



9.3 **IN OUR BACKYARD IMPLEMENTATION - PROPOSED
COMMON GROUND PROJECT**

EXECUTIVE MEMBER: **TONY KEENAN, GENERAL MANAGER, COMMUNITY WELLBEING
AND INCLUSION**

PREPARED BY: **GARY SPIVAK, AFFORDABLE HOUSING PROGRAM
COORDINATOR**

**KATRINA TERJUNG, MANAGER COMMUNITY BUILDING AND
INCLUSION**

1. PURPOSE

- 1.1 To outline achievements to date in implementing the *In Our Backyard - Growing Affordable Housing in Port Phillip 2015 - 2025* strategy and detail new State funding opportunities available to deliver additional affordable housing projects in the City.
- 1.2 To consider delivery of a Common Ground facility at 28 Wellington Street St Kilda that targets rough sleeping in the City, through a partnership with St Kilda Community Housing Pty Ltd (St KCH) and a Council capital contribution of \$4 M to the project.

2. EXECUTIVE SUMMARY

- 2.1 Council endorsed the *In Our Backyard (IOBY) Action Plan* in December 2018, to accelerate the delivery of new housing under the program which had been impacted by the absence of State funding to that point (noting funding streams are now increasingly available). A key action was to review Council's 'Investment Portfolio'. This sought to confirm the composition of Council's property and cash contributions, in addition to progressing the Marlborough St project (reflecting a significant property contribution).
- 2.2 A detailed assessment of the potential for additional contributions from Council's property portfolio has been undertaken, further to the commitment of \$5M cash over the 10 years of the IOBY program. Investigation of a range of potential program delivery options has also been progressed, to assess how to maximise the delivery of new housing in the next five years including leveraging investment from other project partners.
- 2.3 A priority identified through the IOBY Action Plan, which has been further amplified through Council's COVID-19 relief and recovery planning, was to address the needs of persons experiencing homeless and sleeping rough using housing models based on Housing First principles. This paper illustrates the integration of Council's affordable housing and homelessness programs as sought by the IOBY Action Plan.
- 2.4 This has led to the identification of a key project opportunity - the development of a Common Ground facility at 28 Wellington St, St Kilda. Council. Council's contribution to this project would enable delivery in the short-term (within 2-3 years) and play a key role in reducing rough sleeping in the City.
- 2.5 This report presents the findings of a joint feasibility study led by St KCH on the viability of developing a 24-unit Common Ground facility in Wellington St; and recommends that Council commit \$4 M in capital funding under a Memorandum of Understanding (MOU), with St KCH to apply for approximately \$2.875 million in State funding for the project and State funding to provide support services and concierge.



- 2.6 A summary of the achievements of IOBY at this mid-point of the program is provided in Table 1 of this report (paragraph 4.33). This highlights that current projects (at varying stages of delivery) can result in:
- 78 net new affordable housing units (20 temporary) to be delivered through direct contributions from Council (cash and land);
 - A further 200 affordable housing units (30 temporary) to be delivered within the City of Port Phillip, with Council playing a facilitation rather than direct investment role;
 - \$28.5 M (estimated) total value of affordable housing units created, with \$9.9M via direct contributions from Council.
- 2.7 Marlborough Street represents the primary land contribution from Council under the IOBY program. A detailed assessment of Council's property portfolio has not identified further site opportunities for redevelopment as community housing with ability for delivery in the next five years. The property portfolio can be periodically reviewed, with some sites identified as offering longer-term opportunities for housing.

