



Strengthening Partnerships with Local Community Housing Organisations

Draft Strategy July 2012

STRENGTHENING PARTNERSHIPS WITH LOCAL COMMUNITY HOUSING ORGANISATIONS

Draft Strategy - July 2012

1.0 Purpose of Strategy

This strategy defines the role and approach the City of Port Phillip will take to support the growth of community housing in Port Phillip.

This role and approach is focussed on:

- Leadership through research and advocacy.
- Project facilitation through assistance to all community housing organisations and other providers of affordable housing.
- Direct contributions to locally based community housing organisations through cash and property contributions.

The locally based community housing organisations comprise Port Phillip Housing Association Ltd. (PPHA), South Port Community Housing Group Inc. (SPCHG) and St Kilda Community Housing Ltd. (St KCH).

2.0 Background

2.1 What is the affordable housing need in Port Phillip?

Since the mid to late 1970s gentrification has reduced housing affordability for residents living in Port Phillip.

Gentrification is defined as the displacement of lower income groups by higher income groups in the private housing market, resulting in rent levels that increasingly become unaffordable to lower income groups and affordable rental housing being replaced by home ownership. Gentrification increases the value of land and this further reduces housing affordability for both rental housing and home ownership, and as a consequence reduces social diversity.

By the 2000s, the housing affordability problem had extended to also affect moderate income households with incomes up to 60-70% of the income range. This results in housing affordability becoming a broad problem for a majority of Port Phillip residents at these income levels.

Home ownership affordability

Gentrification has reduced the affordability of home purchase. For example, households need to have much higher incomes to be able to afford purchase of median priced houses in Port Phillip. In 2010 the gross household income required was \$299,300 (compared with \$134,700 for Greater Melbourne). This has resulted in mortgage payments increasing from an average of 46% of gross household income in 2000 to an average of 73% in 2010.

By 2010, no more than 1% of housing in Port Phillip was affordable to households in the lowest 20-30% of the income range, 2-3% were affordable to households in the lower 40-50% of the income range, and 5% were affordable for households in the lower 60% of the income range.

Rental housing affordability

Rental affordability in Port Phillip has also eroded for low income households on Centrelink or equivalent incomes. In 2010 only 1% of one bedroom dwellings were affordable (ie. where rentals did not exceed 30% of gross household income, which is a common benchmark used for housing affordability). Only 4% of 2 bedroom dwellings were affordable and only 6% of three bedroom dwellings were affordable.

Over the last few decades the supply of rental flats and rooming houses, which have up until the 1980s provided a supply of affordable rental housing, has dramatically reduced:

- Rental flats have been subdivided for owner occupation or higher investment rentals.
- The number of private rooming houses has dramatically reduced. For example, private rooming houses have decreased from 49 in 1997 to 28 in 2011.

The scarcity of affordable rental housing and home ownership forces long term residents, retirees, young adults moving out of their parental homes and adults relocating due to relationship breakdown, to move long distances from Port Phillip to find affordable housing. Usually this affordable housing is remote from family and friendship networks, health and social services, shops and fixed rail public transport. This results in social isolation, increased transport costs and dislocation from employment opportunities.

"When I became sick with cancer, being a single woman left me no means of support except a sickness benefit. I lost my job, and couldn't continue my studies and my low income had to cover rent, food, electricity, transport and medication. Pretty soon the only accommodation I could afford was a rooming house and this presented a new list of problems that hindered my long term health... without one's health, even a small issue like housing becomes one of the most important issues in your life. Without appropriate housing, my rights to proper health care were taken from me. Without housing, my rights to be treated fairly within society were taken from me."

'Lisa' was relocated to social housing in Port Phillip.

"We have lived in St Kilda for over 20 years, I am 75 and my husband is 77, he relies on oxygen throughout the day, but especially at night. I have had five operations on my back. We are both on a lot of medication and have many outpatient visits to specialists at The Alfred. We have rented this home for 15 years, and now we have to leave because it is being sold, but we cannot find anything to rent, even within a ring of 10 kilometres from this area and everything we have tried has then had an extra \$50 added to the weekly advertised rent by the time we have inspected or applied for it – we are about to be thrown out on the street."

'George and Mary' relocated to social housing in St Kilda.

The result of gentrification is that by the 2000s social (public and community) housing comprised almost all of the remaining affordable housing in Port Phillip. Social housing is defined in section 2.2. This makes social housing a critical safety net and alternative to the private rental housing for lower income households.

In 2010 there were 3,790 social housing dwellings in Port Phillip, which comprised 8.1% of total dwellings. This social housing consisted of 2,493 public housing dwellings (66% of social housing) and 1,297 community housing dwellings (34%).

The demand for public housing is so high that applicants often wait for over a decade to be housed. The demand for community housing is also high. For example, in June 2011 there were 759 persons on Port Phillip Housing Association's register seeking community housing in Port Phillip. Of these, 515 comprised singles under 55 years, 37% comprised singles over 55 years, 6% were families, 6% were couples and 1% were individuals who shared their housing (including persons with a disability within each household type).

Council supports the growth of community housing due to a range of benefits it provides to the community (refer to sections 2.3 and 2.4). Because of the important role that community housing plays in maintaining affordable housing and social diversity, Council has over the last 27 years directly provided community housing and then supported the growth of local community housing in Port Phillip. This support is outlined in section 2.7.

This Strategy outlines changes in the way Council will support the growth of community housing provided by the three main, locally based community housing organisations described in section 2.3.

2.2 What is community housing?

Community housing is a form of *affordable housing*.

Affordable housing is a general umbrella term used to describe housing that aims to meet the needs of low to moderate income households unable to access appropriate housing in the private market without assistance. An accepted indicator of affordable housing is housing that costs less than 30% of income for households at the lower 40% of household incomes. Affordable housing can be provided by not-for profit, public and private organisations.

One form of affordable housing is known as *social housing*.

Social housing comprises forms of rental housing that are financed, owned and managed in ways that ensure this housing meets social objectives and obligations. It is a generic term that includes 'public housing' and 'community housing', as well as indigenous housing, housing for older persons (independent living units) and housing for persons with a disability.

Community housing can best be described by distinguishing it from *public housing*.

Public housing comprises rental dwellings for low income households that are funded, developed, owned or leased and managed by centralised state housing authorities. In Victoria, the state housing authority is the Department of Human Services (DHS).

Public housing targets households up to the third and fourth income deciles (in the lower 30-40% of incomes). For example, a single person can have an income up to about \$25,000 per year and a family with two children up to \$47,000 per year. Public housing tenants are charged a rebated (reduced) rent of up to 25% of their income and are not eligible for Commonwealth Rent Assistance (CRA).

Community housing is affordable, secure and appropriate rental housing for low to moderate income households (including low income wage earners), provided by not-for-profit organisations, that operate for a socially beneficial purpose.

Community housing organisations can include co-operatives, housing associations, community housing providers, indigenous housing organisations, church or local government provided housing, housing trusts and not-for profit housing companies.

There are two main types of community housing:

1. *Managed housing*

Housing that is managed by community housing organisations under property leases but owned by state housing authorities.

2. *Independent or joint venture housing*

Housing that is initiated part or fully funded, developed and usually owned by community housing organisations, often under joint ventures with state housing authorities.

In Victoria, community housing organisations, which manage properties for or receive capital funding from the DHS, are registered and regulated by the Registrar of Housing Agencies (under the Housing Act 1983) as either *registered Housing Associations* or *registered Providers*.

