



Planning today for the communities of tomorrow

Housing Diversity & Adaptability Assessment

Final Report

Prepared by ASR Research
on behalf of Gurner™
December 21, 2021

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Executive Summary

1 Background

ASR Research was engaged by Gurner™ (the “client”), to prepare the following Housing Diversity & Adaptability Assessment, a key requirement of the proposed development of 81-95 Burnley Street and 26-34 Doonside Street, Richmond (the “subject site”).

2 Schedule 15 to Clause 43.04 Development Plan Overlay

Schedule 15 to Clause 43.04 Development Plan Overlay (DPO15) applies to the subject site (shown below in Figure 1) and requires the preparation of...

“a Housing Diversity and Adaptability Report that provides the following information:

- A demographic analysis of the types of people and households anticipated to live within the development based on the proposed dwelling design and bedroom mix.*
- The model to provide 10% of the total number of dwellings as affordable housing.*
- Demonstrate how the development plan responds to the particular housing needs of future residents across their lifetime.”*

Figure 1 – DPO15 Development Plan Vision



3 Assessment Objectives

The specific objectives of the Housing Diversity & Adaptability Assessment were to:

1. Provide an understanding the current local and State housing policy context and describe the implications this will have on the delivery diverse housing options within the subject site;
2. Provide a detailed profile of current and projected population and housing characteristics and trends and identify how this will impact on the delivery of diverse housing within the subject site;
3. Review existing documented housing delivery models for the purpose of providing the client with affordable housing delivery options; and
4. Formulate of housing diversity delivery and implementation process-oriented strategy for the subject site.

4. Summary of Key Conclusions & Recommendations

4.1 Summary of Proposed Housing and Population Outcomes

In summary, the proposed development will:

- Generate between 545 to 645 apartments;
- Indicatively, 30% of all dwellings will be 1 bedroom apartments, 60% will be 2 bedroom and 10% will be 3 bedroom dwellings; and
- Based on 0.9 persons per bedroom, the subject site will generate a resident population of between approximately 880 to 1,045.
- Represent 4.3% to 5.0% of all dwellings in North Richmond by 2041;
- Represent 12.7% to 15.1% of all new dwellings to be delivered in North Richmond by 2041; and
- Represent 3.6% to 4.2% of the total population of North Richmond by 2041.

It is anticipated that the proposed development will broadly reflect the current profile of household types of people living in high density developments across the City of Yarra which currently consists of:

- A high proportion of lone person households (38%);
- Couple families with no children (30%);
- Group households (10%);

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- One parent families (10%); and
- Couple families with children (9%).

4.2 Key Housing Diversity Outcomes

When compared to Richmond North and the City of Yarra, the proposed development will deliver:

- A much higher proportion of high-density apartments (100%) than Richmond North (57%) or the City of Yarra (37%);
- Subject to the outcome of discussions with prospective Housing Associations / Providers, a similar proportion of social housing as the City of Yarra (10%), but lower than the North Richmond (20%);
- A much higher proportion of 1 bedroom dwellings (30%) compared to North Richmond (21%) and the City of Yarra (18%);
- A much higher proportion of 2 bedroom dwellings (60%) compared to North Richmond (40%) and the City of Yarra (20%); and
- A much lower proportion of 3 bedroom dwellings (10%) compared to Richmond North (23%) and the City of Yarra (40%).

4.3 Social and Affordable Housing Outcomes

Overall Outcomes

- Given the anticipated dwelling yield ranging from 545 to 645 dwellings, the proposed development will likely generate a requirement for 55 to 65 affordable homes.

Social Housing

- Based on case studies presented in Section 3.11 of the main report, there are potentially a wide range of models and strategies for achieving the affordable housing requirement for the proposed development. Whilst there may be many potential models of provision the broad types can be summarised as:
 - **Purchase land and / or dwellings** (the Registered Housing Association may purchase land / or dwellings directly from its own funds or via equity partners, or via an application for some form of Government funding program - e.g. Federal Government NRAS program. External funding applications may not be successful and also take some time to be evaluated. Any arrangements between the Registered Housing

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Association and the developer are likely to be subject to the outcome of these processes.);

- **Head lease agreements;**
 - **Management of dwellings; and**
 - **Rent-to-buy.**
- However, the developers of the subject site have indicated they have commenced discussions with a number of Registered Housing Associations (refer to Appendix 3.9 for more details of the Registered Housing Association sector) with a view to incorporating a component of social housing within the proposed development. The proposed development represents a significant contribution toward social and affordable housing outcomes in the local area including increasing the level of supply, and creating higher quality, better configured homes which better able to respond to changing demographic needs.
 - Although there are a potentially a wide range of priority population target groups for the proposed social housing initiative, much of the detail about who to prioritise will need to be further discussed with the prospective Registered Housing Association / Provider partner. However, based on the analysis presented in the report the following rental demographic groups should be prioritised:
 - Very low to low income lone person households;
 - Very low to low income couples with no dependents; and
 - Very low to low income families (with one or two parents) and dependent children.

4.4 Proposed Affordable Housing Model

The proponent intends to pursue its affordable housing obligations (i.e. 10% of all new dwellings) by entering into an arrangement with a Registered Housing Association to purchase at a discounted rate the required number of dwellings (55 to 65 dwellings).

The broad process the proponent will undertake to pursue this option will consist of the following steps:

- The proponent will interview a range of interested Registered Housing Associations to partner with.
- Select one preferred partner.
- Confirm the number and type of apartments required and what the likely target population target groups for these dwellings will be.
- Determine where and how the social housing dwellings are to be located within the development.

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- A broad model of provision will then need to be negotiated and confirmed between the developer and the Registered Housing Association.

4.5 Consistency with Key Housing Policies, Strategies and Plans

The proposed development is consistent with and supportive of the following key housing policies, strategies and plans reviewed as part of this report.

- Outcome 2 (Melbourne provides housing choice in locations close to jobs and services) of ***Plan Melbourne 2017-2050***;
- ***Homes for Victorians 2017*** (Supporting people to buy their own home; promoting stability and affordability for renters; and increasing and renewing social housing stock);
- Key housing objectives of the **Yarra Planning Scheme**;
- The goals and directions of Council's ***Housing Strategy (2018)*** and ***Social and Affordable Housing Strategy (2019)***. The Housing Strategy aims to ensure that a greater choice and diversity of housing is available to residents in the municipality's established areas including North Richmond. The Social and Affordable Housing Strategy aims to ensure a diverse population lives in the municipality by increasing the supply of social and affordable housing suitable to households at various income levels and requirements.
- Council's policy guidance in relation to ***Affordable Housing Outcomes at Significant Developments***. This policy states that, when considering proposals for the rezoning of land for residential use that would allow the development of 50 or more dwellings, it is Council policy that a requirement (or requirements) will be included in the planning scheme provisions that secure at least 10% of the dwellings as affordable housing, which are to be transferred to a registered housing agency, or an alternative arrangement of equal or better benefit, to the satisfaction of Council.

4.6 Implementation Plan

It is recommended that the recommendations of this report should be implemented via a proposed Planning Agreement that applies to the subject site over multiple stages based on market forces and other factors.

The key requirement of the Planning Agreement is to ensure that 10% of all dwellings in the Development to be constructed and retained permanently as social housing dwellings.

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The report has been based on a yield assumption ranging between 545 to 645. It is intended that should ultimate yield vary, the principles and requirements set out in this report can be scaled up or down.

An example of a Social Housing and Affordable Housing Planning Agreement from a recently approved development (New Epping in the City of Whittlesea) is provided in Appendix 4.

4.7 Monitoring

It is proposed that at the time of making a permit application for building works, the Owner nominate in the application the number of dwellings that are to be allocated as a Social or Affordable Housing in accordance with the proposed Planning Agreement.

At the completion of construction of the dwellings which are the subject of the permit, the Owner should provide a copy of the Occupancy Certificate from the Building Surveyor to Yarra City Council to show that the dwellings that have been constructed.

Yarra City Council will be responsible for keeping a register of permit applications granted and the cumulative number of units approved in each category. Similarly, the register should also reference the number of dwellings constructed.

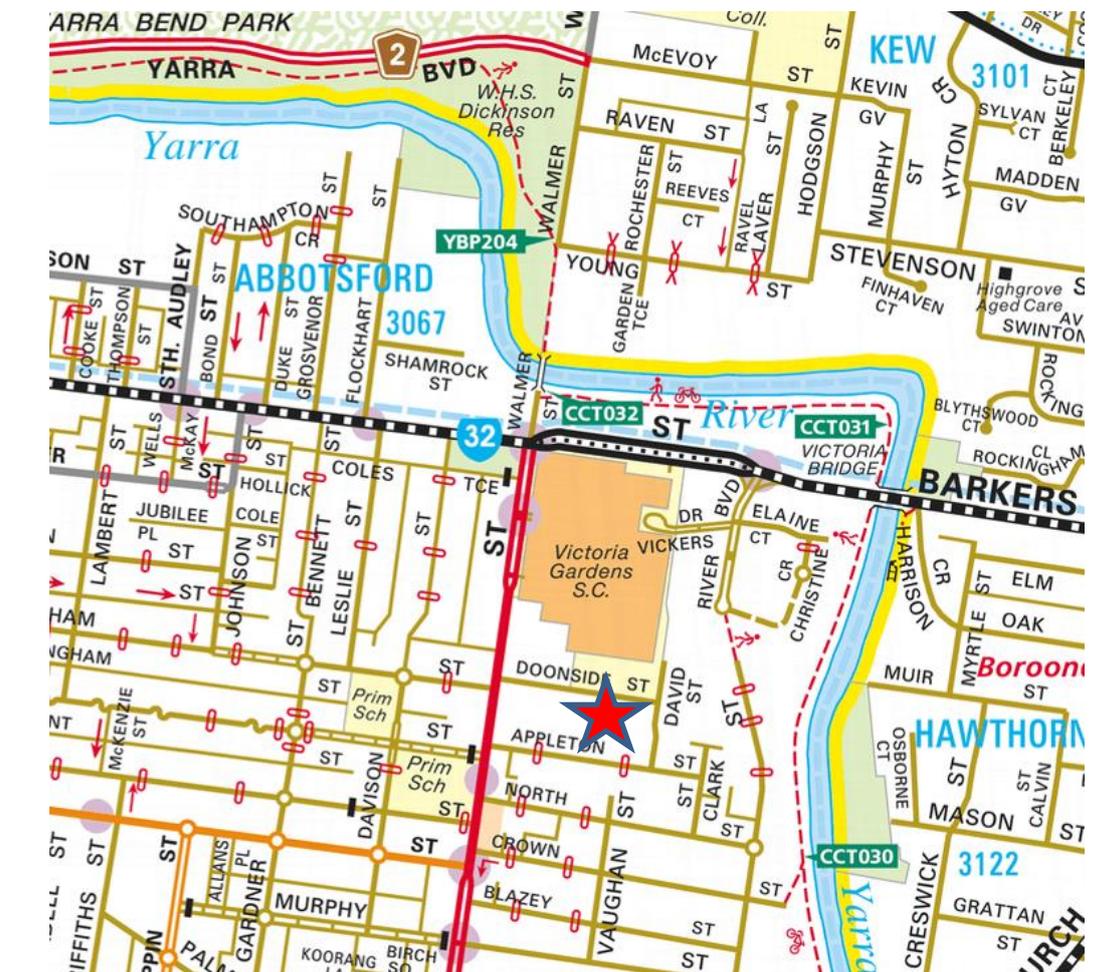
1. Introduction

1.1 Background

ASR Research was engaged by Gurner™ (the “client”), to prepare the following Housing Diversity & Adaptability Assessment, a key requirement of the proposed development of 81-95 Burnley Street and 26-34 Doonside Street, Richmond (the “subject site”), the location of which is shown in Figure 1 below.

The subject site is located at the north-eastern edge of the suburb of Richmond, approximately 5 kilometres from the Melbourne CBD and 1.5 kilometres from the Richmond Town Hall on Bridge Road. The site is within the Victoria Street – Richmond activity centre, just to the south of Victoria Gardens, which is a sub-regional shopping centre containing Kmart, Coles, Freedom, Rebel, a Hoyts cinema complex and a range of specialty retailers. IKEA is integrated into the centre. Public transport services comprise the 109 and 12 tram routes along Victoria Street, and the 48 and 75 tram routes along Bridge Road.