3. RECOMMENDATION

That Council

3.1 Notes the achievements to date in implementing its IOBY strategy, including:

- Contribution of land valued at \$7M to enable delivery of 46 new units through the Marlborough Street community housing project, with HousingFirst receiving State Government capital funding in May 2020 (project delivery expected by June 2022, subject to the current planning approval process).
- Creation of secure housing for 30 older women who were experiencing homelessness, through facilitating delivery of the Lakeside 'pop-up' project in South Melbourne.
- 20 temporary units associated with the 'pop-up' Common Ground facility.
- 12 (net) units associated with the potential Wellington Street permanent Common Ground facility (subject to Council decision).
- Support and / or facilitation of 105 net new units in four new housing projects that are completed or being delivered by local community housing organisations.
- Extensive work in maximising the potential of the Victorian Planning System to deliver new social and affordable housing, including:
 - negotiation of 65 affordable housing units for delivery in Fishermans Bend under current permits.
 - detailed guidelines for implementing new planning controls at Fishermans Bend
 - a new model for private, affordable rental housing negotiated under voluntary planning agreements
 - advocacy to the State government for planning controls that mandate affordable housing delivery through private developments.



- 3.2 Endorse its support for the development of a Common Ground facility at 28 Wellington Street, St Kilda, which can be delivered by mid-2023, by:
- 3.2.2 Authorising the CEO to finalise and execute a Memorandum of Understanding with St Kilda Community Housing Pty. Ltd. for the delivery of a Common Ground facility at 28 Wellington Street, St Kilda, for the provision of supported housing to accommodate persons listed on the Port Phillip By-Name List, who are homeless and sleeping rough in Port Phillip.
- 3.2.3 Allocating \$4 million from the In Our Backyard Reserve to the development of a Common Ground project at 28 Wellington Street, St Kilda, based on the findings of a feasibility study led by St Kilda Community Housing and paid on conditions specified in the Memorandum of Understanding being met, including:
- i. St Kilda Community Housing securing operating subsidy funding from the Department of Health & Human Services for the provision of 10 years of support services and concierge services relating to the facility, with service delivery levels to be approved by Council officers.
 - ii. St Kilda Community Housing securing funding for the balance of the construction costs.
 - iii. Staged payment on completion of project milestones outlined in the Memorandum of Understanding:
 - a) \$1 million to St Kilda Community Housing within 14 days of St Kilda Community Housing entering into a contract approved by the Director of Housing and Council to deliver the redevelopment project.
 - b) Two payments of \$1 million each to St Kilda Community Housing when payment milestones agreed to by Council and specified in the contract have been reached.
 - c) \$1 million to St Kilda Community Housing within 14 days of receipt by Council of a certificate of practical completion of the redevelopment.
- 3.2.4 Contributing the Council laneway known as R3723 abutting and comprising the first half of the driveway at 28 Wellington Street, noting that St Kilda Community Housing has requested that Council initiate the procedures required to discontinue and sell the lane, at a nominal amount to the Department of Health & Human Services to provide space for access and car parking required by the development, by:
- i. Supporting St Kilda Community Housing's request and resolving to contribute the laneway known as R3723 for \$1 plus legal fees pending the successful completion of the statutory procedures required under the Road Management Act 2004 (Vic) and Local Government Act 1989 (Vic) to discontinue and sell the laneway.
 - ii. Entering into a section 173 Agreement under the *Planning and Environment Act 1987* requiring the market value of the lane to be paid to Council if the social housing use of the adjoining property ceases or the adjoining property is sold within 30 years of completion of the project.
- 3.2.5 Advocate to the Victorian Government for the provision of project funding, including by Council's formal support for:



- i. A funding application by St Kilda Community Housing, for the required gap in capital funding to construct the facility, under the Social Housing Growth Fund-Round 2 or an alternative State funding program or funding source.
 - ii. St Kilda Community Housing's application seeking to receive a 10-year operating subsidy from the Department of Health and Human Services, for the provision of support services and concierge services relating to the Common Ground facility.
- 3.3 Recognises new and emerging Government funding streams and supports directing the facilitation and brokerage functions of the IOBY program towards maximising the potential for delivery of new affordable housing projects in Port Phillip.

