

AFFORDABLE HOUSING POLICY

Policy Reference No.	POL/298
File No.	HCC19/821
Strategic Objective	4.1 Facilitate appropriate urban development while protecting and enhancing the City's environment, natural heritage and rural spaces.
Adopted by Council	27 September 2021
Re-Adopted	
Date for Review	September 2024
Responsible Officer	Andrew Johnson, Manager Strategic Planning
Department	Strategic Planning Department

AFFORDABLE HOUSING POLICY

1 POLICY STATEMENT

- 1.1 Council has developed the *Affordable Housing Policy* in response to the current and future affordable housing needs identified in the Hume community as outlined in the *Background Paper: Affordable Housing in Hume* report.
- 1.2 Council recognises that the Hume municipality historically had comparatively good levels of housing affordability within the Melbourne metropolitan context, but this is being eroded by rising costs of housing relative to household incomes. Rapidly rising property and rental prices and the community's relative disadvantage to access secure, full time and well-paid employment have reduced housing options for many individuals, couples and families in Hume. Currently, 6,000 new homes are required in Victoria every year for the next 10 years to satisfy the social housing need (based on the national average that 4.5% of all households require social housing).
- 1.3 Council acknowledges that the primary responsibility for the provision of social and affordable housing, matched with funding capability, lies with the Federal and State Governments.
- 1.4 However, access to safe, secure and affordable housing is a right that should be afforded to all of our citizens and it is a pressing issue that all three levels of government need to work together to address.
- 1.5 Council acknowledges that it has an important role to play and it is policy that:

Council will advocate for greater funding for social housing and for existing social housing to be replaced or upgraded.

Council will advocate policy reform including the introduction of Statewide inclusionary zoning controls.

Council will negotiate an affordable housing contribution when land is rezoned for residential use.

Council will explore opportunities for affordable housing on Council suitable landholdings considered for redevelopment or disposal.

2 PURPOSE

- 2.1 The purpose of this policy is to provide a Council position and framework to guide and facilitate the provision of affordable housing on public and private land through appropriate and effective advocacy, decision making and facilitation.
- 2.2 This policy will guide and inform all Council decisions and actions pertaining to affordable housing in Hume.

3 SCOPE

- 3.1 This policy applies to all Council decisions and actions pertaining to affordable housing in Hume, including but not limited to:
- Advocacy in regards to State government policy and social housing initiatives.

Policy Reference No:	POL/298	Responsible Officer:	Andrew Johnson
Date of Re/Adoption:	27 September 2021	Department:	Strategic Planning
Review Date:	September 2024		

AFFORDABLE HOUSING POLICY

- Consideration of proponent led rezonings that provides for residential development.
- Development and disposal of Council owned land.

4 OBJECTIVE

4.1 The objectives of this policy are to:

- 4.1.1 Support a net increase in the diversity, provision and quality of affordable housing in Hume and across Victoria.
- 4.1.2 Encourage affordable housing outcomes that are appropriate and accessible for very low, low and moderate income households.
- 4.1.3 Support an increase in the number, quality and diversity of social housing dwellings where existing social housing is proposed to be redeveloped.
- 4.1.4 Support policy and statutory change to increase and improve the quality and supply of affordable housing in Hume and across Victoria.
- 4.1.5 Support the provision of affordable housing in Planning Scheme Amendment proposals that involve the rezoning of land that allow for residential development
- 4.1.6 Identify opportunities on Council owned land to create affordable housing with registered housing providers.

5 POLICY IMPLEMENTATION

Council's policy directions will focus on three key roles within Council's realms of influence:

1. Advocacy role regarding new and upgraded public housing; increased funding for social housing; introduction of Statewide inclusionary zoning controls.
2. Decision-making role would focus on using the *Planning and Environment Act 1987* to negotiate voluntary agreements with residential land developers to include a 10% contribution to affordable housing when land is rezoned.
3. Facilitator role would focus on exploring affordable housing opportunities on Council landholdings.

