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The Treasury
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Dear Madam / Sir

CFFR AFFORDABLE HOUSING WORKING GROUP ISSUES PAPER

Moreland City Council welcomes the opportunity to provide a submission in response to the Issues paper published in February 2016 by the Affordable Housing Working Group. Council notes the recent creation of the Working Group and sincerely hopes this signals a clear intention by the Commonwealth and the participating state governments to provide leadership in addressing this important issue.

While Council acknowledges the narrow framing of the Issues Paper on new financing models and structural change, this submission takes the opportunity to present a broader view on the potential drivers and enablers of affordable housing. With regard to the specific questions posed by the Issues Paper on financial models, the responses in the attached submission are limited to questions where Council has a specific interest and relevant knowledge. In addition, please find attached two recent papers which present more detail on Council's consideration of use of its land for affordable housing the potential for partnerships with social housing providers.

If further information is required please contact Mr Barry Hahn, Manager Social Policy and Early Years on bhahn@moreland.vic.gov.au or 9240 2287.

Yours sincerely,

Arden Joseph

DIRECTOR SOCIAL DEVELOPMENT
11 / 3 / 16

Encl. Moreland Affordable Housing Strategy 2014-18
Affordable Housing Options Paper - October 2015
Affordable Housing Background Paper

This paper is 100% recycled
1. **Moreland City Council**

1.1 Profile

Moreland is an inner north Melbourne municipality with a population of 172,000 due to rise to over 200,000 by 2026. The proportion of fully-owned homes declined from 45% to 33% from 2001 to 2011 and the proportion of private renters is growing, with a strong trend towards long term or lifetime private rental tenure. More than half of residents who are private renters report being in moderate to heavy housing stress. In the south of the municipality, suburbs like Brunswick and Coburg are becoming home to many high-income professionals, attracted by the proximity to the CBD, good public transport links and a rich cultural environment. The other side of the resultant vibrancy in the housing, particularly apartment, market is a lack of affordable and secure housing options for those earning below-average incomes. This means that lower-income people cannot afford to rent or buy in most instances, and those displaced from their rental properties cannot remain in their neighbourhoods. In 2004 more than a quarter of rental properties in Moreland were affordable to a family on Centrelink benefits. By 2014 the figure is under 3%. One in ten renters have reported periods of being unable to afford to buy food the previous year.

There are approximately 2300 public housing dwellings in Moreland with a significant proportion of this stock in poor condition and in locations with poor accessibility to public transport and community facilities. In addition, Moreland has a relatively low level of community housing. Council has been directly involved in a small number of affordable and/or social housing projects since 2000. These developments have relied on the provision of Council owned land to enable social housing providers to provide equity to secure a mix of Government, philanthropic and private sector funding. Council investments have been underpinned by funds from the Moreland Housing Strategy Reserve. This Reserve was created with funds from the sale of Council electricity company assets following amalgamation of Coburg and Brunswick Council’s in the mid-1990’s. However, the Reserve’s funds are now depleted to below $500,000, reducing the scope of significant direct financial involvement in projects.

1.2 Council Policy

Moreland Council is committed to exploring ways to increase the provision of social and affordable housing options in the municipality. The Moreland Affordable Housing Strategy 2014-18 (MAHS), supported by specific provisions in the Moreland Planning Scheme, aims to maximise the supply of affordable housing the municipality.

In adopting the MAHS, Council identified increasing the supply of housing on Council-owned land as a priority. The MAHS proposes, as a key action, the development of a ‘Moreland Land Trust’. A land trust is an independent legal entity whose purpose, though not exclusively, is to hold ground leases and to direct development of housing assets on such leases and provide long term asset and program management. This is described in more detail under the response to the “Housing Trusts” question below.

1.3 Defining “Affordable Housing”

As the question of housing affordability has come to be a major national conversation in the past year, it needs to be recognised the term ‘affordable housing’ has multiple meanings. The MAHS aligns with the most commonly-used and understood definition, which is housing costing no more than 30% of gross income for a household in the lower 40% of income range. Any truly affordable housing project needs to provide housing which meets this definition. However, a development with a mixture of different housing types, which is

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generally recommended, can include factors such as location, proximity to services and
‘lifecycle costs’ such as heating and cooling as significant considerations as to what is
affordable. SGS Economics and Planning has suggested to Council affordable housing be
taken to be “housing permanently available at an affordable rent”. The Working Group’s
own definition of affordable housing recognises the need for qualitative measures and
context to be considered but does present challenges with regard to implementing policy
based on an quantitative analysis of need in local areas.

1.4 Decision-making Framework

The provision of affordable housing is a complex endeavour and the assessment of
feasibility involves taking into account variables including site location, timing and building
scale. With this in mind, Council has developed a framework for common understanding of
the key elements and issues upon which future council decisions on individual projects will
be made.

Control
Priorities for who benefits from
affordable housing will be flexible in
order to support a diverse range of
housing projects

Perpetuity
Land transferred will always be
used for the purposes which are
stated in the original agreement

Scale
In allocating land Council will
maximise the ratio of affordable
dwellings on each site

Resources
Council will deploy appropriate
resources efficiently and prudently
over time to maximise the number
of new affordable dwellings

Figure 1 Moreland Homes we want more of Framework

1.5 Council’s Next Steps

In November 2015, Moreland Council undertook to establish a Land Trust and move forward
with site selection of Council-owned land to be transferred to the Land Trust for an affordable
housing demonstration project. A business case and design concept for the site will be
developed within 12 months, with the aim of providing housing within three to five years of its
establishment.

SGS Economics and Planning (2013), Affordable housing provisions in the Moreland Planning Scheme
2. Responses to broad-based discussion questions

2.1 What are the key policy, funding, regulatory or legislative changes that government(s) should consider to implement new financing models for affordable housing in Australia?

2.1.1 Tenure Trends

Any policy that seeks to address the need for more affordable housing must acknowledge that the home ownership will not be an option to an increasing number of Australians. Council agrees with the recent observation by the Minister for Social Services Christian Porter that "stable housing substantially impacts educational, health and employment outcomes, as well as, community amenity and economic independence." It is now widely accepted that traditional private market delivery using land supply and taxation incentives is creating an increasing division in our society between those with wealth and security through housing equity and those with little or no wealth or security as a renter. Council welcomes the review of the Residential Tenancies Act currently being undertaken by the Victorian Government, noting the weaknesses in current consumer protections with regard to minimum quality standards and security of tenure.

2.1.2 Policy and Planning Settings

The Moreland Council Plan 2013-2017 includes a strategy:

"... to support the improvement of affordable housing options to accommodate the diverse Moreland community."

While the Municipal Strategic Statement (part of the local planning scheme) encourages:

"... developments to include a proportion of affordable rental housing to be owned and managed by a registered Housing Association, Housing "Provider or similar not for profit organisation."

However, the concepts of "encourage" and "support" do not offer Council the requisite power within the Victorian planning framework to ensure that developers will actually deliver on affordable housing goals. Council believes that mechanisms such as inclusionary zoning and density bonus schemes need to be urgently considered. Such mechanisms need to have flexible targets because of the potential for below-market housing delivery between different sites can vary significantly, and therefore affect financial viability. In Council's view, the provision of social housing must be state led. It is not a core local government responsibility. Inclusionary zoning necessitates a comprehensive administrative program behind it (to collect monetary contributions, manage stock, construct stock etc), which should not fall to councils. A State Government-supported process of independent assessment of the development potential of specific sites should be considered as a support to incentive schemes and as a valuable input into project financing.

2.1.3 Leasing Land

Current legislation in Victoria allows Council's to lease its land for up to 50 years. This compares with the state's ability to lease land for twice as long. While financing models do allow for projects to get up on a 50 year lease, a 99 year lease option is likely to open up

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increased possibilities for finance in terms of the risk profile of developments. While Council's currently can ask the Minister for Local Government to agree to a 99 year lease, the process is time consuming and expensive, adding to the risk of a project failing. Council is also keen to see the State and Commonwealth Governments donate (or lease) 'surplus' land and property assets, such as VicTrack and VicRoads land.

2.2 How can governments ensure sustainable improvements in the housing outcomes of current affordable housing tenants within the current fiscal environment?

2.2.1 Affordable Housing as Community Infrastructure

Local government, in partnership with State Government, is the key driver for the planning of large activity and neighbourhood centres, facilitating major development, planning for transport infrastructure, providing linear open space links and enhancing and maintaining vital green spaces. Moreland Council also regards social housing as an integral component of community infrastructure. In this context, it is important that State and Commonwealth governments recognise and reinforce the importance of partnership with local government in planning and funding new developments. Sustainable improvements in social outcomes are likely to involve community housing providers and "mixed" developments involving private developers and social infrastructure provision. Local government is well placed to guide and support such developments in partnership with other government agencies and to be the main channel for community and stakeholder consultation and engagement.

2.2.2 Environmental Standards

Council recognises that locating housing in areas well serviced by transport and amenities and ensuring high environmental standards in building design reduces the lifetime cost of living in a home.

2.2.3 Liveable Housing

Strategic Direction 3 of the Moreland Municipal Strategic Statement contains a commitment to Liveable Housing. Council requires all new dwellings in Moreland to be designed so they can be visited by people whose mobility is constrained though effective implementation in every case of this requirement is challenging. Council also seeks to increase the housing stock in the municipality that is designed to be accessible (i.e. is suitable to be lived in by people whose mobility is impaired) or can be easily adapted to provide accessibility features.

3. How can the cost base of new affordable housing assets be minimised? How can the return generated from affordable housing assets be maximised?

3.1 Creating New Assets - Airspace

Airspace development above existing uses, for example above a Council owned car park uses a property-type which a local government in an established area such as Moreland has in larger supply than green- or brownfield sites. Airspace developments provide a mechanism to enable Local Government to transfer the title of the air space under a two lot Plan of Subdivision (for example for community housing) as an option to leasing.

3.2 Measuring Social and Economic Return
In recognising that affordable and secure housing is a foundation which allows individuals and families to be productive and active participants in the community, Moreland’s experience with the development of social housing units in Fawkner and Coburg reflects a positive outcome for the residents and for the community as a whole. Women’s Property Initiatives, a registered housing provider has used Social Return on Investment (SROI) modelling to measure that impact of its investment in housing and determined that it delivers $3.14 to the Victorian community for every $1 invested\(^5\). Using a cost/benefit analysis approach, SGS Economics and Planning have identified a 7:1 community benefit for providing affordable housing in the right location\(^6\)

4. What would governments need to do to ensure that assets targeted to low income tenants, for example social housing, are not lost to higher income earners?

4.1 Perpetuity

Council has identified a number of mechanisms to ensure that the concept of “perpetuity” underpins the use of its land for community benefit into the future.

Section 173 Agreements

This is an agreement under the Planning and Environment Act which can place restrictions, use regulations or strict conditions on the use and development of land. A s173 agreement can be registered against the title of the land, which means it applies to future landowners. Therefore Council could, for example, require parties to whom a freehold is transferred to agree that the land be used for exclusively for affordable housing.

Restrictive Covenants

A covenant is registered on the title by agreement and must be restrictive in nature (for example land cannot be sold at a later date for commercial purposes). Like an s173 agreement, it is binding on future owners.

Lease Provisions

Council may include as a term of its lease that the land is only used for a specific purpose or purposes and retains the right to terminate the lease if there is a breach. Council can also use this method to place restrictions on the use of assignment or subletting.

Partnering Agreement

As a condition to the transfer of its land Council may require the creation of a partnering agreement which requires that the Land Trust or social housing provider assist Council to achieve its affordable housing objectives.

5. What role can the community housing sector play in implementation of new financing models to increase the supply of affordable housing?

5.1 Model 2: Housing Trusts

5.1.1 Moreland Land Trust

Moreland Council is currently establishing a land trust based on the structure and aims outlined below. Council believes that the creation of a charitable specific purpose entity to

\(^5\) Kliger, B., J. Large, A. Martin and J. Standish (2011), *How an innovative housing investment scheme can increase social and economic outcomes for the disadvantaged.*

\(^6\) SGS Economics and Planning (2015), *Revisiting the economics of inclusionary zoning.*
foster affordable housing will provide advantages in terms of financing options and governance over the option of Council being involved directly in partnerships with social housing providers.

The Land Trust model involves the transfers of land or grant of a long leasehold interest to an independent charitable trustee. The trustee entity is an organisation that holds land in perpetuity for the provision of affordable housing. A Land Trust can also have objectives for the provision of other community benefits such as small enterprise spaces, kindergartens and other community infrastructure.

This model involves the gifting or transferring of land for a consideration below market value to the Land Trust. The Land Trust may have a social housing provider as its trustee or enter into agreements with social housing providers for delivery of key operational aspects of its work.

The Land Trust model has the following advantages:

- Ability to participate in innovative development and financing models;
- A defined-purpose entity which can ensure a consistent approach to meet Council’s aims;
- Scope to include multiple agencies and other local Governments in the governance of the trust to broaden the scope (for example a "Northern Melbourne Land Trust"); and
- Council’s reputation is protected by the Land Trust being a separate entity.