4. KEY POINTS/ISSUES

- 4.1 In December 2018, Council adopted the *In Our Backyard Action Plan 2018-2019*, following a review of the implementation of its IOBY strategy, aiming to accelerate delivery of social housing by 2025 via:
- Seeking programmatic funding from the State Government to achieve a leverage ratio up to \$4:1 (\$4 investment from the State for every \$1 investment by Council).
 - Reviewing Council's 'Investment Portfolio' to confirm its total value and the composition of cash and property contributions (under IOBY Policy 1), with appropriate program delivery 'guidelines' and governance arrangements to then be put in place.
 - Adopting a more integrated approach to Council's affordable housing and homelessness programs.
- 4.2 Work has continued to inform how best to refine and reset the way IOBY is implemented under the Action Plan. This has been influenced by Council's recovery program in response to the COVID-19 outbreak, and emerging State economic stimulus funding. Council officers have accordingly:
- Progressed the Marlborough St project in partnership with HousingFirst as a priority project.
 - Pursued individual project opportunities and partnerships, rather than the programmatic approach, 4:1 leverage ratio and program-based governance arrangements envisaged by the Action Plan. This responds to advice from DHHS that project-based funding rather than programmatic funding will continue.
 - Prioritised delivery of supported housing for persons experiencing homelessness and sleeping rough, based on Housing First principles, such as the Common Ground model.
 - Identified ways to position projects to access economic stimulus funding and other funding programs.
 - Progressed future partnership opportunities for the redevelopment of public housing estates.
- 4.3 Detailed consideration of delivery options for Council's direct contributions, to maximise new housing within the 10 years of the IOBY program (by 2025), has led to further investigation of:



- A specific project opportunity: a cash allocation for the delivery of a Common Ground facility at 28 Wellington St, St Kilda on DHHS land, in partnership with St KCH, to house persons experiencing homelessness and sleeping rough (Delivery Option 5 - cash direct to a Common Ground partnership).
- Assessment of Council properties / air space from its portfolio that would be suitable for community housing (over replacement car parks or in mixed use properties together with Council facilities), to determine availability and the potential for a project to deliver new housing by 2025.

Wellington St Common Ground Project Proposal

- 4.4 Further investigation of this project has occurred via a joint feasibility study led by St KCH, and the preparation of a draft MOU.
- 4.5 The draft MOU (refer Attachment 1), will achieve Council's strategic objectives to:
- Address the needs of persons experiencing homelessness and sleeping rough.
 - Minimising any project risks to Council - by capping Council's contribution to \$4 million and project risk being carried by St KCH.
 - Use Council contributions to leverage maximum investment from others - the MOU will help position the project to enable St KCH to apply for the funding gap from DHHS's State Social Housing Growth Fund - Round 2.
- 4.6 The draft MOU will support Council's interest through:
- Describing the nature of the proposed Common Ground facility, including concierge services, medical and allied health support services, and group programs, to be delivered in the facility.
 - Outlining the roles of Council in supporting the project and providing a \$4 M capital contribution in staged instalments; and St KCH in applying for gap funding from State funding programs, securing a 10-year operating subsidy, delivering the project, undertaking tenancy and asset management, and subcontracting support services.
 - Ensuring that persons housed are exclusively taken from the Port Phillip By-Name List, which lists persons sleeping rough in Port Phillip.
 - Including a leveraging arrangement for delivery an additional community housing project by St KCH by 2025, with details of this arrangement to be clarified in a Partnership Agreement.
- 4.7 A joint feasibility study led by St KCH (costing \$50,000) has been undertaken in July to design and cost the proposed project. Council contribution was \$25,000 over 2019/20 and 2020/21.
- 4.8 A schematic plan (refer Attachment 2) was produced as a preferred design from three concept options, and provides a Common Ground facility with:
- 24 units self-contained bedsitter units aiming for an average of 25 m².
 - A concierge reception desk, two consulting rooms for the provision of medical and allied health support services, shared management and support staff office and facilities, a communal living area and kitchen for resident use and provision



of group programs, and outdoor communal areas, primarily at the front of the property.

- Accessible housing with ramp and lift access that complies with the accessible housing provisions of the Building Code of Australia and Australian Standard 1428, which will be later assessed by a DDA access consultant in the next stage of design.
- 35% open space / garden area, in accordance with the garden area planning requirement.
- Two car spaces for tenancy management and support staff use.

