

8.4 POTENTIAL FOR AFFORDABLE HOUSING ON COUNCIL-OWNED LAND

Author: Strategic Planner

Reviewed By: General Manager City Sustainability and Strategy

PURPOSE

The purpose of this report is to:

- Outline options to Council and key considerations for an affordable housing project on Council-owned land at 52-60 Townhall Avenue, Preston; and
- To recommend that Council progress with this project by commencing the statutory process for lease of the land at 52-60 Townhall Avenue, Preston.

EXECUTIVE SUMMARY

Darebin Council has a long term commitment to strengthening its diverse community and demonstrating strong leadership for more than 150,000 people from 148 countries who call Darebin home. Council has stated that all levels of government must be active and involved in contributing to increasing the supply of Affordable Housing.

Council has been exploring how its own assets can be used for Affordable Housing and has identified a suitable site for consideration for an affordable housing project at 52-60 Townhall Avenue, Preston). This site is currently used for public car parking and it is proposed that a future affordable housing project would be above the car park and that parking would be retained.

This report recommends commencing statutory and community consultation processes for the lease of the site for an affordable housing project on a long-term lease. The term of such lease is limited to 50 years under the Local Government Act. The rental amount can be set by Council and it is recommended, in this case, that it would be a nominal amount. It is considered that the whole site (not just the air rights) should be considered for lease. This could enable the potential tenant to make better use of the site, and Council can require that the ground floor (or an equivalent area provided in a basement) be made available for public car parking through the lease conditions. Leasing the site for this purpose is a new approach for an affordable housing project, which could help demonstrate a new method for increasing affordable housing.

Council would decide at a future date, as to whether to go ahead with any lease. Commencing the statutory procedures for a lease is a decision to seek the community's views on the proposal to lease the land, and is not a decision to proceed with a lease.

Council could also consider the option of commencing statutory procedures for selling the land. The sale of land is a common approach for councils wishing to develop Affordable Housing on council-owned sites. If Council were to consider this option, it is recommended that any sale of the land would be at a nominal amount.

The Lord Mayor's Charitable Foundation is interested in offering a grant of \$1 million to a registered housing association, or charitable organisation for development of Affordable Housing in Darebin City, which could help support any future affordable housing project at 52-60 Townhall Avenue. In order to progress this grant opportunity, Council would need to formalise its partnership with the LMCF via a Memorandum of Understanding (MOU). This report therefore recommends delegating authority to the CEO to finalise and execute an MOU. At any point, Council may resolve not to proceed with the sale or lease of the land or the project itself, unfettered by the MOU.

Recommendation

That Council:

- (1) Commence the statutory procedures under sections 190 and 223 of the *Local Government Act 1989* ("the Act") to lease (at a nominal cost) the land at 52-60 Townhall Avenue, Preston (any lease would contain conditions requiring public car parking to be retained on site);
- (2) In addition to, and concurrently with, the statutory procedures, undertake community consultation to investigate the disposal of the land; and
- (3) Commence an Expression of Interest process to identify a suitable tenant for the site (subject to the outcome of the statutory process), such tenant to be a registered housing association or a charitable organisation capable of delivering affordable housing on the site.
- (4) Continue its advocacy to State Government to increase the number of public and social housing dwellings in Darebin, including through potential partnerships.
- (5) Authorise the Chief Executive Officer or delegate, on Council's behalf, to negotiate, finalise and enter into a Memorandum of Understanding with the Lord Mayor's Charitable Foundation, which outlines (among other things):
 - a) LMCF's agreement to contribute \$1 million to a tenant identified by Council to assist in the development of an affordable housing project on the land, subject to meeting LMCF's criteria and to their final approval.
 - b) That the MOU does not pre-determine Council's decision in regards to lease of its land.

BACKGROUND / KEY INFORMATION

Darebin Council is deeply committed to ensuring our city is an affordable and inclusive place to live, and to demonstrating strong leadership in facilitating and supporting increased Affordable Housing supply.

Council is actively exploring ways of working effectively with the State Government to increase the supply of Affordable Housing within the municipality. Council believes an inter-governmental approach is needed to address the housing challenges facing many residents of Darebin, Melbourne and Australia. Council has been an active advocate and champion for social housing in Darebin, and while it supports recent State Government initiatives to invest in public housing, believes there needs to be a substantial increase in this investment in the context of rapid population growth and the housing affordability crisis. Council also holds deep concerns regarding the privatisation of public housing stock through recent initiatives, and the loss of community assets to the private market that this has facilitated.

