



URBANXCHANGE

Affordable Housing Report 7 Harrington Street Northcote



July 2025

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1 EXECUTIVE SUMMARY

Greek Orthodox Archdiocese of Australia Holy Monastery Axion Estin (CHORA) is proposing a development 7 Harrington Street Northcote. It is proposed to develop 82 high quality apartments and townhouses. The site at 7 Harrington Street Northcote is under the City of Darebin planning scheme.

CHORA intends to develop a quality mixed-use precinct that reflects the changing nature of the Northcote environment.

The report has based its strategy for affordable housing on the Victorian Governments *Homes for Victorians* definition.

Affordable Housing is housing that is appropriate for the needs of a range of very low to moderate income households, and priced (whether mortgage repayments or rent) so these households are able to meet their other essential basic living costs.

The definition as supplied in *Homes for Victorians* is also defined in Section 3AA of the Victorian Planning and Environment Act 1987. In addition, the Victorian Government, under section 3AB of the Planning and Environment Act 1987, has specified income ranges for Greater Melbourne with respect to affordable housing.

The Victorian Government, under section 3AB of the Planning and Environment Act 1987, has specified income ranges for Greater Melbourne with respect to affordable housing.

The Victorian Housing Statement 2024 – 2034 and associated amendment to the planning scheme via clause 53.23-3 application require consideration of 10%

affordable housing (or equivalent) as a requirement of the planning permit process.

It is on this basis that the provision of affordable housing is being considered for the site. Equally the development of affordable housing policy and funding is a changing space with new opportunities emerging constantly. To enable the fulfilment of the affordable housing outcome, it is proposed to develop a framework in which the affordable housing can be delivered.

Whatever affordable housing solution/s are offered should be supported by demographic data to ensure that the proposal offered is robust and supportable by an independent review. The key highlights for the City of Darebin are:

- Home ownership rates among 25–34-year-olds has fallen from more than 60 per cent (1991) to 45 per cent (2016). For 35–44-year-olds, home ownership has fallen fast – from 74 per cent in 1991 to around 62 per cent today – and homeownership is also declining for 45–54-year-olds¹.
- City of Darebin is forecasting that the fastest growing groups of the population represented in 20 – 39year olds
- Housing tenure shows that Darebin has a higher proportion of properties for rent and a lower percentage of properties outright ownership and mortgage compared to Greater Melbourne.
- Housing opportunities for very low- and low-income singles, couples and families and moderate-income singles and couples are either non-existent or very limited. Only families on moderate incomes have opportunities to live in Darebin without entering housing stress.

¹ Burke et al. (2014). Burke, T., Stone, W. and Ralston, L. *Generational change in home purchase opportunity in Australia*. 232. Australian Housing and Urban Research Institute

Council is faced with a number of complex matters for resolution:

- How do you grow the affordable housing in Darebin?
- How do you ensure a range of dwellings that are appropriate?
- How do you increase affordable housing outcomes to allow for both the current young and projected ageing community?

The Federal Government is in the process of implementing initiatives concerning affordable housing. This provides opportunity for the implementing of initiatives on a project such as this were the developer or its partners to be successful in securing the required grants. This would provide opportunities for affordable housing in multiple tenure types to meet the needs of the low to moderate income earners.

There are a number of affordable housing mechanisms for consideration; these include:

Affordable rental via Build to Rent – developers, including Housing Associations and their financiers build dwellings and, instead of selling them, retain them to let to tenant households. Rents are at an appropriate discount to market rents.

Social housing – this is housing owned by a state government or by a Registered Housing Agency (RHA).

Cash Contribution

The application of these models for affordable housing to income groups is shown. Key aspects to consider in facilitating affordable housing outcomes are:

- The contribution is clearly at 10% of dwellings at a 30% discount or the equivalent of the total apartments/dwellings being offered
- Different tenure types all provide opportunity to address the affordable housing need in Darebin
- Tenure types and dwelling mix should be such that it meets the needs of the community.

The proposal at 7 Harrington Street Northcote is to create a framework for affordable housing that can then be managed to delivery over a longer period. The Federal and State Government implementation plans for affordable housing requires that flexibility be achieved in the provision of affordable housing until more details are known.

The adoption of the affordable housing as proposed at 7 Harrington Street Northcote position should be via a Section 173 Agreement and should subsequently set out further details including:

- Term of use
- Timeframes for delivering the obligation
- How the delivery model will result in dwellings that are appropriate for eligible households with regards to each of the matters under the Act.

The Section 173 should be accompanied by an Affordable Housing Management Plan. The Affordable Housing Management Plan should include:

- The proposed affordable housing delivery mechanism
- Possible ongoing reporting to the responsible authority
- The profile of the proposed occupiers of the affordable housing.

The Section 173 must be entered, and the Affordable Housing Management Plan agreed prior to the certificate of occupancy for stage 2 of the project. The section 173 will be removed when the affordable housing contribution has been satisfied.

2 PROPOSED AFFORDABLE HOUSING PROPOSAL

There are a number of questions that need to be addressed in providing the affordable housing for a project such as that proposed at 7 Harrington Street Northcote. The questions that need to be addressed:

- What is required to meet the planning requirements for affordable housing?
- What is the affordable housing proposal?
- What is the affordable housing contribution?
- When do you provide it?
- What is the appropriate location of the affordable housing?
- How do you monitor the affordable housing?

2.1 PLANNING SCHEME REQUIREMENTS

The Victorian Government affordable housing reform's purpose was to increase affordable housing through local councils seeking a "voluntary" affordable housing contribution, as part of planning approval processes². The legislated definition of affordable housing and the associated Governor in Council (GIC) Orders set out the income bands for individuals and households. The Planning and Environment Act 1987, Section 3AA(2) provides the details of the requirements.

The recently released Victoria's Housing Statement 2024 – 2034 and associated amendment to the planning scheme via clause 53.23-3 application requirement with consideration of 10% (or equivalent).

2.2 PROPOSED AFFORDABLE HOUSING

It is proposed that an affordable housing clause be inserted into the permit as follows:

The landowner must contribute towards affordable housing (Affordable Housing Contribution) to the satisfaction of the Responsible Authority.

For the purposes of the agreement "affordable housing" is to have the same meaning as any definition of that phrase contained within the Planning and Environment Act. The affordable housing dwellings will be tenure blind. Occupants of the affordable housing dwellings will have access to all the facilities and services available to other residents (eg communal facilities) unless the purchaser confirms that the cost of access to these facilities is prohibitive.