![Moreland Land Trust Model](image)

**Figure 2 Moreland Land Trust Model**

### 5.1.2 Financing
Council recognises that the interest in the land alone will not be sufficient to obtain the level of private finance required for the construction of social and affordable dwellings.

Options to raise alternative or additional finance to private sources include:

- Sale of a proportion of the dwellings to third parties on the open market. This could mean transferring part of the land to a private developer (either prior to or after development). The returns from this can be used to cross-subsidise the construction of affordable housing dwellings;
- Entering into a joint venture with a developer where the RHA or Land Trust contributes the land and the developer carries the development risk along with contributing the financing and construction components;
- Creating a mixed tenure development with a combination of financing sources based on resident profile. For example, social housing dwellings may attract state government funding; units for people with disability could be financed with a mix of resident and National Disability Insurance Scheme equity and mid-range income housing financed through a cooperative or shared equity arrangement; and
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Cover clockwise from top:
Coburg ‘The Nicholson’, Places Victoria, Nation Building project, mixed tenure;
Brunswick, public housing seniors;
Coburg, community housing, Council partnership with Yarra Community Housing

MORELAND CITY COUNCIL
The gentrification of parts of Moreland have put enormous pressure on low and fixed income earners and their ability to continue to live in the area.

Source: Moreland Affordable Housing profile 2013
The Moreland Affordable Housing Strategy (MAHS) 2014–2018 aims to maximise the supply of affordable housing in the municipality.

Council recognises that many residents are experiencing problems with housing affordability, and that affordability is an issue across all tenure groups.

The ‘great Australian dream’ of owning a home is quickly slipping away along with the traditional ‘housing career’ experienced by previous generations. The model which saw people live with their family of origin, move into private rental, save for home purchase, take out a mortgage, then purchase a home is being challenged. The safety net of public and community housing is in critically short supply.

Council’s vision recognises the importance of maximising the supply of affordable housing to create a city that:

- is lively, proud, celebrates its diversity and cares for and respects all of its citizens;
- is a sustainable and just city, a proud city, a healthy and educated community;
- addresses housing stress, homelessness and broader consequences for health and well-being; and
- addresses the likely impact of gentrification and rising rents, mortgages and development costs.

The Council Plan 2013–2017 includes a key strategy to ‘Support the improvement of affordable housing options to accommodate the diverse Moreland community’. Council’s Priority Advocacy Program 2013–2014 identifies the urgent need to ‘Advocate to State Government for increased investment in public and affordable housing in Moreland’ and provides support for advocacy items identified in the MAHS:

- for increased public and community housing stock in the municipality;
- for recognition of good quality, affordable rooming house accommodation;
- to address homelessness, and associated stigmatisation, and improve pathways out of homelessness;
- for legislative change at State Government level to enable 99 year lease arrangements for affordable housing partnership projects;
- for inclusionary zoning; and
- to join peak body campaigns and awareness raising initiatives where appropriate.

We must act now and secure a safe housing future for all our residents.

Therefore I am proud to introduce the Moreland Affordable Housing Strategy 2014–2018 and especially wish to note the contribution of the Moreland Housing Matters Advisory Committee.

Cr Lambros Tapinos
Mayor, Moreland City Council
INTRODUCTION

Benefits of addressing housing affordability

The Victorian Council of Social Service (VCOSS) sums up the benefits of providing affordable housing stock for lower income households, especially private tenants and those on waiting lists for public and community housing:

Adequate housing underpins all other areas of life. Without safe and secure housing, people’s employment, education, health, well-being and community participation all suffer. Evidence shows that the extreme stress of homelessness can spark mental health problems or exacerbate pre-existing issues.

Lack of stable and secure housing also has a devastating effect on children and young people. Their school life and connections with friends can fall apart as a consequence of the stress, frequent moves and instability that are too often the consequence of insecure housing.

Recent research from the Net Balance Foundation The Social Value of Community Housing in Australia (August 2011) confirms that affordable housing is a sound social and economic investment because it provides:

**Economic benefits**
- Greater financial flexibility for low-income households as a result of alleviation from ‘housing stress’;

**Educational benefits**
- enhanced educational performance for children in community housing;
- educational or training opportunities for adults, that improve their employment prospects;

**Health benefits**
- improved overall health;
- reduced demand for health services by ‘heavy-users’ and disabled populations;

**Community inclusion benefits**
- greater empowerment of tenants; and
- emergence of support networks which foster self-reliant and independent communities.

These benefits clearly align with a range of Council strategies.

The Victorian Women’s Housing Association’s Social Report on Investment Study (May 2010) calculated that for every dollar invested in social housing, $3.14 social value was delivered. This research substantiates the point that access to long term affordable housing leads to an associated reduction in intergenerational poverty, savings to government welfare and correctional programs and community benefit.
Key issues

MAHS 2014–2018 builds on the foundations of its predecessor (MAHS 2006) and identifies a number of key issues which have emerged from public consultation and Council’s recent affordable housing work:

- an understanding of the limitations of the Victorian planning system, and the need to advocate strongly to the State Government for legislative change to include planning mechanisms that support affordable housing partnerships and initiatives;

- the need for effective engagement of the private sector (investors, developers, builders, planners, architects) in affordable housing provision especially in activity centres and on larger redevelopment sites;

- the need for ongoing engagement with the not-for-profit sector (housing associations, housing providers and similar not-for-profit organisations) in developing more affordable stock options across the municipality;

- identification of options to address the decline in public and community housing stock in Moreland, and the slow growth of housing associations and housing providers;

- further exploration of innovative approaches such as land trusts and use of the air rights on Council owned land;

- debates about the value of setting affordable housing targets, drawing on the experience of local government projects across Australia;

- Council’s need for better understanding of development modelling to inform affordable housing in mixed tenure developments on key sites such as activity centres;

- the importance of trialling new housing types and tenure models such as co-housing;

- the need for a methodology to identify households/groups in greatest need of affordable housing; and

- more specific identification of preferred locations for affordable housing in the municipality.

Council’s objective is to identify the most effective ways to maximise the stock of affordable housing in the municipality through the MAHS 2014–2018. Section 9 Implementation Plan, identifies strategies, actions, responsibilities and appropriate measures to achieve this objective. MAHS 2014–2018 focuses on opportunities which are feasible within the current political and financial context, noting the limited capacity of Local Government compared to Federal and State Government.

Without increases in the supply of well-located and well-designed affordable housing (with lower utility costs) the likely long term impact across Moreland will be:

- increased housing stress for purchasers, private tenants and residents in very insecure housing (e.g. couch surfers, unregistered rooming houses and homeless people who ‘sleep rough’); and

- lack of affordable housing options in activity centres and on larger development sites at the time when Moreland is experiencing major population growth and increasing construction activity.
Top: Women’s Information, Support and Housing in the North (WISHIN), annual car sleepout
An overview of income and housing tenure of Moreland residents, identifying groups in housing stress.

Source: Based on ABS Census 2011
Human rights

The MAHS is based on the recognition that access to safe and secure housing is a basic human right, protected by a number of international treaties, in particular the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights and the Convention on the Rights of the Child. As a party to all these treaties, Australia is under legal and moral obligations to promote, protect and realise the human rights of all people who are living in, or eligible, for social housing.

Social justice

Council interprets affordable, accessible and appropriate housing as a social justice issue. This view is embedded across many strategic Council documents: The Council Plan 2013-2017, the Moreland Public Health and Wellbeing Plan 2013-2017, the Moreland Affordable Housing Strategy 2006 and structure plans for the Brunswick, Coburg and Glenroy Activity Centres. In practice this means that Council’s commitment to diversity and support for many vulnerable groups in the community require opportunities for social mix and connection through their housing options.

Diverse and caring city

Council’s commitment to creating a city that is lively, proud, celebrates its diversity and cares for and respects all of its citizens is, in effect, a commitment to maintaining the municipality’s social mix.

SGS Economics and Planning has noted in recent advice to Council that:

- genuine social mix cannot be achieved other than through an adequate local stock of affordable housing; and
- unless special steps are taken to lock in affordability gains, providing housing at an affordable purchase price may only provide benefits to the first generation of buyers, thereby providing only a temporary retention of the desired social mix. (Defining the necessary parameters of social mix will require further work.)

Forward looking design

Building on MAHS 2006 Council promotes the view that the design of affordable housing needs to meet forward-looking standards such as:

- Universal Design Guidelines which cater for a broad range of mobilities and life stages (also referred to as ‘ageing in place’ strategies);
- high Environmentally Sustainable Design (ESD) standards and a ‘whole of life’ approach to design and construction to reduce the required ecological footprint (e.g. upfront capital costs for ESD features might be required to provide long term savings in operational costs for householders and need to be considered at the design stage of a development);
- designs which anticipate future technologies (high speed broadband) and possibilities for diverse forms of home-based work, social enterprise and new occupations;
- ‘healthy’ environments which are oriented towards natural light, provide a sense of security and have links to garden space and recreation opportunities; and
- exploration of new building materials and technologies, drawing on successful Australian and international case studies.

Well located affordable housing

Council influences the location and design of buildings to ensure that people’s long term housing costs are minimised (e.g. integrating transport and land use planning and passive design principles).

It is preferable that walkable distance to public transport (400m) and good access to community infrastructure be taken into account, informed by the data in the following maps.
Public Transport Access Map

- 1.8–2.5km
- 1.6–1.8km
- 1.4–1.6km
- 1.2–1.4km
- 1–1.2km
- 800m–1km
- 600–800m
- 400–600m
- 200–400m
- 0–200m

Facilities Access Map

- 1–2.5km
- 600m–1km
- 550–600m
- 500–550m
- 450–500m
- 400–450m
- 350–400m
- 300–350m
- 250–300m
- 0–200m

Source: MacroPlan consultancy work 2012
Accessible housing

Accessible housing enables access and use by most occupants and visitors with a disability and other forms of impairment, including families with young children, people with temporary or permanent injuries, and senior Australians.

Resident focus

Council needs to address current and future housing needs with a focus on residents who are insecurely housed in Moreland and people being displaced by high housing costs. Consultation has documented major community concerns from:

• residents who worry about the housing opportunities for their children and grandchildren;
• tenants who are unlikely to ever accumulate the resources for a deposit to buy a property in the municipality;
• many people who have no option but to live far away from ageing parents;
• elderly residents who are asset rich, but income poor, and at times subject to financial abuse relating to property from their relatives; and
• residents who are on waiting lists for public and community housing.

Council projects addressing these principles

Where Council is directly involved in design and construction, affordable housing projects and mixed use development can become models for the private sector as illustrated in the following examples from the Cities of Port Phillip, Yarra and Moreland.
Below: Coburg, Community housing, Council partnership with Yarra Community Housing
KEY DEFINITIONS

Terms related to housing and affordability are often used in everyday conversations, but sound planning requires that these terms are applied consistently across the different disciplines and organisations involved. The following definitions clarify terms in the Moreland Affordable Housing Strategy (MAHS) 2014–2018 and other Council documents, and are commonly used by government, the social welfare sector and housing researchers.

Accessible housing
Accessible housing should meet the following criteria:

- **Disability Standards for Access to Premises** provide minimum design requirements and technical advice for accessible housing.
- **Universal Design Guidelines** promote housing design that is easier and safer to live in for people with a disability, families with young children, people with temporary or permanent injuries and senior Australians.
- **Liveable Housing Design Guidelines** provide practical advice for building homes that are suitable for people in all stages of life, to cater for changing circumstances and support ‘ageing in place’. As Australia’s population ages ‘liveable housing’ is something we should all be aspiring to.

Affordable housing
Affordable housing refers to well located housing in relation to transport and services, where the cost of housing (whether mortgage repayment or rent) is no more than 30% of the household’s income.

This measure is especially applicable to households receiving the lowest 40% of gross income – that is, low and moderate income earners. It is important to note that some local housing advocates believe that 25% of household income would be a better ratio of house payment in relation to income, especially for lower income groups. It is preferable that water and utility costs for the life span of the dwelling are considered at the design stage of a development to provide long term savings in operational costs for householders – an especially important issue for those with low incomes.

Note: The concept of housing affordability (often confused with affordable housing) is a relative measure that is about the capacity to enter the housing market; based on cost and availability. Commonly housing affordability is outlined as an index, e.g. the Housing Industry Association Commonwealth Bank of Australia (HIA-CBA) Affordability Index.

Appropriate housing
Appropriate housing refers to well located housing which facilitates mobility and links the household to education, work, leisure, health, transport and other required services. Appropriate housing also allows for expression of cultural identity and individual privacy, and is a more subjective concept than affordability.

Above: Fawkner, accessible house, Council partnership with major project housing company
‘Affordable’ price points
A price point is a marketing estimate used primarily by developers to promote a house price to a potential market segment such as first home owners, empty nesters etc. In Moreland $500,000 is currently promoted as an ‘affordable’ first home price for a house or apartment. See the Income Household Ladder, page 26, to check the range of affordable purchase prices or rents your household can afford based on income level and capacity to take out a mortgage.

Air rights
Air rights refers to development above existing uses, for example above a Council owned car park.