As well as focusing on advocacy and partnership, Council is exploring how its own assets can be used for Affordable Housing. This has been established through numerous policies and decisions:

- *Darebin Housing Stress: A Local Action Plan 2010-2013* identifies the provision of land as a key action that Council can take in supporting affordable housing outcomes.
- *Responding to Housing Stress: A Local Action Plan 2013-2017* identifies possible options for increasing social and affordable housing across the municipality, including on Council-owned land.
- In 2015, Council sought to 'test the market' for a social and affordable housing program in Darebin. Positive responses were received from numerous organisations at this time.
- On 16 April 2016 it endorsed the Darebin Social and Affordable Housing Program on Council Owned Land – Pilot Project, which identified three potential sites for further investigation. One of these sites, 52-60 Townhall Avenue, Preston, is the site presented for consideration in this briefing paper.

The site now being considered in this report is 52-60 Townhall Avenue, Preston. The site is well-located and within the Preston Central Structure Plan area. It is close to transport, jobs, services and community spaces. It is approximately 1,140 square metres and valued at approximately \$3.6 million (the air rights are valued at approximately \$1.8 million).

Prior to selling or leasing any Council-owned site, Council needs to comply with certain statutory obligations under the *Local Government Act 1989* ("the Act"), including publishing a public notice of Council's intention to sell or lease the interest in the land; and taking into account any submissions received in respect of such notice.

In order to identify a suitable purchaser or tenant, having regard to Council's intention that the land be used for affordable housing, Council would need to conduct an Expression of Interest (EOI) process to seek submissions from registered housing associations to develop the site and manage its ongoing use.

Role of Lord Mayors Charitable Foundation

The LMCF is a charitable community foundation that exists to connect people, ideas and funding to create positive social change and address Melbourne's future needs. The LMCF was established in 1923 and has become one of Australia's leading philanthropic organisations.

The LMCF has initiated an 'Affordable Housing Challenge' that aims to help unlock solutions to the affordable housing crisis. As part of this challenge, the LMCF is interested in offering a grant of \$1 million to a registered housing association for development of Affordable Housing. The Affordable Housing Challenge is a rare and unique opportunity to 'kick start' an Affordable Housing project in Darebin City.

The LMCF has indicated a willingness to contribute a sum of \$1 million to a housing association identified through a Council EOI process for the purpose of progressing an affordable housing project on Council's land, subject to any future development and any future development team meeting the LMCF's grant criteria.

The LMCF's grant is not available indefinitely. The LMCF has indicated that it would likely seek to redirect the funds to another project after the end of February 2019 if Council had not completed its decision making in regards to the property by that date. Officers estimate that this timeframe is achievable, but depends on the nature and extent of consultation Council considers necessary. If unexpected issues arise that require additional time to consider, there is a possibility that Council would not achieve the February 2019 deadline.

A Memorandum of Understanding (MOU) is proposed between Darebin City Council and the LMCF to formalise the grant offer and set out the roles of each party and how we would work together.

Care has been taken to draft the MOU so that it does not suggest that Council's position is pre-determined. This is important to ensure that the processes required by the Act are transparent, fair, and meaningful. At any point, Council may resolve not to proceed with the sale or lease of the land or the project itself, unfettered by the MOU.

Council applied to partner with the LMCF in 2017, but later withdrew from this process, after it was discovered that the Request for Proposals (RFP) documentation did not accurately represent Council's position in relation to the status of the land. The LMCF process was formally terminated in April 2018.

Previous Council Resolution

On 16 April 2016, Council resolved to:

- (1) Endorse the Darebin Social and Affordable Housing Program on Council Owned Land – Pilot Project.
- (2) Endorse the 3 Council owned sites for the Pilot Project:
 - 52-60 Town Hall Avenue - Preston
 - Robinson Road – Reservoir
 - Northcote Plaza car park – Northcote
- (3) Write to the Director of Housing to invite the Victorian State Government to partner in the Darebin Social and Affordable Housing Program on Council Owned Land – Pilot Project.

COMMUNICATIONS AND ENGAGEMENT

Consultation

Previous consultation on Affordable Housing and 52-60 Townhall Avenue

- While there was community consultation in 2016 for the development of the Council Plan and Action Plan, plus community consultation to develop the on the *Responding to Housing Stress Local Action Plan* in 2012, there has not been community consultation on the use of the Council land at this site for the development of Affordable Housing.
- The *Preston Central Structure Plan 2006* identifies 52-60 Townhall Avenue for high-density residential development. Significant community consultation was undertaken in the development of this plan, however significant time has elapsed and the community has undergone change since this time.

