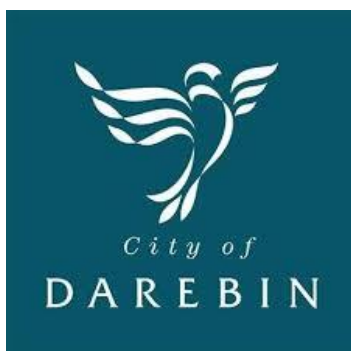


# **Affordable Housing Advisory Service Pilot Program**

## **Resources Appendix**

**Moreland and Darebin Councils**

**June 2019**



# Affordable Housing Agreements Advisor Consultancy Brief

Darebin and Moreland Councils are seeking to engage an Affordable Housing Agreements Advisor to increase the capacity of Council staff, developers and community housing providers to negotiate voluntary affordable housing agreements. The service would give advice to the Councils and liaise with developers and community housing providers, to build the capacity of all parties to Voluntary Affordable Housing Agreements.

A single advisor is sought jointly by Darebin and Moreland Councils to ensure learnings are shared across two local Government contexts.

The Affordable Housing Agreements Advisory Service will operate for a 6 month period until 30 June 2019 as a pilot program then evaluate and report on its effectiveness.

## 1. Context

Darebin and Moreland are experiencing rapid gentrification, with sharp increases in the cost of housing proportional to incomes. There are increasing numbers of higher income households and a corresponding decline in very low and low income households. There are notable increases in the proportion of households who rent, increasing numbers of households in housing stress (primarily rental stress) and increasing numbers of people who are homeless. There is a marked trend of out-migration from Darebin and Moreland to Whittlesea and Hume, shifting community members on low income and experiencing social disadvantage, from well-serviced established areas into growth areas.

Demand for affordable housing in both municipalities is significant. Public housing supply has failed to meet demand, and there is now significant unmet need, and demand is forecast to increase in the future. In Darebin, around 30 per cent of all new housing supply is required to be social housing, in order to meet need. In Moreland, this figure is around 20 per cent.

Both Darebin and Moreland Councils have undertaken significant strategic housing work and have adopted Affordable Housing Strategies or policy documents. Darebin and Moreland Councils have a strong understanding of the housing affordability issues for their current and future populations, including the quantum of unmet affordable housing need now, and in the future. There is a very strong commitment, expressed in numerous strategies of both Councils, to maintain the socio-economic diversity of their communities by increasing the provision of affordable housing in well serviced locations.

With the recent changes to the *Planning and Environment Act 1987* to facilitate the provision of affordable housing in Victoria there is the opportunity to negotiate voluntary affordable housing agreements. Council Officers, developers and community housing providers are on a steep learning curve of what is reasonable, achievable and financially viable in different situations and locations.

## 2. Purpose

The need for increasing the supply of affordable housing in both municipalities is significant. There is a need for all policy levers and mechanisms to be activated to respond to the increasing, and significant, shortfall in social and affordable housing. This project ultimately provides an opportunity for both Councils to increase the supply of affordable housing in their municipalities.

The significant amount of development occurring across Darebin and Moreland, at high densities with value uplift, creates great opportunity to achieve affordable housing outcomes. The complexity of negotiating an agreement to deliver on this opportunity however is being felt as officers currently have limited capacity to understand the land economic arguments being put forward by developers about whether they can provide affordable housing.

Learning from an Affordable Housing Agreements Advisor across a variety of application types, scales and densities, across various locations in Darebin and Moreland, will assist officers to

increase understanding of land economics, construction costs and financing opportunities or limitations, across multiple contexts and how this impacts on the success of agreements.

This 6 month pilot is required to ensure that Council officers are provided with opportunity to better understand land economics and negotiation of agreements across a wide range of development application types and forms so that Council officers may learn from multiple developments at various scales, typologies and outcomes. Developers of various capabilities and targeting varied segments of the market will offer varied learnings for officers. Applications of different types will also attract different Community Housing Providers, and therefore result in different types of learnings.

### 3. Qualifications and Experience

The Affordable Housing Agreements Advisor should hold relevant qualifications or have significant related experience in property development, land economics, construction costs and financing opportunities or limitations.

The Advisor shall have a proven interest and, experience in development, management or delivery of social and affordable housing. Particular skills and knowledge should include:

- a. Relevant qualifications or have significant related experience in property development, land economics, construction costs and financing opportunities or limitations.
- b. An excellent understanding of, and networks related to, current social and affordable housing issues, including being abreast of latest developments in the field.
- c. A working knowledge of the *Planning and Environment Act 1987*, planning schemes.
- d. An understanding of the purpose of Section 173 agreements.
- e. A demonstrated knowledge of social planning principles, in particular on applying data and research to support diverse and inclusive communities.
- f. Knowledge of Specified Matters under *Planning and Environment Act 1987*, Section 3AA(2) – Ministerial Notice as matters to which regard must be had for in determining what is appropriate for the housing needs of very low, low and moderate income households.
- g. Have a track record in negotiating affordable housing agreements, including experience determining a 'value uplift' for the purposes of identifying an affordable housing contribution.
- h. Have a general appreciation of the planning procedures of Councils, particularly in reference to the administration of affordable housing agreements.
- i. Knowledge of housing and infrastructure financing and an understanding of potential sources of funds (e.g. Social Housing Growth Fund, National Housing Investment Corp, Social Impact funds etc).
- j. Capacity to negotiate acceptable solutions and deal sensitively, with the broad spectrum of the community including Government, local council administration, property owners and community housing providers.
- k. Be able to manage their own time and work load and meet deadlines. The Advisor should be able to respond to issues quickly and effectively and document decisions.

### 4. Duties and Functions

#### Advice

The Affordable Housing Agreements Advisor will provide advice on voluntary affordable housing agreements as a contribution to the overall planning decision-making processes. The Affordable Housing Advisor will predominantly undertake the following tasks:

- Support each Council to achieve their aspirations to significantly increase the supply of Affordable Housing in their municipalities.
- Work on both planning permits and amendments as identified by officers.
- Assist officers to determine the value uplift resulting from an amendment or permit application to determine an appropriate quantum of affordable housing to begin negotiations, to determine an appropriate contribution based on existing policy basis, or incentives that can be offered to secure affordable housing delivery.
- Assist officers to identify Community Housing Providers to bring to negotiations with permit applicants/amendment proponents.
- Be available to answer phone enquiries/emails from officers as required in order to meet deadlines for negotiations.
- Assist the Councils and developers to establish ongoing relationships with Community Housing Providers.
- Help officers critically review and examine the economic arguments put forward by a permit applicant/developer to support an affordable housing contribution proposed, or support a contribution not being provided.
- Help Council develop internal processes for negotiation of affordable housing agreements to ensure capacity building to continue the negotiation following completion of the pilot.
- Build the capacity of Darebin and Moreland Officers, developers and community housing providers to negotiate Affordable Housing Agreements by running two rounds of workshops.
- Liaise with the developers and community housing providers with respect to achieving affordable housing. This will involve:
- Encouraging developers to seek guidance ideally, prior to the lodging of planning applications.
- Acting as a broker between developers and Community Housing Providers and facilitating connections with funding and financing opportunities for affordable housing developments.
- Giving advice and assistance as required.
- Actively promote the Affordable Housing Advisory service within Darebin and Moreland.
- Assist the Councils in the administration of the *Planning and Environment Act 1987* and the Darebin and Moreland planning schemes as they relate to affordable housing.
- Assist the Councils in considering incentives that can be provided for the provision of affordable housing, on a case-by-case basis, and determining the value of such incentives.
- Ensure that the town planning staff administering the planning scheme are kept informed on affordable housing issues and practice.

### Workshops

The workshops will comprise two rounds.

- The first round will run within a month of commencement of the program and be 'Affordable housing and voluntary affordable housing agreements in Darebin and Moreland 101'. It will include two sessions: 1) a session with Council Planners from both municipalities and 2) a session with developers and community housing providers. The session with Council Planners will involve staff from both municipalities together, to build the collaborative relationship to facilitate ongoing sharing of affordable housing knowledge across the two Council Planning Teams.



- A second round of workshops will be run towards the end of the pilot and will focus on sharing what worked and what did not work in different case studies and situations during the pilot program. The observations of Council staff, developers and community housing providers at these sessions will be captured as a qualitative input into the report on the outcomes of the pilot at the end of the contract period.
- This capacity building will be delivered jointly between the Affordable Housing Agreements Advisor and council staff with knowledge of affordable housing issues in these municipalities.

### Evaluation and Report

A critical component of the pilot program will be evaluating and measuring its success.

- It is proposed for two surveys to be conducted, one at the commencement of the pilot, and one at its completion. These surveys will identify the baseline level of understanding within different stakeholder groups (council officers, developers, community housing providers) and how this has changed over the course of the pilot program. This survey will also be used to measure the value and success of the program.
- An evaluation report will be prepared at the end of the contract period for on the outcomes of the pilot. The documentation will include case studies, inputs from Council officers, developers and community housing advisors in the second workshop/roundtable (qualitative input) and the results of the baseline and final survey (quantitative input).
- The report will also contain process maps, the consultancy service brief, material used to promote the advisory service, survey forms and any other collateral which may be useful to other Councils wishing to establish an Affordable Housing Agreements Advisory Service.
- The report will be written and structured in a manner which enables the cities of Darebin and Moreland and other Councils to evaluate the value of budgeting for establishment or continuation of an advisory service.
- This report will be shared with other local governments, developers and community housing providers to build capacity and share learnings from the process.

## 5. Visits to Council Area

The work will involve the equivalent of one day of work per week across the two municipalities. It is anticipated that the Advisor will work from the Darebin and Moreland municipal offices; an average half a day per week at each Council.

## 6. Supervision/Reporting

The Affordable Housing Agreements Advisor will report to the Manager City Development at each Council. To achieve program objectives, the Advisor will be given reasonable freedom of operation, including direct negotiation with owners, developers, and community housing providers and in making recommendations to Council Officers.

The very strong preference is that meetings occur with Planners from both Councils present to increase the knowledge of Council staff in negotiating voluntary affordable housing agreements. Where meetings or discussions occur without Council staff present, such as telephone conversations outside the hours of attendance at the offices of the Councils, adequate notes will be prepared indicating the nature of advice that has been provided, outcomes and discussions or negotiations that have taken place.

The Advisor shall keep a diary in relation to all work undertaken. It must record visit days, the work carried out on each day, persons seen, and issues involved.

## 7. Administration/Management

The Council will provide the Advisor with access to office space, computer, landline phone, a photocopier and a Council vehicle for site inspections and meetings during business hours.

The Council will keep an appointment diary for the Advisor and make appointments in advance.

## 8. Remuneration/Operational Expenses

The Advisor will be paid by the Councils on a consultancy basis, up to an average of 8 hours per week.

It will be the responsibility of the Advisor to provide for professional indemnity insurance and other expenses incurred. The Advisor will not undertake any work that is not covered by the terms of the professional indemnity insurance.

The Council will not be required to pay for workers compensation, superannuation, annual leave or any costs in addition to the agreed fees.

## 9. Conflicts of Interest

The Advisor shall inform the Councils of any possible conflict of interest as soon as this is known.

Whilst working in the capacity of Affordable Housing Agreements Advisor, the appointee, or persons or firms with which the appointee has a formal and/or financial association, may not undertake other paid work in the Council area except as follows:

- a. Continuation of services to completion on a project which had commenced prior to the Advisor's appointment
- b. Work commissioned by the Council as an extension of the existing consultancy
- c. Where, at Council's discretion, the Advisor is best equipped to undertake a project on Council's behalf.

## 10. Conduct of the Advisor

The Affordable Housing Agreements Advisor will provide advice on voluntary affordable housing agreements as a contribution to the overall planning decision-making processes, which is the ultimate responsibility of the Councils. The Councils will decide how to respond to this advice on the basis of any competing interests or policies which it is obliged to take into account.

The Advisor will respond appropriately to all requests for advice on voluntary affordable housing agreements which are made by the Councils or its officers.

Under no circumstances will the Advisor be required to support Council decisions which are contrary to the Advisor's own views or advice. Conversely, except under subpoena or a specific request from a tribunal, the Advisor will not publicly oppose a Council decision.

While the Advisor may work with the Councils to achieve the best outcomes in a particular situation, the Advisor must not compromise their advice for political or any other reasons.

## 11. Termination

Either party may terminate the appointment of Affordable Housing Agreements Advisor on one month's written notice. The Advisor should only be dismissed by the Councils' on grounds of a clear dereliction of duty or incompetence.

