

1.6 DRAFT MONASH AFFORDABLE HOUSING STRATEGY

(SMC: File No. F18-103556)

Responsible Director: Peter Panagakos

RECOMMENDATION*That Council:*

1. *Notes that content and recommendations of the Draft Monash Affordable Housing Strategy- June 2023.*
2. *Releases the Draft Monash Affordable Housing Strategy- June 2023 for community consultation in accordance with the consultation program set out in this Report.*
3. *Notes that a further report will be presented to Council upon the completion of the community consultation reporting on the outcomes of the consultation and to consider any proposed way forward.*

INTRODUCTION

The purpose of this report is to consider the revised Draft Monash Affordable Housing Strategy- June 2023 and to seek endorsement of the revised Draft Strategy for community consultation.

BACKGROUND

In 2019, SGS prepared the draft Monash Affordable Housing Strategy. The Strategy made a clear case for taking action on the reform of policy settings that impact housing affordability, and to increase the provision of affordable housing in the City of Monash. It demonstrated both the need and economic and community benefits of increasing housing affordability and having more affordable housing.

Initial presentation to Council

At its meeting on 28 April 2020, Council considered the Draft Affordable Housing Strategy and resolved:

“That Council:

1. *Notes the content and recommendations of the Draft Monash Affordable Housing Strategy.*
2. *Resolves to send the proposed strategy to relevant industry and public housing association stakeholders seeking their feedback on the proposed strategy and with a view to assisting Council to further evaluate the recommendations contained in the report.”*

Feedback from industry consultation - 2020

An online information and discussion session was held with industry and community-based housing providers on 3 June 2020. Thirteen representatives from both the private and public/community sector attended. SGS provided an overview of the draft strategy and then opened the floor to questions.

There was agreement across the group of the need for action on the provision of affordable housing. The questions from the group related to the value capture and inclusionary zoning strategies and actions, and more specifically, further questions around how these actions would be implemented.

Written submissions were received from the Property Council and the Urban Development Institute of Australia (UDIA). Whilst the Property Council acknowledged the need for affordable housing, they opposed requirements for contributions from private land and inclusionary zoning. The UDIA also recognised the depth of the issue and recommended a state-wide approach that introduced a flat State Government levy, similar to the Fire Services Levy, that would be applied for consistency and ease of application.

DISCUSSIONWhat is affordable housing?

The Victorian State Government defines affordable housing as being “*housing that is appropriate to the needs of very low, low, and moderate-income households*”.

This Strategy adopts the industry benchmark of housing costs being below 30 per cent of income as appropriate to the needs of these households.

When households pay above this benchmark, they often need to forego spending on essential items like food, bills and healthcare – at this point they are considered to be in housing stress and in need of affordable housing assistance.

The current income ranges under the Affordable Housing definitions are:

	Very low	Low	Moderate
Single	Up to \$26,680	\$26,681 to \$42,680	\$42,681 to \$64,020
Couple	Up to \$40,010	\$40,011 to \$64,030	\$64,031 to \$96,030
Family	Up to 56,010	\$56,011 to \$89,630	\$89,631 to \$134,450

Social housing is a subset of affordable housing. Homes Victoria defines social housing as “*an umbrella term that includes both public housing and community housing. It generally indicates housing that involves some degree of subsidy.*”

Public housing is housing owned and managed by Homes Victoria. Community housing is housing owned or managed by community housing providers”.

State Government policy changes and impacts from the COVID-19 Pandemic

The Draft Affordable Housing Strategy was first prepared in 2019. Since that time the COVID-19 pandemic and other financial issues have had far ranging impacts globally, including significant impacts on cost of living, housing affordability and homelessness. As a result of these and other significant issues affecting affordable housing since the Draft was first prepared, the Draft Affordable Housing Strategy has been updated.

Big Housing Build

In November 2020, the State Government announced a \$5.3 billion investment into the Big Housing Build, to deliver the largest investment in social and affordable housing in Victoria’s history. Homes Victoria is the State Government agency that was created to deliver the Big Housing Build.

Windfall Gains Tax

The State Government has developed a windfall gains tax that will come into operation from 1 July 2023. The 50% windfall gains tax will be applied when the rezoning of land increases the land value by more than \$100,000. These funds will be collected by the State Government and included in consolidated revenue.

Ten Year Social and Affordable Housing Strategy

The State Government also released a discussion paper to assist in the development of a Ten-Year Social and Affordable Housing Strategy for Victoria. This strategy is still under development and there have been no updates on this project since October 2021.

Other Councils’ Affordable Housing Strategies

Since the Draft Monash Affordable Housing Strategy was first developed in 2019, thirteen Councils in metropolitan Melbourne have also developed their own Affordable Housing Strategies or similar.

Since 2019, the following Councils in Melbourne have consulted on or adopted Affordable Housing Strategies (or equivalent):

- Bayside City Council
- Brimbank City Council
- Cardinia City Council
- Casey City Council
- Glen Eira City Council

- Hume City Council
- Kingston City Council
- Knox City Council
- Melbourne City Council
- Merri-bek City Council (formerly Moreland City Council)
- Whitehorse City Council- community consultation of this Affordable Housing Strategy closed in February 2023.
- Wyndham City Council
- Yarra City Council

A number of Councils, following adoption of their Affordable Housing Strategies, have undertaken planning scheme amendments to give greater statutory weight to their strategies and policies.

City of Yarra – Amendment C269 – Affordable Housing implementation

In April 2022, Yarra City Council adopted Amendment C269, which relates to the rewrite of their new local planning policies. This Amendment included an objective, strategies and policy guidelines in Clause 16.01-2L relating to affordable housing.

The independent Planning Panel supported Yarra’s proposed changes, including the objective to facilitate the provision of social and affordable housing and the provision of 10% affordable housing for residential development of over 50 dwellings or when land is rezoned to a residential use.

The Panels approved version strengthen the policy guidance to contain the following Policy Guidelines.

Consider as relevant

- *Provision of a minimum of 10% affordable housing for a rezoning that would enable residential use.*
- *Provision of a minimum of 10% of affordable housing for a major residential development of 50 or more dwellings, unless affordable housing has been provided as part of an earlier rezoning of the site.*

Amendment C269 is currently under consideration for approval by the Minister for Planning.

Key Changes in the Draft Monash Affordable Housing Strategy

The Draft Monash Affordable Housing Strategy has been updated in light of the issues listed earlier in this report and to update technical information and statistical data.

Broadly, the Draft Monash Affordable Housing Strategy has been changed as follows:

- The existing and projected demand for affordable housing in Monash have both been updated.
- The Strategy objectives have been updated and expanded to include supporting increased housing affordability (in addition to increasing the supply of affordable housing).
- The 6 per cent inclusionary zoning requirement for affordable housing for all floorspace has been modified to a 6 per cent inclusionary zoning requirement when planning for activity centres.
- In light of the State government Windfall Gains Tax, strategies and actions that related to value capture for rezoned sites have been deleted. They have been replaced with actions and strategies that require an affordable housing contribution when land is rezoned to facilitate residential development, or in residential developments of 20 or more lots. *(Note: the threshold of 20 lots approximates the 6% threshold for the inclusionary zoning requirement set out above. The threshold of 20 dwellings also provides a more even response to the size and scale of development that occurs across Monash. In practical terms this equates to 1 in 20. It differs from the City of Yarra policy of 50 dwellings as they experience larger residential developments and have a higher affordable housing requirement of 10%.)*
- Introduce a new strategy and associated actions that relate to advocating for a substantial inclusionary zoning requirement for the provision of affordable housing in the precinct planning for the Suburban Rail Loop Station Precincts at a level that reflects the future residential and workforce aspirations and subsequent forecast needs in each precinct.
- Increased emphasis on partnering with external housing and advocacy groups to promote and facilitate affordable housing.
- Increased focus on advocacy. This includes advocating for State and Federal Government investment in affordable housing in Monash, for policy and taxation reforms to increase housing affordability, and for mandatory inclusionary zoning to provide for affordable housing.

The updated Draft Monash Affordable Housing Strategy 2023 is included as **Attachment 1**.

MONASH AFFORDABLE HOUSING STRATEGY STRATEGIES & ACTIONS

The objective of the Draft Affordable Housing Strategy is to:

Identify a clear and practical set of strategies and actions for Monash City Council to support increased housing affordability and supply of affordable housing, within its remit as a local government authority.

The following table shows the draft strategies and actions:

STRATEGIES	ACTIONS
REGULATION	
1. Continue to support housing diversity and choice via Council's existing planning policies.	1.1 Review and update the Monash Housing Strategy 2014. 1.2 Investigate mechanisms for the provision of affordable housing in planning for Activity Centres.
2. Establish strong policy statements about the need for affordable housing in Monash.	2.1 Seek a planning scheme amendment to include a strong statement of support for affordable housing contributions in Monash. 2.2 Include a strong policy statement for the provision of a 6 per cent affordable housing contribution in major redevelopment or through rezoning proposals.
3. Require an affordable housing contribution when land is being rezoned to facilitate residential development, or in residential developments of 20 or more dwellings.	3.1 Develop a policy to implementing an affordable housing contribution through rezoning processes. 3.2 Develop Council's policy and approach to negotiating an affordable housing contribution in residential development applications proposing 20 or more dwellings.
4. Consider the application of an inclusionary zoning requirement for affordable housing when planning for activity centres.	4.1 Develop Council's policy and approach to inclusionary zoning requirements for affordable housing when planning for activity centres. 4.2 Subject to Action 4.1, seek a 6 per cent affordable housing contribution for land in a commercial zone or land that will be rezoned to a more intense residential zone following planning for activity centres.