Figure 1 - Subject Site



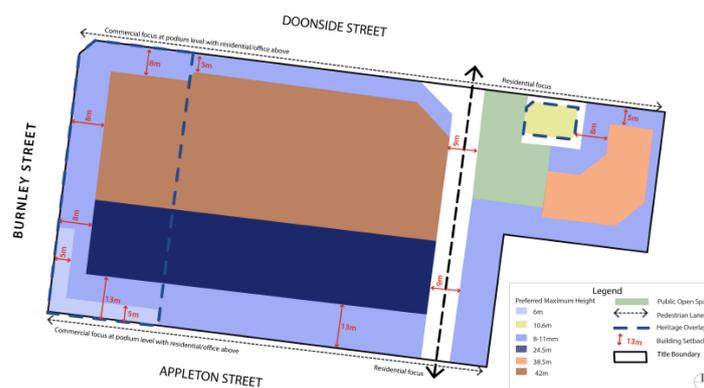
1.2 Schedule 15 to Clause 43.04 Development Plan Overlay

Schedule 15 to Clause 43.04 Development Plan Overlay (DPO15) applies to the subject site (shown below in Figure 2) and requires the preparation of...

“a Housing Diversity and Adaptability Report that provides the following information:

- *A demographic analysis of the types of people and households anticipated to live within the development based on the proposed dwelling design and bedroom mix.*
- *The model to provide 10% of the total number of dwellings as affordable housing.*
- *Demonstrate how the development plan responds to the particular housing needs of future residents across their lifetime.”*

Figure 2 – DPO15 Development Plan Vision



1.3 Assessment Objectives

The specific objectives of the Housing Diversity & Adaptability Assessment are to:

5. Provide an understanding the current local and State housing policy context and describe the implications this will have on the delivery diverse housing options within the subject site;
6. Provide a detailed profile of current and projected population and housing characteristics and trends and identify how this will impact on the delivery of diverse housing within the subject site;
7. Review existing documented housing delivery models for the purpose of providing the client with affordable housing delivery options; and
8. Formulate of housing diversity delivery and implementation process-oriented strategy for the subject site.

2. Description of Proposed Development

2.1 Development Vision

DPO15 includes the following “Development Plan Vision” for the subject site:

- To become a sustainable, mixed-use residential community, supported by convenience retailing services, community facilities, and employment opportunities augmenting the role of the Victoria Street Activity Centre.
- To recognise the opportunity of the site’s activity centre context, whilst respecting the low rise residential development to the south.
- To protect the reasonable amenity of residential properties on the south side of Appleton Street and to the east of the subject site.
- To provide improvements to the public domain, including pedestrian friendly environments along all street frontages, the provision of public open space and a pedestrian laneway.
- To provide a high standard of internal amenity, building separation and best practice environmentally sustainable design.
- To respect the scale and form of heritage places within and adjacent to the site.
- To provide for the conservation of heritage places within the site.
- To ensure that new development mitigates any adverse impact it may generate upon local traffic conditions.
- To ensure that the primary responsibility for noise attenuation rests with the agent of change.
- To ensure new development, does not unreasonably prejudice by way of reason of reverse amenity the ongoing operation of nearby existing commercial, industrial and warehouse businesses, including Victoria Gardens Shopping Centre.
- To provide for the sensitive adaptive re-use of heritage buildings in accordance with the Comprehensive Heritage Analysis referred to in Clause 4.2 of this schedule.
 - describes the relationship between the heritage place and any neighbouring or adjacent heritage place/s; and
 - establishes principles for managing the significance of the heritage place and its relationship with its surroundings.

2.2 Proposed Housing Product

As developer of the subject site, Gurner™ proposes to deliver between 545 to 645 residential apartments consisting of a mixture of 1, 2 and 3 bedrooms. At this stage, the developer has indicated these dwellings will be provided in the following proportions:

- 1 bedroom dwellings – 30%;
- 2 bedroom dwellings – 60%; and
- 3 bedroom dwellings – 10%.

The project will be designed to be staged to respond to market conditions and ideally the affordable housing stock would be salt and peppered through the development which will mean it could be delivered in stages.

3 Review of Policies, Models and Case Studies

3.1 Overview

This section assesses the implications of a number of important statutory planning policies and strategies that influence housing outcomes in Victoria and the City of Yarra and how these may impact on the proposed delivery of affordable housing at the subject site. In addition to the policy review, a number of existing social and affordable housing models and case studies are presented and discussed as the basis of determining what types of strategies may satisfy the requirements of DPO15. Appendix 3 contains a detailed review of statutory and strategic documents. The documents reviewed are:

- Plan Melbourne 2017;
- Homes for Victorians (2017);
- An overview of Statutory Amendments to the Planning and Environment Act 1987);
- A review of key housing elements of the Yarra Planning Scheme including:
 - Clause 16 Housing (16.01-1S Housing supply, 16.01-1R Housing supply - Metropolitan Melbourne,16.01-2S Housing affordability);
 - Clause 21.03 Vision – Land Use;
 - Clause 21.04 Land Use (21.04-1 Accommodation and housing);
 - Clause 21.08 Neighbourhoods (21.08-9 North Richmond - area north of Bridge Road);
 - Clause 21.09 Monitoring and Review (21.09-1 Monitoring the Objectives of the Scheme);
 - Clause 22.11 Victoria Street East Precinct Policy;
 - Clause 58 Apartment Developments (58.02-3 Dwelling diversity objective); and
 - Clause 53.20 Housing by or on Behalf of the Director of Housing (53.20-1 Application).
- City of Yarra Housing Strategy (2018);
- City of Yarra Social and Affordable Strategy (2019);
- City of Yarra Policy Guidance Note: Affordable Housing Outcomes at Significant Developments (Adopted November 12, 2019);
- Public Housing - Affordable Housing Voluntary Contributions: Public Housing as an Affordable Housing Contribution (June 2018); and
- Community Housing - Affordable Housing Agreements.

Appendix 3 also contains a discussion of social and affordable housing funding sources and models of provision including: 1) The Village Alphington Case Study; 2) The Assemble Model Case Study - 393 Macaulay Road, Kensington, and 3) Nightingale Apartments Case Study, 55–63 Nicholson Street, Brunswick East.

3.2 Implications of the Review of Policies and Case Studies

Discussed below are some of the key implications of the material reviewed for the subject site.

- Given its location on the eastern edge of the Victoria Street, Abbotsford/Richmond Major Activity Centre, the subject site is ideally placed to satisfy the objectives and strategies contained in Outcome 2 of Plan Melbourne 2017. This Outcome aims to ensure Melbourne provides housing choice in locations close to jobs and services. Plan Melbourne points out that Melbourne will need 1.6 million new homes over the next 35 years. Issues that need to be addressed include: housing affordability, the types of housing available to cater for different household needs and lifestyles, and the provision of medium- and higher-density housing close to jobs and services. Another pressing issue is the growing number of homeless people and households waiting for public housing.
- Homes for Victorians (2017), the Victorian Government’s key housing strategy, commits significant additional funding (\$2.6 billion) toward increasing the supply of social and affordable housing and a range of other measures. By partnering with registered housing associations and housing providers, the subject site has an opportunity to potentially secure some of this funding to meet its social and affordable housing obligations.
- Three important changes were made to the Planning and Environment Act 1987 that came into effect on 1 June 2018. Those changes were: 1) adding a new objective to the Act “to facilitate the provision of affordable housing in Victoria”; 2) providing a definition of affordable housing – “affordable housing is housing, including social housing, that is appropriate for the housing needs of very low, low, and moderate-income households”, and 3) affirming the use of section 173 for voluntary affordable housing agreements. Section 3AB of the Act includes a specification of income ranges for all the households described above (refer to Appendix 2 for a copy of the specification of income ranges).
- The Yarra Planning Scheme includes a raft of State and Local housing policy objectives and strategies that the subject site will need to satisfy. These include (but not limited to): housing supply (Clause 16.01-1S); housing affordability (Clause 16.01-2S); the Municipal Strategic Statement (Clauses 21.03, 21.04, 21.08, 21.09-1); Victoria Street East Precinct (Clause 22.11); apartment developments (Clause 58.02-3, dwelling diversity objective); Housing by or on Behalf of the Director of Housing (Clause 53.20).
- The subject site is well placed satisfy the goals and directions of Council’s Housing Strategy (2018) and Social and Affordable Housing Strategy (2019). The Housing Strategy aims to ensure that a greater choice and diversity of housing is available to residents in the municipality’s established areas including North Richmond. The Social and Affordable

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Housing Strategy aims to ensure a diverse population lives in the municipality by increasing the supply of social and affordable housing suitable to households at various income levels and requirements.

- City of Yarra Policy Guidance Note for affordable housing (Affordable Housing Outcomes at Significant Developments) states that, when considering proposals for the rezoning of land for residential use that would allow the development of 50 or more dwellings, it is Council policy that a requirement (or requirements) will be included in the planning scheme provisions that secure at least 10% of the dwellings as affordable housing, which are to be transferred to a registered housing agency, or an alternative arrangement of equal or better benefit, to the satisfaction of Council.
- The Department of Families, Fairness and Housing (formerly the Department of Health and Human Services) has prepared clear guidelines targeted at the development industry and Responsible Authorities who wish to pursue public housing initiatives through voluntary agreements pursuant to section 173 of the *Planning and Environment Act 1987* (Section 173 Agreements). Public Housing, as one form of social housing, may present a partnering option for the developers of the subject site seeking to fulfil its social housing obligations.
- The Community Housing Industry in Victoria includes ten Housing Associations and 30 Housing Providers that collectively own and manage over 19,000 properties with a combined asset value of over \$2.3 billion. Along with public housing, community housing is one form of social housing, that may present a partnering option for the developers of the subject site seeking to fulfil its social housing obligations
- The review of social and affordable housing models and case studies indicates that there are potentially a wide range models by which developers and social housing providers, generally working in partnership, can satisfy social and affordable housing obligations. Whilst there may be many potential models of provision the broad types can be summarised as:
 - **Purchase land and / or dwellings** (the Registered Housing Association may purchase land / or dwellings directly from its own funds or via equity partners, or via an application for some form of Government funding program - e.g. Federal Government NRAS program. External funding applications may not be successful and also take some time to be evaluated. Any arrangements between the Registered Housing Association and the developer are likely to be subject to the outcome of these processes.);
 - **Head lease agreements;**
 - **Management of dwellings; and**
 - **Rent-to-buy.**

4. Anticipated Housing and Demographic Outcomes of Proposed Development

4.1 Anticipated Housing & Demographic Profile of Proposed Development

Table 1 below provides a detailed summary of the key dwelling and population profile outcomes anticipated for the subject site. In summary, the proposed development will:

- Generate 545 to 645 apartment dwellings;
- Indicatively, 30% of all dwellings will be 1 bedroom apartments, 60% will be 2 bedrooms and 10% will be 3 bedrooms; and
- Based on 0.9 persons per bedroom¹, the subject site will generate a resident population of between approximately 880 to 1,045.

Table 1 - Anticipated Dwelling and Population Profile for Subject Site

	% of all apartments
1 bedroom	30%
2 bedroom	60%
3 bedroom	10%
Total	100%
Total Population (@0.9 persons per bedroom)	880 to 1,045

4.2 Anticipated Social and Affordable Housing Outcomes

Given the anticipated dwelling yield ranging from 545 to 645 dwellings, the proposed development will likely generate a requirement for 55 to 65 affordable homes. As described in Section 5 of this report, affordable housing is housing, including social housing, that is appropriate for the housing needs of very low, low, and moderate-income households.

As illustrated by the case studies presented in Section 3.11 of this report, there are potentially a wide range of models and strategies for achieving the affordable housing requirement for the proposed development. However, the developers of the subject site have indicated they have commenced discussions with a number of Registered Housing Associations (refer to Appendix 3.9 for more details

¹ Source: Australian Bureau of Statistics, 2016 Census of Population and Housing, average number of persons per bedroom for the City of Yarra.

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of the Registered Housing Association sector) with a view to incorporating a component of social housing within the proposed development. The proposed development represents a significant contribution toward social and affordable housing outcomes in the local area including increasing the level of supply, and creating higher quality, better configured homes which better able to respond to changing demographic needs.

It is worth noting that, aside from a commitment to establishing a partnership with a Registered Housing Association / Provider, this assessment has determined that both 1 and 2 bedroom dwellings, if leased out privately, are likely to be affordable for certain household types at the upper end of the moderate income range. This is discussed in more detail in Section 5.3 of this report.

