



URBANXCHANGE

Social and Affordable Housing Strategy Bannockburn South East

Victorian Planning Authority

August 2023

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This report was written in the 2022/23 Financial Year and all data and calculations are based on that period.

1 EXECUTIVE SUMMARY

This report, the Social and Affordable Housing Report, is part of a wider set of technical work that will inform the Bannockburn South East PSP area led by the VPA in consultation with Golden Plains Shire Council.

Bannockburn is expected to accommodate nearly all of Golden Plain's planned urban residential growth. The Bannockburn Growth Plan anticipates at least 3,766 new homes in Bannockburn South East over a 25-35-year period. This is likely to increase to between 4000-5000 based on the PSP amenity model targets.

Victorian government policy and the *Planning and Environment Act 1987* seek to facilitate the provision of social and affordable housing in Victoria through the planning system.

This report uses *Homes for Victorians*, June 2018 definition of affordable housing:

Affordable Housing is housing that is appropriate for the needs of a range of very low to moderate income households, and priced (whether mortgage repayments or rent) so these households are able to meet their other essential basic living costs.

as translated into section 3AA of the *Victorian Planning and Environment Act 1987*.

Without some intervention in the housing market, Bannockburn South East will not be affordable for anyone on a low or very low income and provide limited affordable housing for moderate income family households.

Table 1 - Overview of affordability in Golden Plains

	Very low Income		Low Income		Moderate Income	
	Buy	Rent	Buy	Rent	Buy	Rent
Single	X	X	X	X	X	X
Couple	X	X	X	X	X	X
Family	X	X	X	X	✓	✓

Should the current housing market dynamic be relied upon, there is unlikely to be affordable housing for the following household types in Bannockburn: first-time buyers, the older poor, singles and young people, lone parents, key workers, low-income workers and welfare recipients, including those with a disability. AHURI notes that the current economic settings are impacting access to home ownership.¹

Based on the comparable market of Armstrong Creek, there will be some level of affordable housing, with a diversity of tenure and housing type, available for moderate income households in Bannockburn. However, housing suitable to the

¹ AHURI, Whelan, Atalay, Barrett, Bayrum, Edwards, 2023 – Transition into home

needs of low and very low income households is unlikely to occur on the open market.

Taking into account anticipated market housing delivery and the likely demand for affordable housing in Bannockburn South East, an affordable housing target of between 6-6.5% of the total number of dwellings needs to be delivered in the precinct.

Based on the affordable housing definition, including the relevant Ministerial considerations, several affordable housing outcomes should be accepted as contributing to the target:

Restricted purchase – price controlled housing that is made available for purchase by those on defined incomes. The discount for affordable housing for the first purchaser is preserved for future purchasers.

Shared equity – the essential feature of all shared equity models is that the buyer shares the capital cost of purchasing a home with an equity partner, thereby permitting households to buy a home with lower income levels than would otherwise be required.

Affordable rental via build to rent – developers including Housing Associations and their financiers build dwellings and, instead of selling them, retain them to let to tenant households. Rents are at an appropriate discount to market rents.

Rent to buy – the homes are offered at a reduced rent for a minimum of five years and let on assured short-hold tenancies for a fixed term. The model being adapted in Australia is that, after five years of renting, the tenant has first option to purchase the dwelling at price agreed at the commencement of the five years.

Social housing – this is housing owned by a state government or by a registered housing agency.

National Disability Insurance Scheme (NDIS)/Specialist Disability Housing (SDA) – this is housing that is provided for a person receiving NDIS support. SDA providers are registered and subject to Government oversight.

Cash contribution – in lieu of physical dwellings, the opportunity to provide the equivalent contribution in cash that can then be put towards the delivery of social housing elsewhere in Golden Plains.

The opportunity for Council to derive housing outcomes for members of the community requiring appropriate and affordable housing will be dependent upon

the level of intervention that the Council is prepared to leverage in the market including:

- **Passive:** Council facilitates the provision of social and affordable Housing by others, including registered housing agencies and developers
- **Semi-intervention:** Council contributes to the development of social and affordable housing
- **Proactive:** Council is actively involved in the development of social and affordable housing.

There are many ways that Council can influence the supply of social and affordable housing in the municipality, ranging from indirect methods such as advocacy right through to direct investment in housing.

If Council has land to develop or can achieve land for development, there are several ways that Council can engage in the development. In the broadest possible sense, there are four commercial models for Council to consider as follows:

- Direct sale to the market
- Deliberative development
- Development Agreement
- Council as the developer.

The provision of social and affordable housing needs to be balanced with the commerciality of providing the affordable housing and the cost of development. PSP housing element content and precinct design considerations should be optimised to incentivise on-market affordable housing. However, noting the likely absence of on market provision for low and very low income households, to increase implementation certainty and reduce post-PSP conflict, this report recommends setting a 6.5% the affordable housing target as a mandatory minimum.

Potential PSP content and planning scheme provisions include:

- Content in the PSP housing element stating the housing target and indicating the preferred location and form of affordable housing

- A requirement that residential development contribute towards the affordable housing target
- Provision for the delivery of contributions to be made by agreement between the responsible authority and landowner either via direct provision, contribution to a registered housing agency at a discounted sale rate or via an equivalent cash contribution – provision through any of these channels should be equalised to maintain equitable contribution rates.

2 INTRODUCTION

Urbanxchange Pty Ltd and BMDA Development Advisory Pty Ltd ('BMDA') have been engaged by the Victorian Planning Authority (VPA) to undertake an analysis and make recommendations as to how social and affordable housing could be facilitated within the Bannockburn South East as a part of the planning scheme amendment.

The purpose of this report is to outline the requirement for social and affordable housing and recommend an affordable housing target within the Bannockburn South East Precinct Structure Plan (PSP).

2.1 PROJECT OVERVIEW

The Victorian Planning Authority (VPA) is preparing the Bannockburn South East Precinct Structure Plan (PSP) in conjunction with Golden Plains Shire Council. This report provides guidance to the VPA in planning for social and affordable housing as part of the future development of Bannockburn South East.

The Bannockburn South-East Precinct Structure Plan is expected to accommodate upwards of 3,700 dwellings, and will include provision for new open space networks, community facilities, schools, transport connections and a local activity centre.

The Victorian Planning Authority (VPA) in partnership with Golden Plains Shire Council (Council) has prepared the Bannockburn Growth Plan (Growth Plan) to guide the sustainable development of Bannockburn to the year 2050.

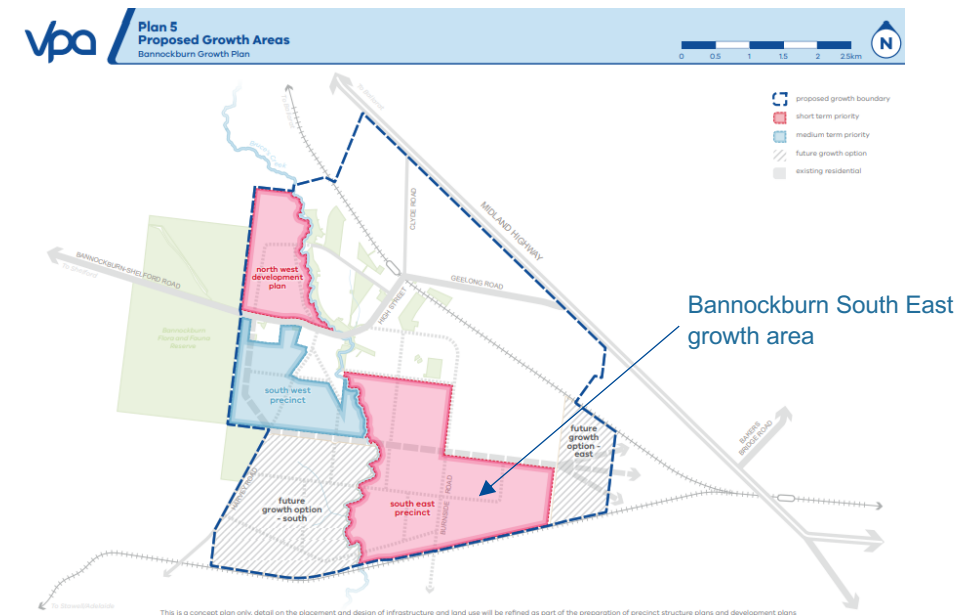
The Growth Plan is a high-level and broad strategy that:

- Sets out a vision for Bannockburn
- Guides sustainable growth and development over the next 30 years
- Identifies the steps needed to manage growth
- Defines key projects and infrastructure required to support growth
- Provides certainty for public and private investment decision making.

The Growth Plan addresses key challenges to guide housing, employment, infrastructure, services and other opportunities for residents and visitors while ensuring Bannockburn becomes more accessible, sustainable and liveable. The Growth Plan aims to maintain and enhance the unique attributes of Bannockburn and sets a vision for how the town will grow and change.

The Growth Plan sets out the location of broad urban development types and supporting infrastructure. The plans within the document are concept plans; detail on the placement and design of infrastructure and land use will be refined as part of the preparation of precinct structure plans and development plans. The Bannockburn South East growth area is highlight at Figure 1 below:

Figure 1- Bannockburn South East growth area in the 2021 *Bannockburn Growth Plan*



Bannockburn is the largest urban centre in Golden Plains. State and local policy support the town's growth and the provision of more housing, employment and community services.

The population of Bannockburn is expected to reach approximately 13,090 by 2036 (Victoria in Future, 2019).

2.2 BANNOCKBURN CONTEXT

Bannockburn includes a vibrant town centre including the Bannockburn civic space with water play, a Catholic primary school, a government P–12 college, Victoria Park recreation reserve, library and several retail, health and administrative services.

The Midland Highway bounds Bannockburn to the north-east, connecting Geelong to Ballarat via Meredith. The Moorabool Valley is also located to the north-east and supports a mix of agricultural land uses and ecotourism including the Bannockburn wine district.

To the south of the town is the Gheringhap to Maroona freight railway line connecting to the state's central west. The Geelong-Ballarat railway line traverses through Bannockburn; this is not currently operational for passenger services but is used for freight.

To the west of the town is the Bannockburn Flora and Fauna Reserve, which supports significant biodiversity and provides recreational opportunities for walking and cycling.

The proposed Gheringhap Employment Precinct is located approximately 5km south east from Bannockburn and has the potential to provide local employment and economic activity for the town. This precinct will provide an alternative opportunity for local jobs and investment to the existing Bannockburn Industrial estate in the west of the town. The Western Geelong Growth Area proposes development up to the eastern border of Golden Plains Shire. This proposed growth area will provide opportunities for improved access to services and facilities for Bannockburn's residents.

2.3 THIS REPORT

The report identifies the anticipated affordable housing gap in Bannockburn South East as the Bannockburn Growth Plan is delivered on the ground.

The report firstly defines affordable housing and the anticipated users of affordable housing in Bannockburn South East.

To understand the how affordable housing fits into the future of Bannockburn South East, Section 1 describes the affordable housing and planning policy environment as relevant to Bannockburn South East. This is complemented by an empirical analysis of affordable housing need relevant to Bannockburn South East's future to determine the anticipated 'affordable housing gap' in the precinct.

Section 2 seeks to provide a basis for addressing Bannockburn South East's anticipated affordable housing gap. Firstly, by identifying the experience and expectations of delivery stakeholders who may be required to address the gap. Secondly, by identifying existing planning practice and planning levers that may be deployed to provide a statutory framework for addressing the gap.

Section 3 brings together the evidence and learning from Sections 1 and 2 to set out a) an affordable housing target for the precinct and b) an implementation path to address the affordable housing gap through the Bannockburn South East Precinct and c) other actions that may assist in delivery of the target.

3 AFFORDABLE HOUSING DEFINITIONS

3.1 WHAT IS AFFORDABLE HOUSING?

The Victorian Government policy *Homes for Victorians* provides a clear definition of affordable housing:

Affordable Housing is housing that is appropriate for the needs of a range of very low to moderate income households, and priced (whether mortgage repayments or rent) so these households are able to meet their other essential basic living costs.

The *Homes for Victorians* policy also provides the following definitions of public, community and social housing:

Public Housing

Housing owned and managed by the Director of Housing. The Government provides public housing to eligible disadvantaged Victorians including those unemployed, on low incomes, with a disability, with a mental illness or at risk of homelessness.

Community Housing

Housing owned or managed by community housing agencies for low income people, including those eligible for public housing. Community housing agencies are regulated by the Government.

Social Housing

Social housing is an umbrella term that includes both public housing and community housing. Its provision usually involves some degree of subsidy.

Section 3AA of the *Victorian Planning and Environment Act 1987* essentially adopts the *Homes for Victorians* definition of affordable housing, as follows:

(1) For the purposes of this Act, affordable housing is housing, including social 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.

(2) For the purposes of determining what is appropriate for the housing needs of very low income households, low income households and moderate income households, regard must be had to the matters specified by the Minister by notice published in the Government Gazette.

The current Victorian Legislative framework does not define key workers; it only defines affordable housing. This report defines a key worker as:

An employee who provides a vital service, especially in the essential services, health, or education sectors.

In the study area, this includes:

- Providers of services to residents – e.g. teachers, doctors, nurses, healthcare workers, pharmacists, council staff
- Providers of services to visitors— e.g. hospitality, retail,
- Workers in key local industries.

In 2018, the *Planning and Environment Act* (the Act) was amended to include a new Objective to “facilitate the provision of affordable housing in Victoria” and to include a definition of affordable housing (as described in section 3.1 of this report).

These amendments to the Act also included changes to clarify that responsible authorities can enter into voluntary Section 173 agreements with developers for the provision of affordable housing.

The affordable housing framework established under these reforms also introduces two new instruments and a range of support, guidance and educational material.

The first instrument is the specification of the income levels associated with very low, low and moderate income households for affordable housing that is not social

housing. A Governor in Council Order setting out these income levels has been published and will be updated annually in the Government Gazette (refer to Table 2 and 3 for the current rates)².

The second instrument is the Ministerial Notice relating to the specified matters referred to in Clause 3AA(2), which lists the following as “matters to which regard must be had for the purposes of determining what is appropriate for the housing needs of very low, low and moderate income households:

- *Allocation*
- *Affordability (in terms of the capacity for very low income, low income and moderate income households that it is intended for)*
- *Longevity (in terms of the public benefit of the provision)*
- *Tenure*
- *Type of housing, in terms of form and quality*
- *Location, in terms of site location and proximity to amenities, employment and transport*
- *Integration, in terms of the physical build and local community*
- *The following official estimates of housing need:*
 - *Australian Bureau of Statistics Community Profiles*
 - *Census profiles for Victoria*
 - *Department of Health and Human Services Rental Report*
 - *Metropolitan regional housing plans to guide housing growth*
 - *Public housing waiting list (Victorian Housing Register list)*
 - *Victoria in Future data tables.*

3.2 WHAT TYPES OF AFFORDABLE HOUSING

Housing models that can improve affordability in Bannockburn South East are:

Affordable purchase. This is a form of price-controlled housing that is accessible to purchase by those on defined incomes. So far, only South Australia has fully recognised this model as a mechanism for providing affordable housing. The key principles of affordable purchase models are:

- The dwelling must be offered for sale at or below a nominated ‘affordable’ price
- The dwelling must be offered for sale to eligible buyers
- The discount for affordable housing for the first purchaser is preserved for future purchasers.

In Victoria, The Nightingale housing model has a transparent process to documenting land purchase and development costs and the purchase price is based on the development achieving a return of 15 per cent.

The price of housing in the Nightingale model is not always ‘affordable’ as defined for example under Victorian Government’s definition (although some of the projects under this model do have an explicit affordable housing component). However, it is delivering ‘high value for money’ housing by reallocating the cost-savings associated with removing items such as car-parking, marketing costs, etc. into other design and building features. However, the principles of price control for the first and subsequent purchasers is established.

Under this model there is a system for controlling the purchase price as well as mechanisms to prevent the first purchaser having a windfall gain at the expense of future owners. Title covenants have been developed that provide a formula for the

² Note that this is different to the income limits set for social housing set by the Director of Housing, which are published at www.housing.vic.gov.au.

resale of the property. The model recognises capital growth for each progressive purchaser/seller and it also recognises that the market opportunity provided to the first purchaser should be transferred.

Shared equity. Where more than one party share the capital cost of purchasing a home. Typically, this model refers to intending home purchasers agreeing with government-backed and private sector-led schemes to share the cost of purchasing a property. This reduces the homeowner's up-front and loan servicing costs. Should the property be sold, each party receives their proportion of the sale based on how much each contributed to the purchase price.

Affordable rental via build to rent. Developers (including Housing Associations) and their financiers build multi-unit buildings and, instead of selling the units, retain them to let to tenant households. Rents may be set at market rent or, for affordable and social housing, at an appropriate discount to market rents. The NRAS was a build to rent model.

Rent to buy. Homes are offered at a fixed (sometimes below market) rent for a minimum of five years and let on assured short-hold tenancies for a fixed term. The model being adapted in Australia is that, after five years of renting, the tenant has first option to purchase the dwelling at the price agreed at the commencement of the 5 years. If the tenants don't want to buy, the landlord can retain the property as rented housing or sell it on the open market.

Social housing. This is owned by a state government or by a community housing organisation. Community housing organisations are not-for-profit corporations that own and/or manage community housing and are registered by federal and/or state housing regulators. Housing Associations and Providers are independent companies that are overseen by a skills-based board.

Tier 1 Housing Associations are seen by government as organisations that:

- Own, manage and develop affordable rental housing
- Provide housing support and assistance to clients
- Are viable businesses, partnering with government and the community
- Have met registration criteria and meet ongoing regulatory compliance against performance standards.

NDIS/SDA. Housing for NDIS participants has three elements, housing, planning and support. All three elements are required for a successful outcome. There is a clear delineation of responsibility with the NDIA being responsible for the SDA and the relevant state governments/agencies responsible for the balance, i.e. planning and support.

Cash contribution. In some circumstances, the provision of a cash contribution maybe appropriate, including where there are multiple land holders that are not of significant size as to deliver meaningful outcomes. Any cash contribution for social and affordable housing should be phrased in such a way as to define what the contribution is required. The whole contribution should be placed in a trust and redirected to a social housing project within the municipality.

3.3 WHO REQUIRES AFFORDABLE HOUSING

Affordable housing is required by a broad part of the community:

- First-time home buyers
- Older poor
- Singles / young people
- Lone parents
- Key workers
- Low- and moderate-income earners
- Very low income earners
- Welfare recipients
- Homeless,

There is a variety of affordable housing delivery models available to meet the housing needs of different income groups, as conceptually illustrated in Figure 2 below. The models identified in Figure 3 provide a simple conceptual framework for considering the relationship between income groups, tenure types and the relative level of subsidy (government or via an affordable housing contribution from developers or philanthropists) that might be needed for each model.

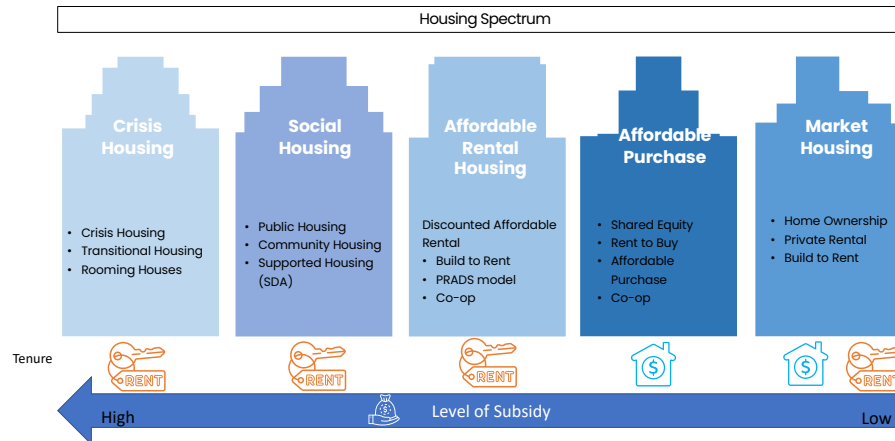


Figure 2 Housing continuum and depth of subsidy

This can be further expanded to reflect the occupiers of each type of housing and is reflected in figure 3.

