



DRAFT LILYDALE QUARRY AFFORDABLE HOUSING STRATEGY

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Prepared by Affordable Development Outcomes with
Yarra Ranges Council

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Overview

1. Statement of Intent to Negotiate

Council intends to seek an Affordable Housing inclusion as part of the rezoning of stage 2 of the Lilydale Cave Hill Quarry (the Site).

The *Yarra Ranges Affordable Housing Development Negotiation Framework* (the Framework) sets out Council's position in relation to Affordable Housing negotiations across the municipality. The Framework includes overarching objectives, principles, process, and key criteria setting out when Council will seek to negotiate an Affordable Housing agreement, based on evidence of Affordable Housing need.

The Lilydale Quarry is a major redevelopment site within Yarra Ranges, identified as a strategic urban renewal site by the State Government in Plan Melbourne 2017-2050. The first stage of the project involved rezoning part of the site from the Special Use Zone to the General Residential Zone (Amendment C139). The balance of the site is proposed to be rezoned from the Special Use Zone to a Comprehensive Development Zone. If approved this would allow for the development of over 3,000 low, medium and high-density dwellings lots alongside a variety of community amenities. The landowner is expected to lodge a planning scheme amendment in 2020.

Yarra Ranges Council has identified the Quarry Site as suitable for including an Affordable Housing outcome.

The characteristics of the Quarry as a large scale strategic development site located adjacent to the Lilydale Activity Centre has been identified by Council as requiring a specific Affordable Housing strategy.

The report sets out a proposed Affordable Housing Strategy that has been developed and informed by:

- Changes made in 2018 to the *Planning and Environment Act 1987* which introduced a new objective of planning in Victoria to facilitate the provision of Affordable Housing and a definition of Affordable Housing;
- The State Government's guidance in relation to planning negotiations for Affordable Housing (<https://www.planning.vic.gov.au/policy-and-strategy/affordable-housing>);
- Confirmation by the State Government that a Section 173 Agreement is an appropriate legal tool to secure an Affordable Housing Agreement; and
- The *Yarra Ranges Affordable Housing Development Negotiation Framework* and *Affordable Housing Background Report*.

Affordable Development Outcomes was engaged by Council to assist in developing a proposed Affordable Housing strategy for the Quarry Site. This strategy is to be used as the basis of discussion and negotiation between Council and the landowner as part of the planning scheme amendment process with respect to Affordable Housing.

It is expected that a final Affordable Housing Agreement will be documented by the landowner as part of the formal planning scheme amendment process once an arrangement is agreed.

2. Site Overview

The Lilydale Cave Hill Quarry (the site) is 163 hectares, and is located approximately 1 kilometre southwest of Lilydale Activity Centre. It is currently in the Special Use Zone – Schedule 1 (Earth and Energy Resources Industry) of the Yarra Ranges Planning Scheme. The site is bounded by Mooroolbark Road, Hull Road and the Maroondah Highway, with the Lilydale train line bisecting the site.

The Site operated as a limestone quarry and processing plant between 1878 and 2015. The quarry owners commenced investigations into the potential redevelopment of the site in 2011-12.



In 2014 the Site was identified as one of twenty key Strategic Urban Renewal Sites in Plan Melbourne due to its advantageous position located in close proximity to existing transport and social infrastructure, including schools, medical facilities and retail amenities. As the site is bisected by the Lilydale rail line, there is also potential for a new railway station to be located on the Site. The Victorian Planning Authority (VPA) has been directed by the Minister for Planning to assist Council with the rezoning proposal.

In 2014, an application to rezone 20 hectares of the southern portion of the site from Special Use Zone – Schedule 1 to General Residential Zone – Schedule 2 and issue a permit for a 147 residential lot subdivision (Planning Scheme Amendment C139) was approved by the Minister for Planning.

In 2016, Intrapac Property, Brencorp Property and the Bayport group formed a joint venture and purchased the site. In 2017, Intrapac developed a concept plan to address the potential for mixed use Transit Oriented Development (TOD) for the remainder of the site centred around a proposal for a new railway station. The Concept Plan proposed an update and reconfiguration of housing densities and community infrastructure.

The Stage 2 development is subject to a planning scheme amendment that is expected to be lodged with Council in 2020 and is expected to seek to rezone the land from its current Special Use Zone to a Comprehensive Development Zone. If approved this would allow for the development of over 3,000 low, medium and high-density dwellings lots alongside a variety of community amenities.

3. Affordable Housing and Planning Negotiations

Affordable Housing is defined in the *Planning and Environment Act 1987* as “housing, including social housing, that is appropriate for the housing needs of very low, low and/or moderate- income households”. Further translation of the definition and its application is set out in Part A.

An agreement to deliver Affordable Housing as a condition of a rezoning and subsequent development must be between the landowner and Council as the Responsible Authority and Planning Authority. The State Government policy guidance, summarised in Part A of this document, sets out key considerations and parameters for a negotiation and agreement.

3.1 Policy Basis of an Affordable Housing Inclusion

The inclusion of an Affordable Housing component as a condition of the site’s rezoning is proposed on the basis that the objectives of planning in Victoria set out in section 4(1) of the *Planning and Environment Act 1987* require the planning and development of land to respond to the housing needs of all income groups within the community. This requirement is reinforced by the objectives within the Act to:

- Provide for the fair, orderly, economic and sustainable use, and development of land;
- Secure a pleasant, efficient and safe working, living and recreational environment for all Victorians and visitors to Victoria;
- Facilitate the provision of affordable housing in Victoria; and
- Balance the present and future interests of all Victorians.

Evidence of the need for Affordable Housing in Yarra Ranges is established in the *Yarra Ranges Affordable Housing Background Report, June 2019*. The Background Report identified in 2016 an estimated 2,460 (increasing to 2,858 in 2036) very low and low income households living in the municipality requiring social housing and an estimated shortfall of 1,839 dwellings (increasing to 2,237 in 2036). The Quarry owners have also undertaken an analysis of Affordable Housing supply and demand which highlights the demand for additional housing supply and Affordable Housing provision in the Lilydale area.¹

¹ Urbis (2019) Lilydale Affordable Housing Supply and Demand Analysis, May 2019



The proposed rezoning of the land is reasonably expected to result in a value uplift that is considered appropriate and able to be shared towards Affordable Housing outcomes.

3.2 Key Considerations

The following considerations have informed the development of the proposed Affordable Housing strategy:

1. State Government guidance addressing voluntary planning negotiations, available from <https://www.planning.vic.gov.au/policy-and-strategy/affordable-housing>.
2. The *Planning and Environment Act 1987*, including the associated Governor in Council Order and Ministerial Order. The Governor in Council Order forms part of the definition of Affordable Housing under the *Planning and Environment Act 1987*. The Ministerial Order specifies the matters that must be considered in determining whether housing provided under an Affordable Housing Agreement is appropriate for the needs of very low, low and moderate income households under the *Planning and Environment Act 1987*.
3. The *Yarra Ranges Affordable Housing Background Report, June 2019* and the *Yarra Ranges Affordable Housing Development Negotiation Framework, September 2019*.
4. The site context and proposed development and built form outcomes and expected development timeframes.
5. Evidence of Affordable Housing need and the dwelling typology required to respond to the need.
6. The expected increase in land value as a result of the rezoning and potential opportunities and limitations on the capacity for this value to be shared by the landowner in the form of an Affordable Housing inclusion.
7. The variations in cost impacts of different program and delivery models and the related quantum of Affordable Housing that may be achieved;
8. The importance of all parties being confident that a dedicated and appropriate Affordable Housing outcome will be delivered on the Site over time.
9. The benefits of allowing for a degree of flexibility in delivery arrangements over time.
10. Potential capacity of third-party owners and/or managers of Affordable Housing, particularly Registered Housing Associations, to accept, manage, deliver and/or co-invest in an Affordable Housing arrangement.
11. An objective to limit adversarial negotiation processes and achieve a suitable and clear Affordable Housing agreement within a reasonable period, which provides certainty to all Parties, including any potential future landowners.