# **AFFORDABLE HOUSING ADVISOR – EVALUATION OF CONSULTANT PROPOSALS**

	Consultant 1	Consultant 2	Consultant 3
Relevant qualifications or have significant related experience in property development, land economics, construction costs and financing opportunities or limitations.			
Have a <b>track record in negotiating affordable housing agreements, including experience determining a ‘value uplift’</b> for the purposes of identifying an affordable housing contribution.			
Be able to manage their own time and work load and meet deadlines. The Advisor should be able to respond to issues quickly and effectively and document decisions.			
Knowledge of housing and infrastructure financing and an understanding of potential sources of funds (e.g. Social Housing Growth Fund, National Housing Investment Corp, Social Impact funds etc).			

<p>An excellent understanding of, and networks related to, current social and affordable housing issues, including being abreast of latest developments in the field.</p> <p>A demonstrated knowledge of social planning principles, in particular on applying data and research to support diverse and inclusive communities.</p>			
<p>A working knowledge of the <i>Planning and Environment Act 1987</i>, planning schemes and an understanding of the purpose of Section 173 agreements.</p> <p>Knowledge of Specified Matters under <i>Planning and Environment Act 1987</i>, Section 3AA(2) – Ministerial Notice as matters to which regard must be had for in determining what is appropriate for the housing needs of very low, low and moderate income households.</p>			
<p>Have a general appreciation of the planning procedures of Councils, particularly in reference to the administration of affordable housing agreements.</p> <p>Capacity to negotiate acceptable solutions and deal sensitively, with the broad spectrum of the community including Government, local council administration, property owners and community housing providers.</p>			

Dear

## **LETTER OF ENGAGEMENT**

I refer to your proposal dated ... and advise that Moreland and Darebin City Councils are prepared and hereby offer to engage ... as a Consultant to perform the consultancy services set out in this letter subject to the terms and conditions set out in the following documents:

- this letter, and
- the attachments to this letter, namely:
  - General Conditions of Contract for the Provision of General Services Consultants,
  - Affordable Housing Advisor Consultancy Brief, November 2018
  - your proposal dated ...

If you wish to accept this offer of engagement, would you kindly sign the acknowledgment at the end of the enclosed copy of this letter and return them to me as soon as possible.

### **1 THE SERVICES**

As per the Councils' Affordable Housing Advisor Consultancy Brief, November 2018, and your proposal dated ... the scope of services of the Affordable Housing Advisory Service are as follows:

#### **General**

The significant amount of development occurring across Moreland and Darebin, at high densities with significant value uplift, creates great opportunity to achieve affordable housing outcomes. The complexity of negotiating an agreement to deliver on this opportunity however is being felt as officers currently have limited capacity to understand the land economic arguments being put forward by developers when seeking to demonstrate that they cannot provide affordable housing.

Learning from an Advisor across a variety of application types, scales and densities, across various locations in Moreland and Darebin will assist officers to understand land economics across multiple contexts and how this impacts on the success of agreements.

Running the consultancy across two Councils will ensure that the learnings will be able to be applied across more than one Council, as although there are clear similarities between Moreland and Darebin, there are also differences in relation to processes, currently policy context, developers working within the Council and zone and overlay contexts.

The Advisor will ensure that Council officers are provided with opportunities to better understand land economics and negotiation of agreements across a wide range of development application types and forms. The Advisor will assist officers to learn from multiple developments at various scales, typologies and outcomes. Developers of various capabilities and targeting varied segments of the market will offer varied learnings for officers. Applications of different types will also attract different Community Housing Providers, and therefore result in different types of learnings.

#### **Advice**

Provide advice on voluntary housing agreements including:

- Developing and implementing methods to encourage developers to discuss affordable housing before they prepare a permit application or seek a planning scheme amendment
- Review of and advice 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
- Identify community housing organisations that could be part of the negotiations
- Respond to phone and email enquiries
- Develop and document processes for staff in relation to affordable housing negotiations and agreements, including identifying possible incentives
- Providing updates to staff on policy, funding, and other announcements and opportunities.

### Workshops

Delivery of two rounds of workshops.

- The first round will deliver two workshops – one for Council staff, and one for other stakeholders (predominantly developers and community housing organisations) to provide an introduction and overview of affordable housing in the municipalities.
- The second round of workshops will be delivered towards the end of the contract period and will provide an opportunity to discuss lessons learned. Discussion from this workshop will provide qualitative input into the final evaluation and report.
- Qualitative and quantitative data will be collected to input into the Evaluation and Report.

### Evaluation and Report

An essential component of the consultancy is an evaluation of the effectiveness of investing in an Affordable Housing Advisor. The evaluation and report are to be available to parties other than Moreland and Darebin Councils so that the learnings can be shared and applied across the local government, community housing, and development sectors.

The evaluation will consist of:

- Two surveys (one at the beginning and one towards the end of the project) to assess staff and stakeholders' understanding and views and how they have changed as a result of the pilot project
- Analysis and report of the project overall – successes, learnings, case studies, process mapping, financials.

Moreland and Darebin Councils are strongly committed to reporting on this consultancy in a manner which benefits DELWP the wider local government community, including sharing not only case studies and qualitative and quantitative evaluation, but also the consultancy service brief and statement of duties, material used to promote the advisory service and any other collateral which may be useful to other Councils wishing to establish an Affordable Housing Advisory Service.

## 2 PERIOD OF ENGAGEMENT

Commencing on the 1st day of January 2019 and expiring on the 30th day of June 2019.

## 3 CONSULTANCY FEE

The fee for this Contract is ... which is a fixed fee for 26-week engagement, 1 day (8 hours) a week.

Plus additional fees for the planning and delivery of workshops and the evaluation and report at a daily rate of ... up to a **maximum total consultancy fee of ...**

## 4 MANNER OF PAYMENT

Moreland City Council will be invoiced monthly for consultancy services provided to both Moreland and Darebin City Councils.

## 5 INSURANCE

The amount of professional indemnity insurance required is ...

The amount of public liability insurance required is ...

6 DEED OF CONFIDENTIALITY

The Contractor agrees to be bound by the terms of the Declaration of Confidentiality and Interest form annexed to this Contract.

Please find attached the Deed for signing and return.

Yours faithfully

Dear Sir/Madam,

The Cities of Moreland and Darebin are committed to creating communities that are a great place to live. We appreciate that the right kind of development in the right locations are an important contribution and provide for our city's growing populations.

As someone who does business in the City of Moreland and/or Darebin and who is involved in planning permit applications, rezonings, or planning consultancy services, we wanted to let you know about a new approach in relation to Affordable Housing. In response to the recent changes by the State Government to the *Planning and Environment Act (1987)* the cities of Moreland and Darebin have engaged an Affordable Housing Advisor on a part-time basis for a period of 6 months.

Rachel Hornsby, of Hornsby & Co. will be working with both Councils to develop tools and processes to reflect the Councils' Affordable Housing policies and to build the capacity of staff.

In the same way that applications are already referred to other subject-matter experts such as traffic or heritage, rezonings and larger permit applications will be referred to the Affordable Housing Advisor. We will let you know as part of a pre-application discussion whether you will need to include a response to Affordable Housing in your application.

If there is sufficient interest from the local development and planning businesses, we are happy to run a workshop to provide an opportunity to discuss the changes to the *Planning and Environment Act (1987)* and specifically what it means in Moreland and Darebin.

To register your interest in a workshop please reply to ... Administration Officer at ... by ... using the subject line **Affordable Housing workshop**. In the body of the email include any specific topics you want us to cover off plus a preferred day of the week and time for the workshop. We will let you whether we receive sufficient interest to run a workshop.

We look forward to working with you to create communities for current and future residents of Moreland and Darebin.

Yours sincerely



## INTERNAL STAT PLANNING REFERRAL

**TO:** Affordable Housing Advisor

**SENT:**

**FROM:**

**RE:** Application number

**PROPOSAL:**

**COMMENTS:**

Your comments on this application would be appreciated. If you require any further information, please contact me on 9240 xxxx.

## RESPONSE STAT PLANNING REFERRAL

**TO:**

**SENT:**

**FROM:** Affordable Housing Advisor

**REFERENCE:** Application number

**PREPARED BY:**

**PLAN DATE:**

**REVISION:**

Dear Statutory Planning Unit,

Affordable Housing Advisor has the following discussion points and suggested comments for your consideration.

**GENERAL NOTES:**

**REQUIRED INFORMATION:**

## MORELAND DESIGN EXCELLENCE SCORECARD:

*Insert any comments confirming whether the proposed contribution of Affordable Housing is acceptable, having regard to the 'Guidelines for Applicants', and/or add any additional information that may be required.*

Based on the above, the Affordable Housing Advisor is of the opinion that the proposal **does/does not comply** with the Community Benefit requirement of the Moreland Design Excellence Scorecard.

## RECOMMENDATIONS:

Regards,  
Affordable Housing Advisor

---

## FOLLOW UP NOTES / MEETINGS

**WHO:** Affordable Housing Advisor and Applicant  
**WHAT:** Meeting  
**DATE:**  
**NOTES:** Outcomes

---

## EVALUATE OUTCOMES:

**WHO:** Planners, affordable housing advisor and applicant  
**WHAT:** RFI and two (2) Meetings...  
**ACHIEVEMENTS:** Negotiated Section 173 outcome  
**ROLE:** Negotiator

# Affordable Housing Advisor Referral Protocol

## 1. Introduction

This document establishes the procedure between the Urban Planning Unit/Strategic Planning and Amendments Unit, and the Affordable Housing Advisor, for the referral of planning applications or planning scheme amendments for comment in relation to Affordable Housing matters.

## 2. Roles and Responsibilities

The Affordable Housing Advisor is employed by Council to assist in Affordable Housing negotiations and provide advice at the discretion of the Urban Planning Unit/Strategic Planning and Amendments Unit. The Affordable Housing Advisor is employed on a contract basis.

The Affordable Housing Advisor will ensure that the advice and negotiations are limited to Affordable Housing matters, is clear and consistent with the *Planning and Environment Act 1987*.

It is the role of the Affordable Housing Advisor is to provide Affordable Housing advice to Planners, assist in Affordable Housing negotiations and to assist in consideration of planning permit applications and planning scheme amendments. Affordable Housing advice must be provided to the applicant by Planners as part of pre-application advice or as part of the planning application or planning scheme amendment process. The Affordable Housing Advisor can assist by providing further explanation of the Affordable Housing issues and in conjunction with Planning advice suggesting possible solutions.

Provision of Affordable Housing advice by the Affordable Housing Advisor direct to applicants should not occur. A Planner must attend all meetings with the applicants/proponents to ensure that Affordable Housing advice is communicated together with any other Planning issues.

The Affordable Housing Advisor's role may also include providing Affordable Housing advice to Planners to assist with responding to internal Planning enquiries from other Council Units and Branches.

## 3. Referral Objectives

- To provide clear instructions to the Affordable Housing Advisor that outline the need for referral advice.
- To provide clear, consistent and comprehensive guidance to Planners at each stage of the pre-application and planning application or planning scheme amendment process.
- To provide written advice to Planners for discussion during meetings with applicants and to inform any decision made.
- To encourage Planners to resolve issues upon receipt of written advice from the Affordable Housing Advisor either at the preliminary assessment or further information stage and to consult with their Coordinator when required.
- To ensure that the referral process proceeds in an efficient and timely manner.

## 4. Enquiries

Members of the public should never be directed to the Affordable Housing Advisor, even if they make a specific request. Enquiries should be handled by the Planner responsible for the application/amendment.

## **5. Process for Referrals**

- Development proposals and planning scheme amendments should be referred to the Affordable Housing Advisor at the pre-application stage, or at preliminary assessment stage where the applicant does not request pre-application advice.
- Referrals are to be made using the Affordable Housing referral template.
- The Affordable Housing Advisor will be invited to key meetings throughout the process.
- The Planner and Affordable Housing Advisor will meet before meetings with applicants, to establish key Affordable Housing objectives for the development so that consistent and coordinated advice can be provided to the applicant.

## **6. Response Timelines**

In order to ensure desired outcomes, it is important that the Planner discusses applications with the Affordable Housing Advisor as early as possible in the process:

Referral advice (in the referral template) shall be returned to the responsible Planner via email within 14 business days. For large developments or more complex proposals which have not been the subject of pre-application discussion or comment, the Planning Coordinator/ Planner may agree to a different timeframe for a response.

## **7. Referral Information Required**

- A completed referral form
- The referral form must clearly state why the matter is being referred.
- Trim link to plans and other documents
- Any previous Affordable Housing Advice.