4.3 Comparison of North Richmond, City of Yarra and Greater Melbourne Housing Profile

This section presents a demographic analysis of the current housing profile of North Richmond, Yarra and Greater Melbourne in order to assess how the proposed housing outcomes of the subject site compares. Table 2 summarises some of the key housing related statistics for North Richmond based on the 2016 ABS Census of Population and Housing. Table 2 summarises how North Richmond compares to the City of Yarra and Greater Melbourne, based on more detailed data provided in Table 3 that follows it. Based on these housing statistics the proposed development will deliver:

- A much higher proportion of high-density apartments (100%) than Richmond North (57%) or the City of Yarra (37%);
- Subject to the outcome of discussions with prospective Housing Associations / Providers, a similar proportion of social housing as the City of Yarra (10%), but lower than the North Richmond (20%);
- A much higher proportion of 1 bedroom dwellings (30%) compared to North Richmond (21%) and the City of Yarra (18%);
- A much higher proportion of 2 bedroom dwellings (60%) compared to North Richmond (40%) and the City of Yarra (20%); and
- A much lower proportion of 3 bedroom dwellings (10%) compared to Richmond North (23%) and the City of Yarra (40%).

Housing Diversity & Adaptability Assessment**Table 2 – North Richmond, City of Yarra and Greater Melbourne Housing Profile Compared**

Compared to Yarra, North Richmond has:	Compared to Greater Melbourne, North Richmond has:
a similar average household size	a much lower average household size
A lower proportion of separate houses	a much lower proportion of separate houses
a much lower proportion of medium density dwelling	a much higher proportion of medium density dwelling
a much higher proportion of high-density dwellings	a much higher proportion of high-density dwellings
a higher proportion of dwellings with 0 or 1 bedrooms	a much higher proportion of dwellings with 0 or 1 bedrooms
a slightly higher proportion of dwellings with 2 bedrooms	a much higher proportion of dwellings with 2 bedrooms
a slightly lower proportion of dwellings with 3 bedrooms	a much lower proportion of dwellings with 3 bedrooms
a lower proportion of dwellings with 4 or more bedrooms	a much lower proportion of dwellings with 4 or more bedrooms
a lower proportion of households who fully own their home	a much lower proportion of households who fully own their home
a lower proportion of households who are purchasing their own home	a much lower proportion of households who are purchasing their own home
a slightly lower proportion of households who are renting privately	a much higher proportion of households who are renting privately
a much higher proportion of households who rent some form of social housing	a much higher proportion of households who rent some form of social housing
a lower median weekly rental payment	a higher median weekly rental payment
a similar median weekly mortgage repayment	a much higher median weekly mortgage repayment
a similar proportion of households paying high mortgage repayments (\$2,600 or more per month)	a much higher proportion of households paying high mortgage repayments (\$2,600 or more per month)
a much lower proportion of households with high rental payments (over \$450 per week)	a much higher proportion of households with high rental payments (over \$450 per week)
a higher proportion of households with housing stress ²	a higher proportion of households with housing stress
a lower proportion of households with mortgage stress ³	a much lower proportion of households with mortgage stress
a higher proportion of households with rental stress ⁴ .	a much lower proportion of households with rental stress.

Source: Population and household forecasts, 2016 to 2041, prepared by .id (informed decisions), August 2018.

² Housing Stress is defined as per the NATSEM (National Centre for Social and Economic Modelling) model as households in the lowest 40% of incomes who are paying more than 30% of their usual gross weekly income on housing costs.

³ Mortgage Stress is defined as per the NATSEM (National Centre for Social and Economic Modelling) model as households in the lowest 40% of incomes who are paying more than 30% of their usual gross weekly income on home loan repayments.

⁴ Rental Stress is defined as per the NATSEM (National Centre for Social and Economic Modelling) model as households in the lowest 40% of incomes, who are paying more than 30% of their usual gross weekly income on rent.

Housing Diversity & Adaptability Assessment**Table 3 – A Comparison of North Richmond, City of Yarra & Greater Melbourne Housing****Characteristics**

2016 ABS Census Housing Characteristic	North Richmond	City of Yarra	Greater Melbourne
Average household size (persons per household)	2.07	2.10	2.61
Housing types			
<i>Separate houses</i>	9.8%	13.4%	66.1%
<i>Medium density</i>	32.4%	48.1%	22.9%
<i>High density</i>	56.9%	37.1%	10.1%
Bedroom numbers			
<i>0 or 1 bedrooms</i>	21.3	17.8	6%
<i>2 bedrooms</i>	41.5	40.4	19.5%
<i>3 bedrooms</i>	23.3	24.3	40.1%
<i>4 bedrooms</i>	3.6	5.8	23.0%
<i>5 or more bedrooms</i>	0.8	1.3	4.8%
Households who fully own their home	13.3	18.2	29.0%
Households purchasing dwellings	17.7	20.4	34.3%
Households renting privately	39.0	40.3	25.8%
Households renting some form of social housing	19.5	9.5	2.6%
Median weekly rental payments	\$375	\$432	\$355
Median weekly mortgage repayments	\$497	\$500	\$421
Proportion of households with high mortgage payments (paying more than \$2,600 per month)	38.3%	38.5%	22.4%
Proportion of households with high rental payments (paying more than \$450 per week)	34.2%	45.4%	23.0%
Proportion of households with housing stress	13.5%	9.7%	11.7%
Proportion of households with mortgage stress	3.9%	4.6%	11.2%
Proportion of households with rental stress	19.8%	17.5%	27.4%

Source: Population and household forecasts, 2016 to 2041, prepared by .id (informed decisions), August 2018.

Table 4 on the following page summarises the current household types living in high density apartments across the City of Yarra. These statistics, based on the 2016 ABS Census provides some indication of what the household profile of the proposed development will look like. This includes:

- A high proportion of lone person households (38%);
- Couple families with no children (30%);
- Group households (10%);
- One parent families (10%); and
- Couple families with children (9%).

Housing Diversity & Adaptability Assessment

Table 4 – City of Yarra Household Type Profile of People Living in High Density Apartments

Family Household Composition Type	One bedroom	Two bedrooms	Three bedrooms	Total
Lone person household	60%	30%	16%	38%
One family household: Couple family with no children	33%	31%	16%	30%
Group household	3%	15%	8%	10%
One family household: One parent family	1%	10%	31%	10%
One family household: Couple family with children	1%	10%	24%	9%
One family household: Other family	0%	3%	3%	2%
Visitors only household	2%	1%	1%	1%
Two family household: Couple family with no children	0%	0%	0%	0%
Two family household: Couple family with children	0%	0%	1%	0%
Two family household: One parent family	0%	0%	0%	0%
Other non-classifiable household	0%	0%	0%	0%
Two family household: Other family	0%	0%	0%	0%
Three or more family household: Couple family with no children	0%	0%	0%	0%
Three or more family household: Couple family with children	0%	0%	0%	0%
Three or more family household: One parent family	0%	0%	0%	0%
Three or more family household: Other family	0%	0%	0%	0%

Data Source: Census of Population and Housing, 2016, TableBuilder

4.4 Forecast Population, Household & Dwelling Change for North Richmond

As shown in Table 5 below, the population of North Richmond will increase by 42% between 2021 (estimated population of approximately 17,500) and 2041 (projected population of approximately 24,800), accommodating approximately 7,350 additional residents. The number of dwellings in North Richmond will increase from approximately 8,500 in 2021 to approximately 12,800 by 2041. Average household size is anticipated to decline slightly from 2.1 persons in 2021 to 2.03 by 2041.

Table 5 - Forecast Population, Household & Dwelling Change for North Richmond

Summary	Forecast Year					Change from 2019 to 2041	% Change from 2019 to 2041
	2021	2026	2031	2036	2041		
Population	17,453	19,976	21,754	23,602	24,802	7,349	42%
Households	8,180	9,511	10,462	11,439	12,124	3,944	48%
Average household size	2.11	2.08	2.06	2.05	2.03	-0.08	-4%
Dwellings	8,498	10,026	11,028	12,058	12,780	4,282	50%

Source: Population and household forecasts, 2016 to 2041, prepared by .id (informed decisions), August 2018.

Housing Diversity & Adaptability Assessment

Based on these projections and assumptions the subject site will represent:

- 4.3% to 5.0% of all dwellings in North Richmond by 2041;
- 12.7% to 15.1% of all new dwellings to be delivered in North Richmond by 2041; and
- 3.6% to 4.2% of the total population of North Richmond by 2041.

5. Affordable Housing Assessment

As mentioned previously in Section 1.2, DPO15 states that the Housing Diversity & Adaptability Report must be prepared explaining the mix of housing proposed including “the model to provide 10% of the total number of dwellings as affordable housing”.

It should be noted that three important changes to the *Planning and Environment Act 1987* came into effect on 1 June 2018. Those changes were:

- Adding a new objective to the Act “to facilitate the provision of affordable housing in Victoria”.
- Providing a definition of affordable housing – “affordable housing is housing, including social housing, that is appropriate for the housing needs of very low, low, and moderate-income households”.
- Affirming the use of section 173 for voluntary affordable housing agreements “... a Responsible Authority may enter into an agreement with an owner of land for the development or provision of land in relation to affordable housing”.

5.1 Affordable Rental, Mortgage and Dwelling Purchase Price Estimates

Recent changes to the Planning and Environment Act introduced provisions related to Affordable Housing, including definitions for very low, low and moderate income households based on income ranges (“Section 3AB incomes ranges”). July 1, 2021 values for the Greater Capital City Statistical Area of Melbourne are shown below in Table 6 and gazetted for three main household types.

Table 6 -Specification of Income Ranges for the Greater Capital City Statistical Area of Melbourne

	Very low income range (annual)	Low income range (annual)	Moderate income range (annual)
Single adult	Up to \$26,200	\$26,201 to \$41,920	\$41,921 to \$62,860
Couple, no dependant	Up to \$39,290	\$39,291 to \$62,870	\$62,871 to \$94,300
Family (with one or two parents) and dependent children	Up to \$55,000	\$55,001 to \$88,020	\$88,021 to \$132,030

Source: Section 3AB of the Planning and Environment Act 1987 – 1 July 2021

5.2 Real Estate Institute of Victoria Median Housing Price Data for Richmond

Table 7 below shows more recent property and rental median price data⁵ available from Real Estate Institute of Victoria (REIV) website for the suburb of Richmond. It indicates that the median Richmond house price as of the June quarter 2021 was \$1.46 million and the median rental house price was \$670 per week. The Richmond median unit price was \$710,000 and median rental unit price was \$440 per week.

The data also provides a breakdown of median property (house and units) and rental prices by the number of bedrooms the property contains.

Median house rental prices in Richmond range from \$600 per week for a 2 bedroom home to \$998 per week for a 4 bedroom home. Median unit rental prices range from \$350 per week for a 1 bedroom unit to \$800 per week for a 3 bedroom unit.

Table 7 – Richmond Median Property and Rental Prices by Bedroom Size (REIV June Qtr 2021 data)

	House	Unit
Buy		
1 BR	-	\$410,000
2 BR	\$1,250,000	\$677,750
3 BR	\$1,590,000	\$1,330,000
4 BR	\$2,240,000	-
Median house price	\$1.46 million	\$710,000
Rent		
1 BR	-	\$350
2 BR	\$600	\$523
3 BR	\$795	\$800
4 BR	\$998	-
Median rent price	\$670	\$440

Source: <https://reiv.com.au/market-insights/suburb/richmond>

⁵ Refers to property data for 12 months ending June 30 2021.

5.3 Affordable Rental Estimates

Table 8 below provides affordable weekly rent estimates based on the Section 3AB income ranges and on the assumption that no more than 30% of household income is spent on rent. Note that the 30% benchmark is presented for discussion purposes as it is a number quoted in the property industry, but not a legislated or agreed benchmark. It indicates that the affordable weekly rental figures will range as follows:

- from up to \$151 per week (for very low income singles) to \$363 per week for a moderate income single adult;
- from \$227 per week (for a very low income couple with no dependent) to \$544 per week for a moderate income couple with no dependents; and
- from \$317 per week (for a very low income family with dependent children) to \$762 per week for a moderate income a family (with one or two parents) and dependent children.

Table 8 - Affordable Weekly Rental Estimates Based on a Maximum of 30% of Weekly Income for Rent

	Very low income range (annual)		Low income range (annual)		Moderate income range (annual)	
Single adult	Up to	\$151	\$151	\$242	\$242	\$363
Couple, no dependant	Up to	\$227	\$227	\$363	\$363	\$544
Family (with one or two parents) and dependent children	Up to	\$317	\$317	\$508	\$508	\$762

Table 9 on the following page assesses which Section 3AB income ranges can afford to rent either a 1 bedroom, 2 bedroom or 3 bedroom unit (using REIV June quarter 2021 median unit price data) without exceeding 30% of monthly household income on mortgage repayments. Median rental house prices are excluded from this assessment as the proposed development will consist predominantly of apartment dwellings. The shaded figures in Table 9 represent the income ranges that can afford to rent either a 1 bedroom, 2 bedroom or 3 bedroom unit.

