



THE UNIVERSITY OF
MELBOURNE

**Melbourne
School of Design**
Faculty of Architecture,
Building and Planning



Recommendations for local government housing strategies

Hallmark Research Initiative for Affordable Housing

Recommendations for local government housing strategies



The Hallmark Research Initiative for Affordable Housing brings together researchers from across the University of Melbourne to address the complexity of housing systems and their role in supporting or inhibiting sustainability, social justice and economic stability. We produce research that addresses contemporary affordable housing challenges.

1. Using government land for social housing

Undertake an audit of government land and make suitable parcels available for social and affordable housing developments in either a private developer-lead project or as a Joint Venture with public and private sector partners. Councils should aim to deliver land for social or affordable housing projects at least once every three years. Particularly in areas with high land values, the leasing of council land can drastically improve the feasibility of social housing projects.

[A study by researchers from the Transforming Housing Research Network](#) in 2017 found that federal, state and local governments owned enough land and air rights to generate 30,000 social and affordable housing units across Victoria. These sites include vacant lots, car parks and community centers. Researchers developed a [Housing Access and Rating Tool](#) and mapped the location of these land parcels. Local councils should build on this inventory and include commitments to leasing, selling or developing these sites to generate affordable housing. This land use could be temporary or permanent while land could be sold or leased. [The Woodstock Street rooming house in Balaclava](#), completed in 2006, is owned and managed by Housing First while the City of Port Phillip provides air rights over a council-owned car park. In Canada, the City of Vancouver, a not-for-profit organisation and the Vancouver Fire and Rescue Services [redeveloped an ageing fire hall to incorporate affordable housing](#) for low-income, woman-led households.

2. Advocate for state-wide mandatory inclusionary zoning

Existing voluntary negotiations are not effective. Very little affordable housing has been generated since legislation changed in 2018 to support affordable housing agreements. Key barriers include the difficulty of enforcing negotiated agreements and the lack of incentives available to motivate developers to engage in negotiations.

[A survey of 150 members stakeholders engaged in delivery, management or approval of affordable housing in Melbourne in 2018](#) found an almost unanimous preference for mandatory inclusionary zoning across sectors. Mandatory inclusionary zoning increases certainty, allows affordable housing requirements to be reflected in land prices and [typically produces more affordable housing than voluntary schemes](#).

Mandatory inclusionary zoning can only be effectively implemented by the Victorian Government and is strongly advocated for by the Hallmark Research Initiative for Affordable Housing.

3. Embed social and affordable housing contribution in all planning scheme amendment proposals

Key elements to supporting affordable housing agreements include;

a) Providing clarity around when an affordable housing contribution will be expected, how rates will be calculated and whether incentives will be made available in return. Recent experiences of affordable housing agreements across Victoria have shown the

importance of existing council policy and justification of affordable housing requirements. Providing clarity and confidence around expected outcomes can create a more 'level playing field' across developments and allow for more enforceable agreements.