The agreement must provide for an Affordable Housing Contribution defined as:

- 1) 10 per cent of dwellings provided by:
 - i) transfer of 3% of dwellings at nil consideration; or
 - ii) provision of 10% of the dwellings at a 30 per cent discount of the market for the equivalent dwelling within the development; or
 - iii) any other proportion of dwellings at a discount that equates to 10% of the dwellings at a 30 per cent discount of the market for the equivalent dwelling within the development;

or

- 2) Translation of the value that would otherwise be provided by the landowner under option (1), to:

² <https://www.dhhs.vic.gov.au/delivering-social-housing-affordable-housing-contribution>

- i) *The equivalent cash contribution of 3% of the development cost to the social housing growth fund;*
- ii) *Long-term leasing of dwellings to eligible households at a discount to market rent,*
- iii) *The equivalent cash contribution to a registered housing agency for the provision of affordable housing in Darebin; and/or*
- iv) *Any other model as agreed by the responsible authority.*

If option 2 is pursued:

- *The value of the Affordable Housing Contribution is to be calculated by reference to the dwellings that are agreed to be [transferred at nil consideration or sold at a discount] as agreed with a registered housing agency, or the development value as demonstrated by a qualified quantity surveyor; and*
- *The term of use and discount is to be determined with regards to the Net Present Value of the Contribution and the number of dwellings to be facilitated.*

Before the certificate of occupancy is certified by the Building Surveyor, the landowner will enter an agreement with the responsible authority under Section 173 of the Planning and Environment Act 1987 to enter an affordable housing contribution equivalent to ,10% of all new dwellings at a 30% discount to market, provided at 7 Harrington Street Northcote. The agreement will specify the timing of the delivery of the contribution and a mechanism for reporting the outcome to the Responsible Authority.

2.3 AFFORDABLE HOUSING CONTRIBUTION

The proposal at 7 Harrington Street Northcote is providing 3% of apartments at no cost to a registered housing agency (RHA).

CHORA is in the initial stages of discussion with Registered Housing Agencies (RHA) and is understanding what each RHA represents and how the values of the RHA align with Greek Orthodox Archdiocese.

CHORA wishes to maintain some flexibility in the provision of the affordable housing requirement; thus it is recommending the adoption of the clause outlined in Section 2.2 of this report.

2.4 TIMING

The affordable housing must be made available for occupancy at the completion of construction.

2.5 LOCATION

The affordable housing should be tenure blind, that is indistinguishable from all the other housing.

Urbanxchange does not believe that salt and pepper is necessary in such development. There is no substantive research that suggests that salt and pepper or cluster is advantageous for the occupants in a development such as is proposed and, when considering such a small number of units. Developments such as The Merchant at Victoria Harbour and The Nicholson, both have affordable housing for key workers that is provided in clusters, not salt and pepper.

2.6 HOW DO YOU MONITOR THE AFFORDABLE HOUSING

Prior to issue of a certificate of occupancy for the development (or relevant stages of the development), the owner of the land (or another person anticipated to become the owner of the land) must enter into an agreement with the Responsible Authority pursuant to section 173 of the Planning and Environment Act 1987 (the Agreement) to provide for the delivery of affordable housing (the Affordable Housing Management Plan).

The agreement must include terms that provide for the manner in which the Affordable Housing Contribution is to be made, including when and how the contribution is to be made.

Social Housing

The dwellings are being provided as social housing to a RHA, the Affordable Housing Management Plan, must confirm the following details:

- The name of the RHA
- The dwellings nominated by the RHA to be attributed as affordable housing

- The method that the RHA has chosen (either 10% at a 30% discount of 3% gifted)
- A contract agreement between CHORA and the RHA detailing the above transaction.

If affordable cash contribution directly to a RHA is agreed how does responsible authority satisfy itself that it is applied and maintained and that the occupants are eligible?

To achieve this Urbanxchange believes that an appropriate position would be:

1. The cash contribution will be made upon entering into a binding agreement with a RHA and after entering into the binding agreement, the owner to pay the RHA the sum of money equal to the equivalent value of 3% off the development cost as established by a qualified quantity surveyor.
2. The value of any contribution will be placed into a nominated trust account by the RHA, for use on a project within the City of Darebin, and drawn down when a construction contract is executed
3. The value of any contribution shall be used within 5 years of the commencement of the last stage of the development, excluding preliminary site works, demolition, bulk excavation, retention, footings and foundations, mobilisation and site establishment, enabling works, structural strengthening works and any clean up works, or as may otherwise be agreed in writing by the Responsible Authority. If the RHA has not used the funds within this period, the RHA will allocate the funds to an alternate RHA within the City of Darebin for use on an affordable housing project.
4. The value of any contribution shall be used within 5 years of the issue of the last building permit issued for the development. If the registered housing agency has not used the funds, the Responsible Authority will allocate the funds to an alternate RHA within the City of Darebin for use on an affordable housing project.
5. The RHA will provide the Responsible Authority with an acquittal to demonstrate how the funds have been allocated.

3 BACKGROUND

CHORA Property (CHORA) is proposing a development at 7 Harrington Street Northcote. It is proposed to develop 82 quality apartments and townhouses. The site at 7 Harrington Street Northcote is under the City of Darebin planning scheme.

CHORA intends to develop a high-quality mixed-use precinct that reflects the changing nature of the Northcote and Darebin environment. The current plans are to deliver:

- Restoration of existing National Trust Heritage Building
- Development of Amphitheatre
- Development of Early Learning Centre
- Development of Restaurant
- Development of Townhouses and Apartments (82 in total)

It is noted that the Victorian Government's Homes for Victorians provides definitions of Affordable Housing. The document also recognises that affordable housing applies to redevelopments. The Planning and Environment Act and associated notes indicate that the implementation of affordable housing is voluntary.

It is also noted that the report has been written at a time of significant political and economic change, particularly as it applies to affordable housing. Both Federal and State Governments are implementing a variety of commercial models to assist in the provision of housing that is affordable.