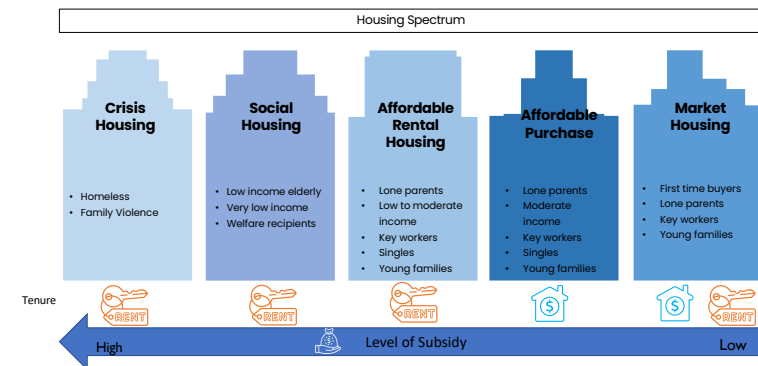


Figure 3 Occupier of types of affordable housing

The Victorian Government has defined following income ranges for the purposes of informing affordable housing policy across Greater Melbourne³ in 2022 – 2023. These are published annually via the Governor in Council Orders (GIC). The income ranges cover three household types as follows:

³ These income ranges have been gazette set under section 3AB of the Planning and Environment Act 1987. The income ranges are intended to inform policy relating to income

groups access to *affordable* housing – the income thresholds for eligibility for *social* housing are separately set by the Director of Housing.

Table 2– GIC orders for income ranges associated with affordable housing (July 2022)
Greater Melbourne

	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 (with one or two parents) and dependent children	Up to \$56,010	\$56,011 to \$89,630	\$89,631 to \$134,450

The Victorian Government publishes income bands for Greater Melbourne and the Rest of Victoria. The income ranges for regional Victoria households are:

Table 3 Annual income ranges - households eligible for Affordable Housing, Rest of Victoria, July 2022

Household Type	Very low income range (annual)	Low income range (annual)	Moderate income range (annual)
Single Adult	Up to \$19,440	\$19,441 - \$31,110	\$31,111 - \$46,660
Couple, no dependents	Up to \$29,160	\$29,161 - \$46,660	\$46,661 - \$69,990
Family (one or two parents and dependent children)	Up to \$40,830	\$40,831 - \$65,330	\$65,331 - \$97,980

Most key workers would exceed the nominated income levels. Nearly all people within the specified affordable housing income levels would not be able to obtain a mortgage at a recognised financial institution.

3.4 AFFORDABLE HOUSING FOR BANNOCKBURN SOUTH EAST

Shortages of affordable housing (including affordable rental housing) act as a constraint on economic growth and can prevent lower income households from fully participating in economic and social opportunities. This can occur when people are priced out of living in the local community and are forced to choose between commuting long distances to jobs, or potentially foregoing work altogether if they cannot obtain a local job. Further, it can impact the growth of the whole community.

Lower income households that are unable to purchase their own dwelling are faced with either accessing public housing or renting privately. The supply of public housing units across Victoria is unlikely to significantly increase (despite the 12,000 dwellings being delivered via the Big Housing Build) in the foreseeable future and will continue to be allocated to the households with the very highest levels of disadvantage. However, as our population continues to increase, and the disparity in growth between housing prices and wages endures, the number of lower income households (including many key worker households) unable to access affordable and suitable housing is forecast to continue to rise.

Analysis of current Valuer General of Victoria's median home sale price data for Bannockburn shows that only families on moderate incomes are able to affordably purchase a dwelling while covering basic living costs. Victorian Government data on rentals within Bannockburn demonstrate that very low income earners, without assistance, cannot afford to live in Bannockburn. There are no opportunities for singles or couples and families are limited to units. Only moderate income families have an opportunity to rent a dwelling in Bannockburn without entering housing stress.

The need currently exists for the delivery of dwellings that meet both the affordable and social housing requirements of the community in Bannockburn and Golden Plains.

The Precinct Structure Planning (PSP) Guidelines note that in any PSP matters, consideration must be given to social and affordable housing.

The demand for social and affordable housing for Bannockburn has been calculated at 6 – 6.5% (section 10).

The table below identifies that access to affordable housing for those on GIC Order incomes is not possible for almost all households excluding those families on moderate incomes.

Table 4 – Able to afford market housing either rent or purchase in Bannockburn

Income GIC	Purchase	Rental
Singles		
Very Low	X	X
Low	X	X
Moderate	X	X
Couples		
Very Low	X	X
Low	X	X
Moderate	X	X
Families		
Very Low	X	X
Low	X	X
Moderate	⊙	⊙

The variety of housing models that apply to social and affordable housing can be considered for the different income groups are as follows:

Table 5 - Application of housing models to income groups

Type	Very Low Income	Low Income	Moderate Income
Affordable Purchase			✓
Shared Equity			✓
Build to Rent		✓	✓
Rent to Buy			✓
Social Housing	✓	✓	

The contribution of social and affordable housing can be equalised via a clear mechanism that provides a calculable value of worth for the affordable housing outcome.

SECTION 1 - POLICY AND EMPIRICAL CONTEXT

4 AFFORDABLE HOUSING POLICY

4.1 VICTORIAN GOVERNMENT

Plan Melbourne recognises the policy drive for the provision of social and affordable housing, and section 2.3 notes:

For Melbourne to remain liveable for all its citizens, the supply of Social and Affordable Housing needs to be increased. A range of housing types need to be developed within suburbs across Melbourne—not just in outer areas—to improve local affordability for homeowners and renters.

The Victorian Government policy *Homes for Victorians* provides:

Affordable Housing is housing that is appropriate for the needs of a range of very low to moderate income households, and priced (whether mortgage repayments or rent) so these households are able to meet their other essential basic living costs.

Homes for Victorians also defines community housing as:

Housing owned or managed by community housing agencies for low income people, including those eligible for public housing. Community housing agencies are regulated by the Government.

The *Housing Act 1983* and the *Planning and Environment Act 1987* provide the legislative framework to implement the policy position. The Housing Act governs and establishes the regulatory position for “registered housing agencies”, that is Housing Association and providers.

The Victorian Government’s commitment to social housing was realised through the *Big Housing Build* that established a \$5 billion fund to deliver social housing to the Victorian community. It also notes a minimum guaranteed spend in Golden Plains of \$15 million.

The Planning and Environment Act seeks to facilitate the provision of affordable housing as part of the planning approvals process. This objective is supported by strategies within the State Planning Policy to increase housing choice in terms of

type, tenure and cost, and to encourage a significant proportion of new development to be affordable for households on very low to moderate incomes.

The State Planning Policy makes several references to social and affordable housing, including:

- Clause 16: Planning for housing should include the provision of land for affordable housing
- Clause 16.01-4S - Improve housing affordability by: – Encouraging a significant proportion of new development to be affordable for households on very low to moderate incomes
- Clause 16.01-4S - Increase the supply of well-located affordable housing by: – Facilitating a mix of private, affordable and social housing in suburbs, activity centres and urban renewal precincts.

4.2 GOLDEN PLAINS SHIRE

The Golden Plains *Social Housing Plan 2021-24* provides an overview of the current state of social housing provision within Golden Plains Shire and outlines the need for more subsidised social housing to fill the gap in provision.

The plan recognises Council’s commitments to delivering new social housing and Bannockburn’s unique role as the only township within the Shire capable of accommodating significant delivery of social housing stock through its growth areas.

The plan provides a review of the unmet demand for affordable housing within the Shire. It also highlights the importance of building and maintaining positive working relationships between Council, other G21 councils, the state government, Housing Associations and developers in working toward addressing disadvantage through the provision of social housing in the community.

The plan has an Action Plan with a purpose to:

Recognise, acknowledge and address disadvantage in the community through the provision of increased safe, secure and affordable social housing.

4.3 KEY WORKER ACTION PLAN

The councils of the Great South Coast and Barwon regions of Victoria, together with the Victorian Planning Authority (VPA), identified the need to improve the quality and quantity of affordable and appropriate housing for key workers.

The *Key and Essential Worker Housing Supply Action Plan, 2020* established a series of actions to increase the supply of low- to high-end rental and ownership accommodation for permanent and seasonal key workers from a range of industries across the Great South Coast and Barwon regions.

The Action Plan identified barriers to key workers accessing suitable, affordable housing including:

- Availability and cost of housing
- Quality of housing
- Seasonality – need for quality housing options for seasonal workers
- Shortage of permanent rentals
- The cost of development of new housing and the sales return not providing commercial returns.

The Action Plan identified that Councils' role in achieving these outcomes can range from advocating for Federal and State Government to change the policy and regulatory setting to facilitate investment through to councils undertaking development. This could include Councils directly facilitating development through planning, providing land and financial levers.

5 PLANNING POLICY

5.1 OPERATION

‘A planning authority must take into account the Planning Policy Framework when it prepares an amendment to this planning scheme.’

‘A responsible authority must take a relevant policy guideline into account when it makes a decision under this planning scheme, but is not required to give effect to it. If the responsible authority is satisfied that an alternative approach meets the objective, the alternative may be considered.’⁴

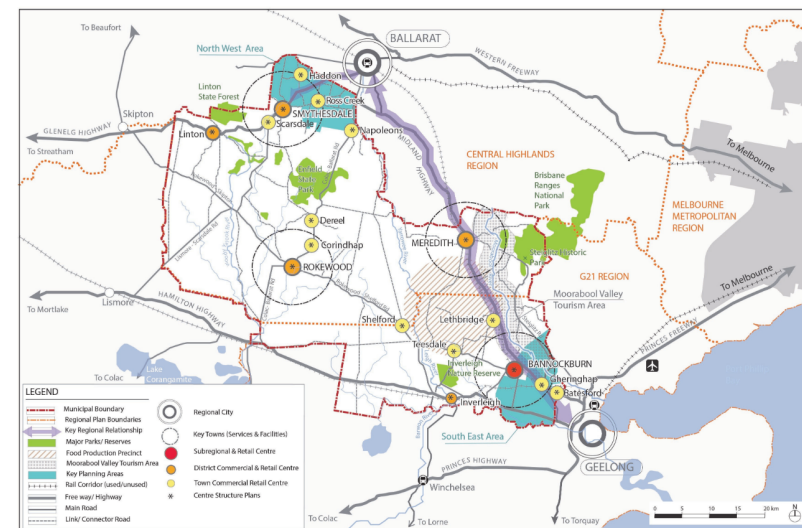
Both these perspectives should be considered in creating a strategy for social and affordable Housing.

5.2 GOLDEN PLAINS MUNICIPAL PLANNING STRATEGY

The Golden Plains Municipal Planning Strategy (‘the MPS’) commits Council to ‘Support a range of housing styles and types within urban areas to cater for changing household needs’ and ‘Encourage the consolidation of sites and intensification of development in existing towns where it avoids detrimentally altering the character or quality of these areas.’⁵

The MPS identifies Bannockburn as a ‘subregional and retail centre’ and a ‘key planning area’⁶ and seeks to ‘Accommodat[e] all growth within Bannockburn’s growth boundary, as identified in the Bannockburn Growth Plan...’⁷.

The place planning strategy for housing in Bannockburn is ‘Support medium density housing in locations close to retail and community facilities’ alongside consideration of the Bannockburn Growth Plan, May 2021.⁸



⁴ Golden Plains Planning Scheme, 71.02-2 Operation.

⁵ Golden Plains Planning Scheme, 02.03-6 Housing.

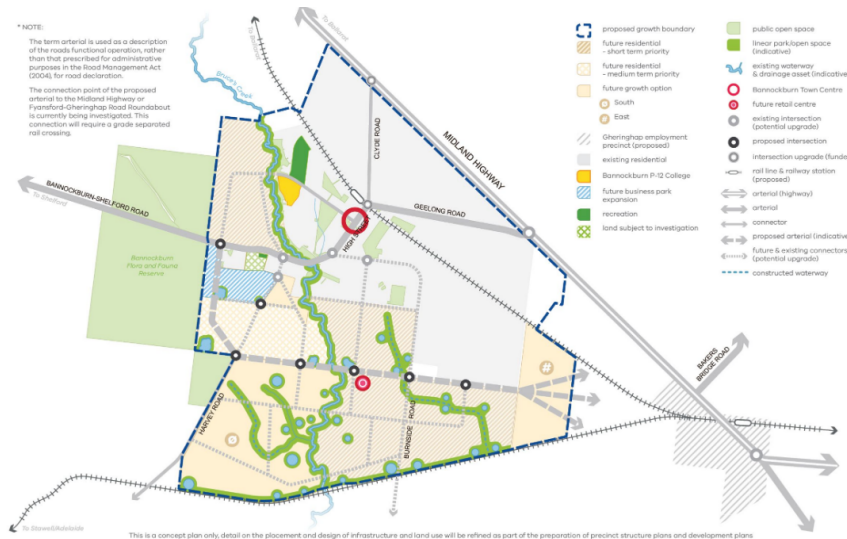
⁶ Golden Plains Planning Scheme, Clause 02.04 Strategic Frameworks Plans, Golden Plains Strategic Framework Plan.

⁷ Golden Plains Planning Scheme, Clause 02.03-1 Settlement, ‘Bannockburn’.

⁸ Golden Plains Planning Scheme, 11.03-6L-01 Bannockburn.

5.3 BANNOCKBURN GROWTH PLAN

The BGP is a background document and a policy document referenced in policy guidelines at Clauses 2 and 11 of the Planning Policy Framework. It identifies a 'south east precinct' as a major housing growth area in coming decades.



The BGP vision is:

In 2050...

New residents and visitors are attracted to Bannockburn as a regional hub due to its distinct identity, affordable lifestyle and local amenity.

The community conveniently accesses the services, employment and education opportunities offered by regional cities via the re-instated passenger services on the Geelong-Ballarat rail line and improved bus connections.

Investment in road and path connections allow people and goods to move around the town and access surrounding urban centres with ease.

Local employment opportunities respond to the town's rural character through an enhanced agricultural sector and diverse industrial precincts.

Bannockburn's unique environmental assets are protected and enhanced, and places of cultural heritage significance safeguarded. Sustainable water use and management is at the forefront of decision making, and water quality in local sources is protected.

Bannockburn's built form is respectful of the natural environment and heritage values. New development responds to climate change by adopting Environmentally Sustainable Design (ESD) principles.

Underpinning the town's growth is a healthy and well-connected community.

Principle 1 is relevant to this strategy:

Encourage diverse and affordable housing in new precincts

- Housing typologies for a diverse population of varying ages and abilities.

- Competitive market that differentiates itself from Geelong and Ballarat.

11,109 new residents are anticipated to be housed in 3,766 dwellings in the South East precinct. This is part of an overall anticipated growth of 6,192 new dwellings in Bannockburn over the next 25 to 35 years. This represents around 12 dwellings per developable hectare in the South East precinct.

The South East precinct is between 1.4km and 5.6km from the Bannockburn town centre. A future 'retail centre' is planned centrally in the South East precinct and

will include: a kinder (4-year-old), childcare, community centre, primary school, catholic primary school, secondary school, recreation centre (lower order), ovals and netball courts.

Housing in the South East precinct is anticipated to:

...continue to be predominately detached Housing, similar to the densities developed in newer greenfield growth areas. There is an opportunity to facilitate medium dwelling density in locations close to services and transport nodes.

A definition of affordable and social housing definition is taken from the G21 Affordable Social Housing Paper (2019):

Affordable housing is that which reduces or eliminates housing stress for low-income and disadvantaged families and individuals in order to assist them with meeting other essential basic needs on a sustainable basis, whilst balancing the need for housing to be of a minimum appropriate standard and accessible to employment and services.

On social housing provision:

Council should work with DHHS and the G21 Regional Alliance to understand the need and potential locations for this type of housing. Social housing will be more viable in Bannockburn as the population grows and more services and public transport options become available for the community.

Homes for Victorians is the policy that outlines the Victorian Government's response to the housing affordability crisis in Victoria. It identifies the opportunity for inclusionary housing in major developments, particularly where value uplift will occur through rezoning. This opportunity should be explored as part of future rezoning processes.

The importance of housing character to the existing community is highlighted:

The community identified the protection of Bannockburn's rural character as the most important issue when considering the town's growth. Housing design guidelines can be developed and implemented in future precinct structure plans to ensure character is considered as part of future subdivisions.

Housing strategies are:

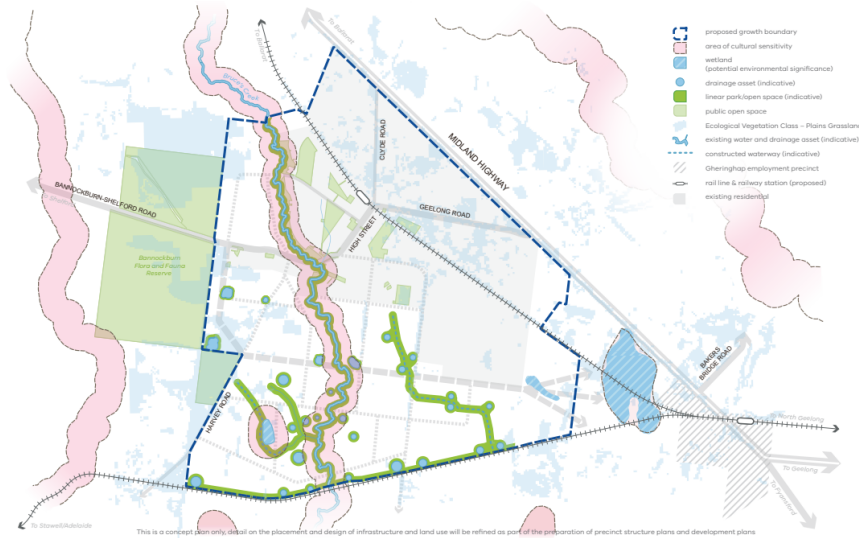
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- 1 Identify and stage the delivery of residential growth areas.*
 - 2 Provide for a range of densities that enable a mix of housing types and sizes.*
 - 3 Ensure new development considers and adds to Bannockburn's rural character.*
 - 4 Investigate the need for affordable and social housing provision in existing and new residential areas.*
-

Housing actions are:

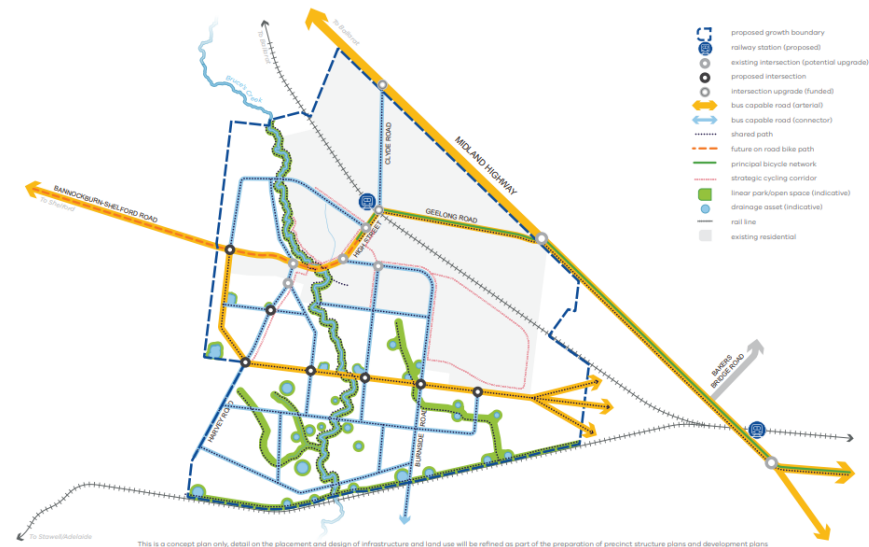
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- 1.6 Social housing
Work with the DHHS to investigate the need for social housing as the population grows.*
 - 1.7 Affordable housing
Work with registered housing organisations and providers to investigate the needs and opportunities to deliver affordable housing.*
-

Identified cultural and environmental considerations around creeks and drains may increase housing costs in these areas – either through increased development costs or through attracting a price premium associated with higher amenity. Up front development costs are indicated through flagged requirements

for street tree planting on all streets and roads and high quality drainage systems to protect the creeks and potentially integrated water management requirements.