5. Advocate for an inclusionary zoning requirement for affordable housing in the precinct planning for the Suburban Rail Loop Station Precincts.	5.1 Advocate for the provision of substantial amounts of affordable housing in the Suburban Rail Loop Station Precincts at a level that reflects the future residential and workforce aspirations and subsequent forecast needs in the precincts.
6. Establish processes to support the negotiation and delivery of affordable housing contributions.	6.1 Investigate the development and community housing industry's preferred delivery methods for affordable housing.
PARTNERSHIP	
7. Engage with and educate the community on social and affordable housing as essential local infrastructure.	<p>7.1 Develop an approach to educating the community on the need and benefits of social and affordable housing.</p> <p>7.2 Work with external housing and advocacy groups to promote and facilitate affordable housing provision and awareness.</p> <p>7.3 Promote the activities of external agencies active in addressing affordable housing such as Homes for Homes and Housing All Australians.</p>
8. Adopt a relationship building, information sharing and brokerage role between the development and affordable housing sectors.	8.1 Publish information on the affordable housing sector for developers and provide a single point of contact at Council for enquiries
INVESTMENT	
9. Consider opportunities for affordable housing on appropriate Council-owned land and Council development.	<p>9.1 Investigate opportunities in Council development and on Council owned land for affordable housing provision.</p> <p>9.2 Develop and test a process for developing appropriate Council owned sites for affordable housing outcomes.</p>
ADVOCACY	
10. Advocate for State and Federal Government investment in affordable housing in Monash.	<p>10.1 Seek to attract investments from the State Government via the Big Housing Build</p> <p>10.2 Advocate to the State Government for any State Government funds levied by the Windfall Gains Tax to be directed into affordable Housing Provision in Monash</p>

	10.3 Advocate for the inclusion of a substantial amount affordable housing in the precinct planning for the Suburban Rail Loop Station Precincts
11. Advocate independently and through the Eastern Affordable Housing Alliance (EAHA) for mandatory inclusionary zoning and direct government investment and subsidies in affordable housing.	11.1 Independently and through the Eastern Affordable Housing Alliance (EAHA) further develop policy positions and advocate collectively for: <ul style="list-style-type: none"> • policy and taxation reforms to increase housing affordability, • policy and taxation reforms to encourage investment in affordable housing provision, particularly from large institutional investors such as superannuation funds, • mandatory affordable housing inclusionary zoning, • rezoning value capture to be directed into the provision of affordable housing, • funds levied through the Windfall Gains Tax when land is rezoned to be directed into the provision of affordable housing.

POLICY IMPLICATIONS

The development of the Draft Monash Affordable Housing Strategy is consistent with a range of strategic policy directions of Monash City Council and the State Government, including:

- The Planning & Environment Act, 1987
- Plan Melbourne;
- Homes for Victorians;
- The Monash Council Plan 2021-2025;
- Gender Equality Act 2020;
- The Regional Local Government and Homelessness and Social Housing Charter 2020; and
- The Monash Social Housing Framework 2020-2025.

Future policy implications.

As a strategic document the Affordable Housing Strategy sets out a range of policy development that is required to give effect to objectives of the Strategy. This policy development will occur should the Strategy be adopted.

CONSULTATION

Subject to Council endorsement, community consultation on the draft strategy will be undertaken over 5 weeks and include:

- Direct notification to key stakeholders, including community housing providers, developers and consultants, industry stakeholders and EAHA Councils;
- Information on Council's website and the Shape Monash website;
- An article in the Monash Bulletin; and
- Consultation with Council's advisory committees including the Gender Equity Advisory Committee, Disability Advisory Committee, LGBTIQ+ Advisory Committee, Positive Ageing Reference Group and Multicultural Advisory Committee.

SOCIAL IMPLICATIONS

The Draft Monash Affordable Housing Strategy recognises that there is a strong case to increase the supply of affordable housing in Monash. The benefits will not only go to the people who live in the housing, but also has social benefits for the wider community.

Research into the impacts of increased social and affordable housing supply identifies the following key social benefits:

- Reduced disadvantage through lower rates of housing stress and reduced risk of homelessness.
- Improved diversity by creating the opportunity for people with any income level to live and work in the community.
- Enabling residents to stay in their local area through different life stages and maintain strong social and community networks.

The implementation of the Draft Monash Affordable Housing Strategy will increase the supply of affordable housing in Monash, which will have many social benefits including those detailed above.

GENDER EQUITY ASSESSMENT

A Gender Impact Assessment is required for the Draft Monash Affordable Housing Strategy. The Gender Impact Assessment has commenced. The Draft Monash Affordable Housing Strategy recognises that 1 in 8 households do not have affordable housing (that is households in the lowest 3 quintiles who spend more than 30 per cent of their income on housing).

The Monash Affordable Housing recognises that access to affordable housing is a gendered issue. This is demonstrated by 18 per cent of one- parent families in Monash not having access to affordable housing. In Australia, research has shown that almost 80% of single parent households are headed by a female.

The strategies and actions in the Draft Monash Affordable Housing Strategy are targeted to both increase the amount of affordable housing and, in the longer term, reduce demand for affordable housing through actions that work to increase housing affordability.

Whilst the Draft Monash Affordable Housing Strategy specifies strategies and actions that will increase the supply of affordable housing, this additional affordable housing will be managed by Homes Victoria or a community housing provider. Many community housing providers target specific at-risk groups, including women, people with a disability or families escaping family violence.

The proposed consultation will include a survey that asks demographic questions, including gender, age cohort and suburb. The consultation will also involve engaging with the Gender Equity Advisory Committee, Disability Advisory Committee, LGBTIQ+ Advisory Committee, Positive Ageing Reference Group and Multicultural Advisory Committee. The feedback provided will assist in the finalisation of the Draft Monash Affordable Housing Strategy.

FINANCIAL IMPLICATIONS

The development of the Affordable Housing Strategy was funded in the 2018/2019 Council Budget. Costs associated with community consultation are provided for in the annual budget.

CONCLUSION

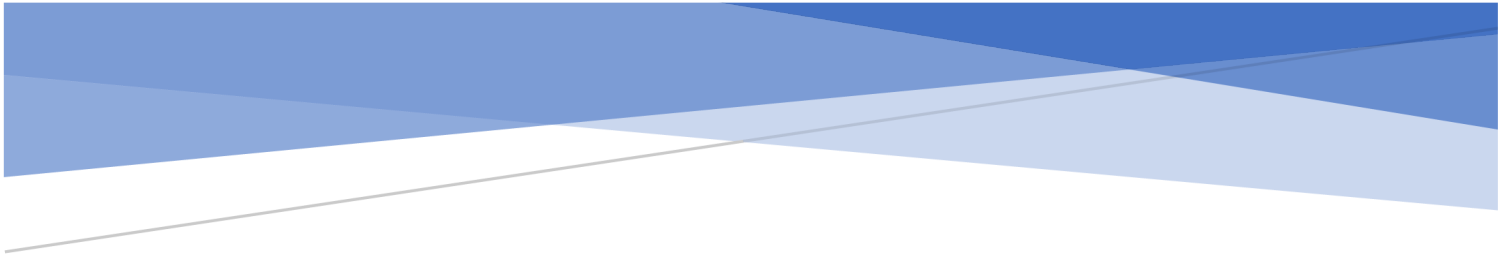
The number of households experiencing housing stress, particularly those with low and very low household incomes has increased and it is predicted that it will continue to do so.

The number of households in Monash who need affordable housing increased slightly between 2016 and 2021- from 11.8% to 12.3%. The 2021 figures are likely to under-represent the worsening of the problem, as these figures were obtained during the COVID-19 pandemic when there was a temporary increase to the JobSeeker payment and prior to the current rental crisis.

There are significant negative social and economic consequences of the lack of affordable housing.

The input of the community and housing industry, through the consultation process, will provide valuable insight into refining and completing this strategy. The consultation will also assist in highlighting potential implementation and policy options for the Strategy.

The results of the community consultation will be reported to a future meeting of Council for consideration as part of the next steps in considering the Strategy.



DRAFT- MONASH AFFORDABLE HOUSING STRATEGY

City of Monash

June 2023

Acknowledgement of Country

Monash Council acknowledges the Traditional Owners of this land, the Wurundjeri Woi Wurrung and Bunurong People, and recognises their continuing connection to the land and waterways. We pay our respects to their Elders past, present and emerging and extend this to all Aboriginal and Torres Strait Islander People.

Acknowledgements

The Draft Monash Affordable Housing Strategy, 2023 has been prepared by Monash City Council, and draws on the material prepared and developed by SGS Economics and Planning, including SGS's Draft Monash Affordable Housing Strategy- November 2019.

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Planning Panel Victoria cases.....		1
Mornington Peninsula Planning Scheme Amendment C184 Part 2 (June 2015).....		1
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1. Strategy snapshot

Rising house prices and rents, low wage growth, taxation settings and limited investment in social and affordable housing have all contributed to a significant decline in housing affordability. This environment has led to an increase in the number of households experiencing housing stress in the community. Almost 1 in 8 Monash households are experiencing housing stress and in need of some form of affordable housing assistance. After excluding owner occupiers, this represents nearly half of all rental households.

In response, Monash City Council has developed an Affordable Housing Strategy. This strategy makes a clear case for taking action for greater affordable housing provision in the City of Monash. It demonstrates both the need for affordable housing and the benefits of having more affordable housing to the community and the economy of Monash.

In seeking to address the “need” for affordable housing it is necessary to tackle the issue from both a supply and demand point of view. This means that the Strategy and Actions are targeted to both increase the amount of affordable housing available and, in the longer term, reduce demand for affordable housing through actions that work towards increasing housing affordability.

At the same time, Monash, as a local government entity is constrained in its ability to play a significant role in directly improving housing affordability or the delivery of additional affordable housing at the scale required to address current and forecast need.

State and Federal governments hold the primary responsibility for housing affordability levers and ensuring adequate access to affordable housing in Australia through migration, investment, taxation and direct funding policy decisions. However, there is a growing role for local governments to give voice to the issues affecting their communities, especially in Victoria.