- 4.9 A Council laneway on the first half of the concrete driveway covers the location of the two proposed car spaces and a new driveway and landscaping required to be secured by a gate. The 80 m² lane is listed as R3723 on Council's register of public roads (estimated value \$400,000). The lane originally led from Wellington St to the rear public housing property. It is not envisaged to offer any value to the broader community nor is required to offer access to adjoining properties. (Refer Attachment 2).
- 4.10 St KCH has requested that Council initiate the procedures to discontinue and sell the laneway to DHHS at a nominal amount to locate property access, car parking and hard and soft landscaping in support the project.
- 4.11 This request will be facilitated by contributing the Road for \$1 plus legal fees, pending the successful completion of the statutory procedures for road discontinuation (public notice and consideration of any submissions) under section 17(4) of the Road Management Act 2004 (Vic), and the Schedule 10 of the *Local Government Act 1989* (Vic). A section 173 Agreement can require that the market value of the lane (applicable at the time of the agreement) to be paid to Council if the social housing use ever ceases or the land is sold over a 30-year period after completion of this project.
- 4.12 Project costing - the schematic plans have been costed through a Stage B Cost Plan, which has enabled calculation of the following total project cost, funding gap and leverage ratio:
- DHHS property value - \$3.5 M (CoPP 2019).
 - Total project costs - \$6.875 M approx. incl. GST (\$286,500 per unit), consistent with the \$6 M anticipated total cost (March briefing).
 - Funding gap - \$2.875 M approx. (net of Council's \$4 M contribution, be sourced from the SHGF-Round 2).
 - Operating subsidy - \$4 M (\$400,000 per year for 10 years, based on a proportion of the DHHS offer valued at \$1 million per year for 60 units).
 - Leverage ratio of State to Council contributions - 1.6:1 excluding an operating subsidy, or 2.6:1 including an operating subsidy. Additional benefit from Council's investment would be achieved through the leveraging arrangement for delivery an additional community housing project by St KCH by 2025 (proposed in the MOU).
- 4.13 An extensive engagement process with the surrounding community will be undertaken by St KCH on the proposed Common Ground facility. This will include consideration of on-going management arrangements designed to protect neighbourhood amenity and extend throughout the life of the project.



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- 4.14 Common Ground delivery best practice research - the CoPP has received a grant of \$122,400 from the Department of Jobs, Precincts and Regions under the Inner Metropolitan Partnership, for a consultant to prepare a Manual on best practice for delivery of Common Ground projects of varying scales in the region. The project will commence in August 2020 and will be completed late March 2021. It will:
- Identify a support service agency to work with the IMP project consultant on the development of support service models and delivery arrangements suitable for delivery of small and large Common Ground projects (and other supported housing models based on Housing First principles) in the region.
 - Help guide the nature of a support service model for the Wellington St Common Ground project (refer to summary of project scope in Attachment 3).

Council Property Portfolio Assessment

- 4.15 Council officers undertook a detailed assessment of Council's property portfolio (suitable properties for community housing use) to determine whether any can be delivered by the end of the IOBY strategy period (by 2025). It was concluded that no properties were immediately suitable for a range of reasons, such as an excessive loss of car parking, project delivery complexity / long investigation lead times, and a lack of readiness of Council facilities for asset upgrading or rationalisation. These properties can be periodically reviewed over the next 5 to 10 years to determine when opportunities for community housing use may arise.

IOBY Program Achievements and Emerging Opportunities

- 4.16 At the mid-point of the 10-year IOBY program, it is timely to highlight the key projects and housing outcomes that are on track for delivery, and also consider emerging opportunities including new funding streams.