CHORA is proposing the delivery of 82 apartments over stages as follows:

- 22 town houses
- 47 Apartments
- 13 Apartments to historic buildings

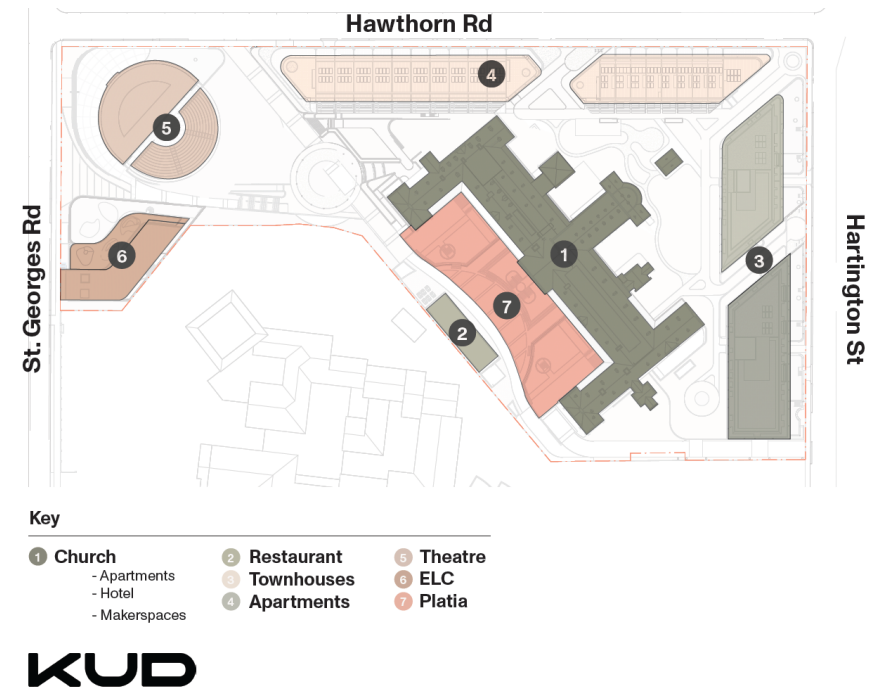


Figure 1 - Proposed development at ground plain

4 DEFINITIONS AND STRATEGIC CONTEXT

4.1 THE DEFINITION UNDER 'HOMES FOR VICTORIANS' AND THE PLANNING AND ENVIRONMENT ACT 1987

The Victorian Government policy *Homes for Victorians* provides a clear definition of affordable housing:

Affordable Housing is housing that is appropriate for the needs of a range of very low to moderate income households, and priced (whether mortgage repayments or rent) so these households are able to meet their other essential basic living costs.

The *Homes for Victorians* policy also provide the following definitions of public, community and social housing:

Public Housing

Housing owned and managed by the Director of Housing. The Government provides public housing to eligible disadvantaged Victorians including those unemployed, on low incomes, with a disability, with a mental illness or at risk of homelessness.

Community Housing

Housing owned or managed by community housing agencies for low income people, including those eligible for public housing. Community housing agencies are regulated by the Government.

Social Housing

Social housing is an umbrella term that includes both public housing and community housing. Its provision usually involves some degree of subsidy.

Section 3AA of the *Victorian Planning and Environment Act 1987* essentially adopts the *Homes for Victorians* definition of 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.

4.2 AFFORDABLE HOUSING IN THE PLANNING AND ENVIRONMENT ACT 1987

In 2018, the Planning and Environment Act (the Act) was amended to include a new Objective to “facilitate the provision of affordable housing in Victoria” and to include a definition of affordable housing (as described in section 3.1 of this report).

The affordable housing framework established under these reforms also introduces two new instruments and a range of support, guidance and educational material.

The first instrument is the specification of the income levels associated with very low-, low- and moderate-income households for affordable housing that is not social housing. A Governor in Council Order setting out these income levels has been published and will be updated annually in the Government Gazette (refer to table 2 for the current rates).

The second instrument is the Ministerial Notice relating to the specified matters referred to in Section 3AA(2), which lists the following as “matters to which regard must be had for the purposes of determining what is appropriate for the housing needs of very low-, low- and moderate-income households:

- *Allocation*
- *Affordability (in terms of the capacity for very low income, low income and moderate income households that it is intended for)*
- *Longevity (in terms of the public benefit of the provision)*
- *Tenure*
- *Type of housing, in terms of form and quality*
- *Location, in terms of site location and proximity to amenities, employment and transport*
- *Integration, in terms of the physical build and local community*
- *Outline of housing need:*

Various supporting materials have also been prepared by the State Government to assist with the application of the legislative reforms. These include an example (template) Section 173 Agreement for affordable housing, and guidelines for seeking and negotiating the agreements.

The Victorian Government has defined following income ranges for the purposes of informing affordable housing policy across Greater Melbourne³ in 2025 – 2026. The income ranges cover three household types as follows:

Table 1 – GIC orders for income ranges associated with affordable housing (July 2025) Greater Melbourne

	Very low income range (annual)	Low income range (annual)	Moderate income range (annual)
Single adult	Up to \$30,870	\$30,871 to \$49,380	\$49,381 to \$74,080
Couple, no dependents	Up to \$46,290	\$46,291 to \$74,080	\$74,081 to \$111,110
Family (with one or two parents) and dependent children	Up to \$64,810	\$64,811 to \$103,710	\$103,711 to \$155,550

4.3 CITY OF DAREBIN

The City of Darebin has a draft *Housing Strategy 2024* that includes for affordable housing. The document notes that the Council will develop a separate section of its strategy “Part 3” on affordable housing.

It notes that the Affordable Housing strategy will focus on:

The strategy goes on to identify four areas of action for Council:

- Advocacy
- Partnerships
- direct intervention and support; and
- through its planning functions through the Darebin Planning Scheme

³ These income ranges have been gazette set under section 3AB of the Planning and Environment Act 1987. The income ranges are intended to inform policy relating to income

groups access to *affordable* housing – the income thresholds for eligibility for *social* housing are separately set by the Director of Housing.

The strategies to achieve the vision are:

- Partnerships with Service Providers, community housing providers and other levels of government to facilitate outcomes
- Consider opportunities for affordable housing on appropriate Council-owned land and in Council developments
- Advocate for State and Federal Government investment in affordable housing in Darebin
- New policy mechanisms to guide negotiated agreements with developers that seek affordable and social housing contributions through private development
- Providing support to people in housing crisis by directing them to local services

4.4 WHAT DOES AFFORDABLE HOUSING LOOK LIKE?

There is a variety of affordable housing delivery models available to meet the housing needs of different income groups, as conceptually illustrated in Figure 3 below. The level of government subsidy associated with each model is proportional to the income band and, therefore, the capacity of the household to pay market rent or mortgages.