3.3 Guiding Principles

The following set of guiding principles are proposed to provide Council and the landowner with a structure for the negotiation process:

1. Council is required under Section 4(1)(fa) of the *Planning and Environment Act 1987* to facilitate the provision of Affordable Housing. Any agreement will be documented and reflected in a Section 173 Agreement and planning controls.
2. The quantum and type of Affordable Housing to be provided will be determined by the Parties with consideration to:
 - a. The *Yarra Ranges Affordable Housing Development Negotiation Framework*.
 - b. The definition of Affordable Housing set out in the *Planning and Environment Act 1987* and the list of associated matters set out by the State Government.
 - c. The evidence of need set out in the *Yarra Ranges Affordable Housing Background Report (June 2019)*.
 - d. The site characteristics and site's capacity to support an Affordable Housing inclusion.
 - e. The expected uplift in land value expected to result from the new planning controls or other value enhancing planning provisions agreed to by Council.
3. The delivery of Affordable Housing is to be realised on the Lilydale Quarry Site.
4. Any proposal to deliver Affordable Housing on the Site that depends on the investment and/or ownership and/or management by another party will be tested with a potential third-party such as a Registered Housing Agency prior to securing an agreement.
5. The determination of Affordable Housing delivery arrangements will consider estimated development timeframes and provide for required certainty relating to delivery, balanced against the opportunity for innovation over time.
6. Any Affordable Housing that is agreed to be delivered on the site should, unless otherwise agreed by an intended third-party end recipient such as a Registered Housing Agency:
 - a. Adhere to all standard planning, urban design and architectural guidance in accordance with State and local planning policy and urban design frameworks.
 - b. Be integrated externally with private housing.
 - c. Respond to the need for accessibility and adaptability features in a proportion of dwellings.
 - d. Consider long-term affordability and operational costs.
7. The effect of an agreement being reached by the Parties is to establish an appropriate set of planning and/or legal controls to ensure the Affordable Housing outcome is delivered in accordance with the agreement. This is to include reflecting the agreement in the planning controls, the planning permits and a Section 173 Agreement under the *Planning and Environment Act 1987*.
8. On demonstrated delivery of the agreed Affordable Housing outcome the permit conditions and Section 173 Agreement terms will be considered to have been met.
9. Council does not expect to own or manage Affordable Housing delivered as a result of the application of this Framework.



The proposed process is summarised in Attachment 1.

3.4 Proposed Affordable Housing Outcome

Part B sets out a proposed Affordable Housing arrangement and delivery strategy as it relates to the Site.

Consistent with the *Yarra Ranges Affordable Housing Development Negotiation Framework*, it is recommended the rezoning of the Site results in the delivery of **8 per cent Affordable Housing**, proposed to comprise of:

- A minimum 5 per cent Social Housing or other forms of Affordable Rental Housing to be owned and managed by a Registered Housing Agency; and
- A maximum 3 per cent other Affordable Housing component, which may be delivered as additional Social Housing, Affordable Rental Housing or Affordable Home Purchase (such as Shared Equity Home Ownership) in accordance with the Affordable Housing definition in the *Planning and Environment Act 1987* and Specified Matters Under Section 3AA(2) – Ministerial Notice.

Assuming a total yield of 3,000 dwellings, a total 240 Affordable Housing Dwellings are proposed comprising a minimum 150 Social Housing dwellings and 90 other Affordable Housing dwellings. Such an approach responds to the findings of the Yarra Ranges Affordable Housing Background Report, which in 2016 identified an estimated shortfall of 1,839 social housing dwellings (i.e. affordable rental) increasing to 2,237 in 2036.

The landowner should make a contribution to support the realisation of the Affordable Housing Dwellings by applying one or more of the following approaches:

1. Gifting of completed dwellings to a Registered Housing Agency;
2. Sale of completed dwellings to a Registered Housing Agency;
3. Gifting of land to a Registered Housing Agency to then develop as Affordable Housing; and/or
4. Sale of dwellings to nominated Eligible Purchasers under a Shared Equity or other appropriate Affordable Home Purchase arrangement.

Part A sets out information on the different Affordable Housing programs and structures of the different delivery arrangements and highlights key criteria recommended to apply for the Parties to confirm that an intended built-form will achieve an appropriate and genuine Affordable Housing outcome. This includes a guide to determine an appropriate price point or discount rate to ensure affordability and the viability of any potential sale arrangement.

The Agreement and associated terms relating to the delivery of Affordable Housing are proposed to be captured within the Comprehensive Development Plan, the Schedule to the Comprehensive Development Zone and within a Section 173 Agreement pursuant to the *Planning and Environment Act 1987*. Proposed draft terms are set out with Part B.

4. Next Steps

It is recommended Council and the landowner:

1. Agree to the negotiation principles and process set out within this document.
2. Respond to the recommended Affordable Housing outcome and delivery options.
3. Engage with one or more Registered Housing Agencies (led by the landowner) to test the delivery options and capacity and interest of agencies to purchase and/or develop land or take on gifted dwellings/land.
4. Confirm an acceptable Affordable Housing Agreement for the site and determine an appropriate set of draft planning controls reflecting the Agreement as part of the finalisation of the Planning Scheme Amendment to rezone the site.



Once an agreement is reached, a final Affordable Housing Strategy is expected to be prepared by the landowner based on this draft. It is intended that an Affordable Housing Strategy is made available as part of the documents informing the Planning Scheme Amendment to rezone the site.



Definitions

Affordable Housing

Affordable Housing is defined in the *Planning and Environment Act 1987* as housing, including social housing, that is appropriate for the housing needs of very low, low and moderate-income households. For the purposes of this definition:

- Very low-income households are defined as households earning less than 50 per cent of the gross median household income;
- Low income households are those earning less than 80 per cent of the gross median household income; and
- Moderate income households are those earning less than 120 per cent of the gross median household income.

Maximum income bands for these household groups are published by the State Government for Greater Melbourne and the rest of Victoria every year on 1 July.

Affordable Housing should be priced (whether mortgage repayments or rent) so these households are able to meet their other essential basic living costs (generally no more than 30 per cent of income) and be 'Appropriate' for the household's needs, which considers affordability, type, tenure, location, allocation, integration and housing need.²

Affordable Housing includes:

Social Housing (Public and Community Housing)

Social Housing includes Public Housing (owned and managed by the Director of Housing); and housing owned, controlled or managed by a participating registered agency (registered as a Housing Association or a Housing Provider) where the dwelling will be allocated to a household that meets the State Government published Social Housing income and asset eligibility requirements.

Affordable Rental Housing

Affordable Rental Housing refers to housing that is rented at an affordable price and allocated to households that meet the *Planning and Environment Act 1987* Affordable Housing income eligibility requirements published by Governor in Council Order.