- Housing Associations are required to meet a higher level of regulation, have a higher growth capacity and take a higher level of development risk. They house a broad range of target groups and operate over regions of Melbourne or rural Victoria or are state-wide.

In addition to housing persons of low incomes, Housing Associations can house households with incomes that are 58 to 65% higher than households in public housing, depending on the household size. This comprises:

- Households up to the fifth and sixth income deciles (up to 50-60% of the income range) eg. currently with incomes of up to \$41,000 per year for single persons and up to \$90,800 for large families.
- Low income wage earners.

These households pay rent not exceeding 75% of market rent. Households up to the 3rd and 4th income deciles are charged rents of up to 30% of gross household income. In addition, their CRA is received and retained by Housing Associations.

- Providers, in contrast with Housing Associations, generally focus on property and tenancy roles, have a lower level of regulation, house specific target groups and generally operate in local areas. However, some Providers also undertake limited project development roles but have a lower growth capacity and take a lower level of development risk than Housing Associations.

In contrast to Housing Associations, Providers can only house persons who are public housing income and asset eligible. Similar to public housing, Providers also charge rent that is up to 25% of gross household income but through the rent charged effectively retain the full CRA for pensioners and part of the CRA for persons on Newstart Allowance.

2.3 What are the Community Housing Organisations in Port Phillip?

Port Phillip has three locally based and registered community housing organisations with large and growing housing property portfolios. These three organisations comprise one registered Housing Association, PPHA, and two registered Providers, SPCHG and St KCH. The profiles of the three registered organisations is detailed at Appendix One and summarised below:

Organisation	Geographic Area Covered	Target Groups	Current Development Capacity
Port Phillip Housing Association Ltd. Established 1986	Across Port Phillip (as well as in three regions of Greater Melbourne)	- Older persons - Families - Couples - Singles ² - Youth	Able to undertake multiple or concurrent projects, including large projects.
South Port Community Housing Group Inc. Established 1983	South Melbourne-Port Melbourne areas (plus managing rental housing cooperative units in St Kilda/Elwood)	- Singles and couples ² - Youth	Able to undertake one small to moderate sized project at any time.
St Kilda Community Housing Ltd Established 1984	St Kilda area (with a willingness to consider opportunities across Port Phillip and adjoining suburbs)	- Singles and couples ²	Able to undertake one small to moderate sized project at any time.

¹ Including persons with a disability within these target groups.

² Singles housing comprises rooming houses and self-contained singles units. For SPCHG and St KCH, these units also house a small proportion of couples.

In addition, Port Phillip has a large number of small, unregistered community housing organisations providing community housing in Port Phillip. There is also one registered Housing Association, Community Housing Ltd. that manages a large rooming house.

2.4 What are the benefits of Community Housing?

Community housing offers the following benefits:

- It supports more diverse, robust communities. In increasingly gentrified areas such as Port Phillip where property values are high, community housing helps to achieve more sustainable communities through increasing social diversity, tolerance and inclusion for all household types, including persons of lower incomes or persons who have a social disadvantage.
- It provides and manages housing in a way that improves the personal well-being of its residents.

'I had given myself another six months of managing in this place, either I would have to move or end it. Now for the first time in ten years I can actually wash my own hair, whenever I feel like it, for the first time in ten years I am me again...'

Ci
Dr 'Barbara', a 62 year old long-term resident with a physical disability, relocated to a disability accessible and modified community housing unit in Port Melbourne.

- It provides a mechanism for achieving affordable housing in perpetuity.
- It is community based and local which offers:
 - Improved integration of the housing into local communities through community building and engagement approaches that enhance social inclusion and tolerance.
 - High standards of responsiveness to the needs of community housing residents through tenancy and property management and provides opportunities for resident involvement in housing management.
- It provides well designed housing and aims to address specific housing needs, such as the inclusion of rooming houses, communal areas or housing for persons with a disability.
- It supports the needs of community housing residents through arrangements with support agencies, and the provision of support and education initiatives or programs.

'I had a very traumatic experience with my wife. She came to me one day and said I want you out of my life. She said I want you out so I left the house, when I left I just packed a case Well I don't know too much about the future now. I have got friends. There's Harry and I know a hell of a lot of other people in the [community] rooming house. Also the repat let me have a carer. I am very happy now I've got her. There was always a blank before but it's not there now.'

'Tom', a retired ex-serviceman, relocated to a community housing rooming house in South Melbourne.

- It can be more efficiently procured than public housing, providing a higher level of return for public funding.
- Over time it will have a reduced dependency on government grant funding. This will gradually be achieved through:
 - Alternative financing and procurement arrangements, such as bank finance leveraging and partnerships with the private sector, churches, charitable organisations and local government.
 - Innovative development modelling such as cross-subsidisation from mixed community and private housing, packaging properties to achieve mixed uses and development of community housing in the air space over replacement or existing uses.

2.5 Why is Community Housing needed in Port Phillip?

Community housing presents as the most effective means for Council to increase affordable housing, given:

- Community housing brings a range of benefits to the wider community (as outlined above) that will not be provided by private rental housing or public housing.
- Private rental housing continues to be unaffordable. It fails to meet the housing needs of low to moderate income households for affordable, secure and appropriate housing.
- The public housing system is unlikely to expand and may decrease over time. This is consistent with the current and likely future priorities of the Commonwealth and State Governments to grow the size of the community housing sector.

- There has been a proud and robust local community housing sector in Port Phillip over the last 26-29 years, centred on the roles of the three local community housing organisations, PPHA, SPCHG and St KCH.
- The City of Port Phillip (and the former Cities of Port Melbourne, South Melbourne and St Kilda) has a long standing role in supporting the growth of community housing through strategic partnerships with local community housing organisations.

2.6 What is the role of Local Government?

Local Government in Australia have not had a well defined or consistent role with respect to community housing. The main roles of pro-active councils have comprised:

- Adopting enabling policy (eg. housing strategies, Council plans and municipal planning schemes) which encourage and support community housing organisations to develop projects.
- Undertaking partnerships with community housing organisations (involving either one-off or ongoing contributions or cash or land) with an increasing trend towards establish housing trusts or housing companies as arms-length vehicles to deliver, own and manage community housing.
- Being a direct developer of community housing.

2.7 What role has the City of Port Phillip taken?

Roles of the former Cities of Port Melbourne, South Melbourne and St Kilda

Prior to the local government amalgamation process in 1994-96, the three former municipalities that amalgamated to form the City of Port Phillip were strong advocates, facilitators and supporters of local community housing.

The Cities of Port Melbourne and South Melbourne formed a strategic collaboration to establish the SPCHG (formerly South Port Rooming House Group) in 1983 and provided it with ongoing support. The City of Port Melbourne also developed one community housing project in joint venture with the Commonwealth Government in 1990/91 in addition to providing housing for low income staff.

The City of St Kilda was also a direct developer of community housing under the St Kilda Housing Program between 1985 and the local government amalgamation in 1994. Under this program eight projects with 182 units were developed.

City of Port Phillip and the Port Phillip Housing Program

This role of developing and owning community housing was continued after the amalgamation process by the City of Port Phillip between 1996 and 2006 under the Port Phillip Housing Program, until the development and ownership roles were transferred to PPHA after 2006.

The City of Port Phillip is considered to be the exemplar local government supporter of community housing in Australia. This support has been provided through:

- A comprehensive policy framework including its Council Plan, Housing Strategy and Port Phillip Planning Scheme.
- Active facilitation of community housing projects in Port Phillip developed by all community housing organisations.

