

# Affordable Housing Needs Assessment

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EAST OF ABERLINE PSP

July 2025

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# 1 Introduction

## 1.1 Purpose of report

The purpose of this report is to inform key stakeholders – including Warrnambool City Council, landowners, the development industry and community housing providers – on the local affordable housing needs or housing assistance demand within East of Aberline, including the expected types of housing required (e.g., dwelling size and depth of subsidy).

One way that affordable housing can be delivered is through voluntary agreements negotiated between a responsible authority (typically a council) and a landowner (this process is summarised below in **Figure 1** and expanded upon within Section 4 of the report).

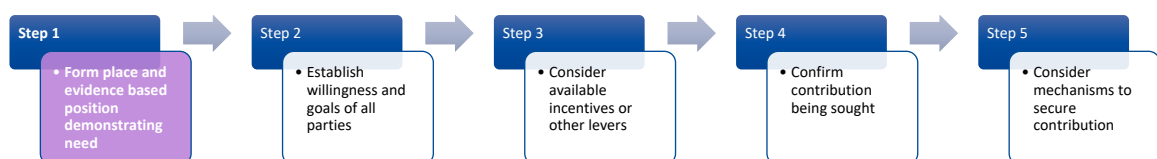
The total demand for housing assistance is identified within Section 3.2.

## 1.2 Structure of report

This report is structured as follows:

- **Section 1** describes the report’s purpose and defines affordable housing (including subsidised market housing and social housing).
- **Section 2** describes the current housing market situation and presents the need for secure and affordable housing.
- **Section 3** describes the process used to determine the total demand for housing assistance for the precinct.
- **Section 4** sets out next steps to secure an affordable housing commitment.
- **Appendix A** provides definitions (a glossary)
- **Appendix B** summarises the policy landscape, including cross-sector partnerships.

Figure 1: Summary of the negotiated affordable housing contribution process



### 1.3 Defining ‘Affordable Housing’

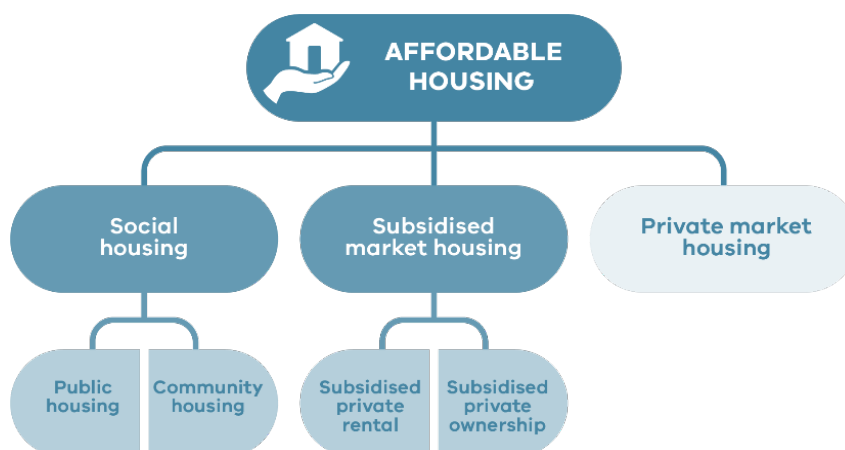
The term ‘affordable housing’ is sometimes misused, as in Australia it does not have a common meaning across jurisdictions. ‘Social housing’, ‘community housing’ and ‘public housing’ are frequently, interchangeably and confusingly used to described terms which overlap on the housing supply continuum<sup>1</sup>, whilst ‘affordable housing’ (a term indexed against identified income ranges<sup>2</sup>), is often mistaken for informal, vague descriptions of ‘housing thought to be affordable’.

For determining total demand for local housing assistance, this report uses the definition of ‘affordable housing’ found in Victoria’s *Planning and Environment Act 1987* (the Act): “...housing, including social housing, that is appropriate for the housing needs of very low, low, and moderate income households”.

Under the broad legislative umbrella definition of affordable housing sits distinct definitions of subsidised market housing & social housing (see **Figure 2**):

- **Subsidised market housing** refers to housing (rented or owned) that is made available to households at below-market rates through subsidies, according to eligibility criteria set out in the Act. Eligibility is based on income ranges for very low, low, and moderate income households. Households that require subsidised market housing, which are for those on low and moderate incomes and experiencing severe or moderate rental stress.
- **Social housing**, which falls under the broad legislative umbrella of ‘affordable housing’, is defined under the Housing Act 1983 as rental housing that is provided and/or managed by the government (public housing) or by a not-for-profit organisation (community housing). Social housing is an overarching term that covers both public housing and community housing.

Figure 2: Affordable housing nesting diagram



### 1.4 PSP Context

The East of Aberline precinct is located approximately 4 km northeast of the Warrnambool centre (see **Figure 3**). It is bound by Wangoom Road to the north, Dales Road to the south, Aberline Road to the west and the property at 75 Rodgers Road to the east. East of Aberline is one of the five growth areas identified

<sup>1</sup> The Housing supply continuum is a concept to define the various types of housing and housing support required for people relative to income.

<sup>2</sup> The Act specifies the income range classification for very low to moderate income households. Income ranges are updated annually in the Victoria Government Gazette.

in the Great South Coast Regional Growth Plan. The precinct is situated in the country of the Eastern Maar.

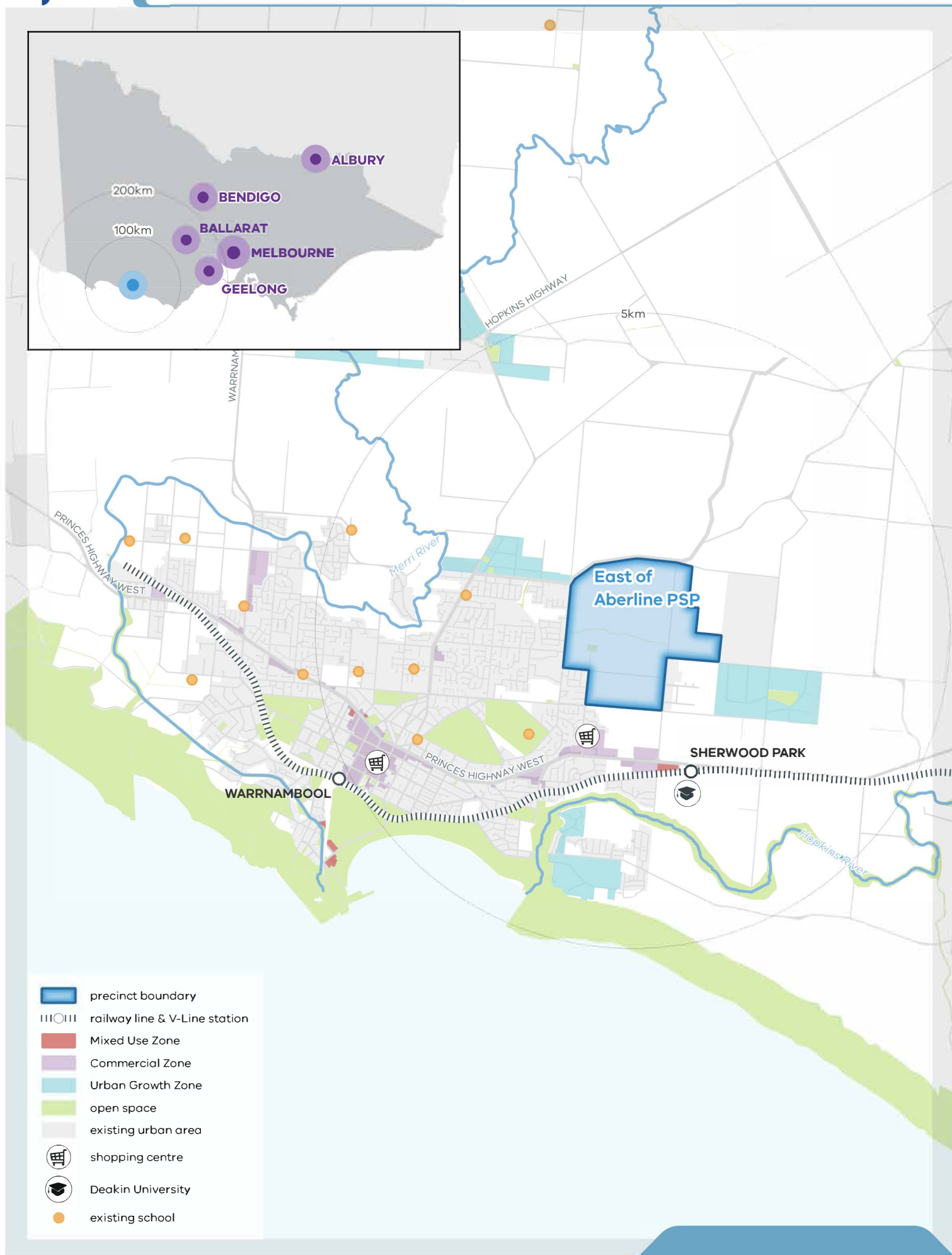
The East of Aberline precinct was identified as a future long-term growth area by Warrnambool City Council, as part of the Citywide Housing Strategy in 2013. Planning for the precinct commenced with the Council in 2018. The project is now led by the VPA, with a strategic focus on developing over 4,000 homes.

