a train station and the registered housing agency's knowledge of their tenants' needs.

Trade-offs were also made in relation to on site amenity outcomes relating to outlook, solar access, secluded private open space and storage, which may not generally have been supported in a non-social housing development.

With input from an Affordable Housing Advisory it may have been possible to better understand the economics of the project for the registered housing agency and optimise the amenity outcomes.

Planning scheme amendments

Coburg North rezoning



The Affordable Housing Advisor provided advice to Council's Strategic Planner about the information that should be requested from the proponent.

The Affordable Housing Advisor and Council's Strategic Planner met with the proponent who was reluctant to consider Affordable Housing and reluctant to provide an

Affordable Housing report. By the end of the meeting the proponent had a better understanding of Affordable Housing and why an Affordable Housing Report was required. The Proponent agreed to engage a suitably qualified person to prepare an Affordable Housing Report.

Preston



The Victorian Planning Authority (VPA) is reviewing the planning controls for Preston Market at the request of the Minister for Planning.

Current development approvals for the Preston Market redevelopment do not adequately address the provision of affordable housing. The VPA is investigating the potential for future planning policy/controls that will provide greater direction to affordable housing on the site that is consistent with the intent of the Act.

Prior to the Affordable Housing Advisor project being implemented, the VPA and Darebin Council engaged an

Affordable Housing consultant to provide an Affordable Housing report (December 2018). The Affordable Housing Advisor reviewed that report and provided advice to Council staff about how the report could be translated into an Affordable Housing Agreement (or planning provisions).

The Affordable Housing Advisor also attended a meeting with the VPA and Council staff to work through the options for including Affordable Housing in the proposed update to the planning provisions.

Northcote rezoning, two proponents



Council resolved to proceed to authorisation for an amendment in 2015 and passed a resolution that required both proponents to provide more affordable housing on site than was originally proposed. The Department of Environment, Land, Water and Planning placed the authorisation request 'on review' and advised Council that the affordable housing requirements could not be written into the planning controls. One proponent wanted to include Affordable Housing, the other didn't. There has been considerable difficulty in getting each party to meet the Council resolution and to provide detailed information regarding the affordable housing proposal. In addition, there have been changes to the *Planning and Environment Act* and the planning scheme.

The Affordable Housing Advisor reviewed the information received to date and provided advice to Planning Officers.

The Affordable Housing Advisor met with each proponent separately to outline Council's information requirements and to seek an Affordable Housing contribution.

An Affordable Housing Report was received from one proponent. The Affordable Housing Advisor provided detailed review of the report and reinforced the level of detail that is required in an Affordable Housing Report.

Further meetings are planned with each proponent to discuss Affordable Housing (and the proposal more broadly).

Brunswick rezoning



In this case study, Council was the proponent to a planning scheme amendment which sought to rezone numerous industrial sites to facilitate employment opportunities in accordance with an adopted Industrial Land Strategy.

In adopting the amendment, for some sites Council traded-off a proportion of the commercial floor space recommended by the Industrial Land Strategy, for Affordable Housing outcomes.

The decision requires a Section 173 agreement that requires a minimum of 20% of dwellings to be provided for Affordable Housing as defined by the *Planning and Environment Act 1987*.

The decision is non-specific about what level of subsidy is required by the Affordable Housing provision. The Affordable Housing Advisor is assisting in negotiating this after the amendment was adopted.

The case study is helpful in illustrating that in order to make an assessment about whether a trade-off is reasonable, it is helpful if there is clarity about the value of the Affordable Housing subsidy by the developer. In this case study it is not clear whether the dwellings must be provided for free (gifted), provided at cost, provided at market value, or provided at a discount. These are very different propositions, requiring different levels of government grant subsidy and capital investment by registered housing associations, which may or may not be available.

What worked well and what was refined along the way?

Skills of the Advisor

The role of Affordable Housing Advisor is a new concept and has not, to our knowledge, been implemented by any other Councils in Victoria.

The Affordable Housing Advisor needs knowledge of the planning system. Having knowledge and understanding about statutory and strategic planning processes enables the Affordable Housing Advisor to build rapport, trust, and confidence with Council planning staff. It also means that referral advice and guidance documents can be prepared so as to viably be achieved through planning permit and amendment processes.

The Affordable Housing Advisor had a good knowledge of local government reporting processes as well as the local government political environment. The Advisor attended Councillor briefings and was able to provide expert advice within this setting.