The options for community consultation are outlined in the Discussion section of this report. The Implementation section of the report outlines proposed communication and consultation activities.

Communications

Council has not undertaken communications in relation to the use of the site for Affordable Housing.

In February 2018, the LMCF released a Request for Proposals (RFP) for the development of the site for Affordable Housing. The RFP did not accurately represent Council's position in relation to a number of critical issues, particularly in relation to the land.

Council wrote to the LMCF in March 2018 to withdraw from this process. The LMCF informed organisations that submitted to the RFP process of Council's withdrawal in April 2018.

ANALYSIS

Alignment to Council Plan / Council policy

Goal 3 - A liveable city

Within Goal 3 is the action to Collaborate with the Victorian Government to plan high-quality public housing and examine opportunities for social housing to be provided on Council owned land.

Environmental Sustainability Considerations

Any Affordable Housing development on Council-owned land should be designed and built to reduce energy use for future residents of the building. This provides an environmental benefit as well and reducing the utility bills for the low income household.

Equity, Inclusion and Wellbeing Considerations

Allowing Council owned-land to be used for Affordable Housing can help improve the wellbeing of people in a low income household. It provides opportunities for people to live within their existing community even when they can no longer afford the private rental market or if they need to downsize from a family home.

Cultural Considerations

Any development of Affordable Housing on Council-owned land should have regard to the cultural diversity and cultural needs of the Darebin community.

Economic Development Considerations

The use of Council-owned land can enable low income workers to live close to where they work. This reduces the time and cost of travel to work and means they have more funds available for economic participation in the local community.

Financial and Resource Implications

Undertaking the consultation, statutory process, and delivery of an Affordable Housing project on Council-owned land will require staff time. The amount of staff time will depend on the consultation process and project management arrangement that Council adopts.

Legal and Risk Implications

Potential contamination

A Phase 1 Environmental Site Assessment has been undertaken for the site and indicates that there is low risk of contamination. There is no evidence that has been found to date that indicates the site has accommodated potentially contaminating uses. A copy of the Assessment will be provided to a prospective purchaser and Council will seek to negotiate an appropriate allocation of responsibility for contamination in any contract of sale or lease.

Statutory obligations

It is important that Council does not create a perception that a decision has been made in relation to the sale or lease of land prior to Council having considered any submissions arising from the statutory process under the Act and resolving whether or not to sell (or lease) the air rights. Any Council communication, including to the LMCF, as part of any public consultation process or in respect of the EOI process, should clearly state that Council is unable to confirm whether or not it will sell or lease the land until the conclusion of the statutory process.

Local Government Best Practice Guidelines for the Sale and Exchange of Land

Council must also consider the Local Government Best Practice Guideline for the Sale and Exchange of Land (Guideline) which recommend the sale of Council-owned land by means of a public process. Council has received legal advice that, in light of the requirement that the site be used for affordable housing, extending the invitation to registered housing associations only is a reasonable exception to the general principle.

Partnership with the LMCF

There are potential reputational risk implications in relation to entering into the partnership with the LMCF if either party does not fulfil its agreed role. The purpose of the MOU is to attempt to minimise these risks, and to establish clear roles and responsibilities for each party.

Financial viability of the proposed development

Because Affordable Housing is subsidised, the amount of profit that is generated from developments is reduced, or in most cases, non-existent. Affordable Housing developments generally require both funding and financing to be viable. It is noted that, even with the potential contribution of Council's air space/land and \$1 million in funding (from the LMCF), any proposed development is likely to need other sources of funding and financing.

It is noted that funding available for Affordable Housing is limited, and has been for many years. The Victorian State Government has recently initiated a Social Housing Growth Fund, from which potential Affordable Housing developers could apply for funds.

Council should be aware that there is a risk that any potential Affordable Housing development may need to attract additional funding and/or financing, and as there is no confirmed funding source, the financial viability of the development cannot be guaranteed.

DISCUSSION

The site – 52-60 Townhall Avenue, Preston

The site is well-located and within the Preston Central Structure Plan area. It is close to transport, jobs, services and community spaces. It is approximately 1140 square metres and valued at approximately \$3.6. This analysis includes assessment of the site via Council's Property Asset Management Strategy.

Meaning of Affordable Housing

For the purpose of this project, 'Affordable Housing' has the meaning established in *The Planning and Building Legislation Amendments (Housing Affordability and Other Matters) Act 2017*. In summary, it is housing, including social housing that is appropriate for very low, low and moderate income earners.

