COMMUNITY HOUSING
Industry Association Victoria

Case studies

Local Council Housing Solutions




August 2026

About CHIA Vic

The Community Housing Industry Association Victoria (CHIA Vic) is the peak body that represents the not-for-profit community housing sector in Victoria. We advocate for and support the community housing sector to grow and thrive as part of a housing system where all Victorians have the dignity of an appropriate, secure and affordable home.

Acknowledgment of Country

CHIA Vic acknowledges the First Peoples of Victoria and their ongoing strength in practising the world's oldest living culture. We acknowledge the Traditional Owners of the lands and waters on which we live and work and pay our respects to their Elders past and present.

Victoria has been home to First Nations peoples for thousands of years but today too many Aboriginal Victorians don't have the homes they need to thrive. As the peak body for community housing in Victoria, CHIA Vic is committed to housing justice and self-determination for all First Nations Victorians.

Thank you

CHIA Vic would like to thank Homes Victoria for funding this project.

We would also like to thank the local councils, CHOs and other organisations who provided additional insights that helped inform the development of this resource.

Contents

Introduction

The housing affordability challenge in Victoria is so big that all actors in the housing system, local, state and federal governments, alongside developers and the not-for-profit community housing sector must work together create solutions. This document showcases different ways local councils have supported the development of social and affordable housing. The case studies have been developed by CHIA Vic to help local councils and community housing organisations (CHOs) collaborate on delivering more social and affordable housing.

The case studies are grouped across several topics:

- **Using council owned land** – where a local council has identified land it owns which is underutilised, and has provided the land to a CHO to develop community housing. This includes gifting land, selling land at a discount, use of air rights, and leasing land.
- **Housing trusts** – where a local council has established a housing trust to develop social and affordable housing on council owned land and/or be the recipient of Affordable Housing contributions delivered through the planning system.
- **Planning system agreements** – where a local council has facilitated the delivery of Affordable Housing on privately owned land, using the available mechanisms in the Victorian planning system. This includes through the planning permit process and planning scheme amendment process.

Across the case studies the following themes emerged:

- **Collaboration takes longer than you think**. Projects took an average of five years from initial proposal to completed construction with some taking up to 11 years.
- **Early and ongoing community engagement** by councils is key to success.
- **Funding is essential**. No project has been delivered without a funding contribution from the state government and projects often involve multiple funding partners.

A pipeline to fund affordable homes

Analysis of the 2021 Census found that there were 146,100 Victorian households living in rental stress, severe overcrowding, or experiencing homelessness.1 We estimate that without sustained, significant intervention this could reach 260,300 by 2051. That's 11.6 per cent of all new housing the Victorian Government is aiming to build under its Housing Statement.

The case studies in this report showcase just a number of the ways Councils can and have acted to try and meet this increasing demand. But across every one of them, government funding was essential. No social homes highlighted here were delivered without it.

Having a clear annual funding pipeline is crucial to empowering Councils to keep projects like this going. It would help Councils to bring underutilised sites forward, support discussions with developers on planning contributions, and support community housing organisations to invest in development feasibility with confidence.

CHIA Vic has been calling for an ongoing pipeline of investment to do just this. By boosting the Social Housing Growth Fund with $6 billion, the Victorian Government could deliver 2000 homes a year, or 20,000 homes over the next decade, bringing forward council partnerships and building enough new homes to house every family with children on the social housing waiting list.

[1] https://www.unsw.edu.au/content/dam/pdfs/ada/city-futures/CHIA-housing-need-regional-snapshots-v1.3.pdf

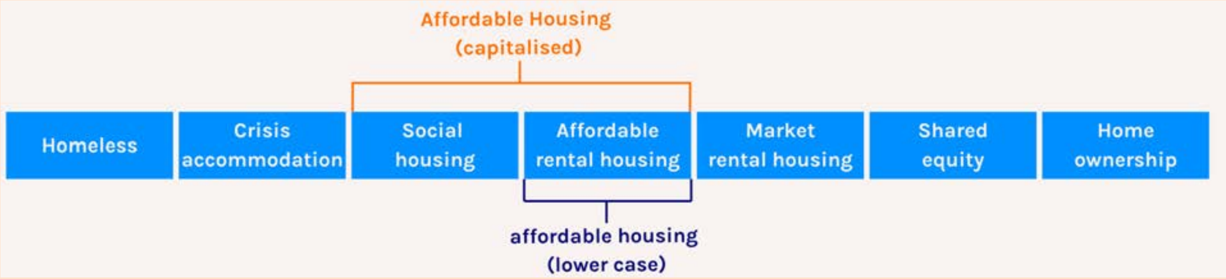
Terminology

The term 'affordable housing' can mean different things to different people. Even within the legislative and policy context there are inconsistencies – for example, the *Planning and Environment Act 1987*[2] definition differs from the definition applied to *Homes Victoria's affordable homes program*[3].

In this paper:

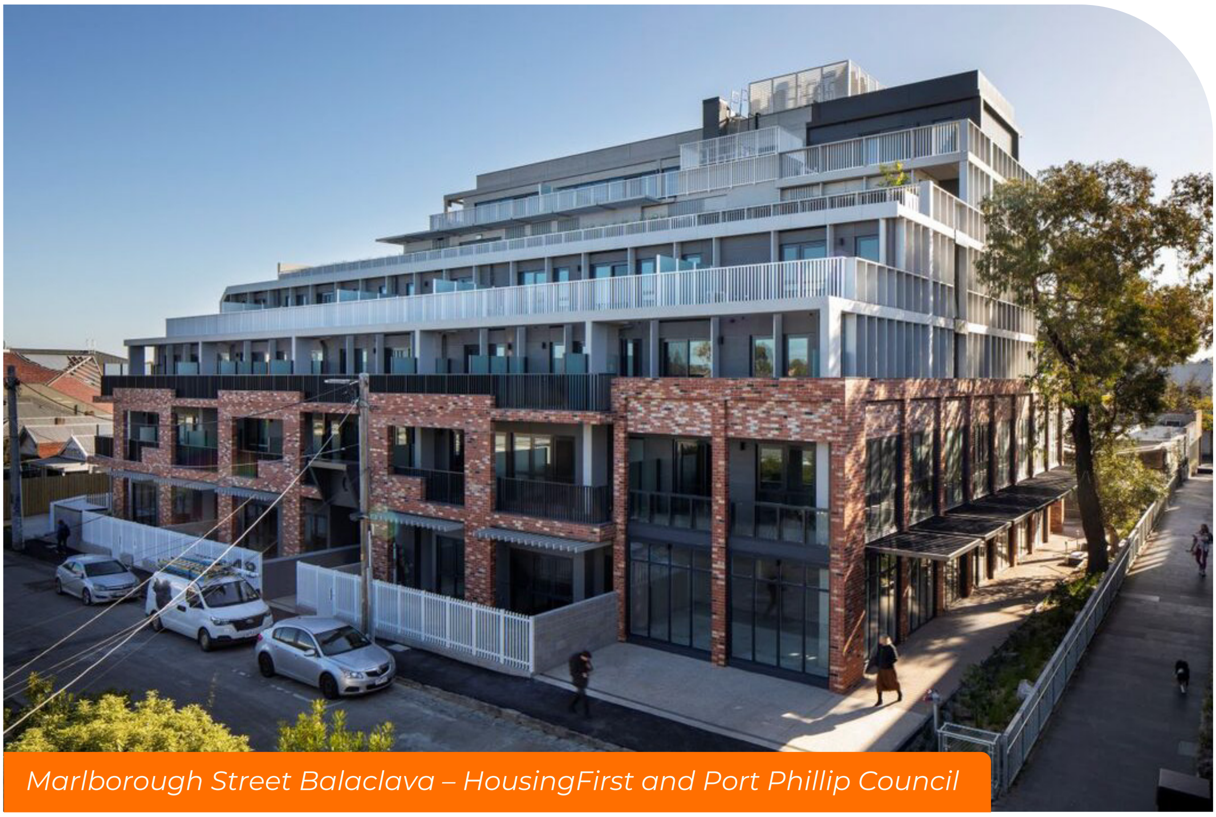
- **Affordable Housing** (capitalised) refers to the Planning and Environment Act (1987) (P&E Act) definition (part 1, section 3AA):
  - housing, including social housing, that is appropriate for the housing needs of very low, low and moderate income households.
- **affordable housing** (lower case) refers to a subsidised rental housing product distinct from social housing, as outlined in CHIA Vic's affordable housing policy paper, which argues that affordable housing should be:
  - Rental housing, not housing for sale. This retains the public benefit of these programs.
  - Targeted at households in the moderate-income range.
  - Rented at a fixed rate of 30 per cent of the lower limit of the moderate-income range. This would be relative to dwelling size and location (metro vs regional).
  - Owned by the community housing sector to support its permanent growth. Where ownership is not given, homes should be head leased to a CHO to ensure that they are rented in a fair and transparent way.

Figure 1 – the housing spectrum



[2] Affordable Housing is defined under Part 1 – section 3AA of the Act.
[3] For information on the program see https://www.homes.vic.gov.au/homes-victoria-affordable

Using council owned land



Marlborough Street Balaclava – HousingFirst and Port Phillip Council

Drill Hall, Melbourne

Project partners

- **Melbourne City Council**
- **Housing Choices Australia**

Overview

Located on Wurundjeri Country, the Royal Melbourne Drill Hall was previously a Melbourne City Council owned site. The building was in disrepair, requiring significant funds to refurbish due to heritage overlays.

Melbourne City Council gifted the site to Housing Choices Australia (HCA) to develop it for social housing. HCA refurbished the original Drill Hall, and built 58 social housing homes, including several suitable for people with a disability. To assist the design and construction process, HCA engaged specialist heritage consultants and an engineer with experience restoring other Drill Halls in Melbourne.

The ground floor of the site has been leased back to Melbourne City Council for community use. It is home to the City of Melbourne's Multicultural Hub, which uses the refurbished hall for community groups and events, as well as cohealth, a not-for-profit community health organisation providing a range of health services to people on low incomes.

Process

- 2006: Melbourne Affordable Housing (now Housing Choices Australia) approached Council to use the building for social housing. Council resolved to give in-principle support for at least 30 social housing homes on the site.
- 2007: Council resolved to transfer the land to HCA at no cost. The transfer conditions included that Council could lease back the ground floor of the original Drill Hall for 99 years.
- 2009: the project received funding under the Nation Building Economic Stimulus Plan.
- 2011: the development was completed and retained 90 per cent of the original building.