The precinct is approximately 408 hectares in size. The land in the precinct is predominantly zoned Farming Zone (FZ). The property on the southeast corner of the precinct is zoned Public Use-Service and Utility (PUZ1), which accommodates water storage facilities.

To the north of the precinct lies the Moyne Shire boundary, which consists of land used for agricultural purposes (zoned FZ). To the southeast, the Horne Road Industrial Precinct is situated, zoned Industrial 3 Zone (INZ3). To the south, the retail area borders Gateway Road and Raglan Parade and is zoned Commercial (C1Z and C2Z). Residential land along the western boundary mostly falls within the General Residential Zone (GRZ1).

Planned social infrastructure includes:

- One planned government primary school.
- Potential non-government primary and secondary schools.
- One level 2 community centre and land for a level 1 community centre (if required in the future).
- One active open space facility and up to three local parks.



## 2 AFFORDABLE HOUSING CONTEXT

### 2.1 Understanding secure housing

Many households in Victoria are unable to access secure housing. Home ownership rates have been declining in Victoria, with deposit requirements for mortgages being a significant barrier. There are barriers to accessing the private rental system, particularly for households without the financial means to afford market rents or who pay a high proportion of their income on rental costs. There are also challenges for households with an unstable rental history. Households on a low income and without a stable rental history often compete with those on higher and more secure incomes, and are more likely to be outbid or discriminated against in the private rental application process.

Affordable housing provides a viable solution for those who are unable to access or afford secure housing in the private market. It is especially beneficial for people who have experienced homelessness, family violence, or have other specific needs. By reducing rental costs (or ownership costs through shared equity schemes), affordable housing makes it easier for households to meet everyday living costs and essential needs. Access to secure housing is also important for the wider community, as it helps to maintain household and community links to employment, services, schools, friends, and family.

Affordable housing (including social housing) should be viewed as a form of essential social infrastructure, akin to transport networks, water cycle management, open space systems, hospitals and clinics, schools, and other fixed community facilities.

There is a strong international and Australian precedent for specifically viewing social housing as essential infrastructure. In Victoria, this is evidenced in:

- Victoria's Infrastructure Strategy 2021–2051, where social housing is listed as a priority infrastructure sector.
- State Government policies on the comprehensive development of other urban areas, for example, Fishermans Bend.

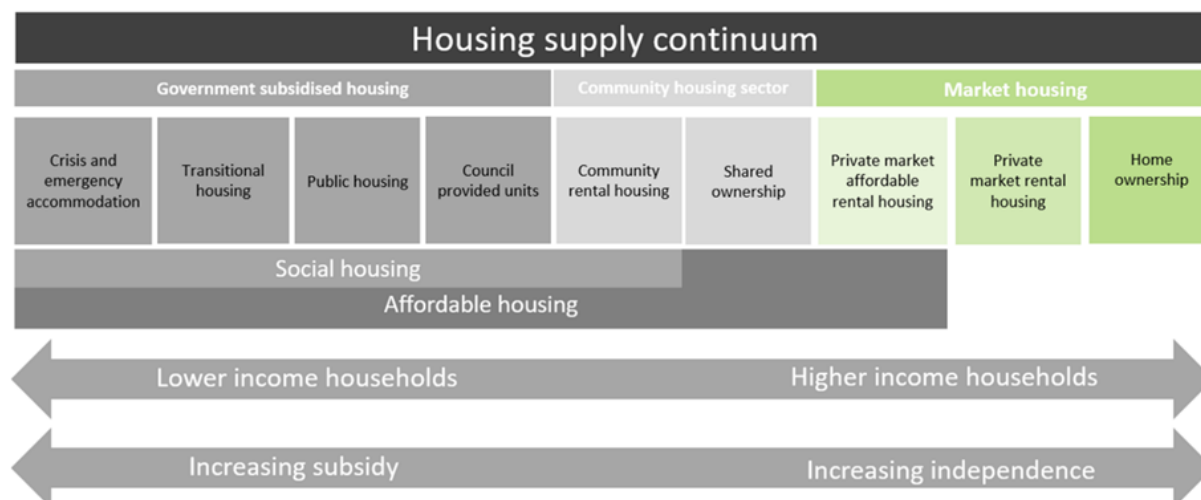
### 2.2 The housing supply continuum

Another way to understand affordable housing is by reference to the housing supply continuum (**Figure 4**). Affordable housing sits at the lower end of the continuum, where higher levels of assistance or subsidy for residents are required.

**Figure 4** illustrates the different types of housing available and highlights that living circumstances are not static over time. The level of support an individual or household may require can change, along with the ability to access different types of housing. For example, social housing can offer a pathway out of homelessness or insecure accommodation. Therefore, providing housing suited to a full range of households and their varied financial capacities, at a range of affordable rates, is part of the solution.