The exact types of Affordable Housing (e.g. social housing, shared equity housing) that could be provided through the development will be explored through the EOI process (discussed in further detail below). The mixture of Affordable Housing types that can be provided is influenced by financial viability, available funding sources, and social objectives.

Recent research and advice to Council indicates that Affordable Housing developments should comprise a range of housing across the Affordable Housing continuum, and be available to people with a range of incomes (between the very low to medium income brackets).

The State Government's Social Housing Growth Fund, to which a potential purchaser/tenant could apply, prioritises developments that include both social and other types of affordable housing. Organisations are required to target 75 per cent of dwellings to the 'priority access' category of the Victorian Housing Register. This category includes people who are homeless and receiving support, are escaping or have escaped family violence, have a disability or significant support needs, or have special housing needs.

Tenure Options

Option 1: Sale of air rights

The sale of land is a common approach for councils wishing to develop Affordable Housing on council-owned sites. In this instance, it is proposed that any sale of the land would be at a nominal amount as this would also allow the LMCF's grant to be offered to a purchaser (LMCF are only offering the grant where sale or lease of land is at a nominal amount). Note that the sale price is a decision for Council and can be set at any level. In the case of Affordable Housing, selling the land at less than market price is a form of subsidy by the Council. The subsidy helps increase the financial viability of an Affordable Housing project.

The benefits of sale are that it provides security for potential purchasers and greater capacity to attract finance and funding. It enables the new land owners to have control over the asset, including its disposal. There are multiple examples of this approach in Melbourne.

The limitations of sale are that the air space is no longer held in public ownership, and Council's control over the use and development of the site is reduced.

How is Affordable Housing protected if the land is sold?

If Council were to decide to sell the air space then it should consider putting in place an agreement pursuant to section 173 of the *Planning and Environment Act 1987* (section 173 agreement). Through the section 173 agreement, Council can seek to control the use and development of the land, notwithstanding that the title has been transferred to a third party. The section 173 agreement may specify that the property is to be used for Affordable Housing for the life of the building.

It is noted that a requirement that allows for the sale of the site (under specific circumstances) allows the owner of the Affordable Housing the flexibility to plan and manage their assets, including the disposal of an asset where need be.

Council can also explore ways of ensuring that, at the end of the life of the building, a proportion of the sale proceeds equivalent to the value of the air rights be paid to Council and/or reinvested back in affordable housing within the municipality.

In addition to a section 173 agreement, the ongoing use of the land as Affordable Housing is protected by the regulation of Registered Housing Agencies (RHA). It would be a requirement of the sale (or lease) that the land be managed and leased/owned by such an agency. RHAs are highly regulated and their operation is overseen by the Housing Registrar. The Office of the Housing Registrar implements a regulatory framework to encourage the development of rental housing agencies serving the housing needs of low income tenants.

What is the value of the proposed development for the Darebin community?

It is important for Council to consider the value, or return, of any proposed Affordable Housing development, and how this compares to the value of the land that is being transferred.

It is estimated that the value of the air rights above the site are is approximately \$1.8 million. This is an estimate only, a valuation by a suitably qualified valuer is required under s189 of the Act and would give a current indication of the value of the air rights. Council should consider whether the social value of the potential Affordable Housing dwellings is commensurate with this \$1.8 million contribution.

Affordable Housing does not produce a significant financial return; however, there is increasing attention focused on the economic and social value of social (and affordable) housing. Stable and secure housing has direct financial benefits for its residents, and can result in improved education, health and community inclusion outcomes¹. A recent report by Women's Property Initiatives² indicated that for every dollar invested in social housing, \$11.07 of social value was created. This social value was in the form of improved emotional wellbeing and personal safety for tenants, improved personal wellbeing and relationships for children of tenants, and improvements for the Victorian State Government through avoided justice, public housing and health costs.

¹ Ravi, A, Reinhardt, C (2011), The Social Value of Community Housing in Australia, Community Housing Federation of Australia, <https://share.hscorp.ca/files/the-social-value-of-community-housing-in-australia/?upf=dl&id=4365>

² Think Impact (2016), Visible Changes: A Social Return on Investment evaluation of women's community housing, Women's Property Initiatives, https://wpi.org.au/sites/default/files/WPI_Assured_Report_G.pdf

Option 2: Lease of the site

Council has the option to offer the land on a long-term lease, rather than selling the air rights. The term of such lease is limited to 50 years under the Act. The rental amount can be set by Council and it is suggested, in this case, that it would be a nominal amount.