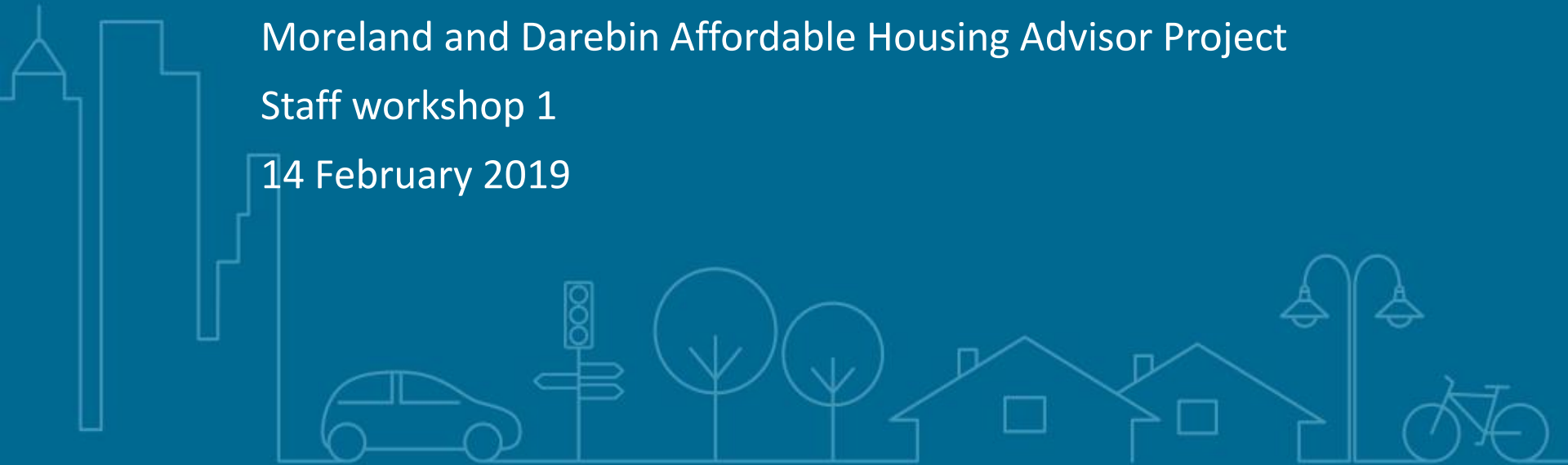
Upon receipt of Affordable Housing advice, the Planner should discuss with the Affordable Housing Advisor any Affordable Housing related conditions that are recommended to ensure that any condition placed on the permit would achieve the desired outcome.

# Affordable Housing

Moreland and Darebin Affordable Housing Advisor Project

Staff workshop 1

14 February 2019



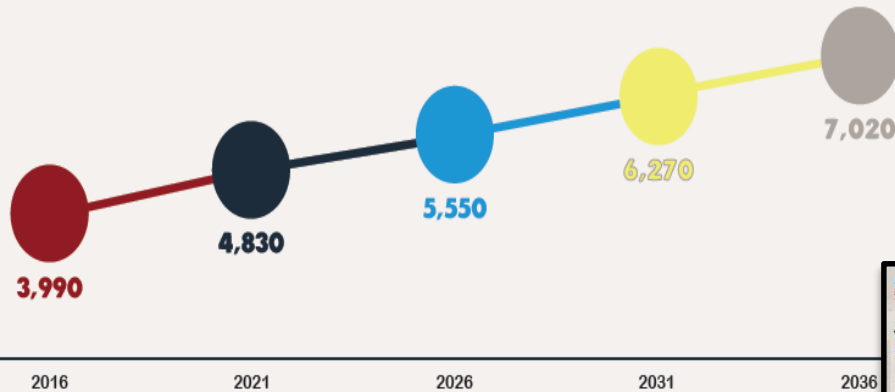
# Introductions

- Who is here today?
- Structure of the workshop
- A bit about me
- Where does Affordable Housing fit in your role?



# Moreland and Affordable Housing

**Figure 23: Need for affordable housing continues to grow in Moreland**  
Affordable housing need forecasts, Moreland

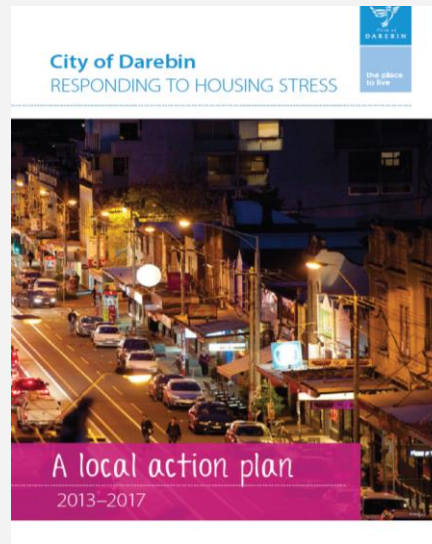
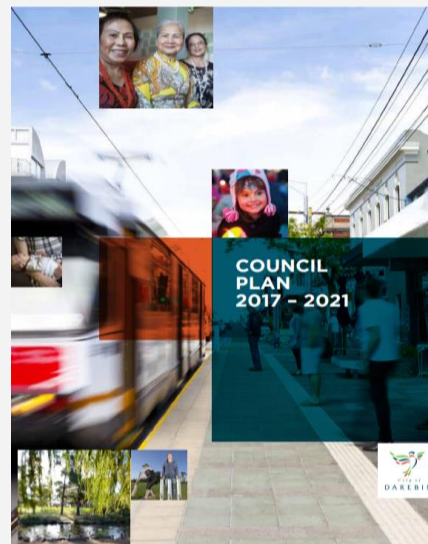
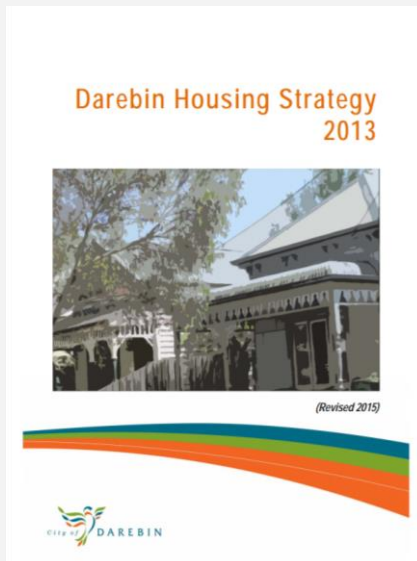
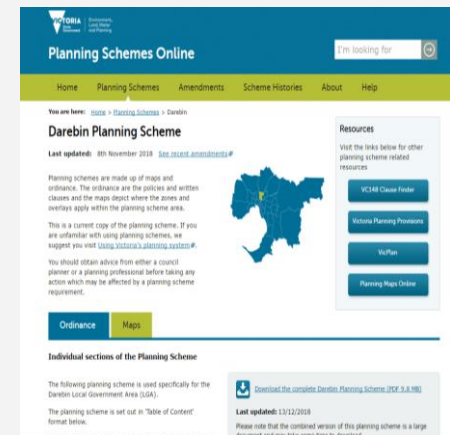


Source: .id, using SAFI forecasts



# Darebin and Affordable Housing

- Current social housing shortfall: **3789 dwellings**
- Need over 20 years: **380 dwellings/year**  
**28% of all new housing supply**





## So what is Affordable Housing?

- The Planning and Environment Act (1987) objective:  
4 (fa) to facilitate the provision of affordable housing in Victoria
- And defines Affordable Housing as:  
housing, including social housing, that is appropriate for the housing needs of very low income; low income; and moderate income households.

## What does “appropriate” mean?

- Allocation
- Affordability (30% rule)
- Longevity (of the public benefit of the provision)
- Tenure
- Type of housing, in terms of form and quality
- Location (site location, proximity to amenities, employment and transport)
- Integration (physical build and local community)
- Housing needs in the area

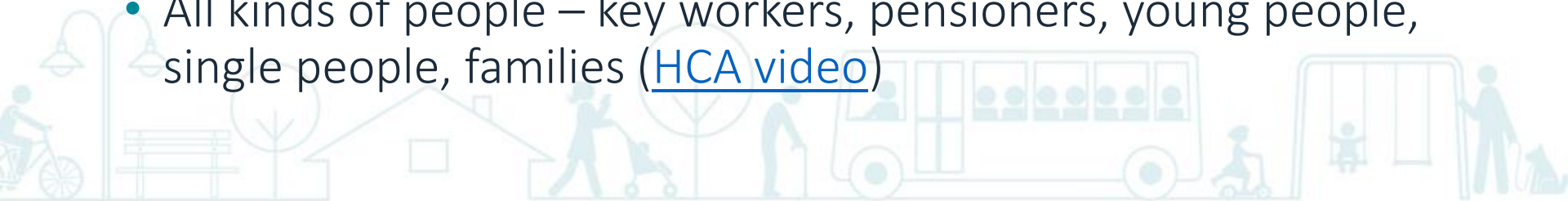
## Affordable Housing is not....

- Housing affordability
- Housing diversity
- Cheap housing
- Build to rent (unless it is also AH)



## Who lives in Affordable Housing

- Very low, low, and moderate income households
- 40% of households vs. 4% of dwellings
- Priority waitlist and other waitlist
- All kinds of people – key workers, pensioners, young people, single people, families ([HCA video](#))



## Who are the key players in delivering AH?

- Social housing sector (public and community housing)
- And quite recently
  - Developers
  - Councils



# The context for land use planners



# The context for land use planners in Council



## The good news for Council planners...

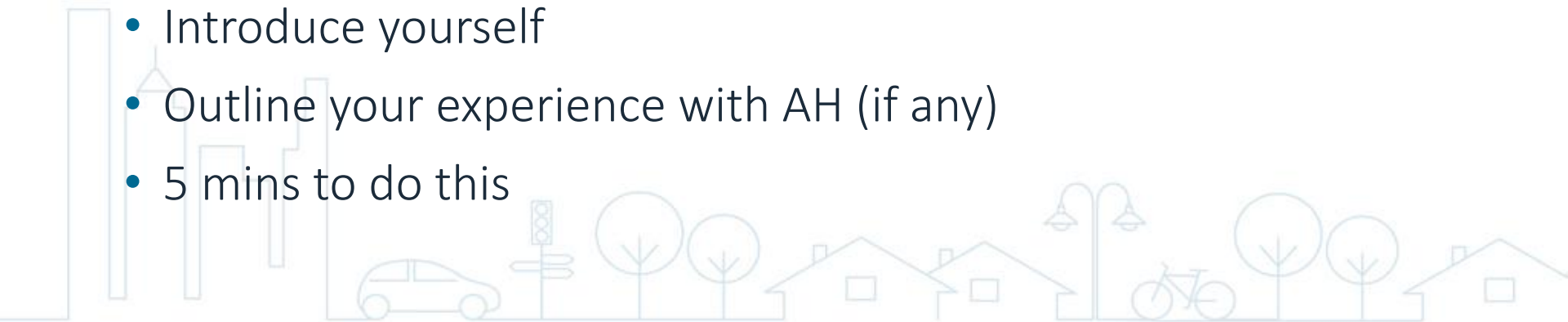
- The Affordable Housing System is not your responsibility
  - You do not have to duplicate the existing system
- But you can play a part
  - Facilitate the provision of affordable housing
- Think of it like other public infrastructure
  - e.g. public transport





# Getting to know your neighbours

- Move into groups
- Each table should be:
  - ½ Darebin ½ Moreland
  - Role based – all strategic or all statutory roles
- Introduce yourself
- Outline your experience with AH (if any)
- 5 mins to do this



## Getting down to work - Needs analysis

- Through the survey you told us you need:
  - Council policy to support / guide decisions
  - Planning Scheme provisions
  - Guide for staff and applicants
  - Calculations of cost / feasibility



# Getting down to work - Needs analysis

- Did the survey capture your ideas?
  - Each person to identify 1 thing that you need in your role to facilitate the provision of AH
  - Write it on a post-it note
  - Keep going until you run out of things or time 😊
  - 6 mins
  - Be as specific as possible



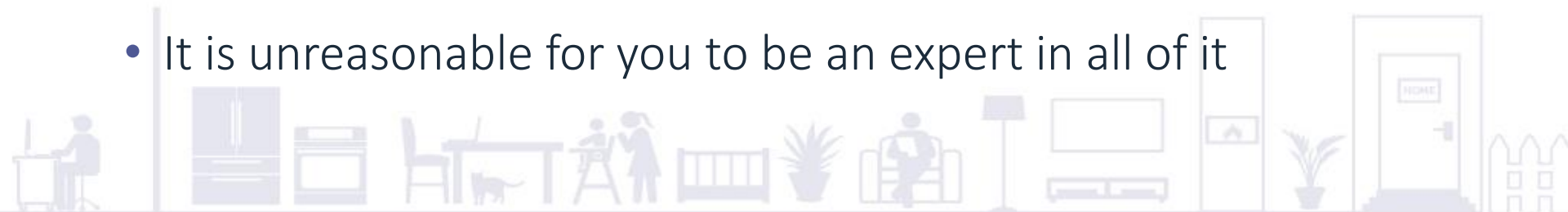
## Discussion

- Each group to report their key findings
- Q&A
- Cuppa



## Affordable Housing is complex

- The social housing (public and community housing) sector is complex
  - Cohorts, funding models, financing, asset management, tenancy management, etc.
- Other forms of Affordable Housing (shared equity, rent to buy) are in their infancy in Victoria
- It is unreasonable for you to be an expert in all of it



## The practicalities

- Certainty and clarity
- In the meantime – conversations, questions, referral
- What is reasonable to ask of applicants/proponents?



