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SUMMARY

THE TRANSFORMING HOUSING PARTNERSHIP IS A UNIVERSITY-COMMUNITY ACTION RESEARCH PARTNERSHIP THAT HAS BEEN WORKING WITH STATE AND LOCAL GOVERNMENTS, PRIVATE DEVELOPERS, COMMUNITY HOUSING PROVIDERS, AND INVESTORS SINCE 2013. IN 2015, THE FIRST AFFORDABLE HOUSING SUMMIT BROUGHT TOGETHER THESE PARTNERS TO DEVELOP AFFORDABLE HOUSING POLICY. MANY OF THESE IDEAS HAVE BEEN INCORPORATED INTO PLAN MELBOURNE 2017-2050 AND HOMES FOR VICTORIANS, BOTH RELEASED IN MARCH 2017. IN JUNE 2017 TRANSFORMING HOUSING BROUGHT THESE STAKEHOLDERS TOGETHER AGAIN TO DEVELOP IMMEDIATE NEXT STEPS FOR IMPLEMENTATION OF THIS STRATEGY. THESE DISCUSSIONS REVEALED FUTURE RESEARCH NEEDS THAT TRANSFORMING HOUSING WILL SEEK TO ADDRESS.

OVERVIEW OF THE 2017 HOUSING SUMMIT ACTIVITIES

The Housing Summit took place over 8 hours on Friday the 2nd June 2017. Facilitated by Kimbra White, the event focused on providing opportunities for small-group discussions and workshopping of ideas.

The Summit began with a discussion of the Background Paper, requiring participants to share their thoughts on recent policy announcements and their experiences of delivering and facilitating affordable and social housing in Melbourne.

Following this, participants formed cross-sectoral groups and spent time generating and refining ideas about ways to deliver more affordable housing in Melbourne in the next 3 - 5 years. These ideas were pitched, critiqued and improved and people were asked to make ‘offers’ based on actions they could take to support the implementation of these ideas. These offers are included throughout the report.

Following this process, new groups formed based on people self-assigning to the idea they were most interested in or had the greatest capacity to influence.

The event culminated with two presentations. The first, from Catherine Brown of the The Lord Mayors Charitable Foundation, launched their Affordable Housing Challenge. The second presentation, from Judy Sutherland of DHHS, shared some of the key initiatives to arise from Homes For Victorians.
KEY DIRECTIONS FOR ACTION ARISING FROM THE SUMMIT

Based on the level of participant interest and support, the key directions arising from the housing summit were the following:

1. Victorian and Commonwealth Government attracting and facilitating institutional investment in affordable housing by creating an Affordable Housing Infrastructure Fund, establishing a subsidised bond aggregator model and reconceptualising social and affordable housing as critical infrastructure

2. Victorian and local government promoting ‘as of right’ secondary dwellings to increase flexibility in house choice and increase the stock of affordable rental housing in Melbourne

3. Victorian government supporting the development of a broad-based voluntary or mandatory mechanism based on providing incentives to developers for the creation of affordable and social housing.

4. Facilitating partnerships between the government, not-for-profit and private sector affordable housing actors

5. Local government, with the support of the Victorian Government, creating people-centric housing outcomes that consider the needs of tenants and communities effected by housing and use best practice community engagement principles

6. Implementing, evaluating and expanding policies outlined in Homes For Victorians, including Inclusionary Zoning on government land, the Public Housing Redevelopment Program and the HomesVic and BuyAssist shared equity schemes

POTENTIAL RESEARCH DIRECTIONS BASED ON SUMMIT ACTIVITIES

As an action-research partnership, The Transforming Housing Partnership is always seeking to match our research outputs to the research needs expressed by the Affordable Housing sector. Based on the Housing Summit, Transforming Housing intends to focus on the following areas between 2017 and 2019:

POLICY EVALUATION AND TARGETS

1. Research to identify housing targets and affordability levels, focusing on target groups, dwelling typologies and tenures. This will include an analysis of available government land and its capacity to deliver affordable housing outcomes.

INNOVATION AND PARTNERSHIPS

2. Best practice models of affordable housing, including partnership models for developers and Community Housing Providers and examples of exemplary community engagement processes

3. Research to support the scaling up of well-designed secondary dwellings (i.e. granny flats or studios).

FINANCING AND CREATING SECURE AND AFFORDABLE HOUSING

4. Research into ways to support long-term affordable rental models that are viable for landlords and tenants

5. Research investigating the structuring of funding to attract institutional investment for affordable rental housing. This includes modelling of structures to satisfy tenant need, government requirements and investor requirements and a focus on the recently announced bond aggregator model

OTHER QUESTIONS FOR THE AFFORDABLE HOUSING INDUSTRY

The Housing Summit revealed additional questions that we hope our research and industry partners will address. They are:

1. A cost-benefit analysis of the value of affordable and social housing

2. Post-occupancy analysis of the outcomes of upcoming Public Housing Renewal programs and inclusionary housing on government land programs
IDENTIFYING THE ‘NEXT CAB OFF THE RANK’ FOR AFFORDABLE HOUSING

Participants were asked to move around the room and discuss a series of posters, each with a key theme relating to affordable housing. Following these discussions participants ranked each theme as green (‘good to go’ with little additional work), yellow (still requires additional changes) and red (infeasible or a long way from being implemented).

Mostly ‘good to go’

1. Defining affordable housing and adding numeric targets

Participants were generally in favour of affordable housing targets but raised the issue of enforceability. In addition, some noted that ‘assessing bodies’ rather than Council could lead to faster-tracked processes. Participants also raised the issue of differentiating between affordable rental prices and affordable purchase prices. The discussion of tenure was linked to notions of security, an aspect that participants thought should be considered alongside affordability. Models of finance to incentivise provision of longer-term leases were discussed. Discussion also focused on how targets should be cognisant of ‘need,’ for example, understanding the different housing needs of different households from single people to large families.