Total time to completion: 5 years

Funding

The total project cost, excluding land and including the hall refurbishment, was $24.6 million (2011 $) and was made possible through contributions from several organisations:

- Commonwealth Nation Building Economic Stimulus program – $19.3 million
- Housing Choices Australia – $2.05 million
- Sidney Myer Centenary Fund – $2 million
- Melbourne City Council – $1.25 million

Drill Hall exterior

Marlborough Street, Balaclava

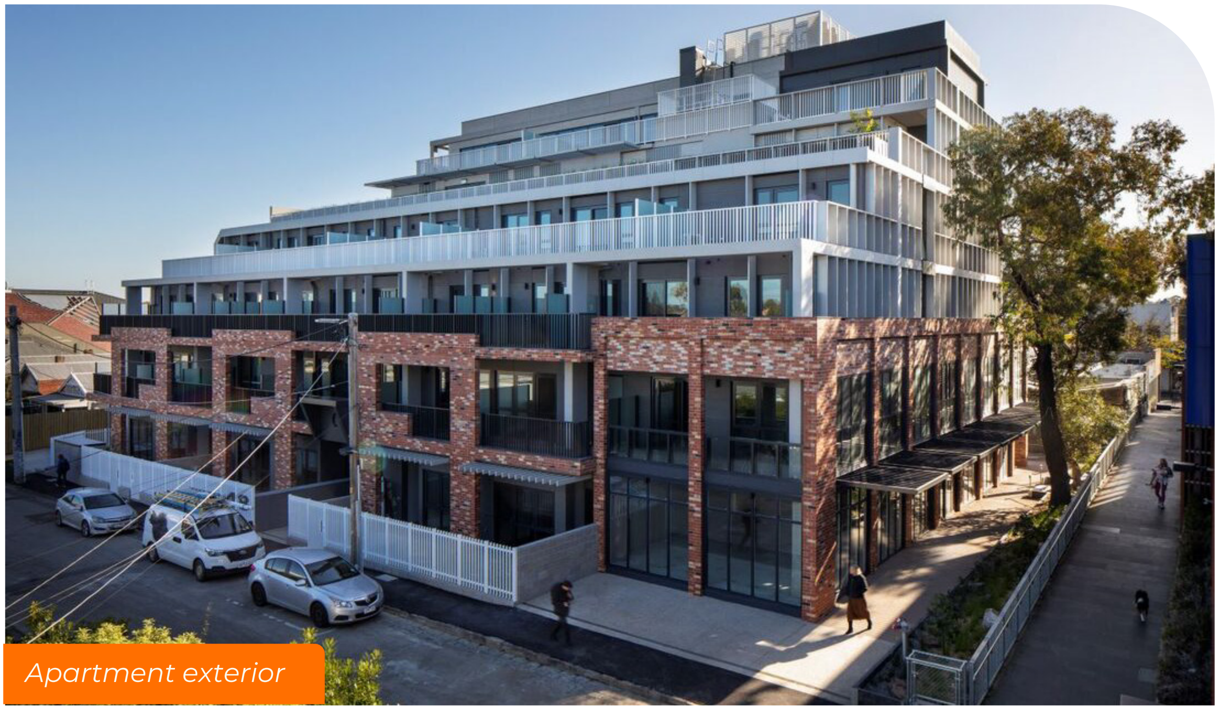
Project partners
- **Port Phillip City Council**
- **HousingFirst**

Overview

Located on Bunurong Country, the site was previously a public car park owned and managed by Port Phillip City Council. Council transferred the land at no cost to HousingFirst to redevelop the site for community housing. The planning permit was handled as a separate and independent process undertaken by Council in its capacity as the Responsible Authority.

HousingFirst led the development of 46 apartments and a basement car park, which was transferred to Port Phillip City Council for public use. The 46 architect-designed homes are a mix of one, two and three-bedroom apartments. The apartments have an 8.2- NatHERS rating and feature many environmentally sustainable and energy efficient elements, including naturally cross ventilated corridors, solar panels and passive shading techniques.

This project aligns with Port Phillip City Council's strategic direction outlined in their Council Plan 2021-31 and Affordable Housing Strategy, *In Our Backyard – Growing Affordable Housing in the City of Port Phillip 2015 – 2025*.



Apartment exterior

Process

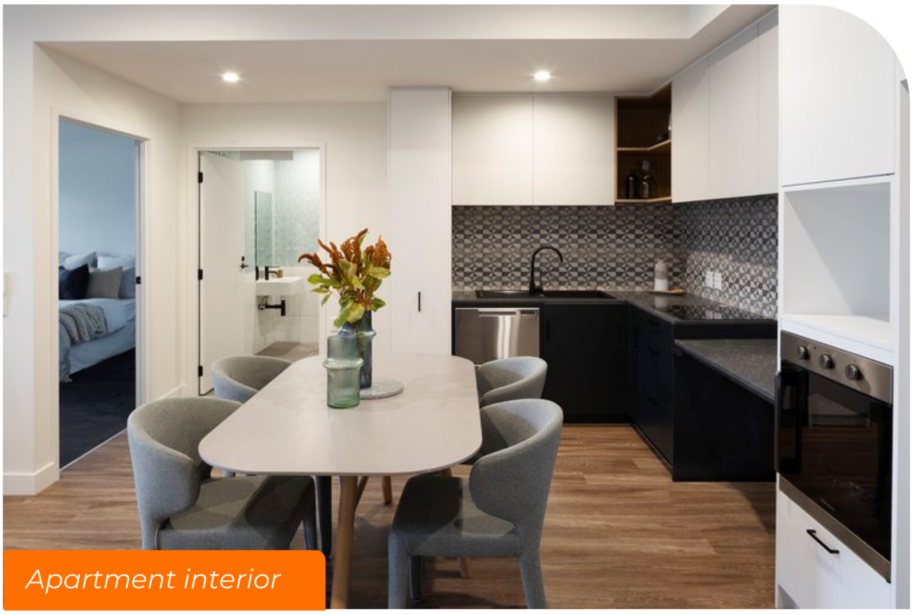
- March 2018: Council unanimously resolved to progress the redevelopment and delegated authority to the CEO to negotiate and enter into a conditional Heads of Agreement with HousingFirst for the redevelopment and transfer of the site.
- August 2018: Council resolved to proceed with the conditional transfer of land at the site for community housing, following formal notice of its intention to sell the land and considering the public submissions as required under the Local Government Act.
- May 2020: Council endorsed variations to the Heads of Agreement with HousingFirst.
- July 2021: a Section 173 Agreement was placed on the land, in accordance with the Heads of Agreement terms, which included that HousingFirst shall covenant with council to only develop or use the land for the purposes of Affordable Housing owned by a registered housing agency. The Section 173 Agreement will terminate 50 years after the date of the agreement.
- 2023: construction was completed and residents moved into their new homes in October.

Total time to completion: 5.5 years.

Funding

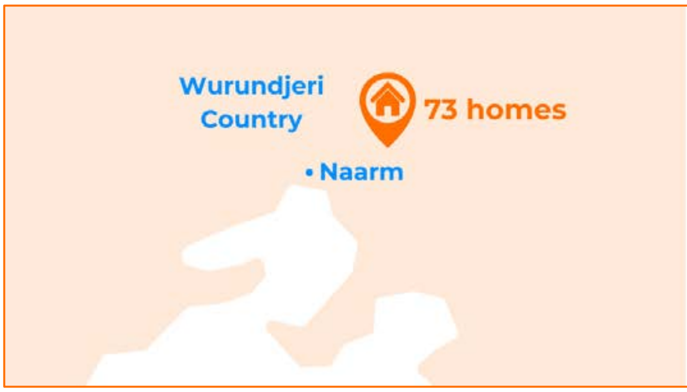
The total project cost, excluding land was $25 million, with land valued at an additional $5 million. This funding was comprised of:

- Port Phillip City Council donated the land to HousingFirst.
- The Victorian Government provided funding through the Building Works Package.
- The Federal Government provided funding through the National Housing Infrastructure Facility



Apartment interior

Bruce Street, Box Hill



Project partners
- **Whitehorse City Council**
- **HousingFirst**

Overview

Whitehorse City Council sold an underutilised public car park at a discount to HousingFirst, who tendered in partnership with the developer MAB. The site is located on Wurundjeri Country in the Box Hill Activity Centre. MAB and HousingFirst developed the site to build 233 apartments across a 10 and 19 storey building. Seventy-three apartments are owned and managed by HousingFirst as social housing, and the remaining 160 apartments were sold by MAB at market price.

The social housing homes are in the 10-storey building and include one- and two-bedroom apartments. The development incorporates several features that provide flexibility to support renter needs, including 46 one-bedroom dual key apartments. This feature supports older residents to age in place by allowing for carer's or shared accommodation next door, while maintaining personal space and privacy. The rooftop provides spaces for residents to connect, including a vegetable garden and barbeque area. It has also been designed for residents who need wheelchair access or have limited mobility.

Process

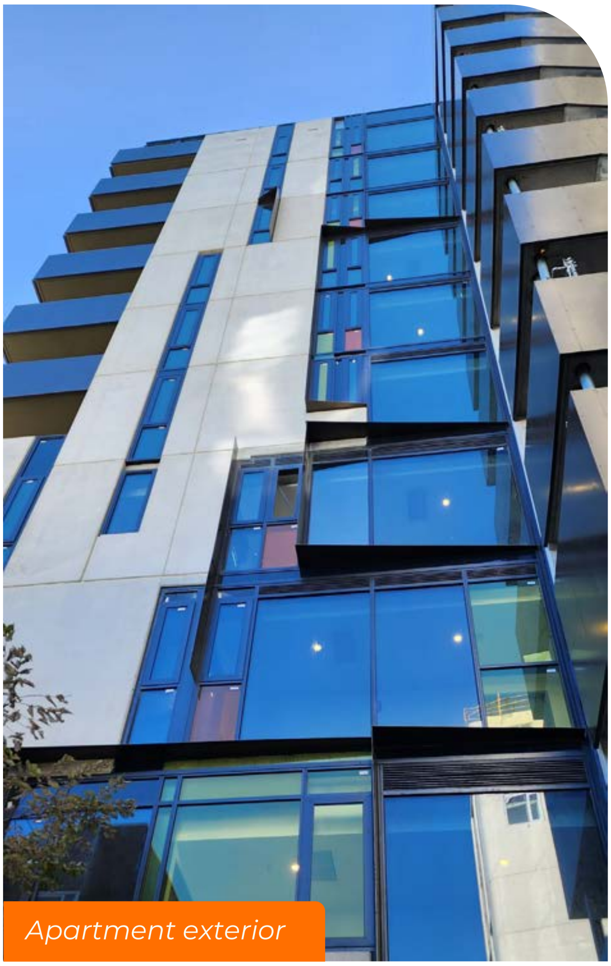
- In 2013 Whitehorse City Council identified a need to relocate several people living in three council-owned boarding houses that were no longer suitable for residents.
- Council also identified an underutilised car park that would be suitable for Affordable Housing and rehousing residents of the boarding houses. The 2,500sqm site is located within the Box Hill Activity Centre.
- In 2015, Council resolved to commence the statutory process to sell the land.
- In 2016, Council undertook a planning amendment to rezone the land from Public Use to Mixed Use, enabling residential development.
- The land was released for sale via a tender directed to Registered Housing Agencies. Agencies could submit in partnership with a developer, but developers could not tender without a Registered Housing Agency partner.
- HousingFirst, in partnership with developer MAB, was selected to acquire the site at a significant discount.

- HousingFirst and MAB entered a turnkey contract, with MAB leading the development and being responsible for payment of up-front land and construction costs. HousingFirst were required to pay MAB a 10% deposit, with the balance payable upon settlement of the homes.
- The development was completed in 2025.

Total Time to completion: 12 years

Funding

- Whitehorse City Council sold the land at a discount
- The Victorian Government provided a 30-year subsidy through the Social Housing Growth Fund
- The Federal Government provided debt financing through Housing Australia's Affordable Housing Bond Aggregator loans, with a fixed rate until 2030



Apartment exterior

Women’s housing in Southeast Melbourne

Project partners

- **Cardinia Shire Council**
- **Women’s Property Initiatives**

Overview

In 2020, Women’s Property Initiatives (WPI) completed the construction of six free-standing homes on Bunurong Country in Melbourne’s southeast. The homes are for low-income, women-led families, many of whom have experienced family violence.

The land was previously owned by Cardinia Shire Council, who sold the land to WPI at a discount.

The homes were specifically designed to align with the character of the existing neighbourhood and blend into the community. They are fully self-contained with their own street address, garage for off-street parking and substantial back garden. Four of the homes are three-bedroom double-storey, and two homes are two-bedroom single-storey.

Street view

Process

- 2016: Cardinia Shire Council identified a vacant parcel of land as a suitable site for Affordable Housing and resolved to sell or lease the property to a Registered Housing Agency.
- Council opened an Expression of Interest process where Registered Housing Agencies were asked to identify their preference for a lease or sale arrangement, and to nominate a proposed purchase price if the latter was preferred. Council had a market valuation and a social valuation prepared, with the latter forming the basis for comparing bids.
- Following review of tenders and a public notification process the land was sold at a discount to WPI.
- The sale of the land was accompanied by a Section 173 Agreement which outlined obligations for WPI to proceed with the planning application and construction of Affordable Housing within specific timeframes and for the land to be returned to Council should WPI dissolve.
- 2020: the homes were completed.

