



# Affordable Housing Policy

## 1. PURPOSE

The purpose of this policy is to provide a Council position to guide and facilitate the provision of affordable housing on public and private land through appropriate and effective advocacy, facilitation and planning.

This policy will guide and inform all Council decisions and actions pertaining to affordable housing in the City of Whitehorse.

## 2. OBJECTIVES

The objectives of this policy are to:

- 2.1 Encourage affordable housing to support a diverse and inclusive community.
- 2.2 Promote the value of social and affordable housing to the Whitehorse community.
- 2.3 Encourage affordable housing outcomes that are appropriate and accessible for very low, low and moderate income households.
- 2.4 Support policy and statutory change to increase and improve the quality and supply of affordable housing in Whitehorse.
- 2.5 Encourage the provision of affordable housing in rezoning of land that allows for residential development.
- 2.6 Identify opportunities on Federal and Victorian government owned land to create affordable housing with registered housing providers.

## 3. ROLE OF COUNCIL

Council's policy directions focus on four key roles in relation to affordable housing:

- **Advocacy** – representing the local community and advocating for increased funding for social and affordable housing.

- **Facilitation** – building relationships and brokering partnerships between registered housing agencies, developers, government agencies and other key stakeholders.
- **Planning** – encouraging and negotiating social and affordable housing contributions through voluntary agreements.
- **Regulation** – enforcement of the Whitehorse planning scheme and the regulation of rooming houses.

## 4. POLICY

### 4.1 Council as advocate

- 4.1.1 Council will undertake a comprehensive assessment of housing needs across the municipality to identify areas with the greatest need for social and affordable housing.
- 4.1.2 Council will build community understanding of the benefits that flow to individuals, families and communities from social and affordable housing and work to reduce stigma associated with these forms of housing.
- 4.1.3 Council will advocate to the Federal and State Governments for increased ongoing and equitable investment in suitable and well-maintained social and affordable housing, including housing that is specifically designed or modified to meet the needs of people with disabilities or other special needs.
- 4.1.4 Council will advocate for mandatory inclusionary zoning in the Victoria Planning Provisions to increase the supply of affordable housing provision being provided as part of new private developments.
- 4.1.5 Council will advocate for a review of the Victorian Government's Vacant Residential Property Tax to encourage greater conversion of vacant private accommodation into affordable housing rentals.
- 4.1.6 Council will advocate to the Federal and Victorian Governments for the inclusion of social and affordable housing on suitable government-owned land and within significant government-led infrastructure and urban renewal projects.

## **4.2 Council as a facilitator**

- 4.2.1 Council will engage with registered housing agencies, landowners, developers, service providers and other key stakeholders to build relationships, broker partnerships, and encourage funding applications that increase local affordable housing supply and improve support for households living in social and affordable housing.
- 4.2.2 Council will share information, data analysis and best practice with the Victorian Government, developers and registered housing agencies to strengthen the shared understanding of housing needs in the Whitehorse community.
- 4.2.3 Council will collaborate with other local Governments in the eastern metropolitan region to better understand and communicate affordable housing needs in Melbourne's east, and to advocate and develop enabling environments for increased investment by government and non-government stakeholders in affordable dwellings in Melbourne's east.
- 4.2.4 Council will actively participate in inter-Council forums and work with peak bodies, such as the Municipal Association of Victoria (MAV) and Victorian Local Governance Association (VLGA), to collectively contribute towards addressing common affordable housing related matters across the region/metropolitan area or across the State as they arise.

## **Council as a planner**

- 4.2.5 Council will consider a range of affordable housing delivery models that meet the needs of different income groups along the housing continuum including affordable purchase, shared equity, build to rent, rent to buy, social housing and affordable housing managed by registered housing agencies (outside of social housing).
- 4.2.6 Council will prioritise the distribution of social and affordable housing in areas with good access to services and transportation, and encourage integration with mixed-income neighbourhoods.