The City of Port Phillip (2011) notes the benefits of air rights:
• it creates dual uses for underutilised municipal property which does not require any competition or prioritisation between uses;
• it targets a property type which local government often has in large supply;
• these assets are usually located in activity centres that are close to services, shops and public transport where affordable housing is needed the most; and
• it provides a mechanism to enable Local Government to transfer the title of the air space under a two lot plan of subdivision (e.g. for community housing), rather than leasing the air space.

Community housing
Community housing refers to properties developed and managed by the not-for-profit sector, such as housing associations, housing providers, cooperatives and transitional housing (short term emergency housing) organisations. Community housing projects often incorporate local support services and tenant participation in management. Usually units have similar eligibility requirements to public housing (although utilities may be included in the rental costs).

Gentrification
Renovation and property improvements in a locality, generally attracting residents with higher socio-economic characteristics and displacing more vulnerable households such as private tenants with low incomes.

Housing associations
Housing associations are regulated, non-government, not-for-profit organisations providing and managing affordable, secure, long-term rental housing for low-income households. The Victorian Government promoted the establishment of housing associations to operate alongside public housing. However, capital funding is currently limited and under review. Housing associations can also access private sector finance and their tenants are eligible for Commonwealth rent assistance. For more information of registered housing associations visit www.housingregistrar.vic.gov.au

Housing providers
(Housing associations)
Housing providers are small agencies/organisations who have traditionally managed Director of Housing properties. Housing providers can also own their own properties and are encouraged to extend the scale of their operations to become housing associations. For more information about housing providers visit www.housingregistrar.vic.gov.au
Housing stress
A measure used by government, the social welfare sector and housing researchers which suggests that households who spend more than 30% of their income on housing costs, whether rent or mortgage, are deemed to be living in housing stress. This measure is especially applied to households receiving the lowest 40% of household income. For Moreland data visit www.housinginvictoria.com.au

An alternative definition and method of calculating affordable housing stress has been proposed by researchers associated with the Australian Housing and Urban Research Institute (AHURI) – the Residual Income Method (RMI).

The RMI has merit because it takes into account household size, household income and living expenses, which vary between households and areas (based on a budget standard).

Inclusionary zoning
A statutory planning mechanism used to designate that a development must include a required proportion of affordable housing units. Local Government has lobbied the State Government to introduce inclusionary zoning.

Land trust
A not-for-profit entity that holds title to the land and/or housing in perpetuity, for the dual purpose of creating and stewarding affordable housing and community benefit.

National rental affordability scheme
Commonly referred to as NRAS – a program which aims to engage the private sector by offering tax incentives for the provision of rental stock (new and major refurbishment projects) for a minimum 10 year period. Incentives are nearly $10,000 per unit per annum, three quarters funded by the Commonwealth Government, a quarter funded by the State Government. Both private developers and the not-for-profit sector can apply for NRAS. Visit www.fahcsia.gov.au

Since 2008 the Commonwealth Government has made a commitment to stimulating the construction of 50,000 high quality homes and apartments through NRAS.

Social housing (not-for-profit)
An umbrella term which encompasses affordable rental accommodation provided by the not-for-profit sector, including public housing and community housing:

Public housing
In Victoria, the Commonwealth and State Governments jointly fund public rental housing, which is administered through the Department of Human Services (Office of Housing). Assets and income, special need and residency and citizenship criteria determine eligibility for public housing. Generally rents are capped at between 25%–30% of household income (although this is currently under review).

Community housing
Community housing refers to properties developed and managed by the not-for-profit sector, such as housing associations, housing providers and cooperatives. Community housing projects often incorporate local support services and tenant participation in management. Usually community housing has similar eligibility requirements and rental levels to public housing (although utilities may be included in the rental costs).

Tenure
Housing tenure describes the legal status under which people have the right to occupy their accommodation. The most common forms of tenure are:

• home ownership: this includes homes owned outright and mortgaged; and
• renting: this includes social rental housing and private rental housing.

Some forms of housing are not supported by a formal tenure agreement e.g. squatting, unregistered rooming houses, couch surfing.
Who owns and manages affordable housing?

Affordable housing is most likely to be managed by a not-for-profit organisation or landlord such as a housing association, a housing provider, the Department of Human Services (DHS) or a church or charity. These organisations aim to cover ongoing costs and maintenance, but they are not seeking to make a (commercial) profit. They are providing a social benefit and/or ‘safety net’ accommodation to the tenant, and a social resource to the community.

The following table explains how Council’s definition of affordable housing applies to housing/tenure types in Moreland.

<table>
<thead>
<tr>
<th>Housing / Tenure Type</th>
<th>Affordability (by definition)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Rental Affordability Scheme (NRAS)</td>
<td>Generally no – only if rent is 25-30% of tenant income (audited). Note that NRAS stock can revert to private market rental. ‘Discounted rent’ is a more appropriate description of NRAS.</td>
</tr>
<tr>
<td>Public Housing</td>
<td>Yes, tenants need to meet strict asset and income criteria which conform to the 30%/40% criteria.</td>
</tr>
<tr>
<td>Community Housing</td>
<td>Generally yes – if tenants meet the 30%/40% rule. Note that housing associations can also own and rent out NRAS stock. (See page 14.)</td>
</tr>
</tbody>
</table>
| Private Rental                           | Rarely in Moreland. See data in the DHS Rental Report and www.housinginvictoria.com.au
Affordable if it meets the 30%/40% rule – only 3% of rental stock in 2012. |
| Rooming House Accommodation              | Variable across Moreland, except for Housing Association or DHS rooming house properties. Unknown in unregistered accommodation. |
| Owner Occupied Housing                   | Possibly yes for properties purchased more than a decade ago. Rarely for more recent purchasers who have a mortgage and below median incomes. These purchasers are likely to be paying more than 30% of their income on direct housing costs. Note that some older outright owners can be asset rich, but income poor. |
Social housing innovations projects 2001–2006

• Projects initiated with 75% capital grants from Department of Human Services (DHS); 40 year leases provided on Council-owned land;
• Council drew on the Moreland Housing Reserve Fund to purchase land for an affordable housing partnership project with Yarra Community Housing and contributed to ESD features (8 units);
• Council contributed land on long term lease to a Community Housing Ltd affordable housing project (12 units);
• Yarra Community Housing develops two affordable housing projects independent of Council partnerships (12 units);
• High number of planning objections to social housing;
• Successful long term lease arrangements between Council and housing associations; and
• DHS notified of private properties (forthcoming auctions) with potential use as social housing.

Growth of housing associations 2006–2012

• State Government flags policy shift to housing associations for new stock provision; while focusing on upgrades and maintenance of existing public housing;
• Council provided land to construct an affordable accessible house (philanthropic contribution donated by a major project housing company);
• Nation Building, Stimulus Plan provided capital; fast track planning; curtailed objection processes. Approximately 148 affordable units added by housing associations in Moreland independently of Council – Yarra Community Housing, Housing Choices Australia, Victorian Women's Housing Association (now Women's Property Initiatives) and HomeGround;
• 'Mixed' tenure developments become the preferred financial (and social) model for Housing Associations (mix of affordable housing, NRAS and private market purchase or rental e.g. 'The Nicholson' coordinated by VicUrban);
• Housing associations required to borrow (seek private funding) to acquire capital grants from State Government;
• 20% affordable housing proposed for the Coburg Initiative, a target under consideration for other activity centres;
• Council drew on the Moreland Housing Reserve Fund to purchase land to support an affordable youth housing project for the Lighthouse Foundation;
• Council recommended potential projects to DHS to replace ‘end of life’ older public housing and identified the potential to consolidate properties; and
• Two Council partnership projects do not gain capital funding because DHS insists on title transfer rather than long term lease.
Future affordable housing work?

- Investigation of a land trust (and other development models) to facilitate new affordable housing opportunities;
- Review of air rights development on Council-owned land e.g. car park sites and community infrastructure projects. Request for Quote process in progress for demonstration site;
- Uncertain context of State/Federal future housing policy and funding;
- Implementation of structure plans for Coburg, Brunswick, and Glenroy with intent to include affordable housing;
- Council attempts to broker partnerships with Housing associations for smaller sites;
- Property Framework commenced, that aims to identify Council owned properties for improvement, development and acquisition;
- Continued advocacy for legislative change for inclusionary zoning (and other similar planning mechanisms) at State Government level in response to the Metropolitan Planning Strategy and the Review of the State Planning Policy Framework; and
- New directions for public housing? Awaiting clarification from State Government’s review of Pathways to a Fair and Sustainable Social Housing System.

Below: Newlands Housing Commission Plan (section), early 1940’s
Moreland is a municipality that is undergoing significant growth and demographic change. Soaring property prices are likely to prevent many residents obtaining appropriate and affordable housing; although some households benefit from capital gains made on property.

This chart provides an overview of the history of median housing prices in Moreland, more than doubling since 2000 and now exceeding Melbourne metropolitan prices.

**Median housing prices (real)**

All dwellings, Moreland Local Government Area (LGA) and Greater Melbourne, 1990–2012, $2012

There are significant differences in tenure and affordability across the municipality which can be viewed in detail at www.housinginvictoria.com.au
Tenure in Moreland

Housing Tenure and stock numbers Moreland, 1991–2011

<table>
<thead>
<tr>
<th>Tenure type</th>
<th>Stock number</th>
<th>Stock percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully owned</td>
<td>18,996</td>
<td>34%</td>
</tr>
<tr>
<td>Being purchased</td>
<td>16,091</td>
<td>29%</td>
</tr>
<tr>
<td>Rental – private and social housing*</td>
<td>18,751</td>
<td>34%</td>
</tr>
<tr>
<td>Other tenure type and not stated</td>
<td>18,751</td>
<td>4%</td>
</tr>
</tbody>
</table>

*Social housing is approx 3% of total housing stock in Moreland (2002 dwellings in 2012).


Changing housing tenure in Moreland

Historically Moreland has had a very high proportion of residents who owned their house outright, and a low proportion of home purchasers with a mortgage. This is partially due to the higher than average proportion of elderly residents that make up its community. However, outright home ownership has gradually decreased over the past two decades.

Declining house and unit affordability

In 1998 the threshold income required to purchase a house in Moreland began to exceed income required in the Melbourne metropolitan area.
Threshold income measures the income required to buy a moderately priced dwelling in a specified area (Moreland and Greater Melbourne in this example).
The threshold income required to purchase a unit in Moreland has become much closer to that required in the Melbourne metropolitan area.
Decline in housing affordability 2001–2011, income and tenure

The next graph shows how housing costs (both mortgage and rental) have outstripped household income over the past decade, and this explains why more residents are experiencing affordability issues.

\[
\begin{array}{|c|c|c|c|}
\hline
\text{SLA} & \text{Income Increase} & \text{Rent Increase} & \text{Mortgage Increase} \\
\hline
\text{Brunswick SLA} & 77.3\% & 108.4\% & 100.0\% \\
\text{Coburg SLA} & 69.3\% & 93.9\% & 103.6\% \\
\text{North SLA} & 52.7\% & 93.3\% & 112.8\% \\
\text{Moreland} & 66.4\% & 100.0\% & 109.2\% \\
\hline
\end{array}
\]

Statistical Local Area (SLA) refers to boundaries within a municipality used for the collection and analysis of Census data.

Source: ABS Census 2011

The Moreland Household Survey 2011 and consultation for the Community Plan confirm that many residents experience significant levels of (subjectively identified) housing stress. The Household Survey also reveals that there were times in the last 12 months when households have run out of food and have not been able to buy more (4.8% average of households across Moreland).
Decline in private rental affordability

There has been a dramatic drop in the proportion of rental stock considered affordable, and the proportion of affordable stock in Moreland compares unfavourably with the Melbourne metropolitan area:

Private rental affordability for low income households (all property types) as a proportion of total stock, Moreland Local Government Area (LGA) and Greater Melbourne, 2000–2012 (September quarter)

Source: www.housinginvictoria.com.au

Below: Balaclava, Woodstock, City of Port Phillip partnership with Port Phillip Housing Association
The types of household in Moreland that are living in financial hardship after paying rent (calculated at 30% of income) are identified in this chart. It shows that households with children bear the major impact of current rent levels.

Social housing (public and community housing)

In 2012 just under 3% of dwellings in Moreland was public housing stock – 2002 dwellings (Source: Hume Moreland area, North Division Department of Human Services). There has been a gradual decline in public housing since 2000.

There were also 190 community housing units, developed through Council partnerships and incentives provided through the Nation Building Stimulus Plan.

The high cost of rent means that many households are dependent on the Commonwealth Government’s Rent Assistance program. There were 8253 recipients of Rent Assistance in 2012 in Moreland, another indicator of the low level of affordable rental stock. www.housinginvictoria.com.au
Housing stress

In the 2011 Moreland Household Survey respondents were asked to state the level of stress housing payments (mortgage or rental payments were having on their families. Results for Moreland overall show 52.9% of respondents stated that they were experiencing moderate stress or above, with nearly one in five households (17.8%) experiencing heavy stress.

An important measure of housing stress is self reported stress.