## Working through the practicalities

- One way to achieve AH is to offer an incentive
  - Trade-off one aspect of a proposal for another (you already do this)
- What incentives / trade-offs could you offer in your Council?
- In groups, work it through, write it on butchers paper, don't get stuck on the why nots



## Wrap up and discussion

- Report back on discussion and solutions from your group
- Next steps





# Hornsby & Co.

Brokering Social and Affordable Housing

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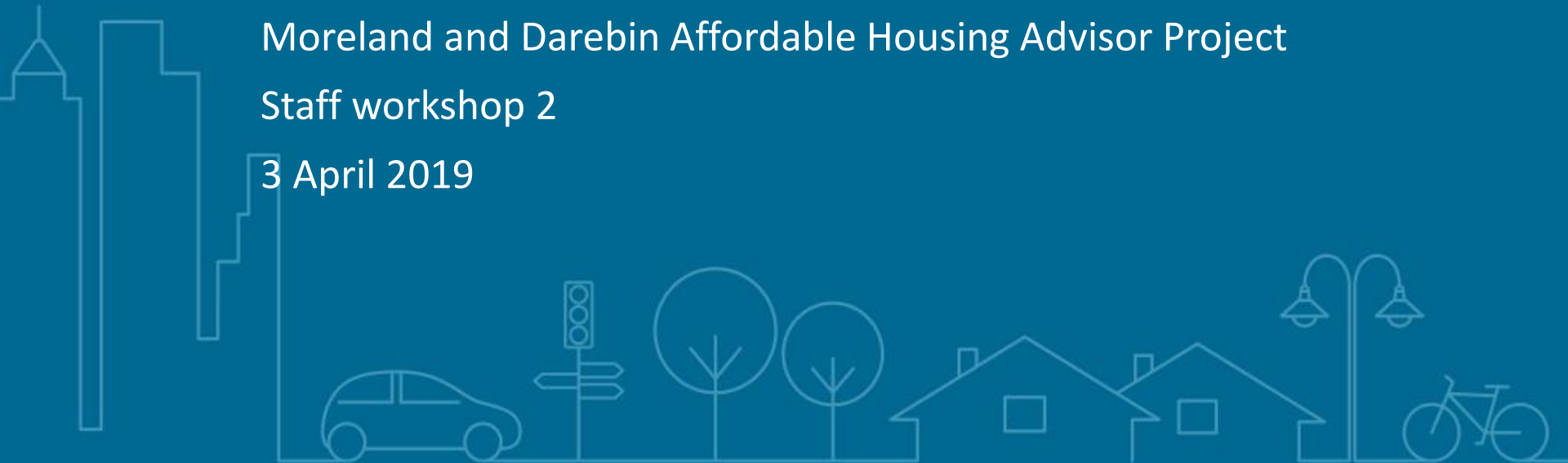
Developers | Government | Community Housing Sector

# Affordable Housing

Moreland and Darebin Affordable Housing Advisor Project

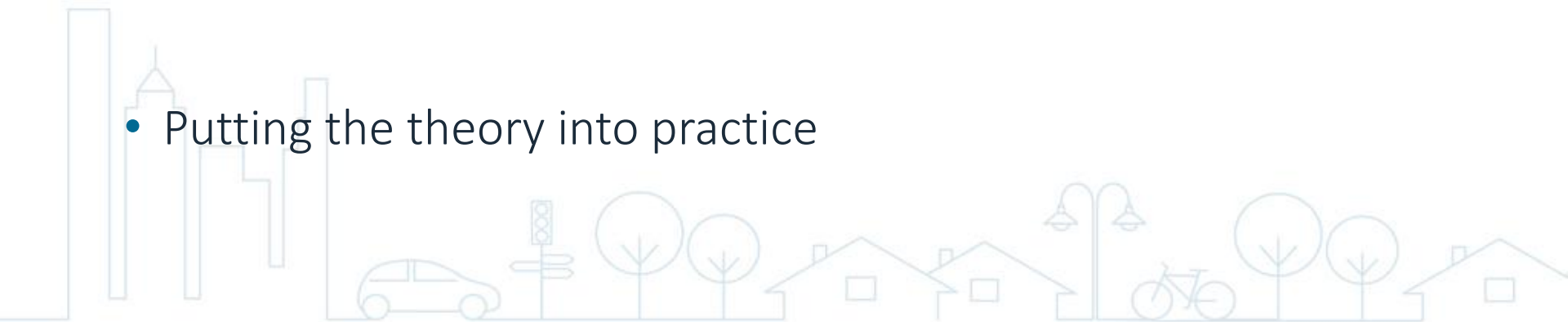
Staff workshop 2

3 April 2019



## Overview of today

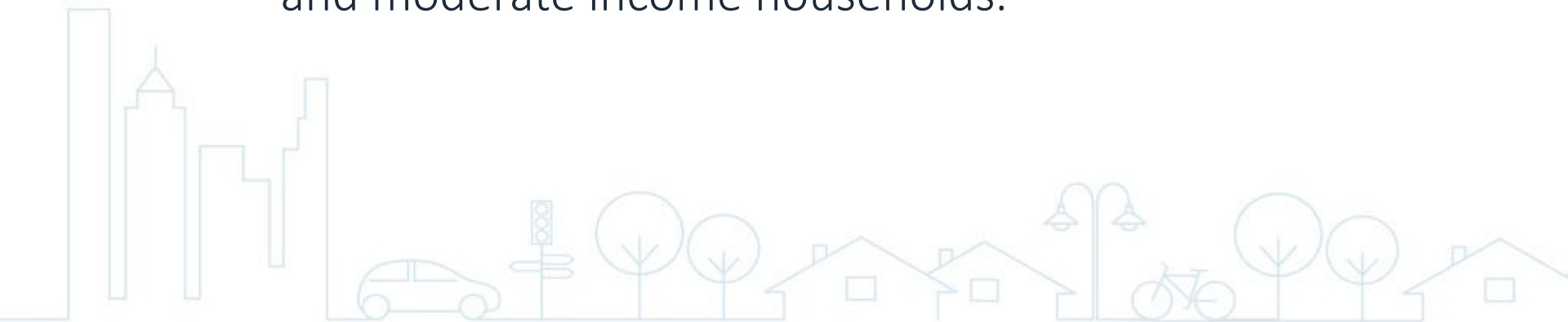
- Re-cap on Affordable Housing
- Development Economics (Andy)
- An Affordable Housing application (Johannes)
- Putting the theory into practice



# What is Affordable Housing?

- The Planning and Environment Act (1987) defines Affordable Housing as:

housing, including social housing, that is appropriate for the housing needs of very low income; low income; and moderate income households.

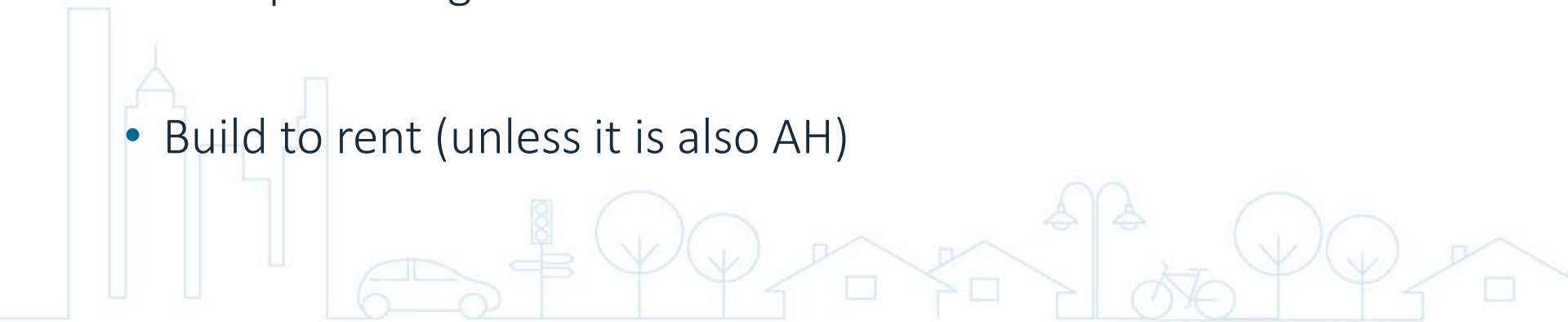


## What does “appropriate” mean?

- Allocation
- Affordability (30% rule)
- Longevity (of the public benefit of the provision)
- Tenure
- Type of housing, in terms of form and quality
- Location (site location, proximity to amenities, employment and transport)
- Integration (physical build and local community)
- Housing needs in the area

## Affordable Housing is not....

- Housing affordability
- Housing diversity
- Cheap housing
- Build to rent (unless it is also AH)



## Any questions so far?

- Any questions?
- Let's hear from your colleagues



## Private developers – Setting Expectations

- Set expectations as early as possible
  - The later the expectation for affordable housing is set, the less likely it is to be delivered. Condition on a permit is too late.
  - Ideal situation - affordable housing obligations are introduced before the purchase of the land. That way the cost is factored into the price paid for the land
  - If affordable housing obligations are introduced after the purchase of the land, the developer will be looking for an incentive or trade off to recoup the loss – increased yield etc



## Private developers – setting expectations

- Be clear about expectations
  - What and how much.
  - Be consistent through the process, from pre-app onwards.



## Housing Associations – financial realities

- Competing with private developers.
- May find it harder to get finance.
- Are not as well resourced.
- Have very little cashflow.
  - Harder to cover cost of planning process.
- Unexpected costs can make a project unviable.
  - Request for further information beyond the planning scheme requirements
  - Delay of going to a Council meeting
  - Costs of amending and reapplying or running a VCAT process

## 43 Station Street, Fairfield



- 11 x studios, 26 x 1-bedroom apartments, 6 car spaces
- Manager of facility: Unison Housing – single women receiving social welfare benefits



## Compromise in car parking:

- Statutory demand: 44 car spaces (1/unit + 7 visitor).
- 0.08 spaces per dwelling proposed
- 0.16 spaces per dwelling approved.

## Compromise on amenity (Outlook, solar access, SPOS, storage):

- Setbacks below 3 metres, screening to upper levels.
- No seclusion
- Common storage

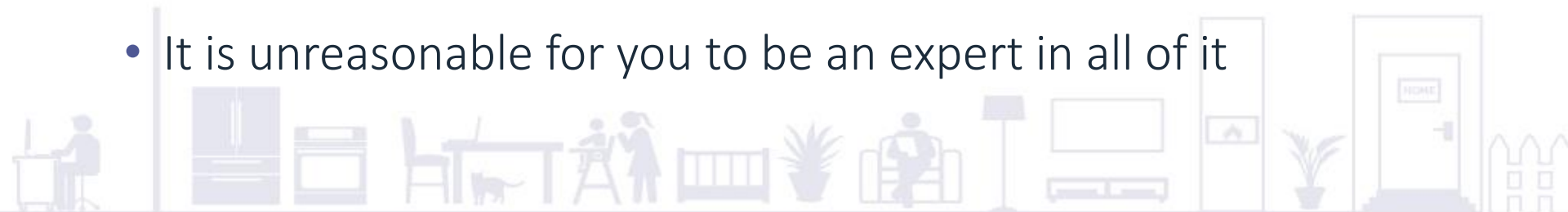
## What to take from application

- Social housing specific requirements are different to normal dwellings.
- Site visit and meeting important in understanding specific needs.
- Tendency to 'trust' the housing provider.
- No real objections.



