

Management report to Council**Agenda item 6.2****Affordable Housing on Council land****Council****Presenter:** Jo Cannington, Director Homes Melbourne**30 April 2024****Purpose and background**

1. The purpose of this report is to:
 - 1.1. update Council on the outcomes of investigations into the delivery of affordable housing on 44-60 Curzon Street, North Melbourne and 325-341 Victoria Street, West Melbourne and
 - 1.2. seek Council approval to commence engagement on the proposed lease of these two sites for the purposes of affordable housing.
2. Council is committed to increasing the supply of affordable housing in the municipality, and to dedicating council land to this purpose. To date, Council has a history of both selling (Munro, Boyd Southern Development Site) and leasing (Make Room 602 Little Bourke Street, Melbourne) parcels of land for the purpose of affordable housing. Priority 1 of the City of Melbourne's Affordable Housing Strategy 2020 (Affordable Housing Strategy) includes an action to lease a council-owned site to a Community Housing Provider by 2025.
3. Since the implementation of the Affordable Housing Strategy in 2020, management has been investigating Council owned land to identify suitable site/s for this purpose.

Confidentiality

4. Confidential information is contained in Confidential Attachment 3 of report from management, as circulated in the confidential section of the agenda. The information in this attachment is deemed to be confidential in accordance with Section 66(2) (a) and the definition of 'confidential information' in Section 3(1)(a) of the *Local Government Act 2020*. The information relates to Council business information, being information that would prejudice the Council's position in commercial negotiations if prematurely released.
5. If discussion of the confidential information in the attachments to this report is required for Council to make a decision, Council may resolve to discuss the matter in a confidential session or to defer the matter to the confidential section of the agenda.

Key issues

6. Management has reviewed Council's land portfolio to identify 44-60 Curzon Street, North Melbourne and 325-341 Victoria Street, West Melbourne as priority sites for affordable housing projects. Management has undertaken site investigations including due diligence to determine whether the sites are suitable to progress for affordable housing projects (refer to Attachments 2 and 3 (confidential) of report from management).
7. A car parking utilisation report prepared by Movendo Consultants in 2021 assessed the impact of the removal of car parking at these sites. The study identified that within the broader North and West Melbourne area, the supply of public on-street parking spaces is estimated at 20,000. The car parking study included consideration of other Council initiatives that will alter the supply of existing parking spaces, and found that even at the busiest times, there is likely to be around 4200 unoccupied parking spaces available. This indicates there is sufficient spare on-street capacity at all times on weekends and weekdays to accommodate the parking demand associated with the loss of this car park (78 car spaces combined), including the parking needs of visitors and shoppers. This report was updated in May 2022 and is being updated again as of April 2024. The findings of the May 2022 report were consistent with the 2021 report, and preliminary advice in 2024 suggests there has been no material change to parking dynamics since 2021.

8. A Neighbourhood Parking Review has commenced for West Melbourne, with parking improvements scheduled to be delivered later in 2024. While the review is still underway, preliminary findings indicate that making adjustments to parking controls in West Melbourne will improve parking availability within the area, support turnover and access to parking for residents and visitors. The Neighbourhood Parking Review program will be delivered annually, with parking controls adjusted in response to change which occurs across each local area.
9. Community engagement to investigate affordable housing on the Curzon Street site was undertaken in 2022. The findings are available [here](#) and outlined in Attachment 1 of report from management.
10. Over the course of these investigations, housing affordability has continued to decline, and demand for affordable housing has continued to increase. In the 12 months to December 2023, wages grew 4.2 per cent, while rents grew 15.2 per cent over the same period. The demand for new affordable housing is significantly higher than supply, and there is an urgent need for action. Management currently estimates the City has a shortfall of over 6000 affordable housing units and this is likely to increase to a 27,000 unit shortfall by 2036.
11. Concurrently, as the investigations continued, Council requested management commence two key pieces of work relevant to the use of Council land for affordable housing, as outlined below.
 - 11.1. Delivery of a deliberative engagement process to more deeply understand the community expectations of Council's role and appetite to increase affordable housing across the municipality. The work was called the People's Panel on affordable housing and engaged 39 community members who were a representative sample of the population. The [recommendations](#) of the People's Panel provide Council with further mandate to take on affordable housing issues, including recommendation 10 to use Government Land for affordable housing.
 - 11.2. Develop a key worker housing definition to better define and advocate for the housing needs of low income workers in the City of Melbourne. The definition of key worker housing was endorsed by Council on [9 April 2024](#). This project further demonstrated the need for affordable housing in the municipality.
12. The site and car parking investigations, People's Panel and the Key Worker Housing definition have now concluded and based on all these inputs, management recommends both sites be leased for the purpose of affordable housing.
13. Under Section 115 of the *Local Government Act 2020*, Council must undertake community engagement prior to entering into a lease. The engagement will be delivered in accordance with the Community Engagement Policy.
14. Should Council decide to proceed with the lease of the land, a competitive process would be undertaken to select a Community Housing Provider (CHP) to develop and manage the site. Following this and subject to the CHP securing funding to progress, there would be further engagement through the planning permit application process.