5.1 Council as advocate

Federal and State Government Consultation on Affordable Housing Policy Initiatives and funding

- 5.1.1 Council will advocate for mandatory, inclusionary zoning in the Victorian Planning Provisions to increase the supply of affordable housing provision being provided as part of new private developments. (There is a need for consistent application of mandatory affordable housing planning provisions across Victoria.)
- 5.1.2 Council will advocate for substantial increased investment by the Federal and State Governments to deliver 10% of all new dwelling builds in Victoria as affordable housing.

Policy Reference No:	POL/298	Responsible Officer:	Andrew Johnson
Date of Re/Adoption:	27 September 2021	Department:	Strategic Planning
Review Date:	September 2024		

AFFORDABLE HOUSING POLICY

- 5.1.3 Council will advocate for ongoing investment into affordable housing including dedicated funding streams for registered housing providers, similar to that provided as part of the Victorian Government's 'Big Housing Build', to provide greater opportunity for affordable housing.
- 5.1.4 Council will advocate for investment into affordable housing in growth areas recognising the unique challenges in this context where access to shops, services and public transport may not be provided for many years.
- 5.1.5 Council will share and discuss its evidence-based information with the Victorian Government, developers and registered housing agencies to enhance the understanding of needs, appraise user and provider requirements and inform best affordable housing results for Hume's communities.
- 5.1.6 Council will advocate for the Local Government sector to be effectively engaged by Federal and State Government in the development of new initiatives for affordable housing.

Federal and State Government Social Housing Sites

- 5.1.7 Council will advocate for the importance and urgency of redeveloping existing public housing sites in Hume, with a priority for those sites in southern Hume, including a commitment to redevelop the Banksia Gardens housing estate.
- 5.1.8 Council will advocate for the redevelopment of existing public housing sites in Hume:
- To create a net gain in the number of affordable dwellings and total number of bedrooms
 - To enable tenants in the existing housing developments to be rehomed locally to reduce the impact of redevelopment on some of the most vulnerable residents in the Hume municipality. This may include staging redevelopment to ensure suitable accommodation can be found for existing tenants.
- 5.1.9 Council will advocate for a minimum 30% of affordable housing in all mixed use or housing developments on suitable surplus Federal or State-owned land in Hume.
- 5.1.10 Council will support redevelopment of existing public housing sites that include a mix of public and privately-owned housing on the site.

Local Government Partnerships

- 5.1.11 Council will collaborate with other local Governments in Melbourne's north (in particular the City of Whittlesea and Mitchell Shire), to better understand and communicate affordable housing needs in Melbourne's North, and to advocate and develop enabling environments for increased investment by government and non-government stakeholders in affordable dwellings in Melbourne's North.
- 5.1.12 Council will actively participate in inter-Council forums and work with peak bodies, such as the Municipal Association of Victoria (MAV) and Victorian Local Governance Association (VLGA), to collectively contribute towards addressing common affordable

Policy Reference No:	POL/298	Responsible Officer:	Andrew Johnson
Date of Re/Adoption:	27 September 2021	Department:	Strategic Planning
Review Date:	September 2024		

AFFORDABLE HOUSING POLICY

housing related matters across the region/metropolitan area or across the State as they arise.

5.2 Council as a decision maker – land rezoning proposals

Requirements for affordable housing contributions:

- 5.2.1 Council will negotiate an affordable housing contribution when Council is the planning authority for a proponent led amendment and the planning scheme amendment introduces a residential component or enables an increase in the amount of dwellings allowed on a site.
- 5.2.2 When negotiating such contributions, Council will seek an affordable housing contribution equal to ten per cent of total proposed dwellings, or in greenfields context ten percent of proposed lots, to be provided at nil cost or a discounted rate of no more than 70% of market value to a registered housing provider.
- 5.2.3 Council will consider alternative affordable housing contributions where the financial value of the proposed contribution is comparable with the financial value of ten percent of total dwellings or lots. The financial value of the contribution should be calculated on the median dwelling or lot price in the locality that is of a similar density.