4.2.7 Council will encourage an affordable housing contribution from residential developers in defined development settings or where there is an uplift in value that is created through changes in planning controls over specific sites or precincts, through the implementation of an affordable housing local planning policy. The defined development settings are:

- Residential development in the Box Hill Metropolitan Activity Centre
- Residential development on Strategic Development Sites
- Rezoning of land to the Residential Growth Zone, General Residential Zone (sites 0.5ha or greater), Neighbourhood Residential Zone (sites 0.5ha or greater), Mixed Use Zone, Commercial 1 Zone, Commercial 3 Zone (where residential development is provided for), Activity Centre Zone (where residential development is provided for), Special Use Zone (where residential development is provided for), and Comprehensive Development Zone (where residential development is provided for)
- Residential development within the future sale or redevelopment of land owned by government
- Land within 800m of future Suburban Rail Loop Project stations

4.2.7.1 When negotiating such contributions, Council will seek an affordable housing contribution of at least six per cent of dwellings to be provided as Affordable Housing at no cost to Council.

4.2.7.2 The affordable housing contribution value should be equivalent to the market discount required to provide a dwelling that complies with the Affordable Housing income ranges as defined in the Victorian Planning and Environment Act 1987.

4.2.7.3 Affordable housing contributions will not be transferred to Council. Affordable housing contributions must be provided to eligible households that meet the income thresholds as defined in the *Victorian Planning and Environment Act 1987* via a lease agreement or directly to a Registered Housing Agency experienced in the management of affordable housing,

for the development of affordable housing in the City of Whitehorse or the eastern metropolitan region.

- 4.2.7.4 Affordable housing contributions to Registered Housing Agencies can be provided in two ways.
  - 4.2.7.4.1.1 Council's first preference is for the landowner to make a monetary contribution to a registered housing agency that is equivalent to the market discount required to comply with the affordable housing income ranges for 6 per cent of dwellings.
  - 4.2.7.4.1.2 The second option is to provide affordable housing units on site that will be dedicated to a registered housing agency.
- 4.2.7.5 The applicant may make an affordable housing contribution using a combination of on-site provision of units and monetary contributions.
- 4.2.7.6 Council recommends developers contact the peak body for the sector, the Community Housing Industry Association, who can assist in sharing partnership opportunities.
- 4.2.7.7 Council will require the proponent to pay the reasonable legal costs incurred by Council associated with the preparation, execution and registration of the Section 173 agreement.
- 4.2.7.8 Council will consider offering the following approval process advantages to developers in exchange for an affordable housing contribution:
  - 4.2.7.8.1 - Providing fast-tracked applications processes within set timeframes.
  - 4.2.7.8.2 - Ensuring applications are processed by experienced senior staff.

#### **Council as a regulator**

- 4.2.8 Council will encourage diversity of housing (housing sizes and types) across the municipality, through the Whitehorse Planning Scheme.
- 4.2.9 Developers that retain the right to deliver affordable dwellings under a Build to Rent model (whereby 6 per cent of dwellings are leased to eligible households that meet the income thresholds as defined in the Victorian Planning and Environment Act 1987), will be required via a section 173 agreement to

demonstrate they are meeting their ongoing affordable housing obligations through regular reporting to Council.

4.2.10 Council will regulate and enforce planning, building and health requirements outlined in State Government legislation with regard to rooming houses, ensuring reasonable standards of hygiene, sanitation and maintenance.

## **5. BACKGROUND**

Whitehorse City Council recognises that housing is a human right for every person and aims to ensure our most vulnerable people and communities have access to safe, secure and affordable housing.

Being able to access affordable and appropriate housing assists people to secure and maintain a job, keep families safe, raise happy and healthy children, enjoy a better standard of living and contribute to their community. Locating homes close to services, transport options, parks and open space, civic infrastructure and retail areas increases quality of life, and encourages and facilitates residents to age in place and help to reduce the environmental footprint.

There is a clear relationship between housing and wellbeing, and access to appropriate housing has a multitude of broader benefits, from better health and wellbeing outcomes to improved learning outcomes for children attending school. It also delivers significant economic benefits including greater competitiveness through more efficient local labour markets.