It is considered that the whole site (not just the air rights) should be considered for lease. This could enable the potential tenant to make better use of the site, and Council can require that the ground floor (or an equivalent area provided in a basement) be made available for public car parking through the lease conditions.

The benefit of the lease option is that the land remains in public ownership and Council would retain significant control over the site. Council could establish requirements for the use and development of the land and enforce these through the lease conditions. A lease would provide Council with the highest level of control over the site. A lease is aligned with Council's position of ensuring public land remains within public ownership.

A limitation of this approach is that a lease provides less certain tenure and it may prove difficult for a housing association to secure finance or funding. There are no known examples of this approach in respect of Affordable Housing (except for leases from government body to government body).

In considering a lease option, Council would need to consider who is responsible for the maintenance of the building and common areas, and make good of the site at the end of the lease (e.g. demolition of buildings and reinstatement of the land). As Landlord, Council would continue to have some ongoing responsibilities for management of the lease during the term.

How is Affordable Housing protected if the land is leased?

As noted above, leasing the land would give Council the greatest amount of control over the use and development of the land. Council can include a requirement in the lease that the premises are to be used solely for Affordable Housing for the life of the lease.

Statutory process*Option A: Proceed to statutory processes in combination with community consultation*

The sale or lease of council-owned land (including air rights) is subject to legislative requirements, and Council must give public notice of its intention to lease or sell land at least four weeks before Council makes a decision on the land. The notice must be published in local newspapers and must invite submissions. If submitters wish to be heard, a special hearing must be convened.

Officers recommend a broader community consultation at the same time as the statutory process. The consultation should go above and beyond the minimum requirements set by the Act, and should be meaningful and engage the community. It would include a mix of communication tools to reach different segments of the community and culturally diverse groups, as well as groups that can be reasonably representative of future residents. The Implementation Strategy section of this report provides an overview of communication and engagement activities.

The benefits of conducting a public consultation simultaneously with the statutory process are:

- It reduces the time taken to reach a Council decision in relation to the land.

- The shorter timeline is anticipated to meet LMCF's grant availability timeframes (noting, however, that as Council is not in control of the funding, there is no guarantee that the funding will ultimately be made available).

The limitations of this approach in this particular instance are:

- Council must choose a tenure option (lease or sale of the land/air rights) before undertaking consultation.
- It is a deviation from Council's standard practice and policy in relation to community consultation on land transactions and because of this it may be open to criticism.
- There may be confusion as to whether comments received during the public consultation are 'submissions' for the purposes of section 223 of the Act.

Option B: Proceed to informal community consultation

Council's standard practice in land transactions is to undertake informal community consultation prior to commencing a statutory process. This informal process ensures that the community are engaged early in the process of any Council consideration whether to lease or sell Council-owned land.

The benefits of this approach in this particular instance are:

- It is aligned with Council's existing policies and practices in relation to consultation.
- This is the first project of its kind for Council, and therefore the response of the community is difficult to predict. An informal process provides Council with the opportunity to understand community sentiment in relation to such a proposal, early in the process.

Proceed to informal community consultation

Council's standard practice in land transactions is to undertake informal community consultation prior to commencing a statutory process.

The benefits of this approach in this particular instance are:

- It is aligned with Council's existing policies and practices in relation to consultation.
- Council does not need to decide on tenure (lease or sale of the land/air rights) prior to the community consultation. It can choose to gain community input on the tenure decision.
- It separates responses made during the public consultation process from submissions received in respect of the statutory process.
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- It separates responses made during the public consultation process from submissions received in respect of the statutory process.

The limitations of this approach in this particular instance are:

- It would add several months to the timeline for Council's decision in relation to the land.
- LMCF has indicated that its grant is not likely to be available by the time that this consultation would be expected to finish.

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- It would add several months to the timeline for Council's decision in relation to the land.
- LMCF has indicated that its grant is not likely to be available by the time that this consultation would be expected to finish.

Identifying a suitable purchaser or tenant

In addition to the consultation and statutory processes outlined above, should Council wish to pursue the Affordable Housing development, it would need to conduct a process aimed at identifying a suitable purchaser or tenant for the air space or site. This would likely be in the form of an EOI.

The timing of this process is flexible. It is common practice for an EOI to take place following a Council decision to lease or sell land. However, this process could take place concurrently with the consultation/statutory process, as long as it was made clear to interested parties that until the conclusion of the statutory process required under the Act, Council was not in a position to confirm that it would sell or lease the air space/site.