As with many growth areas, the plan shows a relatively dense network of new road, intersection, recreation and drainage infrastructure. Adjustments to Infrastructure staging and financing should be considered where cost reductions can be shown to reduce purchase costs for end land and housing purchasers:



Some elevated servicing expense is expected for: a) sewer, as the south east precinct low point is furthest from the town edge while staging is preferred to commence from the town edge; and b) water supply, as current capacity will require progressive expansion. It is not clear whether gas supply will be connected, but this can offer savings in development costs which may flow through to the housing purchase prices and will also flow through to housing operation costs.

5.4 PRECINCT STRUCTURE PLANNING GUIDELINES

The *Precinct Structure Planning Guidelines: New Communities in Victoria*, VPA 2021 address affordable housing in Part 3:

VIABLE DENSITIES

Purpose: To deliver housing/population at densities that make local services and transport viable

T1 The PSP should facilitate increased densities with an average of 30 dwellings or more per NDHA within [400m walk of an activity centre or train station and 50m of open space, boulevards and major PUBLIC transport routes].

T2 The PSP should facilitate increased densities with an average of 20 dwellings or more per NDHA across the entire PSP area.

T3 The PSP should facilitate increased housing diversity, with at least three distinct housing typologies to be included in [T1 areas].

How to apply in PSP: The Future Place-based Plan and Housing Plan should identify preferred locations for higher densities... Explore opportunities to maximise housing densities and diversities through a range of implementation measures, including a variety of residential and mixed-use zones/ applied zones and the Small Lot Housing Code.

T4 Set a minimum target for provision of affordable housing in accordance with affordable housing policy, evidence, and guidance.

HOW TO ADAPT TO REGIONAL SETTINGS:

T1 & T2: Adaptation may be required

T3 & T4: Target achievable

Adaptations should support the delivery of a diverse range of lot sizes and housing typologies where appropriate and continue to deliver housing/population at densities that make local services and transport viable.

The amenity-based density model can be applied to drive greater density and housing diversity to the right locations.

20-minute neighbourhoods is a liveability policy that emphasises diversity, access, affordability and amenity, in addition to density. These principles are difficult to distill to a measurable target. As such, the density target is intended as a proxy to achieve outcomes that are relatively intangible and to lift the base-level standards across growth areas.

Applying in the PSP

The housing and Future Place-based plans in the PSP are the primary tool for delivery of T1, T2 and T3.

For T4, the housing table should quantify the likely proportion of housing that will meet the affordability definition. Activity centre frameworks (where applicable) should provide guidance on the provision of affordable housing. Place-specific guidance should identify the preferred approach to entering into voluntary affordable housing agreements, if appropriate. This approach should then be implemented via the zone schedule. Sites should be nominated on the Housing Plan where appropriate.

5.5 CONCLUSION

The Bannockburn South East PSP and associated planning scheme amendment will seek to resolve the competing policy outcomes described above having regard to constraints and opportunities in the precinct. An analysis and recommended planning scheme response are provided in Section 11.

6 LEGISLATIVE RULES AND GUIDES FOR AFFORDABLE HOUSING IMPLEMENTATION

When amending a planning scheme, the Planning and Environment Act 1987 enables implementation of affordable housing within the following legislative 'rules':

Table 6 - Legislative context for the VPA affordable housing in Victorian planning

Question	Rule	Source
What is VPA, as a planning authority, obliged to do?	A planning authority must implement the objectives of planning in Victoria.	Planning and Environment Act 1987, Section 12(1)(a)
What is the legislative objective for affordable housing?	To facilitate the provision of affordable housing in Victoria.	Planning and Environment Act 1987, Section 4(1)(fa)
What is affordable housing?	For the purpose of the Act, affordable housing is housing, including social 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.	Planning and Environment Act 1987, Section 3AA(1)
How do you determine whether housing is affordable?	Note: the annual income range definitions in the Governor in Council declaration that apply to affordable housing (except social housing) are:	Planning and Environment Act 1987, Section 3AA(2) and (3)

Question	Rule	Source
	<p>dependent children</p> <hr/> <p>Have regard to the Minister's specified matters when determining what is appropriate housing for household in those income ranges, see Section 6.1 below.</p>	<p><i>Ministerial Notice, 17 May 2018 under Planning and Environment Act 1987, Section 3AA(2).</i></p>
<p>What do the PSP Guidelines seek for affordable housing in a regional greenfield setting?</p>	<p>VIABLE DENSITIES</p> <p>Purpose: To deliver housing/population at densities that make local services and transport viable</p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p>HOW TO ADAPT TO REGIONAL SETTINGS:</p> <p>T1 & T2: Adaptation may be required / T3 & T4: Target achievable</p> <p>Adaptations should support the delivery of a diverse range of lot sizes and housing typologies where appropriate and continue to deliver housing/population at densities that make local services and transport viable. The amenity-based density model can be applied to drive greater density and housing diversity to the right locations.</p> </div> <p>T1 The PSP should facilitate increased densities with an average of 30 dwellings or more per NDHA within [400m walk of an activity centre or train station and 50m of open space, boulevards and major PUBLIC transport routes].</p> <p>T2 The PSP should facilitate increased densities with an average of 20 dwellings or more per NDHA across the entire PSP area.</p> <p>T3 The PSP should facilitate increased housing diversity, with at least three distinct housing typologies to be included in [T1 areas].</p> <p>How to apply in PSP: The Future Place-based Plan and Housing Plan should identify preferred locations for higher densities... Explore opportunities to maximise housing densities and diversities through a range of implementation measures, including a variety of residential and mixed-use zones/ applied zones and the Small Lot Housing Code.</p> <p>T4 Set a minimum target for provision of affordable housing in accordance with affordable housing policy, evidence, and guidance.</p>	<p>PSPGs Part 3</p>

Question	Rule	Source
	<p><i>Density as a proxy for diversity, accessibility and affordability</i></p> <p>20-minute neighbourhoods is a liveability policy that emphasises diversity, access, affordability and amenity, in addition to density. These principles are difficult to distil to a measurable target. As such, the density target is intended as a proxy to achieve outcomes that are relatively intangible and to lift the base-level standards across growth areas.</p> <p><i>Applying in the PSP</i></p> <p>The housing and Future Place-based plans in the PSP are the primary tool for delivery of T1, T2 and T3.</p> <p>For T4, the housing table should quantify the likely proportion of housing that will meet the affordability definition. Activity centre frameworks (where applicable) should provide guidance on the provision of affordable housing. Place-specific guidance should identify the preferred approach to entering into voluntary affordable housing agreements, if appropriate. This approach should then be implemented via the zone schedule. Sites should be nominated on the Housing Plan where appropriate.</p>	

6.1 MINISTERIAL CONSIDERATIONS

The purpose of the Victorian Government affordable housing reforms is to encourage an increase in affordable housing through local councils seeking a voluntary affordable housing contribution, as part of planning approval processes⁹. The legislated definition of affordable housing and the associated GIC Orders set out the income bands for individuals and households that the State Government considers needing affordable housing as described in Section 3.3 of this report.

The current State government policy does not specify any maximum percentage of an individual, couple or family's income should be assumed as being spent on housing costs. However, there is broad support for the concept that individuals and households should spend no more than 30 per cent of income on housing costs. The position of 30% was established by AHURI (Yates and Gabriel, 2006).

The Planning and Environment Act 1987, Section 3AA(2) includes reference to the Ministerial Notice relating to the specified matters and lists 'matters to which regard must be had for the purposes of determining what is appropriate for the housing needs of very low, low and moderate income households.' The table below provides a response to the matters in the Ministerial Notice as these may be applied to on the proposed land holdings in Bannockburn South East.

Table 7 - Application of the Ministerial Guidelines

Matter	Urbanxchange recommendation
Allocation	<p>The definition of affordability as set out in the Planning and Environment Act 1987, Section 3AA (i.e., very low, low and moderate income earners) should be applied in relation to any affordable housing provisions at the site. The application of all income categories is justified based on the demographics, outlined in section 6 of this report and housing need in the Golden Plains LGA.</p> <p>For dwellings that are developed as social housing it will be incumbent upon the operator to manage allocations. However, preference should be given to those people/households who have close ties to the Bannockburn community.</p>
Affordability (in terms of the capacity for very low income, low income and moderate income households that it is intended for)	<p>Occupants of the dwellings should pay no more than 30% of gross income on housing costs.</p> <p>The position of 30% was established by AHURI (Yates and Gabriel, 2006) and has been adopted by all levels of government and the broader housing industry as an agreed position.</p>

⁹ <https://www.dhhs.vic.gov.au/delivering-social-housing-affordable-housing-contribution>

Matter	Urbanxchange recommendation
	<p>It will be incumbent upon the operator of the affordable housing to ensure that the occupants meet the income eligibility criteria as set out in the GIC Orders at the time that their occupancy commences. For dwellings that are provided as affordable purchase or discounted rents, this can be achieved by evidence of income accompanied by an executed Statutory Declaration from the occupier noting that they are within the specified GIC Income criteria.</p> <p>The GIC Orders in relation to income are renewed annually. The current incomes are demonstrated in Table 2 and 3 of this report.</p>
Longevity (in terms of the public benefit of the provision)	<p>The affordable housing should be provisioned for 25 years, via agreed mechanisms that have a time limit of 25 years from initial occupancy.</p> <p>If titles are incumbered via a Section 173 then the Section 173 must have a timeframe in which it will elapse.</p> <p>The longevity of ownership of the actual site cannot be in perpetuity as financial institutions will not finance projects with this condition. Nor, in some instances of tenure type, will they consider ownership beyond 25 years.</p> <p>If the contribution is being made to a Housing Association, then a mortgage can be registered on title.</p>
Tenure	<p>Urbanxchange suggests that the following range of potential tenure solutions be considered:</p> <ul style="list-style-type: none"> • Assisted purchase • Shared equity • Affordable rental via Build to Rent (either private or RHA) • Social housing • Cash contribution. <p>In addition, the possible extended time frame (15 plus years) for implementation of affordable housing within the Bannockburn South East area means that there may be additional solutions for supply of housing as time progresses and there is a need for the ability for these solutions to be applied.</p> <p>In 2023, the Commonwealth will establish the Housing Australia Future Fund, which aims to deliver 20,000 dwellings over five years. This would include a Build to Rent and Shared Equity. Shared Equity can only be considered if it is a commercial model.</p> <p>To facilitate the delivery of social and affordable housing, what must be clear is the calculable value of the affordable housing. A mechanism that allows for clear calculation of a value and then this value is applied to the housing tenure proposed. This is demonstrated in section 10.4 of this report.</p>

Matter	Urbanxchange recommendation				
Type of housing, in terms of form and quality	<p>The housing should be tenure blind and meet silver living standards from the Liveable Design Guides.</p> <p>It is noted that there is a lack of diversity of housing types in Bannockburn and Golden Plains. This is particularly evident in the number of lone and two person households (44.8% of the households at the 2021 census) and the lack of smaller housing (only 5% 1- or 2-bedroom dwellings) to match.</p> <p>The inclusion of a diversity of smaller and medium density housing may be able to contribute to affordable housing purchase opportunities.</p> <p>The size of the dwellings needs to meet the greatest identified demographic need of smaller housing for 25 – 39-year-olds.</p> <p>Based on the projected demographic need for single person and smaller households (as outlined in section 6.4), Urbanxchange suggests consideration be given to a diversity of housing typologies including apartments, and medium density housing as well as bungalows.</p>				
Location, in terms of site location and proximity to amenities, employment and transport	<p>The proposed Bannockburn South East site has limited access to key amenities that would be considered essential for social housing being:</p> <ul style="list-style-type: none"> • Supermarket • Schools • Public transport • Medical and health centres • Community facilities and services. <p>However, discussions with Registered Housing Agencies indicate that occupants in the country generally have a car, so close proximity is not as critical as would be in Greater Melbourne.</p> <p>Ideally the social housing should be in close proximity to the items listed in the amenity schedule. If a town centre is being developed, the social housing should be located in close proximity.</p> <p>Table 8 - Amenity Schedule</p> <table> <tr> <th>Amenity</th><th>Site Requirements General</th></tr> <tr> <td>Access to shops</td><td>Retail facilities (supermarket, butcher, F&V) should be within 800m of the dwellings.</td></tr> </table>	Amenity	Site Requirements General	Access to shops	Retail facilities (supermarket, butcher, F&V) should be within 800m of the dwellings.
Amenity	Site Requirements General				
Access to shops	Retail facilities (supermarket, butcher, F&V) should be within 800m of the dwellings.				

Matter	Urbanxchange recommendation	
	Access to education	Primary school within 800m. Secondary College within 1.5km of the dwellings and on bus route.
	Access to community services	Community services should be within 800m.
	Access to recreational services	Recreational services within 800m of the dwelling.
	Access to health services	Medical centre within 800m. A major hospital is available within 8km.
	Access to Employment	Employment opportunities are established within area.
	Support Services	Recognised Family Violence support services within 2km or able to undertake site visits. Recognised specialist support services, such as mental health or drug and alcohol services.
Integration, in terms of the physical build and local community	<p>Urbanxchange does not believe that total salt and pepper of social and affordable housing is necessary. There will be opportunities for clusters. There is no substantive research that suggests that salt and pepper is advantageous for the occupants in developments such as is proposed at Bannockburn South East. Developments such as The Merchant at Victoria Harbour and The Nicholson both have affordable housing for key workers that is provided in clusters, not salt and pepper.</p> <p>What is very important is that the social and affordable housing dwellings should be tenure blind.</p>	
<p>The following official estimates of housing need:</p> <ul style="list-style-type: none"> Australian Bureau of Statistics Community Profiles Census profiles for Victoria Department of Health and Human Services Rental Report 	<p>The data in section 6 of this report indicate that the need within Golden Plains is:</p> <ul style="list-style-type: none"> Increase in social housing For housing for those aged 25 – 39 years and 65 years plus Housing for low and moderate income households Need for an increase smaller dwelling for 1- and 2-person households. Quality rental stock. 	

Matter	Urbanxchange recommendation
<ul style="list-style-type: none"> • Metropolitan regional housing plans to guide housing growth • Public housing waiting list (Victorian Housing Register list) • Victoria in Future data tables. 	

7 AFFORDABLE HOUSING GAP ANALYSIS

7.1 OVERVIEW

To understand the requirements for affordable housing in Bannockburn and Golden Plains, it is important to understand the demographics of the existing community. Equally, it is important to review the demographic data of adjoining municipalities that have experienced growth and development as is anticipated to occur in Bannockburn South East.

This section examines the following data bases and documents to determine the affordable housing status in Golden Plains Shire:

- 2021 ABS Census data and community profiles
- Victorian in Future
- Valuer General of Victoria
- High level analysis of the existing housing supply (dwelling types, number of bedrooms, prices)
- Golden Plains Shire Social Housing Plan, 2021

Today, there is minimal social housing in Bannockburn, with only 0.2% being social housing.

7.2 DEMOGRAPHIC PROFILE OF GOLDEN PLAINS SHIRE

Analysis of the five-year age groups of Golden Plains Shire in 2021 compared with Greater Melbourne/Regional Victoria/Greater Geelong shows that there was a higher proportion of younger age groups and the 40 – 59 age groups and a lower proportion of older age groups (65+).

Table 9 Population of Golden Plains/Greater Melbourne/Regional Victoria/Geelong via age categories (2016)

Five year age groups (years)	Number	Golden Plains%	Greater Melbourne %	Regional Vic%	Geelong %
0 to 4	1,541	6.2	5.9	5.4	5.7
5 to 9	1,981	7.9	6.3	6	6.1
10 to 14	1,985	7.9	6	6.2	5.9
15 to 19	1,681	6.7	5.6	5.6	5.6
20 to 24	1,129	4.5	6.7	5.1	6.3
25 to 29	1,086	4.3	7.8	5.8	7.1
30 to 34	1,458	5.8	8.2	5.9	7
35 to 39	1,676	6.7	8	5.9	6.7
40 to 44	1,678	6.7	6.9	5.6	6
45 to 49	1,852	7.4	6.5	6.1	6.2
50 to 54	1,845	7.4	6.3	6.4	5.9
55 to 59	1,674	6.7	5.7	6.7	5.9
60 to 64	1,566	6.3	5.1	7	6
65 to 69	1,433	5.7	4.4	6.7	5.7
70 to 74	1,137	4.5	3.9	6	5.2
75 to 79	649	2.6	2.8	4.2	3.7
80 to 84	361	1.4	2	2.8	2.5
85 and over	258	1	2	2.7	2.5
Total population	24,990	100	100	100	100

The individual incomes in Golden Plains Shire indicate that:

- Compared with Regional Victoria, there is a higher proportion of people earning a high income (those earning \$2,000 per week or more) and a lower proportion of low income people (those earning less than \$500 per week)
- Compared with Greater Melbourne, Golden Plains tracks very similarly until incomes for individuals exceed \$2,000 per week.

