

ELSTERNWICK AFFORDABLE HOUSING REPORT

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Prepared for Pace Development Group
October 2024

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NO ENTRY

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ACKNOWLEDGEMENT OF COUNTRY

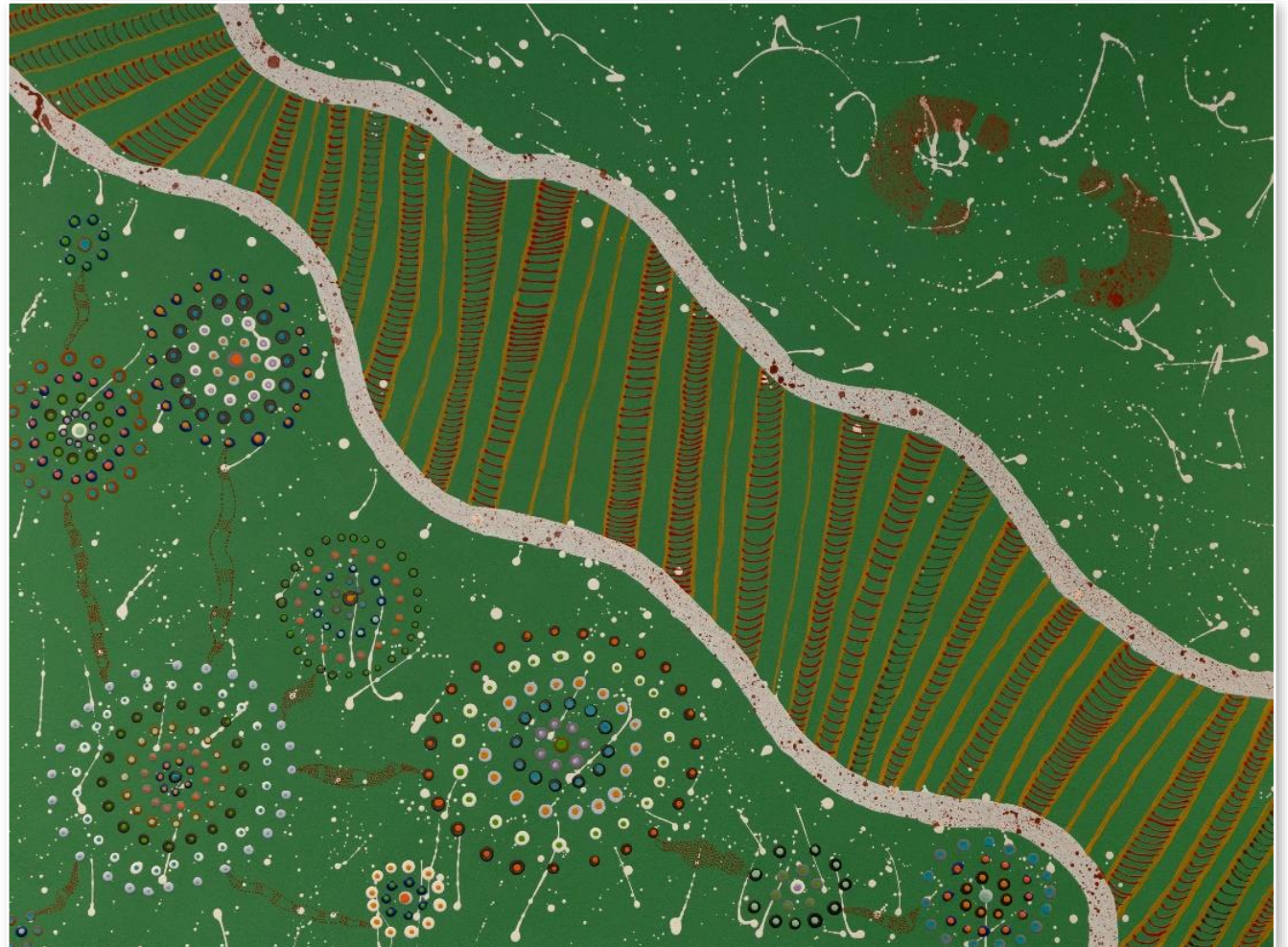
Urbis acknowledges the Traditional Custodians of the lands we operate on.