Time to completion: 4 years

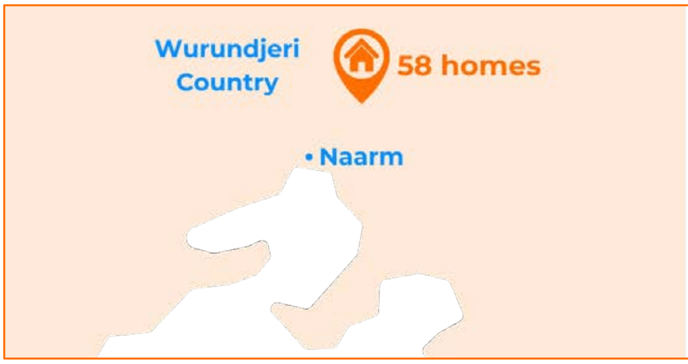
Funding

- Cardinia Shire Council: sold land to WPI at a discount
- Victorian Property Fund: $1.3 million
- Edward Wilson Trust: $300,000
- Melbourne Women's Fund: $80,000
- WPI cash/equity: $400,000

Note: funding values are approximate only

Across the park

Bellfield

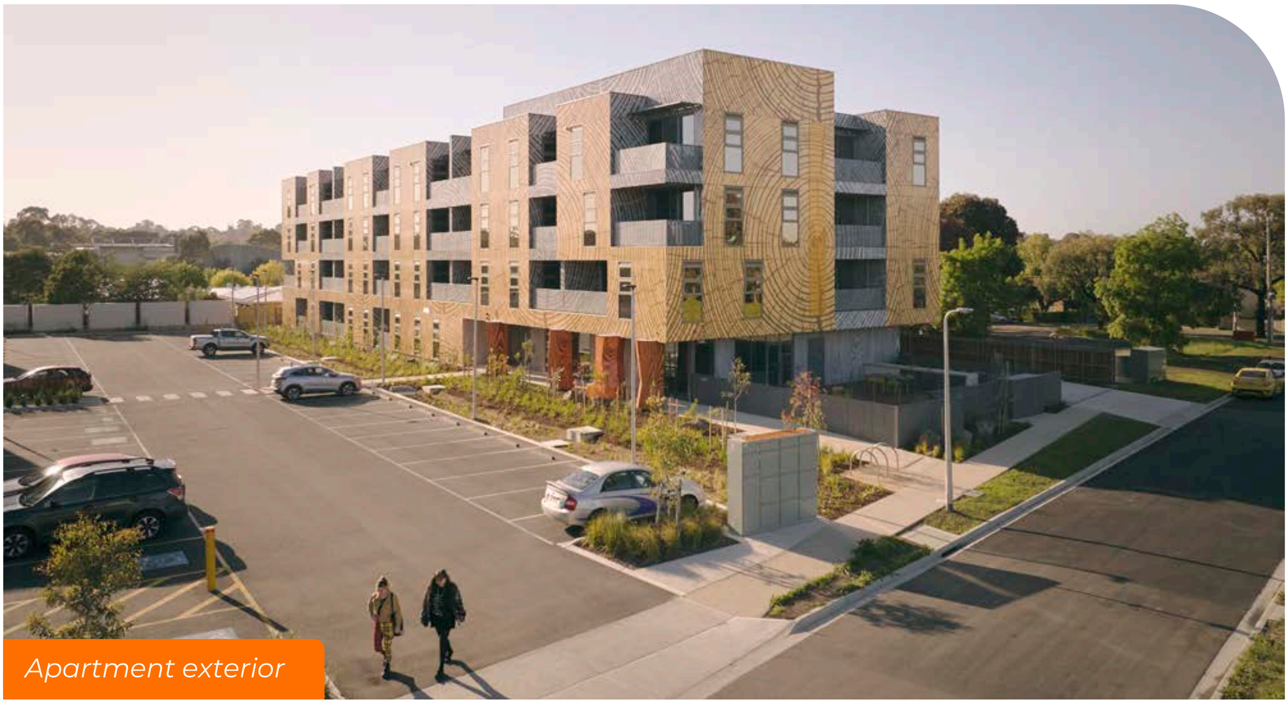


Project partners
- **Banyule City Council**
- **Launch Housing**

Overview

Completed in 2023, the project comprises 58 homes including studio apartments, one- and two-bedroom apartments. The homes are on Wurundjeri Country in Melbourne's inner north-east and are close to shops, transport and schools. The new City of Banyule Community Hub located next door has a range of services and facilities including maternal and child health, aged care programs and a kindergarten.

Launch Housing engaged placemaking experts Village Well to develop a comprehensive community engagement strategy and plan. This enabled Launch to identify and work closely with local community services to ensure residents were connected with the services they needed, setting them up for success.



Apartment exterior

Process

- 2012: Banyule City Council acquired three decommissioned school sites from the State Government. These sites were purchased to allow for high-end residential infill development while also generating revenue for Council to enable existing community services and capital works programs to be undertaken.
- 2018: Banyule City Council undertook a comprehensive community engagement process to understand what the local community wanted at the site. This was used to inform development of the Urban Design Guidelines and Masterplan for the site. The Guidelines and Masterplan outlined three uses for the expansive site: a community hub, private residential housing and social housing.
- 2019: Council adopts the Bellfield Urban Design Guidelines and confirms a long-term lease (50 years) as the delivery model for social housing on the site.
- 2020: the Request for Proposal for social housing on the site is open from May to July, and in September the contract for social housing is awarded to Launch Housing
- 2021: Launch Housing submits an application for Big Housing Build funding in February, and in August is notified of success of the funding application. The planning approval process using streamlined pathway clause 53.20 commences in October.
- 2022: the planning approval process concludes in February, and construction commences in March.
- 2023: the project is completed and renters start moving into their new homes in October.

Time to completion: 11 years

Funding

- Banyule City Council provided an in-kind contribution of a long-term (50-year) lease of land valued at $2.5 million.
- Homes Victoria contributed $18.61 million through the Big Housing Build.
- Launch Housing developed the site and funded the rest of the project.

Communal kitchen

BBQ area

All Bellfield photos by Tom Ross.

The Treehouse, Port Melbourne

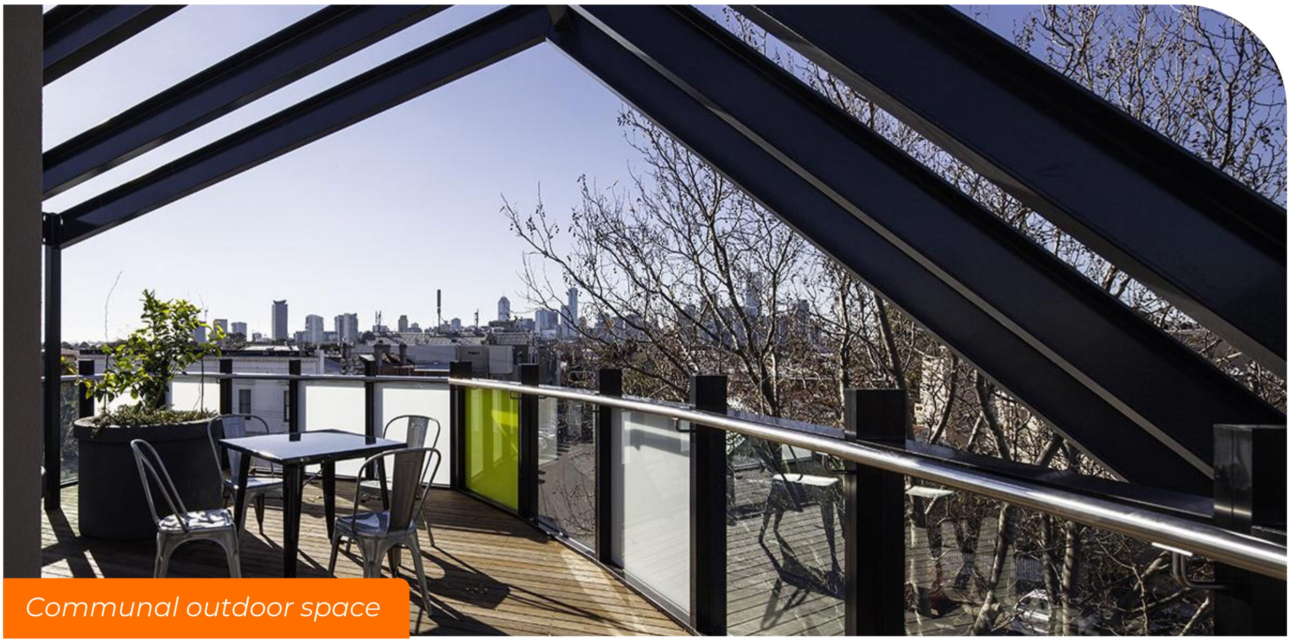
Project partners
- **Port Phillip City Council**
- **HousingFirst**

Overview

This project is an example of innovative design and use of air rights. Previously a Council-owned car park, the air rights over the car park were transferred to HousingFirst to develop social housing. Council retained ownership and management of the public car park that was built under the new homes.

The development provides high quality homes for 27 very low-income singles in the area.

The Treehouse is on Bunurong Country, a stone's throw from Bay Street, Port Melbourne's major shopping strip, and features indoor and outdoor communal spaces for residents to connect. All homes are fully self-contained, with five one-bedroom apartments and 22 studio apartments. Two apartments are fully accessible, and 11 are adaptable for people with a physical disability.



Communal outdoor space

Process

- 2007: Port Phillip Council identified the 33-space council owned car park as underutilised. Council proposed that the site be used for a four-storey, 31-unit social housing development, with 22 public car spaces. To compensate for the loss of parking on the site, Council proposed creating 12 additional on-street parking spaces in the area (net gain of one car park).
- April 2008: Council commenced the statutory planning process to transfer the air rights to Port Phillip Housing Association (PPHA, now HousingFirst). Council would retain ownership of the car park. The development was deemed 'affordable, rental housing for lower income households with residency links to Port Phillip'. Despite careful consideration and planning, including development of a 'Communications and Stakeholder Relations Plan', there was significant opposition to the proposed air rights transfer.
- June 2008: due to the opposition to transferring air rights, Council decided to pause the transfer process, and commence the planning permit process for development of the site. Council also established an independent panel to assess the planning permit application.
- October 2008: public notification period for the planning permit. In response to the 40 objections received, Council requested redesign of the development proposal to address the objection concerns. These were the scale of the development, loss of surveillance in the car park, and inadequate space allowed for cars to manoeuvre into and out of the car park.
- 2009: revised plans are lodged in February and Council decides to grant the planning permit in April. In September, objectors lodged an appeal to VCAT which was unsuccessful, and the planning permit was issued.
- 2010: the public notification period for the transfer of air rights occurs in February, and in April Council decides to proceed with the transfer of air rights.
- 2012: the development was completed