The EOI would establish requirements for the development of the site, including its use as Affordable Housing. It would seek an EOI from qualified parties to develop the site/air space for the purposes Affordable Housing. Proponents would be expected to submit their credentials and past experience (if any) in successfully carrying out similar projects and in dealing with a Council or other government body. The EOI would also establish development guidelines and seek concept plans from submitters which complied with such guidelines.

The EOI process will provide Council with an understanding of the viability of any proposed development, and would indicate the breakdown of the different types of Affordable Housing within the proposed development.

The results of the EOI would be presented to Council for a future decision. As is standard with any tendering process that involves commercial information, parts of that report to Council would be presented In Confidence.

The identified purchaser would then apply to the LMCF for the grant (subject to Council having resolved to proceed with the lease or sale at the conclusion of the statutory process).

Local Government Best practice guideline for the sale, exchange and transfer of land

The Guideline provides guidance for councils that are proposing to sell, exchange or transfer land. This guideline indicates, amongst other things, that Council must be genuinely open to the best offer for the land, either on a price or alternative use basis, and recommends that Council-owned land be sold by public process, unless there are unique circumstances that apply.

In this instance, it is considered appropriate to restrict the EOI to registered housing associations, and charitable organisations in order to ensure the best social outcome is achieved.

Memorandum of Understanding (MOU) between Council and LMCF

In order to progress the partnership with the LMCF, it is proposed that Council enter into an MOU. Because the grant is not going directly to Council, there needs to be an agreement between Council and the LMCF regarding ways of working together and the roles and responsibilities of each party. An MOU is a non-binding instrument that provides a pathway forward for both organisations.

The MOU will ensure that Council's interests are protected and that the correct statutory process for the sale or lease of land are recognised by both parties. It will set out how Council and LMCF will work together, the roles and responsibilities for each organisation, noting that Council is in control of the sale or lease of the land, including carrying out statutory processes. It will also establish governance arrangements, communications, timeframes and termination rights for each party.

Entering into the MOU is not a commitment by Council to make a particular decision in relation to the site. It will specifically indicate that Council cannot make a commitment to sell or lease the air space until the statutory process has been undertaken.

OPTIONS FOR CONSIDERATION

Option 1 – Enter MOU and commence statutory process and community consultation for lease of site (recommended)

Council may choose to commence the statutory process under s190 and s223 of the Act for the lease of the site (for a maximum term of 50 years).

Pursuing a lease would mean that Council retains ownership of the site, and can control its use and development through the terms of the lease. While there are no known examples of the lease of land for Affordable Housing (other than from government body to government body), it is an opportunity to explore an alternative model for Affordable Housing delivery. However, it is noted that it may prove difficult for the identified purchaser to secure funding and/or financing.

Option 2 – Enter MOU and commence statutory process and community consultation for sale of air rights

Council may choose to commence the statutory process under s189 and s223 of the Act to sell the air rights of the property (for a nominal amount).

This option would likely provide the project with the greatest chance of financial viability, though the project's success may also depend on State Government and/or other funding. However, pursuing the sale of air rights would mean that Council would no longer retain ownership of the site, and therefore a public asset would be lost. Its control over its use and development would be reduced.

Option 3 – Enter MOU and commence informal consultation process

Council may choose to undertake informal consultation to further investigate the proposed sale or lease of the land.

This option would enable the community to be consulted early in the process, and would provide Council with a further opportunity to consider the appropriate tenure for the site (i.e. sale or lease). Pursuing this option may mean that the funding from the LMCF would not be available to the identified purchaser, as it would not meet their deadlines.

Option 4 – Abandon the proposal or do nothing

Council could resolve to abandon the proposal to enter the MOU and abandon the proposal to investigate the disposal of the air space. This would mean that the property would remain within Council's ownership with Council having no further obligations to the LMCF.

Council may, at some time in the future, resolve to commence the sale or lease process, or to use the site for another purpose.

IMPLEMENTATION STRATEGY

Details

If Council proceeds with the recommended course of action, the following would take place:

- The MOU would be finalised and executed by both the LMCF and Council (as delegated to the General Manager City Sustainability and Strategy).
- The statutory and informal public consultation processes would take place from late June to late July.
- A hearing of submissions from the statutory process would take place in early August (if necessary).
- The matter would be presented to Council for a decision in late 2018.

Communication

A communications and engagement plan has been developed to support the process. The following provides an overview of key messages, activities, stakeholder groups, and timeframes.