We recognise that First Nations sovereignty was never ceded and respect First Nations peoples continuing connection to these lands, waterways and ecosystems for over 60,000 years.

We pay our respects to First Nations Elders, past and present.

The river is the symbol of the Dreaming and the journey of life. The circles and lines represent people meeting and connections across time and space. When we are working in different places, we can still be connected and work towards the same goal.

Title: Sacred River Dreaming
Artist: Hayley Pigram
Darug Nation
Sydney, NSW



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EXECUTIVE SUMMARY

Pace Development Group are developing the site at 10-16 Selwyn Street, Elsternwick as a mixed-use development, primarily residential and retail, with some office space.

The proposed scheme presents an opportunity to support the affordable housing market and broader housing supply needs in Melbourne; and is consistent with the relevant matters set out in section 3AA of the Planning and Environment Act.

Relevant economic considerations include:

- **Allocation** – A 10% share of the total development yield has been allocated to affordable housing, consistent with the Development Facilitation requirements.
- **Housing Need** – In the local area, 6.7% of households (4,250 in total) are eligible for affordable housing and face rental stress, consistent with the broader Greater Melbourne average (6.7%).
- **Location** – Future residents at the proposed development will have access to significant retail/entertainment services, employment areas, education facilities, public transport infrastructure, and other amenities.

From a value perspective the affordable housing allocation within the proposed development represents a significant contribution to the community. We estimate the development could contribute the equivalent of \$3.6 million in value to the local community through the provision of 15 apartments at a 30% discount to market value to a community housing provider.

Economic Value of Affordable Housing Contribution

Contribution	10% of yield sold at a 30% discount
Total Development Yield	148
Affordable Yield	15
Average market value of each dwelling (sale)	\$790,000
Discount to market sale price	30%
Economic value of contribution	\$3.6 million

Source: PriceFinder; Urbis

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INTRODUCTION AND APPROACH

Pace Development Group are developing the site at 10-16 Selwyn Street, Elsternwick, and are currently in discussions with Invest Victoria regarding putting forward an application to the Development Fast Track Program (DFP).

The subject site represents a 5,746 sq.m parcel of land with a proposed 13-level mixed-use development incorporating 148 dwellings, which will deliver 10% of its yield as affordable housing, or 15 units. This level of provision is in line with the 10% affordable housing requirement stipulated in the DFP guidelines.

This report highlights the proposed development's consistency with section 3AA of the Planning and Environment Act and the relevant economic-related specified matters under section 3AA(2) of the Act; and quantifies the economic value derived by the community from the provision of affordable housing in the development, if sold at a discount to a community housing provider.

The report is divided into two main sections:

- **Demonstrating consistency with section 3AA** – A review of relevant economic matters identified in Section 3AA(2) including: (i) Allocation, (ii) Tenure, (iii) Housing Need and (iv) Location.
- **Highlighting the economic value of the contribution** – A quantitative assessment of the economic value derived from the provision of affordable housing within the development at a discount.

Proposed Development Yield Summary

Product Mix	No.
Site Area (excl. subterranean basement area)	5,746 sq.m
Retail Area	3,989 sq.m
Office Area	312 sq.m
Total Number Of Dwellings	148
10% Dwellings Allocated to Affordable Housing	15
Total Number Of Residential Carparks	189
Total Number Of Bicycle Parking Spaces	127

Source: Pace Development Group



DEMONSTRATING CONSISTENCY WITH SECTION 3AA

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SIGNIFICANT LOCAL HOUSING NEED

Our analysis uses Glen Eira, the Statistical Area 3 as defined by the ABS, which includes the suburb of Elsternwick, in measuring local affordable housing need.