Time to completion: 5 years

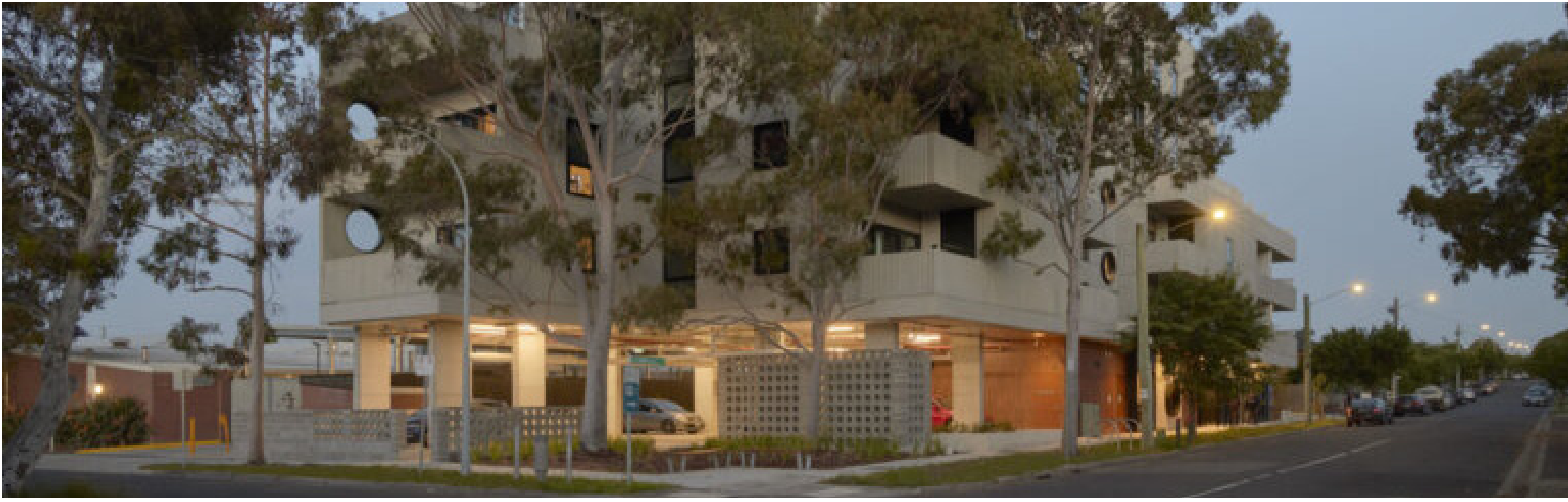
Funding

- Port Phillip City Council provided the land ($2.25 million)
- The Victorian Government funded the construction ($6.5 million)

Note: all figures in 2021 dollars

Additional information

The AHURI report *Understanding and addressing community opposition to affordable housing development* includes a case study on this project (page 73).



In-depth case study: Leasing council owned land in Preston

Project partners

- **Darebin City Council**
- **Housing Choices Australia**

Overview

The project was developed in partnership with Homes Victoria, Darebin City Council and the Lord Mayor's Charitable Foundation. Located on Wurundjeri Country, the site is owned by Council and was previously used as a public car park. Following an extensive process of site selection, tendering and community consultation, Council resolved to lease the land to Housing Choices Australia (HCA) for development and use as Affordable Housing and replacement of public car spaces.

Key terms of the lease included:

- 50-year term for $1.00 per annum rent.
- Requirement to provide public car spaces.
- HCA to be responsible for the maintenance and repair of the building and other improvements constructed on the site and all outgoings and other charges.

The project features:

- 39 apartments – a mix of one-bedroom and two-bedroom
- 29 public car parks
- A communal BBQ area
- Excellent proximity to public transport, local shopping, health and tertiary facilities, the Town Hall, High Street and Preston market precinct.

Council process and resourcing

The project required significant Council resources, both in the form of officer time and consultant and legal advice. The project sat within the Strategic Planning team and had input from several other teams in Council:

- Property
- Equity and Wellbeing
- Capital Works
- Communications
- Statutory Planning
- Procurement

Key events in the process are outlined in the table below, with some explained in more detail in following sections.

When	What
2015	Council's market testing for social and affordable housing
2016	Three sites identified via the Darebin Social and Affordable Housing Program on Council Owned Land – Pilot Project
2017	Council applied for the chosen site to be considered in the Lord Mayor's Charitable Foundation's Affordable Housing Challenge. Through the Foundation's site selection process, the City of Darebin was selected to partner with the Foundation.
Jun – Aug 2018	Council undertakes community engagement on the proposal to use the site for Affordable Housing.
Nov 2018	Council decides to proceed with leasing the land to develop Affordable Housing.
2020	HCA responded to Council's EOI and were successful. This enabled HCA to apply for funding from Homes Victoria's Big Housing Build.
Feb 2021	HCA submitted a funding application for Homes Victoria's Big Housing Build.
Aug 2021	HCA were notified that the Big Housing Build funding application was successful.
Oct 2021– Feb 2022	Project planning approvals process using streamlined planning pathway clause 53.20 • Nov 2021: community consultation completed by HCA • Dec 2021: planning submission lodged to Responsible Authority (at the time was the Department of Environment, Land, Water and Planning - DELWP) • Feb 2022: plans approved by DELWP
Apr 2022	Construction commenced
2023	August – construction complete October – residents move in

2015 – Market testing for social and affordable housing

In May 2015, Council undertook a market testing process to understand the capacity and preparedness of the social housing sector to participate in the *Darebin Social and Affordable Housing Program on Council Owned Land – Pilot Project*. The market testing process involved writing to all registered CHOs and requesting an indication of interest in developing council land.

A positive response was received from the Victorian State Government and seven registered CHOs. This positive response provided Council with the confidence to progress with the pilot project.

2016 – Site identification

Building on the market testing process, Council undertook a process of site identification and shortlisting. In 2016, Council endorsed the *Darebin Social and Affordable Housing Program on Council Owned Land – Pilot Project*, which identified three sites where social and affordable housing could be developed.

The pilot project did not progress at the time, primarily due to the absence of State Government funding for social housing.

2018 (June-August) – Council community engagement

Council undertook an engagement process with the community on their proposal to use the site for Affordable Housing. Council's key messages for the engagement were that Council:

- Was committed to increasing the supply of Affordable Housing in Darebin, and to ensuring that Darebin houses a diverse range of people.
- Was seeking the community's views on whether a parcel of its own land should be leased for the purpose of Affordable Housing.
- Had not made a decision in relation to the land. Any Council decision would follow community consultation.

Key events in the engagement process are outlined in the table below.

When	What
13 Jun	Media release
25 Jun	• Notice of proposal to lease land issued to adjoining residents and business owners within 500m of site • Notice in newspaper • Yoursay website – Survey tool, submission uploads, frequently asked questions.
26 Jul	Close of submissions
20 Aug	Hearing of submissions

Council received 309 submissions, out of 3,584 letters that were dispatched seeking feedback (a response rate of 9 per cent), with a total of 15 choosing to also speak to their submission. 61 per cent of responses opposed the proposed concept, while 39 per cent were in support. Key opposition to the proposal included:

- Concern over car parking (89 per cent)
- Inappropriate development (24 per cent)
- Concern over property values (22 per cent)
- Perceptions on crime and safety (20 per cent)

The submission form also asked "Is there anything that Council could change that would gain your support?" 154 responses were received to this question:

- 86 indicated no (56 per cent)
- Alternate site (27 per cent)
- More parking (12 per cent)

2018 (November) – Council decision

Council voted to:

- Enter into a lease to develop the site for Affordable Housing.
- Commence expression of interest to identify suitable tenant for the site. The tenant was to be "a registered housing association or a charitable organisation capable of delivering affordable housing on the site".
- Retain public car parking; retain access through site to adjacent site; investigate parking demand and undertake suitable measures before construction; ensure environmentally sustainable design and foster a sense of community within the development.
- Write to submitters advising that Council supports Affordable Housing; with reasons being that the site is underutilised and Council considered all submissions and on balance believes benefit outweighs impact.

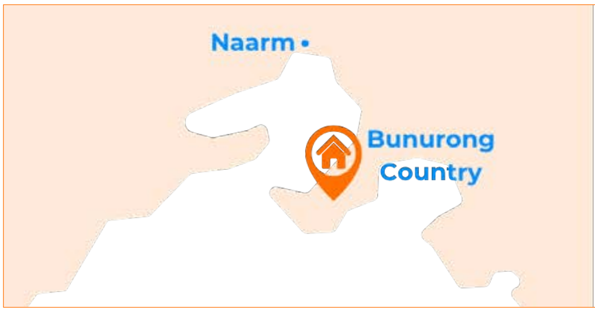
Time to completion: 8 years

Funding

- Lord Mayor's Charitable Foundation (LMCF) – Council was successful in attracting a $1 million grant from the LMCF, to be paid to the Registered Housing Agency subject to the proposal meeting LMCF criteria.
- Homes Victoria – HCA secured funding through the Big Housing Build.

In-depth case study: Mornington Peninsula Affordable Housing Partnership Project

Overview



Project partners

- **Mornington Peninsula Shire Council**
- **Women's Property Initiatives**
- **YWCA Australia**
- **Housing Choices Australia**

Mornington Peninsula Shire Council identified eight parcels of underutilised land on Bunurong Country across Hastings, Mornington, Capel Sound and Rosebud. Council proposed to offer these parcels of land for lease for social and affordable housing. The proposal was:

- **Initiated** after meetings of key officers across a range of Council teams, a risk management workshop, Executive briefings, Council briefings and a Council meeting with confidential consideration of the item.
- **Led** by Council's Community Partnership team
- **Prepared** by a range of internal Council officers from various teams
- **Supported** with assistance from external consultants providing expert advice on biodiversity, potential land contamination, risk management, legal matters, probity, and social and affordable housing development matters.

Council ran two processes for the proposal in parallel:

- **Community engagement** process for the proposed use of the sites for social and affordable housing.
- **Expression of Interest** (EOI) process to identify potential interested project partner(s).

Council process and resourcing

This proposal was based on Council's policy position that included:

- Council and Wellbeing Plan
- Triple A Housing Plan 2020 – 2030 that established a performance measure for the delivery of Council land for a social and affordable housing project (delivery of land at least once every three years or if no land is available, a cash grant equivalent to 25 per cent of the median dwelling price subject to budget processes). This plan had wide community consultation with strong support leading up to its adoption on 21 April 2020.

A high-level timeline of the process is shown on the next page, and additional information about the first EOI and community engagement processes is outlined in the following sections.

Artist's impression of WPI homes by ARKit

When	What
21 Apr 2020	Adoption of Council’s Triple A Housing Plan 2020 – 2030.
May 2020 – Nov 2021	Audit process to identify underutilised parcels of Council-owned land suitable for social and affordable housing.
	Proposal initiation - meetings of key officers across a range of Council teams, a risk management workshop, Executive briefings, Council briefings and a Council meeting with confidential consideration of the item.
	Proposal development.
	Preparation of communication plan for the parallel community engagement and EOI process.
Dec 2021 - Mar 2022	EOI and community consultation processes ran in parallel. The timing of these processes and decision to run them in parallel was chosen to: • Avoid community concern that would have arisen if the EOI had preceded community consultation about the sites. • Capture both holiday and permanent resident feedback given the seasonality of the Peninsula’s population. • Avoid sequential exhibition and advertising and so condense processing time. • Enable time for CHOs to respond that did not clash with larger funding opportunities under the Big Housing Build.
14 Jul 2022	Forward Planning Meeting of Council that enabled all community submitters to be heard in person by Council.
6 Sep 2022	Final decision made via a confidential item at a Council meeting. Council’s decision was to: • Not proceed with the parcel in Capel Sound. • Proceed with a lease negotiation for the Hastings site with a CHO. • Proceed with lease negotiations for the four parcels in Mornington with a CHO. • Further explore types of housing need for two sites in Rosebud before returning to the market to find a partner.
8 Sep 2022	Decision publicised via social media and on Council’s website.

EOI

The EOI process sought to identify potential interested project partner(s). It was open to Registered Housing Agencies as well as other organisations such as charities or developers interested in providing social and affordable housing.