Recommendation from management

8. That Council:
 - 8.1. Approves the commencement of community engagement pursuant to section 115 of the *Local Government Act 2020* of Council's proposal to lease:
 - 8.1.1. 44-60 Curzon Street, North Melbourne
 - 8.1.2. 325-341 Victoria Street, West Melbourne,for the purpose of affordable housing and ancillary uses.
 - 8.2. Notes that the decision regarding the lease of the sites under section 115 of the *Local Government Act 2020* will be the subject of a future report to Council.

Attachments:

1. Supporting Attachment (page 3 of 17)
2. Affordable Housing on Council Land Presentation (page 4 of 17)
3. Confidential Attachment – Site Investigations (page 16 of 17)

Supporting Attachment

Legal

1. Council is required to comply with Section 115 of the *Local Government Act 2020* in leasing land.

Finance

2. Council is not providing any funds for the construction or operation of affordable housing at these sites, should they progress. Council's financial contribution is limited to the lease of the land at a nominal rent. Budget to deliver community engagement and administer the tenant selection process is included in the 2023-24 budget, and the budget envelope proposed for 2024-25.
3. The car parking revenue across these two sites is approximately \$95,000 per annum. If the sites are leased for the purposes of affordable housing, this revenue would be forgone.

Conflict of interest

4. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a material or general conflict of interest in relation to the matter of the report.

Health and Safety

5. There are Occupational Health and Safety issues to be considered if the sites progress. Further detail is included in Attachment 3 (confidential) of report from management.

Stakeholder consultation

6. Community engagement on the use of the land for affordable housing and role of the car park was undertaken for six weeks in 2022. This engagement involved both online and in-person methods. 312 submissions and survey responses were received through this engagement period. The engagement found that there was broad support for affordable housing, however concerns regarding the availability of car parking and potential negative social impacts were raised. The [findings](#) of this engagement were shared through the Participate Melbourne website page.
7. There has been no previous engagement on the use of the Victoria Street site for affordable housing.
8. The next stage of proposed engagement is will be delivered in accordance with Council's Community Engagement Policy.

Relation to Council policy

9. The recommendations are consistent with the:
 - Affordable Housing Strategy: Action 1.2 'Lease a City of Melbourne owned site to a community housing provider to deliver a long term affordable rental project in the next five years, seeking funding through Victoria's Big Housing Build' and Priority 4 'Partner with government, industry, peak bodies and the community to increase affordable rental housing'.
 - Transport Strategy 2030 including transforming low-value space into higher-value uses and identifies the significant amount of off-street parking in the municipality.
 - Property Portfolio Plan, draft Property Strategy and the draft Leasing Policy.

Environmental sustainability

10. Environmental sustainability issues are being considered throughout the project. If Council decides to proceed with the lease of the sites, a competitive tender process would be undertaken which would include requirements relating to sustainability.

An aerial photograph of Melbourne, Australia, showing the city skyline in the background with numerous skyscrapers. In the foreground, there is a large green park area (Yarra Park) with a river (Yarra River) flowing through it. A large stadium (Melbourne Cricket Ground) is visible on the right side of the image. The sky is clear and blue.

