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FORMER LILYDALE QUARRY

Affordable Housing
Delivery Strategy

Prepared for Tav Lilydale Pty Ltd & LBJ Corporation Pty Ltd
September 2022

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Urbis acknowledges the important contribution that Aboriginal and Torres Strait Islander people make in creating a strong and vibrant Australian society.

We acknowledge, in each of our offices, the Traditional Owners on whose land we stand.

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EXECUTIVE SUMMARY

Urbis Pty Ltd has prepared this Affordable Housing Delivery Strategy on behalf of **Tav Lilydale Pty Ltd & LBJ Corporation Pty Ltd** (the Proponent).

Use, subdivision and development within the Former Lilydale Quarry Comprehensive Development Plan area must be undertaken in accordance with Schedule 1 to the Comprehensive Development Zone (CDZ1).

Before a permit to subdivide land can be granted, an Affordable Housing Delivery Strategy (Strategy) must be prepared to the satisfaction of the Responsible Authority (Yarra Ranges Shire Council).

The Strategy will ultimately be used to inform the preparation of a Section 173 Agreement, which will require the landowner to make a contribution towards affordable housing.

As described within the CDZ1, the ADHS must consider the following components:

- *How affordable housing is to be achieved, including the identification of intended partners, timeframes, built form and response to each of the matters set out by the Minister pursuant to section 3AA(2) of the Planning & Environment Act 1987;*
- *Delivery of affordable dwellings, or land lots for construction of affordable dwellings, equal to 5% of the total dwellings proposed to be delivered across the incorporated CDP area, rounded to the nearest whole number, or any lesser number of dwellings as agreed between the owner and the responsible authority; or*
- *The provision of affordable housing by any agreed alternative method generally consistent with the value of the above provision.*

As detailed within the Strategy, the two 'categories' of proposed affordable housing seek to provide **2.5% social rented** housing and **2.5% key worker affordable purchase housing**. This approach to provision totals the required 5% and responds to all associated requirements.

'**Category 1**' affordable housing comprises 81 (50% of total provision) social rented units, to be delivered and managed by Project partner, Haven, or a similarly qualified delivery partner.

'**Category 2**' affordable housing comprises 81 (50% of total provision) affordable purchase units for moderate income key worker households.

The affordable housing outlined within this Strategy, and delivered by the redevelopment of the quarry, represents almost 50% of the Shire's affordable housing needs to 2031.

The Strategy is underpinned by robust economic and demographic modelling that identifies and responds to the need for affordable housing within the Yarra Ranges Shire.

The proposition will provide for affordable housing across a range of very-low, low, and moderate income households through a mix of integrated housing for singles, couples and families. This housing will be provided in an integrated manner across the development, with the Strategy providing certainty as to the staged delivery of affordable homes across the overall development of the site.

The key worker housing provided by the development will ensure that the Shire has a dedicated stream of affordable homes for workers within essential services. As detailed within the Strategy and supporting documents, it will be important to ensure a long-term supply of housing for key workers within the Shire and will generate wider economic cross-benefits as a result.

Importantly, the Strategy ensures that the delivery of affordable housing within the Former Lilydale Quarry site responds satisfactorily to the Ministerial Matters described within Section 3AA(2) of the *Planning & Environment Act*.

To guide the preparation of the Former Lilydale Quarry Affordable Housing Contribution Agreement, as required by the CDZ1, the Strategy addresses the following topics:

- **Establishment of the 'need' for affordable housing**
- **Staging of affordable housing delivery**
- **Partnerships with affordable housing providers**
- **Details of allocation**
- **Details of affordability**
- **Ongoing management of affordable housing**
- **Details of tenure**
- **Details on expected typology of affordable housing**
- **The indicative location of affordable housing within the Comprehensive Development Plan**
- **The integration of affordable housing across the defined Comprehensive Development Plan Precincts.**

PART 01 CONTEXT

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PART 1 FORMER LILYDALE QUARRY

The Former Lilydale Quarry will become a major new urban renewal precinct with a masterplan that prioritises liveability and sustainability. A true 20-minute neighbourhood, it will provide housing diversity, recreation opportunities, services and transport across four distinct precincts.

The four precincts that make up the former quarry area are characterised by a mix of housing options and embrace the unique heritage values of the site.

Of the 3,050 homes to be accommodated, at least 5% will be affordable housing as detailed within this Strategy. The collection of affordable homes will be provided across a variety of tenures and typologies, and integrated seamlessly into the masterplan's precincts.

Importantly, the Former Lilydale Quarry site will serve to accommodate a wide range of community benefits beyond the affordable housing commitment detailed in this strategy.

The project will also supply over 11 hectares of passive and active open space, new transport and social infrastructure, and land for a new government specialist school.

The Comprehensive Development Plan is underpinned by a suite of infrastructure contributions that will provide millions of dollars' worth of new drainage, transport and community facilities, both inside and outside of the development area.

