

### 35–45 Lithgow Street, Abbotsford

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## 1. Executive Summary

This Affordable Housing Report has been prepared to support the planning application for the Build-to-Rent (BTR) development at 35–45 Lithgow Street, Abbotsford, under the Victorian Government’s Development Facilitation Program (DFP).

MODEL proposes to deliver affordable housing via the alternative contribution pathway under Clause 53.23, providing on-site discounted rental dwellings in lieu of a cash contribution.

Based on current design intent, the development will deliver approximately 16 affordable dwellings (equivalent to 10% of total yield). These dwellings are expected to experience strong demand given the well-documented shortage of affordable rental housing in inner Melbourne.

The affordable housing contribution will be satisfied through the accrual of rental discount over time, secured via a Section 173 Agreement.

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## 2. Introduction and Project Context

MODEL is committed to delivering high-quality, long-term rental housing that supports diverse, inclusive and resilient communities. The Lithgow Street development is proposed as a Build-to-Rent project under single ownership and management, enabling a consistent resident experience, professional onsite operations and long-term stewardship.

As part of the planning approval pathway, the development is required to make a contribution toward affordable housing. MODEL has elected to satisfy this requirement through the provision of discounted rental housing within the development, consistent with State planning policy and DFP guidance.

This report explains the proposed affordable housing strategy, demonstrates consistency with statutory requirements, and outlines how the contribution will be governed and secured.

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## Affordable Housing Report

### 3. Statutory and Policy Framework

#### 3.1 Section 3AA – Planning and Environment Act 1987

Affordable housing will be provided to eligible households (very low, low and moderate income), with rents not exceeding 30% of gross household income, in accordance with the Governor in Council Order (2025):

[https://www.planning.vic.gov.au/\\_\\_data/assets/pdf\\_file/0024/712590/Governor-in-Council-Order-2025.pdf](https://www.planning.vic.gov.au/__data/assets/pdf_file/0024/712590/Governor-in-Council-Order-2025.pdf)

#### 3.2 Clause 53.23 – Affordable Housing

MODEL is relying on the alternative contribution pathway under Clause 53.23, delivering affordable housing via discounted rental rather than transfer to a registered housing agency.

The contribution will be delivered through discounted rental dwellings, with value accrued over time until the required contribution is met.

#### 3.3 Development Facilitation Program

The proposal aligns with DFP expectations, including:

- Provision of affordable housing equivalent to ~10% of dwellings;
- A minimum affordability duration of 15 years; and
- Delivery of measurable public benefit outcomes.

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## 4. Affordable Housing Strategy

### 4.1 Quantum and Mix

Approximately 16 affordable dwellings (subject to final plans):

- 8 studio apartments
- 7 one-bedroom apartments
- 1 two-bedroom apartment

### 4.2 Market Rent Context (2025 Indicative)

Indicative market rents for the proposed development have been informed by comparable Build-to-Rent projects in inner Melbourne and are supported by benchmarking from the JLL Value & Risk Advisory report.

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Recent comparable evidence indicates the following typical ranges:

- Studios: approximately \$690–\$785 per week
- One-bedroom: approximately \$775–\$965 per week
- Two-bedroom: approximately \$1,190–\$1,345 per week

Based on this evidence, the adopted indicative market rents for the development are:

- Studio: \$732/week
- One-bedroom: \$910/week (average across with and without study)
- Two-bedroom: \$929/week

These figures are considered conservative and appropriate having regard to current market conditions, location, and the quality of the proposed development.

Project	Year Completed (Est.)	Current Status	No. of Units	Sample Size	Unit Type						Avg. Rent (\$/m <sup>2</sup> )	% Occupied
					Studio		1 Bed		2 Bed*			
					Min	Max	Min	Max	Min	Max		
Home Richmond	2022	Stabilised	358	350	-	-	\$581	\$820 <sup>a</sup>	\$950 <sup>a</sup>	\$1,095 <sup>a</sup>	\$11.3	95%
The Yarra	2025	Lease-up	382	68	\$490	\$708	\$818	\$893	\$1,039	\$1,290	\$13.6	18%
The Claremont <sup>a</sup>	2025	Lease-up	235	45	\$766	\$1,076	\$1,075	\$1,200	\$1,467	\$1,679	\$20.8	19%
Fitzroy & Co	2024	Stabilised	94	15	-	-	\$725	\$825	\$850	\$1,200	\$13.3	100%
LIV Albert	2025	Lease-up	498	16	\$600	\$655	\$660	\$710	\$870*	\$985*	\$12.3	-
Private Rents	-	BTS	-	21	\$450	\$699	\$650	\$825	\$950	\$1,580	-	-
Subject Assessed	-	-	158	158	\$690	\$785	\$775	\$965	\$1,190	\$1,345	\$16.2	-

*JLL Value & Risk Advisory*

### 4.3 Affordable Rent Approach

Indicative maximum affordable rents:

- Studio: \$559 (~24% below indicative market rent)
- One-bedroom: \$641 (~30% below indicative market rent)
- Two-bedroom: \$641 (~31% below indicative market rent)

All rents will be capped to ensure compliance with the 30% income threshold at the time of leasing.