- Undertaking research projects to support affordable housing in areas of identified need.
- Being a direct developer of community housing, and subsequent financial supporter of projects through a housing trust, in partnership with PPHA.

As a direct developer of community housing between 1985 and 2006, housing projects were largely funded through joint ventures with the DHS where project costs were shared. In addition, Council undertook two partnerships with private developers. Property for all projects was either purchased on the open market, purchased from the State or Commonwealth Governments or contributed by Council.

As part of the establishment of the housing program, Council helped to establish PPHA (formerly St Kilda Housing Association Inc.) in 1986 to provide tenancy and property management for completed Council housing projects. After 1998 PPHA also became a community housing developer.

Key Achievements - Port Phillip Housing Program

Over the 21 year period between 1985 and 2006, the Port Phillip Housing Program became the largest local government housing program in Australia.

Achievements of the housing program include:

- ✓ Provided 389 units in 17 projects (including two PPHA projects with 78 units), developing on average 19 units per year.
- ✓ Housed a broad range of household types comprising older persons, families, couples, singles and youth (including persons with a disability).
- ✓ Undertook joint ventures and partnerships that leveraged a total of \$43.8 million, comprising 31.4% from Council, 7.4% from PPHA, 4.7% from the Commonwealth Government and 56.6% from the State Government.
- ✓ Undertook two partnerships with private developers.



Exelsior Hall, Port Melbourne

This project provided units for singles and persons with a disability in a recycled, historic hall building. Developed by the City of Port Phillip in 2005.

Architect: Michael McKenna Pty. Ltd.

Photographer: Trevor Mein



Inkerman Oasis Development, St Kilda (Stage 1)

This project provided mixed private and community housing that was developed through a partnership with private developer between 2005 and 2012.

Architect: Williams Boag Pty. Ltd. Architects

Port Phillip Housing Trust

In June 2004 Council resolved to restructure the Port Philip Housing Program. This restructure achieved the following outcomes:

- Created a more financially sustainable development vehicle with a higher development capacity.
- Separated Council's role as the Responsible Authority for development approvals from its role as a community housing developer in a gentrifying social environment.

- Facilitated PPHA to become a registered Housing Association (in 2004) under the State Government's restructuring of community housing in Victoria.
- Help build the capacity of PPHA to become a significant community housing developer in Port Phillip with a greater development capacity than the City of Port Phillip.

The restructure involved the establishment of the Port Phillip Housing Trust in 2005. Council supported the Trust through transferring the ownership 12 community housing projects (then valued at \$36 million) and its role as a developer of community housing to PPHA as Trustee of the Port Phillip Housing Trust.

Council protects its financial interests under the Trust through a Trust Deed which ensures:

- Affordable housing is provided to persons with significant links to the City of Port Phillip (and who meet the eligibility criteria of the Director of Housing).
- Contributions towards housing provided under the Trust are retained in perpetuity and are quarantined for that purpose within the Port Phillip municipal area.

Key Achievements - Port Phillip Housing Trust

Since establishment of the Trust, Council has supported the growth of community housing under the Trust through making cash and property contributions

- ✓ \$4 million in total cash contributions of \$400,000 per year for the 10 year period between 2005/06 and 2014/15.
- ✓ Property comprising the forthcoming transfer of the Kyme Place car park in Port Melbourne (currently being developed by PPHA) and the future transfer of 46-58 Marlborough Street, Balaclava, subject to the outcome of statutory planning and transfer processes.



Ormond Road, Elwood.

Transferred to the Port Phillip Housing Trust in 2007. Redeveloped by PPHA under the Trust in 2008.

De Jong Architects



Blessington Street, St Kilda.

Developed by PPHA in 2011 under the Port Phillip Housing Trust on land with a small Council interest and acquired by PPHA.

Architects: David Watson Architects

Photography by David Waring www.20m.com.au

3.0 Strategy Objectives – What outcomes are sought?

Objective 1

Facilitate an increase in community housing within the City of Port Phillip

This objective is underpinned by the *City of Port Phillip Council Plan 2009-2013*:

- Direction 3: ‘*Strengthening our diverse and inclusive community*’
- Strategy 3.1.1: ‘*Maintain and seek new emerging opportunities for affordable housing that meets community needs*’.

The Council Plan will achieve this strategy through continuing Council’s commitment and taking action to increase social and affordable housing for the long term.

As outlined in the *City of Port Phillip Housing Strategy 2007*, Council supports the growth of community housing in Port Phillip to increase social diversity and social inclusion and enhance the well-being of residents, particularly those who are marginalised and disadvantaged, through strategies and actions based on principles of social equity and justice.

Objective 2

Facilitate a robust local community housing sector within the City of Port Phillip

A robust local community housing sector is key to increasing the supply of community housing in Port Phillip. The sector should be capable of planning and delivering the growth of community housing, as a significant player in the local housing market.

Council can best support strengthening of the sector through:

1. Helping to build the capacity of SPCHG and St KCH to deliver new projects in the City of Port Phillip.
2. Maintaining its partnership with PPHA as Trustee of the Port Phillip Housing Trust.
3. Continuing to advocate for community housing to the state and federal governments, undertaking research projects to support the delivery of affordable housing, and facilitating new projects by all community housing organisations.

Objective 3

Ensure all Council contributions to community housing organisations deliver housing for the benefit of locals and are protected as community housing assets for Port Phillip in perpetuity

Council’s contributions need to be protected in perpetuity for the benefit of residents who have significant links to Port Phillip. The establishment of housing trusts with organisations, which Council makes contributions to, provides a legal mechanism that ensures that contributions are quarantined to benefit long term residents of Port Phillip.

This mechanism, combined with the growth of these housing trusts over time, ensures that Council’s contributions provide a long-term and secure means to increase local community housing.

4.0 Strategies – How will we meet our objectives?

Council will achieve its objectives by:

1. Advocacy and Research - demonstrating Council's on-going leadership in affordable housing.
2. Continuing to facilitate the development of community housing projects of all community housing organisations planning or developing projects in Port Phillip.
3. Providing direct contributions of cash and properties to local community housing organisations under strategic partnerships.

4.1 Leadership – Advocacy and Research

i Advocacy

Council has been a consistent and strong advocate for increasing affordable housing, including public and community housing and private rooming houses. This has been achieved through:

- Articulating the need for affordable housing through submissions to the State and Commonwealth Governments.
- Promoting the potential of local government to support the growth of affordable housing.
- Promoting Council's affordable housing policy, roles, projects and partnerships.

Why is this role important?

Advocacy helps inform the policy and programs of the State and Commonwealth Governments from the perspective of a municipality with extensive experience in affordable housing.

This is important given the current limitations of project funding arrangements for Housing Associations and Providers under joint ventures with the DHS (refer to Appendix Two).

It also promotes Council's support for affordable housing and successful methods and models for delivering affordable housing. In turn this attracts more affordable housing investment in the City of Port Phillip and encourages housing innovation.

Key Achievements - Advocacy

The City of Port Phillip is acknowledged to be a national leader in local government because of the level of support that it provides for affordable housing and the ways it has delivered affordable housing outcomes through this support.

The City of Port Phillip is often seen as a location of choice for affordable housing investment because of the depth of support Council provides.

The City of Port Phillip's leadership in affordable housing has been recognised by it receiving 16 international, national, state and design industry awards for its housing program and housing projects over the 21 years it was a developer of community housing.