The communications and engagement emphasises the following:

- Council is committed to increasing the supply of Affordable Housing in Darebin, and to ensuring that our community is inclusive of a diverse range of people.
- Council is seeking the community's views on whether a parcel of its own land should be leased (or the air rights sold) for the purpose of Affordable Housing.
- Council has not made a decision in relation to the land. Any Council decision would follow community consultation.

The table below provides an indicative overview of key communications and engagement activities, stakeholder groups, content and timeframes.

Activity	Stakeholders Targeted	Key Messages and Content	Proposed date
Media release	Wider Community Media outlets Adjoining residents Local business owners Community housing sector Potential future residents	As per above, plus: Council is working with the LMCF to attempt to unlock solutions to the housing crisis. Council will be consulting on the proposal from late June to late July	13 th June
Letter	Adjoining residents Community housing sector Potential future residents Local business owners	As per above, plus: Council will hold a hearing to hear submitters in early August Instructions on how to make a submission Includes reply paid envelope and survey	Week of 25 th June
Notice in newspaper	Wider community Community housing sector Potential future residents	Statutory notice	Week of 25 th June
Yoursay Web site	Wider community Adjoining residents	As per above, plus: Survey tool	Week of 25 th June

Activity	Stakeholders Targeted	Key Messages and Content	Proposed date
presence	Local business owners Community housing sector Potential future residents	Submission tool Frequently Asked Questions Detailed information Tool to sign up for email updates	to week of 23 rd July
Hearing of submissions (if submitters wish to be heard)	Anyone who has made a submission and wishes to be heard	Hearing submitters	Early August (exact date to be confirmed)
Email updates	Anyone who has elected to receive email updates	Updates on progress of proposal	As needed
Letter	Anyone who has made a submission during the consultation process	Inform submitters of Council meeting date, and of Council decision once it is made	Once Council meeting date is set (anticipated late 2018)

The key messages and contact information will be translated into the five most spoken languages in Darebin.

Given the location of the site in Central Preston, where Council has other consultation in regards to the Preston Precinct planned during 2018, communications would be carefully planned and coordinated with communications related to these projects.

Timeline

The indicative timeline is outlined above under 'Details'.

RELATED DOCUMENTS

- *Responding to Housing Stress A Local Action Plan 2013-2017*

Attachments

Nil

DISCLOSURE OF INTEREST

Section 80C of the *Local Government Act 1989* requires members of Council staff and persons engaged under contract to provide advice to Council to disclose any direct or indirect interest in a matter to which the advice relates.

The Officer reviewing this report, having made enquiries with relevant members of staff, reports that no disclosable interests have been raised in relation to this report.

8.4 POTENTIAL FOR AFFORDABLE HOUSING ON COUNCIL-OWNED LAND

Author: Strategic Planner

Reviewed By: General Manager City Sustainability and Strategy

PURPOSE

The purpose of this report is to:

- Outline options to Council and key considerations for an affordable housing project on Council-owned land at 52-60 Townhall Avenue, Preston; and
- To recommend that Council progress with this project by commencing the statutory process for lease of the land at 52-60 Townhall Avenue, Preston.

EXECUTIVE SUMMARY

Darebin Council has a long term commitment to strengthening its diverse community and demonstrating strong leadership for more than 150,000 people from 148 countries who call Darebin home. Council has stated that all levels of government must be active and involved in contributing to increasing the supply of Affordable Housing.

Council has been exploring how its own assets can be used for Affordable Housing and has identified a suitable site for consideration for an affordable housing project at 52-60 Townhall Avenue, Preston). This site is currently used for public car parking and it is proposed that a future affordable housing project would be above the car park and that parking would be retained.

This report recommends commencing statutory and community consultation processes for the lease of the site for an affordable housing project on a long-term lease. The term of such lease is limited to 50 years under the Local Government Act. The rental amount can be set by Council and it is recommended, in this case, that it would be a nominal amount. It is considered that the whole site (not just the air rights) should be considered for lease. This could enable the potential tenant to make better use of the site, and Council can require that the ground floor (or an equivalent area provided in a basement) be made available for public car parking through the lease conditions. Leasing the site for this purpose is a new approach for an affordable housing project, which could help demonstrate a new method for increasing affordable housing.

Council would decide at a future date, as to whether to go ahead with any lease. Commencing the statutory procedures for a lease is a decision to seek the community's views on the proposal to lease the land, and is not a decision to proceed with a lease.

Council could also consider the option of commencing statutory procedures for selling the land. The sale of land is a common approach for councils wishing to develop Affordable Housing on council-owned sites. If Council were to consider this option, it is recommended that any sale of the land would be at a nominal amount.