The models identified in Figure 4 provide a simple conceptual framework for considering the relationship between income groups, tenure types and the relative level of government subsidy that might be needed for each model to be applied.

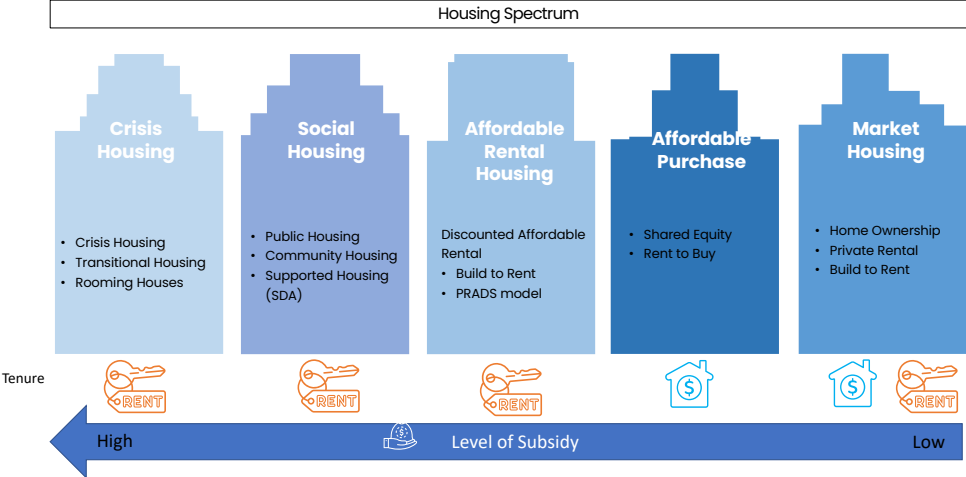
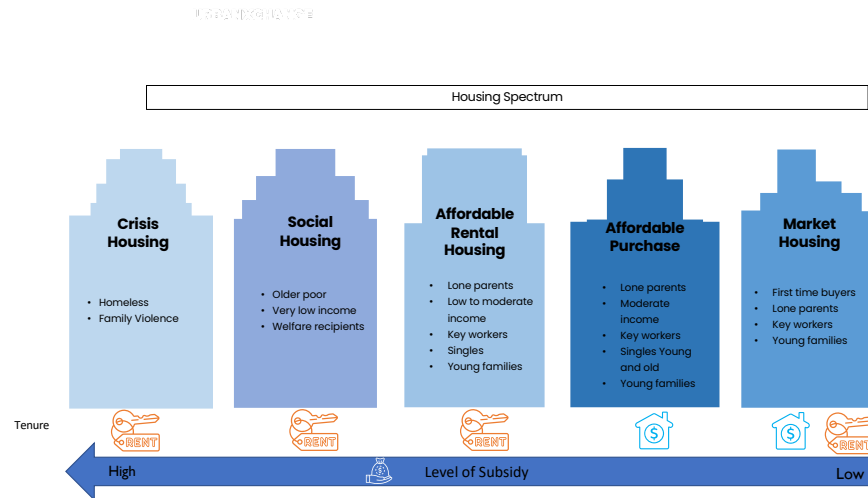


Figure 2- Income ranges to affordable housing models and depth of subsidy

In applying any affordable housing outcomes, they are different depending on the identified occupiers as shown



- Crisis housing.

Figure 3 – Occupiers of affordable housing

All of the models shown in Figure 4 may be applicable in Darebin, as follows:

- Affordable by design, which would involve small lot housing and/or sustainable design features
- Assisted home ownership, which would include housing bought at a capped market price and the affordability retained through a restriction on title, shared equity, or rent to buy
- Below market rental, which would include build to rent, co-operative models, PRADS model and a reinvented NRAS
- Public, community and indigenous, which would include public housing development and renewal projects or bond aggregators

5 DEMOGRAPHIC OVERVIEW

An overview of the demographics of the Australian housing market is provided in Attachment 1.

5.1 AUSTRALIAN CONTEXT

Since the mid-1990s. Over the long term, prices have risen rapidly in all cities and most regions, although there are variations from year to year⁴. Average prices have increased from about two to three times average disposable incomes in the 1980s and early 1990s to about five times more recently⁵. Median prices have increased from around four times median incomes in the early 1990s to more than six times today (and more than eight times in Sydney)⁶.

Population growth is a basic, if often overlooked, factor in differences between housing systems. High population growth means that a housing system needs to continually add new stock, which may have implications for the replacement of old stock; the investment of resources in new supply needs also to be financed and implemented. Volatility in rates of growth may pose challenges for the planning, financing and marketing of housing. All these factors may have implications for the distribution of housing between sectors and between people.

Home ownership rose rapidly in Australia in the early 1950s, from about 50 per cent to 70 per cent. Overall home ownership remained around 70 per cent for the next 50 years; a slight decline during the past decade saw it fall to 66 per cent in 2021.

But the ageing of the Australian population has concealed a greater fall in home-ownership rates during the past 20 years for all but the oldest households. Younger Australians have always had lower incomes and less accumulated savings, hence lower home-ownership rates. But between 1981 and 2016, home ownership rates among 25–34-year-olds fell from more than 60 per cent to 45 per cent (see figure 5). The Figure shows a continuing fall in home ownership in all age groups, but it is most pronounced in the under 40 years category. This in turn has led to rapid increases in rent as the demand for housing increases.

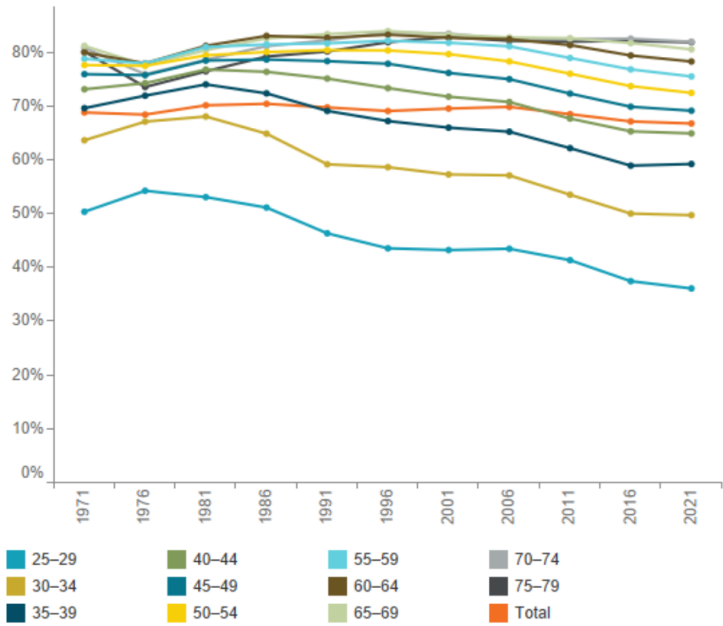
⁴ Stapledon (2012).