## Affordable Housing is complex

- The social housing (public and community housing) sector is complex
  - Cohorts, funding models, financing, asset management, tenancy management, etc.
- Other forms of Affordable Housing (shared equity, rent to buy) are in their infancy in Victoria
- It is unreasonable for you to be an expert in all of it



## So what is the key?

- 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 sector to respond to opportunities



## Let's practice

- Move into groups of Statutory Planners or Strategic Planners
- Work through the scenario – when you reach the end of one section ask for the next section
- We will report back to the group as we go and at the end





## Wrap up and discussion

- Report back on discussion and solutions from your group
- Any questions
- Next steps



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Developers | Government | Community Housing Sector

## **Strategic Planning Scenario**

### **PART 1**

Charlie owns a large site in Dareland. The site has been used for industrial activities for the past 50 years. Charlie would like to rezone the property from Industrial to Residential. Charlie has asked to meet with someone from Council to discuss how to change the zoning of the property. You meet with Charlie and agree that, in principle, there is a strategic basis for the land to be rezoned.

Following the meeting you send an email to Charlie with a summary of the meeting and providing details of the next steps and outlining the information you require before the rezoning can be progressed.

1. What information will you ask to be provided in relation to Affordable Housing? (dot point/s are okay)
2. How did you decide what information to ask for?
3. Is there anything else (in relation to Affordable Housing) that you want to give Charlie a heads-up about?

## **Strategic Planning Scenario**

### **PART 2**

Charlie engages a planning consultant and an architect and undertakes some preliminary assessments of contamination and comes up with a Master Plan for the site which includes a pedestrian and bike link plus pocket park to be funded by the developer in addition to the standard Public Open Space contribution of 5%.

Charlie provides an Affordable Housing report that identifies the demand for affordable housing in the area. The report indicates that the studio and smaller 1-bedroom apartments from a future development could be sold for below the median house for the area and therefore the development will provide affordable housing.

4. What feedback can you give Charlie about the Affordable Housing report?
5. What is your next step to secure Affordable Housing for the site?
6. What trade-offs could you offer to encourage Charlie to enter into a Section 173 agreement for the provision of Affordable Housing?

## Strategic Planning Scenario

### PART 3

You engage a lawyer to draft up a Section 173 agreement to secure the Affordable Housing for the site. Charlie suggests that the Section 173 should be flexible enough to respond to future funding opportunities and suggests it says:

*The applicant will provide the responsible authority with an Affordable Housing Strategy setting out how it will provide 5% Affordable Housing. The Strategy will be to the satisfaction of the Responsible Authority.*

7. What are the risks with having such a flexible S173?
  
  
  
  
  
  
  
  
  
  
8. As a minimum – what details should be included in a S173?

## **Statutory Planning Scenario**

### **PART 1**

Jo is looking into purchasing a property in Morebin. The site is well located near public transport and there is a preferred development height of 4 storeys. At four storeys, the site is probably big enough to accommodate about 100 apartments.

Jo contacts you to find out about the planning requirements for the site.

1. What information will you provide Jo in relation to Council's requirements for Affordable Housing? (dot point/s are okay)
2. How did you decide what information to provide?
3. Is there anything else (in relation to Affordable Housing) that you want to give Jo a heads-up about?

## **Statutory Planning Scenario**

### **PART 2**

Jo purchases the site. Jo engages a planning consultant and an architect and prepares plans for the site. The development is for 100 units. It includes 1 car space per apartment and a 5% public open space contribution (cash provided in lieu of \$\$).

As part of the planning permit application Jo provides an Affordable Housing report that identifies the demand for affordable housing in the area. The report indicates that the studio and smaller 1-bedroom apartments from a future development could be sold for below the median house for the area and therefore the development will provide affordable housing.

4. What feedback can you give Jo about the Affordable Housing report?
5. What is your next step to secure Affordable Housing for the site?
6. What trade-offs could you offer to encourage Jo to enter into a Section 173 agreement for the provision of Affordable Housing?

## Statutory Planning Scenario

### PART 3

Jo engages a lawyer to draft up a Section 173 agreement to secure the Affordable Housing for the site. Jo suggests that the Section 173 should be flexible enough to respond to future funding opportunities and suggests it says:

*The applicant will provide the responsible authority with an Affordable Housing Strategy setting out how it will provide 5% Affordable Housing. The Strategy will be to the satisfaction of the Responsible Authority.*

9. What are the risks with having such a flexible S173?

10. As a minimum – what details should be included in a S173?



# Affordable Housing

Moreland and Darebin Affordable Housing Advisor Project

Staff workshop 3

12 June 2019



## Overview of today

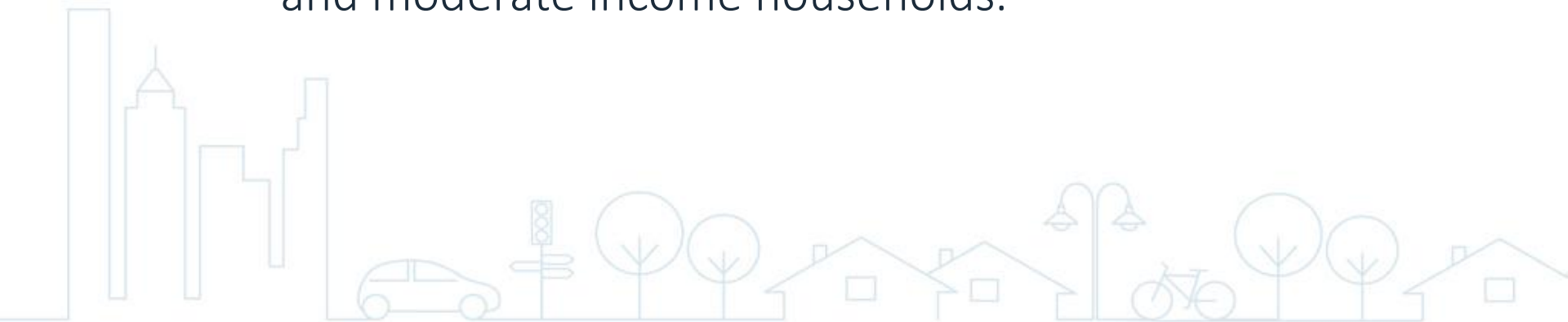
- Re-cap on Affordable Housing
- Affordable Housing Agreements
- Putting the theory into practice
- Q&A and Wrap up



# What is Affordable Housing?

- The Planning and Environment Act (1987) defines Affordable Housing as:

housing, including social housing, that is appropriate for the housing needs of very low income; low income; and moderate income households.

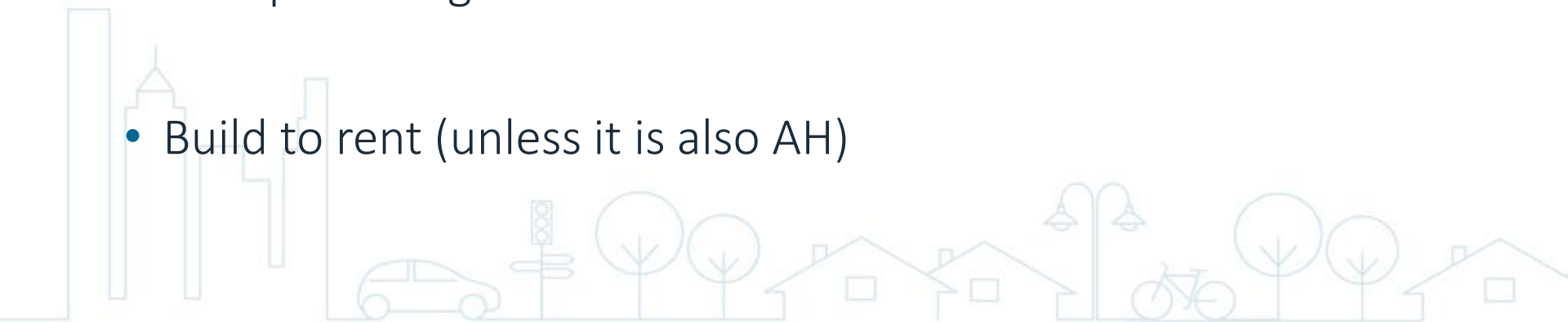


## What does “appropriate” mean?

- Allocation
- Affordability (30% rule)
- Longevity (of the public benefit of the provision)
- Tenure
- Type of housing, in terms of form and quality
- Location (site location, proximity to amenities, employment and transport)
- Integration (physical build and local community)
- Housing needs in the area

## Affordable Housing is not....

- Housing affordability
- Housing diversity
- Cheap housing
- Build to rent (unless it is also AH)



## Useful terms

- Affordable Housing – see the P&E Act. Remember it includes Social Housing
- Affordable Housing Agreement – the end result of a negotiation, sets out the terms of the Affordable Housing contribution, usually secured through a S173 Agreement
- Affordable Housing contribution – the land, cash, or dwellings provided for Affordable Housing
  - Note I preferred to only count the “gifted” part as the contribution and so express it as a \$\$ amount

# Affordable Housing Contribution

- To date there has been lots of focus on a % of dwellings
- But to calculate an AH contribution you need:
  - Quantum (# dwellings, % floorspace)
  - The discount from the market value
  - The period that the property will remain Affordable Housing (for affordable rentals)



## Sale or gifting of AH dwellings

- Quantum
  - # or % dwellings or % of floorspace
  - % or amount of land
- What is the discount from market value?
  - If they are gifted = 100% discount
- Quantum x discount = the AH contribution
- The period of time – implications for the owner



# Dwellings for Affordable Rental

- Quantum
  - # dwellings
- Discount from market rent
- The period of time
- $\text{Quantum} \times \text{discount} \times \text{time} = \text{AH contribution}$



## Things to include in an Agreement

- Quantum, discount, period of time
- Who will own/manage the AH
  - Registered housing agency
- When it will be delivered
- Alternatives (if need be)



## Any questions so far?

- Any questions?
- Probably time for a cuppa (unless we already stopped for one)



## Putting the theory into practice

- Worksheet to practice calculations
- Work through and report back after each scenario



## Questions

- Q3. What are the implications of selling AH dwellings at a discount?
- Q4. What else do you need to consider when seeking to offer a height bonus in exchange for an Affordable Housing contribution?
- Q5. How would you go about negotiating an Affordable Housing Agreement?



## Wrap up

- There will be a Fact Sheet for developers
- And guidance for staff
- Please fill in the survey I will send around
- Anything else?
- Thanks 😊



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## Workshop 3 for Moreland and Darebin

One of the challenges when negotiating Affordable Housing Agreements is to determine what is a reasonable ask? Work through the examples below to gain a better understanding of the implications of different scenarios.

### Scenario 1. Sharing the uplift in rezoning of land

Industrial land is valued at \$750/m<sup>2</sup>

Residential land is valued at \$2000/m<sup>2</sup>

The size of the site is 10,000m<sup>2</sup>

The cost of an Affordable Housing dwelling is \$500,000

Description	Hint	Result	
Existing value of the site	750 x 10,000		A
Value of rezoned site	2,000 x 10,000		B
Uplift from rezoning	B - A		C
50% Share of uplift	C x 50%		D
Cash contribution	D		
Or # of gifted dwellings	D / 500,000		E

**Q1. How do we determine if 50% is a reasonable contribution?**

### Scenario 1.2

What happens if someone pays more for the land, in anticipation of a rezoning?

Description	Hint	Result	
Amount paid for the site		\$12,000,000	A
Value of rezoned site	2,000 x 10,000		B
Uplift from rezoning	B - A		C
50% Share of uplift	C x 50%		D
Cash contribution	D		
Or # of gifted dwellings	D / 500,000		E

**Q2. What are the implications for the calculations if the proposal is to rezone AND develop a site?**



## Scenario 2

This option explores the value created when additional height is provided as part of an application.

The value of residential buildings may be in the order of \$8,000 / m<sup>2</sup> gross floor area but we need to consider the residual land value – what is land value once you have subtracted all the costs associated with the development. Otherwise it would not take into account the cost of construction, financing etc.

The residual land value (RLV) for the development is \$1,000 / m<sup>2</sup> gross floor area

The preferred height would allow for a development that has 30,000m<sup>2</sup> gross floor area

Allowing some additional height would allow a development that has 35,000m<sup>2</sup> gross floor area

The cost of an Affordable Housing dwelling is \$500,000

Description	Hint	Result	
RLV at preferred height	30,000 x \$1,000		A
RLV at additional height	35,000 x \$1000		B
Uplift from additional height	B - A		C
50% Share of uplift	C x 50%		D
Cash contribution	D		
Or # of gifted AH dwellings	D / 500,000		E

### Scenario 2.1 What happens if the dwellings are not gifted but are sold at a 20% discount?

Assuming you want to keep the overall contribution the same then you can achieve more Affordable Housing dwellings if they are sold to a registered housing agency at a discount rather than gifted (which is essentially a 100% discount).