Section 173 agreements

- 5.2.4 A Section 173 agreement outlining the terms and conditions for the affordable housing contribution must be:
- prepared in draft form prior to Council submitting the amendment for authorisation.
 - signed prior to adoption of the amendment by Council.
- 5.2.5 The agreement should capture the Requirements for affordable housing in Appendix 1 and the site considerations of Appendix 2 as relevant.
- 5.2.6 Council will require the proponent to pay the reasonable legal costs incurred by Council associated with the preparation, execution and registration of the Section 173 agreement.

5.3 Council as a facilitator – Identification of Council-owned Land

- 5.3.1 Council will identify land in its ownership that is suitable and appropriate for the development of affordable housing considering:
- the *Local Government Best Practice Guideline for the Sale, Exchange & Transfer of Land*, DPCD, June 2009.
 - Other Council priorities.
 - The Site Considerations for affordable housing in Appendix 2.
 - Input from registered housing providers on the feasibility of potential sites if deemed necessary.

Policy Reference No:	POL/298	Responsible Officer:	Andrew Johnson
Date of Re/Adoption:	27 September 2021	Department:	Strategic Planning
Review Date:	September 2024		

AFFORDABLE HOUSING POLICY

- 5.3.2 When making decisions on the sale or lease of land to facilitate affordable housing, Council will consider the realisation of the target return set out in Council's investment policies.
- 5.3.3 Where Council has identified suitable land for affordable housing, the following options will be explored:
- sale or lease of all or part of the land to a registered housing provider.
 - sale of all or part of the land to the private sector with an affordable housing contribution requirement of 30% of all future dwellings or lots.
- 5.3.4 Where Council land is sold or leased to a registered housing provider, they will be required to demonstrate:
- An ongoing commitment to provide affordable housing within the Hume municipality;
 - An understanding of the specific needs and expectations of households in the Hume municipality;
 - A proven record of providing and managing housing for very low-, low- and moderate- income households;
 - Demonstrated ability to secure on going funding; and
 - Demonstrated good governance.
- 5.3.5 Council will ensure affordable housing outcomes are binding on land under legal mechanisms including a Section 173 Agreement as well as in the Contract of Sale.
- 5.3.6 Council may consider the potential to facilitate affordable housing as part of new or redeveloped Council facilities. The following will be considered when assessing potential opportunities:
- The Site Considerations for affordable housing on Council land in Appendix 2;
 - The likely impacts of accommodating the additional affordable housing component on the design and operation of a facility;
 - The provision of the Hume Planning Scheme, including the impact on the amenity of the adjoining properties and the built form character of the area; and
 - The interest of registered housing providers to fund, manage and maintain the affordable housing component of the community facility.

6 DEFINITIONS

Affordable Housing: In June 2018, the Victorian State Government made changes to the *Planning and Environment Act 1987* to include the following definition on affordable housing (Chapter 2 of Background Paper):

"Affordable housing is housing, including social housing, that is appropriate for the housing needs of any of the following: very low-income households; low income households; and moderate-income households."

Policy Reference No:	POL/298	Responsible Officer:	Andrew Johnson
Date of Re/Adoption:	27 September 2021	Department:	Strategic Planning
Review Date:	September 2024		

Page 6 of 9

AFFORDABLE HOUSING POLICY

Annual Income ranges for very low, low- and moderate-income households

Annual income ranges defining very low, low- and moderate-income households are updated every 12 months and reflect the income ranges for affordable housing (but not social housing) for the very low, low- and moderate-income ranges in Metropolitan Melbourne.

Each range is related to the median household income of Greater Melbourne:

- Very Low income is less than 50 percent of the median
- Low is 50–80 percent of the median
- Moderate is 80–120 percent of the median¹
- High is more than 120 percent of the median.

The income ranges are adjusted annually in February using the Housing Group of the Consumer Price Index for the December Quarter published by the Australian Bureau of Statistics and published in the Government Gazette.

Council – Hume City Council.

Equivalent Contribution – A contribution that may be less or more in number terms but equal terms of cost (value).

Inclusionary Zoning - Inclusionary zoning is a land use planning intervention by government that either mandates or creates incentives so that a proportion of a residential development includes several affordable housing dwellings.