Affordable Home Purchase

Affordable Home Purchase involves the sale of a dwelling at the established market price to a low or moderate income household that meets the Affordable Housing income eligibility requirements where the market price is demonstrated to be affordable for that household without a discount.

Shared Equity Home Ownership

Shared Equity Home Ownership is where a household that has some (limited) capacity to borrow funds is supported to purchase a dwelling through a structured home purchase arrangement, where the difference between the purchaser's financial capacity and the market value of the dwelling is only required to be repaid on future sale or refinancing, with the funds then re-applied in future shared equity arrangements.

² Governor in Council Order (2018) Planning and Environment Act 1987, Section 3AB – Specification of Income Ranges, 6 June 2019 & Ministerial Notice under the Planning and Environment Act 1987 Specified Matters Under Section 3aa (2), 17 May 2018



Affordable Housing Agreement

An Agreement reached between a landowner and the Responsible Authority in relation to the inclusion of Affordable Housing Dwellings as a part of a planning amendment or permit approval and the application of an Affordable Housing Percentage. An Affordable Housing Agreement is expected to be reflected in a Section 173 Agreement made pursuant to the *Planning and Environment Act 1987*.

Affordable Housing Dwelling

An Affordable Housing Dwelling is a Dwelling as defined in Clause 73.03 of the Victorian Planning Provisions which is made available for the purposes of Affordable Housing (either through gifting or sale).

Affordable Housing Percentage

The percentage of Affordable Housing Dwellings agreed to be delivered on the site and determined with reference to the estimated future total development yield (lots or dwellings) on the site that is subject to the planning application.

Dwelling

This Framework adopts the definition of a dwelling under Clause 73.03 of the Victoria Planning Provisions. References to a 'dwelling' or 'lot' in this Framework also refers to a dwelling or lot delivered as part of a 'residential village' and a 'retirement village', both of which are also defined under Clause 73.03 of the Victoria Planning Provisions.

Eligible Household

A household that meets the established criteria for an Affordable Housing program, typically an income limit and asset test.

End Recipient

The intended recipient of an Affordable Housing benefit created as a result of a planning negotiation.

Housing Affordability

Housing affordability refers to the relationship between expenditure on housing (prices, mortgage payments or rents) and household income. Housing affordability is particularly an issue for lower income households who have reduced financial resources available to meet housing costs.

Housing Stress

A lower income household (those in the lowest 40 per cent of incomes) is considered to be in 'housing stress' when it is paying more than 30 per cent of gross household income on rent (the '30/40 rule').

Planning Applicant

A Planning Applicant for the purposes of the Framework refers to the entity that that is applying for a planning permit or the proponent making a planning scheme amendment request for a site located within Yarra Ranges Local Government Area. The Applicant may be the owner and/or intended developer of the land or may be a representative of the landowner. The Planning Applicant is the party that Council will engage with in relation to the application of the Framework.

Registered Housing Agency

A not-for-profit organisation that is a company limited by shares or guarantee, an incorporated association, or a co-operative, registered under the *Victorian Housing Act 1983*, regulated by the Victorian Housing Registrar, with a purpose to own, manage and/or develop affordable rental housing.



Section 173 Agreement

A Section 173 Agreement is a legal contract made between a local government authority (i.e. council) and any other party or parties, under Section 173 of the *Planning and Environment Act 1987*. This type of contract places a range of restrictions on how the land can be used and it is registered on the title to the land.



Part A: Context

1. Affordable Housing Definition

On 1 June 2018, the *Planning and Environment Act 1987* was amended to include a new objective “to facilitate the provision of affordable housing in Victoria” and the incorporation of the following definition:

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

The Government publishes household income ranges to define very low, low and moderate-income households for the following financial year (Table 1) and a list of ‘matters that are required to be given regard to’ when determining the appropriateness of the intended built form these households (Figure 1).

Household type	Very low	Low	Moderate
Single adult	Up to \$25,970	\$25,971 - \$41,550	\$41,551 - \$62,310
Couple, no dependent children	Up to \$38,950	\$37,821 - \$62,320	\$63,321 - \$93,470
Family (1- 2 adults with dependent children)	Up to \$54,520	\$54,250 - \$87,250	\$87,251 - \$130,870

Table 1: Affordable Housing Income Eligibility, Greater Melbourne, 2019-2020

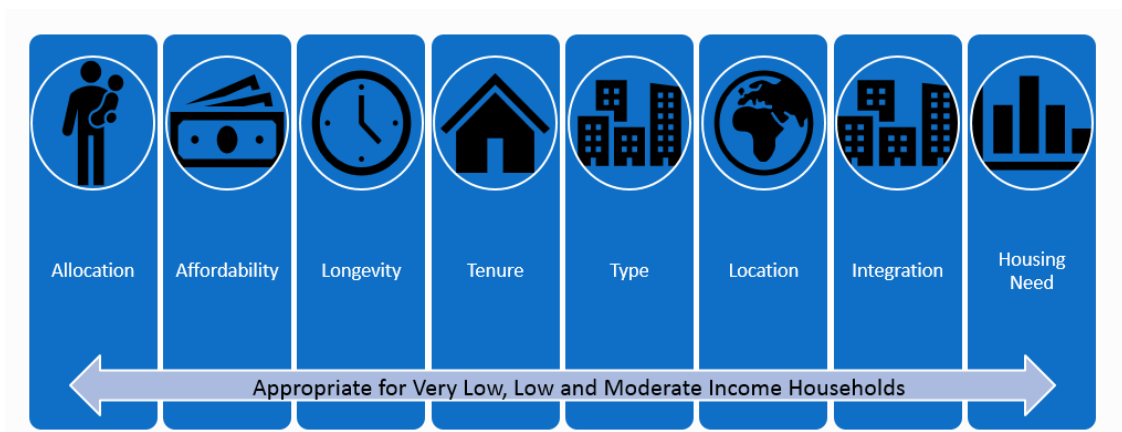


Figure 1: Government published Matters to be considered when determining 'appropriateness' of housing for Affordable Housing purposes (illustration by Affordable Development Outcomes)

Affordable Housing comprises of a spectrum of programmatic and tenure responses including supported, crisis and transitional housing, Social Housing (Public and Community Housing), disability housing, discounted rental housing, shared equity home ownership and home ownership.

Subject to the evidence of local need, Affordable Housing delivered through an agreement negotiated within the planning system can result in any of these types of Affordable Housing program outcomes being achieved. New models may also emerge over time.

Affordable Housing Price Points

Table 2 sets out estimated upper-end Affordable Housing price points (as at 2019/2020) for different household groups under the Affordable Housing income bands for Greater Melbourne. These price points are derived from the



Affordable Housing income ranges published by the State Government and show what different households on these incomes could afford if they were to pay no more than 30 per cent of gross weekly income on housing costs.

For these price points to be applied and accepted as determining a built form as 'Affordable Housing':

- Dwellings must be appropriate in terms of dwelling size and amenity for the household size.
- An independent process of verifying market value will be required to ensure there is no discounting, or if there is discounting or foregone revenue, that the difference will then be appropriately secured.
- A lower price point should be adopted at the planning application stage, reflecting that the price points below assume the upper income limit for the household group and in turn borrowing capacity and that in practice, a lower income range will be required to be set for selling purposes.