6. Redevelopment and transfer of existing public housing

Participants raised a number of concerns related to partnerships, diversity, scale and integration. There is a focus on private developers in renewal projects with community housing providers often added to a development project as an afterthought or obligation rather than as an equal partner. Similarly, there is a need for a continuum of housing tenures, including Shared Equity schemes that allow First Home Buyers to co-purchase their home in partnership with the government, a not-for-profit or a developer. Cherry picking large estates for renewal leaves out smaller development opportunities that could be developed alone or aggregated to achieve scale. Participants also felt that departmental silos are an inadvertent barrier to successful renewal, citing a possible need for a separate institution to manage and monitor the renewal.

8. Using government land

Although this topic attracted positive responses, participants identified issues as well. There is a need for local government to be explicit about broader land-use policies and how government land redevelopment fits within these policies. Similarly, participants discussed the upfront costs of developing land - much of this land is vacant because it is constrained due to contamination or site location, size and quality. Participants recommended funding for local councils to set up a structure to ensure scaleability and establish partnerships, address physical barriers to land (eg remediation) and de-risk the sites and process.

9. Secondary dwelling opportunities

Participants were generally positive about opportunities for secondary dwellings in Melbourne, considering them a ‘no brainer.’ Secondary dwellings were supported for their ability to provide flexible housing options, affordable rental tenure and increased density in well-serviced areas. However, concerns were raised about the amenity impact on neighbours, existing policy around garden sizes, parking impacts, opportunities for exploitation through informal housing arrangements and potential for poor design. Participants supported ‘as-of-right’ secondary dwellings but emphasised the need for design guidelines.
THE HOUSING SUMMIT: TRANSFORMING HOUSING IN 2017

Transforming Housing: The Housing Summit 2017

Integrated Housing Policy

1. Defining affordable housing and setting numeric targets

Current context and recent changes

The City of Yarra, with its initiatives, has defined affordable housing as housing that is:
- Affordable: Where the housing is perceived as affordable by the community.
- Sustainably affordable: Where the housing is affordable in the long term.

Exemplars

The City of Yarra has implemented a number of strategies to promote affordable housing, including:
- The Yarra Affordable Housing Strategy
- The Yarra Affordable Housing Action Plan

Questions

- What are the benefits of defining affordable housing in this way?
- How can these strategies be replicated in other cities?

Transforming Housing: The Housing Summit 2017

Partnerships and Innovation

6. Scaling up affordable housing through development and transfer of exiting public housing

Current context and recent changes

Many jurisdictions in Australia and internationally are looking at the role of public housing as a key strategy to address the housing affordability crisis. This paper explores the role of public housing in addressing housing affordability and the potential for public-private partnerships to increase the supply of affordable housing.

Exemplars

The City of Braddon, with its recent partnerships, has demonstrated the potential for public-private partnerships in the development of affordable housing.

Questions

- What are the benefits of public-private partnerships in affordable housing development?
- How can these partnerships be scaled up in other jurisdictions?

Transforming Housing: The Housing Summit 2017

Partnerships and Innovation

8. Using government land

Current context and recent changes

The government has a key role in providing land for affordable housing, particularly in urban areas. This paper explores the potential for using government land to increase the supply of affordable housing.

Exemplars

The City of Melbourne, with its recent initiatives, has shown how government land can be used to increase the supply of affordable housing.

Questions

- What are the challenges of using government land for affordable housing?
- How can these challenges be overcome?

Transforming Housing: The Housing Summit 2017

Partnerships and Innovation

9. Medium density development opportunities

Current context and recent changes

Medium density development opportunities offer significant potential for increasing the supply of affordable housing. This paper explores the potential for medium density development in Victoria.

Exemplars

The City of Melbourne, with its recent medium density developments, has shown how these opportunities can be harnessed to increase the supply of affordable housing.

Questions

- What are the benefits of medium density development for affordable housing?
- How can these opportunities be maximized in other jurisdictions?
TOPICS REQUIRING ADDITIONAL DEVELOPMENT

2. Community Planning
Participants discussed the continuing distorted, negative view of those living in ‘very low’ to ‘moderate’ income households. They felt that this fear of ‘the other’ leads to NIMBYism. Participants felt that a social campaign is required to help people realise that affordable housing is an issue for a wide range of people, including their own children, parents or friends. Participants felt statistics alone are not enough to tell this story and campaigns should be connected to imagined lives and faces.

3. Inclusionary Zoning
Participants raised concerns about whether housing would be affordable for a determined time period or in perpetuity. The issue of mandatory versus voluntary (incentivised) provision was also raised, with many expressing concern that voluntary inclusionary zoning will have little effect. Participants also discussed the strategic location and spatial application of inclusionary zoning and whether these might be affected by other factors such as site size, public transport proximity and so forth. While there was almost universal support for inclusionary zoning in some form, views on particular issues differed and local governments, who typically had been strong advocates over many years, remained sceptical concerning the delivery of this policy.

7. Partnerships for service provision
Participants noted that service provision, such as health services, tenancy management and social programs, were often retrofitted into a housing project rather than considered from the beginning. They felt this timing leads to sub-optimal solutions. There was also a desire to capture knowledge about ‘best practice’ solutions and to allow them to be scaled up over time.

EMERGENT IDEAS AND OPPORTUNITIES

4. State Funding
Discussions around this topic revealed a level of frustration about the availability of information surrounding the Social Housing Growth Fund and Loan Guarantees. Local government are keen to partner with State Government but feel they have been left out of discussions. In contrast, housing associations reported access to information but an inconsistency in information from the State Government. Many respondents felt that the increase in access to finance due to the $1 billion loan guarantee outlined in Homes For Victorians was welcome but insufficient to dramatically increase the feasibility of projects.