VISION	<p>The City of Monash will:</p> <ul style="list-style-type: none"> – Prioritise, facilitate and increase the availability of affordable housing; and – Advocate for improved housing affordability and increased supply of affordable housing in Monash.
OBJECTIVES	<p>Identify a clear and practical set of strategies and actions for Monash City Council to support increased housing affordability and supply of affordable housing, within its remit as a local government authority.</p>
OUTCOMES	<ul style="list-style-type: none"> – Better housing diversity that suits community needs – Increased affordable housing supply – Increased housing affordability – Greater State and Federal government investment and leadership – More effective partnership arrangements with community housing providers and developers – Improved community support for affordable housing
STRATEGIES	<ul style="list-style-type: none"> – Continue to support housing diversity and choice via Council’s planning policies – Establish strong policy statements about the need for affordable housing in Monash – Require an affordable housing contribution when land is being rezoned to facilitate residential development or in residential development of 20 or more dwellings – Consider the application of an inclusionary zoning requirement for affordable housing when planning for activity centres – Advocate for an inclusionary zoning requirement for affordable housing in the precinct planning for the Suburban Rail Loop Station Precincts – Establish processes to support the negotiation and delivery of affordable housing contributions – Engage with and educate the community on affordable housing as essential local infrastructure – Adopt a relationship building, information sharing and brokerage role between the development and affordable housing sectors – Consider opportunities for affordable housing on appropriate Council-owned land and in Council developments – Advocate for State and Federal Government investment in affordable housing in Monash – Advocate independently and through the Eastern Affordable Housing Alliance for mandatory inclusionary zoning, taxation reform and direct government investment and subsidies to increase housing affordability and the supply of affordable housing

2. What is the policy context?

The *Monash Affordable Housing Strategy* comes at a time of a growing role for local governments to utilise the planning system to deliver affordable housing and set out clear and practical strategies and actions.

The Strategy aligns with the *Monash Housing Strategy 2014*, which has an objective to ensure appropriate and affordable housing is available to suit the social and economic needs of the community.

Council takes an active role in advocacy and is a member of the Eastern Affordable Housing Alliance (EAHA). The Alliance advocates for increased Affordable Housing in the Eastern Metropolitan Region to respond to current and future housing needs. Advocacy to State and Federal governments, particularly in the lead up to elections is a major focus for EAHA, as is working cooperatively with a range of stakeholders to increase the supply of affordable housing.

State Government interventions

Changes at the State Government level have created momentum for new action on affordable housing.

Plan Melbourne 2017-2050 identifies policies to facilitate the supply of affordable housing.

Homes for Victorians includes a range of measures that encompass housing supply, housing services and reforms to the rental sector. Amendments made in 2018 to the *Planning and Environment Act 1987* strengthened the role of the planning system in contributing to affordable housing by defining affordable housing and adding an objective of the planning system to “*facilitate the provision of affordable housing in Victoria*”.

Most significantly, the Victorian Government’s *Big Housing Build* – announced in 2020 as a stimulus response to the COVID-19 pandemic – allocates \$5.3 billion over four years to build over 12,000 new social housing dwellings. In addition, the city-shaping Suburban Rail Loop project, announced in 2019 with stations proposed at Clayton, Glen Waverley and Monash University will create opportunities to include affordable housing as an essential segment of the housing mix as these precincts grow.

Infrastructure Victoria’s *Infrastructure Strategy 2021-2051* includes a recommendation to “use value-capture mechanisms to deliver very low-income housing” (*recommendation 36*), where planning regulations can be used to place mandatory conditions on land use to deliver a proportion of affordable housing during the rezoning process, to capture the windfall value of rezoning proposals.

The State Government has developed a windfall gains tax that will come into operation from 1 July 2023. The 50% windfall gains tax will be applied when the rezoning of land results in a value uplift to the land of more than \$100,000. (*Although it should be noted that at this point in time these funds are proposed to form part of general revenue.*)

In 2021, State Government launched a discussion paper on the development of a *10-year Strategy for Social and Affordable Housing*. This plan signals a new approach to shared planning and co-contributions, for example, the opportunity and expectation of councils and community groups contributing equity (land) to social housing projects. It also signals opportunities for new partnerships between state and local government through a ‘Social and Affordable Housing Compact’. Unfortunately, neither the 10-year Strategy or the Compact have progressed.

While the *Big Housing Build* will provide a much-needed capital injection to Victoria's social housing stock in the coming four years, the program does not include land acquisition and also proposes local government provide other subsidies such as rate exemptions. This investment will not meet the total need for social and affordable housing, with an expected shortfall of some 38,000 dwellings across the State.

Council's role

Within this policy context, Council has set a vision to:

- Prioritise, facilitate and increase the availability of affordable housing; and
- Advocate for improved housing affordability and increased supply of affordable housing in Monash.

This Strategy aims to support that vision by identifying a clear and practical set of strategies and actions for Monash City Council to support the increased supply of affordable housing, within its remit as a local government authority.

By delivering on those strategy and actions, Council will achieve the following outcomes:

- Better housing diversity that suits community needs – Facilitating and promoting greater diversity and accessibility of affordable forms of private market dwellings. As the demand for affordable housing is unlikely to be met by the public sector alone, it is important for the private sector to also contribute to the provision of affordable forms of market dwellings.
- Increased affordable housing supply – Increasing the supply of affordable rental housing in accessible locations and maintaining and expanding existing affordable housing opportunities, to providing a 6 per cent affordable housing contribution in major redevelopment, through rezoning proposals and in the planning for activity centres
- Increased affordable housing supply –Advocating for substantial amounts of affordable housing in the Suburban Rail Loop Station Precincts at a level that reflects the future residential and workforce aspirations and subsequent forecast needs in the precincts.
- Increased housing affordability: Greater government investment and leadership – Advocate to the Federal Government and Victorian Government leadership for reforms and programs to increase housing affordability and the supply of social and affordable housing as essential for diverse and successful communities and economies.
- More effective partnership arrangements with community housing providers – Establishing strategic partnerships, and procurement frameworks to work with community housing providers and promote innovative affordable housing models.
- Improved community support for affordable housing – Engaging with the community on the need for affordable housing and the benefits it can bring to the Monash community will help generate greater community support for affordable housing.

Affordable housing benchmarks

Despite the State government including the facilitation of affordable housing in the Planning & Environment Act there is no guidance on how this is to be achieved or affordable housing benchmarks (e.g., percentage of affordable housing required within each development and at what cost).

Given this policy vacuum, it has been left to individual councils to endeavour to form guidance through policy and in some instances precinct planning amendments. Consequently, the affordable housing outcomes vary considerably.

Most Planning Schemes that have a specified rate of affordable housing have not included the cost of dwellings (and/or discount to market price if to be sold to a Housing Association). As a result, it is left to council to undertake individual negotiations on a site-by-site basis.

Planning Scheme Amendments that have occurred more recently are providing greater clarity in relation to housing cost. West Melbourne currently has the highest affordable housing offer - 6 per cent of dwellings transferred at zero cost. This is followed by Arden Precinct with 3 per cent affordable housing at no cost, and Clayton PMP Printing Site in the City of Monash at 2 per cent affordable housing at no cost (see Appendix A).

3. What is affordable housing?

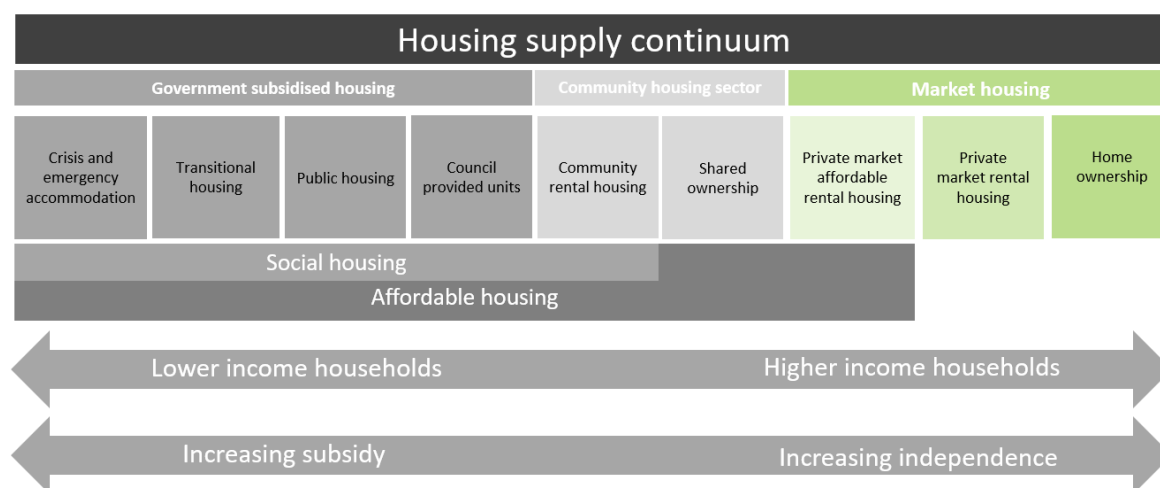
The Victorian State Government has introduced a definition of affordable housing to the *Planning and Environment Act 1987* being “housing that is appropriate to the needs of very low, low, and moderate-income households”.

This Strategy adopts the industry benchmark of housing costs being below 30 per cent of income as appropriate to the needs of these households. When households pay above this benchmark, they often need to forego spending on essential items like food, bills and healthcare – at this point they are considered to be in housing stress and in need of affordable housing assistance.

Social housing is a subset of affordable housing. Homes Victoria defines social housing as “an umbrella term that includes both public housing and community housing. It generally indicates housing that involves some degree of subsidy. Public housing is housing owned and managed by Homes Victoria. Community housing is housing owned or managed by community housing providers”.

This Affordable Housing Strategy focuses on the provision of affordable long term rental housing for the very-low- to low-income households in Monash, as shown in the housing continuum below. It also includes opportunities and options for expanding lower-cost private market housing to provide more affordable housing for low- and moderate-income households.

Figure 1 Housing supply Continuum



Source: SGS Economics and Planning

4. Why does Monash need increased affordability and affordable housing?

There is a strong case for better access to affordable housing in Monash. The benefits will not only go to the people who live in the housing, but also to the social and economic environment of the wider community.

Research into the impacts of increased social and affordable housing supply identifies the following key benefits:

- Reduced disadvantage through lower rates of housing stress and reduced risk of homelessness
- Improved diversity by creating the opportunity for people with any income level to live and work in the community
- Enabling residents to stay in their local area through different life stages and maintain strong social and community networks
- Economic efficiency by ensuring that high housing costs do not exclude valuable members of the labour force from good access to jobs in the City of Monash
- Reduced housing costs which enable greater expenditure to be directed into productive areas of the economy
- Reduced demand for government and not-for-profit assistance for housing
- Reduced movement and congestion costs associated with living distant from employment or services.

Due to the large demand for affordable housing, it follows that without some form of intervention, a significant number of households in Monash will be placed in housing stress or homelessness. As a result, some households may move to a more affordable location, although such displacement is likely to result in higher commuting costs, and strain established ties within the Monash community.