Greater Melbourne Household type	Very low (50% median)			Low (80% median)			Moderate (120% median)		
	Income Limit	Affordable Rent/week	Affordable Purchase	Income Limit	Affordable Rent/week	Affordable Purchase	Income Limit	Affordable Rent/week	Affordable Purchase
Single	<\$25,970	<\$150	<\$105,407	<\$41,550	<\$240	<\$168,643	<\$62,310	<\$359	<\$252,903
Couple	<\$38,950	<\$225	<\$158,090	<\$62,320	<\$360	<\$252,944	<\$93,470	<\$539	<\$379,375
Family	<\$54,520	<\$315	<\$221,285	<\$87,250	<\$503	<\$354,130	<\$130,870	<\$755	<\$531,174

Table 2: Estimated Affordable rents and purchase prices by household type³

Affordable Housing 'Check'

To assist Council and the landowner to translate the definition in the planning process, the following check should be made to ensure that a genuine and appropriate Affordable Housing arrangement is proposed and will be delivered:

Will the proposed built form result in housing that will be:

1. *Appropriate, in terms of a response to housing need and built form type, size and location;*
2. *Affordable, either achieving a reasonable Affordable Housing price point for eligible households to purchase at, or provided via an appropriate managed rental arrangement where rents are set with regard to intended household incomes; and*
3. *Allocated to, and for, very low, low or moderate-income households?*

³ Estimated Affordable Purchase Price Points is calculated assuming the household has a 10 per cent deposit and secures a loan with an average 6.69 per cent interest rate for a 25 year term, using 30 per cent of income on housing costs (principal and interest). See Excel spreadsheet for formula.



2. Government Legislative Framework and Policy Context

2.1.1 State Government

State Government policies *Homes for Victorians* and *Plan Melbourne* affirm the importance of Affordable Housing to a productive and socially sustainable community and recognise there are a range of tools State and Local Governments can utilise to support delivery of outcomes.

Plan Melbourne Direction 2.3 sets out actions to increase Affordable Housing, including streamlining decision-making processes for Social Housing proposals, strengthening the role of planning in facilitating and delivering the supply of social and Affordable Housing, and creating ways to capture and share value uplift from rezonings.

In 2018 the State Government made the facilitating the delivery of Affordable Housing an objective within section 4 of the *Planning and Environment Act 1987*. This objective is supported in the Victoria Planning Provisions (VPP) which include objectives and strategies to increase housing choice in terms of type, tenure and cost and encourage a significant proportion of new development to be affordable for households on very low to moderate incomes.

2.1.2 Local Government

Local Government in Victoria has a key role in facilitating the private sector to increase housing supply and support housing affordability through its implementation and administration of the *Planning and Environment Act 1987* and the Victoria Planning Provisions. This includes setting housing supply and diversity aspirations to respond to local population and needs and forecast demand.

Yarra Ranges Council has several existing policies and strategies relating to the need for and delivery of Affordable Housing as highlighted in the *Yarra Ranges Affordable Housing Background Report*.

Council's Vision 2020 identifies affordable and sustainable housing as a key priority, with a vision that:

“the Shire in 2020 provides a diverse range of affordable housing types which play a valuable role in attracting and retaining specific population groups, particularly younger people, and in providing suitable housing alternatives for the Shire’s growing older population”.

The Yarra Ranges Health and Wellbeing Strategy 2017 - 2021 also includes a goal to increase “affordable, safe and secure housing for all”. Council's Housing Strategy 2009 also articulates the need for more Affordable Housing across the municipality and recognises the importance of housing supply and diversity on housing affordability more broadly.

There are several references within the Yarra Ranges Planning Scheme to housing diversity and affordability noted within the Affordable Housing Background Report. Since June 2018 Council is also required to “facilitate the provision of Affordable Housing” pursuant to section 4 of the *Planning and Environment Act 1987* which sets out the objectives of planning in Victoria.

2.1.3 Planning Negotiations – State Government Guidance

The State Government is encouraging councils to pursue voluntary negotiations with landowners in accordance with the objectives of planning in Victoria pursuant to section 4 of the *Planning and Environment Act 1987*. To support parties in these negotiations the State Government has released a set of policy guidance to inform this process, available from: <https://www.planning.vic.gov.au/policy-and-strategy/affordable-housing>.

The State policy guidance (as at June 2018) sets out several requirements to inform a Responsible Authority or Planning Authority's decision to seek an agreement with a landowner, and any subsequent negotiation and determination of an appropriate Affordable Housing contribution. This includes recommended steps to:

1. Establish a strategic justification for a proposed Affordable Housing request.
2. Identify value to support the Affordable Housing being delivered.



3. Ensure landowner agreement.
4. Consider a registered housing agency's support for the proposal.
5. Refer to the definition and list of matters when assessing an Affordable Housing proposal.

The proposed Strategy reflects this guidance.

3. Yarra Ranges Affordable Housing Development Negotiation Framework

The *Yarra Ranges Affordable Housing Development Framework* establishes Yarra Ranges Council's policy intent and framework to facilitate Affordable Housing outcomes through the planning permit and planning scheme amendment process on identified sites.

The Framework applies to any site within the Yarra Ranges Local Government Area where a planning permit application and/or planning scheme amendment request is lodged and the development:

1. Seeks to increase the site's residential density to enable an estimated 20 or more lots or dwellings and is in a location with convenient access to services, amenities and/or transport; and/or
2. Is for a site that is owned by Federal, State or Local Government and is expected to be sold to market for residential development; and/or
3. Seeks to increase the site's residential density to enable an estimated 20 or more lots or dwellings and seeks to exceed Council's preferred planning outcomes for the site in terms of height, density or yield; and/or
4. Seeks to increase the site's residential density to enable an estimated 20 or more dwellings or lots and is identified by Yarra Ranges Council as a strategic development site suitable for Affordable Housing.

The following Affordable Housing percentages are sought under the Framework, with the Lilydale Quarry site meeting the criteria of 500 or more dwellings and an 8 per cent Affordable Housing percentage.

Proposed site yield (estimated total number of dwellings/lots)	Affordable Housing Percentage (proposed % of total estimated dwellings/lots)
20 – 49 dwellings / lots	1 per cent
50 – 99 dwellings / lots	2 per cent
100 - 299 dwellings / lots	4 per cent
300 – 499 dwellings / lots	5 per cent
500 or more dwellings / lots	8 per cent

Table 3: Proposed Affordable Housing Percentages



Key aspects of the Framework as they are proposed to apply to the Lilydale Quarry are summarised below:

<p>Affordable Housing Outcome (Number)</p>	<p>The total end yield is unknown at the planning amendment stage. Assuming a total yield of 3,000 dwellings, the application of an 8 per cent Affordable Housing Percentage is proposed, which would result in a total 240 Affordable Housing Dwellings across the project. The actual number of dwellings and in turn, Affordable Housing dwellings, may vary. Agreeing to an Affordable Housing percentage sets a calculation to then be applied over time.</p>
<p>Affordable Housing Program Outcome (tenure and ownership)</p>	<p>The dwellings to be delivered must result in Affordable Housing as defined by the <i>Planning and Environment Act 1987</i>. This could include Social Housing, Affordable Rental Housing and/or Affordable Home Purchase (including Shared Equity Home Ownership).</p> <p>Council's priority is for lots or dwelling to be delivered in the form of a Social Housing or other Affordable Rental Housing outcome owned and managed by a Registered Housing Agency. A total of five per cent of dwellings are recommended to achieve an Affordable Rental Housing outcome, to reflect evidence of need for rental housing for very low and low income households.</p> <p>For the remaining three per cent, Council and the Planning Applicant may agree to other forms of Affordable Housing being achieved on the site, such as Affordable Home Purchase or Shared Equity Home Ownership.</p> <p>Such an approach responds to the findings of the Yarra Ranges Affordable Housing Background Report, which in 2016 identified an estimated shortfall of 1,839 social housing dwellings (i.e. affordable rental) increasing to 2,237 dwellings in 2036.</p>
<p>Affordable Housing Delivery Arrangement</p>	<p>Where applying the Framework results in one or more lots or dwellings being provided for an Affordable Housing purpose, Council's preferred arrangement is to provide the dwelling at no cost to a Registered Housing Agency..</p> <p>Council and the Planning Applicant may also agree to other delivery arrangements, including the sale of dwellings to individuals under an Affordable Home Purchase or Shared Equity arrangement, the discounted sale of dwellings to a Registered Housing Agency or the gifting of serviced lots capable of residential development.</p>
<p>Dwelling Typology</p>	<p>The priority built form for Affordable Housing on the Site is one and two-bedroom dwellings. Other dwelling types such as three-bedroom dwellings are proposed to be acceptable for a proportion of the Affordable Housing.</p> <p>The final Affordable Housing dwelling mix for the site is to be determined by the Planning Applicant in consultation with a Registered Housing Agency.</p> <p>As more than 10 dwellings will be delivered as a result of the rezoning, 10 per cent of the total Affordable Housing provision (i.e. 24 dwellings) should be accessible for people with a disability or limited mobility (Platinum Liveable Housing Standard).</p>
<p>Integration</p>	<p>Affordable Housing is expected to be integrated with and be the same quality and visual appearance as market housing located within the development and the surrounding neighbourhood.</p> <p>Clustering of Affordable Housing within a site may be supported if a Registered Housing Agency agrees to the location of dwellings/lots or where the delivery model provides land to a Registered Housing Agency to develop Affordable Housing.</p>
<p>Affordability</p>	<p>The criteria set out in the Framework reflects the need for well-located Affordable Housing that provide convenient access to services and amenities, reducing household living and transport costs.</p> <p>Affordable Housing should incorporate design and construction features that reduce long-term operational costs, including passive design features and green star features above minimum building requirements.</p> <p>Affordable Housing must be rented or sold at a price that is affordable for households that earn</p>



	<p>within the State Government published Affordable Housing or Social Housing income bands. Ownership and/or management of dwellings by a Registered Housing Agency meet this criterion. Affordable Home Ownership and Shared Equity arrangements managed by an appropriately regulated not-for-profit housing agency meet this criterion.</p>
Allocation	<p>Affordable Housing must be allocated to households that meet the Affordable Housing or Social Housing income eligibility requirements set by the State Government ('Eligible Households'). The way in which a dwelling is allocated to an Eligible Household should be set out by the Applicant during the application process, noting:</p> <ul style="list-style-type: none"> • A dwelling that is intended to be owned and/or managed by a Registered Housing Agency or another appropriately regulated not-for-profit entity will meet this criterion; • Where a dwelling is proposed to be sold to individual households under an Affordable Purchase or Shared Equity Home Ownership arrangement, the Planning Applicant will need to demonstrate what arrangement will be implemented to ensure that the dwelling is allocated to a household that meet the Affordable Housing income bands. Involvement of a Registered Housing Agency or other not-for-profit agency such as a shared equity operator meets the criterion. <p>In allocating dwellings to Eligible Household, the Housing Agency is expected to give regard to the priority household needs, Victorian Housing Register requirements, and local connections.</p>
Longevity	<p>The value provided by the Planning Applicant to an Affordable Housing purpose captured in an agreement between Council and a landowner is expected to be utilised for Affordable Housing purposes in the long-term, noting:</p> <ul style="list-style-type: none"> • Ownership by a Registered Housing Agency meets this criterion; • Where dwellings are proposed to be sold under an Affordable Purchase or Shared Equity arrangement where the household purchasing is receiving a benefit (i.e. discount or reduced cost), the Planning Applicant will be required to demonstrate that any difference between the household's financial contribution and market value of the dwelling will be appropriately secured. • The Planning Applicant will also be required to demonstrate there is a clear and accountable strategy to guarantee the capture and future reinvestment of this value in to future Affordable Housing outcomes in the municipality on any future sale. A shared equity operator is expected to be able to assist the Applicant to meet this criterion.
Delivery Timeframes	<p>Affordable Housing should be delivered in parallel to the market housing component on the site.</p> <p>On large sites a staged approach to delivering Affordable Housing may be agreed with Council. Advice of a Registered Housing Agency may be required to support a staged approach.</p> <p>A landowner seeking a staged approach will be required to provide Council with a site-specific strategy setting out the way in which they intend to deliver the agreed outcome over the project stages, and to report on this strategy during each stage of the development.</p>
Securing an Agreement	<p>An agreement and delivery arrangement should be reflected in the new Zone and Schedule to the Zone, a Section 173 Agreement between the landowner and Council and planning permits. The Section 173 Agreement will document the process and timeframes for the landowner to achieve the agreed Affordable Housing outcome as a condition of practical completion.</p>
Verification	<p>The Section 173 Agreement will require the landowner to demonstrate delivery of agreed outcomes in accordance with the Section 173 Agreement and planning controls.</p> <p>Council may seek confirmation from the nominated Housing Agency that the dwellings were delivered in accordance with the agreed strategy.</p>

Table 4: Yarra Ranges Affordable Housing Development Negotiation Framework – modified for Lilydale Quarry



4. Potential Program Outcomes and Delivery Models

A range of Affordable Housing program outcomes could be realised on the Site as part of the proposed 8 per cent inclusion, including:

Housing Program	Key Characteristics
Social Housing	<ul style="list-style-type: none"> Housing owned or managed by the State Government (Public Housing) or a Registered Housing Agency (Community Housing) and rented to households that meet Government income eligibility and asset eligibility. A Registered Housing Agency is a not-for-profit incorporated organisation with a purpose to own and/or operate housing for lower income households that is regulated by the State Government appointed Housing Registrar. Social Housing outcomes delivered under this Framework are expected to be owned and/or managed by a Registered Housing Agency. Rent for dwellings managed by a Registered Housing Agency is generally set at a maximum of 30 per cent of household income plus Commonwealth Rent Assistance.
Affordable Rental Housing	<ul style="list-style-type: none"> Affordable Rental Housing is housing provided at a discount to market rent to households that meet Social Housing income eligibility or Affordable Housing income eligibility requirements set out in the <i>Planning and Environment Act 1987</i>. A minimum 25 per cent discount to rent is generally provided. An affordability test typically also applies, with rent expected to be set at either a discount to market or no more than 30 per cent of a household's gross income. Affordable Rental Housing may be provided on a long-term basis if owned by a Registered Housing Agency or could be for a set period of time on agreement with Council.
Shared Equity Home Ownership	<ul style="list-style-type: none"> Shared Equity is an affordable home ownership program whereby a household that has some (i.e. limited) capacity to borrow funds is able to purchase a dwelling through a supported purchase arrangement. Typically, the household borrows between 70 and 80 per cent of the value of a property from a bank, with the remaining percentage or 'social equity' provided by either a government grant, a land contribution or a developer contribution in the instance of a planning negotiation. Shared equity programs require an appropriately regulated sales and management arrangement to source and test the income of a potential eligible purchaser and for the social equity that is provided to be appropriately secured and captured on future sale to enable reinvestment. In a planning negotiation the landowner would meet the land and development costs with the purchaser paying the agreed (reduced) proportion of market value at settlement. The difference between the market value and the amount paid by the purchaser is defined as 'social equity' that is secured by a not-for-profit agency typically by a second mortgage. On the future sale of the dwelling by the first purchaser the proportional equity provided at the start (i.e. 20 – 30 per cent of market value) is repaid based on the property's (future) market value. The landowner does not receive a return on their contribution, with the social equity reinvested by the managing entity in accordance with an agreement between the registered housing agency and Council.
Affordable Home Purchase	<ul style="list-style-type: none"> Affordable Home Purchase is the sale of dwellings at the established market price for that dwelling to a low or moderate income household on the basis the dwelling and market price is demonstrated to be appropriate in size and affordable for that household without a discount. This is likely to only apply for smaller dwellings and must therefore be affordable for a single or couple to purchase without subsidy. Applying this model is expected to be limited and/or not applicable on the site due to estimated market pricing relative to household income capacity. The dwelling must also be appropriate in size, amenity and quality for the proposed purchasing household. If market prices are deemed to be affordable, applying this model requires a dedicated sale program to ensure only eligible households that meet the defined income bands are able to purchase the property (requiring a process of income verification and allocation). The model does not require the dwelling to be secured or managed as Affordable Housing in the long term as there is no subsidy or discount that is required to be secured, rather it can encourage relatively lower priced dwellings to be delivered in an area. If a discount is required, then the product should revert to a shared equity arrangement so the value can be captured and reinvested.

Table 5: Affordable Housing Programs and characteristics



5. Potential Partners

Proposed partners and end owners or managers of Affordable Housing that may be delivered are summarised below.

5.1 Federal and State Government (potential investment initiative)

The State and Federal Governments are progressing new financial mechanisms that are intended to enhance the delivery of Affordable Housing and may be suitable to deliver an Affordable Housing contribution at the Lilydale Quarry, including:

- The Federal Government's National Housing Financing and Investment Corporation and its \$1 billion National Housing Infrastructure Facility (NHIF).
- The State Government Social Housing Growth Fund, which is intended to provide long-term funding to registered housing agencies to support them to develop and hold Social and Affordable Housing for rental purposes.
- State Government schemes for registered agencies access to lower cost financing and bank guarantees to reduce financing costs.
- The Federal Government's bond aggregator to offer lower-cost long term financing to the registered housing sector.

The landowner may elect to further explore these funding opportunities as part of the negotiation and present their findings to Council, noting these initiatives may complement outcomes negotiated as part of a voluntary Affordable Housing agreement. These funding opportunities should not be exclusively relied upon to support achievement of a proposed Affordable Housing contribution.

5.2 Registered Housing Agencies

Registered Housing Agencies are organisations with a dedicated charitable purpose to deliver and manage Affordable Housing. Under the *Housing Act 1983* a Registered Housing Agency refers to an organisation that is a not-for-profit organisation that is registered by the Victorian Government as a provider or operator of Affordable Housing. Agencies are registered as either:

1. Housing Association – the highest level of registration, Associations have greater capacity and experience in developing and owning housing assets and managing larger portfolios and debt.
2. Housing Provider – generally smaller organisations that primarily manage housing on behalf of the State Government, with potential for some assets under direct ownership.

They are recognised as growth vehicles for Affordable Housing by the State Government and are therefore eligible for grants or financial support when it is available.

Registration means that the organisation's work in providing Affordable Housing must comply with a range of standards and reporting obligations that are monitored by an independent Housing Registrar. Agencies are also regulated as charities by the Australian Charities and Not-for-profit Commission and the Australian Taxation Office. These processes provide a high level of oversight over the operations of the Agency and provide for a step-in mechanism if there is a significant breach in standards or obligations.

Agencies may have different priorities as to the locations and households they support. Agencies have strong links to wrap-around services and will generally link households to other agencies when other supports are required.

A Registered Housing Agency's capacity to invest is limited by the proposed below-market revenue and need to meet all operating costs from rents. They are also responsible for ensuring the long-term maintenance of dwellings. Some Housing Agencies have the capacity to develop sites which can support some cost savings. This requires the agency



to have funds and capacity to finance and deliver the project which typically requires government grants or other philanthropic funding in addition to the land provision.

Registered Housing Agencies have the ability to seek and secure government funding when that funding is available. As set out in 6.1, this funding should not be relied on when determining the strategy.

Any planning negotiated model that depends on a Housing Agency to purchase, own or manage dwellings must be tested with Agencies prior to the finalisation of the agreement to ensure it is realistic.

Further information on Registered Housing Agencies is available at <https://chiavic.com.au/>. Council can also assist to connect the landowner to locally operating Registered Housing Agencies.

5.3 Shared Equity (Affordable Home Ownership) Facilitators

As at May 2019, Victoria has two Shared Equity programs in operation that are supported by the State Government:

- Victorian Government pilot program 'HomesVic', supporting an initial 400 households through a State Government Shared Equity arrangement. This program requires households to meet income eligibility requirements set by the State, have a 5 per cent deposit, secure a mortgage and find a property to purchase in the market. The shared equity 'social equity' in this program is provided by the State Government with the developer realising full market value. This model is not expected to be applied to outcomes under this Framework.
- Not-for-profit established Shared Equity Program, BuyAssist Australia. This or any other model established by a not-for-profit entity is considered appropriate means of delivering shared equity arrangements.

The BuyAssist program is currently the only fully operational shared equity model in Victoria. Through the BuyAssist program shared equity arrangements may be delivered on government owned land as a result of a land sale or privately owned land as a result of a voluntary affordable housing agreements. For voluntary affordable housing agreements, this involves:

- BuyAssist providing advice on the level of developer contribution required (the social equity), to ensure the property will be affordable for the household to purchase. The developer foregoes an agreed percentage of market value and sells the dwelling to an Eligible Purchaser household nominated by BuyAssist.
- BuyAssist undertakes an assessment of household eligibility to confirm the household earns less than the *Planning and Environment Act 1987* Affordable Housing income limits and has capacity to service a mortgage. This process establishes the household's purchasing capacity and in turn the contribution required by the developer.
- BuyAssist marketing the properties to eligible households and refers the household to enter a contract of sale with the developer.
- On settlement, the developer receiving from the purchaser, typically in the form of bank funding, an agreed percentage of the property market value.
- BuyAssist entering into a legal agreement with the purchaser enabling BuyAssist to secure the proportional social equity (i.e. the proportion of market value provided by the developer foregoing return) in the form of a second mortgage.
- When the purchaser elects to refinance or sell the property, BuyAssist is repaid the social equity, calculated as a proportion of the end market value based on the proportional equity provided at settlement (i.e. if 30 per cent was provided then 30 per cent of the future value is repaid). BuyAssist through its not-for-profit owner, determines a reinvestment strategy and secures a new shared equity purchaser arrangement for a new dwelling.

Other not-for-profit agencies may also establish shared equity programs which could meet the requirements of ensuring the dwellings are appropriate, affordable and allocated to eligible households.



Part B: Proposed Strategy – Lilydale Quarry

1. Proposal

The Proposal is for the Lilydale Quarry site to deliver 8 per cent Affordable Housing Dwellings across several stages. Further details on the intended delivery arrangement are set out below.