Source: Moreland Household Survey 2011
Housing stress by suburb

<table>
<thead>
<tr>
<th>Suburb</th>
<th>Moderate stress</th>
<th>Heavy stress</th>
<th>Source: Moreland Household Survey 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunswick</td>
<td>9.1%</td>
<td>36.4%</td>
<td></td>
</tr>
<tr>
<td>Brunswick East</td>
<td>10.9%</td>
<td>36.4%</td>
<td></td>
</tr>
<tr>
<td>Brunswick West</td>
<td>17.1%</td>
<td>36.6%</td>
<td></td>
</tr>
<tr>
<td>Coburg</td>
<td>17.3%</td>
<td>23.1%</td>
<td></td>
</tr>
<tr>
<td>Coburg North</td>
<td>16.1%</td>
<td>26.8%</td>
<td></td>
</tr>
<tr>
<td>Fawkner</td>
<td>16.7%</td>
<td>26.5%</td>
<td></td>
</tr>
<tr>
<td>Glenroy</td>
<td>22.2%</td>
<td>35.3%</td>
<td></td>
</tr>
<tr>
<td>Gowanbrae</td>
<td>17.4%</td>
<td>39.1%</td>
<td></td>
</tr>
<tr>
<td>Hadfield</td>
<td>26.3%</td>
<td>34.2%</td>
<td></td>
</tr>
<tr>
<td>Oak Park</td>
<td>8.5%</td>
<td>29.8%</td>
<td></td>
</tr>
<tr>
<td>Pascoe Vale</td>
<td>15%</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>Pascoe Vale South</td>
<td>16.9%</td>
<td>28.8%</td>
<td></td>
</tr>
</tbody>
</table>
Homelessness and insecure housing

In 2011 the estimated number of homeless and marginally housed was 779 people in Moreland (Census of Population and Housing 2011).

It is difficult to gain an accurate profile of homelessness at a municipal level because of the complex issues which underlie insecure housing. However, primary, secondary and tertiary homelessness, the categories commonly used in Australian research, are all in evidence in Moreland:

• **primary homelessness**: people without conventional accommodation, such as those living on the streets, in cars or in squats;

• **secondary homelessness**: people in temporary accommodation such as boarding houses or crisis accommodation; and

• **tertiary homelessness**: people who live in boarding houses on a medium to long term basis.

According to Hope Street Youth and Family Services Annual Report 2012, of particular concern are reported increases in youth homelessness. VincentCare and Women’s Information and Housing Support in the North have informed Council that children in homeless families often end up in inappropriate accommodation such as unregistered rooming houses.

Hope Street Youth and Family Services note that the risk of homelessness for young people is increased for those who grew up in poverty, are indigenous, are from non-English speaking backgrounds, have mental health issues or have recently left state care.

There is also a gender dimension:

• lower income older single women, who are currently private tenants with little savings or superannuation funds, are more vulnerable to homelessness than men (A Sharam A Predictable Crisis: Older, single women as the new face of homelessness 2011); and

• men on low incomes, or in situations of homelessness or transitional housing, face difficulties in providing suitable accommodation for children (Moreland Affordable Housing Strategy 2006).

Insecure and inappropriate housing includes:

• squatting;

• overcrowding;

• living in an environment with domestic violence;

• living in an environment without appropriate psychiatric or social support;

• living in an environment not suited to culture, disability or age;

• living in a space that is unsafe or requires extensive maintenance because it is a health or fire hazard;

• living long-term in a car; and

• living in a place that doesn’t feel like ‘home’.

In summary, all tenure groups have been experiencing affordability issues.

The chart on page 26 provides an overview of housing chances and choices for home purchase and rental for Moreland residents. (It was adapted by Council from a concept devised by Prof Terry Burke, Swinburne Institute of Social Research 2004).

Assumptions in home purchase price include:

• 30% of household income is paid towards a mortgage or rent;

• 20% deposit is paid towards a mortgage; and

• interest rates of 6%, 30 year mortgage, paid weekly (although new mortgages are slightly lower, rates are likely to vary over the next five years).
The income housing ladder

<table>
<thead>
<tr>
<th>Annual net household or personal income</th>
<th>Can afford a home purchase price of (rounded):</th>
<th>Affordable weekly rent (30% of household income)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$160,000</td>
<td>$833,750</td>
<td>$923.08</td>
</tr>
<tr>
<td>$150,000</td>
<td>$782,250</td>
<td>$865.38</td>
</tr>
<tr>
<td>$140,000</td>
<td>$729,750</td>
<td>$807.69</td>
</tr>
<tr>
<td>$130,000</td>
<td>$677,250</td>
<td>$750.00</td>
</tr>
<tr>
<td>$120,000</td>
<td>$624,750</td>
<td>$692.31</td>
</tr>
<tr>
<td>$110,000</td>
<td>$572,250</td>
<td>$634.62</td>
</tr>
<tr>
<td>$100,000</td>
<td>$519,750</td>
<td>$576.92</td>
</tr>
<tr>
<td>$90,000</td>
<td>$476,250</td>
<td>$519.23</td>
</tr>
<tr>
<td>$80,000</td>
<td>$414,750</td>
<td>$461.54 $76,899 Upper initial income level to qualify for NRAS (sole parent and 2 children)</td>
</tr>
<tr>
<td>$70,000</td>
<td>$362,250</td>
<td>$403.85</td>
</tr>
<tr>
<td>$60,000</td>
<td>$309,750</td>
<td>$346.15</td>
</tr>
<tr>
<td>$50,000</td>
<td>$257,250</td>
<td>$288.46 $44,835 Upper initial income to qualify for NRAS (single adult)</td>
</tr>
<tr>
<td>$40,000</td>
<td>$204,750</td>
<td>$230.77</td>
</tr>
<tr>
<td>$30,000</td>
<td>Will not qualify for loan</td>
<td>$173.08</td>
</tr>
<tr>
<td>$20,000</td>
<td>Can access public or community housing – waiting list</td>
<td>$115.38 Nothing affordable in private market</td>
</tr>
<tr>
<td>$10,000</td>
<td>Can access public or community housing – waiting list</td>
<td>$57.69 Nothing affordable in private market</td>
</tr>
</tbody>
</table>

Note: In September 2012 to purchase a median price house in Moreland ($600,000) an income of approx. $115,000 p.a. was required. To purchase a median price unit in Moreland ($440,000) an income of approx. $88,000 p.a. was required. Source www.reiv.com.au

For home purchasers other housing costs will apply as well as 30% income spent on mortgage or rent: conveyancing, stamp duty, insurance, rates, maintenance, etc.

Home purchase loan calculations are based on data from ING Direct calculator National Rental Affordable Scheme (NRAS). (See page 14.)

Average annual incomes in Moreland

Brunswick SLA had a weekly median income of $1,378 (or $71,656 annually)
Coburg SLA had a weekly median income of $1,295 (or $67,340 annually)
The North had a weekly median income of $997 (or $51,844 annually)
POLICY CONTEXT

Federal Government policy
Affordable housing work is guided by the National Australian Housing Agreement 2009 which includes partnership agreements with the states about social housing, Aboriginal housing and homelessness. Council recognises the value of The Road Home: A National Approach to Reducing Homelessness 2008 prepared by the Federal Government and its goal to halve homelessness by 2020. The commitment to this policy under the current Federal Government is uncertain.

State Government policy
The Victorian State Government is currently reviewing its housing policy and funding priorities and has flagged its intention to replace The Victorian Integrated Housing Policy 2010 with a Housing Framework committed to developing (new) strategic directions for public and community housing.

The State Government also intends to develop a strategy in response to Parliament’s Inquiry into the Adequacy and Future Directions of Public Housing in Victoria (2010) and released a discussion paper Pathways to a Fair and Sustainable Housing System in 2012. Submissions are still being reviewed – Moreland City Council’s submission emphasised that public housing stock is a valuable and necessary social asset.

The Victorian Homelessness Action Plan 2011–2015 flags the importance of early intervention and more integrated programs underpinned by innovative secure housing. Programs such as Home at Last (Housing for the Aged Action Group), Families at Home (Kildonan Uniting Care) and HomeConnect Hub (VincentCare Victoria) have been trialled and funded, and might have an impact on Moreland.

Unfortunately the State Government has implemented only some of the recommendations for rooming house reform arising from The Rooming House Standards Taskforce 2009, which is a concern for all Councils that participate in the Melbourne Metropolitan Rooming House Network. One important recommendation which has been implemented is the launch of a Public Register of Rooming Houses. This Register enables the general public, rooming house residents and homelessness services to check the registration status of a rooming house.

The Housing Affordability Unit which was part of VicUrban, and had some responsibility for affordable housing in its charter, has been incorporated into Places Victoria and its future directions are not clear. Places Victoria has been addressing larger scale sites for renewal and redevelopment, such as Fisherman’s Bend, without an ongoing commitment to affordable housing provision.

From a local government point of view, apart from ongoing uncertainty about future housing policy and funding availability, the disappointing aspects of both Federal and State Government policy directions are that they:

- make little reference to local government affordable housing accomplishments (or constraints);
- tend not to invite local government to participate in the development of future policy directions; and
- provide few incentives to facilitate local government’s housing role in partnerships with either the private sector or the not-for-profit sectors.

A major concern is the ongoing decline in public expenditure to support growth of public and community housing.

More detail about Federal and State housing policies can be found on www.fahcsia.gov.au and www.dhs.vic.gov.au
Moreland City Council policy

This chart describes the relationship between the Moreland Affordable Housing Strategy and other key Council strategies.

Activity Centre Strategy; Housing Framework (in development)

Property Framework (in development)

The Brunswick Place Framework Strategy 2013
  Built Form and Land Use Strategy
  Brunswick Investment Strategy

Coburg Place Framework 2010

Coburg Built Form and Land Use Strategy 2010

Coburg Economic Development Strategy 2013

Glenroy Structure Plan

Community Infrastructure Framework (in development)

Moreland Later Years Strategy 2013–2017

Early Years Strategy 2011–2015

Family Violence Prevention Strategy 2011–2015
Implementation of the Moreland Affordable Housing Strategy 2014–2018 requires the following issues to be addressed as an early priority:

**Feasibility of affordable housing targets**

The clarification of affordable housing targets, and strategies to implement them, is a key issue for Council. It is recognised across Council that implementation is limited by the lack of State Government planning mechanisms and ongoing uncertainty about future housing policy and funding at both State and Federal Government level.

A survey of local government practices across Australia showed that some municipalities have established targets ranging from 3% of total stock to 15% of new construction. Some municipalities have aspirational targets. Many targets are linked to maintaining current levels of public and community housing stock in the municipality.

The key challenges for Moreland are:

1. Articulation of the underpinning rationale/methodology to inform VCAT and/or Planning Panel review (e.g. the Inner Melbourne Action Plan methodology);
2. Identification of the appropriate geographical scale to apply such provisions (e.g. municipal wide, Statistical Local Area (SLA), activity centre, suburb); and
3. Whether to adopt different targets for Council-owned, State Government-owned and privately-owned land?

Note that Council is awaiting legal advice about the implementation of targets, whether in the form of affordable housing stock or developer contributions.

**Roles and responsibilities**

Clarification of affordable housing roles and responsibilities within Council needs to be addressed; including processes to broker effective partnerships with both the private sector and the not-for-profit sector.

To address this, Council will establish an Affordable Housing Working Group that meets regularly, made up of representation from relevant Council Units.

As well as clarifying processes to broker partnerships, an Affordable Housing Working Group would be well positioned to identify:

- the minimum conditions required for Council to commence affordable housing projects and feasibility studies;
- site selection principles; and
- shovel-ready projects.
Top: Windsor, K2 Apartments, sustainable public housing, Department of Human Services
Above: Altona, social housing seniors, Winner 2013 National Architecture Awards: Frederick Romberg Award
Strategic assessment of housing need

Based on legal advice, the value of a strategic assessment of affordable housing need will require the integration of resources and research across Council. This information would help to establish:

- an evidence based rationale for social inclusion;
- an evidence based rationale for diverse housing types;
- the case for inclusionary zoning and/or developer contributions; and
- identification of preferred long term affordable housing outcomes. Council is still awaiting advice as to whether this work should proceed on a suburb by suburb, or Statistical Local Area basis.

The technical paper that accompanies MAHS 2014–2018, Moreland’s Affordable Housing Profile 2013, provides a starting point for a strategic assessment.

Land trust

Council has undertaken preliminary investigation into a land trust – an independent legal entity whose purpose, not exclusively, is to hold ground leases and direct development of housing assets on such leases and provide long-term asset and program management.

A land trust involves transfer of land to an independent charitable trustee or the grant of a long leasehold interest. The land trust is an emerging model in Australia which has been successfully used in the UK and US affordable housing sectors. The trustee entity of a land trust is an organisation that provides affordable housing (and potentially other community benefits where its objectives allow it to do so) and holds land in perpetuity for those purposes. This model involves Council gifting or transferring land for a consideration below market value to the trustee so that the land forms part of the land trust. As an independent legal entity a land trust can pursue funds from sources not available to Council and can take full advantage of charitable tax status.