Table 9 also shows that for those seeking to rent a 1 bedroom unit, the income ranges which satisfy the criteria above are:

- A couple with no dependents on the upper end of the moderate income range; and
- Families (with one or two parents) and dependent children on the upper end of the low income range and the moderate income range.

Housing Diversity & Adaptability Assessment

For those seeking to rent a 2 bedroom unit, the income ranges which satisfy the criteria above are:

- A couple with no dependents on the upper end of the moderate income range; and
- Families (with one or two parents) and dependent children on the upper end of the low income range and the moderate income range.

For those seeking to rent a 3 bedroom unit, none of the income ranges satisfy the criteria above.

Table 9 – Richmond Affordable Rent Assessment⁶

1 Bedroom Unit: Richmond					
Median Rent for 1 Bedroom Unit		\$350.00			
	Very low income range (annual)	Low income range (annual)		Moderate income range (annual)	
Single adult	-\$205	-\$204	-\$117	-\$117	-\$1
Couple, no dependant	-\$132	-\$132	-\$1	-\$1	\$174
Family (with one or two parents) and dependent children	-\$45	-\$45	\$139	\$139	\$383
2 Bedroom Unit: Richmond					
Median Rent for 2 Bedroom Unit		\$523.00			
	Very low income range (annual)	Low income range (annual)		Moderate income range (annual)	
Single adult	-\$378	-\$377	-\$290	-\$290	-\$174
Couple, no dependant	-\$305	-\$305	-\$174	-\$174	\$1
Family (with one or two parents) and dependent children	-\$218	-\$218	-\$34	-\$34	\$210
3 Bedroom Unit: Richmond					
Median Rent for 3 Bedroom Unit		\$800.00			
	Very low income range (annual)	Low income range (annual)		Moderate income range (annual)	
Single adult	-\$655	-\$654	-\$567	-\$567	-\$451
Couple, no dependant	-\$582	-\$582	-\$451	-\$451	-\$276
Family (with one or two parents) and dependent children	-\$495	-\$495	-\$311	-\$311	-\$67

⁶ The figures shown represent the difference between median unit rents in Richmond and affordable weekly rental estimates for the three main household types and three income ranges.

5.4 Affordable Mortgage Estimates

Table 10 below provides affordable monthly mortgage estimates based on the Section 3AB income ranges, and on the assumption that no more than 30% of household income is spent on mortgage repayments. It indicates that the affordable monthly mortgage figures will range as follows:

- from up to \$655 per month (for very low income singles) to \$1,572 per month for a moderate income single adult;
- from \$982 per month (for a very low income couple with no dependent) to \$2,358 per month for a moderate income couple with no dependents; and
- from \$1,375 per month (for a very low income family with dependent children) to \$3,301 per month for a moderate income a family (with one or two parents) and dependent children.

Table 10 – Affordable Monthly Mortgage Estimates Based on a Maximum of 30% of Monthly Income on Mortgage Repayments

	Very low income range (annual)		Low income range (annual)		Moderate income range (annual)	
	Up to					
Single adult	Up to	\$655	\$655	\$1,048	\$1,048	\$1,572
Couple, no dependant	Up to	\$982	\$982	\$1,572	\$1,572	\$2,358
Family (with one or two parents) and dependent children	Up to	\$1,375	\$1,375	\$2,201	\$2,201	\$3,301

Table 11 on the following page assesses which Section 3AB income ranges have the capacity to purchase either a 1 bedroom, 2 bedroom or 3 bedroom unit (using REIV June quarter 2021 median unit price data) without exceeding 30% of monthly household income on mortgage repayments. The other key assumptions used in these calculations were:

- 2.32% variable home loan interest rate⁷;
- 30 year loan term;
- Buyers are eligible for the \$10,000 first home buyers grant;
- A 10% deposit made by the buyer (excluding the first home buyers grant); and
- first home buyer duty exemption for dwellings valued at \$600,000 or less.

⁷ Based on average interest rate July 2021, [Mortgage calculator - MoneySMART.gov.au](https://www.moneySMART.gov.au/mortgage-calculator)

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The shaded figures in Table 10 represent the income ranges that can afford to purchase either a 1 bedroom, 2 bedroom or 3 bedroom unit.

For those seeking to purchase a 1 bedroom unit⁸, the income ranges which satisfy the criteria above are:

- Single adults on the upper end of the moderate income range;
- A couple with no dependents on the upper end of the low income range and the moderate income range; and
- Families (with one or two parents) and dependent children on the upper end of the low income range and the moderate income range.

For those seeking to purchase a 2 bedroom unit, the income ranges which satisfy the criteria above are:

- A couple with no dependents on the upper end of the moderate income range; and
- Families (with one or two parents) and dependent children on the upper end of the moderate income range.

For those seeking to purchase a 3 bedroom unit, none of the income ranges satisfy the criteria.

Table 11 – Richmond Affordable Unit Purchase Prices⁹

Unit / Bedroom Type	Median \$			
1 Bedroom Unit: Richmond				
Median 1 Bedroom Unit Price	\$410,000			
Monthly Mortgage Repayment	\$1,395			
	Very low income range (annual)	Low income range (annual)		Moderate income range (annual)
Single adult	-\$740	-\$740	-\$347	-\$347 \$177
Couple, no dependant	-\$413	-\$413	\$177	\$177 \$963
Family (with one or two parents) and dependent children	-\$20	-\$20	\$806	\$806 \$1,906
2 Bedroom Unit: Richmond				
Median 2 Bedroom Unit Price	\$677,750			
Monthly Mortgage Repayment	\$2,325			
	Very low income range (annual)	Low income range (annual)		Moderate income range (annual)

⁸ Median prices are based on Real Estate Institute of Victoria (REIV) data for June quarter 2021.

⁹ The figures shown represent the difference between median mortgage estimates in Richmond for units and affordable monthly mortgage estimates for the three main household types and three income ranges.

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Unit / Bedroom Type	Median \$				
Single adult	-\$1,670	-\$1,670	-\$1,277	-\$1,277	-\$754
Couple, no dependant	-\$1,343	-\$1,343	-\$753	-\$753	\$33
Family (with one or two parents) and dependent children	-\$950	-\$950	-\$125	-\$124	\$976
3 Bedroom Unit: Richmond					
Median 3 Bedroom Unit Price	\$1,330,000				
Monthly Mortgage Repayment	\$4,590				
	Very low income range (annual)	Low income range (annual)		Moderate income range (annual)	
Single adult	-\$3,935	-\$3,935	-\$3,542	-\$3,542	-\$3,019
Couple, no dependant	-\$3,608	-\$3,608	-\$3,018	-\$3,018	-\$2,233
Family (with one or two parents) and dependent children	-\$3,215	-\$3,215	-\$2,390	-\$2,389	-\$1,289

5.5 Priority Target Groups for Social and Affordable Housing

Although there are a potentially a wide range of priority population target groups for social and affordable housing, much of the detail about who to prioritise will need to be further discussed with the prospective Registered Housing Association partner the developer is seeking to partner with.

However, based on the analysis presented in Section 6.6 the following rental demographic groups should be prioritised:

- Very low to low income lone person households;
- Very low to low income couples with no dependents; and
- Very low to low income families (with one or two parents) and dependent children.

6. Summary of Key Conclusions & Recommendations

6.1 Summary of Proposed Housing and Population Outcomes

In summary, the proposed development will:

- Generate between 545 to 645 apartments;
- Indicatively, 30% of all dwellings will be 1 bedroom apartments, 60% will be 2 bedroom and 10% will be 3 bedroom dwellings; and
- Based on 0.9 persons per bedroom, the subject site will generate a resident population of between approximately 880 to 1,045.
- Represent 4.3% to 5.0% of all dwellings in North Richmond by 2041;
- Represent 12.7% to 15.1% of all new dwellings to be delivered in North Richmond by 2041; and
- Represent 3.6% to 4.2% of the total population of North Richmond by 2041.

It is anticipated that the proposed development will broadly reflect the current profile of household types of people living in high density developments across the City of Yarra which currently consists of:

- A high proportion of lone person households (38%);
- Couple families with no children (30%);
- Group households (10%);
- One parent families (10%); and
- Couple families with children (9%).

6.2 Key Housing Diversity Outcomes

When compared to Richmond North and the City of Yarra, the proposed development will deliver:

- A much higher proportion of high-density apartments (100%) than Richmond North (57%) or the City of Yarra (37%);
- Subject to the outcome of discussions with prospective Housing Associations / Providers, a similar proportion of social housing as the City of Yarra (10%), but lower than the North Richmond (20%);
- A much higher proportion of 1 bedroom dwellings (30%) compared to North Richmond (21%) and the City of Yarra (18%);

Housing Diversity & Adaptability Assessment

- A much higher proportion of 2 bedroom dwellings (60%) compared to North Richmond (40%) and the City of Yarra (20%); and
- A much lower proportion of 3 bedroom dwellings (10%) compared to Richmond North (23%) and the City of Yarra (40%).

6.3 Social and Affordable Housing Outcomes

Overall Outcomes

- Given the anticipated dwelling yield ranging from 545 to 645 dwellings, the proposed development will likely generate a requirement for 55 to 65 affordable homes.

Private Rental

- For those seeking to rent a 1 bedroom unit, the Section 3AB income ranges which satisfy the key criteria (i.e. no more than 30% of household income is spent on rent) are:
 - A couple with no dependents on the upper end of the moderate income range; and
 - Families (with one or two parents) and dependent children on the upper end of the low income range and the moderate income range.
- For those seeking to rent a 2 bedroom unit, the Section 3AB income ranges which satisfy the key criteria (i.e. no more than 30% of household income is spent on rent) are:
 - A couple with no dependents on the upper end of the moderate income range; and
 - Families (with one or two parents) and dependent children on the upper end of the low income range and the moderate income range.
- For those seeking to rent a 3 bedroom unit, none of the Section 3AB income ranges satisfy the key criteria.

Private Home Purchasers

- For those seeking to purchase a 1 bedroom unit¹⁰, the Section 3AB income ranges which satisfy the key criteria (i.e. no more than 30% of household income is spent on a mortgage) are:
 - Single adults on the upper end of the moderate income range;

¹⁰ Median prices are based on Real Estate Institute of Victoria (REIV) data for June quarter 2021.

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- A couple with no dependents on the upper end of the low income range and the moderate income range; and
- Families (with one or two parents) and dependent children on the upper end of the low income range and the moderate income range.
- For those seeking to purchase a 2 bedroom unit, the Section 3AB income ranges which satisfy the key criteria (i.e. no more than 30% of household income is spent on a mortgage) are:
 - A couple with no dependents on the upper end of the moderate income range; and
 - Families (with one or two parents) and dependent children on the upper end of the moderate income range.
- For those seeking to purchase a 3 bedroom unit, none of the Section 3AB income ranges satisfy the key criteria.

Social Housing

- As illustrated by the case studies presented in Section 3.11 of this report, there are potentially a wide range of models and strategies for achieving the affordable housing requirement for the proposed development. Whilst there may be many potential models of provision the broad types can be summarised as:
 - **Purchase land and / or dwellings** (the Registered Housing Association may purchase land / or dwellings directly from its own funds or via equity partners, or via an application for some form of Government funding program - e.g. Federal Government NRAS program. External funding applications may not be successful and also take some time to be evaluated. Any arrangements between the Registered Housing Association and the developer are likely to be subject to the outcome of these processes.);
 - **Head lease agreements;**
 - **Management of dwellings; and**
 - **Rent-to-buy.**
- However, the developers of the subject site have indicated they have commenced discussions with a number of Registered Housing Associations (refer to Appendix 3.9 for more details of the Registered Housing Association sector) with a view to incorporating a component of social housing within the proposed development. The proposed development represents a significant contribution toward social and affordable housing outcomes in the local area including increasing the level of supply, and creating higher quality, better configured homes which better able to respond to changing demographic needs.
- Although there are a potentially a wide range of priority population target groups for the proposed social housing initiative, much of the detail about who to prioritise will need to be

Housing Diversity & Adaptability Assessment

further discussed with the prospective Registered Housing Association / Provider partner. However, based on the analysis presented in the report the following rental demographic groups should be prioritised:

- Very low to low income lone person households;
- Very low to low income couples with no dependents; and
- Very low to low income families (with one or two parents) and dependent children.