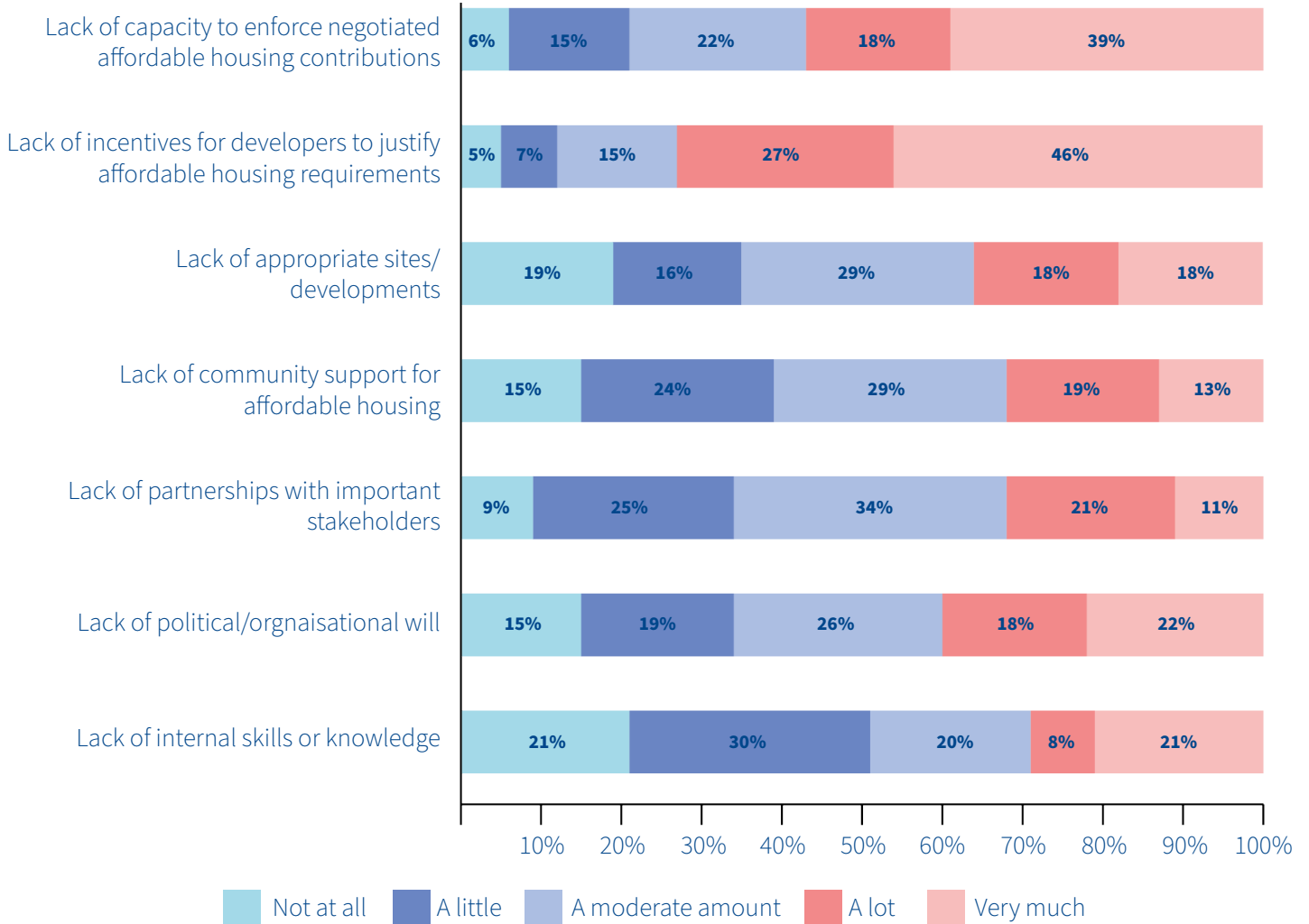
b) Embedding enforcement mechanisms into affordable housing agreements. We recommend developing and communicating an enforceable system for ensuring housing contributions are delivered in a timely manner with repercussions for lack of delivery. As shown in Figure One, our survey of 150 members of the affordable housing sector illustrates that a large portion of respondents are concerned that current affordable housing negotiations are difficult to enforce.

c) Where possible, seek to secure any direct investment in social housing for perpetuity, so that the benefit cannot be transferred out of the municipality over time

d) Research and implement incentives for social housing provision, including expedited planning approvals, density bonuses and car park waivers

e) Generate and justify LGA-wide targets for affordable housing and create precedents for negotiated agreements

To what degree are the following elements likely to create a barrier to affordable housing negotiations?



Source: Raynor, Warren-Myers and Palm, 2020. <https://theconversation.com/confusing-and-not-delivering-enough-developers-and-councils-want-new-affordable-housing-rules-139762>

4. Strengthen relationships between developers, community housing providers and local council

Local councils should develop a communications and engagement strategy to accompany their affordable housing strategy as a means of reaching out to developers and investors who are interested in building affordable housing. Too often housing strategies are largely unknown to the developer community unless local government actively advocates