5. A role for the federal government
Participants expressed interest in recent federal government announcements about a bond aggregator model. However, most felt that institutional investment would not occur without a government subsidy, like a tax incentive, to make returns more attractive. Similarly, some participants expressed concern about the long-term sustainability of bond aggregation which implicitly relies on government guarantees for better bond rating. Instead a more market-oriented solution that fundamentally uses the strength of project to determine bond rating, which may be supported by variety of credit enhancement mechanisms to enhance rating of bond issues, should be developed.

10. The National Disability Insurance Scheme
Summit participants expressed interest in the NDIS scheme, acknowledging and commending the guaranteed funding stream it represents. In particular, developers were interested to find out more about the Specialist Disability Accommodation funding that impacts about 5% of people eligible for the NDIS. There is great uncertainty and no sense of direction in relation to affordable housing solutions for the majority of NDIS participants not eligible for SDA.
Transforming Housing: The Housing Summit 2017

Integrated Housing Policy
Developing inclusive, community planning and spatial housing targets

Current context and recent changes

The Federal Government has a strong focus on community planning and spatial housing targets. In particular, the National Disability Insurance Scheme (NDIS) has had a significant impact on housing and how it is delivered. The National Disability Insurance Scheme (NDIS) has had a significant impact on housing and how it is delivered. This has led to the development of the National Disability Insurance Scheme (NDIS) in 2017. This has led to the development of the National Disability Insurance Scheme (NDIS) in 2017.

Victoria needs an integrated approach to affordable housing that co-locates affordable housing with infrastructure, amenities and jobs and considers the needs of communities in a holistic manner.

Metropolitan Partnerships

The Victorian Government is taking a whole-of-government approach to increase metropolitan housing opportunities. The Government is establishing partnerships across the metropolitan area to ensure that affordable housing is delivered, and that those in need of affordable housing are supported.

Questions

- What would you say is the most important thing that partnerships can deliver?
- Should we consider housing informal and temporary?
- How can housing partnerships benefit social housing providers and people in need of housing?
- Can housing partnerships deliver more affordable housing?

Partnerships and Innovation

Current context and recent changes

The housing market is dynamic and fast-changing. The need for partnerships and innovation is evident, particularly in terms of delivering affordable housing. The Victorian Government is taking a whole-of-government approach to increase metropolitan housing opportunities. The Government is establishing partnerships across the metropolitan area to ensure that affordable housing is delivered, and that those in need of affordable housing are supported.

Exemplars

- The Victorian Government has established partnerships with community housing providers to deliver affordable housing.
- The Government has invested in innovative approaches to deliver affordable housing.
- The Government is working with local governments to deliver affordable housing.

Questions

- How can partnerships and innovation lead to more affordable housing?
- What is the role of partnerships in delivering affordable housing?
- What are the challenges of ensuring partnerships deliver affordable housing?

Investment and Finance

Current context and recent changes

The housing market is dynamic and fast-changing. The need for partnerships and innovation is evident, particularly in terms of delivering affordable housing. The Victorian Government is taking a whole-of-government approach to increase metropolitan housing opportunities. The Government is establishing partnerships across the metropolitan area to ensure that affordable housing is delivered, and that those in need of affordable housing are supported.

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Questions

- What is the role of partnerships in delivering affordable housing?
- What are the challenges of ensuring partnerships deliver affordable housing?
- How can partnerships and innovation lead to more affordable housing?

Transforming Housing: The Housing Summit 2017

The National Disability Insurance Scheme (NDIS)

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- The Government is working with local governments to deliver affordable housing.

Questions

- How can partnerships and innovation lead to more affordable housing?
- What is the role of partnerships in delivering affordable housing?
- What are the challenges of ensuring partnerships deliver affordable housing?
KEY THEMES ACROSS THE BIG IDEAS

INTEGRATED POLICY

1. Recent policy announcements, including Homes For Victorians, the refreshed Plan Melbourne and 2017 Federal Budget, have been received with optimism. This level of integrated policy is a key difference between the 2015 Housing Summit and 2017 Housing Summit.

2. There is a desire to transition from piece-meal, opportunistic affordable and social housing development towards scaling up to affordable housing as sustainable ‘business-as-usual.’ This requires embedded policy from federal, state and local government, with a leadership role for the State Government.

3. There was a strong interest in the role of the Metropolitan Partnerships outlined in Plan Melbourne and a desire to see these partnerships take responsibility for establishing, monitoring and supporting sub-regional housing targets.

INNOVATION AND PARTNERSHIPS

4. Local government feels excluded from State Government policy and project decisions. Local governments need to form a strong coalition to negotiate with the State Government and they need to be allowed a seat at the table. There is also a need to train local government housing officers to develop a new generation of coherent and linked housing strategies.

5. There is a desire for a sharing of best-practice project information.

6. Community Housing Providers need to be supported to be meaningful contributors in partnerships with private developers, with a role in project design and delivery from the project outset.

FINANCING

7. Affordable housing as economic infrastructure: The lack of affordable housing is an economic and social drain on society. Investing in affordable housing is not just about social justice, it also makes economic sense. Considering affordable housing as a long-term, low-risk, aggregated investment in infrastructure also changes expectations for returns. It transitions housing from a high-risk proposition requiring a 20% return on investment to a long-term investment requiring returns closer to 6% to reflect a lower risk profile.

8. Government guarantees are insufficient to support the Federal Bond Aggregator Model. The Bond Aggregator Model is likely to require subsidies to make investing in affordable housing more attractive or a market-lead credit enhancement mechanisms to ensure sustainability of the system.
BIG IDEAS AND ACTION PLANS

THE NEXT SECTION OF THE SUMMIT REQUIRED PARTICIPANTS TO COME UP WITH THEIR TOP IDEAS FOR DELIVERING AFFORDABLE HOUSING IN THE NEXT 3 - 5 YEARS. GROUPS DISCUSSED IDEAS, TARGETS, EXEMPLARS, NEXT STEPS AND KEY STAKEHOLDERS RESPONSIBLE FOR IMPLEMENTATION. THE RESULTANT IDEAS CONSTITUTE KEY IDEAS EMERGING FROM THE AFFORDABLE HOUSING SECTOR.