The type of outcomes sought through the Yarra Ranges Affordable Housing Development Framework are proposed to be reflected in the rezoning by applying an 8 per cent Affordable Housing component. This reflects the Site undergoing a significant rezoning and proposing to accommodate well over 500 dwellings.

The Affordable Housing contribution is intended to reflect the objectives of the Framework by:

1. Achieving an 8 per cent Affordable Housing outcome across the Site through an agreement between the landowner and Responsible Authority, secured as part of the planning scheme amendment process and section 173 agreement.
2. Achieving the Affordable Housing outcome by way of a land contribution and/or provision of completed dwellings, either gifted or sold at a discount to a Registered Housing Agency for use as Social and/or Affordable Rental Housing and/or sold at an established affordable price point to an individual household under an appropriately regulated ownership model.
3. The Affordable Housing being delivered primarily in the form of one and two-bedroom dwellings unless otherwise agreed.
4. 10 per cent of the total Affordable Housing provision (i.e. 1 in 10 dwellings) being made accessible for people with a disability or limited mobility (Platinum Liveable Housing Standard).
5. The resulting Affordable Housing Dwellings being owned and/or managed by a Registered Housing Agency for Social and Affordable Rental Housing or overseen by a not-for-profit entity if an Affordable Home Ownership arrangement.
6. The Affordable Housing being integrated across the site, with endorsement required from a Registered Housing Agency for any clustering of over 15 dwellings or lots within a stage and/or building.
7. Reflecting the final Affordable Housing outcome in the new planning controls and securing the agreement to deliver the outcome via a Section 173 Agreement.

1.1 Program Outcomes

The Affordable Housing contribution, comprising a total 8 per cent of residential yield, is proposed to be delivered in the form of:

1. A minimum 5 per cent Social or Affordable Rental Housing to be owned and managed by a Registered Housing Agency.
2. A maximum 3 per cent other Affordable Housing component, which may be delivered as Social Housing, Affordable Rental or Affordable Purchase in accordance with the Affordable Housing definition set out in the *Planning and Environment Act 1987*.



1.2 Affordable Housing Delivery Options

The proposed eight per cent Affordable Housing outcome could be achieved by the landowner:

1. Gifting completed dwellings to a Registered Housing Agency;
2. Selling completed dwellings to a Registered Housing Agency at a discount rate that enables the Agency to purchase and provide the dwellings as Social Housing or Affordable Rental Housing;
3. Gifting serviced land to a Registered Housing Agency to then develop as Affordable Housing; and/or
4. Sale of dwellings to nominated 'Eligible Purchasers' (households) under a shared equity or other appropriate Affordable Home Purchase arrangement.

One or more of the options may be drawn on noting that it is proposed that a minimum 5 per cent of the total Affordable Housing component results in Social and/or Affordable Rental Housing reflecting the evidence of need presented in the Yarra Ranges Affordable Housing Report (June 2019).

The landowner should respond to the proposed strategy and confirm how they propose to achieve the Affordable Housing component during the planning scheme amendment process and negotiation. A number of options may be included within the planning controls and/or section 173 agreement, with the landowner required under the Schedule to prepare an 'Affordable Housing Delivery Strategy' as a condition of the development. This will need to confirm how the Affordable Housing outcome is to be delivered, including any staging.

1.2.1 Social Housing / Affordable Rental

Gifting completed dwellings to a Registered Housing Agency would support a Social Housing outcome being realised and is the preferred option.

Reflecting the number of Affordable Housing dwellings sought, it is recognised that a discounted sale or transfer of land may be an acceptable approach to achieve the proposed 8 per cent Affordable Housing. This will depend on an Agency securing financing and/or funding to support the arrangement.

As a guide, the maximum a Registered Housing Agency can typically pay to purchase a dwelling is \$300,000. For example, on a dwelling with a market value of \$500,000, a 40 per cent discount may be required unless an Agency can secure Government funding.

The landowner should engage with one or more Agencies to further inform what discount would be required to support a sale.

Housing Agencies will also have an interest and capacity to manage the development of land provided at nil cost. A construction agreement could form part of this arrangement with the financing of development sitting with a Housing Agency.

1.2.2 Affordable Home Purchase and Shared Equity Home Purchase

Should the landowner seek to provide part of the outcome in the form of Affordable Home Purchase or Shared Equity Sale arrangements they will need to demonstrate how the appropriateness, affordability and allocation requirements will be met as part of the planning application process.

Affordable Purchase arrangements are proposed to be contemplated if a minimum Social or Affordable Rental Housing component can be achieved.

The Affordable Housing price points set out within the Framework and this document (as at 2019) are to establish whether the market price of a dwelling is affordable (with or without subsidy or discounting) for an individual household to purchase. These price points are guides only and will need to be re-assessed annually in accordance with updated income bands published by the State Government.



If a developer's product market price meets or is below the indicative price points:

- The developer must provide a plan outlining how dwellings will be allocated to eligible purchasers who can afford to purchase the dwelling.
- A housing agency is to be engaged by the landowner to undertake an income check and verify household eligibility to purchase the nominated dwellings. This may require a fee for service.

If a developer's product market price exceeds the indicative price points (or price points deemed to be Affordable for updated income bands a future point in time), and the developer proposes to make the dwelling affordable for purchase, then:

- A shared equity arrangement must be implemented to appropriately manage the allocation and the developer contribution over time.
- The landowner must ensure that the dwelling will be affordable and allocated to eligible households to purchase including the shared equity contribution.
- The difference between the market price and price that the dwelling is sold at will be appropriately held so as to not provide a 'windfall gain' to the first purchaser, and so that it is reinvested in Affordable Housing in Yarra Ranges on first sale.

For example, if the agreed 'affordable' price point for a 2-bedroom dwelling deemed to be appropriate for a moderate income couple to purchase is \$379,000 (as per Table 2):

- A dwelling priced at \$379,000 or below would be deemed to be affordable without discounting and would count as Affordable Housing if a clear and transparent process is established to only sell the dwelling to a household that earns less than the current moderate income, couple household income band of \$93,470 per annum;
- A dwelling priced over \$379,000, for example \$500,000 would require the landowner to forego the difference (i.e. \$121,000 in this example), with this difference captured within a suitable shared equity arrangement.

1.3 Delivery Terms

The Agreement and associated terms relating to the delivery of Affordable Housing on the Lilydale Quarry site are to be captured within the Comprehensive Development Plan and Schedule to the Comprehensive Development Zone and within a Section 173 Agreement.

The Schedule is proposed to require that the landowner(s) submit an 'Affordable Housing Delivery Strategy' prior to the commencement of development confirming how they will deliver the Affordable Housing contribution in accordance with the Schedule and Section 173 Agreement. This Delivery Strategy should include the following terms:

1. Delivery of a minimum 50 per cent of the total Affordable Housing contribution (i.e. 4 per cent of total residential yield) to occur prior to an agreed stage and/or development yield being achieved.
2. Delivery of the full 8 per cent Affordable Housing component (either construction of dwellings or transfer of land) by no later than the practical completion of 85 per cent of total residential yield.
3. Specifying the indicative location of the Affordable Housing within each stage which may be linked to the delivery timeframes set out in the Section 173 agreement and/or schedule to the Comprehensive Development Zone.
4. Where the Affordable Housing outcome involves selling a dwelling to a purchaser, the landowner is required to demonstrate that the outcome achieves the Affordable Housing matters of allocation and affordability set out in the Specified Matters Under Section 3AA(2) – Ministerial Notice pursuant to the



Planning and Environment Act 1987. This could be demonstrated by providing a statement from a housing agency that household incomes were checked and verified as being eligible for Affordable Housing;

5. Setting out a process of verifying the Affordable Housing outcome has been delivered in accordance with the agreed strategy and/or of reviewing the Strategy over the development timeframe.
6. The removal of the Section 173 Agreement applying to affordable housing once terms have been met.