Council Meeting 30 April 2024 Affordable Housing on Council Land

Rushda Halith
General Manager,
Community and City Services
30 April 2024



Background

1,163

People experiencing homelessness in the City of Melbourne
ABS, 2021

67%

of households in the City of Melbourne rent their home
ABS, 2021

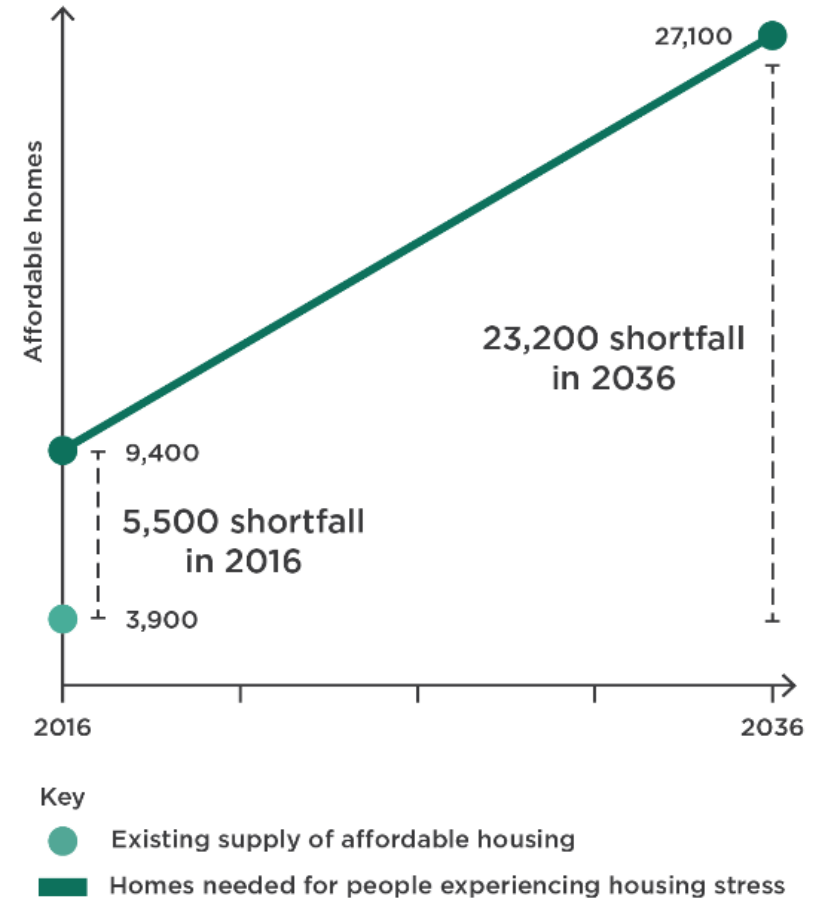
15.7%

12-month change in Melbourne rental prices to June 2023
Homes Victoria, 2023

6000