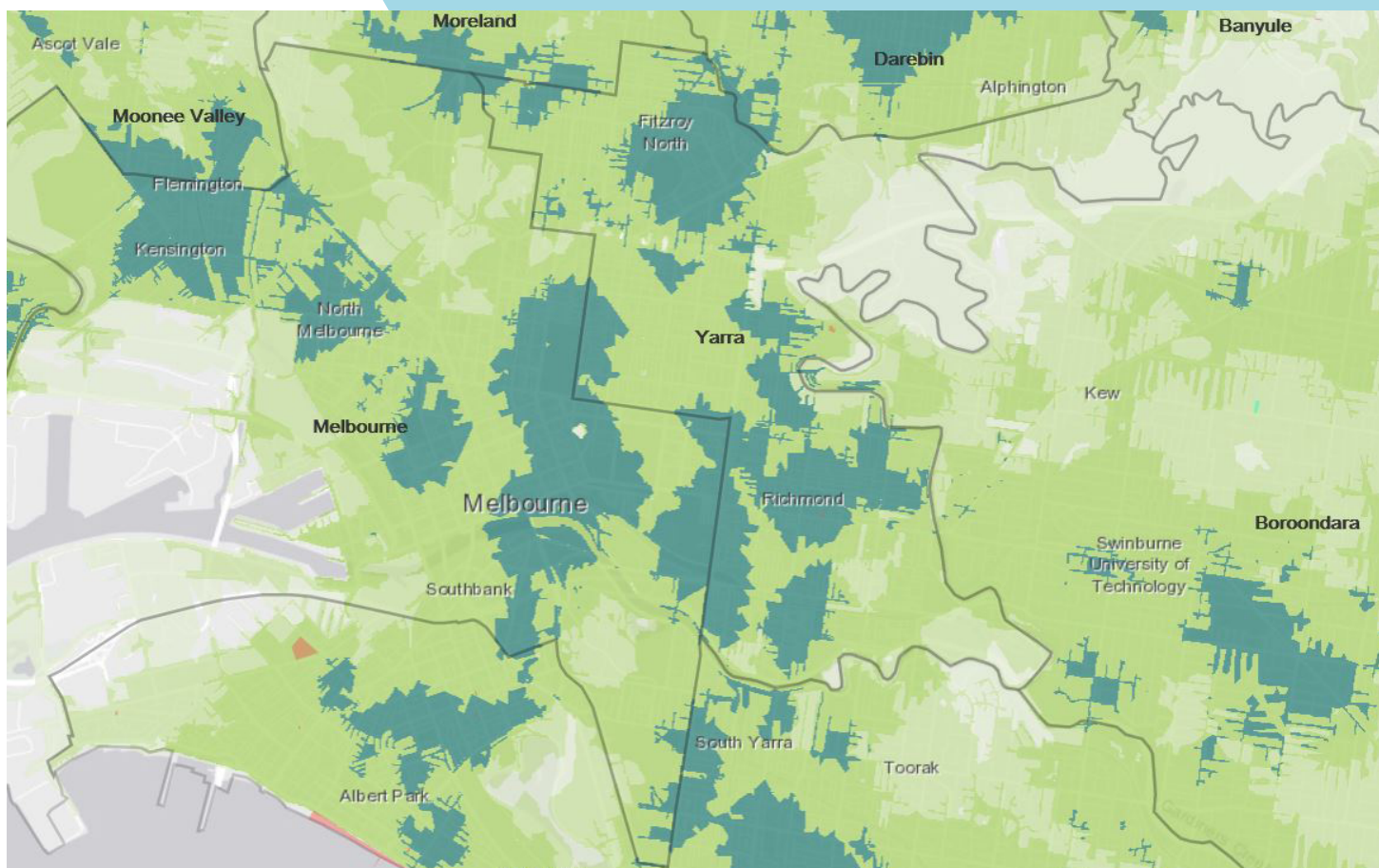
and advertises its willingness to assist/facilitate affordable housing in its municipality. This engagement could be led by economic development officers working closely with Council planners to actively encourage affordable housing projects and support communication of affordable housing opportunities.

5. Advocate to State and Federal Government for additional social housing in your Local Government Area

Australia needs to generate 730,000 social housing dwellings over the next 20 years to address housing stress and homelessness among low-income renters. This requires dramatic changes to State and Federal policy and funding for social housing. Advocating for investment in this vital infrastructure should be a key priority in all Local Government plans. Be proactive in seeking opportunities arising from Victoria's Big Housing Build. There are opportunities to layer council-owned land with funding from the State government to deliver more social housing throughout Victoria.

6. Acknowledge that government intervention is essential to delivering affordable housing

Simply increasing supply will not deliver affordable housing. Recent research from the University of Melbourne has shown that the only affordable rental housing provided by the market is in the form of "six-pack walk-up developments" built between the 50s and 70s and houses on the city periphery with very little access to amenity. We find that much of the homes built in the 60s that are now affordable were in fact built as social housing and consequently sold to sitting social housing tenants. Simply focusing on supply and waiting for homes to become more affordable over time has not delivered affordable housing in Melbourne.