Housing looks different for individuals, couples and families. As people move through life stages their needs change – health, relationships and employment can influence the type of housing people need, their living arrangements and what they can afford. Providing a diverse set of housing types and sizes helps to accommodate the many different household demographics and their individual housing needs.

For the City of Whitehorse to fulfil its 2040 Vision of a prosperous and sustainable community, affordable housing must be considered essential infrastructure. People on low to moderate incomes, including students, artists, childcare workers, nurses, teachers, police officers, hospitality and service workers, are critical to our city's prosperity and diversity.

However in the City of Whitehorse, housing costs have risen significantly relative to incomes, with affordable rental and homeownership options increasingly out of reach for current residents as well as for those seeking a new life in the community. Construction costs are rising, and there is a limited supply of new land. The share of 'market affordable' housing is declining and there is a need for policies and interventions to increase the supply of other types of affordable housing.

The primary segment of the community that require access to affordable housing options are those that fall within the low and very-low income households. This often comprises young people and first-time buyers, people in lone person or single parent households, key workers, persons with a disability or mental illness, Aboriginal and or Torres Strait Islanders, people born in non-English or English as a second language-speaking families, older people, those experiencing homelessness and people outside of paid employment.

Gendered experiences of economic insecurity, such as the gendered pay, wealth and superannuation gaps also make access to affordable housing particularly difficult for women. Gendered experiences of violence affect women's housing security and stability. The fastest growing cohort of people experiencing homelessness in the Eastern Metropolitan Region is single women over 55, which has been identified as a priority issue by regional groups including the Eastern Affordable Housing Alliance and the Regional Local Government Homelessness and Social Housing Charter Group.

In 2021 the gap in social housing in Whitehorse was approximately 2,570 dwellings - an almost 60 per cent shortfall on demand. If no action is taken, by 2041 the gap in social housing provision is forecast to be 3,740 dwellings, with an additional 190 social houses needed each year to meet the forecast demand. Coupled with a 17 per cent decrease in affordable rentals in Whitehorse over the past 10 years, a sustained increase in the supply of new affordable rental housing is now critical.

## 6. WHAT IS AFFORDABLE HOUSING?

Affordable housing is defined in Section 3AA of the *Victorian Planning and Environment Act 1987* as housing, that is appropriate for the housing needs of any of the following –

- (a) very low income households;
- (b) low income households;
- (c) moderate income households.

A Governor in Council Order setting out these income levels has been published and is updated annually in the Victorian Government Gazette. Each range is related to the median household income of Greater Melbourne:

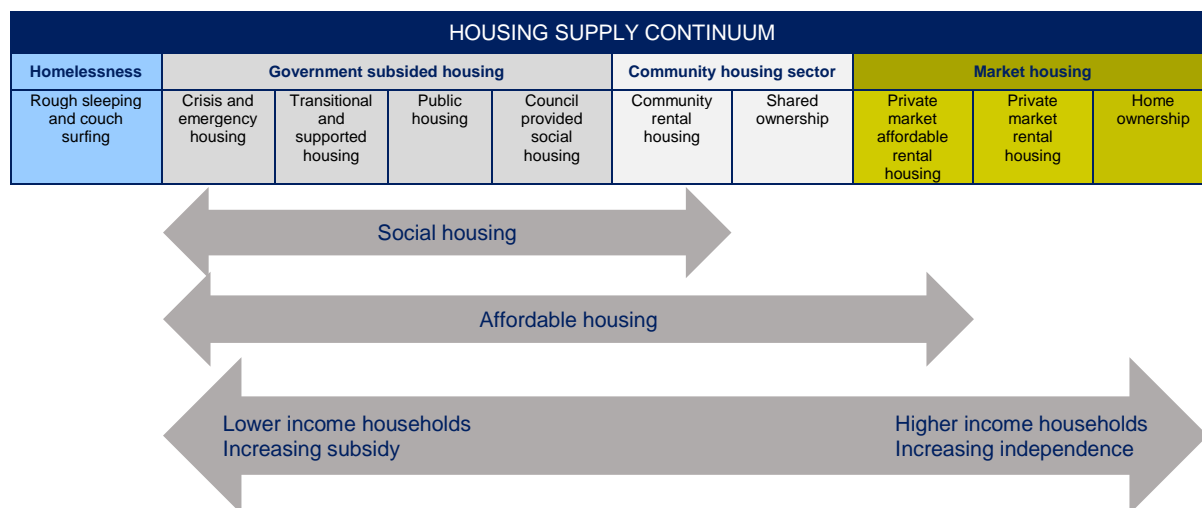
- Very Low income is less than 50 percent of the median
- Low is 50–80 percent of the median
- Moderate is 80–120 percent of the median