Marlborough Street project – Council property contribution

- 4.17 Contribution of Council's Marlborough Street car park to HousingFirst represents a significant commitment under IOBY Policy 1 - use of Council property to delivery affordable housing. A Heads of Agreement was entered into with HousingFirst to develop the site for 46 units of community housing. The 1,800m² site is valued at \$7 M (\$5 M adjusted for replacement of public car park).
- 4.18 The Agreement sets out dates for delivery of the project as follows:
- Planning Approval by 18 Dec 2020 - A Notice of Decision to issue a permit was determined in December 2019. An objector appeal to VCAT has been called-in by the Minister and the matter considered by the Priority Projects Standing Advisory Committee. A decision is pending.
 - Construction to commence within 12 months of the latter of either receiving a permit or procurement of construction funding. HousingFirst has now been successful in securing construction funding under the State Government's Building Works package.
 - HousingFirst have 24 months to complete construction after its commencement, under the terms of the Contract of Sale (estimated completion June 2022).

Temporary Common Ground facility



- 4.19 Council resolved to allocate \$500,000 from its IOBY Housing Reserve to respond to homelessness, as part of its COVID relief package. These funds have been primarily directed at establishing a potential 'pop-up' Common Ground facility via leased premises. This will provide accommodation for approximately 20 persons, with the objective to prevent persons that have been temporarily housed during the COVID pandemic from returning to homelessness. DHHS funding would be contributed to enable the provision of wrap-around support services. In the medium-term, residents could transition to the permanent Common Ground facility proposed in Wellington Street.

Facilitation of new social housing projects in Port Phillip

- 4.20 In 2018, Council helped facilitate the 'Lakeside' 'pop-up project, providing 30 temporary, leased units in a vacant building housing 30 homeless older single women. The manager, YWCA Housing, is currently exploring the potential for expanding the number of units.
- 4.21 Over the last two years, Council officers have worked with the two local community housing organisations, HousingFirst / Port Phillip Housing Trust, and St KCH, to support and / or facilitate three projects, which have a total of 108 units, or a net 91 units after the loss of units from upgrading and conversion to larger units (all now completed or in construction):
- 'The Regal', 5 Little Grey St, St Kilda (HousingFirst/Port Phillip Housing Trust) - 36 units (net loss of 13) for older single women.
 - 'Beach House', 24 Little Grey St, St Kilda (St KCH) - 22 units (net loss of 4) for singles.
 - 'St Kilda Apartments', 6 Tennyson St, St Kilda (HousingFirst / Port Phillip Housing Trust) - 50 units for women and their children.
- 4.22 Council officers are currently working with a third local community housing organisation, South Port Community Housing Group, on their (recently funded) proposal to redevelop their property at 15 - 31 Emerald St, South Melbourne, which is expected to deliver 45 units for older persons (net gain of 14 units from the current 31 units).
- 4.23 Discussions have occurred with DHHS in relation to the future redevelopment of public housing estates to increase their yield, diversity and quality of housing (IOBY Policy 3). Progressing project opportunities in the future will be dependent on the allocation of DHHS resources to undertake detailed feasibility studies for specific sites. Council's involvement would seek to ensure positive outcomes from both housing and neighbourhood perspectives.

Delivery of affordable housing via the planning system

- 4.24 A significant focus of the IOBY program has been on facilitating the delivery of affordable housing through the Victorian Planning System, which has the potential to deliver a significant number of both social and private affordable housing units. This has included work to strengthen existing planning controls, advocate for additional (mandatory) planning mechanisms and identify new delivery models for applying planning mechanisms:



- Negotiation of 65 housing units in four developments for delivery in Fishermans Bend under current permits (including 50 units recently funded for Housing Choices Australia (HCA) - refer to section 4.26).
- Advocating for a mandatory planning mechanism, such as Inclusionary Zoning, including a submission to the Ministerial Advisory Committee for Planning Mechanisms for Affordable Housing (2019), and various parliamentary enquiries (2020) into homelessness (promoting a 'housing first' approach).
- Working with the Fishermans Bend Taskforce, City of Melbourne, DJPR and DHHS to develop Affordable Housing Guidelines that support the implementation of the new planning controls by clarifying requirements and processes, to enable the successful negotiation of voluntary agreements (2019/20).
- Stage one investigation of a private market affordable rental housing delivery model (PRADS) by PWC, as an Inner Melbourne Action Plan project (2019). This is aimed at improving the up-take of voluntary housing agreements.
- Undertaking an Affordable Housing Needs Assessment Methodology for the Inner Metropolitan Region, as a foundation for any future introduction of a mandatory planning mechanism (Inner Metropolitan Partnership project - 2019/20).