Council will seek further advice about the costs, financial benefits and commercial risks related to this option.
Property Framework

Council’s Property Framework, currently in development, will provide guidance for disposal, leasing, acquiring and redeveloping Council owned land, including land which could be used for affordable housing.

Acknowledging the likelihood of competing objectives for Council-owned land (affordable housing, accessible housing, best practice ESD standards, open space, community infrastructure, transport initiatives); the MAHS 2014-2018 proposes that a weighting should be developed to support affordable housing when allocating ‘surplus’ Council land (where the property is well located). Generally well located affordable housing is considered to be within walking distance to public transport and community infrastructure (which in turn link to support services, educational and employment opportunities, shopping and recreation).

Resources

Council needs to obtain specialist advice about affordable housing delivery models involving multi-sectorial participation.

Property development modelling skills within Council, or resources for consultants, is required to inform feasibility studies for projects, especially on Council owned land.

Funding resources

Options for Council’s unreserved housing funds, an internal pool of money held by Council the expenditure being hypothecated to affordable housing, needs to be reviewed.

Pending advice

Council is awaiting advice about the merits and legal basis to include developer contributions of either dwellings or ‘a cash in lieu’ contribution towards ‘affordable housing’ provisions in the planning scheme.

This advice will review the merits and legal basis to require new development to allocate a proportion of affordable rental housing to be owned and managed by a registered housing association, housing provider (or similar not-for-profit organisation), or the payment of a cash in lieu contribution to a housing trust or similar organisation.
MAHS implementation will require both internal and external resources as detailed below.

**Moreland Housing Reserve Fund**

Following amalgamation, Moreland City Council set aside $1.5 million in a *Housing Reserve Fund* to contribute towards joint venture projects and related costs. About half of the fund has been spent on land purchases and contributions towards construction costs in Social Housing Innovations Project dwellings. (The Social Housing Innovations Project was a State Government program.)

Some of the remaining funds of the housing reserve will be used to support projects with housing associations and housing providers, whilst the other funds will be used to ‘top up’ planning, design and construction costs on a project-by-project basis. The intention is to promote advanced social and environmental features to reduce long-term housing costs for tenants and to model (and monitor) social and environmental innovation.

**Annual budget process**

Within Council’s annual budget allocation process successful implementation of the MAHS will require funding for:

- continuation of advocacy, consultation and research activities;
- establishment of the *Affordable Housing Working Group*; and
- consultancies associated with feasibility studies (e.g. valuations, soil contamination studies, specialist planning work).

Much of this work will be coordinated within Council through the position of Senior Housing Strategist, Social Development Branch.
Partnerships

Looking to the future, the feasibility and capital funding required for affordable housing is heavily dependent on State and Commonwealth policies as outlined in Section 06. Council is well placed to gain projects though existing relationships with Housing Choices, Community Housing Ltd and Yarra Community Housing. Women’s Property Initiatives has also expressed an interest in partnerships with Council, including projects which may lead to initiatives for asset rich, income poor older women.

Council has flagged its intention to explore strategic development sites with Places Victoria, VicTrack and the private sector. However the resource implications of this move are yet to be examined.

Council, State and Commonwealth Government owned land

The Social Housing Innovations Project developments proceeded on 40-year lease arrangements, after which future use of the sites will be renegotiated. However Council’s property management preference is to maintain community housing as a long-term social asset for the municipality.

Since the implementation of the Housing Associations framework, Council has debated the relative asset implications of either making land contributions of Council-owned sites or organising 40 to 50 year lease arrangements to support further projects. It has become clear that the capacity for a local government to support projects through 99 year lease arrangements would considerably assist partnership projects, and Council intends to keep advocating for this change.

Council is also keen to see the State and Commonwealth Governments donate (or lease) ‘surplus’ land and property assets, such as VicTrack and VicRoads land.

Funding opportunities

To take advantage of external funding possibilities it is important that feasibility studies continue, and that Council continue to seek grants from a range of private, community and philanthropic sources e.g. the Victorian Property Fund and Real Estate Institute of Victoria (REIV).
Council is seeking to identify the most effective ways to add to the stock of affordable housing in the municipality.

This section outlines strategies designed:

- to maximise the supply of affordable housing in Moreland; and
- to address local housing stress (especially for those households who fall within the lowest 40% of income distribution) by adding to long term housing options which are affordable, accessible and appropriate across the municipality.

The proposed actions have been developed from review of:

- the achievements and limitations of the Moreland Affordable Housing Strategy 2006;
- a survey of other local government strategies and projects;
- an overview of the current policy and funding context; and
- available resources.

<table>
<thead>
<tr>
<th>Proposed timelines</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term</td>
<td>to achieve in 2014</td>
</tr>
<tr>
<td>Medium term</td>
<td>to achieve in 2014 and 2015</td>
</tr>
<tr>
<td>Long term/ongoing</td>
<td>to achieve in 3–5 years</td>
</tr>
</tbody>
</table>
### STRATEGY 1

#### 1: Increase the supply of affordable housing on Council owned land

<table>
<thead>
<tr>
<th>Action</th>
<th>Responsibility</th>
<th>Timeframe</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Test the feasibility of a 20% affordable housing target informed by (a) development feasibility and (b) learning from Council projects over the past 5 years</td>
<td>Across Council</td>
<td>ongoing</td>
<td>To make use of, and leverage, Council assets such as car park sites and capital projects</td>
</tr>
<tr>
<td>1.2 Develop a Moreland Land Trust (an independent legal entity whose purpose, not exclusively, is to hold ground leases and direct development of housing assets on such leases and provide long-term asset and program Management)</td>
<td>Housing Strategist (requires legal advice)</td>
<td>medium term</td>
<td>To identify developments which retain affordable housing stock in perpetuity</td>
</tr>
<tr>
<td>1.3 Identify shovel ready projects (in anticipation of the short turn around period for grant/funding applications)</td>
<td>Place Managers Urban Design Property</td>
<td>short term</td>
<td>To facilitate development partnerships</td>
</tr>
<tr>
<td>1.4 Continue to work on air rights/feasibility studies to develop affordable housing on car park sites</td>
<td>Eco Dev &amp; Planning Urban Design</td>
<td>ongoing</td>
<td>To acknowledge complementary objectives for Council-owned land (e.g. affordable housing, open space, best practice Environmentally Sustainable Design, accessible housing, community facilities), and the need to develop a model which gives a weighting for affordable housing</td>
</tr>
<tr>
<td>1.5 Identify mixed use project proposals, based on Australian and international best practice models, where a residential component can be added</td>
<td>Eco Dev &amp; Planning Place Managers</td>
<td>ongoing</td>
<td>To ensure that Council is well positioned to take advantage of future Federal and State Government capital programs</td>
</tr>
<tr>
<td>1.6 Develop principles to inform site selection for affordable housing</td>
<td>Housing Strategist</td>
<td>short term</td>
<td></td>
</tr>
<tr>
<td>1.7 Based on the Local Government Best Practice Guideline for the sale, exchange and transfer of land (2009), assess the benefits of selling, transferring or leasing Council-owned land to support affordable housing developments in strategic partnership arrangements</td>
<td>Housing Strategist (requires consultancy advice)</td>
<td>medium term</td>
<td></td>
</tr>
<tr>
<td>1.8 Draw on the skills of the property/financial sector to obtain advice about affordable housing delivery models involving multi-sector participation, which leverage off federal and state programs</td>
<td>Housing Strategist (requires consultancy advice)</td>
<td>ongoing</td>
<td></td>
</tr>
<tr>
<td>1.9 One of the priorities, when allocating surplus Council land for new uses, should be affordable housing</td>
<td>Across Council</td>
<td>ongoing</td>
<td></td>
</tr>
<tr>
<td>1.10 Publicise completed projects as demonstration projects</td>
<td>Media and Communications</td>
<td>ongoing</td>
<td></td>
</tr>
</tbody>
</table>

**Key Performance Indicator Evaluation**

- Increase of affordable housing stock on Council-owned land
- Increase of affordable housing stock created in Council-owned air space
# Strategy 2: Increase the supply of affordable housing on State Government owned land

<table>
<thead>
<tr>
<th>Action</th>
<th>Responsibility</th>
<th>Timeframe</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Increase well located public housing in Moreland</td>
<td>Housing Strategist</td>
<td>ongoing</td>
<td>To address Moreland’s (comparatively) low level of public housing stock</td>
</tr>
<tr>
<td></td>
<td>Place Managers</td>
<td></td>
<td>To emphasise that housing is a human right, a prerequisite to social equity, and a productive and sustainable society</td>
</tr>
<tr>
<td>2.2 Liaise with DHS and other relevant State Government Departments (e.g. VicTrack; Places Victoria) to monitor site and property requirements for their additional stock and renewal programs</td>
<td>Eco Dev &amp; Planning</td>
<td>ongoing</td>
<td></td>
</tr>
<tr>
<td>2.3 Lobby DHS and other relevant State Government Departments to deliver new affordable housing projects, including consolidation of sites in areas of older and poor condition public housing, and strategic use of sites adjacent to transport hubs</td>
<td>Housing Strategist</td>
<td>ongoing</td>
<td></td>
</tr>
</tbody>
</table>

## Key Performance Indicator Evaluation

- Increase of public housing stock on State Government-owned land
- Increase the number of public housing tenants in Moreland

**KPI Monitoring**: Annual

**Responsibility**: Housing Strategist
### STRATEGY 3

**3: Encourage and facilitate the private sector to deliver affordable housing stock, especially in activity centres and on larger redevelopment sites**

<table>
<thead>
<tr>
<th>Action</th>
<th>Responsibility</th>
<th>Timeframe</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Advocate to the State Government for legislative change to the Victorian Planning Scheme to include requirements for developer contributions to the supply of community and/or public housing (e.g. inclusionary zoning) through Council’s submissions to the Plan Melbourne Metropolitan Planning Strategy and the revised State Planning Policy Framework</td>
<td>Strategy Unit Housing Strategist</td>
<td>ongoing</td>
<td>It is important to emphasise the context that the Victorian Planning System has no existing provisions for affordable housing targets on privately-owned land</td>
</tr>
<tr>
<td>3.2 Include local policy directions in the Moreland Planning Scheme (Municipal Strategic Statement) to facilitate diversity/choice of housing sizes and types across the municipality with the aim of facilitating a proportion of housing which through market forces will be at the lower end of the price continuum, and thus be more affordable to lower income households</td>
<td>Strategy Unit Urban Planning</td>
<td>ongoing</td>
<td>To ensure the Local Planning Framework maintains an adequate supply of housing to ensure housing scarcity does not drive up housing price points</td>
</tr>
<tr>
<td>3.3 Include local policy directions in the Moreland Planning Scheme (Municipal Strategic Statement) to reduce the ongoing costs associated with the design and location of housing, with a specific focus on energy efficient design and encouragement of increased housing densities with good access to public transport</td>
<td>Strategy Unit Urban Planning</td>
<td>ongoing</td>
<td>To provide clear planning policy and streamlined planning processes so unnecessary red tape and delays do not extend housing costs, encourage speculation and consequently drive up housing price points</td>
</tr>
<tr>
<td>3.4 Identify incentives to attract and engage the private sector in affordable and accessible housing provision</td>
<td>Across Council</td>
<td>ongoing</td>
<td>To attract increased provision of affordable, accessible and diverse housing in locations where major residential projects (more than 20 units) will take place</td>
</tr>
<tr>
<td>3.5 Ensure Council’s decisions about applying the New Residential Zones take into consideration the potential adverse impact of the Neighbourhood Residential Zone (low density zone) on housing supply, diversity, and consequently price point affordability, including the preclusion of opportunities for innovative redevelopment of ‘greyfields’ (existing residential suburbs)</td>
<td>Strategy Unit Urban Planning</td>
<td>ongoing</td>
<td>To encourage mixed use development and diversity in activity centres</td>
</tr>
<tr>
<td>Action</td>
<td>Responsibility</td>
<td>Timeframe</td>
<td>Rationale</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
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</tr>
<tr>
<td>3.6 Establish processes and strategies to improve on Council's role in brokering partnerships between the private sector and housing associations, housing providers and other not-for-profit providers (roles and responsibilities within Council need to be clarified and a process for brokering partnerships needs to be developed)</td>
<td>Housing Strategist, Urban Planning, Place Managers, Amendments Unit</td>
<td>ongoing</td>
<td></td>
</tr>
<tr>
<td>3.7 Seek opportunities in the amendment process to negotiate affordable housing outcomes and confirm appropriate tools to guarantee negotiated outcomes (e.g. s173 Agreements)</td>
<td>Amendments Unit, Major Projects and Investment</td>
<td>ongoing</td>
<td></td>
</tr>
<tr>
<td>3.8 Integrate and prioritise what Council seeks from privately-owned land (e.g. affordable housing, open space, best practice ESD, accessible housing, community facilities) and develop a model to deliver priorities</td>
<td>Housing Strategist, Amendments Unit, Major Projects and Investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.9 Conduct information sessions and circulate educational resources about Federal and State Government initiatives (current and emerging programs such as the National Rental Affordability Scheme); and successful municipal partnerships e.g. Port Phillip • Within Council • For the private sector</td>
<td>Housing Strategist</td>
<td>ongoing</td>
<td></td>
</tr>
<tr>
<td>3.10 Publicise successful partnership projects</td>
<td>Media and Communications</td>
<td>ongoing</td>
<td></td>
</tr>
<tr>
<td>3.11 Continue to advocate for legislative change at State Government level – for example in the Council response to the Metropolitan Planning Strategy and the Review of the State Planning Policy Framework.</td>
<td>Strategic Planning, Housing Strategist</td>
<td>ongoing</td>
<td></td>
</tr>
</tbody>
</table>