⁵ C. Kent (2013); Ellis (2017a); and Fox and Finlay (2012).

⁶ The median dwelling price compared with median household disposable income is the best price-to-income measure, but median measures are often not as readily available as

average measures: CoreLogic (2021). Other price-to-income measures are even higher due to differences in measuring incomes and prices (for example, Demographia (2022) calculates Sydney has a price-to-income ratio of 8.8 and Melbourne at 6.9).

Home ownership rate (%), by age group, 1971–2021
Australia



Age group:
All

Notes:

- 1. Analysis excludes not stated.
- 2. Home ownership rates reflect the year the household reference person was born.

Figure 4 - Home ownership rates via age groups (%)

Consequently, without intervention, home ownership rates are unlikely to bounce back over time. For 35–44-year-olds, home ownership has fallen fast – from 74 per cent in 1991 to around 62 per cent today – and homeownership is also declining for 45–54-year-olds. These trends are expected to translate into a 10-percentage point fall in home-ownership rates for over-65s by 2046.

Home ownership has been the Australian way of wealth creation for many generations. Many aspects of Australian policy, including areas relating to retirement incomes, access to finance and rental tenure, have been built on the assumption that most Australians will own their home.

Today’s trends suggest that a greater proportion of people reaching retirement age will be renting and that more of them will depend on the private rental market rather than social and public housing. They also indicate that, without adequate incomes, the rate of homelessness will increase.

Of particular note is the increase of lone person households in Australia’s capital cities, particularly Melbourne. The biggest increase in lone person households will be seen by those in the 20 – 35 ages in the moderate-income range.

Between 2016 and 2021, the ABS census data shows that the rate of increase in the number of households rose faster than the rate of increase in the number of private dwellings in every state or territory in Australia. As new households have to live somewhere, (and there being no increase in the number of social housing dwellings over this time period) this suggests that, across the nation, the supply of new dwellings is not being delivered fast enough to properly provide enough homes for everyone.

Moving forward the National Housing Supply and Affordability Council⁷ (NHSAC) notes

- The supply of new housing is near its lowest level in a decade. 177,000 dwellings were completed in 2024, falling significantly short of underlying demand for housing, which was estimated at around 223,000 for the same period. This shortfall added to already significant unmet demand in the system.
- 938,000 dwellings are forecast to be completed during the Housing Accord period, which falls short of the 1.2 million target. Scenario analysis indicates that even under optimistic economic scenarios, the target will not be achieved. No state or territory is forecast to meet the share of the target implied by its population. When factoring in demolitions, the net new supply is expected to total 825,000 over the Housing Accord period, which is 79,000 dwellings fewer than expected new underlying demand.





The NHSAC also noted that the demand for non-market housing and housing support payments remained elevated. Waitlists for public housing remained close to record-high levels at 169,000 households nationally. The number of greatest-needs households on the waitlists rose to a new record high. The number of clients accessing specialist homelessness services rose to 280,000 and the number of people experiencing persistent homelessness rose to almost 38,000. It noted that the greatest demand is for small one-bedroom dwellings.

⁷ National Housing Supply and Affordability Council – State of the Housing System 2025

5.2 OVERVIEW OF POPULATION AND HOUSING ISSUES IN THE DAREBIN COUNCIL

The 2021 ABS Census provides an overview of the existing community within Darebin.

Analysis of the five-year age groups of Darebin in 2021 compared with Greater Melbourne shows that there was a higher proportion of people aged between 25 and 54 years, and lower in the younger and over 65 years age groups.

	Darebin	Greater Melbourne	Observations
	Age Groups	Av Age is 37 yo	
	Av. household income pw	\$1,829	\$1,900
	Household income over \$3,000 pw	27.1%	25.2%
	Home owned	28.5%	28.7%
	Mortgage	28.6%	35.6%
	Renting	37.0%	29.2%
	1-bedroom	9.7%	6.0%
	2-bedroom	32.0%	19.7%
	3-bedroom	38.0%	38.0%
	4-bedroom	13.1%	26.0%
	Couples with children	26.1%	33.1%
	Couples without children	23.0%	23.5%
	One parent families	9.1%	10.2%
	Lone person households	29.4%	23.7%

The overall community is a younger population representative of a community that has gentrified. This is further supported by the professional/manager category being 48.4% compared to 34% for Greater Melbourne.

The community is of a moderate to higher income in nature, in the city side suburbs and moderate income in the outer suburbs of the municipality.

When comparisons are drawn:

- 52.4% of households are noted as lone person or couples without children but only 41.7% of dwellings are one or two bedrooms

This, together with the projected growth in lone person households, suggests that an increase in 1- and 2-bedroom dwellings is important to meet the current and projected growth in lone and couple households. The data indicates that older members of the community are remaining in large family homes because alternate housing is not available or moving costs are prohibitive.

The community is distinguished as being “middle class”.

The inclusion of smaller dwellings as affordable housing can be supported through the demographics. Equally there is sufficient scope for all the categories of affordable housing, very low/low/moderate to be included in discussions.

5.3 POPULATION AND HOUSING PROJECTIONS FOR DAREBIN

The National Housing Supply Council, via Housing Australia, provides forecast on predictions on the growth of household formation relative to income. The National Housing Supply Council indicates that not only is there a negative amount of affordable housing for all people in the first three deciles (that is 75% of the population) of income, but that what housing is available to them is likely to be occupied by people with higher incomes.