1. ATTRACTING AND FACILITATING INSTITUTIONAL INVESTMENT IN AFFORDABLE HOUSING
   This idea combines two elements necessary to attracting and facilitating institutional investment in affordable housing; 1) Creating an Affordable Housing Infrastructure Fund and 2) Establishing a subsidised bond aggregator model.

2. ESTABLISHING AN AFFORDABLE HOUSING DEVELOPMENT AUTHORITY
   Establish a development authority designed to address existing issues around limited innovation, fragmented governance, lack of coordination, lack of capacity, rigidity and a lack of an affordable continuum of products.

3. PROMOTING ‘AS OF RIGHT’ SECONDARY DWELLINGS
   Modify existing planning codes to allow for secondary dwellings designed to increase the flexibility of housing choices and provide a source of affordable rental stock.

4. STATE PLANNING PROVISION TO INCENTIVISE AFFORDABLE HOUSING
   Establish a broad-based voluntary mechanism based on providing incentives to developers for the creation of affordable and social housing.

5. PARTNERSHIPS BETWEEN THE GOVERNMENT, NOT-FOR-PROFIT AND PRIVATE SECTOR
   Allowing for partnerships based on shared risk and shared benefits, rather than Community Housing Providers being added as an afterthought or a last-minute addition to satisfy contractual obligations.

6. ENCOURAGING SMALL INVESTORS TO LEASE AFFORDABLE HOUSING TO HOUSING ASSOCIATIONS
   Changing funding arrangements to assist Registered Housing Associations to take long term leases from private landlords, thereby increasing the stock of affordable rental housing in the market.

7. PRIVATE SECTOR SHARED EQUITY SCHEME
   This scheme would allow first home buyers to co-purchase their home with a developer, reducing the barrier to saving a deposit. Building upon lessons learned from the existing HomesVic framework in Victoria, this private-sector scheme would expand the program and offer a greater diversity of purchase options for home buyers than the existing Buy Assist scheme.

8. VOICES OF THE COMMUNITY - PUTTING COMMUNITY FIRST
   Creating people-centric housing outcomes that consider the needs of tenants and communities affected by housing and focus on transparent community involvement in decision-making.

9. LEVERAGING STATE GOVERNMENT LAND FOR AFFORDABLE HOUSING
   Improving and continuing current initiatives including Inclusionary Zoning on government land and the Public Housing Redevelopment Program.
This idea combines two elements necessary to attracting and facilitating institutional investment in affordable housing: 1) Creating an Affordable Housing Infrastructure Fund and 2) Establishing a subsidised bond aggregator model.

The Affordable Housing Infrastructure Fund:
- Is a not-for-profit fund with a range of taxation benefits
- Will benefit from additional taxation benefits due to taxation settings of the Community Housing Providers that are the main delivery vehicles
- Requires projects to demonstrate measurable social, environmental, community and economic impact. This could be demonstrated through post occupancy studies, energy performance metrics, etc
- Positions Affordable Housing as key social and community infrastructure
- Allows local government to tap into fast-tracked infrastructure funding
- Focuses on low to moderate income rental housing
- Is based on long-term policy and subsidy certainty
- Leverages the Bond Aggregator model, the Social Housing Growth Fund and Future Fund in tandem with institutional investors such as Superannuation Funds
- Delivers significant economic activity stimulus through the Government’s incentive investment (subsidy) for affordable housing

The subsidised bond aggregator model:
- Is based on a government subsidy or incentive for affordable housing, rather than just a guarantee, because this will allow Community Housing Providers to re-invest in more housing and makes affordable housing financially viable and sustainable
- Should be supported by a tax incentive program like the Low Income Housing Tax Credit (LIHTC) in the US or an adjusted version of the National Rental Affordability Scheme in Australia

**KEY ACTORS**
- Federal, State and local government, Superannuation Funds, impact investors
- NAB is taking a key advocacy and research role in this area

**TARGET / MEASURE OF SUCCESS**
- Scale: Superannuation funds are looking for projects or investments of > $100 million
- Tenure and mix: Mixture of very low, low and moderate income housing with a remainder of market housing - ratios would be localised for each site
- Replicability: Creating long-term ongoing program of projects to expand the stock of affordable housing
- Creation of an economically viable investment class of affordable housing considered as infrastructure
- Communicable benefits for future generations
- Affordable housing positioned clearly as an infrastructure investment class rather than a property investment class
- Influencing current discussions about a bond aggregator model in Australia - we advocate for government subsidies, not just a guarantee
**KEY BARRIERS OR RISKS**

- Financial: The key barrier is the ‘financing gap’ - the difference between the rates of return available in affordable housing compared with the market rates of return available in other private developments
- Policy: Australia has a history of ad hoc and inconsistent housing policy. Institutional investors need certain, long-term (>20 years) funding and policy from Federal and State Government
- Yield: Institutional Investors are looking for 6% yield so need top-up mechanisms from Federal, State & Local Government
- Uncertainty: This is an emerging approach to funding affordable housing in Australia. More work needs to be done to work out the details of delivery

**KEY ACTIONS**

- Federal government to provide a long-term, certain subsidy for affordable housing (similar to the Low Income Tax Credit in the US or National Rental Affordability Scheme)
- Advocate to government for subsidies and educate investors about the benefits of this type of investment