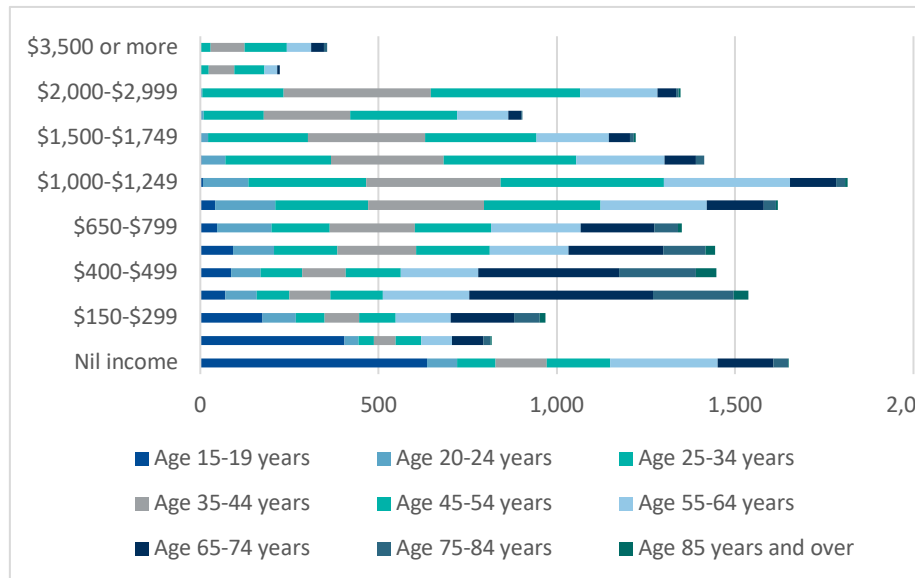


Figure 4 - Income per week per age Golden Plains Council (ABS Census 2021)

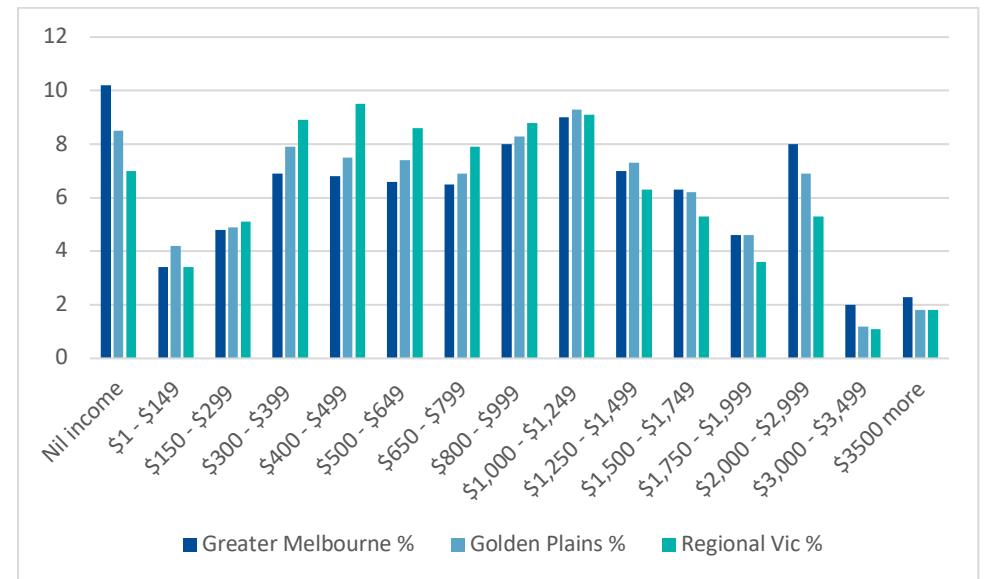


Figure 5 - Individual Income per week in Golden Plains compared with Greater Melbourne and Regional Victoria (ABS Census 2021)

Golden Plains household incomes in 2021 showed:

- Compared with regional Victoria, a higher proportion of high income households (>\$3,000 per week) and a lower proportion of low income households (<\$800 per week)
- Almost 35% of households in Golden Plains Shire would be moderate income households in Greater Melbourne.
- Almost 36% of households earn between \$1,750 and \$3,500 per week.

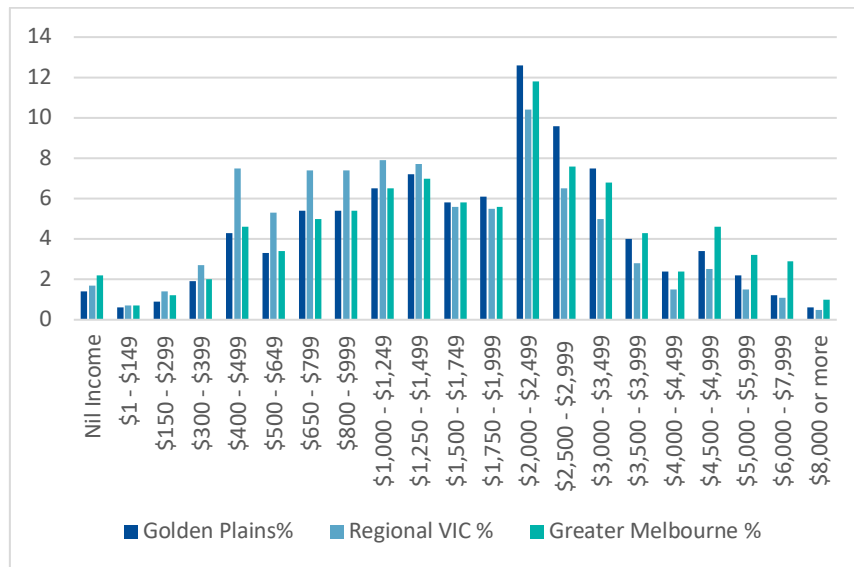


Figure 6 - Household Income per week in Golden Plains compared with Greater Melbourne and Regional Victoria (ABS Census 2021)

Golden Plains has substantial bias towards home ownership, with a very small rental market. Social housing is only 0.1% of the housing stock in Golden Plains, compared with 3% in regional Victoria and 2.6% in Greater Melbourne.

Table 10 Housing tenure in Golden Plains Council compared with Greater Melbourne (2021)

Tenure	Golden Plains %	Greater Melbourne %	Regional Victoria %
Owned	35.6	28.7	37.6
Mortgage	51.0	35.6	31.5
Rent	6.9	29.2	22.6

Two person and 4-6 person households are more common in Golden Plains, with relatively few single person households.

Table 11 Household sizes in Golden Plains Council compared with Greater Melbourne (2021)

No of persons usually resident	Golden Plains %	Greater Melbourne %	Regional Victoria %
1 person	16.5	24.8	29.3
2 persons	34.2	31.3	36.4
3 persons	15.5	16.9	13.6
4 persons	19.6	17.2	12.6
5 persons	9.7	6.6	5.7
6 or more persons	4.5	3.2	2.4

This is reflected in almost 70% household comprising couples with/without children.

Table 12 Household compositions in Golden Plains Council compared with Greater Melbourne (2021)

Households by type	Golden Plains %	Greater Melbourne %	Regional Victoria %
Couples with children	40.6	33.1	24.6
Couples without children	28.8	23.5	28.0
One parent families	8.4	10.2	10.1
Lone Person	15.8	23.7	27.5

This is reflected in almost 70% of households comprising couples with/without children.

Table 13 - Dwellings size in Golden Plains compared to Greater Melbourne (2021)

Dwelling Size	Golden Plains %	Greater Melbourne %	Regional Victoria %
1 bedroom	1.8	6.0	3.5
2 bedroom	7.6	19.7	14.8
3 bedroom	38.0	38.0	45.3
4 bedroom	39.5	26.0	25.8
5 bedrooms or more	8.0	5.6	4.3

KEY FINDINGS

The overall community is a younger community with higher numbers in the under 15 and 40 – 59-year age groups.

The community is of a lower to moderate income group compared with Greater Melbourne but, if compared with Regional Victoria, would be considered a high-income community.

When comparisons are drawn:

- 86.6% of households either own or are mortgaging their properties
- 85.5% of all houses are 3 bedroom +
- 40.6% of households are families with children, compared with 33.1% in Greater Melbourne and 24.6% in regional Victoria
- 50.7% of households are 1- or 2-person but only 9.4% of dwellings are 1- or 2-bedroom.

The high mortgage rates suggest that the migration of households unable to afford Greater Geelong to Golden Plains has commenced. This might also indicate that the long-term community of Golden Plains will be displaced if multiple housing options are not available.

The continuing and projected trends of 1- and 2-person households suggests that an increase in 1- and 2-bedroom dwellings must be considered together with subdivision and development that contributes to delivery of higher density and a diversity of housing options.

As the only town in the municipality identified for significant growth, Bannockburn is effectively Golden Plains' one opportunity in this generation to improve housing diversity. As recognised in planning policy and the PSP Guidelines, a diversity of housing has several social and economic benefits.

The Bannockburn Southeast PSP should consider how new residential areas might encourage a relatively swift increase in rental properties and social housing. Given its expected rapid population growth, planning should help Bannockburn offer affordable rental and social housing to improve the diversity of available home types and tenures. The share of rental and social housing in Regional Victorian and Greater Melbourne provides a useful target guide.

7.3 DEMOGRAPHIC PROFILE OF GOLDEN PLAINS SHIRE, BANNOCKBURN, GEELONG GROWTH AREA (ARMSTRONG CREEK)

In providing a comparison between Bannockburn, Golden Plains and Armstrong Creek, it is important to understand if there is trending data that may indicate relevance to the Bannockburn East PSP study.

The graph below outlines that:

- 31.1% of people in Bannockburn are under 19 years, compared with 28.7% in Golden Plains and 30.7% in Armstrong Creek.
- 33.7% are between 25 – 49 years in Bannockburn, compared with 30.9% in Golden Plains and 45.4% in Armstrong Creek.

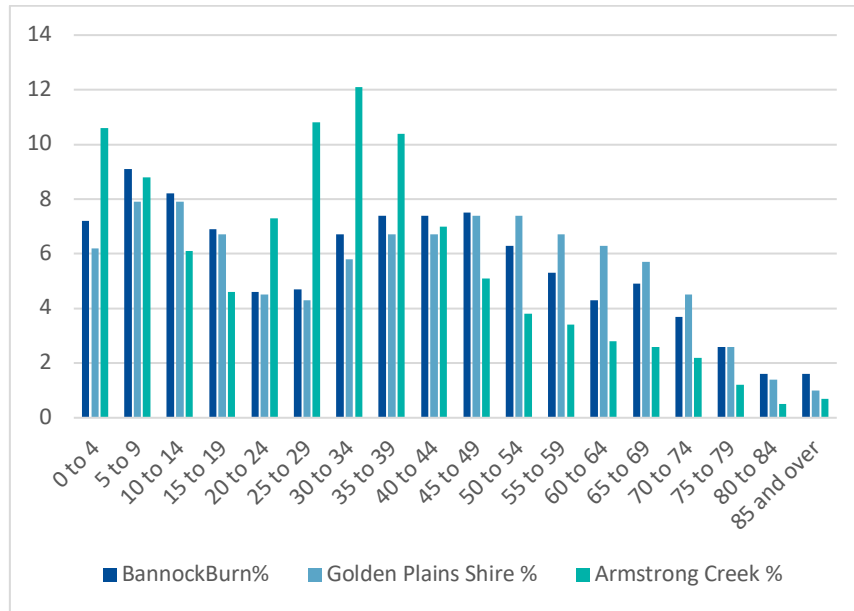


Figure 7- Age distribution between Golden Plains, Bannockburn and Armstrong Creek (ABS Census 2021)

The weekly individual incomes suggest that Bannockburn has more higher income individuals but those in Armstrong Creek earn more than those in Golden Plains Shire. However, the trajectory is similar.

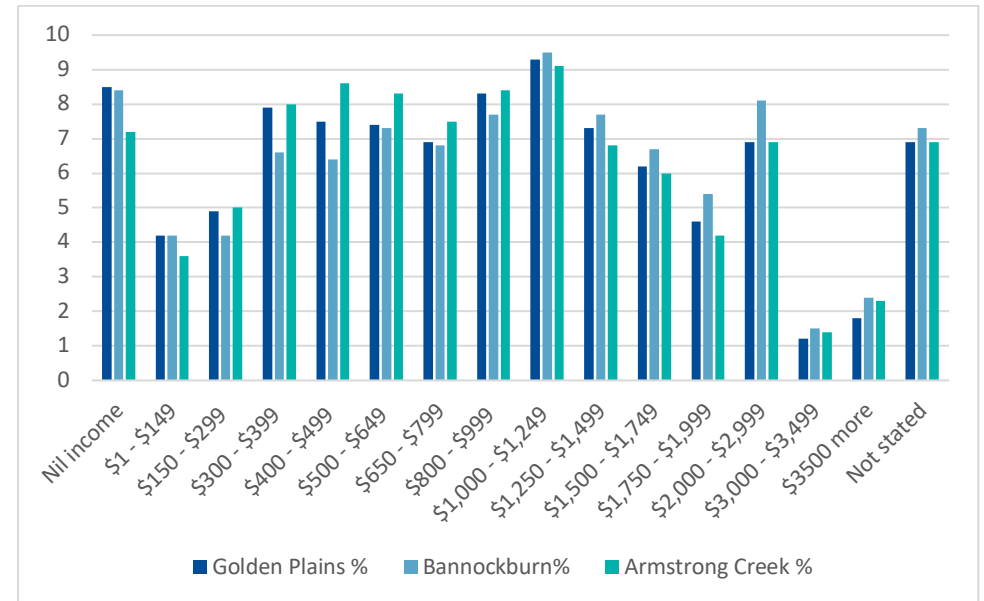


Figure 8 - Individual weekly incomes Golden Plains, Bannockburn, Armstrong Creek (ABC Census 2021)

The weekly household incomes are relatively similar with Bannockburn being above the average, with 38% of households being considered above the moderate income range. This is higher than both Golden Plains and Armstrong Creek, which are both 30%.

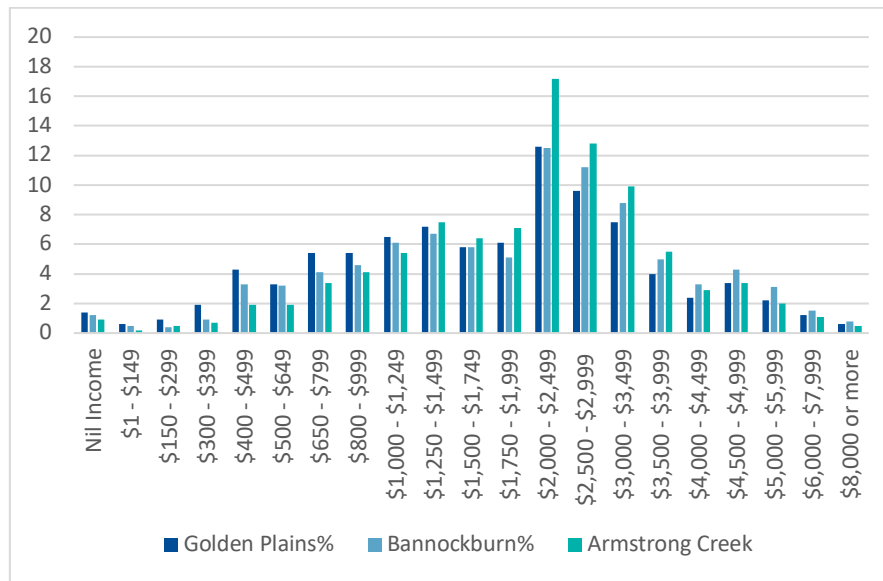


Figure 9 – Household weekly incomes Golden Plains, Bannockburn, Armstrong Creek (ABC Census 2021)

The population within Bannockburn has a greater percentage who are purchasing a dwelling and a very low percentage of renters.

Table 14 Housing tenure in Golden Plains Council compared with Armstrong Creek (2021)

Tenure	Golden Plains %	Bannockburn %	Armstrong Creek %
Owned	35.6	30.4	13.0
Mortgage	51.0	54.9	52.5
Rent	6.9	9.9	27.1

It is noted that social housing is only 0.2% of the housing stock in Bannockburn and 0.1% in Armstrong Creek.

The household sizes in the Bannockburn are shown below as percentages of the total households:

Table 15 Household sizes in Golden Plains Council compared with Bannockburn, Armstrong Creek (2021)

No of persons usually resident	Golden Plains %	Bannockburn %	Armstrong Creek %
1 person	16.5	12.9	14.6
2 persons	34.2	31.9	31.2
3 persons	15.5	15.9	21.2
4 persons	19.6	23.4	22.1
5 persons	9.7	12.0	8.0
6 or more persons	4.5	4.0	2.9

The dominant household structure is families with children in Bannockburn.

Table 16 Household composition in Golden Plains Council compared with Bannockburn, Armstrong Creek (2021)

Households by type	Golden Plains %	Bannockburn %	Armstrong Creek %
Couples with children	40.6	46.6	40.3
Couples without children	28.8	27.2	24.9
One parent families	8.4	9.3	11.1
Lone Person	15.8	12.3	14.1

The houses in Bannockburn are predominantly 3-bedroom plus.

Table 17 - Dwellings size in Golden Plains compared to Bannockburn, Armstrong Creek (2021)

Dwelling Size	Golden Plains %	Bannockburn %	Armstrong Creek %
1 bedroom	1.8	0.7	0.5
2 bedroom	7.6	4.3	15.3
3 bedroom	38.0	31.5	45.3
4 bedroom	39.5	51.8	27.1
5 bedrooms or more	8.0	8.2	4.2

KEY FINDINGS

The overall community in Bannockburn is younger with higher numbers in the under 15 and 35 – 49 year age groups. This suggest that younger families are establishing in an area that is affordable.

The community consists primarily of moderate income earners compared with Greater Melbourne but, if compared with regional Victoria, would be considered a high-income community.

When comparisons are drawn:

- 85.3% of households either own or are mortgaging their properties
- 93% of all houses are 3+ bedrooms
- 46.6% of households are families with children, compared with 33.1% in Greater Melbourne and 24.6% in Regional Victoria
- 12.3% of households are single person but less than 1% of dwellings are 1-bedroom
- 44.8% of households are 1 or 2-person but only 5% of dwellings are 1- or 2-bedroom.

The data suggest that households unable to afford Armstrong Creek are moving to Bannockburn.

The lack of rental housing is of concern for the traditional lower income workers in Golden Plains and Bannockburn. There is a need to rapidly increase the number of rental properties and social housing to be proportionate with both Regional Victorian and Greater Melbourne.

7.4 PROJECTED FUTURE POPULATION OF GOLDEN PLAINS

The Shire of Golden Plains (with id consulting¹⁰) has a population forecast for 2023 of 25,651, forecast to grow to 42,607 by 2041. Over the period, this represents growth of 66.1%. The number of households will grow from 8,691 (2021 census data) to a forecast 14,941. The average household size will grow remain constant at 2.84 persons per household.

Between 2021 and 2041, the age structure forecasts for Golden Plains Shire indicate that the fastest growing age groups will be 0 – 14 and 30 – 45 years, indicating that the growth in families will continue.

The changes to the population in age groups over the 2021 – 2051 period are shown below in the chart. It demonstrates the need to consider a variety of household sizes as the population ages. It also shows the continuing dominance of families.

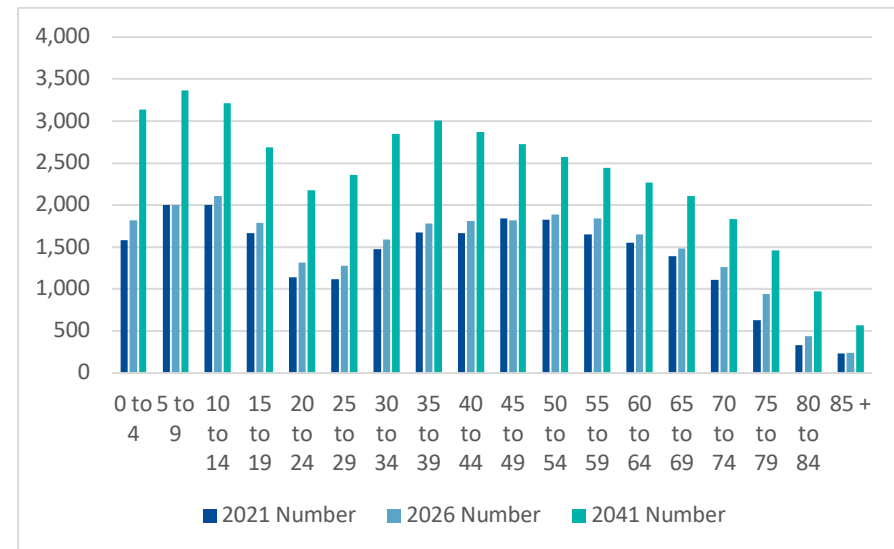


Figure 10 - Forecast age distribution in Golden Plains 2021, 2026, 2041 (id Consulting)

¹⁰ [https://forecast.id.com.au/golden plains](https://forecast.id.com.au/golden%20plains)

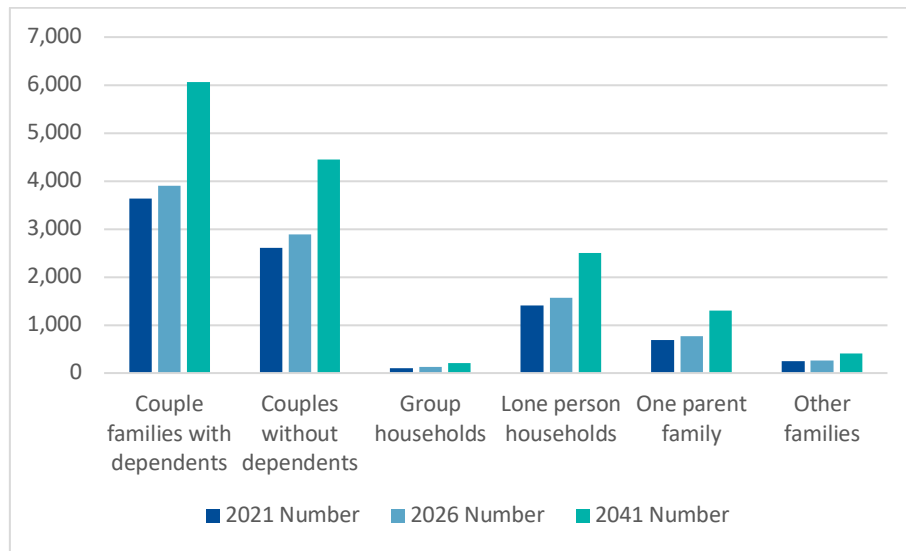


Figure 11 - Forecast household types in Golden Plains (id Consulting)

7.5 COST OF HOUSING IN BANNOCKBURN AND ARMSTRONG CREEK

The Victorian Property Sales Report, June 2022 by the Victorian Valuer General detailed the average purchase price of dwellings in suburbs and towns across Victoria. In particular, we have targeted Bannockburn and Armstrong Creek to compare as follows:

Table 18 - Average purchase price of a dwelling in Bannockburn and Armstrong Creek (VGV June 2022)

Suburb	House (\$)	Unit (\$)	Land Price (\$)
Bannockburn	710,000	Not available	340,000
Armstrong Creek	733,500	Not available	349,000

It should be noted that in Bannockburn only 47 houses were sold in the 2021/22 year and 120 in Armstrong Creek. There were no unit sales in Bannockburn or Armstrong Creek. (Bannockburn had only 4 land sales in the same 12 month period).