Victoria in the future projections for the City of Darebin are as follows:

The Victoria in the Futures projections for Darebin outlines the following:

Table 2- Victoria in the future projections for Darebin

Topic	2021	2026	2031	2036
Population	150,296	163,415	176,485	189,175
Dwellings	68,366	72,923	79,043	85,493
Households	63,755	69,839	76,218	82,426
Av household size	2.3	2.3	2.3	2.3
Dwelling Occupancy rate	93%	96%	96%	96%

The Victoria in the future data also reviews household composition

Table 3 Household compositions in Darebin VitF

Households by type	2021	2026	2031	2036
Couples with children	17,098	18,585	20,242	21,871
Couples without children	15,401	17,160	18,965	20,835
One parent families	6,015	6,517	7,124	7,777
Lone person	19,622	21,362	22,995	24,528

The data clearly indicates a need for additional affordable housing and for that housing to be focused on wone and children and lone person households. This also allows for the older cohort of the community who require appropriate housing.

The question that arises where will there be a supply of housing that is affordable for low to moderate income earners who are in the 20 – 39-year age groups?

The City of Darebin population forecast for 2024 is 213,805 and is forecast to grow to 250,219 by 2041.

This increase in population is also matched by an increase in the number of dwellings in the City of Darebin is forecast to grow from 76,188 in 2021 to 94,627 in 2041, with the average household size increasing from 2.67 to 2.68 by 2041.

The increase in population and households in Darebin is supported by net migration into the municipality.

Between 2021 and 2041, the age structure forecasts for the City of Darebin indicate an increase in those aged between 20 to 29 years and those aged 65 years plus.

The largest increase between 2021 and 2041 is forecast to be in Lone person households and Couples without children at the expense of couples with families.

6 MINISTERIAL GUIDELINES ON AFFORDABLE HOUSING

The purpose of the Victorian Government affordable housing reforms is to encourage an increase in affordable housing through local councils seeking a voluntary affordable housing contribution, as part of planning approval processes⁸. The legislated definition of affordable housing and the associated GIC Orders set out the income bands for individuals and households that the State Government considers to be in need of affordable housing as described in Section 4 of this report.

The current State government policy does not specify any maximum percentage of an individual, couple or family's income should be assumed as being spent on housing costs. However, there is broad support for the concept that individuals and households should spend no more than 30 per cent of income on housing costs. The position of 30% was established by AHURI (Yates and Gabriel, 2006)

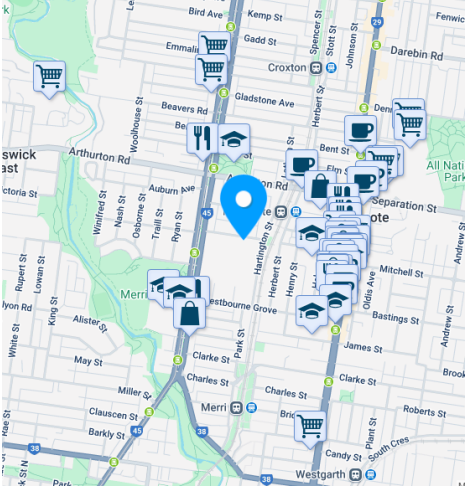
The Planning and Environment Act 1987, Section 3AA(2) includes reference to the Ministerial Notice relating to the specified matters and lists "matters to which regard must be had for the purposes of determining what is appropriate for the housing needs of very low-, low- and moderate-income households." The table below provides a response to the matters in the Ministerial Notice as these maybe applied to on the 7 Harrington Street Northcote development site.

Table 4-Application of the Ministerial Guidelines

Matter	Urbanxchange s recommendation
Allocation	<p>The definition of affordability as set out in the Planning and Environment Act 1987, Section 3AA (i.e. very low-, low- and moderate-income earners) should be applied in relation to any affordable housing provisions at the site. The application of low to moderate income categories is justified based on the demographics and housing need in the Darebin LGA. It is further supported by the extent to which people in this income group travel into the Darebin LGA for work.</p> <p>To address the matter of eligibility, it will be incumbent upon RHA as the operator of the affordable housing and a RHA, to ensure that the occupants meet the income eligibility criteria as set out in the GIC Orders at the time that occupancy commences.</p>
Affordability (in terms of the capacity for very low income, low income and moderate income households that it is intended for)	Occupants of the dwellings should pay no more than 30% of income on affordable housing costs. The affordability is for occupants who meet the income eligibility criteria as set out in the GIC Orders at the time that occupancy commences. This is a requirement for any RHA in Victoria under the housing agreements with the Victorian Government.

⁸ <https://www.dhhs.vic.gov.au/delivering-social-housing-affordable-housing-contribution>

Matter	Urbanxchange s recommendation
	<p>The position of 30% was established by AHURI (Yates and Gabriel, 2006) and has been adopted by all levels of government and the broader housing industry as an agreed position.</p>
<p>Longevity (in terms of the public benefit of the provision)</p>	<p>The affordable housing should be provisioned for 20 years, via agreed mechanisms that have a time limit of 20 years from initial occupancy.</p> <p>The longevity of ownership to the actual site cannot be in perpetuity as financial institutions will not finance projects with this condition. Nor in some instances of tenure type will they consider beyond 25 years.</p>
<p>Tenure</p>	<p>The developer has nominated its preference to provide 3% of the dwellings to RHA. However, it is recognised that the following range of potential tenure solutions:</p> <ul style="list-style-type: none"> • Build to Rent (either private or RHA) • Social Housing • Cash contribution
<p>Type of housing, in terms of form and quality</p>	<p>The housing should be tenure blind and meet the Better Apartment Design Standards.</p> <p>The size of the dwellings needs to meet the identified demographic need of smaller housing for 20 – 39-year-olds.</p> <p>It is Urbanxchange’s view that the proposed blend of 1 and 2 bedroom is appropriate and meets the needs of the demographic review.</p>
<p>Location, in terms of site location and proximity to amenities, employment and transport</p>	<p>The site at 7 Harrington Street Northcote achieves a Walkable Score of 81, meaning it is very walkable and almost all errands can be achieved on foot.</p> <p>The site has access key amenities (as shown below) that would be considered essential for social housing being:</p> <ul style="list-style-type: none"> • Supermarket • Schools • Medical and health centres • Community facilities and services.