All of these development components are designed towards ensuring the long-term affordable living for all of its residents.



PART 1

PLANNING CONTROLS

The Former Lilydale Quarry Comprehensive Development Plan (CDP) has been introduced into the Yarra Ranges Planning Scheme via the Comprehensive Development Zone applied to the land. While the CDP provides the overall vision and requirements for development of the land, the Schedule to the zone includes several additional planning requirements.

Any use, subdivision or development within the CDP area must be undertaken in accordance with Schedule 1 to the Comprehensive Development Zone (CDZ1).

Before a permit to subdivide land can be granted, an Affordable Housing Delivery Strategy (Strategy) must be prepared to the satisfaction of the Responsible Authority (Yarra Ranges Shire Council).

The Strategy will ultimately be used to inform the preparation of a Section 173 Agreement, which will require the landowner to make a contribution towards affordable housing.

As described within the CDZ1, the Strategy must consider (as a minimum) the following elements:

- *How affordable housing is to be achieved, including the identification of intended partners, timeframes, built form and response to each of the matters set out by the Minister pursuant to section 3AA(2) of the Planning and Environment Act 1987;*
- *Delivery of affordable dwellings, or land lots for construction of affordable dwellings, equal to 5% of the total dwellings proposed to be delivered across the incorporated CDP area, rounded to the nearest whole number, or any lesser number of dwellings as agreed between the owner and the responsible authority; or*
- *The provision of affordable housing by any agreed alternative method generally consistent with the value of the above provision.*

This Strategy is intended to respond to the requirements of CDZ1, as well as provide further supporting context to the delivery of affordable housing within the CDP area.

PART 1 POLICY CONTEXT

On June 1, 2018, the *Planning and Environment Act 1987* (the Act) was amended to include an objective 'to facilitate the provision of affordable housing in Victoria'. The amendment was accompanied by a formal definition of affordable housing (summarised adjacent) in the Act.

A range of affordability thresholds by income range and by household type are further defined to determine the relative housing affordability by different household formations.

This information is provided in the Victoria Government Gazette annually, with the latest thresholds dated 20 June 2021 summarised in the adjacent table (2022 figures to come later this year).

These ranges will inform the eligibility and need for affordable housing through analysis of the distribution of the population by income and tenure, maximum capacity to afford, and the relativity between this and the local market prices and rents.

The Act does not provide direction on the proportionality in delivery of the classes of affordable housing, or prescribe what 'weight' should be applied to each category.

As is detailed within the Strategy, development within the Former Lilydale Quarry will provide affordable housing that is appropriate for the housing needs of **very low**, **low**, and **moderate** income households.

Definition of Affordable Housing – *Planning & Environment Act 1987*



The *Planning and Environment Act 1987* defines affordable housing as follows:

- 1) For the purposes of this Act, affordable housing is housing, including social housing, that is appropriate for the housing needs of any of the following —
 - a) very low income households;
 - b) low income households;
 - c) moderate income households.
- 2) For the purposes of determining what is appropriate for the housing needs of very low income households, low income households and moderate income households, regard must be had to the matters specified by the Minister by notice published in the Government Gazette.
- 3) Matters specified by the Minister by notice under subsection (2) cannot include price ranges or prices for the purchase or rent of housing.

Income Ranges for Affordable Housing for Greater Melbourne as at June 2021

		Income Ranges			
		Single	Couple	Family	Group
Very Low	Minimum	\$0	\$0	\$0	\$0
	Maximum	\$26,200	\$39,290	\$55,000	\$55,000
Low	Minimum	\$26,201	\$39,291	\$55,001	\$55,001
	Maximum	\$41,920	\$62,870	\$88,020	\$88,020
Moderate	Minimum	\$41,921	\$62,871	\$88,021	\$88,021
	Maximum	\$62,860	\$94,300	\$132,030	\$132,030