The program found that it is also essential for the Affordable Housing Advisor to have a strong understanding of development economics. This knowledge means that the Affordable Housing Advisor can build credibility and confidence with developers and proponents. In an environment of voluntary agreements, if an Affordable Housing Advisor cannot give pragmatic, realistic, timely direction to developers/proponents, then negotiations are not optimal or effective.

The third and final aspect of knowledge that assisted in the successful delivery of the Affordable Housing Advisory program was having someone in the role who had working knowledge of the community housing sector. This enabled meaningful discussions with community housing applicants and ensured that Council staff did not seek a Section 173 Agreement just because the application was for affordable housing. It also enabled negotiations for Affordable Housing Agreements to be based around options that would work for multiple community housing organisations, without actually having to include one or more community housing organisations in the negotiations themselves.

Collaboration between two Councils

A single advisor was sought jointly by Moreland and Darebin Councils to enable learnings to be shared across two local Government contexts, allowing the Advisor to build capacity across two organisations and maximise learnings from the pilot program that could be applied elsewhere.

The benefit of a program that involved two Councils was that it provided enough scale and scope for significant learnings within a relatively short period of time.

It also meant that there could be shared learnings and different approaches during the staff workshops. Collaboration is also beneficial because there is no clear-cut process to negotiate affordable housing agreements so shared learnings are highly valued. This is why at the workshops staff were asked to sit in tables that reflected the same function but with representatives from each Council.

This collaboration enabled the relationship between Darebin and Moreland staff to be strengthened and continue beyond this program.

Finally, the implementation of the pilot across two Councils enabled the outcomes to be compared across different contexts.

In Darebin, the Service added significant value to the strategic planning team but was utilised less by the statutory planning team.

In Moreland, the Service was very well utilised by both the statutory and strategic planning teams.

The different outcomes at each Council provide useful lessons for other local government bodies.

Like the Heritage Advisory Service, whilst it would be beneficial in building the capacity of Affordable Housing Advisors to local government to have a single advisor working across multiple Councils, ongoing collaboration is not essential to the success of an Affordable Housing Advisory Service.

Where to from here?

The Affordable Housing Advisory Service was a very successful pilot program. There were considerable learnings from the program and building of staff capacity.

However, what the program also highlighted was that while staff can get up to speed on their understanding and knowledge of Affordable Housing, there is still an ongoing need and benefit for expert advice throughout planning permit and planning scheme amendment processes to review information provided by proponents/applicants and to provide advice to Council staff and Councillors.

It also highlighted the need to establish some guidelines for affordable housing requirements for large developments and rezonings. This would enable statutory and strategic planners to set clear benchmarks to work from when starting the conversation about affordable housing with developers.

In the same way that planning staff are not expected to be urban design, ESD, heritage, traffic, waste, contamination, acoustic or tree experts, it is not reasonable to expect them to be Affordable Housing experts.

Planning staff and their permit applicants/proponents found being able to call on the expertise of the Affordable Housing Advisor extremely beneficial and helpful.

The Affordable Housing pilot program at Moreland and Darebin Councils demonstrated that there would be significant benefit in this model of local government negotiations of Affordable Housing Agreements. The equivalent Heritage Advisory Service was established with 15+ years of grant assistance from Heritage Victoria and there would be significant benefit from ongoing state and local government funding in rolling out an Affordable Housing Advisory Service across Victoria, particularly in Councils with a high degree of readiness to negotiate affordable housing outcomes.

Resources Appendix

Moreland and Darebin Councils undertook to share collateral which may be useful to other Councils wishing to establish an Affordable Housing Advisory Service.

Consultancy brief

[Affordable Housing Advisor Consultancy Brief](#)

Evaluation of consultant proposals

[Evaluation of Consultant Proposals](#)

Letter of engagement

[Letter of Engagement](#)

Promotion of the Advisory Service

[Letter to Developers and Consultants](#)

Referral template

[Affordable Housing Advisor Referral Template](#)

Draft referral protocol

[Affordable Housing Advisor Draft Referral Protocol](#)

Workshops for Council Planners

[Workshop 1 Presentation](#)

[Workshop 2 Presentation](#)

[Workshop 2 Scenarios](#)

[Workshop 3 Presentation](#)

[Workshop 3 Worksheet](#)

Surveys

[Affordable Housing Advisor Pilot Project Survey 1](#)

[Affordable Housing Advisor Pilot Project Survey 2](#)

Draft Guidelines

[Draft Affordable Housing Fact Sheet for Applicants/Proponents](#)

[Draft Affordable Housing Toolkit for Council Planners](#)