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**EXEMPLARS**

<table>
<thead>
<tr>
<th>Exemplar</th>
<th>Governance</th>
<th>Target</th>
<th>Guarantee impact</th>
<th>Default rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swiss Bond Issuing Cooperative for Limited Profit Housing backed by the Swiss Federal Government (1991)</td>
<td>Cooperative owned by sector backed by government</td>
<td>New and renovated rental housing, low to middle income, compliant with government standards, monitored CHPs.</td>
<td>Small margin above gov. borrowing rate</td>
<td>0%</td>
</tr>
<tr>
<td>UK Affordable and Private Rented Housing GuaranteeSchemes, backed by UK Government (NEW in development mid-2013)</td>
<td>THFC nonprofit corporation, licenced guarantor</td>
<td>Newly completed below market rental or owner occupied housing, low to middle income, registered CHPs.</td>
<td>Small margin above gov. borrowing rate, provides 30 yrs finance</td>
<td>0%</td>
</tr>
<tr>
<td>French Mutual Fund for Guarantees of Social Housing (CGLLS), backed by the French Government (2001)</td>
<td>Publically owned and operated</td>
<td>New and renovated rental housing, low to middle income, registered CHPs</td>
<td>CHPs only able to borrow through guarantee</td>
<td>0% since 2008, 0.04% in past</td>
</tr>
<tr>
<td>Scottish Government’s National Housing Trust, backed by the Scottish Government (2010)</td>
<td>Publically owned</td>
<td>New and renovated rental housing, low to middle income, registers CHPs</td>
<td>Limited market without guarantee</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Modified from Lawson 2014
2. ESTABLISHING AN AFFORDABLE HOUSING DEVELOPMENT AUTHORITY

DESCRIPTION

• Establish a Development Authority designed to address existing issues around limited innovation, fragmented governance, lack of coordination, lack of capacity, rigidity and a lack of a continuum of affordable products. It would do this by facilitating land development and supporting the delivery of affordable housing.

• The Development Authority would have powers of acquisition, financing and management to achieve affordable housing.

• The Authority would have a flexible and innovative approach and mechanisms to facilitate partnership between public, private and community organizations to achieve socially and environmentally sustainable housing with a continuum of affordable housing projects.

EXEMPLARS

• Tax Increment Financing (US)
• SEMAPA (Rive Gauche, Paris)
• Vancouver Affordable Housing Agency and Vancouver Community Land Trust
• New York State Affordable Housing Corporation
• Renewal SA

TARGET / MEASURE OF SUCCESS

• Flexibility around development/delivery models (with land as equity, viability gap funding etc)
• Transparently promoting models to attract partnership and being inclusive in partnership projects.
• Meet housing needs, based on affordability, dwelling type and tenure options
• Initial funding to come as seed funding from state government, later the authority should be self-financing.

KEY ACTORS

• Cross-sectoral: public, private, not for profit; state representation
• Advisory committee: legal, financing, design, community, property development
• Role of local government is on advisory committees as a voice of local community.
The New York State Affordable Housing Corporation creates homeownership opportunities for low- and moderate-income families by providing grants to governmental, not-for-profit and charitable organizations to help subsidize the cost of newly constructed houses and the renovation of existing housing. HCR is charged with carrying out the Governor’s $1 billion HOUSE NY plan and by leveraging New York’s federal and state community development resources, creating affordable housing opportunities statewide.

**CALL TO ACTION:**
Development Victoria is a new organisation that combines both Places Victoria and Major Projects Victoria. Its goal is to “deliver property and precinct development projects to meet government’s policy objectives.” A key policy objective should be an explicit and substantial focus on affordable housing on all renewal sites.

**The New York State Affordable Housing Corporation**

Renewal SA aims to facilitate unique development opportunities for the private sector through access to government land holdings. Renewal SA provides support, information and education to assist local government to include affordable housing in their local areas. They also manage the 15% affordable housing policy mandated by the Government of South Australia to increase the supply of new housing and make opportunities available exclusively to eligible buyers.

**Renewal SA**

**The Vancouver Affordable Housing Agency (VAHA)** is a legally independent agent of the City of Vancouver that leverages city and partner owned land to create new housing projects that offer both, a greater diversity of home options and greater affordability than what is currently offered by the private market.

**The Vancouver Affordable Housing Agency (VAHA)**

**Renewal SA**
PROMOTING ‘AS OF RIGHT’ SECONDARY DWELLINGS

DESCRIPTION

- Modify existing planning codes to allow for secondary dwellings (i.e. granny flats or studios) designed to increase the flexibility of housing choices and provide a source of affordable rental stock
- Encourage small building practitioners to be part of the affordable housing solution. This solution has the potential to deliver a high volume of small-scale developments across the city
- Would work complementarily to other larger-scale projects and contribute to regional targets
- Adjust the National Construction Code to encourage appropriate design at a national level and limit third party appeal rights
- Would need to work with heritage overlays and garden provisions with dispensations possible
- Issues might include site coverage maximums, car parking regulations, height limits, setback requirements and design hurdles such as neighbourhood character

EXEMPLARS

- 1980s as-of-right dual occupancy clauses (VIC), this is an example of poor design outcomes
- Vancouver laneway houses
- Changes to secondary dwelling rules in Sydney, NSW and Brisbane and Ipswich, QLD

TARGET / MEASURE OF SUCCESS

- Increased ability of people to capitalise on their existing land to benefit the community. Target occupants may be young people looking for affordable accommodation, people eligible for NDIS and older people looking to downsize
- Good design outcomes that improve rather than diminish neighbourhood character
- Flexibility/resilience over the housing cycle (with people, market conditions, and neighbourhood development)
- Learning from jurisdictions (like Vancouver) where dual occupancy of housing is common
- Flexibility of house use - single use, rent and live, rental, etc and the flexibility to move back and forward between tenancy types

KEY ACTORS

- Local Government, State government, Builders including project home builders, Master Builders Association, Housing Industry Association, Australian Institute of Architects

KEY BARRIERS OR RISKS

- Extra dwelling will add value to property which is reflected in rates and taxes
- Questions about responsibility for paying for utilities
- Garden requirements and heritage
- Car parking restrictions

KEY ACTIONS

- Modify the planning provision to allow for existing houses and lots to move between tenancy structures
- Allow changes in type without subdivision requirements
- Changes to regulation that allow for trade-offs with affordable housing
- Potential exemptions from rates and taxes to incentivise the provision of affordable housing
- Develop designs and planning mechanisms for extra dwelling on site AND large single houses that can be split
In NSW, ‘secondary dwellings’ can be approved in 10 days if they meet criteria set out in the Affordable Rental Housing State Environmental Planning Policy. Between and 2008/2009 and 2013/2014 financial years, the overall rate of secondary dwelling approvals increased by approximately 400% (Kelly, 2016).