Table 1: Income Ranges for Affordable Housing – Greater Melbourne June 2022

	Very low income range (annual)	Low income range (annual)	Moderate income range (annual)
Single adult	Up to \$26,680	\$26,681 to \$42,680	\$42,681 to \$64,020
Couple, no dependents	Up to \$40,010	\$40,011 to \$64,030	\$64,031 to \$96,030
Family (one or two parents) and dependent children	Up to \$56,010	\$56,011 to \$89,630	\$89,631 to \$134,450



Within the Whitehorse Affordable Housing Policy, affordable housing is seen as existing along a continuum, where the level of assistance or subsidy required is highest at one end of the continuum, progressively decreasing to the other end. This includes affordable homes for purchase (including higher density and more diverse housing); affordable private rental; and social housing. Our community requires a range of housing types to cater for the needs of all households.



Private market affordable rental housing is in the affordable housing category furthest to the right of the spectrum. This is housing provided on the open market without any government subsidy.

Social housing is a subset of affordable housing. This term typically refers to housing that is owned by government or a not-for-profit organisation (Housing Associations or Housing Providers which are collectively referred to as ‘Registered Housing Agencies’) and made available at affordable rents for eligible households.

Public housing owned by the Victorian Government is generally made available to the lowest income groups and households with the highest needs who are homeless, escaping or have escaped family violence, with a disability or significant support needs or with special housing needs. Government also funds crisis and emergency

accommodation and transitional housing (although they are not always government owned).

Community rental housing (housing owned and operated by Registered Housing Agencies) responds to a broader range of households. They accommodate both high needs households that have very little or no income as well as some households that can afford to pay higher rents that may, in some instances, be much closer to market rents. Some include models designed to help people purchase a home in the affordable housing spectrum, such as the shared ownership model where the buyer shares the capital cost of purchasing a home with an equity partner.

Other models for the delivery of affordable housing include 'build to rent' and 'rent to buy'. 'Build to rent' is where developers and their financiers build multi-unit buildings and instead of selling the units, rent them to tenant households at an appropriate discount to market rents. The 'rent to buy' model is where homes are offered at a reduced rent for a minimum of five years, and after this time the tenant has first option to purchase the home at the price agreed at the commencement of the 5 year period. If the tenants do not want to purchase the home, the landlord can retain the property as rental housing or sell it on the open market.

## **7. WHY IS AFFORDABLE HOUSING IMPORTANT?**

The long-term costs of underproviding public, social and affordable housing for those who cannot access safe, secure and affordable housing include:

- Poor health outcomes, leading to increased costs incurred by public health institutions and greater personal expenditure on health-related issues;
- Greater incidence of criminal and anti-social behaviours leading to increased costs for law enforcement, courts and incarceration as well as in the case of victims of domestic violence, the costs of crisis care, specialist homelessness services, and child-protection;
- Reduced human capital and employment outcomes;

- Lost productivity due to less efficient labour markets, and
- Reduced community diversity, inclusion and equity.