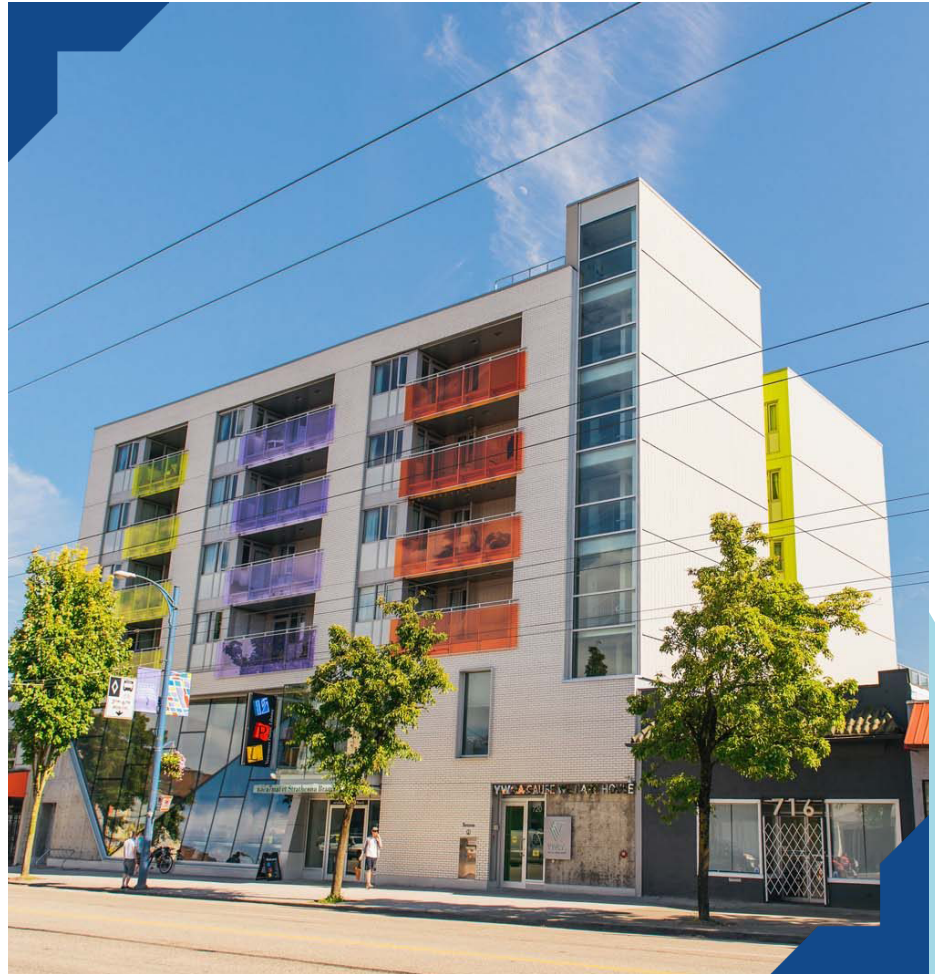
HART Rating tool

7. Build internal capacity and capability in the area of housing and homelessness

Local councils should invest in internal capacity building in housing and homelessness topics. Key resources include:

- *Establishing close relationships with local housing and homelessness organisations*
- *The [Affordable Housing Calculator and manual](#) by researchers from the University of Melbourne*
- *The [Affordable Housing Agreement Resources](#) developed by Rachel Hornsby for CHIA Vic and MAV*
- *The [Hallmark Research Initiative for Affordable Housing lecture series](#)*
- *Learnings and partnerships from the Inter-Council Affordable Housing Knowledge Sharing Forum*

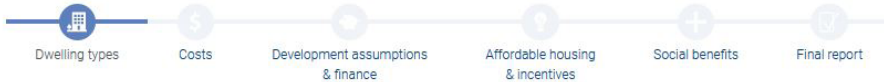
Similarly, councils should pro-actively seek opportunities to grow their expertise in social and affordable housing through opportunities such as the Social Housing Investment Planning grants offered by the State Government in 2019. The Asset Planning Services Unit within the Property and Asset Services Branch of the Department of Health and Human Services is conducting work on potential future public housing developments and have indicated their interest in hearing from interested Councils that they could partner with in future.



The affordable housing calculator

DEVELOPMENT INFORMATION

[Housing calculator manual](#)



BUILDING INCLUSIONS AND SALES RATES

1 Bedroom dwelling	Number of units: 20	Area (sqm): 50	Sales rate per unit: \$ 370,000
2 Bedroom dwelling	Number of units: 35	Area (sqm): 70	Sales rate per unit: \$ 490,000
3 Bedroom dwelling	Number of units: 10	Area (sqm): 90	Sales rate per unit: \$ 575,000
Car spaces	Number of spaces: 36	Sales rate per car space: \$ 50,000	
Additional common areas	Area (sqm): 0	GROSS FLOOR AREA: 5,965 sqm	
Building efficiency	85 %		

* Visit a property website like propertydata.com.au to research sales prices of comparable properties

BUILD QUALITY AND SITE AREA

Quality & area	Build quality: Standard	Site area (sqm): 0
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COSTS

RESULTS PREVIEW

[Full report](#)

REQUIRED RATE OF RETURN **20%** ACHIEVED

DEVELOPMENT PROJECT VALUE
\$ 32,100,000

TOTAL DEVELOPMENT COSTS
\$ 23,900,000

GROSS MARGIN
\$ 8,200,000

HOMES

[GRID VIEW](#) | [TABLE VIEW](#)

3	3	3	3	3	3	3	3	2	2
2	2	2	2	2	2	2	2	2	2
2	2	2	2	2	2	2	2	2	2
2	2	2	2	1	1	1	1	1	1
1	1	1	1	1	1	1	1	1	1

- 0
- 1
- 2
- 3
- 4
- 5