Research on new housing models

4.25 The CoPP also led a research project to complete of a manual on how to establish Community Land Trusts in Australia, as a form of perpetually affordable home ownership for moderate income households and key workers (undertaken by the University of Western Sydney as an Inner Melbourne Action Plan project, 2019).

State capital funding: Successful projects and future opportunities

4.26 Two local projects with a total of 95 units were successful in receiving Social Housing Growth Fund - Round 1 funding in May 2020:

- 45 units - Emerald St, South Melbourne, for South Port Community Housing Group.
- 50 units South Melbourne/Fishermans Bend, for Housing Choices Australia (funding the discounted sale of units from a private developer, based on permit conditions reflecting a voluntary planning agreement that Council officers helped to negotiate in December 2017).

4.27 Discussions with DHHS indicate that the next capital funding program suitable for capital funding for new projects, including the proposed Common Ground facility, will be the Social Housing Growth Fund - Round 2. This program is anticipated to open on or before Oct 2020 and have a fast-tracked assessment and approval process as a COVID-19 economic stimulus measure.

4.28 Experience with Social Housing Growth Fund - Round 1, suggests that competitive applications under Round 2 will be those that are "shovel ready", that is, applications will be considered on the basis of whether they have:

- Secured agreements with funding partners.
- Completed feasibility and design work.
- Planning approvals in place, or the ability to within a reasonable timeframe.



- 4.29 Other new funding programs for new construction projects and potentially planning mechanisms (following the Rapid Housing Response program that opened in June targeting building refurbishment and upgrading), are anticipated to be announced in the future under \$2.7 billion Building Works package economic stimulus. These funding programs will provide a range of new opportunities to provide funding for new social housing projects, and private sector delivery of affordable and social housing under permit conditions, negotiated under voluntary planning agreements.
- 4.30 Council officers are exploring opportunities for discounted purchase of private units from developers by registered community housing organisations under voluntary planning agreements, funded by State funding programs. This can also include purchase of units 'off the plan', vacant units from investors unable to be viably rented due to excessive debts, and units where developments require an acceptable variation in planning controls to proceed.
- 4.31 The State Government announced in July this year that it will head lease 1,100 units from the private rental market, to re-house persons experiencing homelessness and sleeping rough who have been housed in hotel accommodation during the COVID-19 pandemic, and provide tailored support packages. These units, to be leased for at least three years, are understood to be across Greater Melbourne, with a likelihood that a large proportion will be in the Inner Metropolitan Region. The initiative is being funded under the \$150 M *Homeless to a Home* package and will increase the housing options for addressing the needs of persons who are sleeping rough. A role for the CoPP can be to facilitate developers or investors in how to take up the leasing opportunity with DHHS.

Integration of affordable housing and homelessness

- 4.32 The delivery of a permanent Common Ground facility in Wellington St will help create the components for achieving a key Council objective of the IOBY Action Plan: to provide an integrated solution to addressing affordable housing and homelessness need, based on Housing First principles. This will be achieved by four inter-related components:
- **Port Phillip By-Name List** - knowing each person, who is experiencing homelessness and sleeping rough by name, at any time and their circumstances. This is part of a co-ordinated agency response under the Port Phillip Zero program to get people into stable, supported housing (temporary and permanent Common Ground facilities), to directly target rough sleeping need in Port Phillip.
 - **Pop-up / temporary Common Ground facilities** - facilitation of a new, pop-up facility that will address the needs of rough sleepers in the short-term, and transition persons to a permanent Common Ground facility.
 - **Wellington Street proposed permanent Common Ground** - direct cash contribution to support delivery of the facility, based on the Housing First model to address the needs of rough sleepers, by providing them with supported long-term housing. This will house persons from the By-Name List and who could transition from the pop-up Common Ground facility.
 - **Common Ground delivery best practice manual** (adaptable to project scale) - to determine the models, standards and arrangements to inform delivery of small and large facilities across the region. This includes informing the support services model for the Wellington Street Common Ground.