Estimated shortfall of affordable housing in the City of Melbourne
CoM, 2023

Projected affordable housing demand, 2036

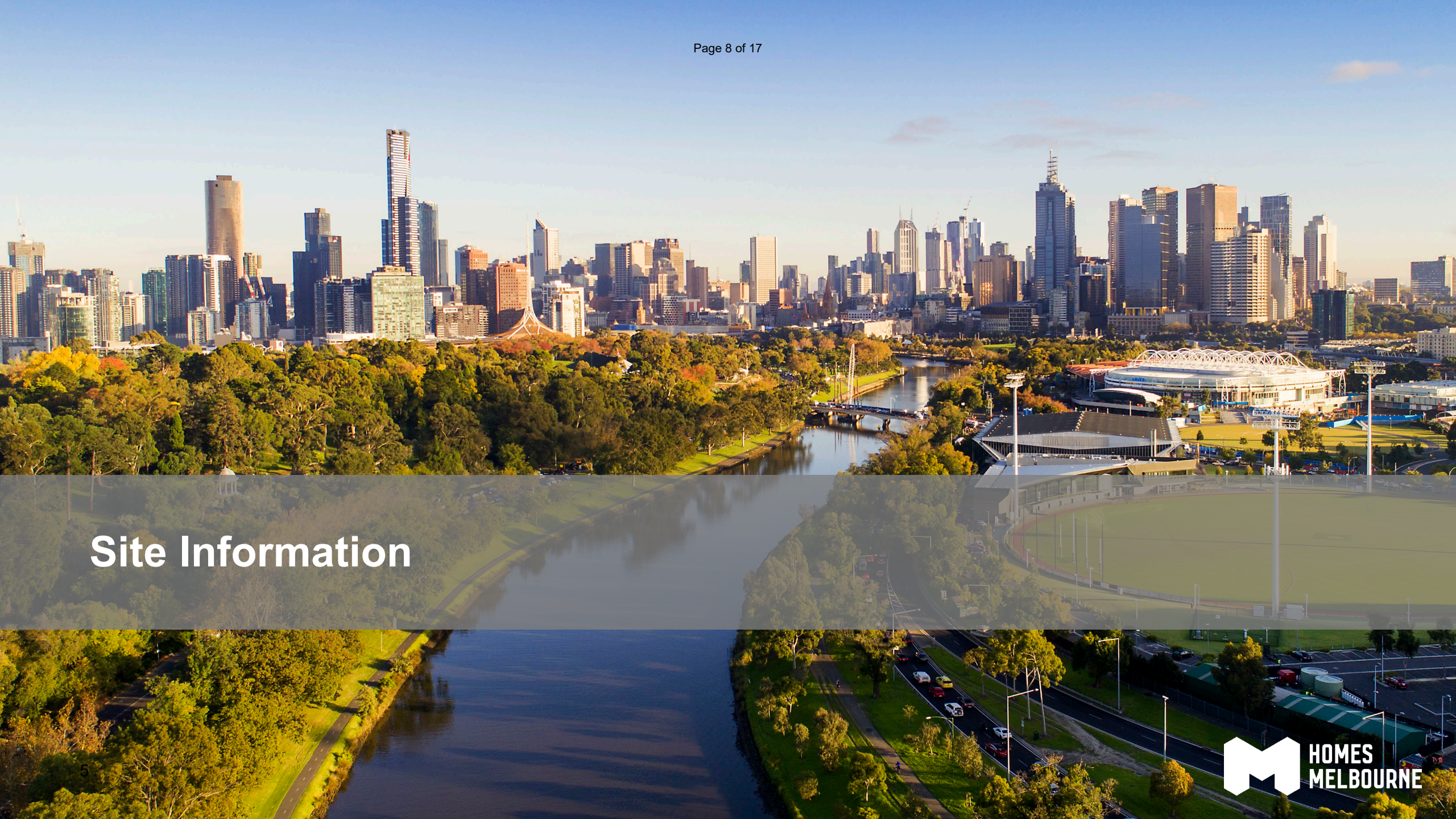




Affordable Housing Strategy

Priority 1: Deliver more affordable rental housing on City of Melbourne-owned land

Action 1.2: Lease of City of Melbourne-owned site to a community housing provider to deliver a long-term affordable rental housing project in the next five years, seeking funding through Victoria's Big Housing Build