6.4 Proposed Affordable Housing Model

The proponent intends to pursue its affordable housing obligations (i.e. 10% of all new dwellings) by entering into an arrangement with a Registered Housing Association to purchase at a discounted rate the required number of dwellings (45 to 50 dwellings).

The broad process the proponent will undertake to pursue this option will consist of the following steps:

- The proponent will interview a range of interested Registered Housing Associations to partner with.
- Select one preferred partner.
- Confirm the number and type of apartments required and what the likely target population target groups for these dwellings will be.
- Determine where and how the social housing dwellings are to be located within the development.
- A broad model of provision will then need to be negotiated and confirmed between the developer and the Registered Housing Association.

6.5 Consistency with Key Housing Policies, Strategies and Plans

The proposed development is consistent with and supportive of the following key housing policies, strategies and plans reviewed as part of this report.

- Outcome 2 (Melbourne provides housing choice in locations close to jobs and services) of ***Plan Melbourne 2017-2050***;
- ***Homes for Victorians 2017*** (Supporting people to buy their own home; promoting stability and affordability for renters; and increasing and renewing social housing stock);
- Key housing objectives of the **Yarra Planning Scheme**;
- The goals and directions of Council's ***Housing Strategy (2018)*** and ***Social and Affordable Housing Strategy (2019)***. The Housing Strategy aims to ensure that a greater choice and

Housing Diversity & Adaptability Assessment

diversity of housing is available to residents in the municipality's established areas including North Richmond. The Social and Affordable Housing Strategy aims to ensure a diverse population lives in the municipality by increasing the supply of social and affordable housing suitable to households at various income levels and requirements.

- Council's policy guidance in relation to ***Affordable Housing Outcomes at Significant Developments***. This policy states that, when considering proposals for the rezoning of land for residential use that would allow the development of 50 or more dwellings, it is Council policy that a requirement (or requirements) will be included in the planning scheme provisions that secure at least 10% of the dwellings as affordable housing, which are to be transferred to a registered housing agency, or an alternative arrangement of equal or better benefit, to the satisfaction of Council.

6.6 Implementation Plan

It is recommended that the recommendations of this report should be implemented via a proposed Planning Agreement that applies to the subject site over multiple stages based on market forces and other factors.

The key requirement of the Planning Agreement is to ensure that 10% of all dwellings in the Development to be constructed and retained permanently as social housing dwellings.

The report has been based on a yield assumption ranging between 545 to 645. It is intended that should ultimate yield vary, the principles and requirements set out in this report can be scaled up or down.

An example of a Social Housing and Affordable Housing Planning Agreement from a recently approved development (New Epping in the City of Whittlesea) is provided in Appendix 4.

6.7 Monitoring

It is proposed that at the time of making a permit application for building works, the Owner nominate in the application the number of dwellings that are to be allocated as a Social or Affordable Housing in accordance with the proposed Planning Agreement.

At the completion of construction of the dwellings which are the subject of the permit, the Owner should provide a copy of the Occupancy Certificate from the Building Surveyor to Yarra City Council to show that the dwellings that have been constructed.

81-95 Burnley Street and 26-34 Doonside Street, Richmond

Housing Diversity & Adaptability Assessment

Yarra City Council will be responsible for keeping a register of permit applications granted and the cumulative number of units approved in each category. Similarly, the register should also reference the number of dwellings constructed.

Appendices

Appendix 1. Overview of Social Housing

Social housing

Social housing is an umbrella term that includes both public housing and community housing. It generally indicates housing that involves some degree of subsidy.

Public housing

Public housing is housing owned and managed by Homes Victoria. The government provides public housing to eligible Victorians including people who are:

- unemployed
- on low incomes
- live with a disability or a mental illness
- who are at risk of homelessness.

Community Housing

Community housing is housing owned or managed by community housing providers. The community housing sector and government work in partnership to deliver more housing to more Victorians who need support. Community housing providers are highly regulated, not-for-profit organisations that specialise in housing the diverse range of tenants that require both public and affordable homes. Because of their not-for profit structure they can deliver services cost effectively and to high standards.

Weekly Income Limits for Eligible Households Applying for Social Housing in Victoria

The current weekly income limits for eligible households applying for social housing in Victoria are shown in Table 12 below.

Table 12 – Weekly Income Limits for Eligible Households Applying for Social Housing in Victoria

Household Type	Register of Interest	Priority Housing
Single	\$1,059	\$593
Couple	\$1,621	\$1,025
Family with one or two parents and dependent children	\$2,186	\$1,062
Each additional dependent	\$355	\$37
Asset limit	\$34,656 ¹¹	\$13,699 ¹²

Source: Social Housing Eligibility, HousingVic, 1 April 2021 (<https://www.housing.vic.gov.au/social-housing-eligibility>)

¹¹ The asset limit goes up to \$115,522 for households who need major or full disability modifications.

¹² The asset limit goes up to \$115,522 for households who need major or full disability modifications.

Appendix 2. Affordable Housing Specification of Income Ranges (1 July, 2021)**Affordable housing**

Affordable housing is a broad term describing housing suitable for the needs of a range of low to moderate income households and priced (whether bought or rented) so these households can meet their other essential living costs.

Planning and Environment Act 1987
SECTION 3AB – SPECIFICATION OF INCOME RANGES
Order in Council

The Governor in Council under section 3AB of the **Planning and Environment Act 1987** and on the recommendation of the Minister for Planning, the Minister administering the **Planning and Environment Act 1987**, hereby specifies, with respect to affordable housing that is not social housing, the following ranges to be the very low income range, low income range and moderate income range respectively:

Table 1 – Greater Capital City Statistical Area of Melbourne

	Very low income range (annual)	Low income range (annual)	Moderate income range (annual)
Single adult	Up to \$ 26,200	\$ 26,201 to \$41,920	\$41,921 to \$62,860
Couple, no dependant	Up to \$ 39,290	\$ 39,291 to \$62,870	\$62,871 to \$94,300
Family (with one or two parents) and dependent children	Up to \$ 55,000	\$ 55,001 to \$88,020	\$88,021 to \$132,030

Table 2 – Rest of Victoria

	Very low income range (annual)	Low income range (annual)	Moderate income range (annual)
Single adult	Up to \$19,090	\$19,091 to \$30,550	\$30,551 to \$45,820
Couple, no dependant	Up to \$28,640	\$28,641 to \$45,820	\$45,821 to \$68,730
Family (with one or two parents) and dependent children	Up to \$40,090	\$40,091 to \$64,150	\$64,151 to \$96,220

Note: Table 1 and 2 are derived from annual area median income from the Australian Bureau of Statistics 2016 Census of Population and Housing and indexed using the Australian Bureau of Statistics Housing Group of the Consumer Price Index

This Order applies from 1 July 2021.

Dated: 22 June 2021

Responsible Minister:

HON. RICHARD WYNNE MP

Minister for Planning

SAMUAL WALLACE
Acting Clerk of the Executive Council

Appendix 3. Review of Statutory and Strategic Documents

3.1 Plan Melbourne 2017

Plan Melbourne 2017 is a metropolitan planning strategy that defines the future shape of the city and state over the next 35 years. Integrating long-term land use, infrastructure and transport planning, Plan Melbourne sets out the strategy for supporting jobs and growth, while building on Melbourne's legacy of distinctiveness, liveability and sustainability. The plan includes:

- 9 principles to guide policies and actions
- 7 outcomes to strive for in creating a competitive, liveable and sustainable city
- 32 directions outlining how these outcomes will be achieved
- 90 policies detailing how these directions will be turned into action

In addition, a separate 5-year Implementation Plan with 112 actions has been developed. Of particular relevance to this assessment are the directions and policies outlined in Outcome 2 (housing related directions). The directions and policies associated with these two outcomes are summarised below.

Outcome 02: Melbourne provides housing choice in locations close to jobs and services

Manage the supply of new housing in the right locations to meet population growth and create a sustainable city

- Maintain a permanent urban growth boundary around Melbourne to create a more consolidated, sustainable city
- Facilitate an increased percentage of new housing in established areas to create a city of 20-minute neighbourhoods close to existing services, jobs and public transport
- Plan for and define expected housing needs across Melbourne's regions
- Provide certainty about the scale of growth in the suburbs

Deliver more housing closer to jobs and public transport

- Facilitate well-designed, high-density residential developments that support a vibrant public realm in Melbourne's central city
- Direct new housing and mixed-use development to urban-renewal precincts and sites across Melbourne
- Support new housing in activity centres and other places that offer good access to jobs, services and public transport
- Provide support and guidance for greyfield areas to deliver more housing choice and diversity

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- Require development in growth areas to be sequenced and staged to better link infrastructure delivery to land release

Increase the supply of social and affordable housing

- Utilise government land to deliver additional social housing
- Streamline decision-making processes for social housing proposals
- Strengthen the role of planning in facilitating and delivering the supply of social and affordable housing
- Create ways to capture and share value uplift from rezonings

Facilitate decision-making processes for housing in the right locations

- Support streamlined approval processes in defined locations
- Facilitate the remediation of contaminated land, particularly on sites in developed areas of Melbourne with potential for residential development

Provide greater choice and diversity of housing

- Facilitate housing that offers choice and meets changing household needs
- Provide a range of housing types in growth areas

3.2 Homes for Victorians (2017)

Homes for Victorians is the Victorian Government's response to the housing affordability crisis in Victoria. The documents details the following five broad initiatives:

1. Supporting people to buy their own home
2. Increasing the supply of housing through faster planning
3. Promoting stability and affordability for renters
4. Increasing and renewing social housing stock
5. Improving housing services for Victorians in need

The \$2.6 billion Homes for Victorians plan will increase and renew public housing and address homelessness.

The plan includes:

- \$1 billion Social Housing Growth Fund to increase the supply of social and affordable housing
- \$1.1 billion in financial support for the social housing sector

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- Increased housing support for survivors of family violence through the \$152 million Family Violence Housing Blitz
- An extra 913 social housing dwellings through the \$120 million Social Housing Pipeline
- \$109 million to help move homeless Victorians into stable housing
- \$185 million Public Housing Renewal Program
- \$33 million to help 4,000 Victorians get a private rental home.

The Homes for Victorians plan should result in:

- Around 6,000 new social housing homes
- About 2,500 existing public housing residences renewed
- Help for 19,000 people who are homeless or at the risk of being homeless.

3.3 Statutory Amendments to the Planning and Environment Act 1987

Three important changes were made to the Planning and Environment Act 1987 that came into effect on 1 June 2018. Those changes were:

- Adding a new objective to the Act “to facilitate the provision of affordable housing in Victoria”.
- Providing a definition of affordable housing – “affordable housing is housing, including social housing, that is appropriate for the housing needs of very low, low, and moderate-income households”.
- Affirming the use of section 173 for voluntary affordable housing agreements “... a Responsible Authority may enter into an agreement with an owner of land for the development or provision of land in relation to affordable housing”.

The role of planning

Homes for Victorians: Affordability, access and choice (March 2017) and *Plan Melbourne 2017-2050* (March 2017) recognise the critical need to increase the supply of affordable housing.

Both strategies found that the planning system alone cannot address all issues relating to the affordability of housing, but acknowledged that there is a role for the planning system to facilitate the supply of affordable housing.

Objective of the changes

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The objective of the recent changes to the Planning and Environment Act 1987 (the Act) is to facilitate the supply of affordable housing through the planning system.

The changes to the Act are also intended to provide a framework that allows for innovative approaches to the delivery of affordable housing and flexibility for parties when reaching an affordable housing agreement.

Section 173 agreements for affordable housing

One mechanism to facilitate the supply of affordable housing is through a voluntary agreement between a Responsible Authority (generally a local council) and a landowner to deliver affordable housing as part of new developments.

Such agreements are generally referred to as section 173 agreements. The power to enter into the agreement arises under section 173 of the Act.

Affordable Housing Definition

Meaning of affordable housing:

(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.

(3) Matters specified by the Minister by notice under subsection (2) cannot include price ranges or prices for the purchase or rent of housing.

(4) In this section—

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- **low income households** means households with a household income within the income range specified as a very low income range by Order under section 3AB (refer to Appendix 2 for a copy of the specification of ranges);
- **moderate income households** means households with a household income within the income range specified as a moderate income range by Order under section 3AB;
- **social housing** has the same meaning as in section 4(1) of the Housing Act 1983;
- **very low income households** means households with a household income within the income range specified as a very low income range by Order under section 3AB.