Summary of In Our Backyard Achievements

4.33 Table 1 quantifies the housing outcomes that have been delivered, or are in progress, from the first half of the 10 year *In Our Backyard* strategy (2015/16 - 2024/25). In total 278 net units have been delivered or are identified for delivery. This includes Council's contribution of \$9.9 M in cash and property for the delivery of 78 net units (20 temporary) and the support and / or facilitation of an additional 200 units.

Table 1: Affordable housing achievements in the City of Port Phillip

Council role	Project	Council contributions		Housing units delivered / committed	Gross realisation value of housing (current market value as to be built)
		Cash	Land		
Direct Council contributions (cash / land)	Marlborough St, Balaclava (subject to permit)		\$7 M (2017 valuation) (\$5M adjusted for provision of replacement car park)	46	\$23.0 M
	Wellington St, St Kilda Common Ground (proposed and detailed below)	\$4.0 M	\$0.4 M (Council lane)	12 (net) (24 gross)	\$5.5 M
	Common Ground 'pop-up' facility	\$0.5 M		20 (est. temporary units)	
	Sub-total	\$4.5 M	\$5.4 M	78 units (net)	\$28.5 M
Project facilitation	Lakeside 'pop-up' project, South Melbourne			30 (temporary units)	
	Planning mechanisms - Fishermans Bend affordable housing permits (incl. 50 units recently funded for HCA)			65 4 developments	
	Net new units supported and / or facilitated in other organisations' projects			105 (net) 153 (gross) 4 projects	
	Sub-total			200 units (net)	
	Total	\$4.5 M	\$5.4 M	278 units (net) (50 temporary)	\$28.5 M

5. CONSULTATION AND STAKEHOLDERS

5.1 Council's In Our Backyard Action Plan included an initiative to establish an Affordable Housing Forum, with representatives from the three local community housing organisations, broader community housing sector, and community groups (CAPP) and individuals.

5.2 An IOBY Community Forum meeting occurred in August 2020. Topics discussed were:

- Council's approach to addressing the needs of persons experiencing homelessness and sleeping rough, through its integrated response to housing delivery and homelessness need.



- Opportunities for participation of the community housing sector in the Inner Metropolitan Partnership project - Common Ground Best Practice Delivery Models.
- Further affordable housing ideas or approaches for Council to investigate / consider, including:
 - Investigation of opportunities presented by the Commonwealth Government's Affordable Housing Bond Aggregator (low cost loans to registered housing providers for social and affordable housing) or National Housing Infrastructure Facility (finance for infrastructure to unlock new affordable housing).
 - Investigation of whether a (capped) rates reduction or waiver would support additional new social housing projects.
 - Facilitation of other 'shovel ready' project opportunities as part of a COVID-19 recovery response.
 - Continued advocacy for planning mechanisms for the private sector delivery of affordable and social housing, including mandatory mechanisms, e.g. Inclusionary Zoning.
 - Continued investigation of opportunities to increase social housing through public housing estate redevelopment.
 - Continued focus on supported social housing, including the Common Ground model, to address rough sleeping in Port Phillip.

5.3 Engagement with adjoining property owners / occupiers and the wider local community will be an important part of this project, led by St KCH. In addition, formal statutory notification may be required through any additional planning approval process, further to the current development approval.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 Legal advice was obtained to confirm Council's ability to provide a cash contribution to the project in the form of a Council grant, without a competitive process under section 186 of the Local Government Act 1989 (restriction on power to enter into contracts).
- 6.2 The challenges of delivering new housing under IOBY, due to the absence of State funding, has represented a reputational risk to Council. Recent funding announcements have now secured the future delivery of 141 new affordable housing units in the city. Together with the Marlborough Street project, a commitment on the proposed Wellington St Common Ground would see 70 units delivered as a direct result of Council property and cash contributions. Wellington Street will also target housing towards the Council priority to address the needs of persons who are experiencing homelessness and sleeping rough.

