

Affordable Housing Agreements

A guide for local government



Victoria's lack of Affordable Housing is a critical issue. Victoria has the lowest proportion of social housing in Australia and – with record population growth forecast to continue – the problem will only get worse unless action is taken on several fronts.

Proportion of social housing



Safe, secure Affordable Housing is a key component of livable communities. Councils play an important role in facilitating Affordable Housing in their municipalities to create diverse, sustainable and resilient communities.

Above and beyond investment by state government, the greatest likelihood of increased Affordable Housing is achieved when a council invests land or funds to a project. Where this is not possible, the planning system provides some opportunity for councils to facilitate an increase in the amount of Affordable Housing provision. While advocacy is important, the outcomes of this type of support for Affordable Housing are less certain.

There are several ways a council can facilitate the provision of Affordable Housing:

- **advocacy** – to State and Federal Government for funding of Affordable Housing and to the development sector to identify ways to deliver Affordable Housing
- **encouragement** – identifying and creating small opportunities within council to foster Affordable Housing outcomes, for example reduction or waiving of rates
- **planning mechanisms** – negotiating Affordable Housing as part of a planning scheme amendment or planning permit
- **investment** – providing free or discounted council land for, or direct investment into, Affordable Housing
- **partnership** – developing partnerships with health and community service providers that can add value to Affordable Housing developments by ensuring that residents have the necessary local supports in place.

The council should set out its approach in its strategic documents and may choose to prepare an Affordable Housing strategy, policy or action plan.

Affordable Housing through the planning system

The *Planning and Environment Act 1987* is not prescriptive about how councils should facilitate Affordable Housing through the planning system. While this flexibility leaves room for innovative responses, it can make it difficult for councils to provide developers with clear requirements.

To help address this, councils can:

- develop policies that set out what their position is for each of the matters in the Ministerial Notice
- encourage developers to rely on the regulatory framework, skills and experience of the registered housing agencies to respond to the matters in the Ministerial Notice.

Whatever approach a council takes, an adequate allocation process is essential as, without this, council is just facilitating market-housing.

It is also essential that councils recognise the impact of any policy position they form. The decisions they make can affect the feasibility of a project for the developer and the financial viability of a community housing organisation in its operation of the Affordable Housing. In other words, council's policy decisions may inadvertently prevent the delivery of both the market-housing and the Affordable Housing.

Within the complexity and competing demands of the local government, community housing, and development sectors, the key things to know are:

- Registered housing agencies are the obvious partner to help councils and developers create Affordable Housing outcomes as they have the experience, capacity, purpose and regulatory environment in place.
- Affordable Housing agreements negotiated through the planning system need to be financially viable and practicable for all parties – developers, community housing organisations, and councils.

Where can I find further information?

The Community Housing Industry Association Victoria (CHIA Vic) and the Municipal Association Victoria (MAV) have produced a report that provides information and advice for local government practitioners and Councillors. They have also prepared a toolkit for local government planners which provides practical step-by-step instructions on how to successfully negotiate for Affordable Housing to form part of a planning scheme amendment or planning permit application.

chiavic.com.au/affordable-housing-toolkit ➤

The Ministerial Notice, Order in Council, and further guidance is available from the Department of Environment, Land, Water and Planning (DELWP) website:

planning.vic.gov.au/policy-and-strategy/affordable-housing ➤



The *Planning and Environment Act 1987* (Section 3AA) defines Affordable Housing as:

(2) ... 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.

There is a Governor in Council Order which sets out the income ranges for very low, low, and moderate-income households, and a Ministerial Notice which sets out matter you must have regard to.

The Ministerial Notice stipulates that:

In determining whether housing is appropriate for the needs of very low, low, and moderate income households, you must have regard to:

- allocation
- affordability
- longevity, in terms of public benefit of the provision
- tenure
- type of housing, in terms of form and quality
- location, in term of site location and proximity to amenities, employment, and transport
- integration, in terms of physical build and local community
- official estimates of housing need.