Homes Victoria's Rental Report for the December 2022 quarter detailed the average rental costs as follows:

Table 19 - Average weekly rental in Golden Plains (Homes Victoria Dec 22)

Size	Golden Plains	
	Houses	Units
1 bed		NA
2 bed	450	450
3 bed	450	
4 bed	600	

The Homes Victoria December 22 Rental Report noted that only 16 of the 512 rentals in Golden Plains were affordable.

If we assume that purchasers are required to have a 10% deposit and all settlement costs, the mortgage costs per month for a 30-year mortgage at 7% interest rate are as follows:

Table 20 - Mortgage costs per month based on the average price of dwellings (ANZ Mortgage Calculator)

Suburb	House (\$)
Bannockburn	4,786
Armstrong Creek	5,003

There is broad support for the concept that individuals and households should spend no more than 30 per cent of income on housing costs. The position of 30% was established by AHURI (Yates and Gabriel, 2006) and, for example, recently adopted in Queensland's Planning Regulations.

So, what does this mean in terms of affordability and pricing for housing? The table below outlines what 30% of income represents for rental or mortgage payments, in \$5,000 increments.

Table 21 Housing cost and incomes based on low to moderate income ranges on \$5,000 increments

Income (\$)		Housing cost @ 30% of income (\$)		
Per week	Per annum	Per week	Per month	Per annum
577	30,000	173	750	9,000
673	35,000	202	875	10,500
769	40,000	231	1000	12,000
865	45,000	260	1125	13,500
962	50,000	288	1250	15,000
1058	55,000	317	1375	16,500
1154	60,000	346	1500	18,000
1250	65,000	375	1625	19,500
1346	70,000	404	1750	21,000
1442	75,000	433	1875	22,500
1538	80,000	462	2000	24,000

Income (\$)		Housing cost @ 30% of income (\$)		
1635	85,000	490	2125	25,500
1731	90,000	519	2250	27,000
1827	95,000	548	2375	28,500
1923	100,000	577	2500	30,000
2019	105,000	606	2625	31,500
2115	110,000	635	2750	33,000
2212	115,000	663	2875	34,500
2308	120,000	692	3000	36,000
2404	125,000	721	3125	37,500
2500	130,000	750	3250	39,000
2596	135,000	779	3375	40,500

7.6 AFFORDABILITY GAP

If we apply the current GIC orders for income as outlined in Table 2 and 3 of this report – who can afford to purchase a dwelling in Bannockburn – no person or family who qualifies for affordable housing under the GIC orders, either for Greater Melbourne or regional Victoria, can afford to purchase a dwelling

If we apply the current GIC orders for income as outlined in Table 2 of this report – who can afford to rent a dwelling in Golden Plains – it is apparent that very low income households cannot afford to live in Golden Plains without assistance. There are no opportunities for singles or couples. Only moderate income families

have an opportunity to rent a dwelling in Golden Plains without entering into housing stress.

Income	1b unit	2b unit	2b house	3b house
Single				
Very low	X	X	X	X
Low	X	X	X	X
Moderate	X	X	X	X
Couple				
Very low	X	X	X	X
Low	X	X	X	X
Moderate	X	X	X	X
Family				
Very low	X	X	X	X
Low	X	X	X	X
Moderate	X	✓	✓	✓

SECTION 2 – STAKEHOLDER ENVIRONMENT AND PLANNING PRACTICE

8 STAKEHOLDER ENVIRONMENT

The requirement for social and affordable housing was acknowledged by all parties. The question now is what is the exact requirement for social and affordable housing what form should it take.

Urbanxchange engaged via meetings with:

- Council to understand its position, including discussion of the social housing plan
- Landowners from Bannockburn South East to review the submissions already made on social housing and requirements for any social and affordable housing contribution
- Registered Housing Agencies to seek input on the desire to be located in Golden Plains and their understanding of the need for social housing in the municipality.

The landowners in Bannockburn South East have noted the need for social housing within Bannockburn. The landowners' position is that the provision of social housing for the existing demand should be fairly and equitably distributed between all proposed greenfield development growth areas as well as through existing sites across the shire rather than just be borne by this PSP. The landowners have provided an analysis of the need for affordable housing to the VPA that nominates a 1.2% social housing contribution. The analysis was based on the current unmet requirement for social housing.

The opportunity to deliver affordable housing in Bannockburn and Golden Plains is limited. Equally, it is acknowledged that placing the municipalities' requirements in one development area is not desirable.

The developers were seeking an understanding of how a contribution was to be made and the opportunity for the provision of social and affordable housing. Flexibility is required because of the long lead time between the current planning process and the delivery of any development. In the intervening period, who needs housing and what type of housing and tenure will become clearer. It was also felt that the changing Federal Government position on affordable housing

should be monitored for its application to Golden Plains and Bannockburn South East.

Discussions were held with Registered Housing Agencies to understand:

- What the housing needs are
- What incentives, etc. do they need to add housing in Golden Plains Shire
- Hidden areas of need (those who are not registered but would qualify) on the Victorian Housing Register (VHR).

The need for social housing in Golden Plains is high. What little social housing is available has long-term tenants. Housing Associations identified a growing need for housing for single parents, the elderly (particularly women over 55) and low income workers. All Housing Associations noted that to register on the VHR, you can only register in areas where there are actual dwellings. This is problem in Golden Plains Shire as the community is aware that there is limited social housing available, so they do not register as requiring housing.

The Housing Associations that were consulted noted that they had a desire to deliver social housing in the municipality, but the lack of access to land was a major obstacle. Two Housing Associations noted that they spent considerable resources during the Big Housing Build tender trying to source sites in Golden Plains. The Housing Associations noted that if they could access land that they would willingly deliver social housing within the Bannockburn community.

9 PLANNING PRACTICE REVIEW

9.1.1 EXISTING APPROVAL PROCESSES

The existing Victoria Planning provisions below can facilitate streamlined affordable and acute housing approvals in the precinct. Changes to include in the precinct amendment are noted to ensure they apply.

Clause 52.20 Victoria's Big Housing Build Provisions will apply without any changes required for the precinct planning scheme amendment. This clause will only apply for the life of the Big Housing Building Program – notionally 2024/25.

Clause 52.20 Community Care Accommodation will apply without any changes required for the precinct planning scheme amendment.

Clause 52.23 Rooming House will apply without any changes required for the precinct planning scheme amendment.

Clause 52.31 Local Government Projects will apply without any changes required for the precinct planning scheme amendment. This can be used in conjunction with 'use of council land' options above to facilitate <\$10m affordable housing project by or on behalf of a local government without a planning permit.

Clause 53.17 Residential aged care facilities only applies 'to an application... in the General Residential Zone, Mixed Use Zone, Neighbourhood Residential Zone, Residential Growth Zone or Township Zone'. To make clear it applies to an application under a provision of the UGZ, a specific provision should be drafted into the Bannockburn South East Urban Growth Zone (UGZ) schedule under the Clause 37.07-11 buildings and works 'specific provisions' head power as:

The provisions of Clause 53.17 apply to land where this schedule applies the General Residential Zone, Mixed Use Zone, Neighbourhood Residential Zone, Residential Growth Zone provisions.

Clause 53.20 Housing by or on Behalf of the Director of Housing provides a streamlined planning approval process for social housing developments in

residential zones. The provision only applies 'to an application under a provision of a residential zone'. To remove doubt as to whether it applies to an application under a provision of the UGZ, a specific provision should be drafted into the Bannockburn Urban Growth Zone (UGZ) schedule under the Clause 37.07-11 buildings and works 'specific provisions' head power as:

The provisions of Clause 53.20 apply to land where this schedule applies residential zone (other than a Low Density Residential Zone) provisions.

Small Lot Housing Code (SLHC) Homes can be built on <300sqm lots without a planning permit in a UGZ where they accord with the VPA's *Small Lot Housing Code* design standards. This report assumes this practice will apply in Bannockburn. The SLHC has been used across metropolitan growth areas since its inception. In preparing this report, consultation with developers revealed that the evolution of small lot housing products can often be ahead of the SLHC's static standards. While the VPA finalised a revised in 2019 the small lot market is moving quickly with current average growth area lot sizes of 350sqm. As even minor variations will void operation of code, this can impede delivery of smaller homes that can fall within the definition of affordable housing.

It is not within the scope of this report to address SLHC changes. A conventional building and works planning permit may still be issued for a dwelling not complying with the code. We note also that Director of Housing (public or social housing) dwellings may seek approval under the streamlines Clause 53.20.

One further option for investigation is the use of a VicSmart pathway to process applications for non-code compliant dwellings on a lot less than 300sqm while the land remains in the UGZ.

Bearing in mind the Victorian planning scheme drafting conventions, Table 6 below describes the range of generic planning scheme drafting method available to facilitate affordable housing in the Golden Plains Planning Scheme.

Table 22 - Planning Scheme Drafting Methods

Type	Delivery method?		What does it do?	Generic example	Implementation strength		
	PSA ¹¹	Permit			Low	med	high
Permit exemptions, requirement, prohibitions (includes agreements that must be entered into as a condition of development)	Yes	No	Removes the need for a planning permit – may be subject to meeting a condition or ‘deemed to comply’ measure	<i>A permit is not required to construct a dwelling for affordable housing – the dwelling must be within XXXm of the town centre e.g. Small Lot Housing Code</i>			X
Definition	Yes	No	Provides a more specific definition than in the Act	<i>In this precinct affordable housing means:</i> - Located within... - Appropriate for the needs of...			X
Development bonus	Yes	Yes	Increases development rights where affordable is housing provided	<i>A #% reduction on the standard infrastructure contribution levy will be provided for each affordable dwelling provided</i>	X	X	
Objective	Yes	No	States a desired outcome	<i>To provide well-located 1 and 2 bedroom homes</i>	X		
Policy, guideline or standard	Yes	No	States a preferred outcome for achieving an objective	<i>Residential subdivisions should provide at least #% affordable housing.</i>		X	
Mandatory requirement or condition	Yes	No (for a condition to be mandatory it must be sourced from the planning scheme i.e. PSA)	States a mandatory outcome for achieving an objective that can’t be changed by a responsible authority States a mandatory outcome as part of a permit condition that can’t be changed by a responsible authority. Although can be combined with a s173 agreement to allow	<i>Residential subdivisions must provide at least #% affordable housing by either: [insert options]</i> <i>A permit to subdivide land may not be granted until the landowner has entered into a s 173 agreement [to fulfil the affordable housing requirements in the PSP]</i>			X

¹¹ Planning scheme amendment.

Type	Delivery method?		What does it do?	Generic example	Implementation strength		
	PSA ¹¹	Permit			Low	med	high
			<p>flexibility in delivery of the mandated outcome.</p> <p>Various sub-sections of Section 6 of the <i>Planning and Environment Act 1987</i> individually and together empower mandatory provisions as below:</p> <p><u>6 What can a planning scheme provide for?</u></p> <p><u>(1) A planning scheme for an area—</u> (a) must seek to further the objectives of planning in Victoria within the area covered by the scheme; and (b) may make any provision which relates to the use, development, protection or conservation of any land in the area.</p> <p><u>(2) Without limiting subsection (1), a planning scheme may—</u> (a) set out policies and specific objectives; (b) regulate or prohibit the use or development of any land; (c) designate land as being reserved for public purposes; (d) include strategic plans, policy statements, codes or guidelines relating to the use or development of land; ... (k) provide that any use or development of land is conditional on an agreement being entered into with the responsible authority or a referral authority.</p>	<p><i>A statement of compliance may not be issued under the Subdivision Act 1988 until the landowner has entered into a s 173 agreement [to fulfil the affordable housing requirements in the PSP]</i></p>			

Type	Delivery method?		What does it do?	Generic example	Implementation strength		
	PSA ¹¹	Permit			Low	med	high
Voluntary agreement (one that is not a condition of development)	No	Yes	Allows a responsible authority and landowner to enter an agreement to achieve a planning outcome	No planning scheme provision required as agreement is voluntary	X		
Land reservation	Yes	No	Allows compulsory acquisition of land by a public authority	Applying a Public Acquisition Overlay to specific land			X
Exemption from third party notice	Yes	No	Prevents formal objections to an application	<i>An application... is exempt from the notice requirements of section 52(1)(a), (b) and (d), the decision requirements of section 64(1), (2) and (3)</i>			X
Exemption from appeal	Yes	No	Prevents objectors appealing a decision to the Tribunal	<i>An application... is exempt from... the review rights of section 82(1) of the Act.</i>			X
Time limitation	Yes	No	A scheme may limit the time in which a provision operates	This provision will expire on 01 Jan 2025 This might be used to incentivise early actions on affordable housing		N/A	

9.1.2 MANDATORY PLANNING PROVISIONS

The following discussion is based on the author's observation and use of planning schemes and legislation over time. Expert legal analysis should be considered on this matter.

A planning provision mandating the provision of, or contribution towards, affordable housing is also known as 'inclusionary zoning' i.e., *rezoning* land for a new use such as urban housing, but requiring it to *include* housing that all members of the community may access. Section 5.3 above notes the BGP states: [Inclusionary zoning] should be explored as part of future rezoning processes. This would typically occur through a mandatory requirement to include affordable housing in a housing development or stage of housing development.

A planning authority is authorised to implement any of the planning provisions in Table 22 above under Section 6 of the *Planning and Environment Act 1987*. This report considers the use of a mandatory provision for various reasons as set out in Sections 9.3.4 and 9.3.5 below. There does not appear to be anything

controversial about a planning scheme amendment that enables new use and development rights requiring a use or development form that facilitates relevant and specific planning objectives and policy outcomes.

A Ministerial authorisation may prevent the planning authority from using certain provisions by imposing a condition on the relevant authorisation to prepare a planning scheme amendment. There is no known Ministerial prohibition on mandatory provisions for the proposed planning scheme amendment.

There is no explicit Departmental guidance seeking to restrict the mandatory land use provisions. The demonstrated approach to land use in the VPP is widespread use of mandatory land use provisions. Introduction of any planning provision must, of course, be informed by a relevant planning principle or seek to further the Objectives of Planning in Victoria.

As a matter of practice, it is this report's understanding that Victorian Planning Ministers have been averse to approval of planning scheme provisions that require a landowner to enter an agreement. We believe this to be based on an

understanding that to mandate an agreement negates the voluntary aspect of entering an agreement. This view appears contrary to Section 6(2)(k) of *the Act*, which explicitly allows a planning scheme to “provide that any use or development of land is conditional on an agreement being entered into with the responsible authority or a referral authority;...”. An historical example is former Rural Zone requiring that a 2-lot subdivision permit is conditional on entering a s 173 agreement:

A permit may be granted to create smaller lots if any of the following apply:

The subdivision is to create a lot for an existing dwelling. The subdivision must be a two lot subdivision. An agreement under Section 173 of the Act must be entered into with the owner of each lot created which ensures that the land may not be further subdivided so as to create a smaller lot for an existing dwelling. The agreement must be registered on title (Clause 35.07-3, VC37).

On the face of *the Act*, it would not appear that a ‘Section 6(2)(k)’ condition would run afoul of other aspects of legislation such a section 62 as it appears to be a Section ‘62(1)(a) condition and would therefore comply with Section 62(6)(b). There may be legal or policy reasons why inclusion of such a condition in the planning scheme is not preferred that are beyond the scope of this report.

Section 173 agreements are also more amenable to challenge and amendment since the introduction of relevant changes to Subdivision 2 of Part 4 of *the Act*. This implies a potentially more even-handed approach to agreement negotiations that may help to delineate a mandatory target from a voluntary approach to delivering on that target.

Note also that conventions of Victorian planning practice and Departmental guidance default to a performance-based approach for achieving built form planning outcomes i.e., mandatory provisions are strongly discouraged on matters of built form.¹²

However, land use in Victoria is often controlled by mandate. Zone land use tables provide for mandatory prohibition of uses and mandatory conditional prohibition of uses – see section 3 of a VPP land use table. The opposite is also true, with VPP land use tables prohibiting responsible authorities from regulating specified land uses; in some cases, the prohibition relies on meeting a mandatory land use condition – see section 1 of a VPP land use table. Most zones provide a range of uses that may be permitted – some may only be permitted where mandatory conditions are met – see section 2 of a VPP land use table.

9.2 VICTORIAN CASE STUDIES

Table 23 below identifies several examples of SAH implementation in Victorian planning schemes from before and after the introduction of the affordable housing objective into Victorian planning legislation. Comparable states across Australia have also attempted to deliver affordable housing. This section reviews those approaches and discusses the relevance of this existing practice for the Bannockburn South East growth area precinct.

¹² Planning Practice Note 59, The Role of Mandatory Provisions in Planning Schemes, June 2015 – while the title of this practice note refers to ‘planning schemes’ broadly, its content is aimed sole at development outcomes, as opposed to use outcomes.