**Key Performance Indicator Evaluation**

- Increase of affordable housing stock arising from partnership arrangements and private sector development
- Number of information / educational circulations per year

**KPI Monitoring**

- Annual

**Responsibility**

- Housing Strategist
- Urban Planning
### 4: Focus advocacy on six major areas

<table>
<thead>
<tr>
<th>Action</th>
<th>Responsibility</th>
<th>Timeframe</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Advocate for recognition of good quality, affordable rooming house accommodation as an important lower-cost form of accommodation, in partnership with the Melbourne Metropolitan Rooming House Group and the Registered Accommodation Association of Victoria (RAAV)</td>
<td>Housing Strategist, Urban Safety</td>
<td>ongoing</td>
<td>To focus advocacy work for maximum impact, recognising that resources may be required to work in coalitions, lobbying politicians etc. To emphasise that housing is a human right, a prerequisite to social equity, and a productive and sustainable society. Continue to advocate for legislative change at State Government level as the Victorian Planning System has no existing provisions for inclusionary zoning, affordable housing targets or similar mechanisms. To support the benefit of providing housing for a diverse community Maximum 50 year leases act as a constraint when raising project finance</td>
</tr>
<tr>
<td>4.2 Advocate for increased public and community housing stock in the municipality</td>
<td>Housing Strategist</td>
<td>ongoing</td>
<td></td>
</tr>
<tr>
<td>4.3 Advocate to address homelessness, and associated stigmatisation, and improve pathways out of homelessness</td>
<td>Housing Strategist</td>
<td>ongoing</td>
<td></td>
</tr>
<tr>
<td>4.4 Advocate for increased Federal and State Government funding for affordable housing</td>
<td>Across Council</td>
<td>ongoing</td>
<td></td>
</tr>
<tr>
<td>4.5 Advocate for legislative change and inclusionary zoning, which may involve strategic alliances with other local government and regional organisations.</td>
<td>Across Council</td>
<td>ongoing</td>
<td></td>
</tr>
<tr>
<td>4.6 Advocate for legislative change at State Government level to enable 99 year lease arrangements for affordable housing partnership projects</td>
<td>Governance</td>
<td>ongoing</td>
<td></td>
</tr>
<tr>
<td>4.7 Join peak body advocacy campaigns and awareness raising initiatives where appropriate (e.g. Victorian Council of Social Service, Victorian Local Governance Association, Municipal Association of Victoria, Australians for Affordable Housing)</td>
<td>Housing Strategist</td>
<td>ongoing</td>
<td></td>
</tr>
</tbody>
</table>

### Key Performance Indicator Evaluation

<table>
<thead>
<tr>
<th>Key Performance Indicator</th>
<th>KPI Monitoring</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The number of registered rooming houses in the municipality</td>
<td>annual</td>
<td>Urban Safety</td>
</tr>
<tr>
<td>• The estimated number of homeless people in the municipality (Census years)</td>
<td></td>
<td>Housing Strategist</td>
</tr>
<tr>
<td>• The number of submissions made to State and Federal Housing Strategies</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5: Monitor local housing need

<table>
<thead>
<tr>
<th>Action</th>
<th>Responsibility</th>
<th>Timeframe</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Continue to liaise with local housing and community groups and support services to (a) share information about programs and housing issues; and (b) document household types in greatest housing stress and housing need</td>
<td>Housing Strategist Strategic Planning Urban Safety</td>
<td>ongoing</td>
<td>Maintain a current profile of housing stress and affordable housing need in the municipality</td>
</tr>
<tr>
<td>5.2 Based on the Moreland Affordable Housing Profile develop an affordable housing profile for Council’s website, so residents can access affordable housing information about their locality/suburb</td>
<td>Housing Strategist Planning &amp; Performance</td>
<td>short term</td>
<td></td>
</tr>
<tr>
<td>5.3 Determine gaps in existing housing data and undertake/commission research where required</td>
<td>Planning &amp; Performance Housing Strategist</td>
<td>ongoing</td>
<td></td>
</tr>
</tbody>
</table>

**Key Performance Indicator Evaluation**

- Creation of a Moreland Affordable Housing Profile
- Number of views of the Moreland Affordable Housing Profile on Council website
- Organise two events for Moreland housing and community organisations and support services each year

<table>
<thead>
<tr>
<th>KPI Monitoring</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual</td>
<td>Housing Strategist</td>
</tr>
</tbody>
</table>
6: Give voice to the diverse housing experiences of Moreland residents (in both secure and insecure housing) to inform Council strategies and projects

<table>
<thead>
<tr>
<th>Action</th>
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<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1 Encourage and promote creative expression of first person stories that reflect the housing experience of Moreland residents</td>
<td>Housing Strategist</td>
<td>ongoing</td>
<td>Through innovative events, Moreland residents will become well informed about the reality of housing stress and homelessness in their community, and see affordable housing as an integral component of their communities.</td>
</tr>
<tr>
<td>6.2 Draw on Council’s Engagement Strategy and the Arts and Culture Strategy 2011–2016 when devising affordable housing events</td>
<td>Housing Strategist, Arts and Culture</td>
<td>ongoing</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key Performance Indicator Evaluation</th>
<th>KPI Monitoring</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Two participatory events for Moreland residents each year</td>
<td>annual</td>
<td>Housing Strategist</td>
</tr>
</tbody>
</table>
Above: Barcelona, St Caterina market redevelopment and social housing
REFERENCES

Building Commission, 2004
Welcome: Design Ideas for Accessible Homes

City of Port Phillip, October 2011
‘National Affordable Housing Agreement Post 2013 – Ideas to be addressed’, AHURI Conference

Department of Human Services, April 2012
Pathways to a fair and Sustainable Housing System, Public Consultation Discussion Paper

Hobart City Council, 2010
Affordable Housing Strategy 2010–2012

Kelly J, 2011
Getting the Housing We Want, Grattan Institute

Kelly J, 2013
Renovating Housing Policy, Grattan Institute

Livable Housing Australia, 2012
Livable Housing Design Guidelines, second edition

Moreland City Council, 2011
Household Survey

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Future Directions for Affordable Housing in Moreland: Discussion paper

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Affordable Housing Profile

Net Balance Foundation, 2011
The Social Value of Community Housing in Australia

SGS Economics and Planning, 2012
‘Evidence regarding affordable housing for the City of Moreland’

Sharam A, 2011
‘A Predictable Crisis: Older, single women as the new face of homelessness’, Swinburne Institute for Social Research

Victorian Women’s Housing Association, 2010
Investment in affordable housing for women – the social and economic returns

Websites
www.ahuri.edu.au
Australian Housing and Urban Research Institute – a national not-for-profit independent research network, specialising in housing research.

www.dhs.vic.gov.au
Department of Human Services, information about public housing, community housing, private renter assistance and homelessness.

www.fahcsia.gov.au
Federal Department of Families, Housing, Community Services and Indigenous Affairs, information about the National Rental Affordability Scheme.

www.grattan.edu.au
Housing trends and preferences across Melbourne.

www.housinginvictoria.com.au
An interactive website providing data on housing and housing affordability indicators in many Victorian municipalities.

www.housingregistrar.vic.gov.au
Listing of Housing Associations and Housing providers.

www.nhsc.org.au
The National Housing Supply Council, established in 2008, to assist the Federal Government improve housing supply and affordability for home buyers and renters.

www.reiv.com.au
Property prices, rental data, interactive maps.

www.socialstatistics.com.au
Housing data section.
CONSULTATION AND ADVICE INFORMING THE MAHS

APPENDIX 01

Consultation
- Victorian Local Governance Association: Diverse and Affordable Housing Group
- Housing associations and providers
- Housing, health, community agencies
- Private sector
- Youth
- Family housing
- 55+, Housing for the Aged Action Group
- Artists/live and work spaces
- Housing and Local Government Network
- Registered Accommodation Association of Victoria

Moreland Housing Matters Advisory Committee

Research
- Census; Australian Bureau of Statistics
- id consulting
- Other Local Government
- Department of Planning and Community Development (Housing capacity project)
- Victorian Council of Social Service
- Shelter
- Real Estate Institute of Victoria
- Department of Human Services: Office of Housing Rental Report
- Australian Housing and Urban Research Institute
- RMIT University
- The University of Melbourne
- Grattan Institute

Future Directions for Affordable Housing in Moreland Discussion Paper April 2012

Consultation
- Disability Advisory Committee
- Multicultural and Settlement Services Network
- Focus groups
- Council website

Events
- Private sector engagement
- Housing for the Aged Action Group
- Rooming house forums
- Pecha Kucha

Legal advice

Moreland Affordable Housing Strategy 2013 (draft) September 2013

Legal advice

Moreland Affordable Housing Strategy 2014–2018

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2014/April 4/010270  MCC2457 JVDesign
HOMES WE WANT MORE OF

OPTIONS FOR THE DEVELOPMENT OF AFFORDABLE HOUSING ON COUNCIL-OWNED LAND

Prepared by
Mike Collins
Coordinator Social Planning, Housing and Community Wellbeing.
October 2015
<table>
<thead>
<tr>
<th>Version Control</th>
<th>Date</th>
<th>Approved by</th>
</tr>
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<tr>
<td>v1.1</td>
<td>4 June 2015</td>
<td>Chris Leivers (A/DSD)</td>
</tr>
<tr>
<td>v2.1</td>
<td>14 July 2015</td>
<td>Barry Hahn (A/DSD)</td>
</tr>
<tr>
<td>v2.2</td>
<td>11 September 2015</td>
<td>Barry Hahn (A/DSD)</td>
</tr>
<tr>
<td>v3.1</td>
<td>23 October 2015</td>
<td>Arden Joseph (DSD)</td>
</tr>
</tbody>
</table>
1. EXECUTIVE SUMMARY

One of the key goals in the Moreland Affordable Housing Strategy 2014-18 (The Strategy) is to use Council-owned land to address the need for affordable housing in our community. It is acknowledged that potentially suitable land is limited and, inspired by two projects in the City of Port Phillip, a study of council owned sites where there is the potential to develop airspace above the land was endorsed by Council in December 2014. To assist Council in defining its priorities for site allocation, development and partnership, a framework is proposed in this paper using the concepts of Control, Perpetuity, Scale and Resources, with each of these concepts associated with a measurable outcome.

This paper assists Council to make informed decisions on the costs, financial benefits and commercial risks of providing affordable housing on Council-owned land. It also outlines the community benefits for providing stable housing for our community. This paper considers four options. It provides a guide through the various legal tools and governance systems available and frames them within two potential pathways – either developing affordable housing through a land trust entity which would take control of nominated land, or forming partnerships for specific projects with a registered community housing agency. The primary recommendation is for the immediate establishment of a land trust to pursue a demonstration project.

The role the community housing sector as a partner with Council is crucial as it specialises in providing vulnerable and disadvantaged Australians with quality homes and secure tenure. Council commissioned the Planet Group to research the current state of the community housing sector and to identify how Council could best work with them. That research; the Moreland Affordable Housing Background Paper (Background Paper), should be read in conjunction with this paper. The Background Paper emphasises that the community housing sector is keen to work with Council.

It is recommended that the Moreland Affordable Housing Strategy Reserve continues to assist the housing provision aims of the Strategy through supporting both individual projects, land trust capacity-building and community-based initiatives with small scale contributions ($10,000-40,000). Also identified are decisions Council may take and processes Council officers may undertake which form part of achieving the policy outcomes focussed upon in this paper. In sections 5-9, the paper identifies an approach to the selection of sites, the fostering of community support, and looks at existing Council mechanisms that can also be used to increase affordable housing.

Sections 11 and 12 of the paper refer to technical aspects such as legal arrangements, governance and financing. They show how a local government can deliver on its commitment to the community while having the scope to form sustainable business partnerships with other organisations. This paper recommends that Council does two things: establish a Land Trust and also to consider opportunities in the future to lease land to suitable Registered Housing Agencies.

A Land Trust is a defined-purpose entity which can ensure a consistent approach to meet Council’s aims. It has the ability to participate in innovative development and financing models, and has the scope to include multiple agencies and even other local governments. It is recommended that
Moreland establish a land trust by March 2016, have an initial project planned within 12 months, and to be providing housing within three to five years of its establishment.