One possible impact of this, is that over time, Monash will become a less diverse community as lower income households, who make a fundamental contribution to the economic and social life of the municipality, are unable to afford to rent housing at market rates, or even contemplate the option of home ownership.

5. How much social and affordable housing does Monash need?

The SGS *Housing Assistance Demand Model* measures the number of households who currently need affordable housing (those experiencing housing stress) and projects the need over the next 20 years, in line with expected population growth under the *Victoria in Future 2019* forecasts adjusted to reflect how the population changed during COVID-19.

In Monash, there were a total of 9,400 households in need of household assistance in 2021, and this is forecast to grow by 3,100 households to 12,500 households by 2041. This represents almost 1 in every 8 households in the Monash municipality (12.3 per cent).

There is a large gap in the provision of social and affordable housing in Monash. When subtracting the total of 1,550 existing social housing dwellings in Monash from the total need for housing assistance shown in Table 1, the estimated *unmet* need for housing assistance in 2021 was approximately 7,900 dwellings, and this is forecast to grow by 39 per cent to 11,000 dwellings in 2041. This unmet need for affordable housing forecast is based on the assumption that rent will increase at the same rate as household incomes and that no additional social housing will be provided. Current rent increases are significantly outpacing income increases.

The proportion of the total need for social and affordable housing dwellings is forecast to increase to 13.7% in 2041 (noting that rents were lower than usual during the 2021 census as a result of COVID-19).

Table 1: Households needing housing assistance in Monash, 2021-2041

Household type	People experiencing homelessness	Social housing	Very-low-income households	Low-income households	Moderate-income households	Total need
2021	1,470	1,550	2,900	2,200	1,400	9,400
2041	1,660	1,550	3,900	3,100	2,400	12,500
Difference 2021-2041	190	0	1,000	900	1,000	3,100

Source: SGS Economics and Planning, 2021. Columns may not sum to totals due to rounding.

6. Who needs affordable housing?

There is a diverse range of households that experience housing stress and require housing assistance. They include households on very low incomes to moderate income levels that work in many different employment sectors and those on income support payments such as the age pension and JobSeeker. This is illustrated in Figure 2.

Research has shown that “housing insecurity and homelessness in Australia are gendered problems. While data from the Australian Bureau of Statistics consistently shows more men than women are homeless, women’s experience of homelessness is not adequately captured in the analysis”¹. Furthermore, “older women – those aged 55 and over- are the fastest growing cohort of Australians at risk of homelessness”².

In addition, “women with disabilities and those from non-English speaking backgrounds also have higher risks of homelessness, as do people of diverse gender identities”³.

Of the households in housing stress in 2021, lone person households account for the largest single cohort at over 4,000 households. This is followed by couple families without children and one parent families.

There are fewer group households in housing stress because they make up a smaller portion of all Monash households, however, after lone person households they are among the most likely household type to experience housing stress – 24 per cent of lone person households, 22 per cent of group households and 18 per cent of one-parent families experience housing stress. Research has shown that in Australia, almost 80% of single parent households are headed by a female.⁴

There was an estimated 1,470 people experiencing homelessness in Monash – 1.9 per cent of all households. It is worth noting that the homeless count also includes people living in temporary accommodation and boarding houses, with boarding houses being the most common type of homelessness in Monash. However, the ABS survey typically undercounts the prevalence of homelessness so the number in Monash may be higher than in the table below.

More than half of all households in housing stress are very-low-income households. Around half of households in rental stress are experiencing *severe* housing stress – that is, they are paying more than 50 per cent of their income on rent.

¹ Emma Dawson, *A Home of One’s Own: Philanthropic and social sector solutions for women’s housing*, Australians Investing in Women and Per capita, October 2022, p7

² Emma Dawson, *A Home of One’s Own: Philanthropic and social sector solutions for women’s housing*, Australians Investing in Women and Per capita, October 2022, p16

³ Emma Dawson, *A Home of One’s Own: Philanthropic and social sector solutions for women’s housing*, Australians Investing in Women and Per capita, October 2022, p12

⁴ Emma Dawson, *A Home of One’s Own: Philanthropic and social sector solutions for women’s housing*, Australians Investing in Women and Per capita, October 2022, p17

Figure 2: Overview of Households in Monash, 2021

Affordable housing can help a diverse range of households live and work in Monash

Very low-income households

Many very-low incomes earners are part-time and casual workers



Café workers
\$22,000

Aged pensioner
\$22,000

Checkout operators:
\$23,000

Income Ranges
Single adult: Up to \$26,680
Couple, no dependents: Up to \$40,010
Family with dependents (one or two parents): Up to \$56,010

34% in housing stress
5,900 households in stress

Low-income households

Minimum wage \$37,500



Commercial cleaners
\$28,000 + Delivery drivers
\$40,000 = \$68,000

Music professionals
\$32,000

Child carers
\$34,000

Income Ranges
Single adult: \$26,681 to \$42,680
Couple, no dependents: \$40,011 to \$64,030
Family with dependents (one or two parents): \$56,011 to \$89,630

20% in housing stress
2,200 households in stress

Moderate-income households



Handypersons
\$48,000 + Occupational therapist
\$46,000 = \$94,000

Counsellors
\$58,000

Chefs
\$52,000

Income Ranges
Single adult: \$42,681 to \$64,020
Couple, no dependents: \$64,031 to \$96,030
Family with dependents (one or two parents): \$89,631 to \$134,450

10% in housing stress
1,400 households in stress

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Note: The proportion of households in the very low-income levels experiencing housing stress decreased between 2016 and 2021. There is a high likelihood that the decrease in households experiencing housing stress in 2021 was temporary and was due to the increase to the JobSeeker payment during the COVID-19 pandemic.

7. What is Council's role in the affordability and affordable housing space?

The need for substantially more affordable housing is not isolated to Monash alone, nor is it Council's sole responsibility to address that need. There are many forces and institutions driving housing affordability outcomes in Monash and in other locations that are beyond the direct purview or influence of Council. These relate to general economic conditions, population growth, monetary policy settings, taxation provisions, wages and the dynamics of the housing cycle.

Historically, the task of supplying social and affordable housing has been funded via the broad-based tax systems operated by federal and state governments. They are best placed, constitutionally and financially, to continue to make the primary contributions by virtue of their superior revenue raising powers, ability to take on debt and legislative powers.

Nevertheless, there is a strong and growing role for local governments to give voice and action to housing issues. The recent policy changes driven by the Victorian State Government, including amendments to the *Planning and Environment Act 1987*, have provided a framework for local governments to assume a larger role in the provision of affordable housing. While this framework is unclear and does not provide specific powers or guidance, these developments strengthen the view that the large and increasing shortfall of affordable housing can be best addressed by action from all three tiers of government, in partnership with the private and community housing sectors.

Within this context, it is not the role of Council to directly provide affordable housing to meet all of the need in Monash, or to seek equivalent contributions from developers, or, indeed, to solve the housing affordability crisis. Instead, its role is to help facilitate the provision of affordable housing and advocate to State and Federal governments for improvements to housing affordability and other appropriate actions on behalf of the community of Monash.

8. What can Council do to increase the supply of affordable housing?

Local governments have a limited range of policy levers to increase the supply of affordable housing. These policy levers can be grouped into four pillars: regulation, partnerships, investment and advocacy.

Regulation

The '**regulation**' group of levers includes options available to Council under the *Planning and Environment Act 1987* in its role as the responsible authority. This includes planning system measures to facilitate efficient housing markets to assist in housing supply and opportunities to negotiate and facilitate the provision of affordable housing contributions.

As the responsible authority for local planning matters, Council's most effective mechanism for helping to address the need for affordable housing is to seek contributions through the planning system. The provision of affordable housing has traditionally taken two distinct forms:

- **Value sharing** operates on the basis that the community should share in the land value uplift which is created when planning regulations allow for additional or increased development. Value sharing contributions can be dedicated to a range of public benefit infrastructure or services, including affordable housing. Currently, many Councils receive value sharing contributions through site-specific negotiations. This occurs in many different development contexts, from the inner city (Central City Floor Area Uplift Scheme) to suburban development (Ryco Precinct Footscray) and outer greenfield developments (City of Cardinia).
- An **inclusionary approach** considers affordable housing in the same way as contributions to open space, parking, water-cycle infrastructure, and heritage conservation – it is considered essential infrastructure for sustainable neighbourhoods. In the same way, we would expect a minimum and prescribed amount of open space or car parking to be provided in any redevelopment, the rate of social and affordable housing provision can also be prescribed, by reference to appropriate benchmarks or need. Inclusionary zones can apply broadly across a large precinct or whole LGA. It has most recently been applied in key redevelopment precincts, like Fishermans Bend and West Melbourne, with further plans for affordable housing contributions in Arden and Macaulay.

It should be noted that at present there are no specific planning scheme mechanisms available to Council to mandate these policy positions across the municipality in the Monash Planning Scheme. At this point in time Council is constrained to negotiating affordable housing provision with the support of limited policy statements in site-specific redevelopments such as the PMP site in Clayton.

The State Government has announced the commencement of precinct planning for the Suburban Rail Loop precincts. There is an opportunity for Council to advocate for the inclusion of substantial amounts of affordable housing throughout the residential and commercial areas of these precincts to ensure that the precincts are diverse and economically viable as 20-minute neighbourhoods.

Partnership

The '**partnership**' group of levers includes strategies by which Council would work with private or community housing sector proponents to help them achieve affordable housing outcomes. These include brokerage of partnerships between corporate developers and registered community housing providers where the former are self-motivated to include affordable housing in their projects.

Council also has a role to play in providing useful information on the Community Housing Sector to developers and interested parties.

Investment

The **'investment'** group of levers would see Council applying its own assets – whether this be cash, land, air rights or underwriting capacity – to directly generate an expansion of social and affordable housing in Monash.

Advocacy

The **'advocacy'** group of interventions would see Council seek to attract State Government investment through the *Big Housing Build*. Council would also continue to advocate for the introduction of mandatory inclusionary zoning and the delivery of at least 11,700 new social housing dwellings in the Eastern Metropolitan Region. This advocacy also applies to the provision of affordable housing in the Suburban Rail Loop Station Precincts.