7. FINANCIAL IMPACT

- 7.1 IOBY establishes a target to deliver 170 new community housing units by 2025, through the commitment for Council to contribute:
- \$5 million (\$500,000 per year for 10 years).
 - Up to 5,000 m² in land / air rights (\$25 million value in 2016) or with potential to deliver the target of 170 units.



- 7.2 \$500,000 has already been allocated from the IOBY Reserve in response to COVID-19, to support agencies providing services to persons sleeping rough, and facilitate a temporary / 'pop-up' Common Ground, to address the needs of persons sleeping rough in the short-term while a permanent Common Ground facility is developed.
- 7.3 A commitment of \$4 million towards a Common Ground project would meet the majority of Council's cash commitment under the IOBY strategy. This will leave a balance of \$500,000 in the IOBY Reserve to be considered for allocation under a different delivery model in the near future, potentially focused on maximising the ability to leverage funding programs released as stimulus packages to assist in COVID recovery.

8. ENVIRONMENTAL IMPACT

- 8.1 There are no specific environmental impacts, however, social housing typically incorporates sustainable design features aimed at reducing environmental impacts and operating (living) costs over the life of the building.

9. COMMUNITY IMPACT

- 9.1 Delivering supported social housing will directly address the needs of persons sleeping rough by providing the first specific Common Ground housing model in Port Phillip. It will also contribute to delivery of 41% of the target 170 units in the IOBY strategy via:
- Marlborough St project (subject to permit) - 46 units.
 - Wellington St Common Ground (subject to Council decision, permit and funding) - 24 units (net 12).

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 10.1 The proposal to contribute to the Wellington St proposed Common Ground project aligns with the *Council Plan 2017-2027*, outcome 1.2 - An increase in affordable housing:
- Strategy A - Pursuing new, sustainable funding streams to significantly increase the supply of social housing.
 - Strategy B - Establishing and facilitating partnerships to support diverse and innovative new affordable housing projects and reduce the risk of homelessness.
 - First priority - Implement In Our Backyard - Growing Affordable Housing in Port Phillip 2015-2025 to increase the supply and diversity of affordable housing aligned to priority local needs - low income families, older people, key workers, and single people at greatest risk of homelessness.
 - Second priority - Review and implement the Homelessness Action Strategy 2015-2020 and provide support for people experiencing homelessness to access suitable housing.
 - Fourth priority - Work with the Victorian Government and local community housing organisations to optimise benefits from existing social housing sites, through increased yield, quality and housing type, aligned to local needs.
- 10.2 The proposal also aligns with the Council priority as a COVID-19 recovery response to address the needs of persons experiencing homelessness and sleeping rough via supported housing models based on Housing First principles.



11. IMPLEMENTATION STRATEGY

TIMELINE

11.1 The following are estimated, preliminary timelines for the proposed Wellington Street Common Ground project:

- Detailed design - by St KCH (September 2020)
- Planning process - applicant St KCH (commence late September / early October 2020)
- Funding application - by St KCH (anticipated in October 2020)
- Road discontinuation process - CoPP (following planning process)
- Documentation and construction tender - by St KCH (February - July 2021)
- Construction - contracted by St KCH (September 2021 - May 2023)
- Completion (June 2023).

COMMUNICATION

11.2 A Communication Plan will be prepared with a focus on Council's on-line platforms, such as the Council website.

12. OFFICER DIRECT OR INDIRECT INTEREST

12.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.

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ATTACHMENTS

1. Draft MOU with St KCH
2. Wellington St schematic plans
3. IMP project - Common Ground delivery best practice