The Lord Mayor's Charitable Foundation is interested in offering a grant of \$1 million to a registered housing association, or charitable organisation for development of Affordable Housing in Darebin City, which could help support any future affordable housing project at 52-60 Townhall Avenue. In order to progress this grant opportunity, Council would need to formalise its partnership with the LMCF via a Memorandum of Understanding (MOU). This report therefore recommends delegating authority to the CEO to finalise and execute an MOU. At any point, Council may resolve not to proceed with the sale or lease of the land or the project itself, unfettered by the MOU.

Recommendation

That Council:

- (1) Commence the statutory procedures under sections 190 and 223 of the *Local Government Act 1989* ("the Act") to lease (at a nominal cost) the land at 52-60 Townhall Avenue, Preston (any lease would contain conditions requiring public car parking to be retained on site);
- (2) In addition to, and concurrently with, the statutory procedures, undertake community consultation to investigate the disposal of the land; and
- (3) Commence an Expression of Interest process to identify a suitable tenant for the site (subject to the outcome of the statutory process), such tenant to be a registered housing association or a charitable organisation capable of delivering affordable housing on the site.
- (4) Continue its advocacy to State Government to increase the number of public and social housing dwellings in Darebin, including through potential partnerships.
- (5) Authorise the Chief Executive Officer or delegate, on Council's behalf, to negotiate, finalise and enter into a Memorandum of Understanding with the Lord Mayor's Charitable Foundation, which outlines (among other things):
 - a) LMCF's agreement to contribute \$1 million to a tenant identified by Council to assist in the development of an affordable housing project on the land, subject to meeting LMCF's criteria and to their final approval.
 - b) That the MOU does not pre-determine Council's decision in regards to lease of its land.

Motion

MOVED: Cr. L Messina

SECONDED: Cr. S Amir

That Council:

- (1) Commence the statutory procedures under sections 190 and 223 of the *Local Government Act 1989* ("the Act") to lease (at a nominal cost) the land at 52-60 Townhall Avenue, Preston (any lease would contain conditions requiring public car parking to be retained on site);
- (2) In addition to, and concurrently with, the statutory procedures, undertake community consultation to investigate the disposal of the land; and
- (3) Commence an Expression of Interest process to identify a suitable tenant for the site (subject to the outcome of the statutory process), such tenant to be a registered housing association or a charitable organisation capable of delivering affordable housing on the site.

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 - b) That the MOU does not pre-determine Council's decision in regards to lease of its land.

Cr. Laurence proposed to the mover and seconder an additional point (6) be included as follows:

- (6) Officers report back on the three other social housing projects at the August Council meeting.

This was accepted by both the mover and seconder

THE AMENDED MOTION THEN READ AS FOLLOWS:

Amended Motion

MOVED: Cr. L Messina

SECONDED: Cr. S Amir

That Council:

- (1) Commence the statutory procedures under sections 190 and 223 of the *Local Government Act 1989* ("the Act") to lease (at a nominal cost) the land at 52-60 Townhall Avenue, Preston (any lease would contain conditions requiring public car parking to be retained on site);
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 - b) That the MOU does not pre-determine Council's decision in regards to lease of its land.
- (6) Officers report back on the three other social housing projects at the August Council meeting.

THE AMENDED MOTION WAS PUT AND CARRIED AND BECAME THE COUNCIL RESOLUTION AS FOLLOWS:

Council Resolution

MINUTE NO. 18-165

MOVED: Cr. L Messina

SECONDED: Cr. S Amir

That Council:

- (1) Commence the statutory procedures under sections 190 and 223 of the *Local Government Act 1989* ("the Act") to lease (at a nominal cost) the land at 52-60 Townhall Avenue, Preston (any lease would contain conditions requiring public car parking to be retained on site);
- (2) In addition to, and concurrently with, the statutory procedures, undertake community consultation to investigate the disposal of the land; and
- (3) Commence an Expression of Interest process to identify a suitable tenant for the site (subject to the outcome of the statutory process), such tenant to be a registered housing association or a charitable organisation capable of delivering affordable housing on the site.
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 - a) LMCF's agreement to contribute \$1 million to a tenant identified by Council to assist in the development of an affordable housing project on the land, subject to meeting LMCF's criteria and to their final approval.
 - b) That the MOU does not pre-determine Council's decision in regards to lease of its land.
- (6) Officers report back on the three other social housing projects at the August Council meeting.

CARRIED UNANIMOUSLY