What Council will do

Strategy 4.1.1 – Advocacy for Funding Arrangements

Advocate for improved project funding arrangements from the State Government (Department of Human Services) and specifically:

1. Equitable funding arrangements for registered Providers.
2. Increased funding certainty for registered Housing Associations.

Actions

1. Pursue equitable funding arrangements for registered Providers including:
 - Similar joint venture funding contributions from the DHS as are provided to Housing Associations, commensurate with the lower growth capacities of Providers.
 - Access to property transfers from the DHS, commensurate with the lower growth capacities of Providers.
2. Pursue increased funding certainty for registered Housing Associations including:
 - Joint venture funding certainty over a number of years, commensurate with the higher growth capacities of Housing Associations.

Council recognises the need for community housing organisations to achieve greater certainty over project funding, in order to increase the amount of community housing. This need is described more fully in Appendix Two.

Greater funding certainty will enable the three community housing organisations to more effectively undertake strategic growth planning and have greater certainty in meeting their strategic growth targets.

Strategy 4.1.2 – Advocacy directed at Government Policy

Capitalise on two key opportunities to advocate for improved project funding arrangements:

1. The State Government's housing policy framework.
2. The National Affordable Housing Agreement (NAHA).

Actions

Advocate for improved project funding arrangements for community housing organisations through consultation process, and pro-actively, in relation to the forthcoming opportunities:

1. The State Government's 'housing policy framework' anticipated in 2012. (This will provide the State Government's vision for housing policy, including affordable housing and potentially any future joint venture funding programs.)
2. The process for developing the next 5 year National Affordable Housing Agreement (NAHA) commencing in 2012 with completion by end 2013. (NAHAs provide a framework for how the Commonwealth and State Governments co-ordinate to improve housing affordability for low to moderate income households. This includes the allocation of Commonwealth capital funding to the States in return for various matched funding commitments from State Governments.)
3. Where appropriate, undertake advocacy in co-ordination and collaboration with local government, community housing sector peak bodies and the Australians for Affordable Housing campaign.

ii Research Projects

To date Council has undertaken a number of research projects to inform and support the future growth of affordable housing and local community housing.

This has been achieved through providing research outcomes such as:

- Key lessons and practical strategies for community engagement on new community housing proposals.
- Empirical data on housing needs and social housing car parking levels.
- Models for affordable housing planning mechanisms and affordable home ownership.
- New innovations for local government in affordable housing such as potential roles in addressing the needs of moderate income households.

Why is this role important?

The findings of these research projects provide a greater depth of information and knowledge to providers of affordable housing in Port Phillip to support the successful development of new affordable housing projects.

In providing this support, Council can assist new projects to be more effective in the way they address local housing need and respond to future housing directions.

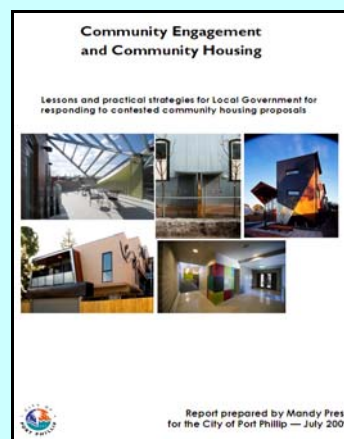
Key Achievements – Research Projects

Council has completed the following research projects:

- ✓ **Housing in Victoria website** (providing affordable housing data and indicators) (2008) www.housinginvictoria.com.au , established by Swinburne Institute for Social Research under the Inner Melbourne Action Plan (2008).
- ✓ **Community Engagement and Community Housing-** Lessons and Practical Strategies for Local Government for Responding to Contested Community Housing Proposals, prepared by Mandy Press consultant (2009).
- ✓ **Social Housing Car Parking Demand-** Inner Melbourne, prepared by GTA Consultants (2009).
- ✓ **Affordable Housing Development Models**, prepared by Affordable Housing Solutions (2010/11).
- ✓ **A model for an Affordable Housing Overlay** (inclusionary zoning) for the Inner Melbourne Region, prepared by SGS Economics and Planning and Biruu Australia under the Inner Melbourne Action Plan (2004-2011).

Example - Community Engagement and Community Housing

This research documents key lessons and practical strategies arising from nine project case studies in seven municipalities across greater Melbourne.



What Council will do

Strategy 4.1.3 – Research to support the delivery of community housing

Continue to undertake research projects to support the development of affordable housing projects in Port Phillip, and share experience and knowledge which assists affordable housing projects to be successful and innovative.

Actions

1. Make the findings of research projects publically available, including through an upgraded 'Affordable and Community Housing' page on Council's web-site.
2. Complete the following research projects across 2012 and 2013:
 - Affordable Housing and the Subdivision of Buildings- the Owners Corporation Implications of Mixing Affordable Housing with Private Housing or Commercial uses (prepared by the City of Port Phillip).
 - Community Land Trusts Research Project/Manual, being prepared by the University of Western Sydney (Council as a partner for this project).
3. Identify future research projects and partners, with a potential focus to include models for housing innovation that address unmet housing needs of Port Phillip residents, eg:
 - Integrated older persons' retirement and supported housing that includes lower income persons, such as the Humanitas Foundation model from the Netherlands.
 - Supported housing for persons who have experienced homelessness such as the Common Ground model.

4.2 Project Facilitation

Council already provides ongoing assistance to all community housing organisations (both locally and externally located) to provide new projects in Port Phillip. This support is provided through the project facilitation role undertaken by the Housing Development Officer.

As PPHA has increased its development capacity and expertise, this role has been increasingly refocussed towards assisting SPCHG and St KCH to help build their capacities.

While facilitation focus's on assistance to local community housing organisations, the role also seeks to facilitate expansion of public housing as well as new affordable private housing and private rooming houses.

In addition to project facilitation, there are also opportunities for collaboration and the sharing of resources between PPHA, SPCHG, St KCH, including the consideration of potential in relation to capital funding submissions, project delivery and property maintenance; and resource sharing opportunities between the three organisations and along with the City of Port Phillip for roles such as advocacy and research projects.

Why is this role important?

This role supports community housing organisations to develop new projects in Port Phillip.

The information is provided to any community housing organisation seeking to undertake new projects, and seeks to:

- Increase the number of new amount of community housing projects.
- Maintain a high standard for community housing.
- Encourage housing innovation.
- Improve/assist with project related information for the development approval process.

Key Achievements – Project Facilitation

Since assistance under this role has been recorded in 2009, the Housing Development Officer has provided assistance on over 260 occasions to individuals and organisations interested in affordable housing.

- ✓ *Over the 2011 year, assistance was provided 72 times.*
- ✓ *The type of assistance comprised:*
 - *Property identification and project procurement or feasibility study advice: 22 occasions*
 - *Project examples, models and standards: 12 occasions*
 - *Local government housing policy, roles and partnerships: 15 occasions*
 - *Research promotion/assistance and other assistance: 23 occasions*
- ✓ *The type of organisations assisted comprised:*
 - *Assistance to Community housing organisations: 32 occasions*
 - *Local government (other municipalities): 19 occasions*
 - *Other- private developers (2), State/Commonwealth Government (4), students/academic institutions (5) and consultants (5): Total 21 occasions*

What Council will do

Strategy 4.2.1 – Facilitation and Assistance

Provide assistance to all community housing organisations (both locally and externally based) to facilitate delivery of new projects in the City of Port Phillip.