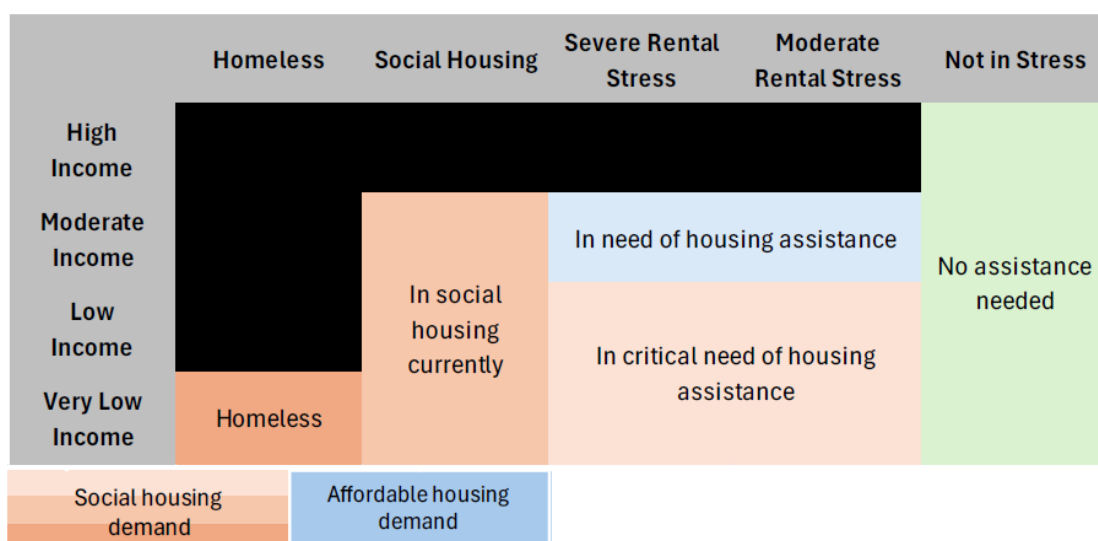
Figure 4: The housing supply continuum



Source: SGS Economics and Planning, 2024

As **Figure 5** demonstrates, households that are currently homeless or in social housing need social housing to avoid being in rental stress. Households with low or very low incomes and experiencing rental stress are also best suited to social housing, as in most cases, current rental market conditions would likely lead to them remaining in rental stress even at a discounted rent of 75% (the common definition of affordable housing). Finally, households with moderate incomes, yet experiencing rental stress, are best suited for subsidised market housing.

Figure 5: Different types of housing assistance based on income



## 3 AFFORDABLE HOUSING DEMAND AT THE LOCAL LEVEL

### 3.1 Moderation of affordable housing demand

As outlined in **Figure 1**, there are five general steps involved in the delivery of affordable housing through voluntary negotiation. The demand identified within this section of the report fulfils Step 1.

The Affordable Housing Needs Assessment Model (the model), prepared by SGS Economics and Planning (SGS) for the VPA (see **Figure 6**), brings together a range of inputs relating to future statewide demand for affordable housing and makes recommendations as to how this demand could be distributed at a more localised level. The model takes as its starting point the statewide projected demand for affordable housing from *Victoria in Future*<sup>3</sup> (VIF).

The model distributes this projected demand at the statistical area 2<sup>4</sup> (SA2) level. This distribution aims to ensure an equitable distribution of affordable housing based on the number of people projected in each SA2, and moderates this distribution further based on:

- A PSP area's relative entrenched disadvantage<sup>5</sup> based on the Socio-Economic Index for Advantage<sup>6</sup> (SEIFA), to avoid concentrating disadvantage.
- A PSP area's access to employment and essential services<sup>7</sup>, because travel costs (time and money) can have larger adverse impacts on vulnerable groups
- The amenity and quality of life<sup>8</sup> in a PSP area are improved by locating affordable housing in areas with good access to open space and community infrastructure, which provides residents with enhanced health and recreation opportunities.

#### Projected need versus establishing targets for social and affordable housing in the PSP

The model produces an estimate of the aggregated projected need for social and affordable housing in a given geography. This is not the same as producing targets for the provision of social and affordable housing in the subject geography via the planning system.

The provision of social and affordable housing will likely occur through a variety of means. These will include State and Commonwealth programs as well as contributions generated through the planning process. The proportion of the estimated need for social and affordable housing that should be targeted for fulfilment via the PSP and planning system more generally is a policy question that lies outside the model's ambit.

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<sup>3</sup> Victoria in Future or VIF is the State Governments estimate on the future size, distribution and composition of the population.

<sup>4</sup> SA2's are functional areas that represent a community that interacts together social and economically.

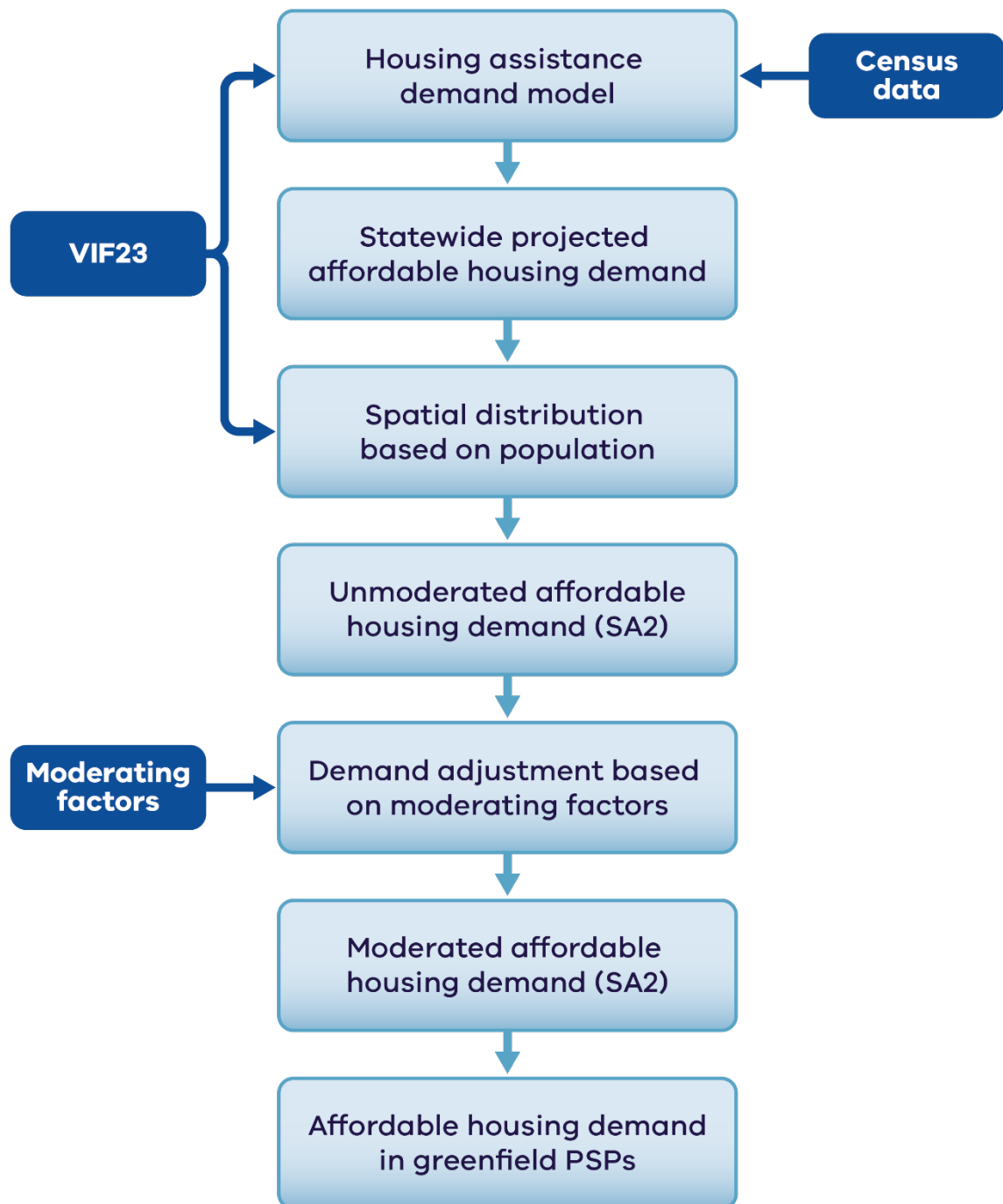
<sup>5</sup> The model moderate's distribution of affordable housing based on the SEIFA index. Areas with significant and or concentrated disadvantage are apportioned lower levels of affordable housing.