Order in Council specifying income ranges

(1) The Governor in Council, on the recommendation of the Minister, by Order published in the Government Gazette, may specify— (a) a range of household income as a very low income range; and (b) a range of household income as a low income range; and (c) a range of household income as a moderate income range (refer to Appendix 2 for a list these income ranges).

(2) An Order under this section may specify a range of household income as a very low income range, a low income range or a moderate income range by reference to statistical data published by the Australian Bureau of Statistics.

3.4 Yarra Planning Scheme

The Planning Scheme is a statutory document that guides and shapes development in the City of Yarra. It includes State Government provisions as well as local policies specific to Yarra and a strategic vision for the municipality.

Clause 16 Housing

- Planning should provide for housing diversity, and ensure the efficient provision of supporting infrastructure. Planning should ensure the long term sustainability of new housing, including access to services, walkability to activity centres, public transport, schools and open space.
- Planning for housing should include the provision of land for affordable housing.

Clause 16.01-1S Housing supply

Objective

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To facilitate well-located, integrated and diverse housing that meets community needs.

Strategies

- Ensure that an appropriate quantity, quality and type of housing is provided, including aged care facilities and other housing suitable for older people, supported accommodation for people with disability, rooming houses, student accommodation and social housing.
- Increase the proportion of housing in designated locations in established urban areas (including under-utilised urban land) and reduce the share of new dwellings in greenfield, fringe and dispersed development areas.
- Encourage higher density housing development on sites that are well located in relation to jobs, services and public transport.
- Identify opportunities for increased residential densities to help consolidate urban areas.
- Facilitate diverse housing that offers choice and meets changing household needs by widening housing diversity through a mix of housing types.
- Encourage the development of well-designed housing that:
 - Provides a high level of internal and external amenity.
 - Incorporates universal design and adaptable internal dwelling design.
 - Support opportunities for a range of income groups to choose housing in well-serviced locations.
- Plan for growth areas to provide for a mix of housing types through a variety of lot sizes, including higher housing densities in and around activity centres.

16.01-1R Housing supply - Metropolitan Melbourne

Strategies

- Manage the supply of new housing to meet population growth and create a sustainable city by developing housing and mixed use development opportunities in locations that are:
 - In and around the Central City.
 - Urban-renewal precincts and sites.
 - Areas for residential growth.
 - Areas for greyfield renewal, particularly through opportunities for land consolidation.
 - Areas designated as National Employment and Innovation Clusters.
 - Metropolitan activity centres and major activity centres.

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- Neighbourhood activity centres - especially those with good public transport connections.
- Areas near existing and proposed railway stations that can support transit-oriented development.
- Identify areas that offer opportunities for more medium and high density housing near employment and transport in Metropolitan Melbourne.
- Facilitate increased housing in established areas to create a city of 20 minute neighbourhoods close to existing services, jobs and public transport.
- Provide certainty about the scale of growth by prescribing appropriate height and site coverage provisions for different areas.
- Allow for a range of minimal, incremental and high change residential areas that balance the need to protect valued areas with the need to ensure choice and growth in housing.
- Create mixed-use neighbourhoods at varying densities that offer more choice in housing.

16.01-25 Housing affordability

Objective

To deliver more affordable housing closer to jobs, transport and services.

Strategies

- Improve housing affordability by:
 - Ensuring land supply continues to be sufficient to meet demand.
 - Increasing choice in housing type, tenure and cost to meet the needs of households as they move through life cycle changes and to support diverse communities.
 - Promoting good housing and urban design to minimise negative environmental impacts and keep costs down for residents and the wider community.
 - Encouraging a significant proportion of new development to be affordable for households on very low to moderate incomes.
- 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.
 - Ensuring the redevelopment and renewal of public housing stock better meets community needs.
 - Facilitate the delivery of social housing by identifying surplus government land suitable for housing.

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Clause 21.03 Vision

Under the Land Use heading the vision for Yarra includes:

“The City will accommodate a diverse range of people, including families, the aged, the disabled, and those who are socially or economically disadvantaged.”

Clause 21.04 Land Use

21.04-1 Accommodation and housing

Yarra is experiencing consistent residential growth. The Metropolitan Strategy, Melbourne 2030, identifies that this trend will continue. Yarra will continue to accommodate its share of the housing growth of the inner Melbourne Metropolitan region (comprising the Cities of Melbourne, Port Phillip, Stonnington and Yarra).

However, in order to protect valued character, and particularly its heritage places, the majority of new development will be accommodated on strategic redevelopment sites. These sites are generally located in, abutting, or close to activity centres, or in locations that offer good access to services and transport as required under Melbourne 2030. Other areas such as those in Mixed Use or Business zones will accommodate some population growth, while most established Residential 1 zones are stable and will experience minimal change. See Figure 2.

The diverse population of Yarra is valued by the community. In land use terms this will be managed by encouraging the provision of housing for all household structures, and for people with diverse needs. As the population ages, disabilities are becoming more prevalent and a wider range of housing is required. Provision needs to be made for housing that can be adapted to cater for people with disabilities and older persons.

In accommodating new development, the following are under threat and, where possible, must be retained:

- Housing appropriate for families with children
- A continued supply of good quality affordable housing. This includes both existing housing stock and new development
- Rooming house accommodation
- Private and public housing stock and residential care to cater for an ageing population.

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Due to the historic mixed land use pattern of Yarra the interface of residential land use and commercial and industrial activities must be managed to provide reasonable amenity for residents. It is also important that new development provides high levels of amenity for existing and future residents.

Objective 1 To accommodate forecast increases in population.

- Strategy 1.1 Ensure that new residential development has proper regard for the strategies applicable to the neighbourhood in question identified in clause 21.08.
- Strategy 1.2 Direct higher density residential development to Strategic Redevelopment Sites identified at clause 21.08 and other sites identified through any structure plans or urban design frameworks.
- Strategy 1.3 Support residual population increases in established neighbourhoods.

Objective 2 To retain a diverse population and household structure.

- Strategy 2.1 Support the provision of affordable housing for people of all abilities, particularly in larger residential developments and on Strategic Redevelopment Sites.
- Strategy 2.2 Encourage residential development which allows people to age in their existing homes and communities by supporting a range of housing types.
- Strategy 2.3 Support the development of new residential care facilities.
- Strategy 2.4 Encourage the retention of dwellings in established residential areas that are suitable for families with children.

Objective 3 To reduce potential amenity conflicts between residential and other uses.

- Strategy 3.1 Ensure new residential development in the Mixed Use, Business 1, Business 2, and Business 5 Zones and near Industrial and Business Zones is designed to minimise the potential negative amenity impacts of existing non-residential uses in the vicinity.
- Strategy 3.2 Apply the Interface Uses policy at clause 22.05.
- Strategy 3.3 Ensure the location, design and operation of community facilities minimises the potential for negative amenity impacts on the surrounding area.
- Strategy 3.4 Discourage late night and 24 hour trading activities located near residential zones to minimize impacts on residential amenity.
- Strategy 3.5 Apply the Caretakers' Houses policy at clause 22.06.
- Strategy 3.6 Apply the Licensed Premises policy at clause 22.09.

Clause 21.08 Neighbourhoods

21.08-9 North Richmond (area north of Bridge Road)

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This part of Richmond is largely residential and Victorian and Edwardian in its origins. The consistent character of the residential areas must be protected. The Victoria Street Major Activity centre runs along the northern boundary of this neighbourhood. This activity centre spans approximately 2 kilometres and incorporates a variety of land uses along its length – some vibrant and others more dormant in terms of activity and street frontage. Within the centre are three precincts:

Victoria Street West

- This precinct extends from Hoddle Street to Church Street. Asian cuisine, footpath trading and remnant industrial /warehouse areas dominate this vibrant area. The heart of the precinct is between Shelley and Church Streets and is characterised by a wide array of restaurants, bakeries, grocers, fishmongers, butchers, cafes, electrical and bric-a-brac shops.

Victoria Street link

- This precinct spans the area between Church Street and Grosvenor Street. This linking area includes residential and commercial development and a wide range of land uses. New development in this part of the precinct must include active frontages.

Victoria Street East

- This precinct incorporates the area between Grosvenor Street in the west and the Yarra River to the east. It includes a combination of retail, bulky goods, entertainment, residential and office land uses. The centre has a key interface with the Yarra River, which defines its northern and eastern boundaries. Significant parts of this precinct have recently undergone extensive redevelopment. With a number of key sites in the area still up for redevelopment, it will continue to evolve. New development must enhance the landscape qualities of the Yarra River and include active frontages on Victoria Street and the River. The Victoria Gardens development has the capacity to incorporate further residential development. To the east of Burnley Street is an area of mixed industrial character with a pocket of low rise residential development. Given the proximity of this area to Victoria Gardens and the limited demand envisaged for the reuse of large industrial sites, there is potential for a wider range of employment uses including offices to locate in this precinct. It is important to:
 - Protect the pocket of Residential 1 zoned land.
 - Provide land use close to the Victoria Gardens Activity Centre that supports the role of the centre i.e. residential plus mixed uses.
 - Continue to retain industry but allow office development further south and east of the Residential 1 and Mixed Use areas.

Implementation of strategies

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The implementation of land use strategies in clause 21.04 includes: Supporting a change of use to residential plus mixed uses in the industrial area abutting the southern boundary of Victoria Gardens.

Clause 21.09 Monitoring and Review

21.09-1 Monitoring the Objectives of the Scheme

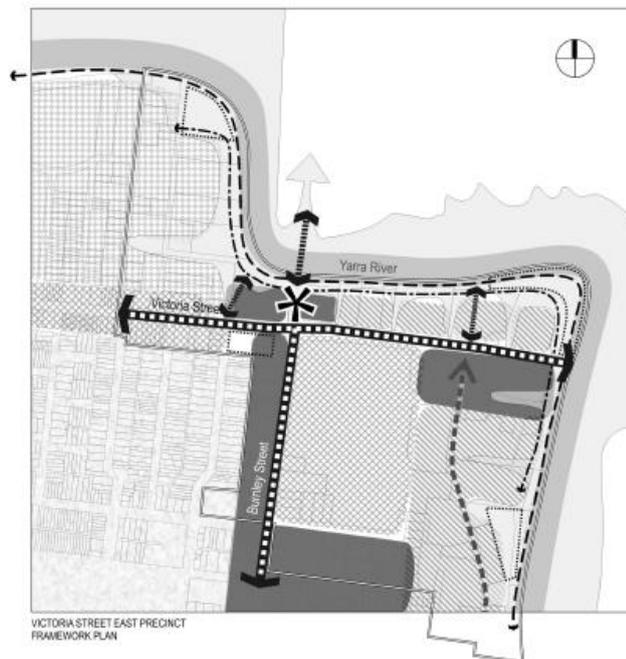
Issue	Indicator	Target	source
Land use			
Residential development	Increase in population numbers. Percentage of new dwellings on strategic redevelopment sites.	1.02% increase per annum until 2016	Australian Bureau of Statistics (ABS)
Housing diversity	Number of one, two, three + bedroom dwellings.	Housing diversity	ABS
Housing affordability	Increase in number of dwellings managed by social housing providers including Office of Housing	Affordable housing options	Council data
Employment	Number of local jobs.	No decrease in employment opportunities	ABS
Built form			
Heritage	Number of demolitions of contributory dwellings within heritage areas.	No loss of contributory buildings	Council data
Open Space			
Increase in area of Public Open Space	Total area (Ha.) of Public Open Space in the municipality	Increase in Public Open Space	Council data

Clause 22.11 Victoria Street East Precinct Policy

This policy applies to all land in the Victoria Street East Precinct as shown on Map 1 forming part of this policy.

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Map 1 Victoria Street East Precinct Framework Plan



LEGEND

- Improved pedestrian amenity and access along main roads
- Pathway in 'natural' setting
- Pathway in 'urban' setting
- Links to river corridor
- Pedestrian connection to River Street
- Precinct Boundary
- Native Landscape
- Existing Parklands/ Reserves
- Walmer Street Gateway
Pedestrian priority and improved
Access to river
- Mixed Use
- Retail Focus
- Employment Focus
- Residential Focus
- Established Housing



To provide for higher intensity residential development within the Major Activity Centre where this will not be discordant with the built form and amenity of residential areas to the west and south of the Precinct.

Clause 58 Apartment Developments

Clause 58.02-3 Dwelling diversity objective

To encourage a range of dwelling sizes and types in developments of ten or more dwellings.

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Standard D3

Developments of ten or more dwellings should provide a range of dwelling sizes and types, including dwellings with a different number of bedrooms.