Matter	Urbanxchange's recommendation
	 <p data-bbox="745 831 1010 858">Figure 5 - Walkable map</p>
<p data-bbox="286 887 719 938">Integration, in terms of the physical build and local community</p>	<p data-bbox="745 887 1883 914">The affordable housing dwellings should be tenure blind, that is indistinguishable from all the other housing.</p>
<p data-bbox="286 1023 645 1074">The following official estimates of housing need:</p> <ul data-bbox="286 1098 719 1377" style="list-style-type: none"> <li data-bbox="286 1098 656 1149">• Australian Bureau of Statistics Community Profiles <li data-bbox="286 1157 622 1177">• Census profiles for Victoria <li data-bbox="286 1185 696 1236">• Department of Health and Human Services Rental Report <li data-bbox="286 1244 719 1295">• Metropolitan regional housing plans to guide housing growth <li data-bbox="286 1303 719 1355">• Public housing waiting list (Victorian Housing Register list) <li data-bbox="286 1362 645 1383">• Victoria in Future data tables. 	<p data-bbox="745 1023 1305 1050">The data indicates that the need within Melbourne is:</p> <ul data-bbox="745 1074 1989 1209" style="list-style-type: none"> <li data-bbox="745 1074 1234 1094">○ For housing for those aged 20 – 39 years <li data-bbox="745 1102 1283 1123">○ Housing for low-moderate income households <li data-bbox="745 1131 1406 1152">○ Consideration for women over 55 at risk of homelessness <li data-bbox="745 1160 1989 1181">○ Need for an increase in stock providing opportunities for younger people to who are on low to moderate incomes. <li data-bbox="745 1189 1003 1209">○ Quality rental stock

6.1 DTP'S AFFORDABLE HOUSING GUIDANCE

In July 2024, DTP released its guidance on the requirements for the affordable housing contribution as follows:

Option 1 – Discounted sale or gifting of homes to a registered housing agency (RHA) or Homes Victoria delivery criteria

- Affordable housing can be contributed as:
 - 10% of all dwellings sold at a 30% discount to a Registered Housing Agency (RHA) or Homes Victoria for operation as social and/or affordable housing, or
 - 3% of dwellings gifted to a RHA or Homes Victoria.
- An alternative percentage of dwellings or alternative discount rates may be considered where the total value is equivalent to the 3% contribution in option 2.
- The applicant should provide evidence of an agreement that confirms support of the RHA.

Option 2 Contribution to the social housing growth fund delivery criteria

- A cash contribution equal to 3% of the development cost to the Social Housing Growth Fund (SHGF)
- Payment to be made to the Department of Treasury (DTF) and Finance accounts receivable.
- The current contribution amount will be subject to review periodically.

Option 3 Discounted rental in Build to Rent Developments

- 10% of dwellings rented to eligible households in build to rent (BTR) projects over a defined period, until the affordable housing contribution has been fully acquitted.
- The total value of the contribution, to be acquitted over the defined period, must be equivalent to the 3% contribution in option 2.
- Reduced rent provided on the market rent of the dwelling must result in an affordable rental price for the eligible household (no more than 30 per cent of their household income).
- The proponent must report annually to the Minister for Planning on the rental discount provided and accrued contribution until the obligation has been met.

6.2 AFFORDABLE HOUSING TENURES

Affordable housing can cover many tenures, social rental, private rental, rent-to-buy, low cost purchase and purchase. It is important to recognise that the various tenure types will allow various sections of the community access to housing to meet needs from low to moderate income earners.

Outlined below are the many tenure types that can be applied to affordable housing.

Affordable Build to rent. Developers, including RHA's, and their financiers build multi-unit buildings and instead of selling the units, retain them to let to tenant households. Rents may be set at market rent or, for affordable and social housing, at an appropriate discount to market rents. The HAFF is a build to rent model. The question becomes as to how the rental subsidy system is applied.

Social housing. This is owned by a state government or by a community housing organisation. Community housing organisations are not-for-profit corporations that own and/or manage community housing and are registered by Federal and/or state housing regulators. Housing Associations and Providers are independent companies that are overseen by a skills-based board.

Tier 1 Housing Associations are seen by government as organisations that:

- Own, manage and develop affordable rental housing
- Provide housing support and assistance to clients
- Are viable businesses, partnering with government and the community
- Have met registration criteria and meet ongoing regulatory compliance against performance standards.

7 DAREBIN STRATEGIC DIRECTION REVIEW

The City of Darebin has a draft *Housing Strategy 2024* that includes for affordable housing. The document notes that the Council will develop a separate section of its strategy “Part 3” on affordable housing.

The strategy identifies four areas of action for Council:

- Advocacy
- Partnerships
- direct intervention and support; and
- through its planning functions through the Darebin Planning Scheme

The strategies to achieve the vision are:

- *Partnerships with Service Providers, community housing providers and other levels of government to facilitate outcomes*
- *Consider opportunities for affordable housing on appropriate Council-owned land and in Council developments*
- *Advocate for State and Federal Government investment in affordable housing in Darebin*
- *New policy mechanisms to guide negotiated agreements with developers that seek affordable and social housing contributions through private development*
- *Providing support to people in housing crisis by directing them to local services*

Table 5 Application of Council Directions on Affordable Housing as they are applicable to the developer

Council Strategy	Urbanxchange Opinion
Partnerships with Service Providers, community housing providers and other levels of government to facilitate outcomes	The proposal will contribute the equivalent of 10% of the dwellings at a 30% discount to market, that is 3% of dwellings at no cost to RHA. The proposed affordable housing contribution is included in section 8 of this report.
Consider opportunities for affordable housing on appropriate Council-owned land and in Council developments	Not applicable

Council Strategy	Urbanxchange Opinion
Advocate for State and Federal Government investment in affordable housing in Darebin	The proposal will contribute the equivalent of 10% of the dwellings at a 30% discount to market, that is 3% of dwellings at no cost to RHA. The proposed affordable housing contribution is included in section 8 of this report.
New policy mechanisms to guide negotiated agreements with developers that seek affordable and social housing contributions through private development	Not applicable
Providing support to people in housing crisis by directing them to local services	Not applicable

8 STRATEGIC DIRECTION REVIEW

It is proposed that an affordable housing clause be inserted into the permit as follows:

The landowner must contribute towards affordable housing (Affordable Housing Contribution) to the satisfaction of the Responsible Authority.

For the purposes of the agreement “affordable housing” is to have the same meaning as any definition of that phrase contained within the Planning and Environment Act. The affordable housing dwellings will be tenure blind. Occupants of the affordable housing dwellings will have access to all the facilities and services available to other residents (eg communal facilities) unless the registered housing agency confirms that the cost of access to these facilities is prohibitive.