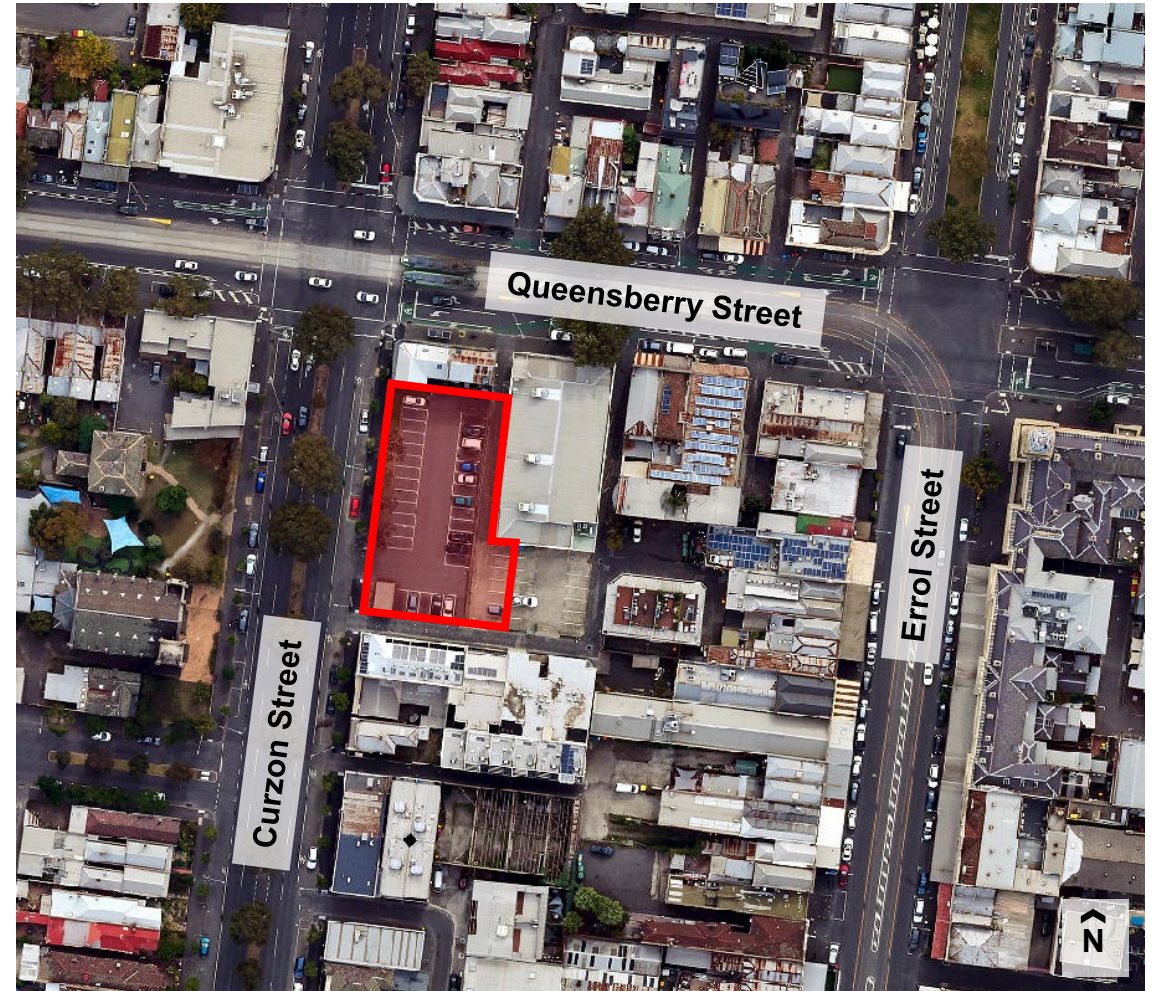
Site Information

Site Information

- Area: 1,321m²
- Current use: open air carpark with 31 parking spaces. On the property is a single storey substation.

Planning Controls

- MUZ Mixed Use Zone
- DDO31 North Melbourne Central
- DDO66 Hospital Helicopter Flight Path Outer Area
- HO3 North and West Melbourne Precinct
- PO12 Parking Overlay 12