Action

1. Provide the following information to community housing organisations:
 - Property related information.
 - Provision of information on current housing needs and trends.
 - Project procurement and feasibility advice.
 - Information on project examples, development models and standards.
 - Property purchase opportunities (both in response to requests and proactively when the City identifies opportunities).
 - Findings of Council research projects that support affordable housing.

4.3 Direct Contributions to Community Housing Organisations

Council has provided direct cash and property contributions to PPHA as Trustee of the Port Phillip Housing Trust since the Port Phillip Housing Program was restructured in 2004.

Why is this role important?

Direct contributions to new community housing projects under a strategic partnership supports the increase in local community housing by:

- Improving project viability.
- Increasing the number of projects.
- Achieving a more even distribution of projects across the City Port Phillip.

More specifically, the value of cash and property contributions are as follows:

Cash contributions increase the bank finance leveraging capacity of community housing organisations to develop new projects in Port Phillip.

Cash contributions from Council to date have augmented the cash flow from rental income and have provided a higher degree of cash flow certainty for financing new community housing projects. This financial certainty has assisted PPHA to:

- Negotiate long term debt finance (eg. 25 year loans) for new projects under the Port Phillip Housing Trust.
- Undertake long term strategic growth planning.

Property contributions through title transfers support new community housing projects. Such contributions can:

- **Address the constraint of high and increasing land values** in Port Phillip that reduces project viability. This benefit applies equally to PPHA, SPCHG and St KCH.
- **Provide project opportunities in diverse locations** where property purchase can be difficult, thereby creating a more even distribution of community housing across Port Phillip.
- **Provide a means to achieve dual use of and increased community benefit from Council land.** This is achieved through maintaining current Council use whilst providing for community housing development in the air space.
- **Increase the bank finance leveraging capacity of community housing organisations,** secured against property titles.
- **Make new projects more viable** through reducing the level of contributions required from community housing organisations under joint ventures with the DHS. However, this level of funding support tends to apply to Housing Associations and is not consistently applied to Providers.

Arrangements used by the DHS to provide joint venture funding to Housing Associations and Providers can be restrictive and inconsistent and prevent strategic growth planning certainty by community housing organisations (refer to Appendix Four). Council contributions can assist local community housing organisations to secure improved joint venture funding.

Key Achievements – Benefits of Direct Contributions

In 2010 Council reviewed and audited the performance of the Port Phillip Housing Trust through its partnership with PPHA. This occurred at the mid point in providing cash contributions over a 10 year period.

The aim of the audit was to determine that the purposes of the Trust were being met and that there was sufficient investment in new community housing delivered by PPHA since the restructure of the Port Phillip Housing Program.

The process found that the Trust's purposes were being met through housing residents with significant links to the City of Port Phillip and that there was a high level of investment in new projects as PPHA had:

- ✓ *Attracted \$64.56 million in Commonwealth and State funding.*
- ✓ *Contributed \$17.75 million in its own right.*
- ✓ *Delivered 257 new community housing units and eight refurbished units in 7 new projects that are either completed or under construction. Of these units, 64 units (in three projects) have been developed under the Trust.*
- ✓ *Provided housing that had/will house approximately 365 persons with significant links to Port Phillip at any time.*

What Council will do

Cash and Land Contributions

Council can support SPCHG and St KCH to build their capacity, whilst also maintaining its partnership with PPHA and benefiting from its greater development capacity, by the way it packages cash and property contributions.

Strategy 4.3.1 - A 'Package' of Cash and Land Contributions

Package cash and property contributions to local community housing organisations in a way that maximises capacity building, and is responsive to the different needs and development capacities of the three local organisations:

1. Maintain the commitment for cash contributions to PPHA until and including 2014/15.
2. After 2014/15, direct future cash contributions to SPCHG and St KCH to help build the project development capacity of these organisations.
3. Broaden future property contributions to include SPCHG and St KCH as well as PPHA. This will maintain Council's partnership with PPHA and recognise the capacity of this organisation to deliver larger scale and higher numbers of projects across Port Phillip.

This approach will best achieve Council's objectives of building a robust local community housing sector and maximising the potential to deliver new housing in Port Phillip.

Actions

1. Allocate Cash contributions:
 - To SPCHG and St KCH in equal proportions after 2014/15.
 - A total of \$500,000 per year for a 10 year period from 2015/16 to 2024/25 (ie \$250,000 per organisation per year).
2. Allocate Property contributions:
 - To PPHA, SPCHG and St KCH as property opportunities arise in the future.
 - Mostly in the form of air space development over replacement public car parks and over existing Council facilities as the facilities are undergoing significant upgrading or asset renewal.

Council can identify potential properties suitable for future contributions by assessing its property portfolio.

Strategy 4.3.2 – Assessment of Council properties

Assess Council property assets to identify sites with potential to incorporate community housing, generally in association with other community related uses.

Actions

1. Assess Council's portfolio of properties to identify properties which are suitable for community housing, mostly as development in air space.
2. Assess each potential property to identify:
 - Any property constraints such as encumbrances or Council policy.
 - Potential, future development parameters such as timeframes/asset renewal lifecycles, development potential, housing needs and types and procurement and development models.

Rationale - Packaging cash and property contributions to local community housing organisations

By packaging cash and property contributions Council can most effectively target the differing and changing needs and growth capacities of the three local community housing organisations.

Currently, PPHA has a strong development capacity, demonstrated by the strong growth of the Port Phillip Housing Trust. This enables it to deliver significantly more projects, more complex projects and multiple/concurrent projects than SPCHG and St KCH.

At the same time Council seeks to support SPCHG and St KCH to build their capacity to deliver new projects,

These dual objectives are best achieved through:

1. Targeting cash contributions to SPCHG and St KCH to build their capacities (ie. in the same way it has assisted PPHA to build its capacity). This is because:

- Over time, cash contributions will have a decreasing benefit to PPHA as its development capacity continues to increase and the proportion of the cash contribution to its total cash flow decreases.
- Conversely, given the lower development capacity of SPCHG and St KCH, cash contributions from Council will more effectively assist SPCHG and St KCH to increase their development capacities at the early stages of building this capacity.

2. Broadening the contributions to target all three organisations. This is because:

- Property contributions are of equal benefit to the three organisations.
- Each organisation will independently seek new project opportunities that are unique to each organisation, which will add value to property contributions.
- It will help to create a more even distribution of project opportunities across Port Phillip.
- Council will continue to benefit from PPHA's higher development capacity.
- It will assist all three organisations to undertake new projects in an area of high land values.
- Property transfers will assist the three organisations increase their ability to raise debt finance secured against property titles. In particular it will assist SPCHG and St KCH to own properties, which will address their barriers to accessing bank finance.

Further information on these benefits is provided in Appendix Two.

The differing preferences of the three organisations for household types targeted for housing and geographic locations for new projects are complimentary and do not create any disadvantage (refer to Appendix One).

This packaging of contributions also provides a more equitable arrangement for supporting the three organisations.

In the longer term, Council's support to SPCHG and St KCH will help build their capacity to be stronger developers. Along with PPHA, this would result in three locally based organisations in Port Phillip with enhanced development capacity- two stronger Providers combined with a strong Housing Association.

Rationale - Level and period of cash contributions

The current level of cash contributions is \$400,000 per year. This amount has not increased since cash contributions were first provided to PPHA in 2005/06. Consequently, the value of the contributions has decreased in real terms. If shared across SPCHG and St KCH after 2014/15 (at \$200,000 each) this 'value' would be further diminished.

In order that each organisation has an enhanced ability to increase their bank finance leverage capacity in the early stages of growing their development capacities, the total annual contribution will increase to \$500,000 per year or \$250,000 per year per organisation.