Table 23 - Victorian local planning schemes cases

Planning scheme	Location	Development context and zone or overlay	Provisions used	Specific outcome sought / required	Certainty achieving SAAH objective?
Glen Eira	East Bentleigh	Urban renewal CDZ	S173 agreement entered prior to planning scheme amendment Requirement (enter s173 agreement before permit granted)	Before the planning scheme amendment approval, Council and the developer entered a s173 agreement requiring the developer to provide a specified amount of affordable housing 10% of all dwellings above 3,000 to be affordable	Very high
Monash	PMP Printing site	Urban renewal CDZ	Requirement (enter s173 agreement before permit granted)	Provide land capable of delivering 10% SAAH Sell 4% of dwellings at 50% discount to RHA Gift 2% of dwellings to RHA	High
Melbourne	550 Epsom Rd	Urban renewal SUZ	Requirement	Deliver 5% of new dwellings into a Trust to be managed as affordable housing	High
Melbourne	Flemington Green	Urban renewal SUZ	Requirement	Provision of 5% of all dwellings (including 15 dwellings to be held in Trust for low income staff working at Flemington Racecourse) for the purposes of affordable housing	High
Hobsons Bay	Altona North	Urban renewal CDZ	Requirement (prior to issue of a statement of compliance for subdivision)	Make 5% of dwellings constructed available to RHA or council for purchase at 25% below market value of a 2-bedroom unit	High
Yarra	Amcor site	Urban renewal DPO	Requirement (enter s173 agreement before permit granted) Development plan content	Provide 5% of the total number of dwellings developed for the purpose of affordable housing in association with an accredited Housing Association	Medium

Planning scheme	Location	Development context and zone or overlay	Provisions used	Specific outcome sought / required	Certainty achieving SAAH objective?
Port Phillip /Melbourne	Fishermans Bend	Urban renewal CCZ	Policy Decision guideline	Provide at least 6% of dwellings under density limit as affordable (some exceptions) Bonus above 6%: 8 private dwellings per 1 social dwelling	Medium
Melbourne	Arden	Urban renewal SUZ	Objective Policy Decision guideline	Deliver 6% of dwellings at 50% discount transferred to SAAH	Medium
Melbourne	West Melbourne	Urban renewal SUZ	Policy Decision guidelines	Provide at least 6% of dwellings as affordable housing	Medium
Glen Eira	Caulfield mixed use area	Urban renewal PDZ	Decision guideline	Nil	Low
Darebin	Preston Market (proposed)	Urban renewal PDZ	Permit requirement (s 173 agreement to be entered into before the issue of a statement of compliance for a residential lot)	Provide at least 6% of dwellings as affordable housing in either: Land capable of providing 10% of the site's residential yield as affordable housing 3% of the residential yield transferred at nil consideration to an RHA for rental tenure Sale of 6% of completed dwellings for affordable housing including a minimum 3% of the residential yield transferred at nil consideration to an RHA for rental tenure and maximum 3% on market under a regulated affordable home purchase arrangement	

9.2.1 GROWTH AREAS AND AFFORDABLE HOUSING PROVISION

Notably absent from list above are examples of 'active' affordable housing provisions in growth areas, whether metropolitan or regional. Historically, a working assumption of Metropolitan growth area planning has been that the purchase price of housing in these areas was affordable to at least moderate-income households. This measure of affordability takes into account the initial housing purchase price – it does not factor in the full range of considerations set out the Ministerial Notice under section 3AA(2) Ministerial. The empirical analysis in this report shows that this does not currently carry through to affordable housing for purchase by low and very low income households.

Bannockburn, as planned, will in part be a dormitory suburb of Geelong. Geelong, a regional city, has greenfield housing now priced at metropolitan greenfield values. Bannockburn south east is likely to occupy a pricing point close to, if not the same as the Geelong regional city/metropolitan greenfield setting. This is borne out by the affordability analysis in this report.

9.2.2 MEASUREMENT OF IMPLEMENTATION SUCCESS

Certainty in achieving the affordable housing objective or outcome is chosen as the measure of implementation success. Affordable housing is a critical policy concern. It is also not an easily exchangeable resource i.e. it cannot readily be provided in ways other than provision of dwellings – affordable dwelling is either present or absent.

Compare this to say the planning objective 'to secure a pleasant, efficient and safe working, living and recreational environment' which might be provided through application of a myriad of design techniques, zoning, land reservation and so on. In saying this some of the recommended actions pertain not to purchase price, but to meeting the considerations about neighbourhood design in the Ministerial Notice that may not be reflected in purchase price.

There are several delivery methods for achieving affordable housing i.e. direct developer provision, gifting or selling land/homes to a registered housing agency or directing a equivalent cash contribution to a suitable trust. However, the

providing Bannockburn with a range of housing suitable to the needs of all in the community remains the fundamental objective.

9.3 INTERSTATE MODELS

Table 24 - Affordable Housing Implementation – Interstate Models

State	Strategy	Direct funding for new homes	Allows developers to contribute (voluntary)	Require developer Contribution (mandatory)
SA	✓	X	✓	✓
QLD	✓	✓	✓	X
WA	✓	X	✓	X
NSW	✓	✓	✓	X
VIC	✓	✓	✓	X

Table 25 -Affordable Housing statutory schemes – Interstate Models

State	Planning act/legislation	Planning regulation/ Scheme(s)	Local planning regulation	Examples of successful implementation
SA	✓	✓	✓	Yes
QLD	✓	✓	X	No known examples
WA	X	✓	✓	No known examples
NSW	✓	✓	✓	Limited
VIC	✓	✓	✓	Limited

9.3.1 SOUTH AUSTRALIA

South Australia is the only state that provides specific provisions through both state policy and local planning laws for all new developments and growth areas, rezoning and residential developments. The primary planning tool to support the delivery of affordable housing throughout the state is an inclusionary provision Affordable Housing Overlay. This overlay applies to all residential zones and sets out an expectation that 15 per cent affordable housing for low to moderate income households will be delivered in developments of 20 or more dwellings. To encourage the provision of affordable housing, the overlay also allows development bonuses by allowing variations to zone requirements e.g. exceed maximum building height; reduce minimum lot size, increase maximum housing density. To date, as seen on Table 23 many affordable homes projects are underway/delivered under the requirements of this Overlay.

Table 26 - Projects implemented in SA using the Affordable Housing Overlay

Project name	Description	AH target	Total AH dwellings (estimated)	Outcomes to date
Bowden	Higher density urban infill project located on 16.4 hectares of former industrial land adjacent to the city's western parklands – 2,400 dwellings over 3,500 residents	15 per cent	350	Two affordable housing projects underway aiming to provide accommodation for city workers in both rental and purchaser markets (rent to buy).
Lightsview	Inner-city land development covers approximately 100 hectares – 2,200 allotments and 2,700 dwellings accommodating 5,000 residents	15 per cent	405	290 affordable homes were sold in 2015
Playford Alive	500+ hectares, 40,000 + residents	15 – 25 per cent	2,600	37 affordable dwellings

9.3.2 NEW SOUTH WALES

In contrast to the mandatory inclusionary requirement under SA, the primary focus in NSW has been voluntary provisions and development bonuses to incentivise affordable housing supply.

The voluntary planning agreement (VPA) introduced into the Environmental Planning Assessment Amendment Act 2005 (NSW) allows the value of uplift from development consent to be shared between the developer and the community. In practice, this agreement would be entered into by a planning authority and a developer under which the developer is required to make a land or monetary contribution for a public purpose. That said, despite all councils having implemented VPA policies into their planning scheme, only a small number of councils have actively delivered affordable housing through this strategy.

Infill affordable housing is another way NSW aims to encourage the development of more affordable housing. To achieve a density bonus, developers of medium and high-density developments would need to allocate at least 20 per cent of gross floor area for affordable rental housing. However, in contrast to the affordable housing overlay in SA that allow a development to vary the zone requirements, the height and building standards set out in the NSW planning scheme still applies to affordable housing proposals, which is why it has been hard for developers to achieve the full floor space required.

While there are examples of affordable housing in NSW, a lack of mandatory requirements within the state of NSW have made it difficult to implement thus far. Some local councils, such as Waverly City Council in inner southeast Sydney, have introduced their own inclusionary zoning clause within its housing policy. This clause encourages affordable housing by requiring a contribution from development of affordable housing both on and off site, have shown to be the strongest provision for implementation in NSW.

The examples provided in these sections shows that although there are multiple approaches to tackle affordable housing issues, mandatory requirements have produced clearer examples of affordable housing implementation. While the NSW voluntary agreements aims to achieve the same outcome they do not appear to offer a clear and tangible outcome in terms of achieving a target in any particular area.

9.3.3 OTHER IMPLEMENTATION FACTORS

Other factors informing varied approaches may be:

- Inner city locations may produce more take-up of voluntary provision as the relative value of development bonuses are substantial in comparison to outer metropolitan or regional locations.
- The absence of a strategic underpinning, such as this report, for an affordable contribution will weaken the case for a clear target. This has lead to speculative targets with no clear relationship to on-the-ground need i.e. Fishermans Bend. This weakness may manifest in a post-development mis-match of affordable housing types or location compared to the actual community need.
- The absence of strategic underpinning also weakens attempts to implement specific and clear requirements in the scheme. This is particularly the case in multi-landowner situations where the likelihood of settling of an agreed target and implementation requirement between landowners and the authority is low. Without a strategy usually only voluntary or 'encouraging' statements can be approved into a planning scheme.
- A motivated authority in tandem with a single precinct landowner, or a group of like-minded precinct landowners, can often produce a clear affordable housing outcome by agreement before a rezoning. Examples include: East Bentleigh, Altona North and PMP Printing Site. In East Bentleigh an agreement was struck and signed with the single majority landowner; in the other examples agreement was reached resulting in a mandatory provision in the planning scheme amendment.

9.3.4 DISCUSSION

What the analysis in Section 7 demonstrates that to deliver on the planning authority's obligations to facilitate affordable housing, there is a clear need for active regulation and monitoring of the Bannockburn housing market.

Table 6 (Statutory delivery methods) presents currently operating examples of planning provisions in Victorian planning schemes. The rightmost column grades the relative certainty in delivering on the stated affordable housing objective of each type of the planning provision methods. While it may seem obvious,

planning provisions that directly require provision of affordable homes or a contribution to providing those homes provide the most certainty. The provisions in the case studies make development conditional on provision of built affordable housing or some equivalent contribution whether land, cash to a specified body or trust, or other agreed means.

The other common method used in the case studies is a combination of policy and decision guidelines. This method is used across several redevelopment areas in the City of Melbourne and emerged first in the Fishermans Bend precinct. It makes the enforcement of affordable housing outcomes the default approach but ultimately a discretionary outcome dependent on the context of each development.

All mandatory type provisions prevent a developer progressing their development without first agreeing their affordable housing contribution. The most common hold point used is 'before a permit is granted' with 'before a statement of compliance for subdivision' also used. This approach imposes a hold point on development before which the affordable housing requirement must be settled.

The final form and method of provision is typically to be set out in a planning agreement ('a section 173 agreement').

As there are no off-the-shelf or built in Victoria Planning Provision zoning provisions, all case studies use special purpose zones or in one case the Development Plan Overlay. These provisions enable the inclusion of a permit requirement or requirement for permit to direct when and how affordable housing matters must be settled. Most requirement then allow the form and delivery methods for affordable housing or an equivalent contribution to be agreed between the responsible and landowner using a s 173 agreement.

Comparable states provide planning regulations/schemes and housing strategies aiming to facilitate more affordable housing through the planning system; see Table 24 and Table 25 above. Despite similarly high level planning strategy and objectives, a lack of mandatory policies and developer contribution are evident. South Australia and New South Wales are the notable exceptions where good implementation strategies provide clear direction in planning regulation/schemes.

9.3.5 RECOMMENDED IMPLEMENTATION APPROACH IN BANNOCKBURN SOUTH EAST

Bannockburn South East is to be a growth area precinct of a regional town. The analysis at Section 7 above and consultations with prospective developers in the precinct indicate that on-market housing outcomes in the precinct are expected to cater for those on moderate (in part) or high/very high household incomes. There is little to no evidence that those on low/very low incomes would be capable of obtaining housing in Bannockburn South East without some level of market intervention.

The precinct is likely to perform moderately having regard to the Ministerial considerations concerning direct provision of affordable housing; see section 6.1 above.

On market housing provision could achieve some affordable housing for moderate income households within the legislative meaning, but without means to allocate affordable housing or provide certainty as to the longevity of housing being affordable.

Some diversity of tenure is possible. Evidence from the comparator growth area at Armstrong Creek indicates a potential for higher rental tenure than is historically evident in growth areas. Government shared equity and first home-owner discounts will be available in Bannockburn including any regional bonuses.

The form and quality of market delivered homes is anticipated to be predominantly three and four bedroom single dwellings – Armstrong Creek has demonstrated increasing provision of two bedroom homes which may also occur in Bannockburn South East. In order to maintain flexibility to respond to changing affordable housing needs over time no specific provisions are proposed in relation to bedroom numbers.

The precinct is between 1.4 and 5.6km from services and facilities in the Bannockburn town centre. These distances are generally not conducive to walking. However, the propensity for increased car ownership in smaller regional towns and the relative ease of movement on roads in a town of this scale will improve access compared to benchmarked distances to services.

In time, the precinct will also have a central 'retail centre'; a kinder (4 year old), childcare, community centre, primary school, catholic primary school, secondary

school, recreation centre (lower order), ovals and netball courts. Some level of private local medical and community facilities would typically establish in the precinct to serve the local population. Access to employment, social services and support services is likely to be primarily accessible from Geelong and its suburbs in the short term. Home visit services, work-from-home arrangements and a limited supply retail and service jobs are available presently in Bannockburn.

Given the above challenges in achieving affordable housing outcomes in Bannockburn South East, particular the likely absence of market provision, the PSP affordable housing target should be fixed as a minimum mandatory via a requirement in the PSP or Urban Growth Zone. How that target can be met should subsequently agreed between the responsible authority and landowner.

Setting the target as a minimum mandatory is appropriate in this precinct as:

- It recognises the current and expected absence of on-market housing outcomes for those on low/very low incomes.
- It reflects the legislative intent to facilitate affordable housing in Victoria in the context of the anticipated housing outcomes in Bannockburn South East.
- It provides an objectively quantifiable outcome.
- It recognises the role of a PSP as a site-specific strategic document intended to set clear outcomes informed by analysis of empirical evidence and seeking to achieve policy outcomes.
- It lowers the potential for post-PSP disputes between applicants and the responsible authority as to the expected affordable housing outcome.

Within this target developers should be provided discretion in delivery including:

- On-market provision of affordable housing should be recognised. The empirical analysis suggests this may occur for moderate income households.
- Provision of housing to Registered Housing Agencies, through gifts or at discounted market rates, should be recognised. Typically, this will contribute to housing very low/low income households.
- Contributing a cash equivalent (at a rate in line with the recommendations at Section 10.3 below) to a suitable entity or trust for affordable housing. Where there is no immediate ability to provide on-

market or registered housing agency home, this can allow a suitable contribution without holding back delivery of on-market housing.

A section 173 agreement is an appropriate means of settling how each subdivider will deliver the affordable housing target on their land as:

- Developers and low/very low income households are highly unlikely to reach an economic on-market outcome for housing provision. Neither are developers typically set up to deliver non-market housing alternatives. Allowing developers to agree with the responsible authority an alternative means to facilitate affordable housing in the precinct is appropriate i.e. the transfer of land or dwellings to an RHA or an equivalent cash contribution can allow for rental outcomes suitable to the needs of low/very low income households.
- provide flexibility for the responsible authority and landowner to agree the detailed final form and timing of a contribution;
- Allows the responsible authority and landowner responsiveness to the need and form of affordable housing over the lifetime of the precinct's development while maintain a clear overall target in the PSP;
- the Planning and Environment Act requires that the agreement be registered on the land title to ensure the agreed outcomes oblige any relevant succeeding land purchasers until outcomes are fulfilled;
- Allow for acknowledgement that the target has been fulfilled in earlier development stages or allow agreement for it to be fulfilled in later development stages.

Direct developer provision of affordable housing outcomes in Bannockburn South East should be recognised. This report expects this may be possible for some moderate income households.

Methods to increase the potential for these products to be offered on market are recommended at Section 11 below. In particular, the character considerations identified in the BGP should inform how smaller, multi-dwelling outcomes can be encouraged such as using built forms with similar visual appearance to conventional single dwellings on conventional lot sizes.

SECTION 3 – RECOMMENDED PLANNING PATHWAY FOR BANNOCKBURN SOUTH EATS PRECINCT

10 AFFORDABLE HOUSING TARGET

10.1 OVERVIEW

Golden Plains will become an area of residential growth. The majority of that growth is in and around Bannockburn. As Bannockburn absorbs future growth from the surrounding region, it is likely the number of very low and low to moderate income households will grow, which will require a diverse range of housing types and tenures to meet the price points and rents for eligible households under the Planning and Environment Act.

10.2 WHAT IS REQUIRED?

To determine the quantum needed, a methodology for reviewing the existing community and projecting forward has been developed. The red boxes show the number of eligible households across household types that fall under the affordable housing definition.

Methodology

1. Adjusted 2021 ABS census income bands for households qualified for affordable housing in Greater Melbourne via GIC Ministerial Notice (table 2).
2. Remove Outright Owners from eligible households leaving only renters and those with mortgages.
3. All households will have an income – nil incomes removed.
4. ABS special request referencing ABS - 2021 Census households in mortgage stress sourced.
5. Homes Victoria Affordable Rental Monitor, December 2022 – number of rented dwellings that were affordable – affordable rental dwellings removed for the calculations of affordable housing need.

From the methodology, the following was established.

Table 27 - GIC Eligible households from 2021 ABS Census

	<i>Single</i>	<i>Couple family</i>	<i>Family households</i>
\$1-\$149	12	3	3
\$150-\$299	15	0	0
\$300-\$399	24	0	4
\$400-\$499	23	11	13
\$500-\$649	26	12	21
\$650-\$799	23	48	28
\$800-\$999	27	48	30
\$1,000-\$1,249	34	51	58
\$1,250-\$1,499	27	79	81
\$1,500-\$1,749	23	58	70
\$1,750-\$1,999	18	60	70
Eligible households	151	252	378

To establish the required quantum of social and affordable housing required for Bannockburn South East, a review of the ABS 2021 census data and other data as outlined in the methodology was undertaken. In 2021, Bannockburn had 2,562 households, of which 781 were eligible under the GIC Orders.

A	Total households via the 2021 census data	2,562
B	Estimated number of GIC income households	781
C	Assume that 30.4% of GIC households own their property (as per the 2021 census data in Table 14) 30.4% OF B	237
D	Estimated number of GIC households with a cost of housing (B-C=D)	544
E	Assume that 54.9% of GIC households mortgage property (as per the 2021 census data in Table 14) 54.9% OF B	429
F	Assume that 9.9% of GIC households rent their property (as per the 2021 census data in Table 14) 9.9% OF B	78
G	ABS special request referencing ABS - 2021 Census 14% households in mortgage stress 14% OF E	60
H	Dec 22, only 10% of rental affordable – therefore 90 % unaffordable to GIC renters 90% OF F	70
J	Total GIC households requiring affordable housing (G+H)	130
Total requirement for affordable housing		5.1% of all dwellings in Bannockburn

When projecting forward to a future scenario as envisaged by the PSP, the current housing situation is not the best basis for analysis. Bannockburn South East will be one growth area in the context of a significant transformation of Bannockburn from a small town to mid-size residential township with reliance on Geelong for most employment opportunities and higher order services.

In order to understand future Bannockburn South East, this report uses Armstrong Creek as a comparison. Armstrong Creek is a currently growing, and predominantly residential, suburb at a comparable distance from Geelong. Given its relatively advanced stage of development, it provides an opportunity to benchmark a location with broadly similar form and market conditions to the future Bannockburn South East.

If we refer then adopt the same methodology as for Bannockburn and apply the same calculations on Armstrong Creek, the outcome is:

	Single	Couple family	Family households
\$1-\$149	24	3	0
\$150-\$299	29	0	9
\$300-\$399	39	0	0
\$400-\$499	54	11	15
\$500-\$649	56	12	28
\$650-\$799	71	48	37
\$800-\$999	85	48	57
\$1,000-\$1,249	107	51	111
\$1,250-\$1,499	86	79	170
\$1,500-\$1,749	73	58	148
\$1,750-\$1,999	52	60	168
Eligible households	359	252	743

In 2021, there were 5,862 households, of which 1,354 were eligible under the GIC Orders.