SGS Economics have mapped the long-term financial impacts of not addressing this decline in affordable housing<sup>1</sup> and found that *'the national average benefit-cost ratio for Australia in providing adequate social and affordable housing infrastructure is 2:1. In other words, for every \$1 invested to induce delivery of public, social and affordable housing, the Australian community saves \$2 in future costs.'* The reverse of this is also true – for every dollar not invested in this area it will cost \$2 to address.

## 8. LEGISLATIVE CONTEXT

Each level of government is responsible for their own approach to social and affordable housing, and it will require a collaborative approach from all three tiers of government to address the need for affordable housing.

### Federal Government

Australian Government initiatives primarily relate to financing mechanisms to drive investment in affordable housing, which then directs State governments to strategise how this funding will contribute to an increase of social and affordable housing. The Australian Government also influences the broader housing market through the use of taxation and regulatory levers to incentivise or disincentivise certain outcomes.

### State Government

The Victorian Government build, own, and manage public housing and provide funding to community housing agencies and set the rules on how this will be managed. The State Government controls the planning scheme and sets policy and initiatives through the Planning and Environment Act, the State Planning Policy Framework, Plan Melbourne, and Homes for Victorians Strategy. The Victorian

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<sup>1</sup> Give Me Shelter: The long-term costs of underproviding public, social and affordable housing, June 2022

Government also controls the majority of property taxes which significantly affect the housing market.

### Local Government

Councils have a legal obligation to facilitate the provision of affordable housing under the Planning and Environment Act. The Act states that Councils can enter into voluntary Section 173 agreements with developers for the provision of affordable housing. Councils use the planning tools within the Victorian Planning Provisions to negotiate development outcomes through the planning permit process.

## 9. RELATED POLICIES & LEGISLATION

A range of affordable housing legislation applies to Council which are summarised below:

Legislation	How it relates
Planning & Environment Act 1987	The Act includes an objective ‘to facilitate the provision of affordable housing in Victoria’ which extends to Council as the Responsible Authority. It was also amended to state that ‘a responsible authority may enter into an agreement with an owner of land for the development or provision of land in relation to affordable housing.’
Plan Melbourne 2017-2050	The Plan highlights a number of policies addressing affordable housing in the planning system. Two key policies that are relevant for Whitehorse include: <ul style="list-style-type: none"> <li>• Policy 2.3.3 – Strengthen the role of planning in facilitating and delivering the supply of social and affordable housing.</li> <li>• Policy 2.3.4 – Create ways to capture and share value uplift from rezoning.</li> </ul>

Homes for Victorians Strategy 2017	The Strategy includes several initiatives and reforms that support the affordable and social housing policies of Plan Melbourne, and attempts to address housing affordability challenges across Victoria. This includes a \$1b investment to expand the supply of social housing, through capital acquisition and leveraging, from the 'Victorian Social Housing Growth Fund'.
Council Plan 2021-2025	The Plan includes an objective to 'advocate for greater housing diversity including affordable and social housing', with an action to partner with other levels of government in advocacy and planning for social housing and raising community awareness. There is also an action to facilitate social and affordable housing projects in partnership with developers and housing providers.
Draft Revised Box Hill Structure Plan 2021	The revised Structure Plan includes an action to incorporate an Affordable Housing contribution of at least six percent in the Activity Centre Zone for the Health & Education, Prospect, Central and Enterprise Precincts; and incorporate a Value Uplift Capture mechanism in the Activity Centre Zone for applications exceeding the preferred maximum overall building height.
Nunawading MegaMile Major Activity Centre and Mitcham Neighbourhood Activity Centre Structure Plan 2008	Identifies the limited affordable housing and independent living/aged care options in the activity centre. The Structure Plan names specific sites which may be appropriate for affordable housing delivered in partnership between Whitehorse City Council and a registered housing provider.
Tally Ho Urban Design Framework 2007	Framework prioritises affordable and aged-care housing.

Burwood Heights Activity Centre Structure Plan 2006	Structure Plan requires a mix of housing types and sizes.
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Informing document: UrbanXchange Local Planning Policy Report 2019