<sup>6</sup> Moderation based on relative disadvantage will not spatially account for 'growth areas' and is limited to established Melbourne. SEIFA's accuracy is highly contingent on an established population.

<sup>7</sup> 30-minute public transport catchments were generated for every SA2. Public transport catchments were supplemented with small area employment forecasts to determine job access within each catchment.

<sup>8</sup> Social infrastructure indexing draws from the Australian Urban Observatory's Community and Sport social infrastructure index. Open space considered all open spaces available within the catchment.

Figure 6: Affordable housing demand model



Source: Affordable Housing Needs Assessment Model Method Report – Greenfields, SGS Economics and Planning, 2024

## Planning principles underpinning the model

The planning principle that social and affordable housing should be provided in all communities as essential infrastructure underpins the model. This aligns with policy statements from both the State and Federal governments. It reflects the fact that, as well as mitigating housing cost poverty, the provision of social and affordable housing serves local communities by providing better access to essential services for lower-paid workers, and it fosters diverse and inclusive neighbourhoods.

Therefore, as the first step in the estimation process, AHNAM takes the global pool of need estimated at a higher geography, and distributes this pro rata to smaller geographies based on population shares and household composition. However, AHNAM also recognises that some areas may be more suitable for social and affordable housing provision because they offer better access to employment, services and amenity. Thus, pro rata distributions based on household numbers and composition are moderated to some extent to account for locational attributes.

It should be noted that, by design, these moderating factors merely adjust population- and household composition-driven estimates of need at the margin. In net terms, the moderating factors in the model have only a minor impact on projected need.

## Moderation factors

Within the model, 30 per cent of the demand estimate is subject to adjustment via the moderating factors; 70 per cent of the pro-rata distributed demand is unaffected.

The model makes provision for SA2 rankings according to several moderating factors, noting that some are applied to projected affordable housing demand only, and some to projected social housing demand only:

- Access to employment and services. This is based on projected employment in 2036 but applies to existing public transport infrastructure. Data for this moderating factor is sourced from SGS's Small Area Land Use Projections 2024.
- The SA2 2021 SEIFA index, sourced from ABS Census 2021.
- Two livability/amenity factors
- Open space within the SA2, based on current and planned parkland/recreational space.
- Community infrastructure within the SA2, based on a social infrastructure index sourced from the Australian Urban Observatory.

## Bedroom breakdown

Based on projected household distribution, the model estimates the expected number of bedrooms required for each household. For example, a couple without children is deemed to require a 1-bedroom dwelling, while a couple with children is considered to require one bedroom plus one bedroom per dependent child.

To project bedroom requirements, the number of people in each household type is taken from the ABS Census. This information is then used to determine the bedroom requirements for each household. It should be noted that projected dwelling requirements using this method may differ from actual provision enabled by the PSP. While many couples and individuals may only require one bedroom, they often opt for larger dwellings to accommodate future family changes or for other purposes.

## 3.2 East of Aberline PSP: Affordable housing demand overview

This section identifies current and future demand for affordable housing within East of Aberline PSP.

Table 1: PSP housing demand overview

	TOTAL HOUSING IN PSP	SUBSIDISED MARKET HOUSING DEMAND	SOCIAL HOUSING DEMAND	TOTAL AFFORDABLE HOUSING DEMAND
# of Dwellings	4300	70	417	487
% of PSP	100%	1.6%	9.7%	11.3%

Table 2: PSP total housing demand by number of bedrooms

# OF BEDROOMS	HOUSING DEMAND	% OF HOUSING DEMAND
1	2476	57.6%
2	584	13.6%
3	641	14.9%
4+	599	13.9%
Total	4300	100%

Table 3: PSP subsidised market housing demand by number of bedrooms

# OF BEDROOMS	SUBSIDISED MARKET HOUSING DEMAND	% OF SUBSIDISED MARKET HOUSING DEMAND
1	52	74%
2	7	11%
3	6	8%
4+	5	8%
Total	70	100%

Table 4: PSP social housing demand by number of bedrooms

# OF BEDROOMS	SOCIAL HOUSING DEMAND	% OF SOCIAL HOUSING DEMAND
1	260	62%
2	55	13%
3	49	12%
4+	52	13%
Total	417	100%

Table 5: PSP subsidised market housing demand by Governor In Council income bands

INCOME BAND	SUBSIDISED MARKET HOUSING DEMAND	% OF SUBSIDISED MARKET HOUSING DEMAND
Very Low	0	0%
Low	0	0%
Moderate	70	100%
Total	70	100%

Table 6: PSP social housing Demand by Governor In Council income bands

INCOME BAND	SOCIAL HOUSING DEMAND	% OF SOCIAL HOUSING DEMAND
Very Low	199	48%
Low	194	47%
Moderate	23	6%
<b>Total</b>	<b>417</b>	<b>100%</b>

### 3.3 Key opportunities and challenges

This section summarises:

- The characteristics of East of Aberline PSP that present opportunities or challenges to delivering the demand estimates are presented in **Section 3.2**.
- Potential funding and delivery options (relevant to the local development process) that should be considered for inclusion in the PSP to facilitate the delivery of affordable housing.
- **Table 7** presents a scorecard of applicable opportunities and challenges.

Table 7: Delivery opportunities and challenges scorecard

DELIVERY OPPORTUNITY/ISSUE	APPLICABLE?	DESCRIPTION
Land ownership and fragmentation	Yes	Land ownership within the precinct is highly fragmented, particularly to the south of Boiling Down Road.  The precinct comprises 41 individual titles, including 5 private companies, 19 individual landowners, and Government bodies such as Wannon Water, the Department of Education, and the Department of Energy, Environment, and Climate Action.
Government land ownership	No	A small portion of the land in the precinct is owned by the State government. The Department of Education owns 1 parcel (approx. 4.8% of the total land) abutting the Russells Creek, known as Tozer's Reserve.  The Department of Energy, Environment, and Climate Action owns two parcels (approx. 0.47% of the total land) located south of Russells Creek.  As these parcels are listed as conservation areas, they do not provide favourable conditions for residential use. Thus, there is little opportunity for social and affordable housing to be developed in these areas.
Public transport provision	Yes	There are limited existing public transport connections within and surrounding the precinct.  Council currently has a draft PPN network plan that shows active transport links to the CBD from the western periphery of the precinct via tracks along Russells Creek.
Key workers	Yes	A key worker is an employee who provides a vital service, especially in the essential services, health or education sector. The demand for key workers and seasonal tourism may lead to challenges for local workers to afford