In Glen Eira, some 6.7% of households (4,250 in total) are eligible for affordable housing and face rental stress, consistent with the broader Greater Melbourne average (6.7%).

Need in the area is expected to grow with the local population projected to increase at rate of 1.3% per year to 2036. This underscores a substantial and growing requirement for more affordable housing in the region. If approved, the proposed development's allocation of 15 affordable homes could help meet the housing needs of these households.

Single households represent the largest demand cohort for affordable housing, with a particular focus on studio and 1-bedroom dwellings. This is well aligned with the proposed apartment development.

Housing need is defined as households with eligible incomes (as per the eligibility criteria defined in the Ministerial guidelines) that are in rental stress as at 2023.

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Housing Need by Cohort and Product Type, 2023

Overall Housing Need by Households Cohort (households)		
	Affordable Housing	
	Glen Eira	Greater Melbourne
	Income Limit	
Single	\$73,530	
Couple	\$110,300	
Family	\$154,210	
	Households (Share of all households)	
Single	2,720 (4.3%)	68,560 (3.6%)
Couple	510 (0.8%)	13,370 (0.7%)
Family	1,020 (1.6%)	45,420 (2.4%)
Total	4,250 (6.7%)	127,350 (6.7%)
Glen Eira Overall Need by Product Type		
	No.	Share
Studio/1-bed	3,230	76%
2 bedroom	130	3%
3 bedroom	720	17%
4+ bedroom	170	4%
Total	4,250	100%
Cohort Housing Need (households)*		
	Glen Eira	Greater Melbourne
Indigenous	20	1,400
Women	2,570	62,470
Children	280	13,310
Veterans	90	3,010
	% of Cohort Households	Relative to Greater Melbourne
Indigenous	8.2%	+0.0%pt
Women	17.6%	+1.8%pt
Children	3.6%	-1.9%pt
Veterans	12.5%	+1.6%pt
	% of All Households	Relative to Greater Melbourne
Indigenous	0.031%	-0.0%pt
Women	4.027%	+0.7%pt
Children	0.439%	-0.3%pt
Veterans	0.141%	-0.0%pt

Source: ABS; Planning and Environment Act 1987; Urbis

Note: *Target cohort need cannot be added together as there is overlap. i.e. veteran households with women and or children.

ACCESS TO AMENITIES AND EMPLOYMENT

Located approximately 30 metres north of the Elsternwick Major Activity Centre: the Glen Huntly Road retail strip, the site has easy access to significant retail amenity.

Proximity to Elsternwick Train Station (100m) means the site is also well serviced by public transport links; Providing transport links to the CBD and south to Sandringham, and the Route 67 tram connecting the site to Melbourne University and Carnegie.