Registered housing providers – are identified on The Registrar of Housing Agencies under the *Housing Act 1983* and fall under two categories – housing associations and housing providers. The *Housing Act 1983* (the Act) provides for rental housing agencies to be registered as either housing providers or housing associations. Section 87 of the Act allows the Registrar to change the category of registration if the circumstances of the registered agency change.

- **Community Housing Associations (CHA)** - As at June 2020, there are ten registered housing associations in Victoria. The Public Register contains the details of all community housing agencies, including Housing Associations, currently registered under the *Housing Act 1983* (Vic).

Housing associations are larger, more complex businesses with the skills, expertise and resources to manage, maintain and grow a viable social housing portfolio. They expand new housing through construction, purchase or acquisition, using a mix of government funds and private sector investment. They also manage housing properties owned by them or leased from other parties, such as the Director of Housing.

- **Registered Community Housing Providers (CHP)** - As at June 2020, there are currently 29 housing providers in Victoria. Housing providers range in size and primarily manage rental housing portfolios for other parties, such as the Director of Housing (DoH). Some housing providers own properties, however their growth is small scale compared with housing associations. Housing providers often specialise in particular client groups which may include disability housing, aged tenants and youth housing.

¹ Note : Hume’s private housing market is accessible for moderate income households and has therefore not been a focus of this policy.

Policy Reference No:	POL/298	Responsible Officer:	Andrew Johnson
Date of Re/Adoption:	27 September 2021	Department:	Strategic Planning
Review Date:	September 2024		

AFFORDABLE HOUSING POLICY

Section 173 Agreement - A legally binding agreement between Council and a landowner. The agreement remains with the land, regardless of change of ownership.

Social Housing: In the *Housing Act 1983*, social housing means public housing; and housing owned, controlled or managed by a participating registered agency

7 RELATED DOCUMENTS

7.1 Legislative requirements

- 7.1.1 Housing Act 1983
- 7.1.2 Planning and Environment Act 1987
- 7.1.3 Local Government Act 2020

7.2 Supporting information

- 7.2.1 Hume Planning Scheme
- 7.2.2 Plan Melbourne, 2017
- 7.2.3 Homes for Victorians, 2017
- 7.2.4 Health and Wellbeing Plan
- 7.2.5 Hume Horizons 2040, 2014
- 7.2.6 Social Justice Charter
- 7.2.7 Housing Diversity Strategy, 2020
- 7.2.8 Affordable Housing Background Report

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Policy Reference No:	POL/298	Responsible Officer:	Andrew Johnson
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Appendix 1 – Requirements for Affordable Housing

On title agreements to manage affordable housing outcomes must incorporate the following requirements.

- Allocation and tenure - the affordable housing to be provided and managed by a registered community housing provider. Council's preference is that affordable housing in Hume is prioritised for very low and low income households.
- Longevity – Affordable housing contributions gained in the municipality should remain in the municipality in perpetuity with the proceeds from the sale of affordable housing reinvested in the municipality.

Preference for the registered housing provider to retain the affordable housing on the site for a minimum of 15 years unless sold on to residents of the Affordable Housing.

- The form and quality of housing - The affordable housing must be designed to be tenure blind and indistinguishable from private market housing in the same development and surrounding neighbourhood.

All dwellings should seek to meet best practice/industry standard measures for sustainable design and include solar power to reduce utility costs for tenants within affordable housing dwellings.

- The site considerations in Table 1 below.

Appendix 2 - Site Considerations for Affordable Housing

The following considerations will inform decisions around where affordable housing should be located within private developments and form criteria for determining whether council land is suitable for development, sale or lease for affordable housing.

	Recommended Criteria
Location	Within 1.5 km of train station or 500 m to bus stop Access to local amenities (such as a corner store or supermarket) within 800m
Planning Considerations	Current or potential zoning allows for 5 + dwellings Does not have planning constraints, or if there are constraints these are able to be addressed
Site Constraints	Development of land should not be overly constrained, and constraints should not add significant design or cost to achieving development.

Policy Reference No:	POL/298	Responsible Officer:	Andrew Johnson
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