Calculate the number of AH dwellings if they are to be sold at a 20% discount.

Description	Hint	Result	
Value of AH contribution	D (above)		D
Price of AH dwelling if sold at 20% discount	500,000 – (20% x 500,000)		F
Value of the contribution made for each dwelling	500,000-F		G
# of AH dwellings	D/G		H

### Scenario 2.2 What happens if the dwellings are not gifted but are sold at a 50% discount?

Calculate the number if dwellings if the AH is to be sold at a 50% discount.

Description	Hint	Result	
Value of AH contribution	D (above)		D
Price of AH dwelling if sold at 50% discount	500,000 – (50% x 500,000)		F
Value of the contribution made for each dwelling	500,000-F		G
# of AH dwellings	D/G		H

See further questions on PPT presentation

# Seeking your feedback for the Affordable Housing Advisor Project

(untitled)

---

This survey is for statutory and strategic planners working in local government. Thanks for taking 2 minutes to complete it. All responses are anonymous. No need to do any research, just tell us your view on the statements below.

1. I work at: \*

☐ Darebin City Council    ☐ Moreland City Council

☐ Other Council (please specify)

2. My role is in: \*

☐ Statutory planning    ☐ Strategic planning

3. Please choose a response for the following statement.

Affordable Housing (in relation to the Planning and Environment Act) is best described as: \*

- ☐ Housing where the rent or mortgage repayments are less than 30% of household income
- ☐ Housing where the total costs of housing (including utilities and transport) is less than 30% of household income
- ☐ Housing that is appropriate for very low, low, and moderate income households
- ☐ Housing that cost less to build than the average cost of building a house

4. Can you please rate your level of agreement with the following statements? Please rate on a scale of 'Strongly disagree' to 'Strongly agree'.

**\***

[illegible]

5. What is one thing you would like to see implemented / provided / developed within Council to help you better understand and/or deliver Affordable Housing in your role?

6. Do you have any other comments you would like to provide?

---

Thank you for your feedback.

# Seeking your feedback for the Affordable Housing Advisor Project followup

(untitled)

---

The Affordable Housing Advisor project is drawing to an end. Thank you for your participation. Could you please answer the following questions (even if you didn't actively participate in the project)

1. How many workshops did you attend? \*

☐ 0   ☐ 1   ☐ 2   ☐ 3

2. Thinking about the work delivered by the Council would you say that having an Affordable Housing Advisor over the past six months has been: \*

☐ Very useful   ☐ Somewhat useful   ☐ Not at all useful   ☐ Can't say

3. Thinking about your role in particular would you say that having an Affordable Housing Advisor over the past six months has been:

\*

☐ Very useful   ☐ Somewhat useful   ☐ Not at all useful   ☐ Can't say

4. If you have any comments on the Affordable Housing Advisor Project please leave them in the textbox below.

To help us compare the level of understanding amongst staff before and after the Affordable Housing Advisor Project can you please answer the following questions:

5. I work at: \*

☐ Darebin City Council      ☐ Moreland City Council

☐ Other Council (please specify)

6. My role is in: \*

☐ Statutory planning      ☐ Strategic planning

7. Please choose a response for the following statement.

Affordable Housing (in relation to the Planning and Environment Act) is best described as: \*

- ☐ Housing where the rent or mortgage repayments are less than 30% of household income
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- ☐ Housing that cost less to build than the average cost of building a house



8. Can you please rate your level of agreement with the following statements? Please rate on a scale of 'Strongly disagree' to 'Strongly agree'.

**\***

[illegible]

9. What is one thing you would like to see implemented / provided / developed within Council to help you better understand and/or deliver Affordable Housing in your role?

10. Do you have any other comments you would like to provide?

---

Thank you for your feedback.

Moreland City Council is committed to increasing the amount of affordable housing in the municipality. In addition to establishing Moreland Affordable Housing Ltd, delivering policy and advocacy, the Council is working with landowners and developers to secure affordable housing as part of planning permit or rezoning proposals.

## What is Affordable Housing?

Affordable Housing is non-market housing that is appropriate for very low, low, and moderate income households. There is an eligibility requirement and allocation process to ensure the Affordable Housing goes to those that need it, and that they can afford it.

## Why am I being asked to provide Affordable Housing?

When a permit is issued, or land is rezoned, there is an uplift in the value of that land. Recognising the significant demand for Affordable Housing in Moreland and reflecting the new objective in the *Planning and Environment Act*, we are seeking to share some of that uplift with the community through the provision of Affordable Housing.

To encourage you to include affordable housing in your development we may also be able to offer incentives such as additional height, if the site and surrounds can support it, and if the amount of affordable housing warrants it.

## What are the options for including affordable housing in my proposal?

There are different ways you can include affordable housing. You could:

- Gift some dwellings to a registered housing agency
- Sell some dwellings at a discount to eligible households or a registered housing agency
- Offer discounted rent to eligible households for some of the dwellings
- Provide land for affordable housing to be constructed
- Provide a cash contribution in lieu of dwellings or land.

The key thing is that the proposal actually delivers Affordable Housing (rather than just delivering lower-cost housing) and that the proposal is viable for the owners or managers of the Affordable Housing.

As there are different options and implications of each option, we encourage you to talk to the planning staff at the earliest point in your proposal to find an option that works for you.

## Do I need to find a community housing organisation to partner with?

Community housing organisations (also called registered housing agencies) are not-for-profit organisations that provide housing for low income households. Due to the timeframes required to rezone or develop a property, it may not be feasible to bring a community housing organisation (CHO) on-board at this early stage.

If that is the case, then it is even more important that your affordable housing proposal is designed so that it is viable for a CHO to participate in the future. This may mean agreeing a significant discount from purchase price and/or establish ways that the CHO won't be burdened with large owners' corporation costs.

## What is in an Affordable Housing report?

You may be asked to provide an Affordable Housing report as part of your proposal. The report should be a site-specific proposal for the provision of Affordable Housing. You should include the:

- Proposed yield of the site (all dwellings)
- Proposed affordable housing contribution (quantum and discount)
- Period of time that the properties will remain as affordable housing.

You may also include some commentary on the demand for Affordable Housing in the location or municipality if that has guided your specific response to Affordable Housing.

## Can I just nominate a % of dwellings that will be Affordable Housing?

It is not enough to simply say how many dwellings will be Affordable Housing. It is essential that you also indicate the discount that will be offered so that the value of the contribution is clear. If an agreement says that 5% of the dwellings will be Affordable Housing but does not indicate who will pay for or subsidise the dwellings, it creates problems when it comes time for the agreement to be implemented.

An Affordable Housing Agreement should set out the:

- Quantum of housing (% of dwellings or % of floorspace)
- Discount on those dwellings (% discount from market value up to 100% discount)
- Period of time that the properties will remain as Affordable Housing.

Agreeing the method to calculate the Affordable Housing contribution allows that contribution to move with the market and also provides flexibility so that the value of the contribution can be converted into cash or an alternative delivery mechanism if need be (e.g. more dwellings with a smaller discount or fewer dwellings with a larger discount).

## Why do we need a Section 173 Agreement?

Affordable Housing negotiations and agreements are voluntary, but it is important that once agreement is reached that it is secured through a Section 173 Agreement. This is so that there is assurance that the Affordable Housing contribution will actually be delivered. This is particularly important if the site changes hands prior to the development being finished, or where Council has made a concession (e.g. additional height or reduction in car parking requirements) to facilitate the provision of Affordable Housing.

## Where can I find further information?

Our planning staff can discuss Affordable Housing with you as part of your proposal. There are also Affordable Housing consultants that you can engage to assist you. The Department of Environment, Land, Water and Planning has put together information for landowners / developers – note that their information is for the whole of Victoria so will not include the information requirements specific to Moreland. Their website is:

<https://www.planning.vic.gov.au/policy-and-strategy/affordable-housing>

## Moreland Language Link

廣東話	9280 1910	हिंदी	9280 1918
Italiano	9280 1911	普通话	9280 0750
Ελληνικά	9280 1912	ਪੰਜਾਬੀ	9280 0751
عربي	9280 1913		
Türkçe	9280 1914	All other languages	
Tiếng Việt	9280 1915	9280 1919	



A detailed, light blue line-art map of the Moreland City area, showing a dense network of streets, roads, and waterways. The map is oriented with North at the top.

City of Moreland

# Affordable Housing Toolkit



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## The steps in a negotiation

### Step 1



Provide the Affordable Housing Fact Sheet at the earliest opportunity

If someone enquires about a significant proposal that involves:

- > rezoning land to a zone which includes a residential component, or
- > buying land to develop it for residential use, or
- > preparing a planning permit application for residential use

then provide them with the Affordable Housing Fact Sheet

### Step 2



Communicate the need for an Affordable Housing Report

When documenting the information required to form part of a rezoning proposal or a planning permit application set out the requirement for an Affordable Housing report. The Fact Sheet has an overview of what should be included in an Affordable Housing report.

### Step 3



Decided whether to engage an Affordable Housing consultant

You may decide to engage an Affordable Housing consultant to attend pre-application meetings and to initiate negotiations. Or you may engage them only to review and provide advice on the proposal/application itself.

### Step 4



Negotiate an Affordable Housing contribution with the proponent/applicant

The negotiation is likely to be an iterative process and may require several meetings, discussions, and a review of the Affordable Housing report provided by the applicant/proponent. Read through the Tool Kit to get handy tips and advice on what the negotiation should include.

### Step 5



Document the Affordable Housing agreement

If you are able to reach a voluntary agreement with the proponent/applicant, document the agreement being sure to set out the method for calculating the Affordable Housing contribution and the timeframe for delivering the contribution

### Step 6



Engage a lawyer to prepare (or review) a Section 173 Agreement

You may ask the proponent/applicant to prepare a draft Section 173 agreement or you may decide to have it Drafted by a lawyer on behalf of Council. Check the draft agreement contains all the detail required (see handy hints and advice in this Tool Kit)

#### Step 7



#### Get the applicant / proponent to sign the Section 173 Agreement

It is difficult to gauge the exact point when you should get the S173 signed by the other party. If possible, get the S173 signed before the council decision to Authorise a Planning Scheme Amendment or before a Council decision on a planning permit application. Keep the signed copy safe but do not sign it yet.

#### Step 8



#### Council decision

Council decides to authorise a Planning Scheme Amendment or makes a decision on a Planning permit application.

#### Step 9



#### Attend Panel or VCAT

You, or the Affordable Housing consultant you have engaged, may be required to give evidence at a Panel hearing or at VCAT.

#### Step 10



#### Planning scheme approved, or planning permit issued

Once the planning scheme is approved or the planning permit is issued, the Council should sign the Section 173. If the Amendment is abandoned or the permit is refused, the Council should return the S173 agreement, unsigned by Council for destruction. A note should be made on file that the S173 was not executed.

#### Step 11



#### Celebrate a successful Affordable Housing negotiation and agreement

Celebrate your success and ensure there is sufficient monitoring and enforcement of the permit as the development proceeds so that the developer delivers the agreed Affordable Housing contribution.



## Working through the elements of a negotiation

There are eight elements that a council must have regard to when deciding whether a proposed Affordable Housing contribution will result in appropriate housing for very low, low- and moderate-income households.

They are:

- Allocation - a process to select eligible households
- Affordability - generally that rent or mortgage repayments will be no more than 30% of household income
- Longevity - how long will the dwellings remain Affordable Housing
- Tenure - rent, ownership, or something else
- Type of housing - in terms of form and quality
- Location - site location and proximity to amenities, employment and transport
- Integration - in terms of the physical build and local community
- Official estimates of housing need

Given the relative infancy of local government involvement in facilitating Affordable Housing, and the complexity of the Affordable Housing sector itself, it is essential that negotiations don't deliver unviable Affordable Housing contributions or result in unintended consequences. It is also important that the Council doesn't inadvertently become a tenancy manager, asset owner, or take on compliance responsibilities unless it has the desire to do so and has the necessary capacity and resources.

The eight elements above, plus some other important aspects, can be addressed by answering the questions below.

### Who should own or manage Affordable Housing?

While there are many different types of Affordable Housing, the only type of Affordable Housing that has significant years of demonstrated success in Victoria is Social Housing (public and community housing). This does not mean that councils should preclude any other type of Affordable Housing but it does mean that there should be a degree of caution in negotiating an Affordable Housing contribution where it is not clear on who will be responsible for compliance, monitoring and enforcement and whether there is sufficient oversight of whoever is allocating the Affordable Housing and setting the rent/price point.