		<p>accommodation in Warrnambool and the Greater South Coast region.</p> <p>The largest industries by employment in Warrnambool are health care and social assistance, retail trade, education and training, construction and accommodation and food services<sup>9</sup>.</p> <p>Currently, there is an inadequate policy that supports the delivery of affordable housing for key workers in Warrnambool.</p>
Existing local policy supporting SAH delivery	Yes	<p>Several local policies support the provision of social and affordable housing, as referenced in Section 2.2 of this report.</p> <p>Warrnambool City Council has identified strategic goals to increase housing diversity and affordability, as outlined in the Warrnambool 2040 City-Wide Housing Strategy (2013) and Affordable Housing Policy (2012).</p>
Presence of Community Housing Providers in LGA	Yes	<p>There are several established Community Housing Providers and Agencies that operate in the Warrnambool region, which may facilitate the development of social or affordable housing in the East of Aberline PSP. This includes:</p> <ul style="list-style-type: none"> <li>• Catholic Care Victoria Housing</li> <li>• The Haven Foundation (Mind Australia)</li> <li>• Women's Housing Limited</li> </ul>

### 3.4 Delivery by the local development process

The following mechanisms exist for delivering social and affordable housing:

#### Stakeholders

The delivery of social and affordable housing in the East of Aberline precinct will require coordination between Warrnambool City Council, local Community Housing Providers, and private landowners within the precinct.

The VPA can play a facilitative role by connecting and fostering relationships between key stakeholders. The VPA is investigating the opportunity to explicitly reference demand assessment targets for social and affordable housing as a guideline in the PSP document, ensuring that targets are clearly established prior to development commencing.

Whilst the provision of Social and Affordable housing is largely voluntary, the demand assessment calculations will offer a target to strive for through Council negotiations with land developers. Depending on the level of engagement from the Council and landowners, the delivery opportunities may vary. A

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<sup>9</sup> <https://www.warrnambool.vic.gov.au/warrnambool-economic-data>

spectrum of models and approaches<sup>10</sup> could be applied during the negotiation process to secure affordable housing. This includes.

- Density bonus: additional development potential
- Planning concessions: planning rules could be modified.
- Impact fees: financial contributions from developers to offset the impact of a project on affordable housing demand or supply.
- Inclusionary zoning: contribute a certain percentage of dwellings to be affordable housing.

## Funding Opportunities

Several Federal and State Government funding sources may provide funding for the delivery of social or affordable housing in the East of Aberline precinct.

The current Federal policy includes the Affordable Housing Bond Aggregator (AHBA) for registered housing providers, the Housing Australia Future Funds (HAFF), the Social Housing Accelerator Program and the National Housing and Homelessness Agreement (NHHA).

Under current State policy, the Big Housing Build aims to deliver 9,300 new social homes with a minimum investment of \$25 million in Warrnambool City Council.

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<sup>10</sup>

[https://www.ahuri.edu.au/sites/default/files/migration/documents/AHURI\\_Final\\_Report\\_No297\\_Supporting\\_affordable\\_housing\\_supply\\_inclusionary\\_planning\\_in\\_new\\_and\\_renewing\\_communities.pdf](https://www.ahuri.edu.au/sites/default/files/migration/documents/AHURI_Final_Report_No297_Supporting_affordable_housing_supply_inclusionary_planning_in_new_and_renewing_communities.pdf)

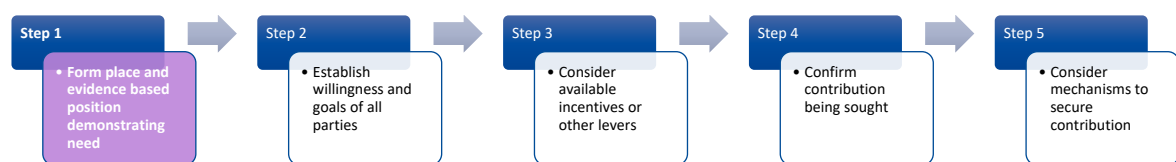


## 4 NEXT STEPS

### 4.1 Securing a commitment for affordable housing provision

As shown in **Figure 7** (below), the process typically followed in securing voluntary agreements for affordable housing provision is described in five broad steps. Specific place-based affordable housing demand / need identified within **Section 3.2** of this report fulfils a significant component of Step 1. The subsequent steps are outlined below.

Figure 7: Typical process of securing voluntary agreements for affordable housing



#### Step 2 - Establish the willingness and goals of all parties

Negotiations are likely to be an iterative process and may require several meetings, discussions, and a review of the available demographic data or any background documents. Parties should be open and transparent about the goals they are trying to achieve. During the initial meetings, parties should refer to evidence (including demand identified within the relevant Affordable Housing Needs Assessment Report) to support their positions.

The scope of negotiations should consider the Ministerial Notice of [matters specified under section 3AA\(2\) of the Act](#) which includes, as a minimum:

- Form of the contribution (dwellings, land, cash)
- Ownership and management of the dwellings or land
- Longevity (how long a dwelling will remain as affordable housing)
- Whether a dwelling will be for rent or sale
- Integration of a dwelling into the development and neighbourhood

#### Step 3 - Consider incentives or other levers

In preparing its negotiating position, a responsible authority may consider incentives or other levers that could be introduced. To be effective, incentives need to be sufficiently beneficial to a landowner to appropriately offset the costs of the contribution. These may include:

- **Realisation of value created by the planning process (e.g., planning permit or rezoning)** - Occurs where land value increases as a result of development certainty being derived from a planning permit or land rezoning.
- **Floor area uplift** - This is a practice where a development is permitted to have increased building height while including a public benefit, such as affordable housing.
- **Streamlined planning assessments** - This could include having the proposal assessed by dedicated planning team.

- **Reduction of other planning requirements** - E.g., reduced car parking requirements where appropriate and supported by data
- **Council rate reductions or exemptions.**

While incentives can be considered, councils should seek an affordable housing contribution as a means to achieving State policy objectives, irrespective of any incentive offered to, or requested from, a landowner.

#### Step 4 – Confirm details of the contribution being sought

A responsible authority should clearly outline the details of the contribution being sought, including the preferred model and type of housing, its size, configuration, and any related matters. These details will provide certainty for landowners and help to manage the expectations of all parties.

The initial scope of issues outlined in Step 2 can be further developed as negotiations continue.

#### Step 5 - Consider mechanisms to secure contributions

At the conclusion of negotiations and where a voluntary agreement has been reached for a landowner to provide an affordable housing contribution, the parties should seek to agree on a mechanism to secure the contribution. There are options for how this can be done, with some agreements using a combination of mechanisms. Section 4.3 provides further details of some of the most commonly used methods.

## 4.2 Affordable housing delivery options

Once an agreement is reached in principle, further detail on the model for the contribution and the mechanism to be used to secure the contribution can be prepared. This is the final step in the process shown as Step 5 in **Figure 7** above. To lock in the specifics, the delivery mechanism will need to be decided by all parties.

Responsible authorities should form a view on the delivery model most appropriate to meet their affordable housing priorities.

The compatibility of the model to meet the community's needs, benefits, disadvantages, economic feasibility, legal and risk profile should be considered. It is also important to consider the views of Registered Housing Agency (RHAs), and any specific constraints and opportunities of the land or development site.