Vancouver allows for laneway housing (small dwellings at the rear of a lot) in many zones in the city. This housing policy is designed to generate affordable rental housing options that provide additional housing choice and contribute to sustainability and community cohesion. The housing is subject to design guidelines to ensure support good outcomes. Since its inception in 2010, over 2000 new laneway homes have been developed in Vancouver. The above how-to guide is a practical resource for achieving good-quality design.

CALL TO ACTION:
Interested in knowing more about secondary dwellings? Do you have an exemplary case study to share? Researchers at the University of Melbourne are investigating secondary dwellings as a flexible housing choice. Contact Clare Newton at c.newton@unimelb.edu.au if you’d like to join the conversation.
4. STATE PLANNING PROVISION TO INCENTIVISE AFFORDABLE HOUSING

DESCRIPTION

• Establish a broad-based voluntary mechanism based on providing incentives for the creation of affordable and social housing
• Incentives could be a mixture of car park waivers, fast tracking of developments and reduced third party appeal rights
• Delivered as a voluntary, opt-in mechanism
• Part of the voluntary planning mechanism foreshadowed by the State Government in Homes for Victorians
• In return for these incentives, developers need to provide a proportion of affordable dwellings or provide a cash contribution to the local council to create an affordable housing fund
• Affordable housing to be delivered in accordance with sub-regional housing targets as negotiated through the Metropolitan Partnerships outlined in Plan Melbourne
• Role for Metropolitan Partnerships to form a board to assess developments above 40 dwellings
• This is more likely to occur in the inner-ring areas where land values are high enough to make higher densities feasible and fast tracking more attractive

EXEMPLARS

• This is already occurring informally in many local councils as local government champions work to support affordable housing projects
• NSW provides car parking exemptions for boarding houses (however, this exemption is not linked to affordability outcomes so is a poor example of good policy
• San Francisco Inclusionary Housing Program offers different incentives for different degrees of affordability

TARGET / MEASURE OF SUCCESS

• Spatial targets for affordable housing provision at a sub-regional level
• Diversity of social and affordable housing levels
• A fair incentive that efficiently encourages increased affordable housing
• An increase in the number of developers choosing to deliver affordable housing

KEY ACTORS

• State government to create the framework, local government to implement and negotiate the incentives and regulation and support their strategic plans, metropolitan partnerships to manage housing targets and assess larger developments.

KEY BARRIERS OR RISKS

• Choosing to create a sub-regional body to assess larger developments and reduce third party appeal rights may alienate communities that feel excluded from the decision process and so careful upfront consultation is required.
• Waiving requirements for car parks and third party approvals presents challenges for delivering equitable developments
• Need for strong sub-regional housing targets

KEY ACTIONS

• State government to reward the Metropolitan Partnerships that deliver affordable housing (perhaps through funding for infrastructure)
• Establish a consistent ‘menu’ of incentives designed to encourage developers to deliver affordable housing, supported by clear definitions of ‘affordable housing’ and a mechanism for ensuring housing remains affordable in perpetuity
Inclusionary housing in major developments

The responsibility for making sure we have more affordable homes should also belong to developers.

It’s why there is growing appetite from local councils to apply affordable housing provisions as part of both rezoning, and permit applications for major developments.

Already a number of developers are offering packages that include the delivery of affordable housing, in exchange for rezoning approval or a permit uplift condition through a value capture style agreement. The partnership could take one of a number of forms:

- transfer of ownership of an agreed number of dwellings to a community housing association or the Director of Housing for use as social housing;
- the sale of dwellings to a community housing association at an agreed discounted price to be used in perpetuity as affordable rental; and
- offering units for sale to first home buyers through a shared equity scheme.

A clear framework will be developed to give developers, the community and local councils certainty around how a voluntary benefits scheme could be applied.

To provide a clear framework for these voluntary arrangements, the following will occur:

- a legal definition of social and affordable housing will be put into legislation;
- the Victorian Planning Provisions and State Planning Provision Framework will be amended to provide clear direction;
- a new voluntary tool will be developed to enable affordable housing agreements; and
- a new value capture tool will be developed to set out how these arrangements can be structured.

This will enable councils to set up voluntary arrangements with developers and land owners to provide affordable housing in exchange for rezoning.

Homes for Victorians includes a commitment from the State Government to amend the Victorian Planning Provisions and State Planning Provision Framework to provide a clear framework for a voluntary benefits scheme.
5. PARTNERSHIPS BETWEEN THE PRIVATE SECTOR, GOVERNMENT AND NOT-FOR-PROFIT SECTOR

DESCRIPTION
- Allowing for partnerships based on shared risk and shared benefits, rather than Community Housing Providers being added as an afterthought in developments with an affordable housing component
- Sustainable and long-term partnerships
- A pool of potential partners
- A centralised housing ‘hub’ created by developing a new network or bolstering capacity within an existing network. This network would support data exchange and ‘match up’ partners according to their profile

EXEMPLARS
- Housing Partnerships United Kingdom
- The longevity and scale of the LIHTC (Low Income Housing Tax Credit) has allowed a sustainable and sophisticated affordable housing sector to evolve in the US
- In the UK, large-scale stock transfers have increased the capacity of the Community Housing sector, increasing their partnership abilities and opportunities