The period for current cash contributions to the Port Phillip Housing Trust has been 10 years, with a review and audit at the 5 year point. Council's cash contributions after 2014/15 to SPCHG and St KCH will continue for a further 10 year period (2015/16 to 2024/25). This is because:

- It is consistent with the current arrangement for contributions over 10 years to the Port Phillip Housing Trust.
- It assists community housing organisations to negotiate long-term capital loans (eg. over a 25 year period).
- It enables community housing organisations to undertake long-term strategic growth planning.

Over a 10 year period, this will contribute a total of \$5 million or \$2.5 million per organisation.

Rationale - Type of properties to be contributed

Council has no vacant/unused land or redundant facilities. As a consequence, any use of Council properties for community housing is most likely to take the form of air space development over existing uses on suitable properties. This could occur in two ways:

1. Air space development over Council car parks

This development model has already been used for the Woodstock and Kyme Place projects where community housing was built over Council car parks.

2. Air space development over existing Council facilities

This could occur when the facilities reach the end of their economic life and require major upgrading or asset renewal. New community housing can be constructed over the facilities at the time facilities are upgraded/renewed. This development model was used for the Liardet project where community housing was built over the Liardet Community Centre.

Key Achievements – Development of Community Housing in Air Space



Woodstock community housing was developed by Council in the air space over a replacement public car park in 2006

Architect: MGS Architects
Photographer: John Gollings



Liardet community housing was developed by Council in the air space over and adjoining the Liardet Community Centre as it was being upgraded in 2004.

Architect: Tectura

Strategy 4.3.4 – Criteria for Allocating Property

Allocate properties identified as suitable for future community housing amongst the three organisations, PPHA, SPCHG and St KCH as opportunities arise in the future based on established criteria; Council's property policy, current housing need, the nature and location of the property, and the capacity and preferences of the organisations.

Action:

1. Assess potential Council properties against the following **four allocation criteria** to determine which properties are to be allocated to the three organisations over time:
 - (i) **Consistency with Council's Property Policy November 2009**, including any future changes to this policy and future Council decisions on the strategic potential/use of individual property assets.
 - (ii) **The location of the property compared with the three organisations individual preferences for project location** (at the time of any decision to allocate property).
 - (iii) **The housing need in Port Phillip, the potential housing type/target group that is suitable for contributed property and the housing preference of the organisations to receive property contributions** (at the time of any decision to allocate property).
 - (iv) **The capacity of each organisation to deliver new developments with regard to the complexity and size of the potential development** (at the time of any decision to allocate property). Capacity relates to:
 - Capacity for undertaking small, medium and large sized projects.
 - Capacity for undertaking concurrent/multiple projects.
 - Capacity for undertaking complex projects.
 - Combinations of the above.
2. **Allow flexibility for property allocation to other community housing organisations in the event that an individual property is deemed suitable for an alternative, affordable housing type that addresses an unmet local housing need**, which may not be a housing type provided by one of the three local community housing organisations.

4.4. Protecting Council's Contribution Interests

Before Council makes future cash or property contributions to SPCHG and St KCH, Council will establish new housing trusts to protect its contribution interests.

The purpose of the trusts will be:

- To provide a legal mechanism to quarantine contributions for use in the City of Port Phillip by the Trustee in perpetuity in accordance with the stated purposes of the housing trusts. This purpose is to provide affordable housing in Port Phillip for residents with significant links to Port Phillip.
- Enable Council as Governor of the trusts to have ultimate control of the trusts in the event of an unresolvable breach or failure, without involvement in day-to-day operations.

Trust Deeds will state for each new housing trust:

- The purpose of the Trust Funds (which holding property and cash contributions).
- The responsibilities and roles of Council and the community housing organisations.

The purposes of the Trust Funds require that contributions are used to house low income persons with significant links to Port Phillip.

The Deeds also require that the proceeds of any future sales of community housing assets, which are no longer suitable for community housing or have reached the end of their economic life, be reinvested in the City of Port Phillip. This preserves the benefits of contributions in perpetuity.

In addition to the role of Trust Deeds, Council will also protect its interests by monitoring and evaluating that contributions are being used in accordance with the purposes and that there has been sufficient investment in new community housing in Port Phillip, commensurate with the growth capacities of the organisations.

Why is this important?

It is important to ensure that Council contributions are perpetually used to provide affordable housing to residents with significant links to Port Phillip.

What Council will do

Strategy 4.4.1 – Establishment of Trust Arrangements

Quarantine cash and property contributions to local housing authorities for the perpetual benefit of the residents of the City of Port Phillip, through the establishment of new housing trusts with SPCHG and St KCH and maintenance of the established Port Phillip Housing Trust with PPHA.

Actions

1. **Execute two new Trust Deeds**, one each with SPCHG and St KCH which require:
 - Maintenance of Trust Funds (containing cash and property contributions) in perpetuity and exclusively for public charitable purposes,
 - The provision of housing in the City of Port Phillip for residents with significant links to Port Phillip.
2. **Undertake Council's role as Governor of the Trust.** Without day-to-day management of the Trusts, Council's role as Governor will provide ultimate powers to ensure that:
 - The Trustees manage the Trusts and Trust Funds in accordance with their Purposes.
 - Trustees can be relaced if there is an unresolvable breach of the Trust.

Strategy 4.4.2 - Audit and Review Requirements

Ensure that under the partnerships with PPHA, SPCHG and St KCH, the purposes of the Trusts are being met and Trust Funds (cash and property contributions) are being expended in a financially sustainable manner to increase community housing in Port Phillip.

Actions

These audits and reviews will occur:

With SPCHG and St KCH-

- At the fifth year (2019/20) after the commencement of cash contributions in 2014/15, before remaining contributions are provided.
- At the 10th and final year of the contribution period (2024/25) to determine the final outcomes and achievements from the Trusts for that period.
- With provisions for ongoing five yearly audits and reviews as may be required.

With PPHA-

- At the fifth year (2019/20) before any further contributions are provided and 10th year (2024/25) of the ongoing partnership after 2014/15 to determine the final outcomes and achievements from the Trust for that period.
- With provisions for ongoing five yearly audits and reviews as may be required

ORGANISATIONAL PROFILES (as at 2011)

Port Phillip Housing Association
South Port Community Housing Group
St Kilda Community Housing

Port Phillip Housing Association Ltd. (PPHA)

- **History and Purpose:**
Established as St Kilda Housing Association Inc. in 1986 by Council and members of the St Kilda community to manage completed Council community housing projects under the former City of St Kilda Housing Program. In 1998 it commenced developing its own community housing in parallel with Council.

After the restructure of the Port Phillip Housing Program between 2004-07, PPHA has undertaken the project development and ownership roles for Council under the Port Phillip Housing Trust. PPHA also develops projects outside the Trust that are located in the City of Port Phillip and in Greater Melbourne
- **Geographic Area of interest:**
Develops projects across Port Phillip, as well as in three regions of Greater Melbourne.
- **Target Households:**
Older persons (over 55 years), families, couples, singles (under 55 years) and youth. Singles housing comprises both rooming houses and self-contained units.
- **Portfolio Size:**
Manages 478 units in 20 multi-unit properties in Port Phillip (with an additional 157 units in two properties outside Port Phillip- Parkville and Moorabbin).