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### 4.4 Income Band Alignment

Type	Target Group	Income Band	Max Rent (30% of income)	Proposed Rent	Compliant
Studio	Single / Couple	Moderate	~\$641	\$559	✓
1 Bed	Couple	Moderate	~\$641	\$641	✓
2 Bed	Couple	Moderate	~\$641	\$641	✓

\*Average indicative rents. These are to be adjusted per prospective tenants and subject to annual rent increases.

## 5. Integration and Community Outcomes

Affordable housing dwellings will be distributed across a range of apartment types and fully integrated throughout the building.

Affordable housing residents will:

- Be accommodated in studios, one-bedroom and two-bedroom apartments;
- Be dispersed throughout the development rather than clustered;
- Have no distinguishable features in terms of design or location;
- Have equal access to all building amenities, services, and entrances.

This approach ensures a fully inclusive, mixed-tenure community and aligns with best-practice affordable housing delivery principles.

## 6. Delivery and Management Approach

MODEL will appoint an appropriate delivery and management partner to support the affordable housing component of the development. This may include a registered Community Housing Provider such as Evolve Housing, Housing First, or another suitably experienced provider.

MODEL has received indicative interest from providers, demonstrating that credible delivery pathways are available.

Regardless of the model adopted: -

- MODEL will retain responsibility for compliance with planning permit conditions and the Section 173 Agreement;
- Affordable housing residents will be managed as part of the broader onsite community;

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- Governance and reporting obligations will remain clearly defined.
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## 7. Location and Housing Need

The Lithgow Street site is well located with access to:

- Public transport;
- Employment opportunities;
- Retail and community infrastructure.

The provision of affordable housing in this location responds to strong demand for well-located rental housing and contributes to broader housing diversity.

### 7.1 Demographic and Rental Market Analysis

MODEL has undertaken a review of demographic, income and rental market data for Abbotsford, the City of Yarra and Greater Melbourne (including Census data and market analysis inputs).

Key findings include:

- A high proportion of renter households within the City of Yarra (in excess of 50% of total households);
- Strong representation of working-age cohorts (20–39 years), aligning with typical BTR demand profiles;
- Median household incomes and income distributions that support demand for discounted rental products within the moderate income band;
- A significant pool of renter households within the target demographic capable of meeting affordable rent thresholds at or below 30% of income.

Analysis indicates a substantial addressable market of eligible renter households within the relevant income brackets, even after applying conservative income thresholds and vacancy assumptions.

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2021 Census			
	Suburb	LGA	Capital City
	Abbotsford	Yarra	Greater Melbourne
<b>Population</b>			
2011	4,912	74,091	3,999,980
2016	8,184	86,652	4,485,210
2021	9,088	90,114	4,917,750
<b>Population change (2016-2021)</b>	11.0%	4.0%	9.6%
14 and under	8%	11%	18%
15 to 64 (working age)	83%	78%	67%
65 and over	9%	12%	15%
<b>Population Density (persons / sq.km)</b>	5,221	4,611	492
<b>Median age</b>	33	34	37
<b>Median Weekly personal income</b>	\$1,354	\$1,324	\$841
<b>Median Weekly household income</b>	\$2,197	\$2,270	\$1,901
<b>% born in Australia</b>	61%	66%	60%
<b>% born overseas</b>	39%	34%	40%
<b>Median no. of people per household</b>	1.9	2.0	2.6
<b>Dwelling Type</b>			
Separate house	10%	13%	68%
Semi-detached, terrace house, townhouse etc	24%	37%	16%
Flat or apartment	63%	49%	16%
Other dwelling	3%	1%	0%
<b>Tenure</b>			
Owned outright	16%	20%	30%
Mortgage	27%	24%	37%
Renter	55%	53%	30%
Other	1%	1%	2%
Not Stated	1%	1%	1%
<b>Yarra LGA Stats</b>			
Renters (% of total population)			53.41%
Age 20-39 Population			42,319
Implied Renter Population in Target Demographic			22,603
Adopted Threshold (\$/week) – based on implied ~30% of Income to Rents as Assessed			\$2,197
% of Total LGA Population above Income Threshold			54.04%
Implied Renter Population in Target Demographic Above Income Threshold			12,215
Vacancy and implied current potential renters (vacancy at 2% per SQM and JLL Research)			243
<b>No. of Units in Subject Property</b>			<b>158</b>
<b>Penetration Rate for Target Demographic Above Income Threshold</b>			<b>1.29%</b>

JLL Value & Risk Advisory

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### 7.2 Depth of Demand and Leasing Risk

Based on the above analysis, MODEL is satisfied that there is sufficient market depth to support the leasing of the proposed affordable dwellings at the indicated discount levels.