Additional advocacy would be undertaken on broader policy and taxation settings that directly impact on affordability issues in the housing market to State and Federal governments. Through this platform, Council has an opportunity to collectively develop and voice its views alongside like-minded Councils.

9. Strategies and actions to fulfil a vision for the City of Monash

Council has developed a set of strategies and actions to meet the vision of this strategy which states:

“The City of Monash will:

- *Prioritise, facilitate and increase the availability of affordable housing; and*
- *Advocate for improved housing affordability and increased supply of affordable housing in Monash.”*

The table below summarises the strategies under each of the four pillars. The opportunities presented by each strategy varies in its impact on overall supply of affordable housing. A ‘high impact’ opportunity is likely to have a larger positive impact on the provision of affordable housing and housing diversity.

Each of the opportunities also has a different degree of difficulty, or ‘challenge’ in terms of implementation. An opportunity with a low degree of difficulty is relatively easy to carry out with minimum resources from Council. An opportunity with a high degree of difficulty may require institutional changes and be dependent on the actions of other stakeholders such as the Victorian Government.

By codifying the impact and challenge for each strategy, Council can readily identify and prioritise actions through the implementation phase of this strategy.

Following the table, the remainder of this document describes each strategy in detail.

Table 2: Summary of strategies

Strategy		Impact	Challenge
<i>Regulation</i>			
1	Continue to support housing diversity and choice via Council’s planning policies	Moderate	Low
2	Establish strong policy statements about the need for affordable housing in Monash	Moderate	Moderate
3	Require an affordable housing contribution when land is being rezoned to facilitate residential development, or residential developments of 20 or more dwellings	Moderate	Moderate
4	Consider the application of an inclusionary zoning requirement for affordable housing when planning for activity centres.	High	Moderate

5	Advocate for a substantial mandatory inclusionary zoning requirement for affordable housing in the precinct planning for the Suburban Rail Loop Station Precincts.	High	High
6	Establish processes to support the negotiation and delivery of affordable housing contributions	Moderate	Low
<i>Partnership</i>			
7	Engage with and educate the community on affordable housing as essential local infrastructure	Low	Low
8	Adopt a relationship building, information sharing and brokerage role between the development and affordable housing sectors	Low	Low
<i>Investment</i>			
9	Consider opportunities for affordable housing on appropriate Council-owned land and Council development	Low	High
<i>Advocacy</i>			
10	Advocate for State and Federal Government investment in affordable housing in Monash	High	Moderate
11	Advocate independently and through the Eastern Affordable Housing Alliance for mandatory inclusionary zoning, taxation reform and direct government investment and subsidies in affordable housing	High	High

Regulation

Strategy 1 Continue to support housing diversity and choice through Council's planning policies

While not the primary focus of this strategy, efficient housing markets do make some contribution to the larger affordability picture. In an efficient housing market, the supply of housing can readily meet demand. In simple terms, this means that regulatory framework operates at a level that continues to provide adequate opportunities for new housing, and that their type, location and price are likely to more closely match the needs of new households that are forming, as well as existing households that require an alternative accommodation option.

An efficient housing market is more attractive for investment, as it is less risky and more likely to provide a return. It is also likely, in the long run, to reduce upwards pressure on the cost of housing that arises when demand outstrips supply or when new supply is mismatched with need.

Efficient housing markets deliver more affordable housing and a larger diversity of housing to match a range of needs. Councils can choose from several initiatives or improvements to facilitate market efficiencies, including planning system measures, infrastructure provision and information dissemination. In aggregate, these initiatives and/or improvements will have an impact on the efficiency of the local housing market and perceptions of risks and return on investment in Monash.

(It should be noted that regardless of the efficiency of the regulatory system ultimately permit holders will decide when and at what price point to supply the housing market.)

Action 1.1: Review and update the Monash Housing Strategy 2014

Monash has undertaken substantial work on the local housing market through its *Monash Housing Strategy 2014*. That document outlines strategies and actions to address key issues in Monash and to promote housing diversity. Relevant strategies include:

- Encouraging housing which caters for the needs of residents at various stages of their lives and with different needs, including providing the opportunity to age in place, having regard to variations in lifestyle preferences and cultural needs across key demographic groups.
- Promote higher density developments within and adjacent to activity and neighbourhood centres that will accommodate different forms of housing, subject to direction regarding appropriate scale and design.
- Promote a variety of dwelling sizes and types to support greater affordability of housing and choice in medium and large urban developments.

Given the age of the document, it is now appropriate to review and update the 2014 strategy to ensure the best planning settings in place across the municipality to promote housing diversity and other aspects of efficient housing markets.

Action 1.2 Investigate mechanisms for requiring the provision of affordable housing in planning for Activity Centres.

Activity centres in Monash have significant scope for increased density and development uplift. They are suitable for the provision of a more diverse and affordability range of housing types, particularly because they provide the ability for affordable housing to be located in close proximity to employment, services and shops.

Strategy 2 Establish strong policy statements about the need for affordable housing in Monash

Action 2.1 Seek a planning scheme amendment to include a strong statement of support for affordable housing contributions in Monash

There is clear justification for using the planning system to support an increase in affordable housing. There is now a definition of affordable housing in the *Planning and Environment Act 1987* and an objective to “facilitate the provision of affordable housing”. As noted by Department of Transport and Planning, this was intended to support the negotiation of affordable housing agreements between landowners and councils via Section 173 Agreements. However, previous failed negotiations across Melbourne show that the changes have had limited actual effect.⁵ Clearly, stronger policy is needed to support affordable housing contributions through the planning scheme.

The planning scheme is the key tool through which Council can influence new development. Strategies and policies that are not reflected in the planning scheme will have little if any weight in directing development outcomes. It therefore follows that if Council supports achieving more affordable housing, this should be expressed – and, ideally, given regulatory effect – through the planning scheme.

Historical practice in Victoria has generally not seen strong directive statements or requirements regarding affordable housing in planning schemes. This creates difficulties for councils in actually requiring private developers to provide affordable housing when approving planning permits. In the absence of clear policy support, councils have consistently struggled to defend requirements for affordable housing.

There are, however, some recent movements with the Amendments C270 (Central City), GC81 (Fishermans Bend), C385 (West Melbourne) to the Melbourne Planning Scheme and C269 to the Yarra Planning Scheme (adopted), including a variety of value capture and inclusionary zoning approaches to affordable housing contributions.

Council can support the provision of affordable housing through the planning process with three approaches to rezonings and larger developments:

1. Broad policy statements of support for affordable housing contributions
2. Specific statements regarding approaches to rezoning proposals
3. Policy guidance regarding affordable housing contributions for larger redevelopments (20 or more dwellings) that include residential uses.

The first option is to enhance the existing policy with a statement of support for provision of affordable housing (as opposed to general market-based housing affordability responses). Such statements have value in clearly asserting the need to consider affordable housing issues in planning assessments and further strategic work can build on this statement. There is precedent in other policy areas (notably Environmentally Sustainable Development) for broad statements in support of policy to gradually be given more weight over time as the prevailing thinking and practice shifts within the industry.

⁵ For example, *Panorama Investment (Box Hill) Pty Ltd v Whitehorse CC* [2018] VCAT 1490.

Action 2.2 *Include a strong policy statement for the provision of a 6 per cent affordable housing contribution in major redevelopment or through residential rezoning proposals*

While there is currently no accepted planning mechanism for the introduction of an all-inclusive mandatory provision, there remains merit in Council adopting a position of an inclusionary zoning “rate” for the provision of affordable housing. When adopted, this rate would form the basis for advocacy and negotiations in rezoning proposals and for larger residential development applications comprising 20 or more dwellings. This rate would apply to land that can accommodate residential land uses and consequently would apply to residential and commercial zoned land. If this could be included as a strong policy statement in the Monash Planning Scheme would provide further significance and legitimacy to the provision of affordable housing.

The proposed 6 per cent rate aligns with State government policy in redevelopment precincts such as Fishermans Bend and West Melbourne.

Strategy 3 Require an affordable housing contribution when land is being rezoned to facilitate residential development, or in residential developments of 20 or more dwellings.

Action 3.1 *Develop a policy to implementing an affordable housing contribution through rezoning processes*

Action 3.2 *Develop Council’s policy and approach to negotiating an affordable housing contribution in residential development applications proposing 20 or more dwellings*

As part of this strategy, an inclusionary zoning “rate” for the provision of affordable housing is proposed. When adopted, this rate would form the basis for advocacy and negotiations in rezoning proposals for larger residential development applications of 20 or more dwellings. On this basis, a default inclusionary zoning rate of 6 per cent affordable housing is recommended for Monash. This would apply to land that is capable of accommodating residential land uses and consequently would apply to residential and commercial zoned land.

Strategy 4 Consider the application of an inclusionary zoning requirement for affordable housing when planning for activity centres.

Action 4.1 *Develop Council’s policy and approach to the application of inclusionary zoning requirements for affordable housing when planning for activity centres*

Action 4.2 *Subject to Action 4.1, seek a 6 per cent affordable housing contribution for land in a commercial zone or land that will be rezoned to a more intense residential zone following planning for activity centres*

Amendment C385 to the Melbourne Planning Scheme implements the West Melbourne Structure Plan. It was gazetted on 10 May 2022. It makes changes to the Planning Policy Framework (C11.03-6L-15) and introduces Schedule 6 to the Special Use Zone. Both Clauses now have a discretionary requirement for the provision of a 6 per cent affordable housing contribution for land that is used for dwellings.

The gazettal of Amendment C385 is an example of a discretionary 6 per cent inclusionary zoning requirement that has been introduced in a Victorian Planning Scheme in relation to planning for activity centres.

Strategy 5 Advocate for an inclusionary zoning requirement for affordable housing in the precinct planning for the Suburban Rail Loop Station Precincts

Action 5.1 Advocate for the provision of substantial amounts of affordable housing in the Suburban Rail Loop Station Precincts at a level that reflects the future residential and workforce aspirations and subsequent forecast needs in the precincts.

The Suburban Rail Loop is city-shaping infrastructure, these precincts will house and employ large numbers of people and will experience a significant uplift in land values. There are three suburban rail loop stations proposed in the City of Monash, they are Clayton, Monash and Glen Waverley.