Of these units, 240 units in 12 properties are under the Port Phillip Housing Trust (allowing for 1/3 equity shares in two projects).
- **Development Capacity:**
PPHA is currently developing 150 units in three new properties located in Port Phillip (Kyme Place, Vale St and Chapel St). It is also developing 238 private and community housing units outside Port Phillip (McKinnon and Ashwood-Chadstone).
- **Growth Target:**
150 additional units in four projects in Port Phillip, of which 95 units will be under the Port Phillip Housing Trust (2010-15). This will result in a total of 628 units in Port Phillip and 335 units under the Port Phillip Housing Trust.

South Port Community Housing Group Inc. (SPCHG)

- **History and Purpose:**

Established in 1983 through a collaboration between the former Cities of South Melbourne and Port Melbourne, to manage DHS owned rooming houses.

SPCHG has traditionally focussed on providing singles and youth housing in the South Melbourne - Port Melbourne area, as well as manages dwellings from the former St Kilda Rental Housing Co-operative.

SPCHG has commenced a role in project development and is undertaking its first joint venture project in Bank Street, South Melbourne.

- **Geographic Area of interest:**

Traditionally focus the development of new projects in the South Melbourne-Port Melbourne area. SPCHG also manages dwellings from the former St Kilda Rental Housing Co-operative in St Kilda, Balaclava and Elwood.

- **Target Households:**

Singles and couples in rooming houses and self-contained singles housing. SPCHG also has a youth housing program.

- **Portfolio Size:**

Manages 204 units in 14 multi-unit properties leased from the DHS. In addition, the organisation manages 12 individual household dwellings/units (St Kilda Rental Housing Co-operative) in St Kilda, Balaclava and Elwood for the DHS.

- **Development Capacity:**

SPCHG is currently developing its first project with 40 units on the Galilee School site in South Melbourne which is leased for 80 years from the Catholic Church and where construction is fully funded by the DHS. SPCHG currently does not own any property, which constrains its ability to leveraging bank finance for new projects, and has a capacity to develop one project at any time.

- **Growth Target:**

256 units by 2012, increasing to 285 units by 2013.

St Kilda Community Housing Ltd. (St KCH)

- **History and Purpose:**

Established in 1984 to manage DHS rooming houses in the St.Kilda area, St KCH has focussed on singles housing, including persons who have been homeless or require high levels of support.

St KCH has moved into the project development role since 2002 and has undertaken four joint venture projects in St Kilda- Little Grey St, two projects in Grey Street, St Kilda and Avoncourt in Alma Rd.

St KCH is also considering a role in establishing a Community Land Trust (as for form of affordable shared equity housing).

- **Geographic Area of interest:**

Traditionally focussed on developing new projects in the St Kilda area. St KCH has some interest in considering project opportunities across Port Phillip and adjoining suburbs.

- **Target Households:**

Singles and couples in rooming houses and self-contained singles housing.

St KCH has traditionally focussed on singles housing (including persons who are homeless/require high support). St.Kilda remains its area of focus while opportunities across Port Phillip and adjoining areas will be considered. It is also considering the potential for establishment of a Community Land Trust.

- **Portfolio Size:**

Manages 310 units in 20 multi-unit properties, some leased from the DHS (16). It owns one property and leases and manages other properties from private owners of churches.

- **Development Capacity:**

St KCH has developed one project as developer/owner (Little Grey Street), has assisted the DHS to procure a second project in Grey Street with 34 units which is owned by the DHS and undertaking third project with 19 units on an DHS owned property in Grey Street. where St KCH is funding 100% of the upgrade. St KCH currently has a capacity to develop only one project at any time. St KCH's limited property ownership limits its ability to leverage bank finance.

- **Growth Target:**

343 units by 2012, increasing to 400 units by mid 2012 and 500 units by 2015.

Preferences of three organisations - Project Location and Target Households - Considerations for Direct Contributions under Strategy

Each of the three community housing organisations operate over different parts of the municipality for the location of new projects:

- PPHA operates across the whole of Port Phillip, having developed projects in St Kilda since 1998 and across Port Phillip since 2000/01.
- SPCHG has a long term preference to operate in the South Melbourne-Port Melbourne areas.
- St KCH a long term preference to operate in St Kilda, while in recent years has been prepared to consider opportunities in other parts of Port Phillip and other suburbs adjoining St. Kilda.

The proposed packaging of cash and property contributions will not skew the distribution of new projects. This is because PPHA will continue to seek opportunities to grow projects under the Port Phillip Housing Trust across Port Phillip; and SPCHG and St KCH will be seeking new project opportunities mostly in the respective halves of the municipality they operate in.

Each of the three community housing organisations also target different household types for their community housing:

- PPHA also targets all the main target groups of older persons, families, couples, singles (in rooming house and self-contained accommodation) and to a small extent youth.
- SPCHG and St KCH focus on housing singles (in rooming house and self-contained accommodation), including couples to a small extent. SPCHG also targets youth.

All three organisations house persons with a disability within each of the target groups they house.

PPHA's statistics on demand for 2011 indicate that 88% of persons seeking housing through PPHA in Port Phillip are singles (both under and over 55 years of age) and of these persons, 51% are younger singles (under 55 years) and 37% are older singles (over 55 years). Families comprise 6% of demand and couples and sharers 7%.

Under the proposed packaging of contributions, PPHA (with its greater development capacity) will continue to address the broader housing needs of Port Phillip; while SPCHG and St KCH's main focus on singles housing, which addresses the highest component of housing demand.

CONTEXT FOR PROPERTY CONTRIBUTIONS – FURTHER INFORMATION

In defining an appropriate strategy for making future property contributions, Council has taken into consideration a number of factors. As outlined in the strategy, further details are provided in relation to:

1. The Benefits of Property Contributions.
2. Issues with current department of Human Services Project Funding Arrangements.

1. Benefits of Property Contributions

The benefits of property contributions are that they:

- **Address the constraint of high and increasing land values** in Port Phillip that reduces project viability. This benefit applies equally to PPHA, SPCHG and St KCH, despite their differing development capacities, given the high cost of land and the scarcity of suitable purchase opportunities.
- **Provide project opportunities in diverse locations** where property purchase can be difficult, thereby creating a more even distribution of community housing across Port Phillip.
- **Provide a useful means to achieve dual use of and increased community benefit from Council land. This is achieved through maintaining current Council use whilst proving for community housing development in the air space** over underutilised car parks and other community facilities. This arrangement occurred with the Liardet and Woodstock projects and will occur with the current Kyme Place project.
- **Increase the bank finance leveraging capacity of community housing organisations**, thereby increasing their capacity to develop new projects. This is due to the requirement of banks to secure borrowing against properties owned by community housing organisations.

In the case of air space opportunities over replacement or existing uses, title for the community housing component is created by a two lot Plan of Subdivision at completion of the air space development. Ownership of the community housing component is then transferred to the community housing organisation.

- **Make new projects more viable through reducing the level of contributions required from community housing organisations under joint ventures with the DHS.** For example, under the last joint venture program, Housing Associations were usually expected to contribute 25% of total project costs (land, fees and construction), with the DHS contributing 75%. The value of contributed property was recognised as part of the 25% contribution, often leaving little or no cash contribution to be made by Housing Associations. This arrangement enabled Housing Associations to fund more projects.

However, this level of funding support is not consistently provided to Providers and Housing Associations do not receive strategic growth funding certainty (refer to part two of this attachment).

2. Current Issues – Department of Human Services Project Funding Arrangements

Registered Housing Associations

Housing Associations do not receive project funding certainty over a number of years (programmatic funding), commensurate with their greater development capacity, as they need to apply for project capital funding on an individual basis.