TARGET / MEASURE OF SUCCESS
- Sustainable and enduring partnerships, rather than ad hoc or opportunistic partnerships
- Creation of socially integrated communities that combine social, affordable and market housing
- Earlier engagement with Community Housing Providers and tenders that link partners rather than placing responsibility for partnership generation on a single agent

KEY ACTORS
- Land owners, financiers, developers, Community Housing Providers, Local and State Government, local community, industry bodies, Philanthropic organisations such as The Lord Mayor’s Charitable Foundation

KEY BARRIERS OR RISKS
- Currently, tenders are often released focusing on the private developer without Community Housing Providers being involved from the beginning. This can diminish integration and reduce the quality of the end product
- There is inconsistency around the regulation of housing associations across jurisdictions in Australia - this adds complexity
- Lack of information sharing between local and state government about housing need and target groups
- Differences in GST arrangements

KEY ACTIONS
- Match-making mechanisms for private and not-for-profit housing associations
- Creating a broker or centralised knowledge bank about housing opportunities and partnerships
- Creating a cross-sectoral affordable housing body with government, private development, housing associations, service providers, academics and financiers
- Potential for Metropolitan Partnerships to be a mechanism for affordable housing collaborations
**CALL TO ACTION:**

Be part of the conversation: The Transforming Housing Partnership works hard to facilitate cross-sectoral conversations and provide forums for partnership creation. Email katrina.raynor@unimelb.edu.au to be added to our mailing list.

Be involved in the Lord Mayor's Charitable Foundation's Affordable Housing Challenge. The Foundation has allocated a $1 million grant to the Challenge together with an opportunity for another $2 million impact investment via Social Enterprise Finance Australia. If you have any questions please contact Kerryn Jones by calling 03 9633 0023 or emailing kerryn.jones@lmcf.org.au.

Create and negotiate sustainable partnerships: Nita Prekazi of PWC, a champion for effective housing partnerships at the Housing Summit, is interested in helping stakeholders to structure partnerships for housing provision. Contact her at nita.prekazi@pwc.com if you’d like to know more.

**PARTICIPANT OFFERS:**

Many local government participants offered their skills in facilitating partnerships and providing the mechanisms to make them sustainable. Housing associations and developers offered to share their experiences as case studies and to continue to work in partnership. Academics pledged to host events and broker relationships across sectors. State government representatives offered to broker discussions across departments and offered to facilitate partnerships through Metropolitan Partnerships. Across sectors, there were commitments to being part of the discussion. Consultants pledge to involve communities, and provide advice on partnership and commercial models.

Housing Partnerships United Kingdom (HPUK) is a member of the International Housing Partnership (IHP) which includes housing organisations from the USA, Canada, Australia and Europe. The main objective of HPUK is to provide a leadership and thought exchange network for Chief Executives of member organisations. It provides a platform for learning and innovation with the opportunity for peer exchange. It includes a member’s forum for storing documents, exchanging information and commenting on research and policy initiatives being progressed by members.

The Plan Melbourne Five Year Implementation Plan includes an action to establish Metropolitan Partnerships and metropolitan regional planning groups with a mandate to prepare regional housing plans and targets. These groups could also serve a partnership brokering role. Visit the Metropolitan Partnerships website to find out more.
6. ENCOURAGING SMALL INVESTORS TO LEASE AFFORDABLE HOUSING TO HOUSING ASSOCIATIONS

DESCRIPTION
• Changing funding arrangements to assist Community Housing Providers to take long term leases from private landlords
• Community Housing Providers to have a standard term lease (Residential Tenancy Act Lease plus standard set of conditions to ensure investors maintain the property at a high level)
• Allows investors to access a low-risk, long-term tenant that the Community Housing Provider manages and is responsible for
• Increases the pool of housing available to Community Housing Providers and low-income households

EXEMPLARS
• Defense Housing Australia have a very successful model of taking head leases of up to 12 years on properties owned by private landlords and sub-leasing to Defence staff
• National Accommodation Group have a property ready to use as a case study if there is a Registered Housing Association interested in exploring a case study

TARGET / MEASURE OF SUCCESS
• Small, ‘mum and dad’ investors will build new or renovate existing properties for affordable housing and lease them to Community Housing Providers on a long term (> 5 year) lease
• Greater security of tenure for tenants who are renting from the Community Housing Provider
• Increased access to bank financing for investors due to the security of the long-term lease

KEY ACTORS
• Housing Association Senior Managers, private investors, designers experienced in delivering affordable housing, Landlord associations such as the Registered Accommodation Association of Victoria

KEY BARRIERS OR RISKS
• Community Housing Provider funding realities
• Community Housing Providers focusing on their own portfolio rather than expanding the total rental stock

KEY ACTIONS
• Establish and trial a case study as a proof of concept to determine costs and benefits of this model
• Research to assess the benefits and challenges of the project
Defence Housing Australia operates a model based on head-leasing properties from private homeowners to rent to Defence Members and their families. Lease terms often last 9 to 12 years and rent is guaranteed to the homeowner.

Settlement Services International is a community-based, not-for-profit humanitarian organisation that head leases properties, ensuring security of regular rent and no periods of property vacancy for landlords while supporting the needs of recently arrived refugees.

CALL TO ACTION:
HEAD LEASE PILOT PROPERTY PROJECT.

National Accommodation Group Pty Ltd (NAG) are a private company (for profit) specialising in affordable housing. NAG have 2 properties that they would be interested in partnering with a Registered Housing Association to trial as a pilot case study project.