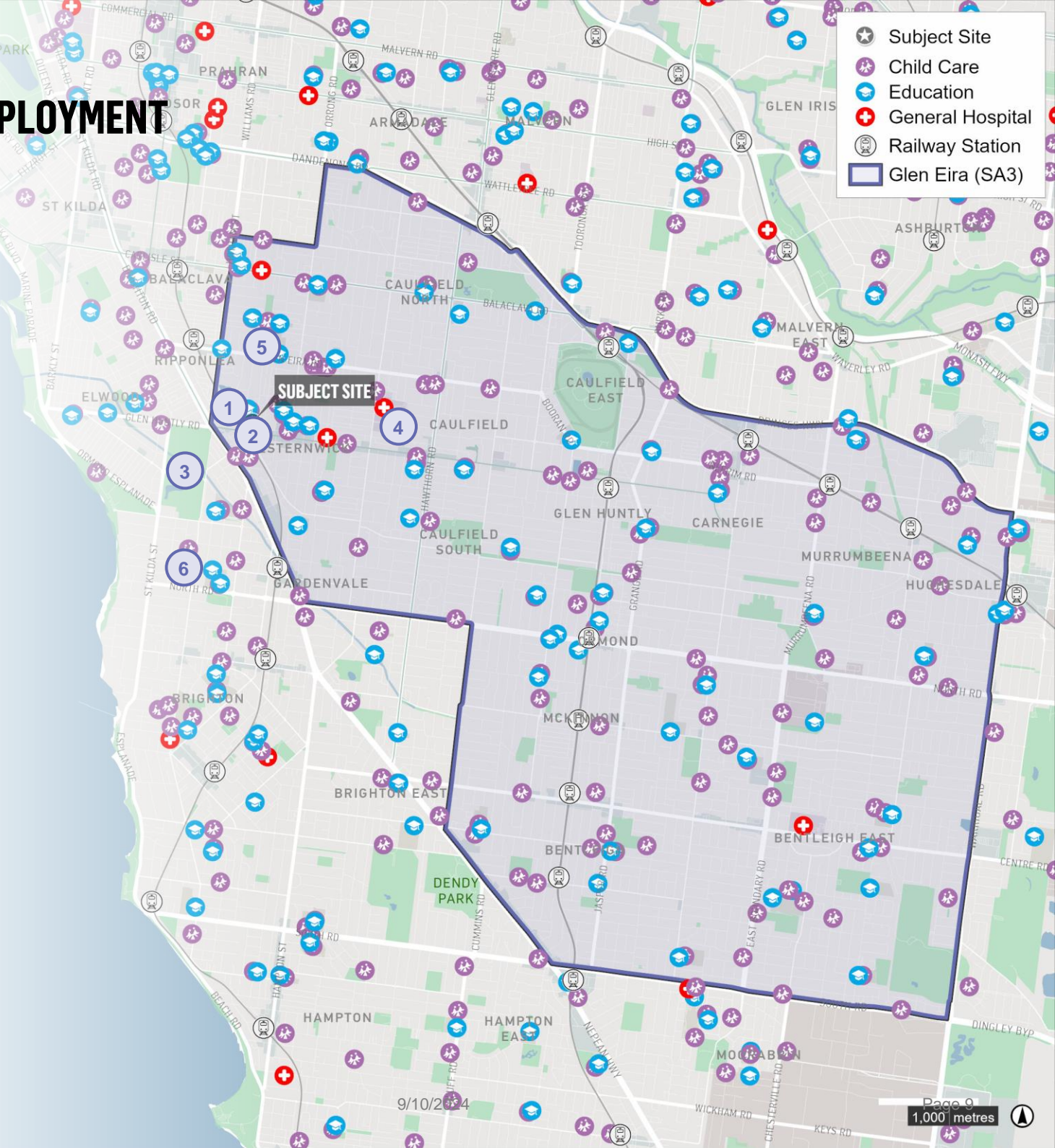
Access to healthcare and education facilities, is also provided by Caulfield Hospital (1.3km) and Caulfield Grammar School (800m).

Local recreation facilities include Elsternwick Bowls Club, Greenmeadows Gardens, and Caulfield Recreation Centre.

Key features of the surrounding context are listed below and represented in the adjacent map:

- 1 Elsternwick Activity Centre and Shops – 30m from site
- 2 Elsternwick Train Station and Tram Route 67 Stop – 150m from site
- 3 Elsternwick Park – 600m from site
- 4 Caulfield Hospital – 1.3km from site
- 5 Caulfield Grammer School – 800m from site
- 6 Elwood Primary School – 900m from site

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HIGHLIGHTING THE ECONOMIC VALUE OF THE CONTRIBUTION



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MARKET SALE PRICE OF PROPOSED DEVELOPMENT

The proposed development is expected to be delivered as a mid-market positioned product, with a typical provision of building amenities.

Accordingly, we have used the median sales value of the local area to calculate an indicative contribution value of affordable housing in the project.

The median price ranges from \$446,000 for a 1bed 1bath apartment to \$1.4 million for a 3bed 2bath apartment.

Taking account of the 52 2Bed + 1Bath unit sales that occurred over the 2023-24 financial year, our high-level price estimate would be approximately \$790,000.