Clause 53.20 Housing by or on Behalf of the Director of Housing

Purpose

- To facilitate the development of well-designed social housing and affordable housing to meet existing and future needs.
- To increase the social housing and affordable housing stock in Victoria.
- To ensure the development of housing by or on behalf of the Director of Housing does not unreasonably impact on the amenity of adjoining dwellings.

Clause 53.20-1 Application

This clause applies to an application under a provision of a residential zone (other than the Low Density Residential Zone) to construct or extend a dwelling, or to construct or extend a front fence, if the application is made by or on behalf of the Director of Housing. In this clause, Director of Housing means 'Director of Housing' as defined in the Housing Act 1993 and the body corporate established under the Housing Act 1993.

3.5 Yarra Housing Strategy (September 2018)

Yarra's population is growing. By 2031, an extra 32,970 people will move to Yarra and will live in an additional 13,400 homes. As more people choose to call Yarra home, housing growth needs to be planned and managed in a way that maintains the city's key characteristics, liveability and creates additional benefits, including:

- increased supply of affordable housing;
- greater choice and diversity of housing; and
- well-designed internal and outdoor communal spaces in new development.

The Yarra Housing Strategy includes four strategic directions that articulate Yarra's preferred growth strategy, which responds to the unique context of Yarra, including:

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- Strategic direction 1: Monitor population growth, land capacity and evolving development trends in Yarra to plan for future housing growth and needs;
- Strategic direction 2: Direct housing growth to appropriate locations;
- Strategic direction 3: Plan for more housing choice to support Yarra's diverse community; and
- Strategic direction 4: Facilitate the provision of more affordable housing in Yarra.

The adopted Yarra Housing Strategy has guided and informed decisions on how residential land in the municipality will evolve and develop into the future.

Following Council's adoption of the new Yarra Housing Strategy, we commenced a successful program of work to implement the directions of the Housing Strategy, including the drafting of proposed new local housing planning policies being introduced via Amendment C269yara¹³.

3.6 City of Yarra Social and Affordable Housing Strategy (2019)

The Victorian Government is the main supplier and manager of public housing in the state and registered housing agencies are the main community housing providers. Although Yarra Council is not the main policy player, Council can support and contribute to social and affordable housing in a number of ways. Council's overall strategy is to ensure that Yarra maintains a diverse population by increasing the supply of affordable housing for households with various income levels and requirements.

It will achieve this:

- through our role as a planning authority
- by contributing land, buildings and assets
- by partnering with and facilitating the work of other stakeholders
- by advocating to other levels of government

Council's overarching strategy is to:

Ensure a diverse population by increasing the supply of social and affordable housing suitable to households at various income levels and requirements. The four strategic directions stated in this plan

¹³ The public Panel Hearing in relation to Amendment C269yara is scheduled to commence on Tuesday 5 October 2021 and conclude on Friday 29 October 2021.

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flow from this overarching strategy and are based on the roles identified for local government to support an increase of social and affordable housing supply at the municipal level.

- STRATEGIC DIRECTION 1 (SD1): Be a leading local government in realising affordable housing outcomes at new developments across Yarra;
- STRATEGIC DIRECTION 2 (SD2): Make effective and prudent direct investments in social and affordable housing;
- STRATEGIC DIRECTION 3 (SD3): Partner, facilitate and engage with all stakeholders to increase social and affordable housing in Yarra; and
- STRATEGIC DIRECTION 4 (SD4): Continue to pursue evidence-based, strategic advocacy to other levels of government for improved housing outcomes.

Some of the more relevant directions identified by the Strategy include:

- SD1.1 Enhance Council policy and practice in regards to affordable housing agreements at significant developments
 - Direction 1.1.1 When land is rezoned to allow residential use, this positively impacts the site value and Council considers that it is reasonable to capture some of this value and direct it towards improving the provision of affordable housing in the municipality. Council will continue to seek provisions for at least 10% affordable housing to be transferred to a registered housing agency, or an alternative of equal or better benefit, to the satisfaction of Council, at the rezoning of land for residential use that allows more than 50 dwellings. The Policy Guidance Note: Affordable Housing Outcomes at Significant Developments (the Policy Guidance Note) has been updated to reflect this.
 - Direction 1.1.2 Council expects that an affordable housing agreement will be reflected in the Development Plan Overlay (DPO) or a S173 until the conditions are met, or for a predefined number of
 - years. The specific expectations are articulated in the Policy Guidance Note.
 - Direction 1.1.3 Council will continue to request Housing Diversity Reports from proponents and that these reports provide the information necessary for informed consideration. The specific expectations are articulated in the Policy Guidance Note.
 - Direction 1.1.7 Council will investigate whether there are particular circumstances where cash-in-lieu of dwellings delivered in-situ is either warranted or advantageous and how such funds could be managed (for instance a trust). Upon completion, Council will consider whether the Policy Guidance Note is to be amended to include this option.

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- SD1.2 Seek quality, ‘tenure blind’ outcomes at developments which are to include affordable housing
 - Direction 1.2.1 Council expects that any affordable housing should be tenure blind and integrated with market housing, meaning that subsidised and private dwellings should not be able to be readily differentiated through either their appearance, quality or amenity and should have equal access to all communal indoor and outdoor spaces.
 - Direction 1.2.2 Council expects affordable housing dwellings to promote high accessibility standards by being in accordance with Livable Housing Design Guidelines’ Silver level or higher.
 - Direction 1.2.3 Council expects affordable housing dwellings to be built to a high standard in terms of durability and energy-efficiency to decrease ongoing maintenance costs.

- SD3.4 Facilitate planning applications for registered housing agencies
 - Direction 3.4.1 Council will investigate options to support planning applications from registered housing
 - agencies, including: 1) the streamlining of planning approvals, and 2) exemptions from third party appeals, parking requirements and/or height provisions. Upon completion a report will be provided to Council for its consideration.

3.7 City of Yarra Policy Guidance Note: Affordable Housing Outcomes at Significant Developments (Adopted November 12, 2019)

1. The purposes of this policy are:

- 1.1 The City of Yarra is a vibrant and diverse municipality. Through the Council Plan and other strategic documents, Council expresses its commitment to maintain and support a socially, economically and culturally diverse community.
- 1.2 Sustaining a diverse population requires a diversity of housing available at prices that can be afforded by households with very low, low and moderate incomes. Yarra City Council (Council) has a long and proud tradition of advocating for the best housing outcomes for its residents and is committed to working to increase the supply of social and affordable housing in the municipality.
- 1.3 Council wants to see effective partnerships between community housing providers and property developers to deliver affordable housing within the municipality.

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- 1.4 This policy guidance note is provided so that applicants and other interested parties can understand Yarra City Council's expectations relating to affordable housing outcomes at significant developments (providing 50 or more dwellings).
- 1.5 This policy guidance note includes information on Registered Housing Associations and Registered Housing Providers in the state of Victoria.
- 1.6 This note may be updated from time-to-time by Council as and if required.

3. Guidance

- 3.1. When land is rezoned to allow residential use, this positively impacts the site value and Council considers that it is reasonable to capture some of this value and direct it towards improving the provision of affordable housing in the municipality.
- 3.2. When considering proposals for the rezoning of land for residential use that would allow the development of 50 or more dwellings, it is Council policy that a requirement (or requirements) will be included in the planning scheme provisions that secure at least 10% of the dwellings as affordable housing, which are to be transferred to a registered housing agency, or an alternative arrangement of equal or better benefit, to the satisfaction of Council.
- 3.3. A requirement for affordable housing that is imposed on the land when it is rezoned will attach to the land and must be considered by individuals, corporations or government entities in the purchase of the land for development.
- 3.4. In securing the delivery of affordable housing, Council will seek to ensure that the affordable housing will:
 - Meet identified local needs both initially and subsequently, once constructed and into the future.
 - Be affordable – as per the State government legislated income bands – both initially and subsequently, once constructed and into the future.
 - Be tenure-blind and integrated with market housing, meaning that subsidised and private dwellings should not be able to be readily differentiated through either their appearance, quality or amenity and should have equal access to all communal indoor and outdoor spaces.
 - Promote high accessibility standards by being in accordance with Liveable Housing Design Guidelines Silver level or higher.
 - Be built to a high standard in terms of durability and energy-efficiency to decrease ongoing maintenance costs.
- 3.5. Council encourages developers to meet their affordable housing obligations by forming partnerships with Registered Housing Agencies (see list below).

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- 3.6. Council planning officers will offer the following services to developers to assist in the successful delivery of affordable housing:
 - 3.6.1. Interpretation and advice of planning policy and guidance, and what this means for an individual site.
 - 3.6.2. Assistance in calculating the required amount and mix of affordable housing.
 - 3.6.3. Advice on the standard and quality of the proposed housing, design, layout and other development control matters.
- 3.7. Affordable housing will often be secured through a requirement in a Schedule to the Development Plan Overlay (DPO) and/or an agreement made under Section 173 (s173) of the Planning and Environment Act 1987. A s173 is placed on the title to a site until the conditions are met, or for a predefined number of years, as agreed between Council, the developer/landowner and a registered housing agency.
- 3.8. As part of a DPO, Council will also require a Housing Diversity Report to be submitted for Council's consideration and approval. A Housing Diversity Report will need to include information such as:
 - 3.8.1. A demographic analysis of the types of people and households anticipated to live within the development based on the proposed dwelling design and bedroom mix.
 - 3.8.2. A response to the 'Specified Matters under Section 3AA(2)' of the Planning and Environment Act 1987 with regard to the affordable housing that is proposed for the site.
 - 3.8.3. An outline of a preferred delivery model for achieving the agreed affordable housing outcome.
 - 3.8.4. Evidence of genuine discussions that have been had with registered housing agencies.
 - 3.8.5. Financial information as it pertains to project feasibility.
- 3.9. Council has identified a range of households that fall within the definition of affordable housing (as per the Planning and Environment Act 1987) and are unable to afford safe, secure and appropriate housing in the local market. These groups have specific needs – number of bedrooms, accessibility, supportive services etc. – that Council wants addressed at significant developments in Yarra. These households are:
 - 3.9.1. homeless persons,
 - 3.9.2. lower income renters,
 - 3.9.3. Aboriginal and Torres Strait Islander people,
 - 3.9.4. people with disabilities, and
 - 3.9.5. key workers in the local economy.

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- 3.10. Further information about these groups, including implications for housing products and support services is available in the Yarra Social and Affordable Housing Strategy, 2019.

3.8 Public Housing - Affordable Housing Voluntary Contributions: Public Housing as an Affordable Housing Contribution (June 2018)

The Department of Health and Human Services has recently prepared a short guide, targeted at the development industry and Responsible Authorities, which provides an outline of how Public Housing relates to the delivery of Affordable Housing through voluntary agreements pursuant to section 173 of the *Planning and Environment Act 1987* (**Section 173 Agreements**).

Where a Responsible Authority and a landowner/developer wish to negotiate an outcome of the provision of Public Housing as an Affordable Housing contribution, the Responsible Authority and landowner must also obtain the Director of Housing's agreement to the proposal. The Director of Housing will, therefore, be a party to any Section 173 Agreement and must be satisfied that the portfolio's interests are met prior to signing any Section 173 Agreement.

The short guide details the processes, requirements and responsibilities associated with implementing the agreement. Matters covered include:

- At what stage in the town planning process a Section 173 Agreement be negotiated with the Director of Housing;
- Whether the Director of Housing will make a contribution towards the construction of Public Housing;
- Whether the Director of Housing accept cash or land contributions;
- Who will own the Public Housing dwellings once they are constructed;
- The types of ongoing liabilities the Director of Housing will accept;
- Minimum environmental sustainability requirements;
- Other Public Housing design requirements;
- Who determines what type of public housing is needed;
- Minimum dwelling sizes; and
- How to make a request to the Director of Housing.

3.8 Community Housing - Affordable Housing Agreements

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Victoria has a highly-regulated not-for-profit community housing industry that partners with all levels of government, financiers, land owners, developers and builders to deliver affordable housing.

Several organisations are developers in their own right, delivering large-scale residential projects. Others are experienced in working with developers on projects that include affordable and social housing.

The Community Housing Industry in Victoria includes ten **Housing Associations** and 30 **Housing Providers** that collectively own and manage over 19,000 properties with a combined asset value of over \$2.3 billion.

The Community Housing Industry Association of Victoria (CHIA Victoria) works to support the growth of community housing as the most effective and efficient means of ensuring more disadvantaged Victorians can enjoy the dignity of safe, secure and appropriate housing.