If you a RHA interested in trialling a head-leasing model or a private landlord with a property to lease please contact Donald Blanksby of National Accommodation Group on 0411 141 120 or donald@nataccom.com.au
PRIVATE- SECTOR SHARED EQUITY SCHEMES

DESCRIPTION
• Building upon the existing HomesVic framework in Victoria, this initiative would aim to expand the Shared Equity programs using private industry support
  • This will require evaluation of lessons learned from the HomesVic pilot program to improve the private process
  • To be delivered separately to the existing BuyAssist program
  • Focus on diversity of options and choices in relation to locations, developers and builders
  • Focus on broader application across Victoria
  • Eligibility requirements will be enforced to ensure this is a targeted policy. This could be tied to broader policy objectives about supporting key workers in particular locations

EXEMPLARS
• Keystart (Western Australia)
• Homestart (South Australia)
• Buy Assist
• Community Land Trusts in the UK
• Housing Choices Australia Mixed Equity Program

TARGET / MEASURE OF SUCCESS
• Increasing the proportion of people currently without access to homeownership that can purchase a home
• Sustainability and longevity of the program
• Number of loans issued and proportion of defaults
• Returns for the investors
• Number of developers acting as equity partners without incentives
• Quality of the housing product developed

KEY ACTORS
• Banks and Superannuation Funds
• First Home Buyers
• Developers
• Government (as a case study to analyse and potentially as the body to establish eligibility requirements or provide incentives)
• Industry groups like the Property Council of Australia and Urban Development Institute of Australia
CALL TO ACTION:

Buy Assist, a subsidiary of the National Affordable Housing Consortium, is a team of finance and real estate experts working to link eligible low income households with developers and homes that qualify for a Shared Equity Scheme. They are looking for home purchasers and developments to be involved in the program. Their website includes further details: [http://www.buyassistaustralia.com.au/](http://www.buyassistaustralia.com.au/)

PARTICIPANT OFFERS:

Participants offered their expertise in developing ideas on transaction structures for Shared Equity Schemes and also offered to review Shared Equity documents to encourage banks to provide mortgages under this scheme. Some local councils offered to undertake feasibility projects while a developer offered to support first home buyers through purchaser engagement and education programs. A philanthropic organisation offered to include shared equity in future grants guidelines.
8. VOICES OF THE COMMUNITY - PUTTING COMMUNITY FIRST

DESCRIPTION • Creating people-centric housing outcomes that consider the needs of tenants and communities affected by housing

EXEMPLARS • The City of Vancouver features a strong focus on precinct planning
• The Scottish Government published a National Standards for Community Engagement and commissioned a tool for planning, monitoring and evaluating community engagement

TARGET / MEASURE OF SUCCESS • Creating community and location-specific solutions
• Transparent communication, education and engagement
• Fostering the idea of housing as a human right

KEY ACTORS • Local government, Community Housing Providers, tenants, local communities, designers/practitioners

KEY BARRIERS OR RISKS • Loud voices dominate discussions and it is a challenge finding ‘unbiased’ advocates and champions
• Finding the narratives of uninvolved and disenfranchised people
• Social housing tenants don’t have a choice
• Finding ways to mobilise communities and communicate complex issues to communities
• Institutional resistance to community involvement in the decision-making process

KEY ACTIONS • Ensuring community engagement occurs at the project level from the design process and also as part of the local government vision for LGAs
• Set expectations of community engagement from the outset
• Create advocacy coalitions
• Ensure that tenants are on the boards of Community Housing Providers as a pre-condition for stock transfers
• Local governments to insist community participation be part of projects for planning approval
• Community participation as criteria in tendering public land and in measuring post-occupancy success

CALL TO ACTION:
Want to hear more about best-practice community engagement and participatory development in Melbourne? An action within the Resilient Melbourne Strategy called the Community-led Neighbourhood Renewal and Development pilot program, aims to meaningfully involve people in making decisions about their built and natural environment. This program will trial a range of participatory development models that emphasise citizen and stakeholder engagement in decision-making processes while monitoring and evaluating the impact this approach has on communities.

Contact Barney Wilson of Resilient Melbourne to be part of the conversation: 0447 191 294, barney.wilson@melbourne.vic.gov.au
LEVERAGING STATE GOVERNMENT LAND FOR AFFORDABLE HOUSING

DESCRIPTION
• Improving and continuing current initiatives including Inclusionary Zoning on government land and the Public Housing Redevelopment Program

EXEMPLARS
• Launch Housing is currently working to deliver 57 dwellings on land leased from Vicroads in Footscray and Maidstone
• Port Phillip Housing Association developed 27 dwellings Kyme Place above a City of Port Phillip car park. The ‘air rights’ were transferred to PPHA for the development and Council retains ownership and management of the public car park

TARGET / MEASURE OF SUCCESS
• Working with local government and community
• Measuring and valuing social outcomes like access to education and employment and tenant satisfaction not just economic outcomes
• Good quality and well designed development
• Scalable and replicable projects
• Integrated outcomes between social and private housing

KEY ACTORS
• Department of Environment, Land, Water and Planning, Department of Health and Human Services, Department of Premier and Cabinet, Department of Treasury and Finance, Land Use Victoria, VicTrack, Melbourne Water, local government, developers, Community Housing Providers

KEY BARRIERS OR RISKS
• Opportunity costs of developing on government land
• Political risk
• Community backlash
• Lack of political and sector commitment

KEY ACTIONS
• Deliver existing initiatives and monitor and evaluate and adjust initiatives as necessary
• Investigate future opportunities for value capture
• Aim to transition to a business as usual scenario and create bipartisan support to ensure longevity of the initiatives
• Incorporate into fast track rezoning process
• Develop a structured process to identify sites
• Embed social considerations in the assessment process

CALL TO ACTION:
A Registration of Capability is currently open for redeveloping public housing sites across Melbourne. We call upon the affordable housing sector to advocate for quality affordable housing in these sites.

Participants at the Housing Summit also call upon the State Government to ensure social as well as economic outcomes are explicitly monitored and considered in all initiatives.
REFERENCES