The EOI invitation asked submitters to provide information about matters including their financial capacity, housing concept, sustainability, timing, community engagement process, tenancy and asset management and experience. It also asked submitters to consider matters including:

- Compliance with the Mornington Peninsula Planning Scheme.
- Environmentally sustainable development outcomes
- At least a Livable Housing Australia Gold level design standard for all-abilities access.
- Best use of the land and compatibility with neighbouring uses.
- The extent that they can satisfy the needs of people on very low and low incomes including the need for emergency housing.
- The ability of residents to access the support that they may need.
- Additional site-specific matters for the Capel Sound site, including pedestrian and vehicle access, open space, vegetation and biodiversity.

Details about the type, amount or layout of social and affordable housing were deliberately omitted to better test the market and community sentiment. A peppercorn lease was possible but not given, and a preference indicated for residents on the Victorian Housing Register.

Community engagement

The community engagement process enabled the community to comment on the proposed sites and any matters they would like Council to consider in selecting a project partner to carry out future development (e.g. should the housing be for targeted groups of people).

The community engagement process featured:

- **Briefing of Councillors**, with Councillors later actively engaging with residents.
- An **educative approach** about social and affordable housing that sought community feedback on the whole issue not just the identified land parcels.
- **Identification of all stakeholders** with:
    - Key community groups and organisations notified by mail and contacted in person with an offer for individual meetings with Council officers.
    - Individual notice sent to all adjoining landowners and select others who might be affected.
    - Individual stakeholders, whether pre-identified or self-identified in the process being offered the opportunity for in-depth conversations about housing and homelessness with Council officers.
- A **web page** for the project where people could find out more about the project, take the online survey, post questions and comments and read FAQs on several matters.
- **Signs on the land**, similar to signs that are erected for planning permit applications.
- A notice of the proposal **published in the local newspaper** and on Council's website.

- **Social media** that included filmed interviews with local identities including a real estate agent, a family violence prevention campaigner with lived experience, and a worker from a homelessness service.
- An **online survey** to gather residents' thoughts about social and affordable housing and the Council land that was being offered.
- An opportunity for **written submissions** to supplement survey responses.
- A Forward Planning **Meeting of Council** that enabled all community submitters to be heard in person by Council. 23 of 113 submitters elected to be heard in person by Council.

Council resourcing

Council teams involved in supporting the project include:

- Community Partnerships
- Community Engagement
- Communications
- Property
- Legal
- Strategic Planning
- Development Services

Council also engaged several consultants for the project:

- Property Exchange assisted with initial site review assessment (up to $20K)
- Holding Redlich (legal firm) assisted with EOI review and leases (up to $50K)

Project status November 2025

- Council entered into a long-term lease agreement with Women's Property Initiatives (WPI) to lead the development of six homes at the Hastings site. WPI have completed the design, planning permit processes and secured project funding through the Victorian Government and a philanthropic donor. The homes are expected to be completed in 2026.
- Council entered into a long-term lease agreement with YWCA Australia to lead the development of 10 homes across four sites in Mornington. YWCA have completed the design, planning permit processes and secured project funding through the Victorian Government and a philanthropic donor. The homes are expected to be completed in 2026.
- Council has completed an additional EOI for four parcels of land in Rosebud and has partnered with Housing Choices Australia. Funding and timelines for the project are yet to be confirmed.
- Council decided not to proceed with the parcel in Capel Sound, based on tender process and community feedback.

Key lessons

Council processes need commitment and consistency

The process of disposing or leasing of council land requires multiple steps and consultation processes. Early and ongoing engagement to secure alignment across council departments, executive and Councillors is critical. This can be supported by a clear and overarching affordable housing strategy.

When leasing or selling a specific site Council should **clearly define their desired outcome for the community** and what need the project is addressing in the local community.

It is important for council to engage with the statutory planning team early. There can be probity issues around Council's statutory planning teams' involvement during EOI and RFP phases.

- The role of Council as a landowner must be **independent** to its role in the planning approvals process.
- The EOI and RFP process requires a **significant level of skills and resourcing** for both Council and CHOs.

Delivering social and affordable housing is a partnership

- **Engage with CHOs early, before designing the model.** The interest and ability of CHOs to participate in a development opportunity can depend on funding opportunities or the strategic direction of an organisation. It is important to engage with organisations operating in the area to understand their plans and direction to understand whether the project will be the right fit.
- CHOs generally **prefer opportunities where they gain Title to the land**, rather than lease arrangements. This is because without Title to the land, it is harder to obtain the funding and financing required to develop.
- Ensure **clarity** of project brief, as this impacts on project budget.

To lease or sell?

- Land can be transferred to a CHO or leased to them long-term to deliver community housing.
- Selling land at a discount opens up more funding and financing options to build social housing as the CHO can borrow against the land. Leasing sites works best when there is funding available to cover the up front capital costs of construction (rather than funding arrangements which involve a series of payments after construction is complete).
- **Using Air rights** development can provide dual uses for underutilised Council land.
    - A Two-Lot Plan of Subdivision can be used to create dual land uses where ownership of the community housing is being transferred to a CHO.
    - Developing community housing over car parks can be heavily contested by local residents and shop traders – community engagement is important.

Project funding

- Seek to align the development opportunity with **State and Federal Government funding availability**. This helps reduce the time and cost of funding submissions and benefits the community consultation process.
- You are more likely to have funding approved if you provide a **permitted and contracted** project that meets criteria for Government funding.
- The main criteria for Government funding is **value for money**. If a local council gifts land, the CHO's funding proposal is more attractive in a competitive funding environment.

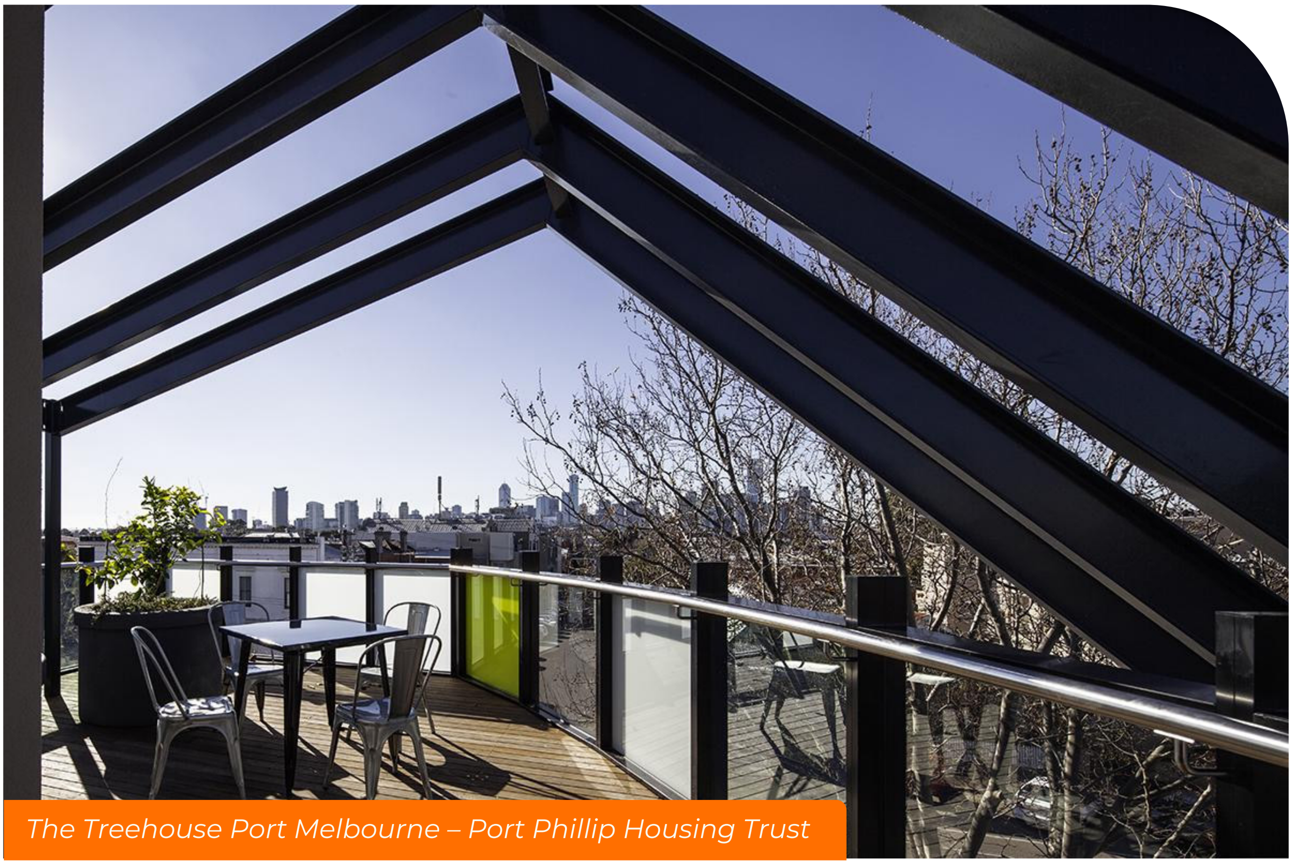
Community engagement

- Social and affordable housing is often subject to stigma and this can lead to community concern and objections to the use of council land for social housing.
- It's critical that the process of releasing council land is accompanied by a **wider communications campaign.** This should highlight the importance of social housing, the great work that CHOs and Council do to support people in the community, and the great outcomes that can be achieved.
- **Engage early and proactively**
    - Community engagement and communications need to be carefully considered at the start of the project, and on an ongoing basis.
    - Establishing early, strong relationships with key individuals, whether they support or oppose the project, helps avoid the unnecessary escalation of issues and the dissemination of incorrect information in the community.
    - Encourage local community action to promote a proposal. It is important that Council provides early advice to community advocacy groups to ensure no misinformation is circulated in the community.
- **Use consistent, clear and transparent messaging**
    - Council and CHOs need to work closely together to respond to and address community concerns, particularly when wider neighbourhood issues are unfairly associated with social housing.
    - Ensure public communications clearly articulate the roles and responsibilities of Council and the CHO, including about property and tenancy management. This helps Council consistently respond to resident concerns and prevent wider issues from being associated with a social housing development.
    - Manage community expectations about development timing.
    - Analyse and provide evidence in response to key issues raised in community consultation. Act on issues based on evidence.
    - The public may rely on notices, summaries, social media posts and conversations with Council officers instead of reading all available details about a project. However, it is useful to provide more detail to Council officers who are dealing with public enquiries so they can provide a more nuanced response.