The State Government announced the upcoming commencement of precinct planning for the Suburban Rail Loop precincts. This is an opportunity to ensure the inclusion of affordable housing throughout the residential and commercial areas of these precincts, as well as ensuring that the precincts are diverse and economically viable as 20-minute neighbourhoods.

Modelling has been undertaken by the Victorian Government to determine the projected number of additional jobs that will be located in each Suburban Rail Loop Station Precinct by 2056. It is projected that by 2056, there will be 36,500 new jobs in the Clayton Station Precinct, 125,500 new jobs in the Monash Station Precinct and 13,500 new jobs in the Glen Waverley Precinct⁶. The Monash Station Precinct will continue to build on its strengths that in Science, Technology, Engineering and Mathematics, which will be supported with new hospitality offerings⁷. The Clayton Station Precinct predominately employs people in the healthcare, research, development and technology innovation⁸. It is anticipated that the Glen Waverley Precinct will continue to employ people in business, retail and entertainment sectors⁹.

These additional jobs will employ people with a range of incomes, including those with very low, low and moderate incomes. To ensure the success of these precincts, it is critical that people from a range of incomes can afford to live there. Therefore, a substantially higher rate than the 6 per cent what is recommended for major redevelopment or rezoned land is warranted. The appropriate rate needs to reflect the future residential and workforce aspirations and subsequent forecast needs in these precincts. This will be determined during the precinct planning of the Suburban Rail Loop Precincts, but it should be greater than 10 per cent.

Strategy 6 Establish processes to support the negotiation and delivery of affordable housing contributions

Action 6.1 Investigate the development and community housing industry's preferred delivery methods for affordable housing

This action will support affordable housing contributions in the City of Monash. By engaging with the development and community housing sectors to establish their preferred delivery methods for affordable housing.

⁶ Victorian Government, *Suburban Rail Loop- Business and Investment Case Key Findings*, 2021, p22

⁷ Victorian Government, *Suburban Rail Loop- Business and Investment Case Key Findings*, 2021, p22

⁸ Victorian Government, *Suburban Rail Loop- Business and Investment Case Key Findings*, 2021, p22

⁹ Victorian Government, *Suburban Rail Loop- Business and Investment Case Key Findings*, 2021, p22

Partnership

Strategy 7 Engage with and educate the community on social and affordable housing as essential local infrastructure

Action 7.1 Develop an approach to educating the community on the need and benefits of social and affordable housing

Previous community consultation shows that there are some misconceptions and pockets of community resistance to the provision of affordable housing in the wider community. In some areas, residents were concerned about who the tenants of affordable housing are. There is a need for Council to lead the conversation in understanding the need for affordable housing and to demonstrate to the wider community about the values of affordable housing.

Community education will contribute to achieving beneficial outcomes for Monash in the medium to long term. This could come in the form of a consultation around this strategy, consultation about specific development sites or a Council-wide campaign about the benefits of affordable housing.

Action 7.2 Work with external housing and advocacy groups to promote and facilitate affordable housing provision and awareness

Stakeholder engagement with Council officers highlighted engaging and educating the community on the need for and benefits of social and affordable housing as a priority. Engaging the community is crucial, given Council's commitment to and interest in the provision of social and affordable housing in Monash.

Action 7.3 Promote the activities of external agencies active in addressing affordable housing such as Homes for Homes and Housing All Australians

Promoting and sharing the activities of external agencies working in the affordable housing sphere increases their ability to undertake action and also increases the development industries awareness of the options available to address the issue and the policy expectations of Council.

Strategy 8 Adopt a relationship building, information sharing and brokerage role between the development and the affordable housing sectors

Action 8.1 Publish information on the affordable housing sector for developers and provide a single point of contact at Council for enquiries.

Council can play a role in brokering joint ventures and partnerships between developers, community housing providers, other housing providers and Homes Victoria. A brokerage role relies on Council identifying and formulating working relationships with the agencies active in the area. Council can play an introductory role, while also disseminating appropriate information on the sector to developers and providing a point of contact.

Investment

Strategy 9 Consider opportunities for affordable housing on appropriate Council-owned land and as part of Council developments

Action 9.1 Investigate opportunities in Council development and on Council owned land for affordable housing provision

Action 9.2 Develop and test a process for developing appropriate Council owned sites for affordable housing outcomes

The 'investment' pillar involves investigating opportunities for Council to directly invest in the provision of social and affordable housing. Council can pursue this agenda via joint ventures with developers and community housing providers using its own land or in a Council development.

Monash has historically invested in social housing and currently owns 10 sites supporting 70-80 dwellings for social and affordable housing. It may be an option to expand Council's direct provision if further land and enough capital can be identified.

Council should investigate the opportunities for direct investment as an initial step. This may include an audit of suitable sites and assessment of affordable housing against other suitable uses on those sites. There may also be scope to increase densities on Council's existing affordable housing sites to deliver additional dwellings.

Advocacy

Strategy 10 Advocate for State and Federal Government investment in affordable housing in Monash

Action 10.1 Seek to attract investments from the State Government via the Big Housing Build

The State Government has significantly increased its capital investments in new social housing stock with the record \$5.3 billion *Big Housing Build* stimulus package. The State plans to build over 12,000 dwellings across Greater Melbourne and Regional Victoria over the next four years.

This represents an unprecedented opportunity for the City of Monash to attract new investment in its municipality. Proactive advocacy to HomesVic and through its partnerships with the community housing sector (Strategy 6) will help to attract investment.

Action 10.2 Advocate to the State Government for any State Government funds levied by the Windfall Gains Tax to be directed into affordable housing provision in Monash

As has been discussed, responsibility for increasing the supply of social and affordable housing is shared across the three tiers of government. The State Government has passed legislation to apply a 50 per cent tax on the windfall gains from rezonings across the State. This tax will come into effect from 1 July 2023. The Victorian Treasury states:

*"A tax on windfall gains associated with a rezoning is an efficient and targeted way of capturing a fair share of these value uplifts for the community, contributing to infrastructure and services where the property values increase due to the actions of Government."*¹⁰

Such value capture mechanisms are appropriate funding sources for the essential infrastructure of affordable housing. There is opportunity to direct funds collected from uplift in land value in Monash

¹⁰ Department of Treasury and Finance (2021) Windfall Gains Tax Sheet: www.dtf.vic.gov.au/sites/default/files/document/Windfall%20Gains%20Tax%20-%20Factsheet.pdf

through the operation of the Windfall Gains Tax for investment in social and affordable housing stock (i.e. for funds collected locally to be spent locally on affordable housing).

Action 10.3 Advocate for the inclusion of a substantial amount of affordable housing in the precinct planning for the Suburban Rail Loop Station Precincts

As discussed previously, the Suburban Rail Loop is city-shaping infrastructure, these precincts will house and employ large numbers of people and will experience a significant uplift in land values. To ensure the success of these precincts, it is critical that people from a range of incomes can afford to live there. Therefore, affordable housing needs to be provided in the Suburban Rail Loop Precincts.

Strategy 11 Advocate independently and through the Eastern Affordable Housing Alliance (EAHA) for mandatory inclusionary zoning, taxation reform and direct government investment and subsidies in affordable housing.
Action 11.1 Independently and through the Eastern Affordable Housing Alliance further develop policy positions and advocate collectively for:

- *Policy and taxation reforms to increase housing affordability*
- *Policy and taxation reforms to encourage investment in affordable housing provision, particularly from large institutional investors such as superannuation funds, long term rentals*
- *Mandatory affordable housing inclusionary zoning*
- *Funds levied through the Windfall Gains Tax when land is rezoned to be directed into the provision of affordable housing*

Monash is part of the Eastern Affordable Housing Alliance, an alliance between the cities of Knox, Manningham, Maroondah, Whitehorse and the Yarra Ranges. It provides Council with a platform to advocate collectively on the key issues surrounding social and affordable housing. Advocacy efforts are more likely to gain traction if undertaken with other councils and with a shared view of the preferred mechanism or approach.

As such, the Alliance advocates for all political parties to:

- Legislate to introduce mandatory inclusionary zoning in Victoria, including a rate of at least 10 percent on all surplus government land and strategic redevelopment sites, and
- Deliver at least 11,700 new social housing dwellings in the Eastern Metro Region by 2032.

Councils can also collectively advocate to the Commonwealth and Victorian Governments for direct government investment and subsidies to encourage private investment. The Alliance could advocate for more direct government investment whereby both the Victorian and Commonwealth Governments use tax revenue and borrowing to fund expansion of government-owned social and affordable housing.

The Alliance is currently finalising its 2023-24 Action Plan and proposes a range of actions including advocating for greater Victorian and Commonwealth Government intervention in the affordable housing space.

10. Implementation Plan

	Strategy	Action	Steps	Responsibilities	Timeframe
1.	Continue to support housing diversity and choice via Council's planning policies	<p>1.1 Review and update the Monash Housing Strategy 2014.</p> <p>1.2 Investigate mechanisms for the provision of affordable housing in planning for Activity Centres.</p>	<ul style="list-style-type: none"> Review the existing Housing Strategy. Prepare an updated Draft Housing Strategy. Consult on and adopt the Strategy. Incorporate into any new or revised housing policy work. Review different policy options, mechanisms and precedents. Develop an initial internal policy that outlines the mechanisms associated with Council's approach to providing affordable housing in activity centres. Publish policy and process 	<ul style="list-style-type: none"> City Planning Strategic Planning 	<p>Medium term as this is dependent on Council's budget allocations (action 1.1).</p> <p>Short term. Can commence upon completion of consultation on the draft Strategy and subject to adoption by Council (action 1.2).</p>
2.	Establish strong policy statements about the need for affordable housing in Monash	2.1 Seek a planning scheme amendment to include a strong statement of support for affordable housing contributions in Monash	<ul style="list-style-type: none"> Review policy options and precedents Prepare draft amendment and associated documentation Request an amendment, as per Amendment Process 	<ul style="list-style-type: none"> Strategic Planning 	Short term. Can commence upon completion of consultation on the draft Strategy and subject to adoption by Council