The agreement must provide for an Affordable Housing Contribution defined as:

1) 10 per cent of dwellings provided by:

i) transfer of 3% of dwellings at nil consideration; *or*

ii) provision of 10% of the dwellings at a 30 per cent discount of the market for the equivalent dwelling within the development; *or*

iii) any other proportion of dwellings at a discount that equates to 10% of the dwellings at a 30 per cent discount of the market for the equivalent dwelling within the development;

or

2) Translation of the value that would otherwise be provided by the landowner under option (1), to:

i) The equivalent cash contribution of 3% of the development cost to the social housing growth fund;

ii) Long-term leasing of dwellings to eligible households at a discount to market rent,

iii) The equivalent cash contribution to a registered housing agency for the provision of affordable housing in Darebin; *and/or*

iv) Any other model as agreed by the responsible authority.

If option 2 is pursued:

- *The value of the Affordable Housing Contribution is to be calculated by reference to the dwellings that are agreed to be [transferred at nil consideration or sold at a discount] as agreed with a registered housing agency, or the development value as demonstrated by a qualified quantity surveyor; and*
- *The term of use and discount is to be determined with regards to the Net Present Value of the Contribution and the number of dwellings to be facilitated.*

Before the second building to be constructed commences, the landowner will enter an agreement with the responsible authority under Section 173 of the Planning and Environment Act 1987 to enter an affordable housing contribution equivalent to ,10% of all new dwellings at a 30% discount to market, provided at 7 Harrington Street Northcote. The agreement will specify the timing of the delivery of the contribution and a mechanism for reporting the outcome to the Responsible Authority.

9 ATTACHMENT 1 – OVERVIEW OF DAREBIN

Analysis of the five year age groups of the City of Darebin in 2021 compared to Greater Melbourne shows that there was a lower proportion of people in the younger age groups (under 15) and a similar proportion of people in the older age groups (65+). Analysis of the five year age groups of the City of Darebin in 2021 compared to Greater Melbourne is shown in the table below.

Five year age groups (years)	Darebin		Greater Melbourne
	Number	%	%
0 to 4	7,896	5.3	5.9
5 to 9	7,378	5	6.3
10 to 14	7,091	4.8	6
15 to 19	6,729	4.5	5.6
20 to 24	9,424	6.3	6.7
25 to 29	13,631	9.2	7.8
30 to 34	14,955	10.1	8.2
35 to 39	13,060	8.8	8
40 to 44	10,830	7.3	6.9
45 to 49	10,280	6.9	6.5
50 to 54	10,116	6.8	6.3
55 to 59	8,258	5.6	5.7
60 to 64	7,064	4.8	5.1
65 to 69	5,701	3.8	4.4
70 to 74	4,867	3.3	3.9
75 to 79	3,920	2.6	2.8
80 to 84	3,439	2.3	2
85 and over	3,949	2.7	2

Table 6 Population of Melbourne/Darebin via age categories (2021)

The major differences between the age structure of City of Darebin and Greater Melbourne were a larger percentage between 25 and 44 (35.4% for Darebin compared to 30.9 for Greater Melbourne). Equally there is a smaller percentage of those under 15 years of age.:

The increasing size of the population between 25 and 34 together with the higher percentage of people in Darebin who have a tertiary education a Bachelor or Higher degrees (32.7% compared to 27.5%) supports the position put to Council about the need for affordable housing that is available for moderate income earners and key workers.

What is evident from the age data is that the City of Darebin has a larger population representation in the 20 – 44-year age groups. These are the people for whom affordable housing is important.

Individual income levels in City of Darebin in 2021 compared to Greater Melbourne shows that there was a higher proportion of people earning a high income (those earning \$2,000 per week or more) and a lower proportion of low-income people (those earning less than \$500 per week).

Household income levels in City of Darebin in 2021 compared to Greater Melbourne shows that there was a similar proportion of high-income households (those earning \$3,000 per week or more) 25.5 compared to 25.3% and a higher proportion of low-income households (those earning less than \$800 per week), 21.6% compared to 19.0%.

The household sizes in the Darebin are shown below as percentages of the total households:

Table 7 Household sizes in Darebin against Greater Melbourne (2021)

Number of persons usually resident	Darebin %	Greater Melbourne %
1 person	30.6	24.8
2 persons	32.4	31.3
3 persons	16.2	16.9
4 persons	14.6	17.2
5 persons	4.4	6.6
6 or more persons	1.8	3.2

The household/family types in the City of Darebin in 2021 compared to Greater Melbourne shows that there was a larger proportion of 1 and 2 person households and smaller percentages of 4 or more person households:

In reviewing the house sizes in Darebin in 2021 compared to Greater Melbourne shows that there was a lower proportion of one- and two-bedroom dwellings compared to the number of persons resident. **That is 63% are single or two person households but only 41% of dwellings are one or two bedrooms.**

Table 8 Household compositions in Darebin against Greater Melbourne (2021)

Number of bedrooms	%	Greater Melbourne %
1 bedroom	9.7	6.0
2 bedroom	32.0	19.7
3 bedroom	38.0	38.0
4 bedroom	13.1	26.0
5 bedroom plus	2.9	5.6

Reviewing the individual and household income data shows that the group aged between 25 and 39 years who are a large part of the Darebin population are also moderate-income earners. Equally the non-family households were those on lower incomes.

Household/family types in the City of Darebin in 2021 compared to Greater Melbourne shows that there was a lower proportion of couple families with child(ren) as well as a lower proportion of one-parent families. Overall, 26.1% of total families were couple families with child(ren), and 9.1% were one-parent families, compared with 33.1% and 10.2% respectively for Greater Melbourne.

There were a higher proportion of lone person households and a lower proportion of couples without children. Overall, the proportion of lone person households was 29.4% compared to 23.7.0% in Greater Melbourne while the proportion of couples without children was 23.2% compared to 23.5% in Greater Melbourne.

Household Tenure

It is noted that, in the 2021 census, the housing tenure across the municipalities included:

Table 9. Housing tenure in Darebin compared to Greater Melbourne

Tenure	Darebin	Greater Melbourne
Owned	28.5	28.7
Mortgage	28.6	35.6
Rent	37.0	29.2

It is also noted that Darebin’s social housing dwellings are 4.1% of social dwellings compared to 2.3% for Greater Melbourne.