Community housing organisations (called "registered housing agencies" in the *Housing Act (1983)*) have a significant compliance regime with monitoring and reporting requirements set by the State government. The community housing sector is well placed to take on the management and/or ownership of Affordable Housing.

Registered housing agencies have experience in allocating properties and ensuring the rent settings reflect the household incomes.

Through the negotiation process and documentation in an agreement staff should ensure that the preferred owner/manager of Affordable Housing contributions is registered housing agencies, or other organisations that have a sufficient monitoring and compliance regime in place.

## How long should a dwelling be required to remain Affordable Housing?

To deliver the maximum benefit to the community people may assume that it is best to ask that any Affordable Housing contribution is provided in perpetuity. However, requiring any organisation, and particularly a community housing organisation, to guarantee that a building will be used for Affordable Housing long past the useful life of that building creates a significant cost burden. All buildings require maintenance throughout their life, and maintenance costs increase exponentially as the building gets older. An organisation needs to be able to adopt a good asset planning and management approach.

When negotiating an Affordable Housing contribution there needs to be some flexibility around the term for which the dwelling will remain Affordable Housing. There also needs to be some recognition that if a concession has been given (e.g. additional height) that there is a benefit provided back to the community.

The Affordable Housing Agreement should require the contributed dwellings to remain as Affordable Housing for a time commensurate with the concession made to facilitate the contribution, provided that term does not create an asset management burden to the owner of the Affordable Housing.

## Should an Affordable Housing dwelling be for rent or for sale?

The *Planning and Environment Act* does not set out whether Affordable Housing should be rental or available for purchase. Regardless of the tenure, the rent or mortgage repayments need to be affordable to moderate, low, or very low income households.

A single person at the top of the moderate income range (\$1164 per week) could pay \$350 per week in mortgage repayments, without being in housing stress. Under current lending requirements this means they could borrow in the order of \$325,000 (they would also need to save up a deposit). For a mid-range low income household (\$600 income per week) this drops to a \$168,000 loan amount. Given the high land and property values, there would need to be a substantial discount for a property to be Affordable Housing for individual purchase. There is also a question about how that discount (benefit) can be captured so it is not just a windfall gain for the first purchaser. It is possible to do this through a formal shared equity scheme.

Making a property available for rent (either social rental or affordable rent), with the dwelling owned by a community housing organisation means the Affordable Housing benefit is directed into that sector, and there is less potential leakage of the value to an individual or to the private sector. When a property is owned by a community housing organisation, the benefit accrues to that organisation and to the sector more broadly, even if they need to recycle the asset at a point in the future.

If the dwelling is to be rented out as Affordable Housing but is to remain in private ownership, it should be managed by the community housing sector to ensure appropriate allocation and affordability. In this scenario, the value of the Affordable Housing contribution ends when the property is no longer rented at a discount and does not accrue to the Affordable Housing sector.

In negotiating an Affordable Housing contribution, staff should have regard to the proposed tenure, recognising the challenge that high land values create for Affordable Housing purchase by eligible households.

## What form should the housing take?

Affordable Housing can be delivered through free-standing, townhouse, or apartment buildings. In inner Melbourne it is most likely that it will be delivered as part of apartment developments, in outer Melbourne it may be more likely to be detached dwellings. Regardless of the built form, it is important that the internal amenity and the quality of the dwellings is not reduced to an unacceptable level. Poor quality housing is not Affordable Housing. It may be appropriate to reduce the number of bathrooms in a dwelling or use practical hard-wearing finishes rather than luxury finishes to deliver a more cost-effective dwelling, but the internal amenity of the dwelling should still meet the requirements of the Better Apartment Design Standards.

Staff should ensure that that Affordable Housing dwellings meet the same design and internal amenity standards as market-housing dwellings, while allowing some flexibility in floorplan or number of car parks.

## Where should Affordable Housing be located?

As for any other housing, Affordable Housing is best located close to services and transport. But that does not mean that areas outside the Activity Centres is inappropriate for Affordable Housing. For an inner Melbourne municipality all residential areas are suitable locations for Affordable Housing, for Growth Areas, there may be a greater focus on areas where infrastructure and services have already been delivered. Any significant residential development provides the opportunity to negotiate an Affordable Housing outcome.

It is likely that significant residential developments will occur in the Activity Centres where there is also more opportunity to accommodate change, but the Affordable Housing Policy can provide officers the opportunity to undertake negotiations should significant developments be proposed outside of those areas.

Staff should instigate negotiations for an Affordable Housing component in all significant residential developments.



## How well is the Affordable Housing integrated into the neighbourhood and the development?

There can be a stigma associated with Affordable Housing, particularly where that housing is so obviously different from the surrounding dwellings or is set apart from the rest of the neighbourhood. For some types of Affordable Housing (e.g. houses where women and are escaping from domestic violence) it is dangerous for the occupants to have the houses identified as Affordable Housing. The stigma and safety concerns can be overcome if the Affordable Housing looks no different from the other dwellings in that development. This approach is called having dwellings that are “tenure blind”.

Staff should ensure that Affordable Housing dwellings are required to be tenure blind.

## What is the need for Affordable Housing in this location?

With the demand for Affordable Housing so significantly outstripping the supply, any type of Affordable Housing is likely to fill a need. But it is useful to have an assessment of need as part of Affordable Housing negotiations, particularly if the applicant wants to restrict negotiations to a particular type of Affordable Housing.

Applicants should be required to prepare an Affordable Housing report as part of their application that sets out the demand for Affordable Housing in the location, as well as providing a proposed approach to an Affordable Housing contribution.

## What form should the Affordable Housing contribution take?

An Affordable Housing contribution can take the form of dwellings, land, or cash. Some councils have established housing trusts to receive Affordable Housing cash or land contributions. A housing trust can be a useful third party to hold and structure assets but it does come with an administrative cost, and a governance structure that will need to be established and resourced. For councils that do not have a housing trust, cash and land contributions can still be secured by requiring the contribution to go to a registered housing agency (community housing organisation).

Cash contributions are often preferred by landowners/developers. However it can be difficult for a community housing organisation to raise sufficient fund to purchase a site and construct Affordable Housing dwellings. It is more likely that the contribution would be used to fund housing in another location. To ensure the Affordable Housing contribution is to the benefit of the local community, a contribution through land or dwellings is often more useful.

Affordable Housing contributions may be by way of dwellings, land, or cash.

## How much Affordable Housing should be contributed?

There is no sector-wide requirement on how much Affordable Housing should be contributed through an Affordable Housing negotiation. Each site is different and it may not be practical to set a flat rate of contribution across the municipality. As a starting point, a rate of 5% of dwellings in a development is considered a reasonable and meaningful starting point, provided that it does not make the development unviable.

In terms of viability of a project it is important to note that it is not just the amount of Affordable Housing that will be provided, but the discount at which it will be provided (see next section) that will determine the viability of the project.

That staff should adopt a flexible and pragmatic approach to the amount of Affordable Housing sought through negotiations, with a starting point of 5% of dwellings offered at 75% discount.

## What level of discount should be applied to the Affordable Housing dwellings?

In the past Affordable Housing agreements have failed because there was a requirement to “make available” 5% of the dwellings as Affordable Housing, but the way in which they were to be made available was not set out at the time of the agreement. For one party “make available” meant make available for sale to a community housing organisation (no discount), for another party it meant make available for sale at a 20% discount, and for another party it meant make available at no cost (100% discount).

For community housing organisations, the very low rent revenues, plus the uncertainty around availability of subsidies or grants, means that they do not have the cash reserves or grant funding to be able to buy a dwelling unless there is a significant discount. Creating an agreement that relies on possible (but uncertain) grant funding is setting the agreement up to fail.

A community housing organisation can borrow about 25% of the value of a development. This low level of borrowing reflects the low rent revenue that must be used to meet the financing repayments plus meet operating costs (tenancy and property management). For an Affordable Housing agreement to be viable for community housing organisations, the discount rate (for purchase) needs to be in the order of a 75% discount.

The discount rate is as important as the overall amount of the contribution because together they make up the value of the contribution.

During Affordable Housing negotiations, staff should recognise the financial limitations of community housing organisations and reflect this in the discount rate at which the Affordable Housing dwellings will be sold to the community housing sector. A discount rate of 75% discount will ensure that community housing organisations can purchase the property.

## How do you calculate the value of the Affordable Housing contribution?

When an Affordable Housing contribution is being delivered by the sale (or transfer) of dwellings to a community housing organisation the value of an Affordable Housing contribution is based on the number of Affordable Housing dwellings and the discount agreed for each dwelling.

For example:

A 100 dwelling apartment development is proposed. The sale price of each apartment is estimated to be \$500,000. A 5% contribution would be 5 dwellings. A 75% discount from the sale price equates to a \$375,000 contribution per apartment. The overall value of the Affordable Housing contribution would be  $(5 \times \$375,000) = \$1.875\text{M}$ .

Whether a development would be viable with this size contribution depends on how much was paid for the land and the cost of construction. That is why the 5% (amount) and 75% (discount) should be considered as baseline for negotiations.

If an Affordable Housing contribution is to be delivered by making the dwellings available for rental then the Affordable Housing contribution is similar but includes a measure of the number of years a property will be available as Affordable Housing.

For example:

A 100 dwelling apartment development is proposed. The rental revenue of each apartment is estimated to be \$350 per week or \$18,200 a year. A 5% contribution would be 5 dwellings. A 20% discount on the rent price equates to a \$3,640 contribution per apartment per year. If the dwellings remain Affordable Housing for a period of 20 years, an estimate of the overall value of the Affordable Housing contribution would be  $(5 \times \$3,640 \times 20) = \$364,000$ . Note this does not account for the future rent increases or the future value of money.

There may be a considerable amount of time between negotiating and Affordable Housing agreement and the development being completed and in that time there may be a change in the value of the dwellings. For this reason, an Affordable Housing agreement should set out the way the contribution will be calculated rather than locking in a specific dollar value.

Staff should ensure that an Affordable Housing agreement sets out the way that the Affordable Housing contribution will be calculated based on both the amount of Affordable Housing and the agreed discount.

## What else can impact on the viability of an Affordable Housing outcome?

In negotiating an Affordable Housing outcome staff need to be cognisant of all the parties affected - the existing community, the future residents, the community housing organisation, and the developer. Any Affordable Housing agreement needs to be viable for all parties.

During negotiations staff will need the flexibility to negotiate an outcome that works. In those negotiations staff will still have regard to the provisions in the relevant Planning Scheme and the potential impact of the proposed development.



It may be that during negotiations staff negotiate different trade-offs - some additional height, a reduction in carparking, a fixed term for the contribution, a contribution through discounted sale to a community housing organisation, or a contribution through discounted rental. The negotiation is likely to be an iterative process and may or may not directly involve a community housing organisation.

There may be specific requirements included to make the project viable and to ensure a meaningful and sustainable Affordable Housing contribution. Staff and the applicant may negotiate a reduction in the amount of Affordable Housing or the size of the discount.

Staff will keep senior management apprised of negotiations. The final decision on the proposal will still rest with Council. Council cannot compel an Affordable Housing contribution (it must be made voluntarily) so it is important that due consideration is given to a negotiated agreement. Due to the complexity of negotiations, the agreement would ideally be negotiated outside the Council chamber.

Staff should negotiate Affordable Housing agreements in line with a Council-approved Affordable Housing Policy, as part of the planning applications process.

## Does a community housing organisation need to be part of the negotiation?

It is not necessary to include a specific community housing organisation in the negotiations. This is because that organisation may not be in a position to purchase the affordable housing dwellings (even if there is a significant discount) if they have committed their resources to other projects by the time the development in question is delivered. You should take care that the Affordable Housing Agreement will be viable for the community housing sector so that more than one organisation could take up the opportunity.

## Preparing a Section 173 Affordable Housing Agreement

### What Is an Affordable Housing Agreement?

An Affordable Housing Agreement is an agreement between Council and a landowner setting out the Affordable Housing contribution that will be provided when the site is rezoned/redeveloped/developed. The Affordable Housing contribution and any associated requirements are usually secured through a Section 173 Agreement.