Total households via the 2021 census data	5,862
Estimated number of GIC income households	1,354
Assume that 13% of GIC households own their property Table 14	176
Assume that 52.5% of GIC households mortgage property Table 14	711
Assume that 30.1% of GIC households rent their property Table 13	407
ABS special request referencing ABS - 2021 Census 10% households in mortgage stress	71
Dec 22, only 9.8% of rental affordable – therefore 90.2% unaffordable to GIC renters	367
Total requirement for affordable housing	7.5% of all dwellings in Armstrong Creek

Armstrong Creek is a useful model to review, acknowledging that Bannockburn is likely to be at a lower price point to Armstrong Creek, in determining the requirements for affordable housing.

On the basis that Bannockburn currently requires 5.1% affordable housing and Armstrong Creek 7.5%, an affordable housing allocation of **6.5%** is recommended.

10.3 WHAT IS THE DISCOUNT

The question is what discount to the cost of housing is required to make housing affordable to purchase for households on moderate incomes. Applying the income ranges as per the GIC Orders in Table 2– GIC orders for income ranges associated with affordable housing (July 2022) Greater Melbourne and the average cost of housing purchase as per Table 18 - Average purchase price of a dwelling in Bannockburn and Armstrong Creek (VGV June 2022) Table 18 - Average purchase price of a dwelling in Bannockburn and Armstrong Creek (VGV June 2022), the following discount is required:

Moderate income range (annual)		
Couple, no dependents	\$64,031	\$96,030
Affordable purchase price	\$390,000	\$570,000
Discount for a house	45%	20%
Family (with one or two parents) and dependent children	\$89,631	\$134,450
Affordable purchase price	\$540,000	\$810,000
Discount for a house	25%	

There is no comparable housing for singles in Bannockburn.

To allow housing to be affordable, a discount of **25%** to market is recommended. In the instance of Bannockburn, this would be for a 3-bedroom dwelling.

10.4 HOW TO DELIVER THE AFFORDABLE HOUSING

How does a developer reconcile what the affordable housing contribution is?

The initial requirement is to understand the calculable contribution. It is acknowledged that the contribution may be based on a subdivision basis.

6.5% of dwellings at a 25% discount to market for a 3-bedroom dwelling.

If the development has 200 dwellings, the price of a 3-bedroom home including all land and contributions is \$600,000 – the value of contribution is:

13 dwellings x (25% of \$600,000) = \$1,950,000.

How is this applied to the affordable housing outcomes described in section 3.2?

Affordable Purchase

Noting the criteria in section 3, options may include:

Dwellings	Market Price	Sale Price	Discount as %	Total of contribution
13	600,000	450,000	25	1,950,000
16	600,000	480,000	20	1,920,000

Affordable Rental

Noting the criteria in section 3 - the affordable rental via build to rent – could be:

4 x 1-bed dwellings rented at 75% of market rent

10 x 2-bed dwellings rented at 75% of market rent

8 x 3-bed dwellings rented at 75% of market rent

Period of rental is 25 years.

The calculation would be based on a Net Present Value.

Social Housing

The dwellings could be sold to a Registered Housing Agency at a discount and an option may include:

Dwellings	Market Price	Sale Price	Discount as %	Total of contribution
5	600,000	210,000	65	1,950,000
7	600,000	321,000	46.5	1,953,000
10	600,000	405,000	32.5	1,950,000

Another option is to provide land to a Registered Housing Agency at a value of \$1,950,000.

Cash contribution

A cash contribution could be provided to a nominated trust fund for the specific purposes of the provision of social housing in Golden Plains.

What is not affordable housing is providing a diversity of housing that is deemed affordable to households within the GIC Orders.

11 PLANNING SCHEME IMPLEMENTATION

11.1 OVERVIEW

This section considers the planning policies, guidelines and strategies identified in Part 3. It recommends planning scheme provisions aimed at achieving the objectives of that strategic framework through the Precinct Structure Plan and associated mapping and ordinance for the south east precinct.

The recommendations below are specific to the Bannockburn context. This strategy assumes the continuation of the State standard provisions that aid affordable and diverse housing identified at 9.1.1 above.

11.2 IMPLEMENTING THE PLANNING POLICY FRAMEWORK

11.2.1 DEFINING AFFORDABLE HOUSING

The definition of affordable housing in the *Planning and Environment Act* and subordinate Ministerial Notice and Governor in Council order (see Section 3) are preferred to the affordability definition in the BGP. This preference is expressed in the context of a proposed planning scheme amendment for the south east precinct.

11.2.2 ZONING AND OVERLAY MAPS

This report assumed the land is to be zoned Urban Growth Zone. As an applied zone in the UGZ, the General Residential Zone is capable of facilitating affordable housing in the south east precinct while being consistent with character objectives expressed for Bannockburn. Consideration could be given to allowing a more generous Commercial 1 Zone area in the precinct's planned 'retail centre' to allow for multi-level or upper-level housing should demand arise. Zoning of future Council community and recreational facilities should preserve opportunities to co-locate with such facilities by applying the General Residential Zone in preference to a public land zone.

11.2.3 MARKET AFFORDABLE HOUSING

Residential growth in the south-east precinct is likely to occur in a conventionally cyclical pattern. On average, the BGP anticipates 320 to 445 new dwellings per year, based on a 35-year and 25-year precinct build out respectively. To improve opportunities for achieving affordable housing policy objectives, provision of affordable market housing should be facilitated within these conventional development cycles.

As the BGP notes, in part this can be facilitated by timely rezoning of land to increase supply, and potentially competition with nearby growth areas to the north and west of Geelong. The PSP should further this approach by improving the potential for developers to include affordable housing products within conventional staged development.

11.2.4 OPPORTUNITIES TO REDUCE HOUSING INPUT COSTS

It is rational for development proponents to obtain the highest possible sale price possible for any retail residential lot. Hence there is no guarantee that a reduction in input development costs will flow through to reduced land prices. However, providing the opportunity for land to retail at lower costs and thus improve market affordability may be facilitated by moderating development input costs as follows:

- Reduce the density of the connector street and shared path network to a more conventional density while maintaining strategic utility for users
- Allowing for development to proceed closer to the sewer low point, conditional on development providing urban standard direct road and path access to the High Street town centre before issue of a statement of compliance for subdivision of lots
- Facilitate medium density housing on typical lot sizes throughout neighbourhoods fitting with character expectations e.g., mansion houses and semi-detached housing

- Consider incentivising housing and lot forms that replace vehicle crossovers and driveways with convenient on-street/verge car parking or other offsite parking strategies
- Aim to time infrastructure provision to when it is actually needed to allow more efficient planning and financing by developers and service authorities. For example, use the development contributions plan to set reasonable dwelling thresholds for infrastructure provision.

11.2.5 HOUSING DENSITY AND DIVERSITY

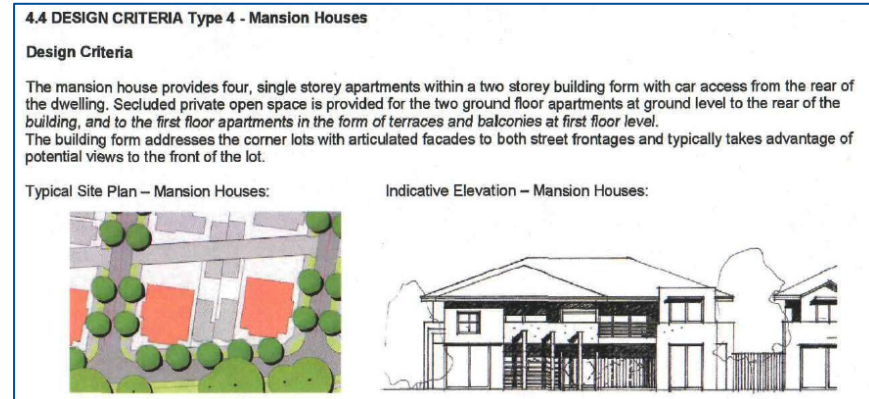
The BGP envisages variation to the default housing density targets at T1 and T2 – 12 dwellings per developable hectare is anticipated in the south east precinct. In typical market conditions, some house and land packages at these densities may be affordable to moderate income households, although there is no way to ensure this through the planning system and market behaviour will prevail. A rational outcome is developers seeking to meet the market at the highest bearable land price. This would typically result in housing costs exceeding the affordable housing definition. As per the PSPG content, enabling diversity in housing can assist in improving the prospect for affordable market housing.

The PSPGs expect achievement of T3 housing diversity in this regional setting. As discussed under BGP above, the amenity-based density model may promote higher overall housing costs for the precinct – or at least dilute the difference between ‘amenity-based density’ and density in typical local streets.

To ameliorate this effect, provision should be made for character-sensitive density to be located throughout neighbourhoods including areas with typical levels of amenity. Even small volumes of typical small lot housing product will significantly improve housing diversity and achieve density targets.

Methods to enable homes on smaller land and homes include:

- Facilitate medium density housing on typical lot sizes throughout neighbourhoods that fit with the Bannockburn character expectations e.g., mansion houses and semi-detached housing.



Extract of a design guideline for a ‘mansion house’

(Metro 3175 Design Guidelines, DKO for Greater Dandenong City Council)

- To reduce land cost and private vehicle infrastructure costs, include in the PSP preferred designs for local streets and lot forms that replace vehicle crossovers and driveways with convenient on-street/verge car parking or aggregated off-site parking strategies.

11.2.6 COMMUNITY AND SOCIAL HOUSING

Setting a target for affordable housing under T4 is also expected. This strategy recommends an affordable housing target for the south east precinct to achieve T4, based on empirical research, policy desires and projected demand.

To allow provision of housing to those, who for a variety of reasons, are from time to time unable to participate in the housing-for-purchase market, this strategy proposes a form of inclusionary zoning as discussed in the BGP. To achieve the T4 target at PSP implementation, some level of inclusionary requirement can be inferred from the PSPGs – particularly when taking account of the inability of some future intended residents to participate in the for-purchase-housing market.

This approach aims to allow for the full range of household and tenure need anticipated in Bannockburn including key workers, those between homes by circumstance and those with long-term housing needs they can’t fulfil at market.

It recommends aiding the delivery of an equitable neighbourhood by seeking a contribution of land, housing or cash to social or affordable housing providers from market housing developers at the relevant subdivision or development stage. The quantum of the contribution is based on the empirical analysis at Section 7 above.

It seeks to leverage the efficiencies and opportunities provided by the granted available development rights to deliver affordable outcomes at a low cost to the community. This strategy recognises the several other demands for infrastructure, environmental, cultural and character policy imposed on development. The 'reduce housing inputs' recommendations above note potential approaches to reducing or postponing some of those demands to assist in facilitating affordable housing.

Specifically in relation to non-market social and community housing, a requirement and/or condition on subdivision permits is recommended to set aside land, gift or part gift housing to Registered Housing Associations, or make a cash contribution towards effecting such a land or housing transfer.

11.3 RECOMMENDED PLANNING PROVISIONS

11.3.1 PRECINCT STRUCTURE PLAN CONTENT

In the PSP housing plan and future place-based plans, consider:

- Consider how the delivery, financing and staging of higher-level streets, path networks, drain and sewer infrastructure on up front land and housing costs.

In the PSP housing section consider including diagrammatic guidance on street and lot form to demonstrate acceptable outcomes for:

- Medium density housing on typical lot sizes throughout neighbourhoods fitting with character expectations e.g. mansion houses and semi-detached housing.
- Housing and lot forms that replace vehicle crossovers and driveways with convenient on-street/verge car parking or other offsite parking strategies.

In the PSP housing table include a clear target for affordable housing such as:

- R# A minimum of 6.5% of dwellings must be affordable housing.

11.3.2 ORDINANCE CONTENT – COMMUNITY AND SOCIAL HOUSING

In the Urban Growth Zone Schedule (or a comparable overlay schedule if used), and in consultation with relevant authorities, consider the following:

LAND USE CONDITION

- List 'dwelling' in Section 1 of the UGZ land use table with a condition opposite – 'A minimum of 6.5% of dwellings must be affordable housing'.

Where the conditioned volume is demonstrated in a permit application, no permit would be required to use the land for dwellings – a permit condition may be warranted to secure and record the commitment in the application. The provision may include a numeric threshold i.e., to apply the provision only to use of, say, 10 or more dwellings.

Where the condition is not met by the application, a permit would be triggered to use the land for dwellings with the assessment focus being on the affordable housing condition. A permit could then include relevant conditions aimed at fulfilling the affordable housing target in the PSP.

This approach aims to set provision of affordable housing at the target as the preferred approach, but allow for applicant to seek a permit to vary from the preferred approach.

APPLICATION REQUIREMENT

As the PSP is to contain a clear target, an *application requirement* should seek appropriate information to inform a decision on whether the target is met:

[The following application requirements apply to an application for a permit under Clause 37.07, in addition to those specified in Clause 37.07 and elsewhere in the scheme and must accompany an application, as appropriate, to the satisfaction of the responsible authority:]

- A housing affordability statement that includes or describes:
 - the current Governor in Council income ranges;
 - the amount of income equivalent to 30% of the income ranges;
 - the number of affordable housing dwellings resulting from application of the affordable housing target in the precinct structure plan to the subdivision;
 - independently sourced recent per sqm land sales rates for the municipality, the suburb, and where available, the precinct;
 - independently sourced recent per sqm house building rates in Victoria;
 - a reasonable indication of the expected housing floorspace each lot will accommodate in sqm;
 - any lots to be provided to Victoria's Director of Housing or a community housing agency;
 - a copy of any agreement or draft agreement proposed under s 173 of the Act for the provision of affordable housing by a third party in association with the development;
 - the percentage of lots expected to be within the definition of affordable housing accounting for the cost of achieving occupancy;
 - Identify a process of how Housing Associations will be engaged and the nature of the product that will be delivered. The process must provide certainty that the Housing Association has the economic means to deliver the appropriate affordable housing outcome within an agreed timeframe;
 - Any mechanisms proposed to protect the housing's affordability over time.

As appropriate, the statement should describe the whole of a development project and be updated to track each stage of subdivision and submitted with the relevant applications.

Responsible authorities should typically complement this application requirement with a permit condition requiring reconciliation of the statement before the issue of a statement of compliance for subdivision as follows:

SUBDIVISION PERMIT CONDITIONS

Subdivision of land is likely to be the primary means of achieving housing in the precinct. Particularly where dwelling is to be an unconditioned as of right use, it is an appropriate to address affordable housing at subdivision. Conditions could include:

A permit to subdivide land, other than to subdivide a building or car space, must include a condition requiring:

- *Before the issue of a statement of compliance for subdivision (or stage of subdivision), a written statement reconciling the current expected affordability outcomes of the subdivision with the housing affordability statement submitted with the application. If no affordability statement was submitted with the application, a housing affordability statement must be prepared and submitted to the satisfaction of the responsibility.*

This condition facilitates the update of any submitted housing affordability statement or completion of a satisfactory statement.

A subdivision permit condition requiring the landowner to enter into a s 173 agreement to settle the form and content of any affordable housing contribution.

Where a voluntary commitment to provide affordable housing through a registered housing agency or the Director of Housing, a permit should include a condition requiring the landowner to enter into a s173 agreement with the responsible authority setting out how that will be provided. This approach is aimed at providing finality on the issue of affordable housing in the permit for any particular subdivision.

The condition above could be drafted into the planning scheme as a 'mandatory' condition i.e., one that cannot be appealed when included in a planning permit. This approach would provide the certainty and fairness that all those developing land in the precinct are subject to the same requirements. It would also provide flexibility for each developer to agree with the responsible authority how they will meet the affordability target.

Where an affordable housing agreement is to be entered into it should:

Be formalised as an agreement under Section 173 of the P&E Act including requiring an agreement to be entered into as a condition of permit; and

Be agreed between the owner, or prospective owner, of land; the responsible authority; and any relevant housing entity e.g. registered housing agency, Director of Housing; and

Contain the following terms:

The landowner must contribute towards affordable housing (Affordable Housing Contribution) to the satisfaction of the responsible authority.

For the purposes of the agreement “affordable housing” is to have the same meaning as any definition of that phrase contained within the Act

The agreement must include terms which provide for the manner in which the Affordable Housing Contribution is to be made, including when and how the contribution is to be made.

The agreement must provide for an Affordable Housing Contribution defined as:

1) [XX] per cent of dwellings provided by:

- i) transfer of dwellings at nil consideration; or*
- ii) provision of dwellings at a XX per cent discount of the current average annual price of a three bedroom house within Bannockburn to a registered housing provider;*

or

2) Translation of the value that would otherwise be provided by the landowner under option (1), to:

- i) Provision of land or dwellings at nil consideration to a registered housing agency;*
- ii) Provision of land or dwellings at a discount to market value to a registered housing agency;*
- iii) Long-term leasing of dwellings to eligible households at a discount to market rent,*
- iv) The equivalent cash contribution to a recognised trust for the provision of affordable housing in the Golden Plains Shire; and/or*
- v) Any other model as agreed by the responsible authority.*

If option 2 is pursued:

- *The value of the Affordable Housing Contribution is to be calculated by reference to the dwellings that are agreed to be [transferred at nil*

consideration or sold at a discount] as agreed with a registered housing agency, or the median value of a new home in Bannockburn for the preceding 12 months as published by the Victorian Valuer General; and

- *The term of use and discount is to be determined with regards to the Net Present Value of the Contribution and the number of dwellings to be facilitated.*

The Section 173 Agreement should subsequently set out further details including:

- Dwelling mix;*
- Term of use;*
- Timeframes for delivering the obligation;*
- How the delivery model will result in dwellings that are appropriate for eligible households with regards to each of the matters under the Act.*

12 SUPPORTING ACTIONS

12.1 COUNCIL ROLE

The Council's role in achieving social and affordable housing outcomes can range from advocating for Federal and State Government to change the policy and regulatory setting to facilitate investment through to Council undertaking development. This could include Council directly facilitating development through planning, providing land and financial levers such as subsidies, thereby providing any Registered Housing Agency with the certainty that it needs to invest confidently in Golden Plains.

Equally there is an opportunity for Council, through its planning process, to achieve additional social housing.

The capital development costs in most locations allow for a reasonable financial return, but not the returns that a Registered Housing Agency would require. To lower the cost of development and encourage investment in Golden Plains requires the removal of some costs. The supply of land to be developed and targeted at affordable and appropriate housing is critical. Council should work with Federal and State Government to identify land that is not developed or underdeveloped and could be developed for housing. The land could be contributed to a Registered Housing Agency for a period of 50 years on a peppercorn lease. The contribution of the land would be on the basis that housing is developed for social housing.

Any dwellings created through this process could be rented at a reduced market rent that is appropriate for the tenants.

If Council has assets that it can contribute to the development of affordable and social housing - for example, providing an air rights title above at grade council car parks - vacant or underutilised land can be subdivided. Equally, the land could be leased at a peppercorn rent for 50 years.

12.2 COUNCIL AS A COLLABORATOR/LEADER

Council can take a lead role to collaborate with organisations as follows:

- Homes Victoria in achieving more funding for Golden Plains
- Developers by facilitating affordable housing as a part of development outcomes.

12.3 SUCCESS IN GRANTS

When Government grants are available, the government, in assessing and awarding grants, will be seeking certainty of outcome. To demonstrate this certainty, Council would need to have:

- The identified parcel of land,
- A registered housing partner who has financial capacity to deliver an outcome (including an agreement in place)
- A site with documentation, preferably including a planning permit in place or very close to.

12.4 ENGAGEMENT

Council will need to facilitate conversations with Registered Housing Agencies, including easy planning pathways to attract the housing agencies' funds to Golden Plains.