### Options for delivery

There are various methods by which landowners can make an affordable housing contribution. In determining the most appropriate method, responsible authorities should consider the needs of the end-users of the housing and the role a Registered Housing Association can play in owning or managing it. The models include:

- Gifting land or dwellings
- Selling land or dwellings at a discount
- Monetary contribution to a RHA, housing trust or similar entity
- Selling dwellings to individuals under an affordable home ownership arrangement

An overview of the contribution models and considerations for responsible authorities and landowners is outlined below.

Gifting land or dwellings

The title is transferred to a RHA, a housing trust, or a similar entity. This gives the RHA control of the asset, removing the cost of property acquisition while still requiring ongoing maintenance and management costs.

The landowner agrees to waive all rights to any value or potential financial benefit from the land or dwellings. The legal process for transferring land or dwellings is regulated by the Transfer of Land Act 1958, managed by Land Use Victoria. After the transfer, the name of the new owner is registered on the title.

Selling land or dwellings at a discount

The landowner sells the land or dwellings at a discount to a RHA, housing trust, or similar entity. The discount must be agreed upon and sufficient to enable the RHA or housing trust to purchase and achieve an affordable housing outcome.

This option has the potential to provide a greater number of dwellings compared with gifting, but only where a RHA can secure finance to purchase.

Monetary contribution to a RHA, housing trust or similar entity

Council may establish a housing trust, or a limited company created specifically to provide affordable housing. It can then approach a landowner to direct a monetary contribution agreed upon to the trust.

This option enables a contribution where other models are not suitable, or as a default option when other models cannot be realised, for example, on smaller-scale projects or where housing is not being developed. It provides a funding source for a RHA to support the acquisition or development of land.

Sell dwellings to individuals through affordable homeownership schemes, such as shared equity and rent-to-buy programs.

Shared equity

Under this arrangement, a landowner sells the dwelling to an eligible household sourced by a RHA. The RHA secures the contribution through a legal agreement and a second mortgage. When the purchaser sells or refinances, the contribution is repaid to the RHA. The model facilitates tenure diversity through an affordable homeownership scheme. It relies on the RHA establishing an appropriate shared equity homeownership model.

Rent-to-buy

This is an emerging model currently offered by the private finance market. Rent-to-buy is best suited for households that can afford to rent and save but still require a deposit to access a mortgage.

An affordable housing contribution that involves selling dwellings to eligible households without a shared ownership arrangement with a RHA is generally less preferred as a delivery model. It offers one-off support for the household but does not ensure the lasting benefit of public assistance.

### 4.3 Mechanisms to secure an affordable housing contribution

There are various mechanisms available to secure a contribution, and responsible authorities should evaluate the benefits, risks, feasibility, and resource implications of different options. Key considerations include:

- How will the delivery be assured if the land is sold in the future, and
- How will the contribution be secured to ensure use for an agreed and appropriate period

Some of the most commonly used methods are:

- Planning permit condition requiring a Section 173 agreement
- Planning provisions
- Transfer of ownership of the land or dwelling to a RHA
- Transfer of ownership to a Special Purpose Vehicle (SPV) such as a housing trust established for the purpose of delivering affordable housing.

### **Permit condition for a Section 173 agreement**

Section 173 of the *Planning and Environment Act 1987* provides the power for a responsible authority to make an agreement with a landowner that sets out conditions or restrictions on the use or development of the land. This includes the authority to enter into agreements for the provision of affordable housing.

A Section 173 agreement is recorded on the title to the land so that the owner's obligations under the agreement bind future owners and occupiers of the land.

Securing a contribution by way of a permit condition for a Section 173 agreement is a recognised approach that conveys certainty that, for a development to progress, there will be an affordable housing contribution (noting the details will be subject to the specific agreement). It is a transparent method that is clear to the market.

A council can seek to have the Section 173 agreement actioned upfront while other details of the proposal are being resolved. If an agreement can be registered on title before the issue of a permit, this avoids the need for a permit condition and provides certainty that a contribution will be delivered on the site.

The details of the affordable housing contribution may then be set out in the agreement and approved by the parties.

A template agreement is available at '[Affordable Housing Agreement under Section 173 of the Planning and Environment Act 1987](#)', Department of Transport and Planning.

### **Planning provisions**

A contribution can be secured through a planning provision, such as within a zone or overlay schedule that refers to a requirement for a Section 173 agreement for the provision of affordable housing.

Including the provision can be negotiated as part of a proposal to rezone land or develop specific overlay controls. The provision can be included in the relevant clause as part of the planning scheme amendment documentation. Including a provision in the planning scheme sets future expectations for negotiations between responsible authorities and landowners. A template agreement is available, '[Affordable Housing Agreement under Section 173 of the Planning and Environment Act 1987](#)', Department of Transport and Planning

Where a RHA is a party to the negotiations, it is essential that responsible authorities provide flexibility within the agreement, allowing a RHA to further leverage an outcome with a landowner if the parties choose to do so. Further, councils should ensure agreements are viable for the community housing sector and enable more than one organisation to take up the opportunity to deliver affordable housing.

### **Transfer ownership of the land or dwelling to a Registered Housing Agency (RHA)**

Where agreed through the negotiation process, a landowner can transfer the title of the contributed land or dwelling to a RHA. This can be by gifting or nominal sale. This results in the asset being owned directly by a RHA without requiring any ongoing agreement or requirement for use on title.

Planning and responsible authorities are encouraged to safeguard the contribution by seeking to formalise the transfer in a Section 173 agreement and having this registered on title. This could be done prior to the approval of a planning scheme amendment or approval of a development plan. This would avoid the need for a permit condition at the end of the process.

Councils and landowners are encouraged to consult early with RHAs about prospective affordable housing contributions.

### **Transfer of ownership to a Special Purpose Vehicle (SPV) such as a housing trust**

Under this mechanism, a responsible authority would first establish the SPV and then require the landowner to direct an agreed affordable housing contribution to the vehicle (i.e. gifted land or dwellings, discounted assets, or a monetary contribution).

The development and management of the dwellings would be overseen by the SPV's governing board or trustee. It is generally expected that governance would involve a RHA.

Once established, the SPV may be able to receive monetary contributions from other development proposals when these are agreed upon by landowners.

Responsible authorities should be aware that establishing an SPV can incur significant costs and entail ongoing processes, requiring staff and resources over time, depending on the SPV's structure.

## **4.4 Opportunities to promote affordable housing outcomes**

In addition to pathways within the planning system, responsible authorities are encouraged to utilise their digital platforms, publications, or community engagement processes to promote their objectives for affordable housing. This may include:

- Council's planning webpage
- Fact sheets and supporting guidance for residential development applications
- Pre-application discussions with landowners and proponents