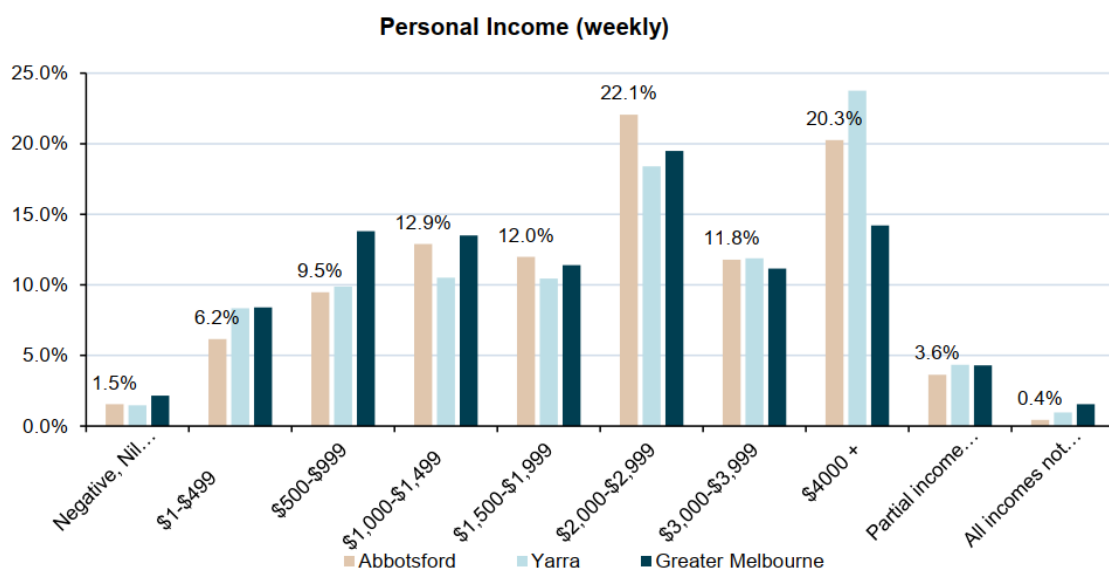
The proposed affordable rents are set to align with moderate income households and, where applicable, low–moderate income families. This cohort represents a large and active segment of the inner Melbourne rental market.

MODEL also notes that:

- The affordable dwellings are located within a high-demand inner-urban location;
- The BTR model provides professionally managed, high-quality accommodation, which typically experiences strong absorption;
- The affordable housing offer will benefit from integration within a premium building and access to full amenities.

In the event that further discounting is required to support leasing outcomes, the proposed delivery model provides flexibility to adjust rents in accordance with Section 3AA requirements. This ensures that the dwellings can be leased efficiently while continuing to contribute toward the accrued affordable housing benefit under the Section 173 Agreement.

Accordingly, the risk of prolonged vacancy of affordable dwellings is considered low.



## Affordable Housing Report

### 8. Financial Contribution and Public Benefit

The development cost is currently estimated at approximately \$75.4 million (excluding GST). This figure is indicative only and provided for context, with final costs to be confirmed following endorsement of plans and builder appointment.

The notional affordable housing contribution benchmark (3%) equates to approximately \$2.26 million. This benchmark is provided for context only, noting that the contribution will ultimately be delivered through discounted rental over time in accordance with the Section 173 Agreement.

#### 8.1 Discounted Rental Calculation

- Studios:
  - $\$732 - \$559 = \$173 \times 8 = \$1,384/\text{week}$
- 1 Beds:
  - $\$910 - \$641 = \$269 \times 7 = \$1,883/\text{week}$
- 2 Bed:
  - $\$929 - \$641 = \$288 \times 1 = \$288/\text{week}$

Total weekly discount = \$3,555 Annual = \$184,860 15 years = \$2,772,900 (~\$2.8m)

This demonstrates a substantial public benefit delivered over the minimum affordability period, with indexation expected to increase the total contribution over time.

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### 9. Governance, Reporting and Compliance

The affordable housing contribution will be secured via a Section 173 Agreement registered on title.

The agreement will include:

- Annual reporting requirements;
  - Market rent verification;
  - Income eligibility checks;
  - Indexation of outstanding contribution;
  - A Schedule of Accrued Benefit tracking progress toward the required contribution.
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## Affordable Housing Report

### 10. Conclusion

The proposal:

- Meets Clause 53.23 requirements;
- Demonstrates compliance with Section 3AA;
- Provides a clear pathway to delivering the required public benefit;
- Delivers integrated, high-quality affordable housing outcomes.

The approach is robust, flexible, and aligned with the objectives of the Development Facilitation Program.

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*Note: Final dwelling numbers, rents and contribution values will be confirmed and formalised through the Section 173 Agreement following endorsement of plans.*