The CHIA Victoria website (<https://chiavic.com.au/developers/>) includes a section on Affordable Housing Agreements with community housing organisations. Outlined below are some of the key considerations and advice to developers in relation to establishing affordable housing agreements.

- *In relation to voluntary negotiations, there is no standardised model that establishes whether a dwelling is to be gifted or sold to a Community Housing Organisation.*
- *Planning negotiations that require delivery of affordable housing could entail the gifting of completed dwellings or land to a Community Housing Organisation, or the sale of dwellings or land at an acceptable discount rate.*
- *The delivery model will depend on the negotiations between the land owner and the Council, which should be informed by the advice of a Community Housing Organisation.*
- *The capacity of a Community Housing Organisation to purchase a dwelling will vary.*
- *Developers are encouraged to read the Government Guidance on voluntary planning negotiations available [here](#).*
- *Community Housing Organisations have limited financial capacity due to the low-income nature of their tenants.*
- *The capacity of a Housing Organisation to purchase a dwelling and the price they can pay will depend on a range of factors that need to be discussed with individual organisations.*
- *Each local council will determine its affordable housing needs. The Community Housing Industry Association Victoria strongly encourages councils to defer to Community Housing Organisations on specific housing requirements when negotiating planning outcomes.*

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- *In the case of voluntary planning negotiations, the dwellings are expected to be owned by a Registered Housing Association, however there may be instances where a third party owns the dwellings and the Housing Organisation undertakes the management.*
- *Within the context of voluntary planning negotiations the Community Housing Sector's first preference is for land or built-form outcomes to be gifted as a result of planning negotiations. This may result in a smaller percentage of dwellings that would be achieved if dwellings were discounted.*
- *Land contributions may be an acceptable affordable housing contribution, particularly in larger rezonings. Any council conditions relating to the development of this land must be agreed by the proposed Community Housing Organisation recipient.*
- *There may be some circumstances where a cash contribution may be acceptable. Community Housing Organisations have the required skills and focus to ensure this contribution is appropriately utilised in an acceptable affordable housing outcome.*
- *The decision as to which organisation to partner with is up to the individual developers.*
- *Developers are encouraged to contact a number of Community Housing Organisations to determine organisation interest in your product offering and partnership proposal. For large developments a developer may want to undertake a more formal process to select a preferred community housing partner.*

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3.9 Registered Housing Associations

Registered housing associations are larger, more complex businesses with the skills, expertise and resources to manage, maintain and grow a viable social housing portfolio. They expand new housing through construction, purchase or acquisition, using a mix of government funds and private sector investment. They also manage housing properties owned by them or leased from other parties, such as the Director of Housing.

The ten currently registered housing associations in Victoria are:

- Aboriginal Housing Victoria Limited
- Common Equity Housing Limited
- Community Housing (Vic) Ltd
- Housing Choices Australia Limited
- HousingFirst Limited
- Loddon Mallee Housing Services Ltd (trading as Haven; Home, Safe)
- Rural Housing Network Limited (trading as BeyondHousing)
- Unison Housing Limited
- Wintringham Housing Ltd
- Women's Housing Ltd

3.10 Housing Providers

Housing providers range in size and primarily manage rental housing portfolios for other parties, such as the Director of Housing (DoH). Some housing providers own properties, however their growth is small scale compared with housing associations. Housing providers often specialise in particular client groups which may include disability housing, aged tenants and youth housing.

The 29 currently registered housing providers in Victoria are:

- Active Community Housing Ltd
- Baptcare Affordable Housing Ltd
- BAYSA Ltd
- Centacare Housing Services Ltd
- EACH Housing Ltd
- Eastcoast Housing
- Eastern Suburbs Rental Housing Co-operative Limited

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- Inner East Social Housing Group Limited
- Launch Housing Ltd
- Mallee Accommodation & Support Program Ltd
- Mission Australia Housing (Victoria)
- Northcote Rental Housing Co-operative Ltd.
- Northern Geelong Rental Housing Co-operative Ltd
- Prahran/Malvern Community Housing Inc.
- Salvation Army Housing (Victoria)
- Servants Community Housing Limited
- South Port Community Housing Group Inc
- SouthEast Housing Cooperative Ltd
- St Kilda Community Housing Ltd
- Sunshine/St Albans Rental Housing Co-operative Ltd
- The Haven Foundation Ltd
- United Housing Co-operative Ltd
- Uniting Housing Australia Limited
- Victorian Women's Housing Association Limited
(trading as Women's Property Initiatives)
- VincentCare Community Housing
- WAYSS Limited
- West Turk Housing and Elderly Services Co-operative Ltd
- Williamstown Rental Housing Co-operative Ltd
- YWCA Housing

3.11 Social and Affordable Housing Funding Sources and Models of Provision

As pointed out by Marcus Spiller in his Evidence¹⁴ on social and affordable housing on behalf of the City of Port Phillip to Amendment GC81¹⁵ the housing needs of high priority population groups such as the homeless, marginal households and low income households experiencing rental stress, can be met in or combination of two ways – “(1) income transfers to bring market rents down to affordable levels and (2) the provision of social housing, that is, housing permanently provided at an affordable rent by the Government or Government licenced not for profit community landlords” (page 4).

¹⁴ *Evidence of Marcus Spiller Regarding Social & Affordable Housing* (March 5, 2018), prepared on behalf of the City of Port Phillip as part of Amendment GC81 Planning Panel process.

¹⁵ On 5 October 2018 the Minister for Planning approved new planning controls (Amendment GC81) and released the final Fishermans Bend Framework.

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He points out that social housing can be created in several ways including the following four main methods:

1. government acquisition and operation;
2. government provision of up-front and/or recurrent subsidies to registered non-government providers;
3. regulatory requirements for mandatory inclusion of social housing in new development, and
4. value capture or sharing, involving the sale of regulated development rights in return for social housing provision.

He argues that while 1 and 2 were traditionally the most dominant methods (both of which he refers to as a form of 'tax/transfer' strategy¹⁶), neither can be relied upon to fully deliver on all future social housing need (page 4). Methods 3 and 4 on the other hand are recent additions to the Victorian policy scene. Both the State and Federal Governments have policy and funding measures / initiatives to boost the supply of social housing. These are summarised in the Table 6 below:

Table 13 - Overview of State and Commonwealth Government Social Housing Initiatives

Homes for Victorians initiatives	Description
Victorian Social Housing Growth Fund	\$1 billion fund invested that produces approx. \$70m p.a. for: 1. Capital for new social and affordable housing on non-government land (DHHS/Treasury will run annual funding rounds 2. Rental subsidies for properties leased on the private market.
Loan Guarantee	Up to \$1 billion available as a loan guarantee program, to help Housing Associations access finance at affordable interest rates.
Loan Facility	A \$100 million revolving loan facility providing low cost, long-term subordinate loans to Housing Associations
Public housing transfer program	Management transfer of 4,000 public housing properties. \$3 million in establishment grants.
Inclusionary housing	Pilot on surplus government land to deliver 100 social homes (developer to receive discount on land) In major developments: voluntary arrangements with developers and land owners to provide affordable housing in exchange for rezoning. Social housing provided at nil cost,

¹⁶ Tax / transfer strategies involve the redistribution of resources raised through the general tax system towards particular social ends.

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Homes for Victorians initiatives	Description
	affordable housing at discount.
Public Housing Renewal Program	\$185 million for complete replacement of social housing on nine sites in Brunswick, North Melbourne, Heidelberg West, Clifton Hill, Brighton, Prahran, Hawthorn, Northcote and Ascot Vale.
Social Housing Pipeline	Range of previously announced initiatives including tender involving new social housing on vacant and underutilised
Rooming Houses	Further \$20 million for upgrades to DHHS owned rooming houses \$10 million already allocated, remaining \$10 million by EOJ process
Victorian Property Fund	Up to \$100 million in grants over next four years
Commonwealth Programs	
National Housing Infrastructure Facility	\$1 billion made available in grant and loan funding to address infrastructure chokepoints that are impeding housing development in critical areas of undersupply. To be administered by the National Housing Finance and Investment Corporation
National Housing and Homelessness Agreement	Additional funding of \$375 million over three years to fund front line homelessness services
Tax incentives for private investment in affordable housing	Managed investment funds which provide affordable housing (managed by registered affordable housing providers) will qualify for a 60% (as opposed to the standard 50%) discount on measured capital gain for taxation purposes.
National Housing Finance and Investment Corporation	Will issue affordable housing bonds to provide cheaper and longer-term finance for the community housing sector

Aside from social housing, there are a broad range of other approaches that could contribute to affordable housing:

- **Build-to-rent (BTR)** involves the construction of dwellings specifically for the rental market, rather than the more traditional route in which developers build dwellings to sell, either to owner occupiers or investors. BTR is a long-term investment vehicle with the developer either holding the building and collecting the rental profit over a prolonged period, or selling shares in the project to institutional or private investors who collect the apportioned profit. However, the Australian taxation system is not currently optimised to facilitate the BTR model as a larger source of affordable housing. However, this may change in future.
- **Rent-to-own schemes** (also known as rent-to-buy schemes) are leasing agreements that afford renters the right to buy a home at the end of a pre-determined rental period, at a price agreed prior to signing the agreement. They make it easier for aspiring property owners to get onto the property ladder, by eliminating the need to save a traditional deposit and by delaying the need to secure finance from a bank or lending institution.

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- A **shared equity scheme** is a way to share the cost of buying a home with an equity partner, such as a private investor, not-for profit organisation or government housing authority. The equity partner usually contributes around 20-25% of the property's purchase price, but could contribute more. In return, they are entitled to a share of the property's increase (or decrease) in value over time. The equity partner may own a percentage of the property, and/or may charge ongoing service fees. Under a shared equity scheme, a deposit is much lower, or may not be required at all. Typically the buyer will not need to pay lender's mortgage insurance (LMI) if the amount they borrow is 80% or less of the purchase price of the property.
- A **community land trust** is a not-for-profit entity that holds title to land in perpetuity, to create and steward perpetually affordable housing and provide community benefit. Community land trusts also steward land for agriculture, recreation and conservation. They underpin comprehensive community development through community-based, accountable governance and engaged membership.

3.9.1 The Village Alphington Case Study

As part of one of the first large scale inclusionary zoning projects in Victoria, 150 new affordable homes are going to be available for rent in Melbourne's north east by 2020. National not-for-profit housing provider Community Housing Ltd (CHL) formed a partnership with private developers Alpha Partners to deliver affordable housing in The Village Alphington. The proposed neighbourhood centre, including retail and a community hub, is to be developed on the former Amcor paper mill site, about 6.5 kilometres from Melbourne's CBD.

The Development Plan for 2,500 new dwellings with a mix of apartments, townhouses and single family homes, has been approved. The developers committed to include affordable dwellings for moderate income households as a result of the City of Yarra's 'inclusionary zoning' planning application requirements under Section 173.

As part of the partnership, CHL will lease one and two bedroom apartments from the developers at a fixed rent for 10 years that will be subleased to eligible tenants at below 75 per cent market rent. CHL will retain the titles to 10 apartments as part of the agreement.

The primary target tenant group will be essential service workers on moderate incomes who provide key services in the community such as nurses, hospitality workers, teachers and childcare specialists.

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3.9.2 The Assemble Model Case Study - 393 Macaulay Road, Kensington

Assemble Communities have piloted a rent-to-own model. Prospective purchases sign a five-year lease with the option to purchase their home for an agreed fixed price at the end of the term, being today's market price with fixed 1.75% increases per year for approximately 7 years. Unlike other programs, the "Assemble Model" provides incoming residents with rent stability, transparency on price, financial coaching and community services to support a "path to home ownership" with an option to buy their apartment at the end of a five-year period. The success of this model is confined to inner city markets currently as it relies on strong capital growth during the planning, build and rent phase to build equity for the renter.

3.9.3 Nightingale Apartments Case Study, 55–63 Nicholson Street, Brunswick East

The Nightingale Model aims to deliver multi-residential housing in cities that are environmentally sustainable, financially affordable and socially inclusive.

Nightingale apartment projects are generally funded by a group of ethical investors who have all agreed to a maximum profit of 15%. By contrast, developers typically work on margins of about 20% and will benefit from higher sales prices or lower construction costs, where as under the Nightingale model, these risks or gains are shared with the buyers

Under the Nightingale model construction costs are driven down by not having second bathrooms, air conditioning, display suites and real estate agent commissions. This enables the housing to be substantially more affordable than a typical apartment.

81-95 Burnley Street and 26-34 Doonside Street, Richmond

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**Appendix 4. Example of a Social Housing & Affordable Housing Agreement – New
Epping Development**