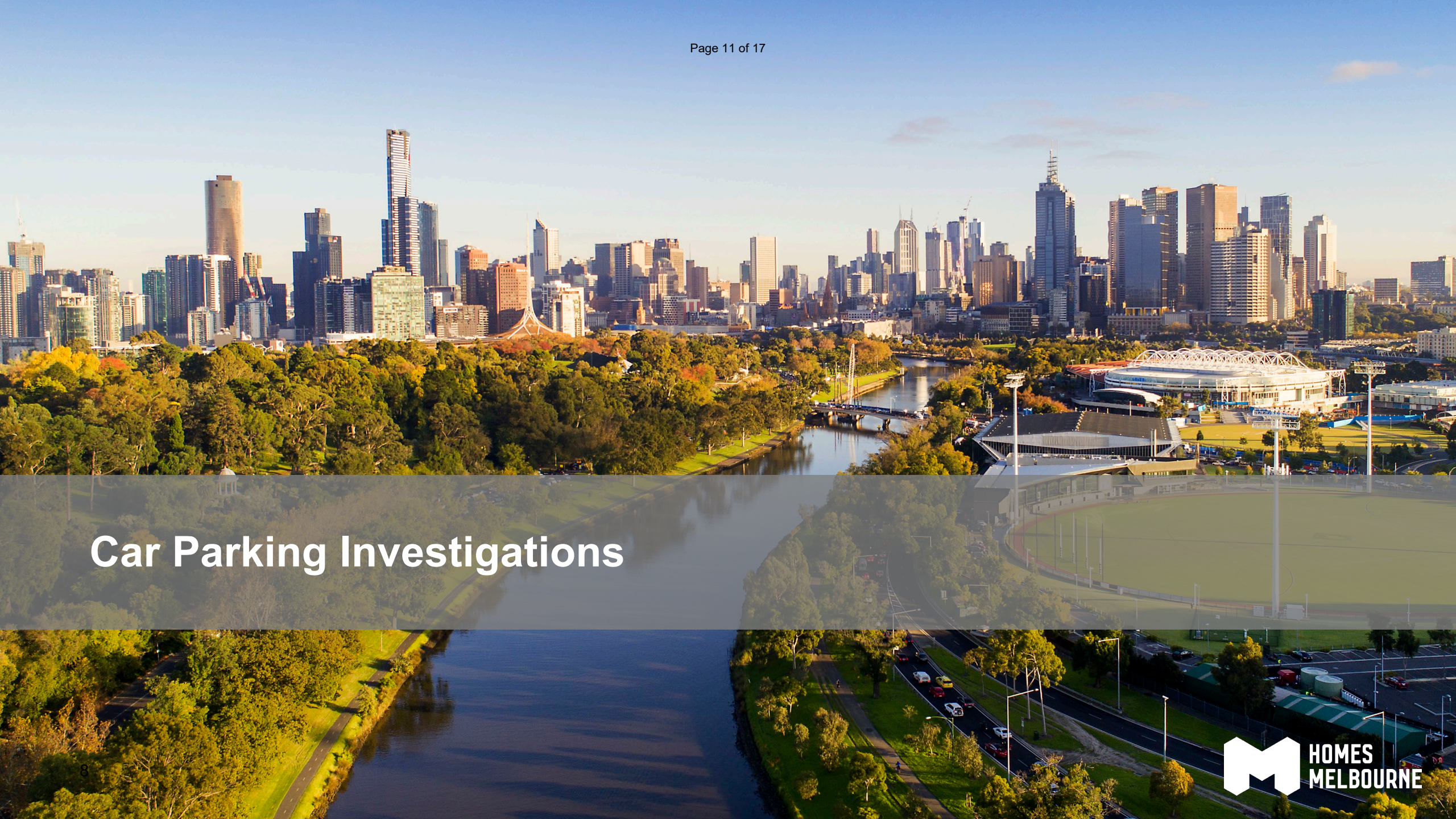
Site Information

- Area: 1,331m²
- Current use: open air carpark with 47 parking spaces. On the property is a single storey substation.

Planning Controls

- C1Z Commercial 1 Zone
- DDO34 Errol Street and Victoria Street
- HO3 North and West Melbourne Precinct





Car Parking Investigations

Key findings across both sites

- Broader precinct has a supply of 20,000 on street parking spaces.
- At the busiest parking demand time, an estimated 4,200 unoccupied parking spaces were available in the area.
- There is enough spare on-street capacity at all times to accommodate parking demand associated with the loss of the car parks.





Next Steps

Date	Activity
May 2024	Community engagement period
June/July 2024	Council consideration of engagement findings and whether to lease the sites
August 2024	(subject to Council decision) Commence competitive process to select partner to develop the sites
Feb/March 2025	Council consideration of preferred partner
March 2025 onwards	(Subject to Council decision) Partner secures funding, applies for planning permission, commences development



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