		2.2 Include a strong policy statement for the provision of a 6 per cent affordable housing contribution in major redevelopment or through rezoning proposals			
3.	Require an affordable housing contribution when land is being rezoned to facilitate residential development, or in residential developments of 20 or more dwellings	<p>3.1 Develop Council’s policy and approach to negotiating an affordable housing contribution through rezoning processes</p> <p>3.2 Develop Council’s policy and approach to negotiating an affordable housing contribution in residential development applications proposing 20 or more dwellings</p>	<ul style="list-style-type: none"> Review policy options and state and international precedents. Develop an initial internal policy that outlines Council’s approach and process to negotiating affordable housing contributions for rezoning and residential development applications proposing 20 or more dwellings Publish policy and process 	<ul style="list-style-type: none"> Strategic Planning City Planning 	Short to medium term. Can commence following the adoption of the draft Strategy by Council
4.	Consider the application of an inclusionary zoning requirement for affordable housing	4.1 Develop Council’s policy and approach to inclusionary zoning requirements for affordable housing	<ul style="list-style-type: none"> Review policy options and precedents. Develop initial internal policy/ guidelines. Publish policy and process 	<ul style="list-style-type: none"> Strategic Planning City Planning 	Short to medium term. Can commence following the adoption of the draft Strategy by Council (action 4.1)

	when planning for activity centres.	when planning for activity centres 4.2 Subject to Action 4.1, seek a 6 per cent affordable housing contribution for land in a commercial zone or land that will be rezoned to a more intense residential zone following planning for activity centres	<ul style="list-style-type: none"> • Prepare draft amendment and associated documentation (on an as needs basis) • Request an amendment, as per Amendment Process (on an as needs basis) 		Would occur on an as needs basis (as part of a Structure Plan) (action 4.2)
5.	Advocate for an inclusionary zoning requirement for affordable housing in the precinct planning for the Suburban Rail Loop Station Precincts	5.1 Advocate for the provision of substantial amounts of affordable housing in the Suburban Rail Loop Station Precincts at a level that reflects the future residential and workforce aspirations and subsequent forecast needs in the precincts.	<ul style="list-style-type: none"> • Prepare advocacy around need for affordable housing in the Suburban Rail Station Precincts, the proportion required and the mechanism for capturing this. • This advocacy will occur via a public campaign and during ongoing discussions between officers and the Suburban Rail Loop Authority regarding Precinct Planning for the Suburban Rail Loop Station Precincts. 	<ul style="list-style-type: none"> • Strategic Planning • Suburban Rail Loop Team • Communications 	Immediate and ongoing
6.	Establish processes to support the negotiation and delivery of	6.1 Investigate the development and community housing industry's preferred	<ul style="list-style-type: none"> • Review options • Consult with community housing providers and developers • Develop initial internal operational process 	<ul style="list-style-type: none"> • City Planning • Strategic Planning and Economic Development 	Short to medium term. Can commence following the adoption of the draft Strategy by Council.

	affordable housing contributions	delivery methods for affordable housing	<ul style="list-style-type: none"> • Publish process 		
7.	Engage with and educate the community on affordable housing as essential local infrastructure	<p>7.1 Develop an approach to educating the community on the need and benefits of social and affordable housing</p> <p>7.2 Work with external housing and advocacy groups to promote and facilitate affordable housing provision and awareness</p> <p>7.3 Promote the activities of external agencies active in addressing affordable housing such as Homes for Homes and Housing All Australians</p>	<ul style="list-style-type: none"> • Review existing engagement • Consult community groups • Run campaign 	<ul style="list-style-type: none"> • Community Services • Local community groups 	Immediate and ongoing.
8.	Adopt a relationship building, information sharing and brokerage role between the development and	8.1 Publish information on the affordable housing sector for developers and provide a single point of contact at Council for enquiries	<ul style="list-style-type: none"> • Engage community housing providers and developers regarding needs • Collate information • Publish and promote • Update periodically line with progress on other actions 	<ul style="list-style-type: none"> • Strategic Planning 	Immediate and ongoing

	affordable housing sectors				
9.	Consider opportunities for affordable housing on appropriate Council-owned land and Council development	<p>9.1 Investigate opportunities in Council development and on Council owned land for affordable housing provision.</p> <p>9.2 Develop and test a process for developing appropriate Council owned sites for affordable housing outcomes</p>	<ul style="list-style-type: none"> • Develop suitability framework • Monitor Council land • Assess lots and opportunity costs • Identify suitable sites • Review procurement options • Consult with community housing providers and developers • Design and test approach 	<ul style="list-style-type: none"> • Property • City Design • Community Services • Strategic Planning • Strategic Procurement (action 9.2 only) 	<p>Immediate and ongoing (action 9.1)</p> <p>Medium term (action 9.2)</p>
10.	Advocate for State and Federal Government investment in affordable housing in Monash	<p>10.1 Seek to attract investments from the State Government via the Big Housing Build</p> <p>10.2 Advocate to the State Government for any State Government funds levied by the Windfall Gains Tax to be directed into affordable Housing Provision in Monash</p> <p>10.3 Advocate for the inclusion of a</p>	<ul style="list-style-type: none"> • Prepare advocacy around the need for affordable housing. • Prepare advocacy around merits of using these funds to address the need for affordable housing in Monash and highlight the link between windfall gain, increased density and housing need • This advocacy will occur via a public campaign and during ongoing discussions between officers and the Suburban Rail Loop Authority regarding Precinct Planning for the Suburban Rail Loop Station Precincts 	<ul style="list-style-type: none"> • Strategic Planning • Community Services • Communications • Suburban Rail Loop Team (action 10.3 only) 	Immediate and ongoing

		substantial amount of affordable housing in the precinct planning for the Suburban Rail Loop Station Precincts			
11.	Advocate independently and through the Eastern Affordable Housing Alliance for mandatory inclusionary zoning and direct government investment and subsidies in affordable housing	<p>11.1 Independently and through the Eastern Affordable Housing Alliance (EAHA) further develop policy positions and advocate collectively for:</p> <ul style="list-style-type: none"> • policy and taxation reforms to increase housing affordability, • policy and taxation reforms to encourage investment in affordable housing provision, particularly from large institutional investors such as superannuation funds 	<ul style="list-style-type: none"> • Prepare advocacy around how State and Federal Government policy, including the taxation system impact housing affordability and promote policy and taxation reforms to increase the supply of affordable housing 	<ul style="list-style-type: none"> • Strategic Planning • Community Services • Communications 	Immediate and ongoing

		<ul style="list-style-type: none">• mandatory affordable housing inclusionary zoning,• rezoning value capture to be directed into the provision of affordable housing,• funds levied through the Windfall Gains Tax when land is rezoned to be directed into the provision of affordable housing.			
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Appendix A: VCAT and PPV cases

Victorian Civil and Administrative Tribunal cases

Ruthven v Bayside Council (June 2021)

This case concerned Council's refusal to grant a permit for the redevelopment of two two-storey buildings. Ultimately, this refusal was overturned on the grounds that Council's draft permit conditions were unreasonable and unjustified. These conditions included a mandatory requirement to donate money to a social and affordable housing association (Homes for Homes) for each sale of a property. They form part of a broader Council initiative to impose a Section 173 agreement condition on all permits for multi-dwelling developments. In this case, the conditions state that any time a dwelling is sold, "the vendor must make a tax-deductible donation equal to 0.1 per cent of the sale price of the dwelling to Homes for Homes Limited or a social and/or affordable housing not-for-profit organisation approved by the responsible authority within 30 days of settlement".

It was found that the Homes for Homes website specifies that when individuals register their property, the donation is voluntary and can be withdrawn at any time. In contrast to this, the draft condition proposed by Council is not voluntary, placing an ongoing financial burden on the owner of the properties. It was argued that this could potentially add to the comparative cost of medium-density housing. The Tribunal considered this to oppose policies for urban consolidation and affordable housing, given that medium-density could be considered as a form of affordable housing (for offering smaller homes and lot sizes).

Mirvac BTR v Moreland Council (March 2022)

This case granted a permit for the construction of two apartment buildings and a single-storey building, as well as a food and drink premises, offices, shops, and communal amenity areas. The applicant claimed that the proposal responds to the DDO26 and provides the additional benefit of contributing to affordable housing through subsidised apartments and its "Build to Rent" (BTR) model.

In addition to the BTR model, the applicant agreed to voluntarily enter into an affordable housing agreement with Council to provide 3 per cent of dwellings at 30 per cent discount on market rent for eligible low-to-moderate income households for 40 years.

VCAT stated that a Management Plan must be submitted and endorsed by the responsible authority and annual reporting must be undertaken by a Registered Housing Agency in relation to eligibility of households, dwellings, and annual cost of rent.

Ecosse Property v Melton Council (April 2022)

A permit was not issued for this proposal, which was the use and development of a residential village (primarily aimed at older adults and retirees). This proposal was refused given that the site was found to be inappropriately located for its target residents – given the distance from the Melton Town Centre and public transport. Overall, the Tribunal found that the proposal did not respond adequately to landscape or neighbourhood character, connect with adjoining residential estates, and had unsatisfactory internal amenity.

Interestingly, the proposal sought permission to be classified as a 'Residential Village' instead of a 'Retirement Village' which would enable future residents access to rental subsidies under the *Social*

Security Act 1991. Since there is no limit to who may live in a Residential Village, it was found more appropriate to assess the proposal on the basis that future occupants might include younger families or residents pursuing affordable housing options (not just retirees). While there was an acknowledgement for the benefits of affordable residential development on the site, it was determined that the proposal did not positively respond to other policy objectives for new housing to be developed close to services and transport, particularly for the elderly.

Northcote Devco v Darebin Council (April 2022)

In this case, a permit originally refused by Council was granted for a large-scale mixed-use development in an activity centre location which include 605 dwellings. Objections to the permit were concerned about that lack of diversity in housing stock, given that while 47 per cent of the proposed dwellings had one-bedroom, only five per cent had three-bedrooms. As well as this, Council found that the proposal failed to appropriately provide affordable housing and that the proposed social and affordable housing was limited to a 10-year time period.

The proposal included the provision of eight social housing dwellings and 52 dwellings as rent-reduced affordable housing dwellings to be managed by a registered Housing Association. As the planning system cannot require the provision of social or rent-reduced affordable housing, it was determined by the Tribunal that this offer was “generous”. It was also noted that housing providers also provide other services that can help residents gain secure employment and become self-sufficient to the point where they can enter the private rental market. In this light, the Tribunal considered that 10 years was enough time to allow for multiple occupants to move through the dwellings and “break the cycle of homelessness”.