The second path, which would ensure that current and short term development opportunities can be realised, involves the lease of land to community housing providers. Using this model, Council is able to control the future use and development of the land by imposing restrictions on its use to that of the provision of affordable housing. The criteria for choosing Registered Housing Agencies should include the Agency’s record of housing vulnerable communities that Moreland has prioritised, the provision of secure tenure and its ability to obtain funding, and good governance. It is recommended that Council consider leasing land to community housing providers as opportunities arise.
2. INTRODUCTION

Moreland Council is committed to exploring ways to increase the provision of social and affordable housing options in the municipality. In adopting the Moreland Affordable Housing Strategy 2014-18 (MAHS), Council identified increasing the supply of housing on Council-owned land as a priority. The MAHS proposes, as a key action, the development of a “Moreland Land Trust”. A land trust is an independent legal entity whose purpose, though not exclusively, is to hold ground leases and to direct development of housing assets on such leases and provide long term asset and program management.

In late 2014 the Moreland Land Trust Feasibility Project was set up to investigate the feasibility of a land trust and other developmental models to facilitate affordable housing opportunities in Moreland, in particular on Council-owned land. This options paper summarises the Feasibility Project’s work to date.

Currently, Council has a specific focus on the potential use of airspace above Council-owned car parks. The Airspace Above Council Owned Carparks Feasibility Study published and adopted by Council in December 2014 identifies 14 car parks in the Brunswick and Glenroy activity centres for priority consideration. In its resolution supporting the airspace report, Council noted that the purpose of conducting the study was: “to investigate the potential of developing airspace to increase the supply of affordable housing options in Moreland” (DED100/14). Council has also committed at this time to a Request for Proposal (RFP) process to gauge interest in the possible sale of airspace over one of the sites (276 Barkly St Brunswick). Any potential financial returns that may result would be subject to further Council consideration.

The provision of affordable housing is a complex endeavour and the assessment of feasibility involves taking into account variables including site location, timing and building scale. With this in mind, this paper aims to provide a framework for common understanding of the key elements and issues upon which future council decisions on individual projects will be made.

This paper draws on commissioned research and legal advice as well as input from a wide range of informed sources from inside Council, in the local and state government sector, in the housing and homelessness sector and from overseas experts. The Affordable Housing Working Group acts as the project’s internal advisory body, with membership across key relevant areas including Place Managers, Property Services, Finance and Strategic Planning. The Moreland Housing Matters Advisory Committee acts as an ongoing channel for experts and community input. Some of the research and advice that has informed this paper includes:

- Legal and strategic advice from Maddocks Lawyers in 2012 and in March 2015.
- The Australian Community Land Trust Manual
- Preliminary reporting from Cr Lenka Thompson’s McArthur Scholarship research visit to Community Land Trusts in the UK

2 Reports in [https://lenkathompson.wordpress.com/](https://lenkathompson.wordpress.com/) and presentation to Housing Matters advisory Committee October 2014
Discussions and interviews with more than 50 housing stakeholders since August 2014
A desktop review of policies, papers and submissions by other local governments, not for profit and academic stakeholders
Participation in the Melbourne University Transforming Housing Industry Workshop on 17 October 2014 and Affordable Housing Summit on 31 April/1 May 2015.

3. MORELAND AFFORDABLE HOUSING PROJECTS

Council has contributed land on a leasehold basis which has led to the supply of social housing to residents in Coburg and Fawkner. These are:

- Fawkner- 12 units elderly and disabled residents leased to Community Housing Ltd & Director of Housing (40 year lease).
- East Coburg- 8 x single person units leased to Yarra Community Housing & Director of Housing- (40 year lease)
- Fawkner- Single home with one tenant who has a significant disability. Leased to Community Housing Ltd (40 year lease)
- Merlynton- single home (currently under construction) for supported accommodation for 4 young people and a full time carer. 50 year lease with Lighthouse Foundation.

These developments have come about through Council responding to specific requests and proposals from individuals and organisations. From the experience of these developments, the investment of officer time and in-kind Council resources is significant in the development phase. However, once the homes have been established the arrangements with the housing organisations have resulted in minimal administrative or resource requirements.

4. COUNCIL’S OBJECTIVES

The main driver for this paper was the adoption of the MAHS. The Strategy proposed investigation of a land trust and other development models to facilitate affordable housing opportunities. The MAHS is embedded with the concept that access to safe and secure housing is a human right which is enshrined in a number of United Nations treaties. Access to housing is also embedded in a number of key Council policy documents. The Moreland Council Plan 2013-17 includes a strategy “to support the improvement of affordable housing options to accommodate the diverse Moreland community.” Affordable housing is also embedded in the Municipal Public Health and Wellbeing Plan 2013-17, the Municipal Strategic Statement and in the structure plans for the Coburg and Brunswick Activity Centres.

As the question of housing affordability has come to be a major national conversation in the past year, it needs to be recognised the term ‘affordable housing’ has multiple meanings. The MAHS aligns with the most commonly-used and understood definition, which is housing costing no more than 30% of gross income for a household in the lower 40% of income range. Any truly affordable

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3 More information (including an Options Paper) at https://msd.unimelb.edu.au/transforming-housing-affordable-housing-all
housing project needs to provide housing which meets this definition. However, a development with a mixture of different housing types, which is generally recommended, can include factors such as location, proximity to services and ‘lifecycle costs’ such as heating and cooling as significant considerations as to what is affordable. SGS Economics and Planning has suggested to Council affordable housing be taken to be “housing permanently available at an affordable rent”\(^4\). Therefore, Council can avoid getting tied up in explanations and debates about ‘affordable housing’ by defining the overarching objective as the provision of “Homes we want more of”. This objective is supported by four key concepts which can frame further decisions to allocate sites or resources for future developments. These are Control, Perpetuity, Scale and Resources. Each of these concepts points to a measurable outcome:

To map out the relevance of the framework through this document, icons indicate each of the four concepts:

<table>
<thead>
<tr>
<th>Icon</th>
<th>Concept</th>
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<tr>
<td>C</td>
<td>Control</td>
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<td>R</td>
<td>Resources</td>
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5. ROLE OF THE MORELAND HOUSING STRATEGY RESERVE

Council established the Housing Strategy Reserve in 1997-1998 following the forced sale of the Coburg and Brunswick electricity wholesaling businesses as part of the privatisation of the SEC (State Electricity Commission) in 1996-1997. A total of $1.5 million was allocated to the Housing Strategy Reserve to foster affordable housing.

Since 1997, $1,104,760 of the Reserve has been spent on:
- Land purchase $941k (85%)
- Site specific research and consultancies $104k (9%)
- Other research $60k (6%)

As of December 2014, the Reserve had funds of $395,240.

Further to a Council resolution of December 2014 (DCS71/14), Council committed to allocating $50,000 annually towards the Housing Strategy Reserve each year beginning with the 2015-2016 Financial Year. The amount of funds in the Reserve at this time limits its use to seed funding for developments, for instance for the purchase of parcels of land or in undertaking major site testing works.

It is recommended, that until substantial funds can be channelled into it, the Housing Strategy Reserve continue to support the broad aims of the MAHS through supporting both individual projects and community-based initiatives with small scale contributions ($10-40,000).

6. HOUSING FOR WHOM?

The MAHS does not specify if certain members of the community should receive priority for housing provision. It should be noted that groups with high need in terms of addressing negative social and community outcomes are not always on the lowest income levels. For instance, women escaping family violence or seniors who wish to age in place may have employment incomes or the proceeds of a home sale. A May 2015 Senate Report of the Senate Economics Committee found that “a
significant number of Australians are not enjoying the security and comfort of affordable and appropriate housing”. The problem of housing affordability in Moreland stretches across income groups, from asylum seekers living on 80% of the unemployment allowance rate to health care professionals on good incomes who cannot afford to live less than 15kms from their workplace.

As the Background Paper outlines in detail, social housing providers have developed a model where having a range of tenure types in affordable housing developments can ensure financially viability. The Background Paper points to local Councils reaching good outcomes for community members by setting broad policy settings and targets and allowing reasonable flexibility in the allocation policies of new housing. This approach has been seen to be effective with housing managed by Yarra Community Housing and Community Housing Limited in Coburg and Fawkner on Council-owned land. This approach also allows councils to choose community housing providers who demonstrate a commitment to prioritising housing for those who are most in need.

7. PRIORITISING LOCATIONS

The Council-owned land identified in the Airspace Feasibility Report represents, at this time, the only land that Council has currently flagged for potential affordable housing development. The land is located within Brunswick and Glenroy Major Activity Centres. Also, there is potential to include other unencumbered Council land within the site selection process.

Smaller scale affordable housing projects, led by specialist housing providers, may be proposed in Neighbourhood Activity Centres or elsewhere. Council can look to develop other forms of assistance for these projects which may include assisting with advocacy, creating partnerships, rate reductions and technical assistance. The Background Paper reports that housing providers have identified that the local government area of Moreland meets many of the needs of community housing residents in terms of access to transport and services.

Both the technical methodology and the recommended priority sites in Airspace Above Council Owned Carparks Feasibility Study will significantly inform the Affordable Housing Working Group in developing site selection criteria including a site for a proposed demonstration project which will be subject to further Council approval.

8. COMMUNITY BENEFIT

Moreland’s experience with the development of social housing units in Fawkner and Coburg reflects a positive outcome for the residents and for the community as a whole. Women’s Property Initiatives, a registered housing provider has used Social Return on Investment (SROI) modelling to measure that impact of its investment in housing and determined that it delivers $3.14 to the Victorian community for every $1 invested\(^5\). Using a cost/benefit analysis approach, SGS Economics

\(^5\) Kliger, B., J. Large, A. Martin and J. Standish (2011), *How an innovative housing investment scheme can increase social and economic outcomes for the disadvantaged*.
and Planning have identified a 7:1 community benefit for providing affordable housing in the right location.\(^6\)

The attendance of over 150 community members at the Maurice Blackburn Oration in November 2014 on housing affordability is one indication of a groundswell of community support for Council to play a lead role in affordable housing provision. Council has an opportunity to build on this growing interest and utilise the media attention on the issue to further develop community support.

9. OTHER FORMS OF COUNCIL SUPPORT

As the Background Paper notes, there are other ways Moreland could support the provision of affordable housing within current Council structures. RHA’s have advised that the key to successful partnerships with local government is early and ongoing engagement and support, including:

- Establishing partnerships and identifying sites
- Direct contributions such as land or money and indirect contributions such as fee reductions
- Good timing, meaning taking advantage of opportunities that arise without delay.

10. KEY PARTNERS - WHAT IS A REGISTERED HOUSING AGENCY (RHA)?

The community housing organisations referred to in this paper include two kinds of housing organisations, both of which will be referred to from here on as Registered Housing Agencies (RHA’s). This paper notes the crucial importance of Registered Housing Agencies as key partners in the provision of affordable housing.

In Victoria the Housing Registrar (established under the Housing Act 1983) provides a registration scheme for not-for-profit organisations that own, manage and develop affordable rental housing for low income households. There are 42 registered agencies consisting of eight housing associations and 34 housing providers. The two kinds of RHA’s operate in these ways:

- Housing Associations develop and acquire housing and manage both their own portfolios and those of others (including the Director of Housing properties). Those that have major assets in Moreland include Housing Choices Australia, Wintringham, Community Housing Ltd and Yarra Community Housing.
- Housing Providers manage rental housing portfolios. Many operate in Moreland including Homeground, Women’s Property Initiatives and Baptcare.

All RHA’s are required to report annually to the Housing Registrar on their compliance with Performance Standards and regulations under the Housing Act. Most agencies will have a focus on, and expertise in, on the housing needs of particular groups (such as seniors, youth, women, and people with disability).

\(^6\) SGS Economics and Planning (2015), *Revisiting the economics of inclusionary zoning*. 
The Background Paper provides further details about the current operational environment for Registered Housing Agencies within the context of reduced Federal and State funding and policy.
Lease of freehold title

When selling or exchanging land, Council must comply with the provisions of s189 of the Local Government Act (LGA). Maddocks Lawyers advises that these provisions should be considered to apply even if the land is gifted. In addition there are general principle and best practice guidelines to follow.

If Council is, as is likely, transferring land for a consideration less than market value then the guidelines require that the sale and reasons for the lower value be clearly set out in a Council Report. Council’s decision and reasoning regarding an s189 land sale needs to be accepted as satisfactory by the Minister for Planning.

Grant of a lease

s190 of the LGA prohibits Council from granting of a lease for more than 50 years. This is in contrast to Crown Lands (for example state government land) which can be offered on a 99-year lease such as those offered in the Victorian Snowfields.

Council has provided a number of 40 and 50-year leases for small scale social housing developments since 2004. However, the limited term of the lease period may present a significant barrier to attracting finance. The Australian Community Land Trust Manual considers a 99-year leasehold, similar to those available in the US, as a key element in a successful Land Trust entity. If Council wished to offer a 99-year leasehold, its only option under current legislation would be to apply to the Minister for Local Government for a specific Ministerial Direction. This appears likely to be a protracted and expensive exercise with no guarantee of a positive result.

Restricting the use of land

Council has a number of options which can be used singly or in combination to ensure that the land will only be used for the purpose it is intended (in this case affordable housing).

- **Section 173**
  This is an agreement under the Planning and Environment Act which can place restrictions, use regulations or strict conditions on the use and development of land. A s173 agreement can be registered against the title of the land, which means it applies to future landowners. Therefore Council could, for example, require parties to whom a freehold is transferred to agree that the land be used for exclusively for affordable housing.