Elsternwick Apartment Market Sales (FY24)

Product Description (ex car bays)	Sales	25th P% Sale	Median Sale	75th P% Sale	90th P% Sale	95th P% Sale
1Bed + 1Bath	45	\$351,000	\$387,500	\$446,000	\$493,000	\$561,000
2Bed + 1Bath	52	\$570,000	\$646,000	\$789,750	\$964,000	\$1,234,175
2Bed + 2Bath	19	\$637,500	\$690,000	\$727,000	\$742,000	\$789,000
3Bed + 1Bath	5	\$730,000	\$775,000	\$880,000	\$1,432,000	\$1,616,000
3Bed + 2Bath	25	\$1,000,000	\$1,160,315	\$1,400,000	\$1,736,000	\$1,950,000
3Bed + 3Bath	4	\$1,811,250	\$1,925,000	\$2,306,250	\$2,992,500	\$3,221,250
4Bed +	7	\$649,000	\$873,000	\$1,477,500	\$1,974,000	\$2,364,750
All	157	\$488,000	\$690,800	\$906,300	\$1,497,000	\$1,908,700

Source: PriceFinder; Urbis

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ECONOMIC VALUE OF DISCOUNTED SALE

The proposed development has a 10% affordable housing allocation, this translates to 15 dwellings out of the 148 total apartment yield.

Our analysis evaluates the economic value of the providing these dwellings at a 30% discount to the market rate.

For the purposes of this assessment, we have assumed the average market value for the affordable housing dwellings will be equivalent to the median of 2bed 1bath product.

Based on our high-level sales benchmark, the sale price for a 2Bed + 1Bath product would be \$790,000.

On that basis, the proposed 10% allocation to affordable housing would provide an estimated \$3.6 million contribution to the community.

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APPENDIX

APPENDIX: HOW IS AFFORDABLE HOUSING DEFINED IN VICTORIA?

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On June 1, 2018, the Planning and Environment Act 1987 (the Act) was amended to include an objective 'to facilitate the provision of affordable housing in Victoria'. The amendment was accompanied by a formal definition of affordable housing (summarised adjacent) in the legislation.

Since then, new housing development is required to provide an affordable component. This definition is referred to in draft planning provisions around affordable housing, which applies to the proposed subdivision. Broadly, a dwelling is considered 'affordable' if the household pays less than 30 per cent of their income on housing (either rental cost or mortgage payment) and the dwelling meets specific local needs (e.g., location, tenure, size, amenity, etc.).

A range of affordability thresholds by income range and by household type are further defined to determine the relative housing affordability by different household formations. This information is indicated in the Victoria Government Gazette annually, with the latest thresholds dated 24 June 2024 summarised in the adjacent table.

These ranges inform the eligibility and need for affordable housing through analysis of the distribution of the population by income and tenure, maximum capacity to afford, and the relativity between this and the local market prices and rents.

Definition of Affordable Housing Planning and Environment Act 1987

The *Planning and Environment Act 1987* defines affordable housing as follows:

- 1) For the purposes of this Act, affordable housing is housing, including social housing, that is appropriate for the housing needs of any of the following —
 - a) very low-income households;
 - b) low-income households;
 - c) moderate income households.
- 2) For the purposes of determining what is appropriate for the housing needs of very low-income households, low-income households and moderate-income households, regard must be had to the matters specified by the Minister by notice published in the Government Gazette.
- 3) Matters specified by the Minister by notice under subsection (2) cannot include price ranges or prices for the purchase or rent of housing.

Ministerial Income Band for Affordable Housing Eligibility As of June 2024

		Single	Couple	Family
Very Low	Minimum	\$0	\$0	\$0
	Maximum	\$30,640	\$45,950	\$64,300
Low	Minimum	\$30,641	\$45,951	\$64,301
	Maximum	\$49,020	\$73,530	\$102,950
Moderate	Minimum	\$49,021	\$73,531	\$102,951
	Maximum	\$73,530	\$110,300	\$154,410

Note: Family defined as "single or couple with dependant children"
Source: Planning and Environment Act 1987, Urbis