1.4 Built form quality, amenity and long-term affordability

Development must adhere to the planning controls and policy set out in the Yarra Ranges Planning Scheme and associated incorporated documents.

The Affordable Housing component is to be built to the same standard as market housing. Internal fixtures may be different on the advice of a Registered Housing Agency recognising the need for durability of materials over time and ease of replacement.

Design and construction must consider long-term affordability of the dwelling for residents.

Car parking requirements should be determined with consideration of the Yarra Ranges Planning Scheme and the advice of a Registered Housing Agency.

1.5 Integration

The Affordable Housing should be integrated across the site and should be visually no different to market housing.

Due to the scale of the project it is acknowledged that the delivery may be clustered in certain areas or stages of the development.

A degree of clustering may be appropriate if the landowner transfers land parcels which have the capacity to accommodate apartments to a Registered Housing Agency. This is acceptable provided the landowner and Registered Housing Agency consider place management matters and the need to connect higher needs tenants with any wrap-around services so they can sustain their tenancy and engage in the community.

A staging plan is expected to be discussed and documented as part of the negotiation, and where applicable, reflected in the Schedule to the Zone and/or Section 173 Agreement. This should consider delivery timeframes.

1.6 Accessibility and Adaptability

Australian Liveable Housing Design guidelines advocate for including features in dwellings to make homes more accessible, by ensuring homes are:

- Easy to enter.
- Easy to move in and around.
- Capable of easy and cost-effective adaptation.
- Designed to anticipate and respond to the changing needs of home occupants.

The Liveable Housing Design Guidelines include three levels of performance, which are set out at http://livablehousingaustralia.org.au/library/help/Livable_Housing_Design_Guidelines_Web1.pdf

A total of 10 per cent of all Affordable Housing Dwellings delivered as a result of the Agreement are proposed to adhere to 'Platinum Level certification' as set out under the Liveable Housing Guidelines (i.e. 1 in 10).

Affordable Housing may also include housing for people with a disability approved under the National Disability Insurance Scheme (NDIS). Providing Specialist Disability Accommodation (SDA) under an NDIS supported arrangement generally requires larger dwelling footprints. Should the landowner include a proportion of this type of



accommodation, a lower overall proportion of Affordable Housing may be achieved if a larger dwelling footprint is required. A maximum of 10 per cent of the Affordable Housing Dwellings may be NDIS or SDA approved and funded dwellings (which would then be expected to also achieve the 10% Liveable Housing Guidelines). These dwellings must be available to very low, low or moderate income households or households that meet the Disability Pension eligibility requirements.

2. Proposed Planning Provisions

An Affordable Housing strategy is expected to be reflected in the proposed Comprehensive Development Zone, any Schedule to the Zone and in a specific Affordable Housing Section 173 Agreement.

The terms of this agreement are proposed to take the following form:

Document	Proposed Inclusion
<p>Schedule to the Comprehensive Development Zone</p>	<ol style="list-style-type: none"> 1. Providing 8 per cent of total residential yield as Affordable Housing, to comprise: <ol style="list-style-type: none"> a. A minimum 5 per cent Social or Affordable Rental Housing to be owned and managed by a Registered Housing Agency. b. A maximum 3 per cent other Affordable Housing component, which may be delivered as Social Housing, Affordable Rental or Affordable Purchase in accordance with the Affordable Housing definition set within the <i>Planning and Environment Act 1987</i>. <p>The landowner and Responsible Authority will enter into a Section 173 Agreement pursuant to the <i>Planning and Environment Act 1987</i> to confirm and secure the Affordable Housing Agreement.</p> 2. An Affordable Housing Delivery Strategy is to be provided as a condition of the Comprehensive Development Plan. The Strategy is to set out how the Affordable Housing outcome will be achieved including delivery strategy, intended partners, timeframes, built form, and alignment with the State Government’s specified matters under section 3AA(2) of the <i>Planning and Environment Act 1987</i>.
<p>Section 173 Agreement</p>	<ol style="list-style-type: none"> 1. Reflect agreed outcomes and alignment with reflect all matters agreed within the Strategy including the State Government’s specified matters under section 3AA(2) of the <i>Planning and Environment Act 1987</i> and delivery timeframes.



Attachment 1: Negotiation Process

Stage	Process
1 – Notice of intent to apply the Framework and provision of negotiating terms	<ol style="list-style-type: none"> 1. Council officers to: <ul style="list-style-type: none"> • Provide the Affordable Housing Development Facilitation Framework and indicate Council’s intent to facilitate an Affordable Housing outcome. • Discuss the Framework with the Planning Applicant. • Refer the Applicant to Registered Housing Agencies to discuss delivery options.
2 – Evidence, Proposal, Preliminary Offer, Negotiation,	<ol style="list-style-type: none"> 1. Planning Applicant to consider the proposed Affordable Housing inclusion. This may include seeking independent advice, engagement with Registered Housing Agencies, assessment of options, and further engagement with Council to understand opportunities and potential outcomes. 2. Planning Applicant to outline their response to the Framework. 3. Council reviews and responds to the Planning Applicant’s proposal, as part of existing planning assessment processes. 4. Negotiation between Council, the landowners and key stakeholders as required. Council may require evidence the landowner has consulted with and has the support of a Registered Housing Agency depending on the proposed delivery arrangement. Council may also test the acceptability of a delivery arrangement with one or more Housing Agencies.
3 – Agreement	<ol style="list-style-type: none"> 5. Agreement in writing to in-principle agreed Affordable Housing component. This may form the basis of a Term Sheet to ensure all aspects of the agreement are considered and set out prior to final drafting by lawyers. The agreement is expected to cover the proposed percentage, delivery arrangement, timeframes for delivering, and any other requirements agreed to provide appropriate comfort to all parties as to what, when and how Affordable Housing will be realised.
4 – Independent review (if applicable)	<ol style="list-style-type: none"> 6. As per existing processes pursuant to the <i>Planning and Environment Act 1987</i>, planning scheme amendments to rezone land or planning permit applications may be subject to a process of further review (e.g. Planning Panel or VCAT). 7. Incorporate external party review and recommendations into agreement.
5 – Finalisation of planning review and draft zone controls	<ol style="list-style-type: none"> 8. Finalise agreement in accordance with in-principle agreement and term sheet. Council reflects agreement in permit conditions or planning controls if relevant (e.g. Schedule to the Zone). 9. Execute Section 173 Agreement to secure the Agreement and delivery terms.
6. Delivery	<ol style="list-style-type: none"> 10. Subject to the site and agreement, the landowner may be required to produce further documents (such as a staging plan) confirming how the Affordable Housing will be delivered over time. 11. Delivery of the Affordable Housing in accordance with the Agreement. 12. Provide evidence that title has been transferred of an agreed number of lots or dwellings in to an agreed Affordable Housing purpose.