Planning Panel Victoria cases

Mornington Peninsula Planning Scheme Amendment C184 Part 2 (June 2015)

This Amendment referred to the proposed rezoning of surplus South East Water land in Mount Eliza from PUZ1 to NRZ1 as well as the application of the Environmental Audit Overlay. It also aimed to restrict the use of land by directing that two of the 24 lots affected by the Amendment cannot be used for dwellings, unless the dwellings are occupied by persons eligible for public housing. The Panel found that the land should be rezoned but that there was no strategic justification to restrict the use of two lots for residents eligible for public housing.

Council was advised to explore mechanisms outside the Mornington Peninsula Planning Scheme to encourage greater housing diversity and affordability.

Overall, the Panel did not take issue with the need for affordable or social housing, it concluded that the proposed mechanism was an effective or appropriate means of achieving it.

Melbourne Planning Scheme Amendment C270 (October 2016)

This amendment proposed to introduce a Floor Area Ratio (FAR) and Floor Area Uplift (FAU) Scheme. The Amendment introduced a set of built form controls and two types of development areas in the Central City, namely the General Development Area (GDA) and the Special Character Areas (SCAs). For developments in the GDA, the Amendment proposed the FAU mechanism to be applied in circumstances in which built form can exceed a specified FAR of 18:1. Anything exceeding 18:1 would trigger a ‘public benefits’ of one of the following outcomes:

- Competitive design process (design excellence)
- Commercial office use on site for minimum 10 years
- Social housing on site

- Publicly accessible enclosed areas on site
- Publicly accessible open space on the site.

The Panel acknowledged the broad support for value capture public benefits through the FAU Scheme. The Panel concluded that the FAU Scheme, as currently proposed, is not strategically justified for the following reasons:

- it fails to clearly apply the principles of equality, consistency, accountability, and transparency to the securing of benefits
- its implementation, including the Guidelines, is vague and may be open to misinterpretation
- the strategic justification for the scope of public benefits is absent
- there are too many opportunities for inconsistent outcomes in the “negotiation” of agreements for public benefits.

As such the Panel recommended the abandonment the exhibited Floor Area Uplift Scheme and for council to look to implement a workable uplift mechanism or contributions scheme as a matter of urgency. Despite this advice the Minister for Planning adopted these aspects of the Amendment unchanged.

Monash Planning Scheme Amendment C125 (December 2016)

This Amendment was concerned with the implementation of the Monash Housing Strategy (2014) and Residential Zones. The Panel approved the adoption of the amendment as exhibited, subject to 35 recommendations. Key recommendations outlined in the Panel Report, as relating to social and affordable housing, include:

- Identify a realistic work program to build on broad policy statements relating to specialised housing needs such as an ageing population, ethnic groups, flexible and adaptable housing design, and universal access.
- Provide more specific support in the LPPF for the development of various forms of housing for an ageing population.

Whittlesea Planning Scheme Amendment C213 (August 2018)

This Amendment sought to rehabilitate a former landfill site for mixed-use purposes, including housing. The requirements state that prior to the approval of a Development Plan, the landowner must enter into a Section 173 agreement with the responsible authority where the owner must:

- Enter into an agreement with a state government accredited housing association to provide 5 per cent of total dwellings as social housing (according to a definition that satisfies the housing agency and responsible authority).
- Provide 10 per cent of the total number of dwellings as affordable housing – or make other arrangements for the provision of social and affordable housing to the satisfaction of the responsible authority.

The Panel found the amendment to be strategically justified and outlined several recommendations relating to updating schedules, zoning and overlay maps.

Whittlesea Planning Scheme Amendment C204 (September 2018)

The amendment was approved by the Panel and sought to implement the Plenty Valley Town Centre Structure Plan and rezone the majority of land to the Activity Centre Zone. In Schedule 2 to Clause 37.08 the guidelines for Precinct 1 stipulate that *new residential developments **should** integrate 5 per cent of dwellings as social housing and 10 per cent of dwellings as affordable housing.*

The guidelines for Precinct 2 state that *new residential development which exceeds 13.5m in height must integrate 5 per cent of the additional dwellings as social housing and 10 per cent of the additional dwellings as affordable housing.*

Melbourne Planning Scheme Amendment C309 (currently known as C385) (October 2019)

The Amendment implements the 2018 West Melbourne Structure Plan, which includes a discretionary affordable housing contribution of 6 per cent for land in the Special Use Zone. The Panel found that this contribution might not be enough to fully address the housing need highlighted in Council's Housing Strategy but aligns with the size of the contribution sought in Fishermans Bend. The Panel concluded that while the exhibited affordable housing requirements were discretionary, the discretion was inappropriately constrained and should be broadened.

The location of the affordable housing requirements in the zone instead of a local policy was supported by the Panel, as it gave them greater significance. It was also recommended through the Panel Report that Council could consider developing material to guide how the contributions will be assessed and secured to ensure that the process is transparent, consistent and remains affordable in the future.

This amendment has established mechanisms for social and affordable housing into the Planning Scheme at Clause 11.03-6L-15:

For developments of 10 or more dwellings on land located in Schedule 6 to the Special Use Zone and in the Flagstaff, Spencer, and Station precincts, providing at least one in sixteen dwellings within the development (6 per cent) as Affordable Housing, unless any of the following apply:

- *Providing the affordable housing contribution would render the proposed development economically unviable.*
- *The scale of the project, the constraints of the site or the built form envelope available on the site makes it impractical to do so.*
- *Amendment C385 was approved and gazetted on 10 May 2022.*

Moonee Valley Planning Scheme Amendment C207 (January 2021)

The Amendment implements the land use and development directions of the 2019 Moonee Ponds Activity Centre Local Plan. Key issues raised in submissions related to applying mandatory provisions and including opt-in affordable housing floor area uplift. The exhibited Amendment proposed that an application to construct a building or carry out works must not exceed the specified FAR unless:

- An Affordable Housing Uplift as calculated and specified in a manner agreed to by the responsible authority, and provided via a cash contribution, dwellings, or a combination of the two.
- The maximum FAR for the site is not exceeded by more than 0.5:1
- The permit includes a condition that secures the Affordable Housing Uplift via an agreement under Section 173 of the Act.

The Panel decided that the FAR provisions are not appropriate or strategically justified, and that the FAU's success relies on the incentive being attractive to owners. The Panel indicated concern that the affordable housing program associated with the FAU might not be managed transparently, including clarity in the ACZ1 about how the cash-in-lieu payment would be determined.

Overall, it was found that the voluntary affordable housing uplift provisions were inappropriate because they:

- Provided limited incentive and certainty in delivering affordable housing

- Created an unrelated relationship between built form outcomes and housing type
- Been unclear and difficult to implement
- Not ensured an equitable approach to delivering affordable housing in the area.

Council adopted the Amendment with the affordable housing uplift provisions. The Amendment was subsequently approved with the Affordable Housing uplift mechanism.

Hobsons Bay Planning Scheme Amendment C131 (August 2021)

The Amendment introduced new residential zones across Hobsons Bay. There was an identified issue around whether the requirements for affordable housing contributions were clear. A submission referred to the *Affordable Housing Policy Statement 2016* and *Hobsons Bay Preparing Social Impact Assessment – Applicant C112 Guidelines* as background documents – highlighting a discrepancy between the Statement’s targets for 10 per cent affordable housing contribution and recent decisions by the Minister for Planning have sought contributions of around 4 per cent.

In response to this the Panel found that Council could not seek a 10 per cent affordable housing contribution because the *Affordable Housing Policy Statement 2016* is listed as a background document. It claims that it would support further strategic work if Council **pursued affordable housing contributions through the planning process** and that any policy around contributions should be included in the planning scheme.

Fishermans Bend Planning Review Panel Report (July 2018)

The Review Panel recommend a set of revised controls intended to guide future precinct planning in Fishermans Bend. The Panel identified several key issues in the draft framework to be resolved, including:

- The detail and workability of the FAR and FAU.
- How affordable and social housing should be delivered and by whom.

In the context of Fishermans Bend, the report noted that FAU is available for social housing, and not for affordable housing more broadly. The Review Panel was concerned that having a FAU scheme that was too broad could undermine planning for Fishermans Bend. Further, restricting the application of this scheme solely to social housing could better ensure its delivery. Overall, the Panel supports the delivery of social housing in Fishermans Bend, but states that any uplift scheme needs to be in proportion to the base number of dwellings permitted.

In terms of social and affordable housing, the report notes that policy in the Port Phillip and Melbourne Planning Schemes does not explicitly guide the quantity of affordable housing to be provided. The Panel finds overall that the six per cent target should apply to all dwellings within Fishermans Bend and not just the 36,900 dwellings required to accommodate the site’s target population of 80,000. Further, the Minister did not support mandatory affordable housing contributions, stating that these were not supported in the existing statutory framework. This is reinforced by the Panel’s findings that Victoria’s policy framework is geared towards voluntary contributions.

Overall, the Panel supports flexibility in the 6 per cent contributions but finds that there is more work needed to facilitate this.

Since the gazettal of this Clause in the Melbourne Planning Scheme, the Fishermans Bend Framework 2018 has been developed. The Framework includes specific strategies to ensure that adequate social and affordable housing infrastructure is provided, including:

- 3.5.1: Support a partnership approach between government, private industry, and the community housing sector to deliver a range of affordable housing options
- 3.5.2: Encourage six per cent affordable housing for all new development delivered within the maximum allowed Dwelling Density ratios.
- 3.5.3: Introduce planning incentives for the delivery of social housing via a Social Housing Uplift. Social housing will be required to be transferred at no cost to registered housing providers to secure this housing in perpetuity
- 3.5.4: Identify potential current and future government sites that would be suitable for affordable housing
- 3.5.5: Explore the option to collect 'cash-in-lieu' contributions instead of the provision of affordable housing on-site. Explore the establishment of a 'Fishermans Bend Affordable Housing Trust' (or similar) which may be required if these contributions are introduced in the future

The framework and the Planning Scheme do not indicate what cost the affordable housing will be provided at. Based on feedback from Council 30 per cent discount is the rate being applied across most applications.