Additional resources

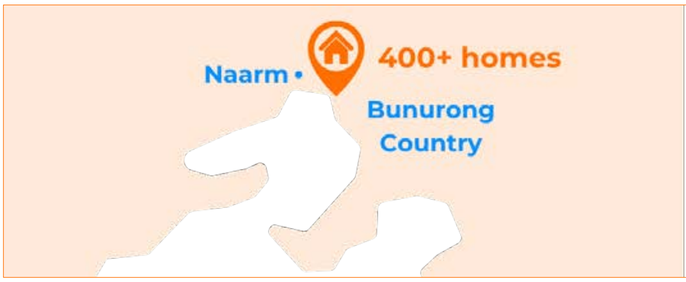
- [Report summary: Options for delivering Affordable Housing on council land]
- Fact sheets:
  - [gifting land]
  - [leasing land]
  - [joint venture or partnership arrangement]
  - [assets placed in a special purpose vehicle (such as a housing trust)]
  - [mortgage instrument]
- [Full report: Options for delivering Affordable Housing on council land]

Housing trusts



The Treehouse Port Melbourne – Port Phillip Housing Trust

Port Phillip Housing Trust



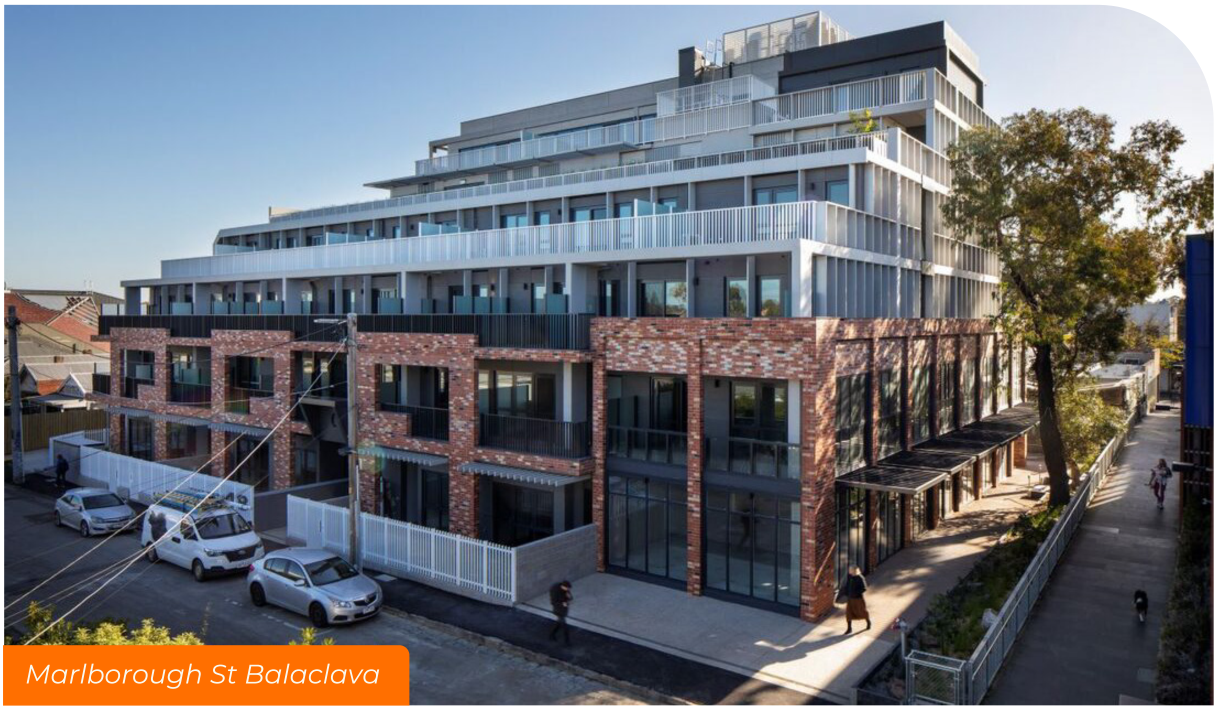
Project partners
- **Port Phillip City Council**
- **HousingFirst**

Background

Since 1985 Port Phillip City Council has owned and led the development of community housing.

- 1985: the former City of St Kilda established the St Kilda (now Port Phillip) Housing Program.
- 1986: St Kilda Housing Association was established to manage Council's community housing.
- 1994: as part of the Victorian local government amalgamations, St Kilda Housing Association became Port Phillip Housing Association (PPHA).
- 2005: Port Phillip City Council established the Port Phillip Housing Trust (PPHT) and appointed PPHA as the Trustee. Council transferred the ownership and management of the 254 community housing units to PPHT.
- 2018: PPHA changed its name to HousingFirst

Council has provided a significant number of land assets and cash contributions into the Trust over time. In 2024 the Trust owned and managed 439 community housing homes.



Marlborough St Balaclava

Structure

- The specific focus of the Trust is to receive Council contributions and deliver community housing in Port Phillip.
- Port Phillip City Council can appoint up to two councillors to the HousingFirst Board
- Council protects its interests through a Trust Deed, which requires that housing is provided for people who:
    - Have significant links to the City of Port Phillip
    - Meet the eligibility criteria of the Victorian Housing Register (VHR).
- Contributions provided to the Trust are effectively quarantined for the purpose of delivering community housing in Port Phillip.

Project examples

Liardet Community Housing, Port Melbourne (2004)

Six one-bedroom units developed in air rights over and adjoining the Liardet Community Centre when it was upgraded in 2004. The State Government's Department of Housing contributed 75 per cent of the funds required to build the homes.

Woodstock Community Housing Project, Balaclava (2006)

31 units delivered through an air rights development, via two-lot plan of subdivision over a Council car park. The dwellings are managed by HousingFirst, and the car park is managed by Port Phillip City Council.

The Treehouse, Port Melbourne (2012)

A 27-unit community housing project developed in 2012 by Port Philip Housing Association in air rights over a council car park. Resulted in a two-lot subdivision with the Trust owning the dwellings and Port Phillip City Council owning the car park. Find out more in the case study on page 15.

Marlborough Street Balaclava (2021)

Gifting of a former council car park to HousingFirst to develop 46 apartments for social housing, and a basement car park which was transferred back to council for use as a public car park. Find out more about this example in the case study on page 5.

Hobsons Bay Affordable Housing Trust

Project partners
- **Hobsons Bay City Council**
- **Housing Choices Australia**

Background

- Hobsons Bay City Council's Affordable Housing Policy Statement 2016 said that Council would establish a Housing Trust to collect, hold and manage assets such as land, money and buildings to be used to increase the supply of Affordable Housing in Hobsons Bay.
- In June 2020, Council appointed Housing Choices Australia (HCA) as the Trustee of the Hobsons Bay Affordable Housing Trust (the Trust) for a two-year term, with an expectation to renew, subject to performance.
- Council allocated $60,000 per year to the Trust for the first two operational years to pay for the Trustee management.
- Following the initial term, Council re-appointed HCA to manage the Trust, with an expectation the Trustee will also draw a management fee from the Trust funds.

Structure

- The Trust operates independently from Council.
- Governance is set out in the Trust Deed and Funding Agreement. The Trust Deed requires the delivery of Affordable Housing outcomes in Hobsons Bay to benefit people residing in, or with a connection to, the municipality.
- The Trust has been structured as a charitable entity and is registered with the Australian Charities and Not for Profit Commission.
- The Trustee can sell or dispose of assets, borrow money, employ staff, accept donations and manage assets in accordance with its purpose. The value of any assets sold or any cash contributions received must be invested back into Affordable Housing projects in Hobsons Bay.
- Hobsons Bay City Council's [Affordable Housing Policy 2023] maintains Council's ongoing commitment to the Trust.

Projects examples

Altona North Precinct 15

- The **Altona North Comprehensive Development Plan** (Schedule 2 to Clause 37.02 of the Hobsons Bay Planning Scheme) includes requirements for the provision of Affordable Housing.
- The Trust is intended to be the nominated recipient of any funds paid to Council, can receive land or dwellings or (subject to funding) purchase dwellings at a discount.
- For more details, refer to the Altona North Precinct 15 case study on page 42.

Epsom Street Affordable Housing Project

- In 2014, Council purchased a site on Epsom Street, Laverton for the purpose of open space and affordable housing.
- In 2019, Curlew Community Park was opened on the site.
- The Epsom Street Affordable Housing Project continues the implementation of the masterplan, which will see residential development at the northern and southern ends of the site.
- In 2022, Council endorsed revised design guidelines that will inform the look and feel of any future development, following public consultation earlier that year. The guidelines incorporate community input, including requirements relating to building height (three to four storeys maximum), dwelling density, car parking, vehicle access, and connections with the much-loved Curlew Community Park.
- At the Council meeting on 12 September 2023, Council resolved to gift the land to HCA, to develop and operate Affordable Housing on the site. The transfer is subject to HCA:
    - Securing external funding to deliver the project.
    - Agreeing and undertaking the provisions in the Contract of Sale and Section 173 agreement.

Epsom Street Affordable Housing Project site plan

Key lessons

- Establishing a Housing Trust is a significant, resource-intensive process.
- Councils should ensure the Trust Deed is appropriately structured to enable registration, as a charity requires careful consideration and specialised legal advice.
- Registered Housing Agencies are less attracted to Trust models, as they add a layer of separation from the Agency business and control, and additional governance and reporting. Providing a package of land sites and/or seed funding for a Trust will likely make it more attractive.

Additional resources

- Fact sheet: assets placed in a special purpose vehicle
- Report: options for delivering Affordable Housing on council land (page 65 – 72)

Planning system agreements

New Epping – Haven Home Safe, Whittlesea Council and Riverlee

A note on Affordable Housing and the Planning System

Victoria's planning system is currently undergoing significant reform. In February 2026, the *Planning Amendment (Better Decisions Made Faster) Act 2026* was passed by Parliament. Once fully implemented, it will amend the *Planning and Environment Act 1987* (P&E Act). The amendments include changes to the Affordable Housing provisions, most significantly, the introduction of an Affordable Housing head of power. This will enable the responsible authority to require developers to provide an Affordable Housing contribution. The practicalities of this are not yet known, and depend on the forthcoming regulations.

The following case studies were written within the context of voluntary Affordable Housing agreements,. However, they still provide useful insights into how to structure an Affordable Housing contribution to ensure it works for community housing organisations, developers and councils.

Overview of P&E Act amendments

2017 amendments

- Introduction of an **Affordable Housing objective**:

  to facilitate the provision of affordable housing in Victoria

- Introduction of the ability to enter into a **Voluntary Affordable Housing agreement**:

  a responsible authority may enter into an agreement with an owner of land for the development or provision of land in relation to affordable housing.

- Introduction of an **Affordable Housing definition**:

  affordable housing is housing, including social housing, that is appropriate for the housing needs of any of the following—
  (a) very low income households;
  (b) low income households;
  (c) moderate income households.

  The amendment also included reference to:

  - The matters specified by the Minister which determine if housing is appropriate
  - The Governor in Council order which sets out the income ranges for very low, low and moderate income households.

2026 amendments

- Introduction of a **social and affordable housing objective**:

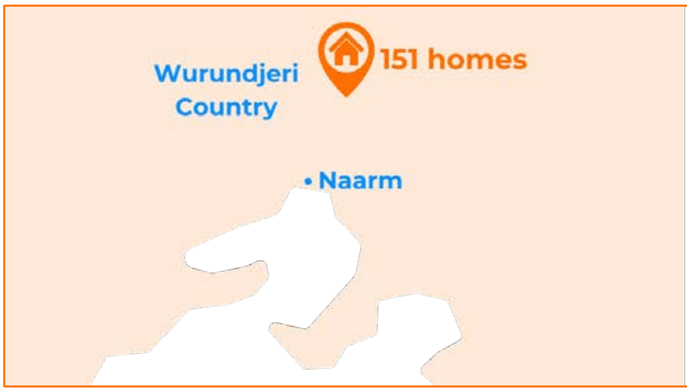
  to increase housing supply, diversity and affordability and facilitate the provision of social and affordable housing in Victoria

- Introduction of an **Affordable Housing head of power** - a planning scheme can:

  provide that any use or development of land is conditional on the provision of an affordable housing contribution

  The amendment also provides additional requirements related to an Affordable Housing contribution and references the regulations.

New Epping



Project partners
- **Whittlesea City Council**
- **Haven Home Safe**
- **Riverlee**

Overview

Haven Home Safe welcomed residents to 151 new social and affordable homes in early 2023. The 151 apartments are located across three buildings and comprise 78 one-bedroom apartments and 73 two-bedroom apartments.

These quality homes on Wurundjeri Country are part of Stage 1, New Epping; an urban regeneration and mixed-use precinct 18km north of Melbourne CBD. As part of the re-zoning, Whittlesea Council and site developer Riverlee entered into a section 173 agreement which required an Affordable Housing contribution. Riverlee sold the 151 apartments to Haven Home Safe at a discount, and the Victorian Government provided the funding required for the purchase of the homes.