Housing Associations should be eligible for receiving greater funding certainty based on transparent criteria for growth targets such as demonstrated growth capacity and risk management plan, a well developed strategic growth plan and agreed targets for growth.

Providers

Providers are not consistently given contributions of 75% of total project costs by the DHS, commensurate with their lower development capacities. This is because the DHS has directed most growth funding to the greater regulated Housing Associations, forcing Providers to contribute significantly higher proportions of project costs than 25%. Providers often cannot fund higher proportions as they have low bank finance leveraging capacities.

The DHS is also reluctant to transfer property ownership of underutilised or surplus properties to Providers when they are significant cash contributors to joint ventures.

Council property contributions and advocacy role

In this context, any Council property contributions can become an important means for all three organisations to make projects more viable and to negotiate future joint venture funding with the DHS.

Council's advocacy roles will also seek to have improved project funding arrangements for Housing Associations and Providers commensurate with their differing growth capacities.

IMPLEMENTATION PLAN

Appendix Three

Category	Strategy number	Strategy / Actions	Timeframe
Advocacy	1.1	<p>Council will continue to advocate for improved project funding arrangements from the DHS which achieve:</p> <ul style="list-style-type: none"> ▪ Equitable funding arrangements for registered Providers. This will seek: <ul style="list-style-type: none"> - Similar joint venture funding contributions from the DHS as are provided to Housing Associations, commensurate with the lower growth capacities of Providers. - Access to property transfers from the DHS, commensurate with the lower growth capacities of Providers. ▪ Increased funding certainty for registered Housing Associations. This will seek: <ul style="list-style-type: none"> - Joint venture funding certainty over a number of years, commensurate with the higher growth capacities of Housing Associations. 	Short Term (2012 and 2013) and on-going
Advocacy	1.2	<p>Council will capitalise on two key opportunities for advocacy for improved project funding arrangements:</p> <ul style="list-style-type: none"> ▪ The forthcoming State Government's' housing policy framework'. ▪ The process for the next National Affordable Housing Agreement (NAHA). 	Short Term (2012 and 2013) and on-going
Advocacy	1.3	Council will continue to promote Council's housing policy, roles and partnerships.	On-going
Research	2.1	<p>Council will continue to undertake research projects to support the development of affordable housing projects in Port Phillip through developing and sharing information and knowledge.</p> <p>Council will complete research projects on:</p> <ol style="list-style-type: none"> 1. Community Land Trusts 2. Affordable Housing and the Subdivision of Buildings <p>Council will make the findings of these research projects publically available.</p>	<p>On-going</p> <p>Short-Term (2012 and 2013)</p> <p>On-going</p>

Category	Strategy number	Strategy / Actions	Timeframe
Project facilitation	3.1	<p>Council will continue to provide assistance to all community housing organisations (both locally and externally based) to facilitate their provision of new projects in the City of Port Phillip.</p> <p>In undertaking this role, Council will provide these organisations with:</p> <ul style="list-style-type: none"> ▪ Property related information. ▪ Housing needs analysis. ▪ Project procurement and feasibility advice. ▪ Information on project examples, development models and standards. ▪ Property purchase opportunities (both responsively and proactively). ▪ Findings of Council research projects that support affordable housing. 	On-going
Direct Contributions of Cash and Property	4.1	<p>Council will package cash and property contributions to local community housing organisations in a manner that maintains the partnership with PPHA and helps build the project development capacity of SPCHG and St KCH.</p> <p>Through this packaging Council will provide:</p> <p><i>1. Cash contributions</i></p> <ul style="list-style-type: none"> ▪ To SPCHG and St KCH in equal proportions after 2014/15. ▪ Of \$500,000 per year for a 10 year period from 2015/16 to 2024/25 or \$250,000 per organisation per year. <p><i>2. Property contributions</i></p> <ul style="list-style-type: none"> ▪ To PPHA, SPCHG and St KCH as property opportunities arise in the future. ▪ In the form of air space development over public car parks and over existing Council facilities (as facilities undergo significant upgrading or asset renewal). 	<p>Medium-Long Term 2015/16 – 2024/25</p> <p>On-going</p>

Category	Strategy number	Strategy / Actions	Timeframe
Direct Contributions Cont:	4.2	Council will assess its portfolio of properties to identify properties which are suitable for community housing built in air space.	Short-Medium term 2013/14
		Council will assess which organisations are to be allocated properties after assessment against the following four criteria:	On-going
		<ol style="list-style-type: none"> 1. <u>Consistency with Council's Property Policy November 2009</u>, including any future changes to this policy and future Council decisions on the strategic potential/use of individual property assets. 2. <u>The location of the property compared with the three organisations varying preferences for project location</u> (at the time of any decision to allocate property). 3. <u>The housing need in Port Phillip, the potential housing type/target group that is suitable for contributed property and the housing preference of the organisations to receive property contributions</u> (at the time of any decision to allocate property). 4. <u>The capacity of each organisation to deliver new developments with regard to the complexity and size of the potential development</u> (at the time of any decision to allocate property). 	
		Council will provide flexibility for property allocation to other community housing organisations in the event that an individual property is deemed suitable for an alternative, affordable housing type that addresses an unmet local housing need, which may not be a housing type provided by one of the three local community housing organisations.	On-going
Protecting Council's Contribution Interests	5.1	<p>Council will quarantine cash and property contributions to PPHA, SPCHG and St KCH through the establishment of housing trusts with SPCHG and St KCH (as Trustees) for the perpetual benefit of residents of the City of Port Phillip. This will be achieved through:</p> <ul style="list-style-type: none"> ▪ Execution of Trust Deeds which establish and require the maintenance of Trust Funds (containing cash and property contributions) in perpetuity for public charitable purposes, specifically the provision of housing in the City of Port Phillip for residents with significant links to Port Phillip. ▪ Council's role as Governor of the Trust. Without day-to-day management of the Trusts, Council's role as Governor will provide ultimate powers to ensure that: <ul style="list-style-type: none"> - The Trustees manage the Trusts and Trust Funds in accordance with their Purposes. - Trustees can be relaced if there is an unresolvable breach of the Trust. 	<p>Short - Medium Term</p> <p>2013 (or prior to cash or any property contributions).</p>

Category	Strategy number	Strategy / Actions	Phase and timeframe
Protecting Council's Contribution Interests	5.2	<p>Council will undertake audits and reviews of the partnerships with PPHA, SPCHG and St KCH to determine that the purposes of the Trusts are being met and that the Trust Funds (cash and property contributions) are being expended in a financially sustainable manner to increase community housing in Port Phillip. These audits and reviews will occur:</p> <p>With SPCHG and St KCH-</p> <ul style="list-style-type: none"> At the fifth year (2019/20) after the commencement of cash contributions in 2014/15, before remaining contributions are provided. At the 10th and final year of the contribution period (2024/25) to determine the final outcomes and achievements from the Trusts for that period. With provisions for ongoing five yearly audits and reviews as may be required. <p>With PPHA-</p> <ul style="list-style-type: none"> At the fifth year (2019/20) before any further contributions are provided and 10th year (2024/25) of the ongoing partnership after 2014/15 to determine the final outcomes and achievements from the Trust for that period. With provisions for ongoing five yearly audits and reviews as may be required. 	<p>Medium and long term</p> <p>2019/20 (at the mid point of contributions, prior to any further cash or property contributions) and</p> <p>2024/25 on final outcomes.</p>