Council should also continually monitor funding opportunities through Federal and State Government sources.

12.5 REGISTERED HOUSING AGENCIES

Council needs to secure a Registered Housing Agency to deliver the project. To do this, it is suggested to develop an Expression of Interest (EOI) document and process. The EOI process needs to be explicit about the outcomes that Council is seeking in relation to the affordable housing.

The Housing Association applying for the role of developer should be asked to provide the following:

- Their experience of working with or on a development of type, scale and environment envisaged
- Their experience in delivering affordable housing in an integrated tenure-blind manner
- The specific people to be engaged in development: their experience (particularly in relation to the affordable housing mentioned for the above criterion), expertise and nominated tasks; how they will be managed and coordinated. Consideration has to be given to the RHA recognition of their responsibility for the development process
- A statement showing their understanding of the issues surrounding the particular affordable housing sought and how they will tailor the sequence of activities to ensure that the desired outcome is achieved
- A demonstration that the RHA has a commitment to Golden Plains and the region, and an awareness of the need for growth, and has considered the particular issues around housing the community and key workers. This may also include timing issues relating to relevant opportunities for growth
- Demonstrated ability for efficient delivery, are supportive of the needs of Council, contribute to the strategic direction and creation of a quality environment
- Demonstrated ability to develop, design and deliver housing that meets the need and is supportive of the needs of the various building occupants, contributes to the creation of a quality environment, and is efficient to operate and maintain
- Registration – copy of registration as a Housing Association
- Financial statements.

12.6 PREPARE GUIDANCE MATERIAL FOR DEVELOPERS

Council should prepare guidance material on specific housing typologies and affordable housing projects to signal to developers and Registered Housing Associations that these kinds of development proposals will be welcomed, and to assist them in the preparation of any necessary approval application documentation. These could include guidelines on:

- Co-living developments
- Smaller dwellings
- Tiny houses in the backyards of existing dwellings
- Affordable housing projects, including criteria such as:
 - Ensuring developments are indistinguishable from surrounding dwellings
 - Proximity to services and facilities
 - Minimising future occupancy and energy costs to the resident
 - Minimising future maintenance costs to the owner
 - Including universal design and sustainability enhancements.

SECTION 4 – HOUSING DELIVERY

13 HOUSING DELIVERY

The delivery of social and affordable housing will require Council to consider a number of areas including:

- Councils' role
- Commercial models
- Governance
- Funding.

13.1 COUNCIL'S ROLE

The opportunity for Council to derive housing outcomes for members of the community requiring appropriate and affordable housing will be dependent upon the level of intervention that the Council is prepared to leverage in the market. At a high level Urbanxchange would categorise these as passive, semi- intervention or proactive, which is defined as follows:

- **Passive:** Council facilitates the provision of social and affordable housing by others
- **Semi-intervention:** Council contributes to the development of social and affordable housing
- **Proactive:** Council is actively involved in the development of social and affordable housing.

There are many ways that Council can influence the supply of social and affordable housing in the municipality, ranging from indirect methods such as advocacy right through to direct investment in housing. Council will need to develop a position on its role moving forward.

13.2 COMMERCIAL MODELS

If Council has land to develop or can achieve land for development, there are several ways that Council can engage in the development of social and affordable housing. In the broadest possible sense, there are four commercial models for Council to consider as follows:

- Direct sale to the market
- Deliberative development
- Development Agreement
- Council as the developer.

Direct sale to the market – Council would arrange for the sale of the property; it may include some restrictions or required outcomes, which would be managed via a covenant on title.

Deliberative development – Council identifies the key outcomes it is seeking, including land release, affordable housing and urban design. Council then tenders for a developer to sell the site to, who enters the required agreements to meet Council's identified objectives. Alternatively, Council could lease the site for 50 years via a peppercorn lease to a Registered Housing Agency with the same criteria.

Development Agreement - Council identifies the key outcomes it is seeking, including land release, affordable housing and urban design. Council then seeks a partner to develop the site; this could include the land remaining with Council and the developer or Registered Housing Agency (referred to generically as developers) undertaking the development. The development agreements would be designed to meet Council's identified objectives.

Council as developer – Council undertakes all the development and carries all the risk.

The aspects of each model that vary are:

- Capital requirements and finance implications
- Risk allocation
- Ensuring that the housing meets Council's agreed housing position.

Before releasing the land, Council needs to be explicit in the outcomes it is seeking. For example, the City of Whitehorse (Bruce Street), when releasing land for affordable housing nominated aged members of its community, particularly members in its aged facilities.

13.3 GOVERNANCE

Governance is how you organise to achieve intended value i.e., 'outcomes'.

In summary, the outcomes that Council is seeking are:

- Provide opportunity for new housing growth in the municipality that is staged in a manner that reflects a steady and constant opportunity for the supply of new housing
- Grow levels of social and affordable housing in the municipality that is targeted at identified areas of need
- Maintain in perpetuity housing assets within the municipality with a long-term view to growing the social housing by Registered Housing Agencies
- Ensure quality assurance of urban design and housing outcomes.

To support these desired outcomes, governance functions need to be complied with in the areas of:

- Policy and strategy development as well as review
- Resource commitment and allocation principles
- Resource allocation: land - who/how project and procurement approach
- Management of risk, probity and equity
- Development parameters, quality standards and quality assurance
- Accountability and monitoring.

To achieve its desired outcomes, Council will need to develop a governance framework for implementation.

13.4 AFFORDABLE HOUSING FUNDING FLOW

In developing affordable and social housing, a financial assessment would consider the following:

- Combine the funding elements
- Estimate the project income
- Estimate the long-term project ownership costs
- Forecast the likely future cash flows, based upon assumptions outlined below
- Undertake sensitivity analysis of key variables that could have an impact on future cash flows

Financial institutions will require that the following items are considered:

- Interest coverage ratio – this is a factor of income over operating costs (including maintenance) usually required to have income at least 1.5 times the operating costs
- Loan to value ratio – this is the value of property against the loan value
- Payback period – in most instances' debt is required to be paid back in a maximum of 20 years
- Maintenance surplus – this is sometimes called a sinking fund to allow for the upkeep of the building and replacement of key elements.

In simple terms, this can be demonstrated below:

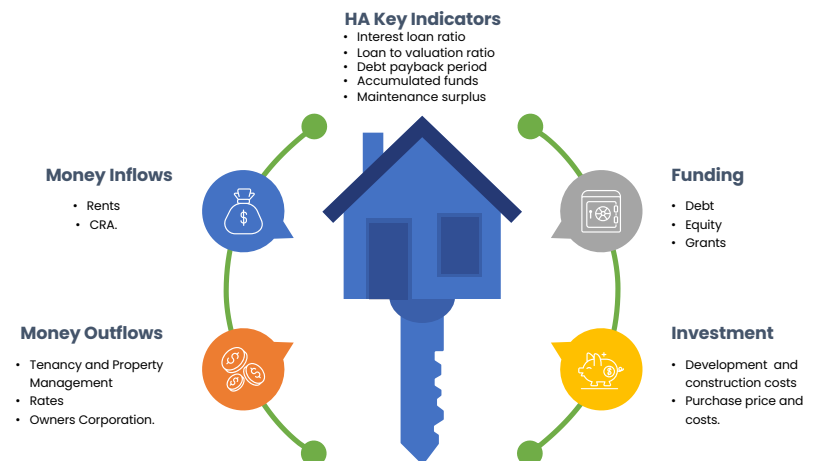


Figure 12 - Life cycle feasibility model

For almost all affordable housing options, there is a balance between the debt that can be raised and how much equity can be contributed, with the gap being filled by grants. Grants by government will seek value for money and co contributions from third parties.

Consideration needs to be given to the source of the grant because it will often have requirements about who is to be housed. The possible and current potential funding streams are list in Section 13.

14 CURRENT FUNDING AND DELIVERY OPPORTUNITIES

14.1 OBJECTIVE

The objectives of affordable housing delivery mechanisms are:

- To deliver appropriate affordable housing for the community
- To provide clear direction to developers and landowners on the requirements for affordable housing contribution
- To provide a clear calculable value of the affordable housing contribution that can then be attributed to the various housing tenures.

The development of a commercial framework for the affordable housing contribution will need to be cognisant of:

- The capital requirements
- Ongoing property and tenancy management matters
- Ownership of the properties
- Tenure of the occupants
- Finances.

14.2 FEDERAL GOVERNMENT SOURCES

The Federal and State Governments periodically run regionally-focused programs through which Councils can seek funding for projects that could assist with the provision of key worker housing. These could include the installation of infrastructure and grants to demolish the existing buildings to lower the cost of development for affordable housing.

The cost of infrastructure is prohibitive for projects with marginal feasibilities, creating a disincentive for development. Regional infrastructure grant programs would provide the opportunity to contribute to the construction of key infrastructure items such as road, sewage, water and/or stormwater to encourage the cost of infrastructure headworks to be paid, again lowering the cost for the development of affordable housing.

In the current election cycle, Council should be advocating strongly for assistance in getting the site development-ready.

This advocacy action relates to encouraging Federal and State Government to consider running new programs in the future. Any of the other recommended actions that require Council funds to proceed could potentially be eligible for such grant programs.

The Housing Affordability Future Fund is before Federal Parliament for debate. In principle, it is targeting the following:

- A policy position to assist in the delivery of 30,000 affordable and social housing dwellings over 5 years through the establishment of a Housing Future Fund
- Key target areas are key workers, regional housing, family violence and older women
- Only 6,000 of the dwellings will be social housing
- The proposal is to introduce tenures such as shared equity – including all levels of government contributing land on a long hold, shared equity basis
- The introduction of a build to rent that would provide a subsidy over a 20-year period to provide housing for key workers.

As in all things, the funding will be directed to where the best value for money is perceived to lie.

14.3 STATE GOVERNMENT OPPORTUNITIES

The Victorian Government has several grant schemes as follows:

Social Housing Growth Fund

The Victorian Government in 2020 announced the Victorian Social Housing Growth Fund. As a part of the announcement, council areas were nominated for a minimum investment guarantee (MIG). Golden Plains Shire has a nominated \$15m MIG.

Victorian Property Fund

The Victorian Property Fund (VPF) is a trust fund established under the Estate Agents Act 1980 and administered by Consumer Affairs Victoria.

The VPF has an annual competitive housing funding round. Only registered Housing Associations and providers can apply for the VPF grants. The VPF grants are currently on hold because of the Social Housing Growth Fund.

Moving forward, the VPF grants will become available again.

14.4 OWNERSHIP OF FUTURE AFFORDABLE HOUSING

A key aspect in the delivery of any housing, whether it be by a private or not-for-profit operator, is to create an environment that attracts investor interest.

The following types of investment criteria (or combinations thereof) will be relevant in determining whether to undertake residential development in the region:

- Sufficient depth of market and likely trading volumes to justify mobilising capital and development resources in a given location
- Certainty over development yields and the approvals process
- Government policy that supports growth
- Ability to realise attractive commercial returns or yields within reasonable timeframes
- Availability of sizeable development opportunities (either larger development sites or a pipeline of development projects) that warrant making a sizable capital investment in development in the region.

It is likely that any new social and affordable housing will require government support.

There are two aspects to property development that need to be considered, being:

- The capital development – that is, the cost to develop and (maybe) then sell the dwellings
- Operational costs – some of the housing tenures not only require capital development, but may also require operational costs to deliver the housing over the long term.

If a subsidy is required to achieve the housing outcomes, in this instance by the rezoning of the land to provide opportunity for development, then any initial subsidy needs to be preserved for the longer term. This can be done by encumbrances such as covenants or a section 173 on title preserving the affordable housing for future owners.

14.5 CAPITAL

Affordable housing has been unable to become an asset class in Australia due to several factors, including:

- Insufficient returns to attract institutional investment. The returns in most instances are break even without any consideration of trying to grow affordable housing into an investment class
- Minimal track record. The Housing Associations (unlike elsewhere in the world) are not fully resourced and, before five years ago, were small charities
- Lack of a sizable investment platform. The size of the industry is too small and even the Federal Government's \$1 billion bond aggregator scheme requires more scale to attract true institutional investment
- A focus of policy and funds on the most vulnerable, without consideration of all other groups requiring assistance in housing costs
- Lack of a cohesive policy and implementation platform at a Federal and State level. This is reflected in the lack of funding at both levels of government in any affordable housing mechanisms.

SECTION 5 – RECOMMENDATIONS

15 RECOMMENDATIONS

The Victorian Planning Authority (VPA) in partnership with Golden Plains Shire Council (Council) has prepared the Bannockburn Growth Plan (Growth Plan) to guide the sustainable development of Bannockburn to the year 2050.

Defining the affordable housing target and means to achieve the target

The contribution can be equalised via clear mechanism that provides a calculable value of worth for the affordable housing outcome. It is recommended that the affordable housing contribution be established at:

6.5 per cent of dwellings at a 25 per cent discount to market for a new 3-bedroom dwelling in Bannockburn.

The development of Bannockburn South East will occur over a long period. On this basis, it is recommended that several affordable housing outcomes should be accepted as contributing to the target:

Restricted purchase – price-controlled housing that is made available for purchase by those on defined incomes. The discount for affordable housing for the first purchaser is preserved for future purchasers.

Shared equity – the essential feature of all shared equity models is that the buyer shares the capital cost of purchasing a home with an equity partner, thereby permitting households to buy a home with lower income levels than would otherwise be required.

Affordable rental via build to rent – developers including Housing Associations and their financiers build dwellings and, instead of selling them, retain them to let to tenant households. Rents are at an appropriate discount to market rents.

Rent to buy – the homes are offered at a reduced rent for a minimum of five years and let on assured short-hold tenancies for a fixed term. The model being adapted in Australia is that, after five years of renting, the tenant has first option to purchase the dwelling at price agreed at the commencement of the five years.

Social housing – this is housing owned by a state government or by a Registered Housing Agency.

National Disability Insurance Scheme (NDIS)/Specialist Disability Housing (SDA) – this is housing that is provided for a person receiving NDIS support. SDA providers are registered and subject to Government oversight.

Cash contribution – in lieu of physical dwellings, the opportunity to provide the equivalent contribution in cash that can then be put towards the delivery of social housing elsewhere in Golden Plains.

Drafting the PSP and planning scheme amendment

The following recommendations summarise the detailed recommendations in Section 11 above.

Use the definition of affordable housing contained in the *Planning and Environment Act*.

In the UGZ Schedule, apply the General Residential Zone to PSP residential land.

Consider the following PSP content:

- Reducing the density of connector streets and shared paths in the BGP (FUS)
- A minimum of 6.5% of dwellings must be affordable housing (requirement)
- Include the descriptions in the report of housing outcomes that would acceptably fall within the affordable housing definition i.e., restricted purchase, shared equity, affordable rental via build to rent; rent to buy and social housing, NDIS, or facilitation of a contribution towards any of the above (guideline)
- Describe street and lot forms to demonstrate acceptable outcomes for medium density housing on typical lot sizes and housing and lot forms that provide for off-lot or consolidated car parking arrangements having regard to any character provisions developed through the structure planning process (guideline or figure)

- Allowing development to commence away from the town edge where appropriate access connections are provided (guideline)
- List 'dwelling' in Section 1 of the land use table with a condition opposite – 'A minimum of 6.5% of dwellings must be affordable housing' (UGZ Schedule)
- Require an application for residential use or development to be accompanied by a 'housing affordability statement' (UGZ Schedule)
- Include a permit condition for subdivision requiring an update or completion of a 'housing affordability statement' (UGZ Schedule)
- Include a permit condition for subdivision requiring a landowner to enter into a s173 agreement to settle the form and content of an affordable housing contribution (UGZ Schedule).

16 GLOSSARY

ABS	Australian Bureau of Statistics.	CRA	Commonwealth Rent Assistance is a non-taxable, income supplement payment added to the pension, allowance, or benefit of eligible income support customers who rent in the private rental market. RHAs are considered to be part of the private rental market, but state-owned public housing is not.
AHURI	Australian Housing and Urban Research Institute.	Deductible gift recipient	Deductible gift recipient status means that donations to recipients are tax-deductible by the donor.
Affordable housing	Affordable Housing is housing, including social housing, that is appropriate for the housing needs of very low, low and moderate-income households. Appropriateness of housing includes reference to affordability, dwelling type, size (bedroom numbers), location, accessibility, integration and length of affordability. Affordable Housing should be priced (whether mortgage repayments or rent) so that households are able to meet their other essential basic living costs and allocated to households that meet program income and asset eligibility requirements.	Disability	Person eligible for NDIS
Affordable housing outcomes	Affordable housing outcomes are the types of housing tenure or contribution that are achieved through the requirements of a Social and Affordable Housing plan.	ESD	Environmentally Sustainable Design.
Bond Aggregator	To raise money at lower rates from the wholesale bond market for not-for-profit community housing providers. It also allows Registered Housing Associations to borrow at lower rates.	first-time buyers	To qualify as a first home buyer, the purchaser must be purchasing the first home have owned or co-owned in Australia, although there are some exceptions. The purchaser must also move into the property within 12 months, and live there for at least six continuous months.
Community housing	Housing managed by not-for-profit organisations that are registered as either Housing Associations or as Housing Providers by the Australian or Victorian Registrar of Housing,	Housing Affordability	'Housing affordability' refers to the relationship between expenditure on housing (cost of mortgage payments or rent) and household income. Housing affordability is particularly a concern for households earning in the bottom 40 per cent of incomes who have limited financial capacity to meet their housing costs.
		Key worker	An employee who provides a vital service, especially in essential services such as health and education.

Lone parent	Single parent family with one or more children
Low income workers	That the work they carry out earns low wages and they qualify under the GIC orders
NDIS	National Disability Insurance Scheme
NBESP	Nation Building Economic Stimulus Packages comprising the Social Housing Initiative, which resulted in the construction of approximately \$1.5 billion in low-income housing in response to the 2007/2008 global financial crises. This programme has ended, and no more funding is available.
NHFIC	National Housing Finance and Investment Corporation. Established by the Federal Government to manage the Bond Aggregator and other federal grants related to affordable housing.
NFP	Not for profit.
NHSC	National Housing Supply Council.
NRAS	National Rental Affordability Scheme. A subsidy paid to private landlords for 10 years when dwellings are rented to eligible tenants at less than 80 per cent of market rent.
Older poor	Having an income below half the national median equivalised household disposable income.
PSP	Precinct structure plan

PSPGs	Precinct Structure Planning Guidelines: New Communities in Victoria (VPA, October 2021)
Private rental brokerage	A service to help people find and keep accommodation in the private rental market.
Public housing	Public or social housing that is owned or leased by the State Governments of Australia
Registered Housing Association (RHA)	Registered Housing Agencies are not-for-profit organisations that provide affordable rental housing for low-income households, registered as Housing Associations and maybe nominated as Tier 1, 2 or 3 by the Federal Registration process.
S 173 agreement	A planning agreement made under section 173 of the <i>Planning and Environment Act 1987</i> . The responsible authority and landowner must be a party to the agreement. When executed, the agreement must be registered on the land title with any agreed obligation to be discharge by the owner or succeeding owners.
SEIFA	Socio-Economic Index for Areas, produced by the ABS.
Shared equity schemes	Financing arrangements where the equity required for home ownership is shared between the occupant (often a former tenant) and government or a NFP community housing provider.
Single person	A lone household

Social housing	Social housing is an umbrella term that covers both public and community housing. Its provision usually involves some degree of subsidy.
VPP	Victorian Planning Provisions
UGZ	Urban Growth Zone
Welfare recipients	At its broadest welfare can be used to refer to all of the programs and services that make up the welfare state . This can include health and education, as well as income support payments such as the Age Pension, Carer Payment, Disability Support Pension and Newstart Allowance
Young person	Under 30 years of age