Apartment living area

Key stakeholders

Whittlesea City Council – local council

- Worked with Riverlee to include 15 per cent social and affordable housing in the development
- Responsible Authority

Riverlee – developer

- Led planning, design and construction
- Secured commercial bank debt to finance construction
- Contributed funds and expertise to sell completed homes to Haven Home Safe at a discount to market rates

Haven Home Safe – community housing organisation (CHO)

- Gave feedback on design to ensure the homes would meet renter needs
- Purchased homes from Riverlee for social and affordable housing
- Tenancy allocation and management

Victorian Government – funder

- Through the Social Housing Growth Fund (SHGF) Build and Operate (BOP) round, provided funding to Haven Home Safe. The funding is provided through incremental payments over the first 30 years of the homes being used for social and affordable housing.

Communal outdoor area

Structure

- The land was re-zoned through a planning scheme amendment to facilitate mixed use redevelopment
- Riverlee and Whittlesea City Council entered into a section 173 agreement to deliver social and affordable housing on the site (5 per cent social and 10 per cent affordable).
- The section 173 agreement was signed in December 2017, prior to changes to the P&E Act in 2018 related to voluntary Affordable Housing contributions.

Process

Year	Key events
2015	• Riverlee and Whittlesea City Council began discussions to rezone and develop the land. Part of these discussions was how to include 15 per cent social and affordable housing.
2016	• Riverlee explored partnership opportunities with CHOs.
2017	• Riverlee and Haven Home Safe signed a Heads of Agreement to partner to deliver social and affordable housing on the site. • Riverlee and Whittlesea City Council entered into a section 173 agreement to deliver social and affordable housing on the site (5 per cent social and 10 per cent affordable).
2018	• Haven Home Safe, with the support of Riverlee, submitted a proposal for Victorian Government Funding through the Social Housing Growth Fund.
2020	• Haven Home Safe were successful in securing funding for the project through the SHGF Build and Operate round.
2021	• Construction commenced.
2023	• Construction completed. • Settlement – Haven Home Safe purchased completed homes from Riverlee at a discount to market. • Residents move in.

East Village

- **Glen Eira City Council**

Overview

The East Village site is located in East Bentleigh, on approximately 25 hectares of predominately industrial/commercial land. The site is bounded by North Road (north), East Boundary Road (west), Virginia Park (south) and existing residential development (east). East Village will be a mixed-use precinct including approximately 3,000 homes, retail, dining, office spaces, commercial spaces, and community facilities such as parks.

In 2021 the land was rezoned to a Comprehensive Development Zone. Through the amendment process, the council and landowners agreed to an Affordable Housing Contribution to support a minimum five per cent Affordable Housing through the provision of land or completed dwellings. A separate agreement has been reached with Housing Choices Australia in partnership with Assemble, establishing them as the intended recipient.

Masterplan (MSG Architects)

Structure

Planning scheme amendment C155glen (approved) rezoned the 25-hectare site located in Bentleigh East, referred to as 'East Village'. The land was rezoned to a Comprehensive Development Zone for approximately 3,000 dwellings.

As part of the amendment process the council and landowners agreed to an Affordable Housing Contribution to support a minimum five per cent Affordable Housing. The final Affordable Housing requirements are set out in:

- A Section 173 Agreement:
  - 5 per cent Affordable Housing (out of a total 3,000 dwellings) by gifting serviced land to accommodate 150 units for a registered housing agency or Council to develop; OR
  - Gifting completed dwellings comprising no less than 1,975 square metres.

  AND
- Condition in Schedule to the Zone following Planning Panel review:
  - 10 per cent Affordable Housing of any dwellings over 3,000 (how it is to be delivered is not defined).

Supporting policies

Council indicated that any rezoning of significant industrial land must respond to Council's Affordable Housing policy objectives, set out in:

- Glen Eira Council and Community Plan (2017–2021)
- Activity Centre, Housing and Local Economy Strategy (2017)
- Glen Eira Social and Affordable Housing Strategy (2019)

Additional policies established support for the inclusion of Affordable Housing in rezoning, including:

- Glen Eira Council Statement of Commitment on Affordable Housing (2018)
- Glen Eira Planning Scheme Review (2018)
- Planning Scheme Amendment C220glen (adopted 2020)

Process

- 2017: Glen Eira Council and the Victorian Planning Authority worked together to explore opportunities for revitalising the East Village precinct.
- July 2020: Glen Eira Council adopted the Planning Scheme Amendment
- March 2021: the Planning Minister approved and gazetted the Planning Scheme Amendment
- Late 2021: an agreement was reached with Housing Choices Australia in partnership with Assemble, establishing them as the intended recipient of the land.
- 2026: the project is in the pre-construction stage.

Altona North Precinct 15

- **Hobsons Bay City Council**

Overview

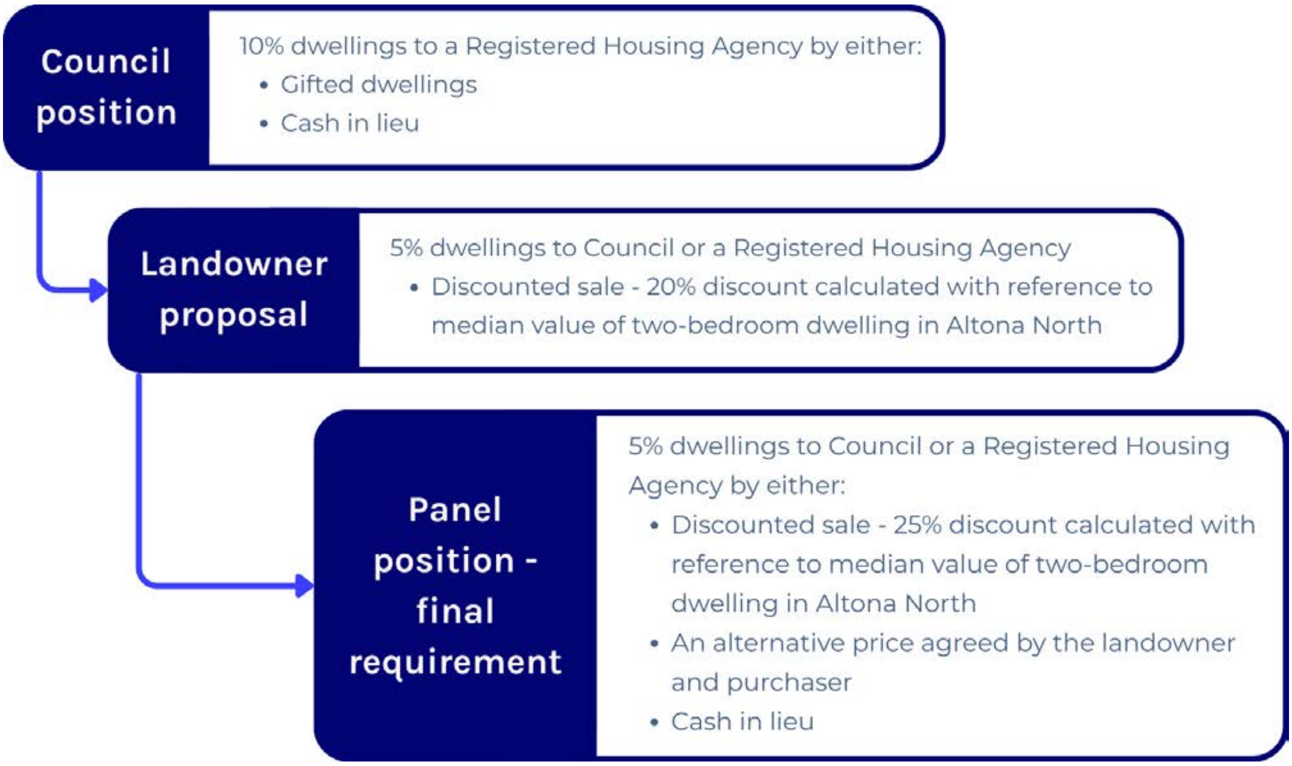
In the Hobsons Bay Altona North Precinct 15, an endorsed planning scheme amendment provides for 5 per cent of dwellings to be sold at a 25 per cent discount. If a purchaser is not found, the landowner can provide the equivalent contribution in cash based on an average market value.

Structure

- The site was rezoned from industrial to comprehensive development zone CDZ2 and special use zone SUZ6
- 15 of the 25 landowners formed a consortium specifically for the amendment application.
- Schedule 2 to clause 37.02 comprehensive development zone CDZ2 sets a clear framework for the Affordable Housing contribution and requires 5 per cent affordable housing by:
    - Sale of dwellings to Registered Housing Agency or Council at a price that "must not exceed an amount that is 25 per cent less than the current 12-month median price for a two-bedroom unit in Altona North as published by the Real Estate Institute of Victoria as at the date the agreement is made (Offer Price)"; or
    - At an alternative price agreed by landowner and purchaser; or
    - Provision of cash-in-lieu to a Housing Agency or Council.
- A section 173 agreement reflects CDZ2 and locks in obligation on each landowner.

An overview of the negotiation steps is shown on the next page.

Negotiation process overview



Process

- 2008: The land is identified for future residential use in Hobsons Bay Industrial Land Management Strategy (2008).
- July – August 2017: public exhibition period for planning scheme amendment
- May 2018: the planning scheme amendment is endorsed by Hobsons Bay Council
- September 2018: the planning scheme amendment is approved by the Planning Minister and gazetted.
- 2025: major developers have started projects within the precinct. Council has commenced negotiations with each developer, with a view to securing Affordable Housing contributions. To date, negotiations have focused on a mix of dwellings (made available for discounted sale to a Registered Housing Agency) and cash contributions (to the Hobsons Bay Affordable Housing Trust).

Fishermans Bend

- Melbourne City Council
- Port Phillip City Council

Overview

- Fishermans Bend was declared an urban renewal project of State significance and rezoned to Capital City Zone in 2012. Planning controls were approved in 2018 to facilitate affordable housing:
- 6 per cent of dwellings under the dwelling density limit to be affordable housing
- One in nine dwellings above the dwelling density limit to be gifted to a Registered Housing Agency for use as social housing

Structure

- The Fishermans Bend Framework establishes the Vision for Fishermans Bend and a target that by 2050 "at least six per cent of all housing in Fishermans Bend is affordable".
- Clause 37.04 Capital City Zone, Clause 11.03-6L-04 of the Port Philip Planning Scheme and Clause 11.03-6L-06 of the City of Melbourne Planning Scheme ('Fishermans Bend Urban Renewal Area') establishes the planning policy objectives to support realisation of the affordable housing target and provide for a mix of households to live in Fishermans Bend.
- The policy includes two separate affordable housing policies that can be applied together:
- 'Affordable Housing' – a discretionary inclusionary policy that encourages development to "provide at least 6 per cent of dwellings permitted under the dwelling density limit as Affordable Housing" to the satisfaction of the responsible authority unless it is impractical or unviable to do so; and
- 'Social Housing Uplift' – a discretionary value capture policy that encourages "development to provide a Social Housing uplift equivalent to eight additional private dwellings of equivalent size for each Social Housing dwelling, in addition to the provision of six per cent Affordable housing".
- Any application for residential uses must be accompanied by an affordable housing report that outlines how the proposal contributes to the objectives and targets of the urban renewal area.
- If social housing is proposed, a report must be submitted that outlines the social housing contribution and provides details of an agreement with a registered housing agency.

Process

- 2014: a process to review and change the planning controls began. The purpose of this was to establish a strategic vision and set of planning objectives to guide the sustainable development of the precinct.
- 2016: the Fishermans Bend Vision was endorsed, setting out the ambitions for the area. As a result, a new Local Policy was introduced to the City of Port Phillip and City of Melbourne Planning Schemes that included objectives to seek affordable housing.
- 2018: the State Government released the final Fishermans Bend Framework and approved new planning controls comprising Clause 37.04 Capital City Zone, a Schedule to the Zone, and Fishermans Bend Local Planning Policy.
- 2023 and 2024: Draft Planning Scheme Amendment GC224 was prepared to fund essential infrastructure in Fishermans Bend. The amendment proposes an open space uplift tool that could be used to secure additional floor space, instead of providing social housing.