## Appendix A: Definitions

### Glossary

<b>Affordable housing</b>	Defined under the <i>Planning and Environment Act 1987</i> as housing, including social housing, that is appropriate for the needs of very low-, low- or moderate-income households.
<b>Affordable housing contribution</b>	A contribution made by a landowner or developer towards an affordable housing outcome.
<b>Affordable Housing Needs Assessment Model (ANHAM)</b>	The Affordable Housing Needs Assessment Model or “the model” as it is referred to in this report, is the model created to estimate affordable housing demand within greenfield PSPs
<b>Community housing</b>	Housing owned or managed by community housing agencies for low-income households, including those eligible for public housing. Community housing agencies are registered and regulated by the state government.
<b>Public housing</b>	Housing owned and managed by Homes Victoria. Public housing is provided to eligible Victorians including those unemployed, on low incomes, with a disability, with a mental illness or at risk of homelessness.
<b>Registered Housing Agency (RHA)</b>	Not-for-profit rental housing agencies that are registered under the <i>Housing Act 1983</i> as housing associations or housing providers. They provide affordable housing for very low to moderate income households and allocate tenants from the Victorian Housing Register.
<b>Section 173 agreement</b>	An agreement made under section 173 of the <i>Planning and Environment Act 1987</i> used to set out conditions or restrictions on the use or development of land, or to achieve other planning objectives in relation to land. The agreement is a legal contract and is recorded on the title to the land.
<b>Social housing</b>	Defined under the <i>Housing Act 1983</i> as rental housing that is provided and/or managed by the government (public housing) or by a not-for-profit organisation (community housing). Social housing is an overarching term that covers both public housing and community housing.
<b>Special Purpose Vehicle</b>	A subsidiary company formed to undertake a specific business purpose or activity such as affordable housing.
<b>Statistical Area 2/SA2</b>	SA2s are a set of geographical boundaries used to define smaller areas of Greater Melbourne and are a part of the Australian

Statistical Geography Standard developed to reflect the location of people and communities.

<b>Subsidised Market Housing</b>	Housing (rented or owned) which is made available to households at below market rates through subsidies (eligibility criteria set out in the Act).
<b>Victorian Housing Register (VHR)</b>	The register for households that apply for and are determined to be eligible for social housing in Victoria.
<b>Victorian Housing Registrar</b>	The regulator responsible for the oversight of the community housing sector in Victoria. The functions include registering, monitoring, and assessing registered agencies under the Housing Act 1983 (Vic)

## Appendix B: Policy Summary

This section summarises relevant policies at the time of East of Aberline PSP development.

### Federal policy summary

#### National Housing Accord (Accord)

The Accord established an aspirational target agreed by all parties to build 1.2 million new well-located homes over 5 years from mid-2024<sup>11</sup>.

The Accord is one component of the government's wider housing agenda which also includes significant funding (including an additional \$3.5 billion in direct payments to state, territory and local governments) for social and affordable housing and additional support for renters and homebuyers.

The Accord commits \$350 million in Commonwealth funding over 5 years from 2024-25 to support the delivery of 10,000 affordable homes. State and territory governments have agreed to build on this commitment to support delivery of up to an additional 10,000 affordable homes.

Victoria has agreed to build 2,546 affordable homes.

#### Housing Australia

Housing Australia is the independent national housing authority. Housing Australia collaborates with private sector, community housing providers and all levels of Government to facilitate and deliver programs that help Australians to access social and affordable housing or to purchase a home.

Housing Australia's strategic objectives are to:

- Facilitate the sustainable growth of the community housing sector across Australia
- Facilitate investment to increase the supply of social and affordable housing
- Strengthen stakeholder relationships that support better housing outcomes
- Deliver high-performance organisation practices and outcomes
- Establish a best-practice governance regime.

#### Social housing accelerator

In 2023, the Australian Government announced a new \$2 billion Social Housing Accelerator to deliver thousands of new and refurbished social homes across the country.

The Social Housing Accelerator payment was delivered to the states and territories in June 2023 enable investing in building new homes straight away.

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<sup>11</sup> The Accord initially established a target to build one million homes over 5 years from mid-2024. National Cabinet in agreement with the states and territories agreed to update this to 1.2 million new homes.



This investment aims to:

- Create around 4,000 homes for Australians on social housing waiting lists
- Permanently increase the stock of social housing.

### **National Housing Finance and Investment Corporation (NHFIC)**

NHFIC is dedicated to improving housing outcomes, particularly affordable housing through the following mechanisms:

- Operation of the Affordable Housing Bond Aggregator (AHBA) which provides low cost, long-term loans (up to \$575 million) to registered housing providers to facilitate their investments and increase the supply of affordable housing.
- Operation of the National Housing Infrastructure Facility (NHIF) which provides finance for eligible infrastructure projects to unlock new housing supply, particularly affordable housing.

### **Housing Australia Future Fund (HAFF)**

The fund is established to provide additional funding to support and increase social and affordable housing, HAFF also provides for acute housing needs for target cohorts such as the Indigenous community, women and children escaping domestic violence, older women, and veterans.

The HAFF was credited \$10 billion in November 2023.

### **The National Cabinet Housing Plan**

In August 2023, the national housing target was lifted, now aiming to build 1.2 million new homes in the five years from 1 July 2024. These homes are to be developed in addition to the targets set by the National Housing Accord.

### **The National Housing and Homelessness Agreement (NHHA)**

The NHHA was introduced in July 2018 and allocates approximately \$1.6 billion each year to states and territories to improve affordable housing and homelessness strategies. To receive the funding, state or territory's housing and homelessness strategies must address the NHHA priority areas.

In 2019, the Victorian Government received \$103.5 million from the NHHA to provide funding for 48 agencies that deliver services to address homelessness.

## **State policy summary**

### **Victorian Planning Policy Framework**

Planning schemes contain policies and provisions that control land use and development. Planning for affordable housing (and housing generally) is consistent with, and supported by, the following clauses of the Victorian Planning Provisions:

#### **Clause 16 Housing**

- Planning for housing should include the provision of land for affordable housing.

#### **Clause 16.01-1S Housing supply**

- 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.

### **Clause 16.01-2S Housing affordability**

- Encouraging a significant proportion of new development to be affordable for households on very low to moderate incomes.
- Facilitating a mix of private, affordable and social housing in suburbs, activity centres and urban renewal precincts.
- Facilitate the delivery of social housing by identifying surplus government land suitable for housing.

### **Particular Provisions**

The following Particular Provisions included in the Warrnambool Planning Scheme are relevant to the provision of social and affordable housing:

### **Clause 53.20 Housing by or on behalf of Homes Victoria**

- 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 Chief Executive Officer, Homes Victoria.
- Victoria does not unreasonably impact on the amenity of adjoining dwellings or small second dwellings.

### **Clause 53.23 – Significant residential development with affordable housing**

- To facilitate residential development that includes affordable housing to meet existing and future needs.
- To facilitate the redevelopment and renewal of public housing stock to meet existing and future needs.
- To facilitate residential development carried out by the State of Victoria or jointly or in partnership with the private sector, including via innovative funding, investment and partnership approaches.
- To facilitate residential development with high quality urban design, architecture and landscape architecture.
- To provide opportunities for non-residential use and development in association with residential development.

### **Clause 53.24 – Future Homes**

- To facilitate apartment developments that incorporate exemplar designs approved under the Future Homes project.
- To facilitate apartment developments that increase the density and diversity of housing to respond to Victoria's population growth.
- To facilitate apartment developments that are exemplary in their design, liveability and sustainability.

### **Plan Melbourne 2017–2050**

*Strong and healthy communities* is one of the nine principles of the *Plan Melbourne 2017–2050 Strategy* (Plan Melbourne). Strong communities need affordable, accessible housing. Growth areas play an important role in managing Melbourne's growth and facilitating affordable housing outcomes for residents. Provision of social and affordable housing cannot be delivered by the planning system alone, but it is important that delivery is made easier by planning systems, rather than harder.