- **Restrictive Covenants**

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7 It should be noted that the City of Yarra met the financing needs of a social housing provider by offering a renewable 2 x 40 year lease on a development in Fitzroy.
A covenant is registered on the title by agreement and must be restrictive in nature (for example land cannot be sold at a later date for commercial purposes). Like an s173 agreement, it is binding on future owners.

- **Lease Provisions**
  Council may include as a term of its lease that the land is only used for a specific purpose or purposes and retains the right to terminate the lease if there is a breach. Council can also use this method to place restrictions on the use of assignment or subletting.

- **Partnering Agreement**
  As a condition to the transfer of the land Council may require the creation of a partnering agreement which requires that the Land Trust or RHA assist Council to achieve its affordable housing objectives. This agreement can also set out how Council and the Land Trust or RHA functions together.

### 12. TECHNICAL ASPECTS B: FINANCING CONSTRUCTION

In an affordable housing project the interest in the land alone will not be sufficient to obtain the level of private finance required for the construction of social and affordable dwellings.

Options to raise alternative or additional finance to private sources include:

- **Sale of a proportion of the dwellings to third parties on the open market.** This could mean transferring part of the land to a private developer (either prior to or after development). The returns from this can be used to cross-subsidise the construction of affordable housing dwellings.

- **Entering into a joint venture with a developer where the RHA or Land Trust contributes the land and the developer carries the development risk along with contributing the financing and construction components.**

- **Creating a mixed tenure development with a combination of financing sources based on resident profile.** For example, social housing dwellings may attract state government funding; units for people with disability could be financed with a mix of resident and National Disability Insurance Scheme equity and mid-range income housing financed through a cooperative or shared equity arrangement.

- **Grant funding.** Potential sources include State government (via the Federal Government National Affordable Housing Agreement), Victorian Property Foundation and philanthropic trusts.

For further specific consideration of project financing for the Land Trust option see section 16 below.
13. OPTIONS- NOT IN SCOPE

**Council as developer** is not being considered because this option requires Council to finance the design and construction of dwellings and to carry all the attendant risks. In addition, if Council is the developer it may not be able to access the same range of financing options as a Land Trust or RHA.

**Public housing futures** are also not considered in this paper at this time. There is potential for Council to work with the State Government on the redevelopment of dwellings currently under the control of the Director of Housing, however Council along with other local governments and the social housing sector, is waiting for a clear policy direction from the state government with regard to the role of LGA’s in the future of public housing in Victoria.

14. OPTION 1: TAKE NO ACTION

It could be argued that as Council does not have any statutory obligations regarding housing provision that a viable option is to take no action and not consider use of Council land or resources to improve affordable housing supply in Moreland. However, it also has to be accepted that access to affordable housing in Moreland is a serious and growing problem. Access to housing for a diverse population is not being adequately addressed by other levels of government and Councils have the ability to demonstrate leadership, not just in advocacy but in action. Taking action on housing meets Council’s policies on human rights, social justice, health & wellbeing, and inclusion.

15. OPTION 2: SELL LAND TO PRIVATE DEVELOPERS WITH AGREEMENTS ATTACHED

This option involves Council selling its land outright to a developer with conditions attached. The conditions could be included in a contract of sale or form the basis of a section 173 Agreement or a Restrictive Covenant placed on the land. The conditions would require the delivery of a certain proportion (to be defined) of affordable housing dwellings provided and allocated to an RHA by the private developer. In addition to specific legal agreements as noted above, Council can also put in place the relevant planning framework, zone and overlay, prior to sale so it is clear what development outcome is required in terms of overall heights and densities.

This approach requires Council to define the required proportion of affordable dwellings to be delivered which then enables the market to determine a suitable value of the land. A relatively low target—5% or under—may be more attractive to a private developer because it could be more confident that it could transfer a small number of completed properties in a development to one or more of the smaller RHA’s and provide greater profit for the remaining private dwellings to be sold on the open market. This would result in a greater return to Council on the sale of the land and may result in increased viability of the project overall. Based on available research it would appear that this option would not deliver the scale of affordable housing delivery on Council-owned sites which the MAHS envisages.
Moreland has used a s173 condition which committed development of half the dwellings as social housing on the sale of a small block of land in Coburg in 2014. The purchaser was not a private developer but a small RHA, Womens Property Initiatives. Planning approval for a 7-unit townhouse development which will be 100% social housing was granted in August 2015 and the construction will be financed by the Victorian Property Foundation.

16. OPTION 3: LAND TRUST MODEL (PRIMARY RECOMMENDATION)

The Land Trust model involves the transfers of land or grant of a long leasehold interest to an independent charitable trustee. The trustee entity is an organisation that holds land in perpetuity for the provision of affordable housing. A Land Trust can also have objectives for the provision of other community benefits such as small enterprise spaces, kindergartens and other community infrastructure.

This model involves the gifting or transferring of land for a consideration below market value to the Land Trust. The Land Trust may have an RHA as its trustee or enter into agreements with RHAs for delivery of key operational aspects of its work.

The Land Trust model has the following advantages

- Ability to participate in innovative development and financing models
- A defined-purpose entity which can ensure a consistent approach to meet Council’s aims
- Scope to include multiple agencies and other local Governments in the governance of the trust to broaden the scope (for example a “Northern Melbourne Land Trust”)
- Council’s reputation is protected by the Land Trust being a separate entity.

Delivery options

Tenancy and Property Management- the Land Trust can either:

- Provide these services in-house, where the Land Trust is an RHA or
- Contract with a RHA to provide these services (the Land Trust pays the RHA a service fee).

Development and Construction- the Land Trust can either:

- Commission a contractor to construct the dwellings or
- Appoint the RHA to manage the construction.

Governance

Land Trusts may be either incorporated associations or companies limited by guarantee.

A charitable company limited by guarantee is a “not for profit entity” familiar to the commercial sector and this is likely to assist with the raising of capital. The beneficiaries of a Land Trust are
aligned with its purpose, which means that they receive the benefit of the services and facilities that are supplied to them by the Land Trust.

To have charitable status, a charitable entity needs to be an organisation that has ‘charitable purposes’. The most likely purposes applicable to a Land Trust are:

- the relief of poverty or the needs of the aged
- other purposes beneficial to the community

Current legal advice recommends that a Land Trust is established as a charitable entity because:

- A charitable entity can make a profit however any profit cannot be distributed to their individual benefit and must be used solely for the purposes of the objects or purposes set out in its constituent documents.
- In the event a charitable entity is wound-up, any surplus assets or profits which remain after the entity has satisfied its liabilities cannot be distributed to its members and can only be distributed to other charitable entities with similar purposes. This means that if Council transfers its land to the Land Trust, it can be assured that the land will remain in use for public benefit.

**Board directors and Council influence**

Board Directors are responsible for the general control and management of the administration of the Land Trust. As with any Board, they should be appointed based on their skills, knowledge and experience, including specialist financial or marketing skills. Directors can be drawn from beneficiaries of the Land Trust such as tenants or housing associations or from the community as a whole including neighbourhood residents or local business operators.

Council has three ways to exercise influence over the Land Trust:

a. Through board membership
b. By imposing restrictions on use of the land, and
c. Through a partnering agreement (see section 11)

With regard to (a), if Council wishes to establish the Land Trust as a Council entity then it can reserve the right to appoint all (or the majority of) board members. If the Land Trust is to be independent of Council (for instance to allow the significant involvement of other entities such as a RHA or another Council) then its nomination rights would be limited to 49%.

Any Councillor serving on the Board of the Land Trust would need to be aware of potential conflicts of interest between Council and Land Trust business, bearing in mind that as a director of a company their prime duty in law is to act in the best interests of that entity.

**Funding sources for land trusts**

While established as a model in the UK and US, the Land Trust model is a new concept in the Australian housing sector and there is, as yet, no working model (meaning a Land Trust that has actually built dwellings). This does create a degree of uncertainty about the ability to attract funding
and private sector finance. However the success of the model in similar countries should encourage us to advance with a degree of confidence.

Some of the funding sources specifically for Land Trust funding could include grant funding, through The Victorian Property Fund and other charitable funds, and private finance.

In recent times some banks and financing entities such as Bank Australia (formerly bankmecu) and Bendigo Bank have taken the opportunity to invest in innovative affordable housing models. The University of Melbourne Transforming Housing Project, which Council has supported is currently working with private sector financiers and developers to facilitate the funding of ‘demonstration model’ affordable housing developments, with a particular interest in trialling a Land Trust model.

**Community Land Trusts in the United Kingdom**

In the UK, the National Community Land Trust Network has developed a resource for local councils: the Large Scale Voluntary Transfer Manual- which provides detailed guidance on how councils can resource Land Trusts. This includes arrangements of Service Level Agreements (SLAs) where a council may provide certain services (financial, HR, communications) to the Land Trust to minimise overheads in its early years. An emerging model to support new Community Land Trusts in the UK is the role of regional support specialists who are based part-time in Council offices with a skills and capacity development role working with both community members and council officers.

**The Equity Land Trust Model**

The Equity Land Trust is a model that utilises capital from home buyers to fund construction. The price of these homes excludes the cost of the land, which is held in trust. The homes would be targeted at long-term private renters who, because they have been unable to afford to purchase in the market may be vulnerable to homelessness, especially after retirement. Over time a trust could enter into cross-subsidies that could pay for social rental or be used for the purchase of more land. If an owner in an equity land trust wants to sell their property they retain only a portion of the capital growth. The remainder goes back to the land trust which can use the funds to ensure the affordability of the property is retained into the future.

While this model that may meet some of the needs of those on middle incomes currently locked out of housing ownership, and Equity Land Trust doesn’t meet Council requirements in terms of providing affordable housing for a diverse population. The model requires residents to have a home deposit and to be able to pay a mortgage and this puts the housing out of reach for the homeless, those on low incomes and those on government benefits. While this housing model is not one that Council should initiate it is one we could consider supporting if approached in the future. As yet there have been no Equity Land Trusts established in Australia.
### 17. OPTION 4: LEASE OF LAND TO A REGISTERED HOUSING AGENCY (SECONDARY RECOMMENDATION)

**Lease of land to a housing provider to develop and manage**

This option involves the lease of land, via the grant of a long leasehold interest, by Council, as in existing arrangements outlined in Section 3. Using this model, Council is able to control the future use and development of the land by imposing restrictions on its use. For instance, it leases the land to an RHA on the condition that:

- The RHA funds the costs of construction and appoints a contractor to construct the dwellings.
- The RHA leases the dwellings for affordable housing purposes based on terms prescribed by Council.

The land lease to RHA model has these advantages:

- The dwellings are wholly controlled by an RHA, whose core business is to develop and manage affordable housing
- Council transfers a development risk to a party not connected to it
- Council can set the rules without being involved in ongoing governance
- Council’s financial (or in-kind) contribution can be multiplied many times over due to the RHAs ability to raise private capital.

The Background Paper tells us that Registered Housing Agencies see councils such as Moreland as potential partners and they are keen to work with us. This paper (and, in more detail, the Background Paper) has identified that there are a range of ways that Council can partner directly with RHAs and meet the policy objectives of the MAHS. Therefore, it is recommended that Council consider leasing land, in particular airspace, to community housing providers as opportunities arise.

### 18. IMPLEMENTATION: GETTING MORE ‘HOMES WE WANT’ IN MORELAND

**Moreland Land Trust**

It is recommended that Council establish a land trust. The establishment of a land trust is a demonstration by Council to the community that we are responding to need and are committed to improving the provision of housing through perpetual affordable rent. Another Land Trust, with an equity home purchase rather than affordable rental model, is being established in the southern suburbs of Melbourne with land provided by the State Government and a grant from a philanthropic trust. A technical reference group has been set up, and there should be opportunities for learning and exchange between Moreland and this project.

Using models based on the development of UK Land Trusts, Council will be, in the initial phase of development, a partner in providing research, skills development and capacity building.

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8 The Age 9 July 2015, *[Proposal for public housing tenants to buy their own homes]*.
It is recommended that:

- The aim of the Trust is to have reached a sustainable level of operational capabilities that allow it to plan its first project within twelve months, and to be providing housing within three to five years of its establishment.
- Council should allocate an airspace development site to the Trust.
- $30,000 of Council’s the current $50,000 committed to the Moreland Affordable Housing Reserve should be allocated to the Moreland Land Trust for an initial three year period.

**Lease of land to a Registered Housing Agency**

While the Moreland Land Trust is recommended as the primary means to develop Council-owned land as the long term It is recommended that Council lease land to suitable Registered Housing Agencies as opportunities arise where a project can be delivered through a simple partnership agreement. The criteria for choosing RHA’s should include the RHA’s record of housing vulnerable communities that Moreland has prioritised, the provision of secure tenure, the ability to obtain funding, and good governance.
D15/158543 Moreland Affordable Housing Background Paper (Background Paper) (18 pages).

This report was commissioned from the Planet Group in April/May 2015 to report on the needs and requirements of the community housing sector in relation to providing affordable and social housing in locations such as Moreland.