Shared equity in Whitehorse

Project partners

- **Whitehorse City Council**
- **National Affordable Housing Consortium**

Overview

As part of a planning process a landowner-developer agreed to support the delivery of affordable housing, enabling additional height and permit approval.

The developer worked with registered housing agency National Affordable Housing Consortium (NAHC) and agreed to a shared equity home ownership model to support households without a deposit to buy their own home. This would be facilitated by NAHC's shared equity platform, BuyAssist Australia (BuyAssist).

Structure

As part of a planning permit process, the landowner agreed to support the delivery of affordable housing by either:

- Supporting a Registered Housing Agency to purchase the dwellings at a 25% discount to market value.
- Supporting Eligible Households to purchase dwellings under an appropriately structured shared equity home ownership arrangement, with the developer applying 25% equity to support the purchase that would be secured by a not-for-profit company.
- Providing a monetary contribution.

The landowner and NAHC agreed on a shared equity home ownership arrangement whereby individual buyers who met income and residency eligibility criteria would be supported to buy a home with an average 25% of the property price provided as equity support.

The household is responsible for all ownership costs and when they refinance or sell the property, the proportional equity stake (i.e. 25 per cent of the property value) is repaid to NAHC to reinvest in future shared equity home ownership.

Delivery

The process of delivery involved:

- Permit condition requiring the landowner to enter a Section 173 agreement with Council.
- A Memorandum of Understanding between the landowner and NAHC confirming the value of the affordable housing contribution and an agreement between NAHC and Council setting out the terms of application.
- NAHC subsidiary business BuyAssist Australia identifying properties that fit the price point for Eligible Households (with reference to the income eligibility thresholds set out in the Planning and Environment Act) and sourcing Eligible Households to purchase properties (assisting them through the mortgage process).
- Individual purchasers entering a legal agreement with NAHC which reflects the benefits of the shared equity arrangement and allows NAHC to register a second mortgage on the dwelling. NAHC also has a right to a proportional value of the future property value if it is sold or refinanced.
- Purchasers entering a contract of sale with the landowner. No deposit or mortgage lenders insurance is required as borrowing is less than 80 per cent of market value.
- Upon settlement NAHC places a second mortgage on title to secure the equity support. This ensures the applied equity percentage is repaid to NAHC when the buyer sells or refinances.

Changing market conditions, including increased construction costs and subsequent dwelling prices, and the limitations of program income bands have meant more than 25% equity needs to be applied, particularly for single-person households.

Snapshot: completed dwellings sold at a discount

Several councils and landowners have agreed that an Affordable Housing Contribution can be provided as dwellings that are constructed and sold at a discount to a Registered Housing Agency.

- Agreements are reflected in a schedule to a zone (in the case of a planning scheme amendment) or a permit condition.
- Each percentage and discount was negotiated between the council and landowner and was expected to reflect site and planning-specific circumstances.
- Several agreements allow for the landowner to gift a lower percentage of dwellings if a discounted sale cannot be realised. This ensures an Affordable Housing Contribution will still be achieved.

Vineyard Road, Sunbury

- Council: Hume City Council
- Contribution: 10 per cent residential lots to be sold at 30 per cent discount
- Amendment C253 – 105 Vineyard Road, Sunbury
- C253 Draft - S173 Agreement (Social Housing) - Exhibition

Fisherman's Bend

- Councils: Melbourne City Council and Port Phillip City Council
- Contribution: 6 per cent dwellings to be sold at a 35 per cent discount
- See Fisherman's Bend case study for additional information

Altona North Precinct 15

- Council: Hobson's Bay City Council
- Contribution: 5 per cent dwellings to be sold at a 25 per cent discount
- See Altona North Precinct 15 case study for additional information

PMP Printing Precinct Clayton

- Council: Monash City Council
- Contribution: 4 per cent dwellings to be sold at a 50 per cent discount
- Alternative contribution options:
    - Land at no cost to support development of 10 per cent of the site's total dwellings
    - Gifting 2 per cent dwellings
- Amendment C156mona
    - Monash Planning Scheme schedule 2 to clause 37.2 comprehensive development zone

Key lessons

- Both the new affordable housing powers in the Planning and Environment Act and the voluntary agreements rely on Councils having **identified affordable housing needs and setting expectations in policies.** Outlining when Council will seek an Affordable Housing contribution and what contribution will be sought in council policies (such as an Affordable Housing Strategy) supports agreements.
- **Negotiations to deliver affordable housing need to be resourced** – the process of determining how the Affordable Housing contribution will be provided can be time and resource intensive. The required resourcing increases when agreements are voluntary and made on a project-by-project basis.
- **Early engagement** – how the Affordable Housing contribution is provided can have an impact on project feasibility for both the CHO and developer.

    - It is important that councils engage as early as possible with developers and are clear about their expectations. This enables developers to factor the contribution into their project feasibility assessment.
    - Similarly, it is important that developers engage with CHOs as early as possible to ensure that the agreement is one that a CHO partner can participate in.

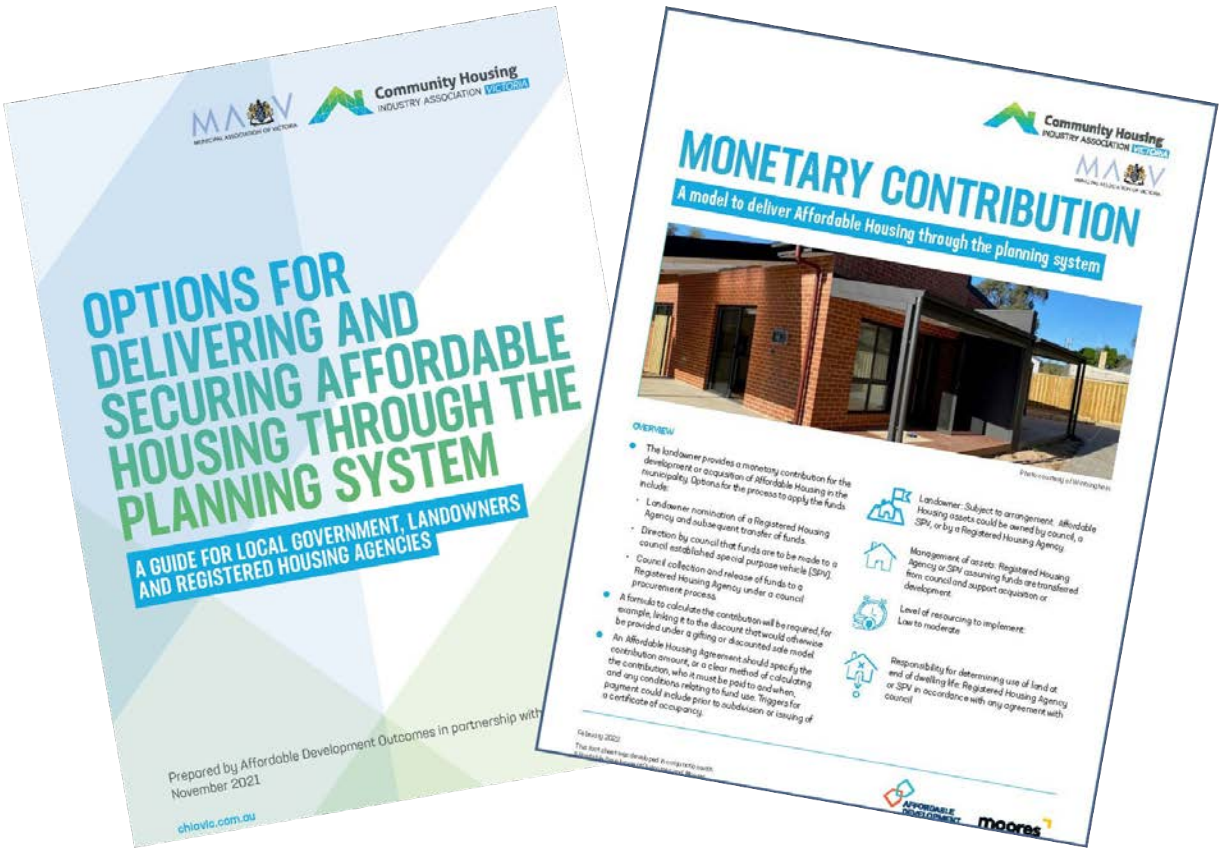
- Where agreements involve **discounted sale** to a Registered Housing Agency, it is important to consider:

    - The total percentage of dwellings that will be realised as Affordable Housing
    - The likelihood of a Registered Housing Agency being able to purchase the properties (including the likelihood of it securing government funding)
    - The impact of the discount on the Housing Agency's capacity to secure debt and funding
    - Including an option for a higher discount for a lower percentage of dwellings to ensure an Affordable Housing outcome will be achieved

- **Clarity in agreements and policies** – both the amount of Affordable Housing to be provided and how it is to be provided should be clearly articulated. Including just the amount of Affordable Housing (e.g. 10 per cent) creates ambiguity. A clearer requirement articulates how the contributions amount will be calculated and delivered, for example: Ten per cent of total project value to be gifted to a registered community housing organisation as either completed dwellings, or as cash or land of equivalent value provides certainty
- **Flexibility** - allowing for different contribution options supports delivery of Affordable Housing. In some instances, this may require translation of the value of the contribution to a monetary figure to be utilised in other developments.
- **Securing the value of the contribution in perpetuity.** Partnering with a **Registered Housing Agency** ensures that the contribution will be directed to Eligible Households, that affordability is achieved and retained long term and that the contribution will be reinvested in Affordable Housing in the future.

Additional resources

- Report summary: Options for Delivering Affordable Housing through Planning System
- Full report: Options for Delivering Affordable Housing through Planning System
- Fact sheets:
    - gifting land or dwellings
    - leasing land or dwellings
    - monetary contribution
    - assets placed in a special purpose vehicle (such as a housing trust)
    - mortgage instrument
- Understanding Affordable Housing and Section 173 Agreements
    - full report
    - fact sheet on the community housing sector
    - fact sheet for developers
    - fact sheet for local government
    - toolkit for planners.



Glossary

Affordable Housing (capitalised)	Defined in the P&E Act (part 1, section 3AA) as: • housing, including social housing, that is appropriate for the housing needs of very low, low and moderate income households.
Affordable housing (lower case)	A subsidised rental housing product distinct from social housing, as outlined in CHIA Vic's affordable housing policy paper, which argues that affordable housing should be: • Rental housing, not housing for sale. This retains the public benefit of these programs. • Targeted at households in the moderate-income range. • Rented at a fixed rate of 30 per cent of the lower limit of the moderate-income range. This would be relative to dwelling size and location (metro vs regional). • Owned by the community housing sector to support its permanent growth. Where ownership is not given, homes should be head leased to a CHO to ensure that they are rented in a fair and transparent way.
Community housing	Housing managed by a non-for-profit community housing organisation. Most community housing is social housing, however some CHOs also provide other housing programs including crisis accommodation, transitional housing, and affordable housing.
Community housing organisation (CHO)	Not-for-profit organisation that provides safe, secure and affordable homes for people who can't afford another place to live.
Heads of agreement	Provides a framework of the proposed terms of an agreement between parties, commonly used in pre-contractual negotiations.
Housing Act	Victorian Housing Act (1983)
P&E Act	Victorian Planning and Environment Act (1987)
Registered Housing Agency	A Community Housing Organisation registered under the Housing Act and subject to regulation overseen by the Victorian Housing Registrar.
Social housing	Defined in the Victorian Housing Act as public housing (owned and managed by the State Government) and housing owned, controlled or managed by a participating registered agency (a Registered Housing Agency).
Victorian Housing Register (VHR)	The waiting list for social housing in Victoria.