Plan Melbourne supports planning for affordable housing in growth areas through the following principles, outcomes and directions:

<p><b>Principle 7</b></p> <p><b>Strong and healthy communities</b></p> <p>To remain a city of diverse, healthy and inclusive communities, Melbourne needs to ensure its neighbourhoods and suburbs are safe and walkable.</p> <p>Strong communities need affordable, accessible housing; local health, education and community services; access to recreation spaces; and healthy food.</p>	<p><b>Outcome 5</b></p> <p>Melbourne is a city of inclusive, vibrant and healthy neighbourhoods</p>	
	<p><b>Direction 2.3</b></p> <p>Increase the supply of social and affordable housing</p>	<p><b>Direction 2.4</b></p> <p>Facilitate decision-making processes for housing in the right locations</p>

## Victoria's Big Housing Build investment in social and affordable housing

The Victorian government is committed to building more social housing where it is needed most. Victoria's Big Housing Build program is an \$5 billion investment in social and affordable housing, to deliver 12,000 new homes. The program aims to boost total social housing supply by 10%.

To support the Big Housing Build and other social housing programs, streamlined planning processes have been implemented into Victoria's planning system. Proceeding consultation with councils and communities, the Minister for Planning will be able to:

- Issue a planning permit exemption under Clause 52.20 Big Housing Build of the planning scheme.
- Issue a planning permit for 10 or more social housing dwellings under Clause 53.20 Housing by or on behalf of the Director of Housing.

## Victorian *Planning and Environment Act* (Voluntary Affordable Housing Framework)

From 1 June 2018, the *Planning and Environment Act 1987* (the Act) included an objective 'to facilitate the provision of affordable housing in Victoria.' Since this time, state and local legislative reforms, policy initiatives and new investments have been adapted to address housing need.

## Homes for Victorians

Homes for Victorians is a mechanism for the whole of Victorian Government to collaborate with the Australian Government, local councils, the community social housing sector, and the development and construction industries.

The strategy:

- provides more than \$2 billion in support for social and affordable housing
- shifts support from investors to first home buyers through tax changes and grants
- improves housing outcomes for Victorians with \$770 million in funding.

## Victoria's Housing Statement 2023

The Housing Statement is the Victorian Government's current policy to address the need for more housing. Over the next decade, a bold target has been set to build 800,000 new homes.

Key objectives of the housing statement are to:

- Reform Victoria's planning system to boost housing supply across the state – clearing the backlog and giving builders, buyers and renovators certainty about how long approvals will take
- Deliver cheaper housing, closer to where people work, by building more homes with high-standard designs
- Close loopholes that drive up the cost of living for renters, providing more certainty on leases, living standards and finances and resolving tenancy disputes faster
- Deliver more social housing – launching Australia's most significant urban renewal project on top of our Big Housing Build.
- Facilitate long-term housing plans.
- Build more homes in rural and regional Victoria.

## Victorian Planning Authority PSP Guidelines (2021)

The PSP guidelines provide the basis for the Victorian Planning Authority (VPA) and other planning authorities to prepare precinct plans that facilitate best practice, highly liveable new communities. The guidelines provide a framework that guarantees quality outcomes whilst also being flexible and allowing for place-based responses. All precinct structure plans must be prepared in accordance with the PSP Guidelines as per Ministerial Direction 12.

The guidelines specify Hallmarks, Targets, Features and Principles relating to affordable housing in new communities.

- Hallmark Viable densities
- Target 4: Set a minimum target for the provision of affordable housing in accordance with the affordable housing policy, evidence, and guidance.
- Feature 1: Housing diversity - Diversity of housing, including lot size and built form; to meet community needs, increased housing densities and integrated housing located close to existing and/or proposed services, transport, and jobs.
- Feature 1.3: Different types of housing needed to meet the current and future demands of the community, municipality and region should be encouraged. Housing types should consider the physical form of housing (detached housing, terraces, apartments, etc.), the type of housing (single family, group accommodation, retirement living, etc.), tenure options (freehold, rental, social housing, etc.) and size/composition (scale, number of bedrooms, etc.).
- Feature 3: Affordable housing options - Affordable housing options – including social housing – that provide choices for very low-, low- and moderate-income households.
- Feature 3.1: Affordable housing should be located in areas that have convenient access to commercial and community facilities, services and public transport.
- Feature 3.2: The PSP should support existing planning mechanisms to facilitate the delivery of affordable housing (for example, Section 173 agreements).
- Feature 3.3: The PSP should identify land that has been or will be designated for social housing by the State Government.

## Local Policy Summary

### Warrnambool City Council – City-Wide Housing Strategy (2013)

The Housing Strategy seeks to develop a contemporary land use framework to guide future population growth based on emerging trends and projections. It identifies future land use needs to accommodate the projected population growth of 50,000 people by 2030. It also notes the need for more diversity in future housing stock.

The strategy notes there is an adequate residential land supply for the next 24+ years (at the time the strategy was written in 2013) within the Urban Settlement Boundary. The strategy identifies growth areas for future land supply, including the East of Aberline PSP.

In 2013, the Council launched a housing affordability scheme to help residents with limited income achieve home ownership. Eligible families and individuals can apply for grants of up to \$20,000 for the construction of a new home in a defined zone in the North Dennington Growth Area.

### Warrnambool City Council – Council Plan (2021-2025)

The Council Plan is part of an integrated planning framework with the community vision, Warrnambool 2040, providing the strategic direction for the local government area.

Out of the five strategic objectives set in the Plan, Objective 4, 'A connected, inclusive place' is most relevant to housing. It highlights that the Council will ensure its planning:

- Acknowledges the unique character and attributes of local places.
- Supports social connection, equitable access, appropriate housing and sustainable population growth.

### Warrnambool City Council – Community Vision – Warrnambool 2040

Warrnambool 2040 outlines the long-term goals and visions for the environment, economy, place and people in Warrnambool. Specifically, Vision 2 highlights that Warrnambool will be Australia's most liveable regional city and an affordable and accessible place to live for all people.

To achieve this vision, the Council will

- Endorse and implement the Housing Diversity Strategy
- Endorse and implement the Social Housing Planning Project (2020)

### Warrnambool City Council – Health and Wellbeing Plan (2021-2025)

The Healthy Warrnambool 2021-2025 Plan outlines the key health priorities and promotes measures that can assist in the adoption of preventative health practices.

Warrnambool City Council identifies 'Improved Social and Emotional Wellbeing' as one of the key areas. The Council acknowledges the challenge of the lack of adequate diversity housing in the area, thus leading to significant housing stress within the municipality.

The council identifies the initiative of increased investment in wraparound services with a focus on housing security for different cohorts.

### **Warrnambool City Council – Affordable Housing Policy (2012)**

The Affordable Housing Policy outlines the objectives and approach to addressing housing affordability in the municipality. It acknowledges the importance of affordable housing for the liveability and economic prosperity in Warrnambool. The policy identifies four objectives:

- Promoting community health and wellbeing
- Sustainable housing supply and design
- Maintain a liveable community
- Promoting economic development

To achieve the objectives, the policy defines Council roles in advocacy, partnership development, advice, research, urban planning, community development, service provision and regulation.

### **Warrnambool City Council – Residential Land Supply & Demand Assessment (2022)**

This report provides an assessment of the supply and demand for residential land in Warrnambool. It aims to monitor land supply to assist future development growth.

Based on the vacant residential land sales in 2021/22, Warrnambool has a relatively affordable value compared to regional Victoria and other major regional centres.