### Does the proposal/application need a section 173 Agreement?

If you have negotiated an Affordable Housing contribution, and particularly where you have agreed to certain concessions in exchange for an Affordable Housing negotiation, you should seek to secure the contribution through a Section 173 Agreement. The exceptions to this are:

- where the applicant is a community housing provider (or DHHS) and you have not made any significant concessions in relation to their application
- the landowner is the government and is reluctant to sign a S173 in which case a Memorandum of Understanding or a heads-of-agreement may be sufficient

### What should be included in the Section 173 Agreement?

A successful Affordable Housing Agreement needs a balance of certainty and flexibility. The essential aspects to have certainty on are:

- the way the value of the contribution will be calculated
- when the contribution will be made
- and for how long will the contribution be secured

#### Setting out the value of the contribution

The Agreement could include an absolute value (e.g. \$750,000) but that does not allow for changing land values and the time-value of money (a dollar today is not worth a dollar in 5 years' time due to inflation). It is usually better to lock in the way in which the value of the contribution will be calculated rather than an absolute amount. For example, you could say:

- the owner will gift three dwellings to a registered housing agency, or
- the owner will gift 3% of the dwellings to a registered housing agency, or
- the owner will sell 5% of the dwellings to a registered housing agency at a 75% discount from market value, or
- the owner will sell 5% of useable floorspace to a registered housing agency at a 75% discount from market value, or
- 10% of properties will be rented to eligible households at 80% of market rent.



The key thing to be aware of is that the value of a contribution is calculated using the amount of housing and the discount - without one or the other there is no certainty of the value and of the cost to the developer (owner). It is not enough to simply say "the owner must provide 5% of the dwellings to a registered housing agency" because it is not clear whether the dwellings must be provided for free (gifted), provided at cost, provided at market value, provided at a discount.

Note that if the Affordable Housing contribution is to be by way of discounted rental only (the asset remains in private ownership) then the value is calculated: number of dwellings x discount from market rent x period of time. For example, if there are 10 dwellings, each being rented at a \$100 discount per week and they remain Affordable Housing for 10 years then the discount is 10 dwellings x (\$100 x 52 weeks) x 10 years = \$520,000 total contribution.

### Setting out when the contribution will be made

The Agreement should say when the contribution is to be made. For a development with only one building it is usually enough to say:

- that prior to a certificate of occupancy being issued, (xy) dwellings must be transferred at no cost to a registered housing agency
- For a more complex development (more than one stage) you may require some of the Affordable Housing to be delivered in each Stage:
- the Affordable Housing contribution must be delivered on a pro-rata basis for each Stage of the development, or
- 20% of the Affordable Housing must be delivered when 60% of the private market housing has been completed and 100% of Affordable housing must be completed before the occupancy permit is granted for 80% of the private market dwellings.

### Setting out the longevity of the contribution

Ideally an Affordable Housing contribution would remain in the community for many years to come. However, buildings require maintenance and the older they are the more expensive they are to maintain. For not-for-profit organisations like registered housing agencies, it can be unsustainable to hold onto a dwelling and rent it out as social housing.

The Affordable Housing Agreement should set out the period for which the dwelling must remain as Affordable Housing. Where a property will be owned by a registered housing agency a minimum of 10 years is suggested.

If the Affordable Housing contribution is to be by way of discounted rental only (the asset remains in private ownership) then a longer period may be appropriate in order to receive a reasonable value for the contribution.

## Who are the parties to the Section 173 Agreement?

The Council and the landowner are the parties to the Section 173 Agreement. While a developer or planning consultancy or government organisation (e.g. Victorian Planning Authority) may be part of the negotiations, the agreement is between the Council and landowner. There is no need to lock in a registered housing agency as part of the Affordable Housing Agreement, but you should be sure that any agreement is viable and sustainable for registered housing agencies, particularly where they are required to purchase a dwelling.

## Who prepares the Section 173 Agreement?

You can ask the applicant/proponent to prepare a draft Section 173 agreement or you may get Council's lawyers to draft it. To avoid unnecessary legal fees, it is important to agree all the elements of the Affordable Housing contribution and conditions and document it via an exchange of emails or letters before you ask the lawyers to prepare or review the Section 173 Agreement.

## When do you need to sign the Section 173 Agreement?

If you have sufficient time to negotiate and agree the wording of a Section 173 before a decision on a permit / authorisation on an amendment, then it is good to get the land owner to sign the Section 173 Agreement. The Council can then hold the agreement (unsigned) and once the planning decision is finalised can sign the document to form a legally binding agreement.

The reason to hold-off on signing it is so that, if for some reason the permit is refused (by Council or VCAT) you can return the unsigned Section 173 rather than having to go through the legal mechanism of cancelling / removing the Agreement.

Note that you should take care that the Section 173 Agreement provides for likely planning outcomes even where that differs from the proposal. For example a VCAT decision may be for the building to be 5 storeys rather than the proposed 6 storeys and the Section 173 will need to be clear on what happens in that circumstance rather than delivering an all-or-nothing approach.

## Should you have a separate Section 173 Agreement for Affordable Housing?

You may include the Affordable Housing aspects in the same Section 173 as other matters (e.g. vesting of roads etc.) or you may decide to have a separate Section 173 Agreement that just deals with the Affordable Housing contribution. The benefit of preparing a separate Section 173 for Affordable Housing is that it focuses negotiations and there is less potential for distractions by other matters. It may also be done in advance of other agreements.

## Can you include the requirement for a Section 173 agreement as a condition on a planning permit?

To date VCAT has taken a dim view of conditions on planning permits that require an Affordable Housing contribution without evidence of prior agreement from the landowner (applicant). The guidance provided on the DELWP website also reinforces the voluntary nature of Affordable Housing negotiations. You can include a condition on a planning permit if you have reached an agreement (or understanding) with the landowner and can demonstrate that to VCAT. A condition on a permit is particularly important if you have reached an agreement with the landowner but have not yet been able to get a Section 173 drafted and signed.

## Can you include the requirement for a Section 173 agreement in a Planning Scheme Amendment?

There are different views within DELWP about exactly how you can represent an Affordable Housing contribution through a rezoning process. The best option is to negotiate an Affordable Housing contribution with the landowner and have that secured through a Section 173 Agreement. But it is also worth working directly with DELWP about how requirements can be reflected in the provisions of a Planning Scheme Amendment to help ensure an effective, transparent, and user-friendly Planning Scheme.

## Who is responsible for monitoring and enforcement of the Affordable Housing Agreement?

Ultimately Council (and through delegation, Council staff) will be responsible for monitoring and enforcing the requirements of an Affordable Housing Agreement secured by way of a Section 173 Agreement. This is why it is so important that the Section 173 is worded in a way that allows Council to discharge its responsibilities effectively and does not lock Council into monitoring or enforcing aspects of the Affordable Housing where it does not have sufficient experience or resources to do so.

Community Housing organisations (called registered housing agencies) have the processes, resources, and experience to allocate Affordable Housing to eligible households, set rent levels, and help tenants sustain their tenancies. For that reason it is recommended that Councils encourage an Affordable Housing contribution to go to a registered housing agency and that the housing is managed or owned by a registered housing agency.



## Obtaining an Affordable Housing Report

### What is an Affordable Housing report?

In the same way that you would ask an applicant/proponent to provide technical reports to support their application (traffic, heritage, ESD etc.) you may ask for an Affordable Housing Report to outline the proposed approach to delivering an Affordable Housing contribution (or justification for why they won't provide an Affordable Housing contribution). There are more details below about what should be included in an Affordable Housing Report.

### When should you ask for an Affordable Housing Report?

You should insist on an Affordable Housing report as part of any rezoning proposal. You should also ask for one as part of a significant application. You don't need an Affordable Housing report where:

- the applicant is a registered housing agency (or DHHS)
- the applicant is already proposing to provide a sufficient Affordable Housing contribution as part of their application (e.g. a minimum of 5% of dwellings sold to a registered housing agency at a 75% from market value)

### What should be included In an Affordable Housing Report?

The Affordable Housing report should set out:

- the demand for Affordable Housing in the location (Council has this data and can provide it to save the proponent/applicant time)
- the yield of the proposal (i.e. number of dwellings)
- the affordable housing contribution e.g. 5% of dwellings at a 75% discount
- the preferred mechanism to deliver the Affordable Housing (e.g. land, cash, gifting or sale of dwellings)

If you can get the applicant/proponent to include the details of the development economics for the site that would be helpful - although they are unlikely to provide it due to commercial sensitivity.

### Who should prepare the Affordable Housing report?

The Affordable Housing report should be prepared by a suitably qualified person. There are consultants who specialise in Affordable Housing and many of the large planning consultancies may have people on their staff who can prepare the report. Having a suitably qualified person prepare the report will help make sure it reflects the definition and matter for consideration set out in the Act and Ministerial Notice.

The key thing is that the report include the information you need. Unlike some reports you will request, if a landowner is willing to set out an Affordable Housing contribution and can document that without an Affordable Housing consultant then that is okay - provided it is clear the size of the Affordable Housing contribution.

## What to look out for when reviewing a report

When you receive a report you should have a read before deciding whether you want it reviewed by an Affordable Housing specialist. When reviewing the report keep an eye out for:

- does the proposal meet the definition of Affordable Housing
- is the Affordable Housing contribution quantified i.e. quantum and level of discount
- will the benefit of the Affordable Housing remain for an appropriate period of time
- will the Affordable Housing be delivered in-step with the rest of the development (not left until the very end)

Once you have reviewed the report you may want to seek a review from an Affordable Housing specialist.

## What is the difference between an Affordable Housing Report and an Affordable Housing Plan (or Strategy)

An Affordable Housing Report relates to a specific proposal (rezoning or development) and set out the parameters of the Affordable Housing Contribution, that can then be secured through a Section 173 Agreement.

For larger proposals where there are multiple stages the Affordable Housing Agreement may provide for more detail to be provided on how the Affordable Housing Contribution will be delivered for each stage. In that case, there may be a requirement for an Affordable Housing Plan to be provided prior to each stage being delivered.

An Affordable Housing Strategy is usually developed by a Council and sets out the Council's approach to facilitating Affordable Housing on their municipality. It may also include key demographic data and identify the existing demand for Affordable Housing and the forecast demand.

## When should Council prepare an Affordable Housing Report?

In a Council-led rezoning the Council may want to include an Affordable Housing Report to help support the proposal at Panel. Similarly, in a proponent-led rezoning, the Council may prepare an Affordable Housing Report if they feel the report prepared by the proponent is insufficient.



## Glossary

A useful resource is	<a href="https://www.planning.vic.gov.au/policy-and-strategy/affordable-housing">https://www.planning.vic.gov.au/policy-and-strategy/affordable-housing</a>
Affordable Housing	As defined in the Planning and Environment Act - housing that is appropriate for very low, low, and moderate income households
Affordable Housing Agreement	An agreement between the Council and the landowner/developer for an Affordable housing contribution and the logistics around that contribution
Affordable Housing contribution	The component of an affordable housing agreement that is the subsidy or discount (or land or cash) provided by the developer
Affordable Housing Report	A site-specific report setting out the proposed approach to providing affordable housing. It may be provided as part of a planning permit application, development plan, or a rezoning proposal. In some cases it may be prepared by the Council to support their case at VCAT or Panel.
Community Housing association	A registered housing agency that has the scale and capacity to own and manage affordable housing and to undertake affordable housing developments
Community housing organisation	The term used to describe registered housing agencies
Community housing provider	A registered housing agency that has the capacity to manage affordable housing but may not have the scale or capacity to undertake affordable housing developments
Governor in Council Order	Sets out the income bands for the definition of very low, low, and moderate income households. Note: make sure you are looking at the most recently gazetted version <a href="https://www.planning.vic.gov.au/__data/assets/pdf_file/0020/214823/Final_Order-in-Council_for-Gazette.pdf">https://www.planning.vic.gov.au/__data/assets/pdf_file/0020/214823/Final_Order-in-Council_for-Gazette.pdf</a>
Housing affordability	The relationship between household income and housing costs. It is not the same as Affordable Housing.
Housing stress	When a very low, low, or moderate income household's housing cost exceed 30% of household income.
Ministerial Notice	Sets out the matters the Council must consider when assessing the appropriateness of affordable housing : <a href="https://www.planning.vic.gov.au/__data/assets/pdf_file/0018/214092/Final_Specified-Matters-Under-Section-3AA2-Ministerial-Notice.pdf">https://www.planning.vic.gov.au/__data/assets/pdf_file/0018/214092/Final_Specified-Matters-Under-Section-3AA2-Ministerial-Notice.pdf</a>
Registered housing agency	A not-for-profit organisation, registered and regulated in accordance with the Housing Act 1983, with the purpose of servicing the housing needs of low-income tenants
Section 173 Agreement	The legal mechanism to secure an Affordable Housing Agreement