Source: *Planning and Environment Act 1987*, Urbis

PART 1 THE 'NEED' FOR AFFORDABLE HOMES

Projected Affordable Housing Demand, Lilydale-Coldstream SA2

	2021			2031			Change 2021 - 2031 (no.)		
	Lilydale - Coldstream SA2	Total Housing Market Area	Yarra Ranges LGA	Lilydale - Coldstream SA2	Total Housing Market Area	Yarra Ranges LGA	Lilydale - Coldstream SA2	Total Housing Market Area	Yarra Ranges LGA
Population	19,700	152,000	158,500	25,400	169,000	171,400	5,700	17,000	12,900
Demand for Housing (Based on HH Size)	7,700	57,300	59,500	10,000	64,600	65,800	2,300	7,300	6,300
Dwelling Demand by Housing Tenure									
Owner Occupier	2,640	20,110	21,360	3,430	22,680	23,620	790	2,570	2,260
Purchaser	3,660	27,060	30,400	4,760	30,510	33,620	1,100	3,450	3,220
Renter	1,510	11,000	8,660	1,960	12,400	9,580	450	1,400	920
Dwelling Demand by Household Type									
Family With Children	3,600	27,890	28,720	4,510	30,750	30,440	910	2,860	1,720
Couple Family Without Children	2,140	15,310	17,080	2,890	17,550	19,390	750	2,240	2,310
Group Household	150	1,320	1,220	180	1,440	1,280	30	120	60
Lone Person	1,810	12,780	12,480	2,420	14,860	14,690	610	2,080	2,210
Dwelling Demand by Dwelling Type (*Some Dwellings are Outside These Classifications)									
Separate House	6,340	52,850	56,130	8,230	59,580	62,070	1,890	6,730	5,940
Semi-Attached	1,240	3,790	2,980	1,620	4,270	3,300	380	480	320
Flat, Unit or Apartment	70	670	250	90	760	280	20	90	30
Affordable Housing Demand									
Mortgage Stress	499	3,410	4,177	648	3,845	4,619	149	434	442
Rental Stress	489	3,214	2,605	635	3,623	2,881	146	409	276
Homeless People	44	126	360	57	142	398	13	16	38
Social Housing	107	561	427	139	632	472	32	71	45
Shared Equity Scheme	3	39	59	4	44	65	1	5	6
Housing Co-Op, Community, Church	20	140	150	26	158	166	6	18	16
Housing Need (No.)	1,162	7,490	7,778	1,509	8,444	8,601	347	950	820
Housing Need (% of Dwelling)	15.1%	13.1%	13.1%	15.1%	13.1%	13.1%	-	-	-

Note: Numbers have been derived using census/ VIF2019 figures as per previous analysis and carried forward for updated population projections.
Source: Victoria in Future 2019, ABS, Urbis

An initial assessment of local affordable housing 'need' was prepared in 2020 to support the preparation of the CDP. This assessment identified the need for new affordable housing dwellings for the following study areas (between 2019 – 2029):

- Lilydale – Coldstream SA2: **333 new AH dwellings**
- Local housing market: **1,101**
- Yarra Ranges LGA: **919**

A 2022 update assessment noted the following requirements for the period between 2021 and 2031:

- Lilydale – Coldstream SA2: **347 new AH dwellings**
- Local housing market: **950**
- Yarra Ranges LGA: **820**

The above changes are driven primarily by change in population growth in the above areas, with an increase witnessed in the Lilydale SA2, and a reduction in population across the other two areas.

Accordingly, the dedicated 162 affordable homes delivered in the Former Lilydale Quarry represent approximately 20% of Yarra Ranges' affordable housing need, and almost 50% of the Lilydale SA2, to 2031.

Notwithstanding this, it is recognised that it is not incumbent upon the former quarry site to address the affordable needs of the entire Shire despite the large individual contribution it will make.

The 2020 Affordable Housing Needs Assessment and 2022 update Are included at **Appendix A and B.**

PART 1 MODERATE INCOME AFFORDABILITY

Moderate income households represent the greatest volume of affordable housing demand within the Shire

The local housing market within the Yarra Ranges Shire has been offering limited diversity to date and deteriorating affordability, which is creating challenges throughout the entire housing system. The consequences are being felt in both the purchase and the rental markets.

The income profiles across the Lilydale-Coldstream SA2, Local Housing Market Area, Yarra Ranges LGA and Greater Melbourne are broadly similar. Lone persons have the highest propensity to fall into lower income brackets while families with no children had a greater tendency to be in higher income ranges. Out of very low, low and moderate income ranges identified in Section 3AB of the Act, the group that had the largest representation within Yarra Ranges (in absolute terms) was the moderate income group.

Moderate income earners, accordingly, represent the greatest demand for provision within the municipality by volume. Ensuring a secure long-term supply of tailored moderate income housing within Yarra Ranges will be crucial to supporting the full range of affordable housing needs of the Shire over time. Failure to address the needs of moderate income households in the short-term will exacerbate the lack of affordability throughout the entire housing market.

Providing affordable housing for moderate income households will deliver a range of affordability benefits

This moderate income group also holds the greatest opportunity from a delivery perspective, as the percentage discount to market rent required to provide an affordable dwelling for this income band will be lower than what is typically required around Greater Melbourne. The need from this cohort is anticipated to grow over time, which will further increase the requirement in future and add pressure to affordable housing needs.

A significant proportion of the market is already enduring housing stress, spending more than 30% of household income on housing costs with 482 Lilydale-Coldstream SA2 households paying more than 30% of annual household income on rent. In the same SA2, 492 households are paying more than 30% of annual household income on mortgage repayments.

Providing for moderate income housing will serve to address these identified issues across both rental and mortgage stress within the SA2 by providing increased supply and accessibility for households not currently able to move between rental and ownership classes. The provision of moderate income housing within the Former Lilydale Quarry, and elsewhere, will apply downward pressure on the rental market through providing an outlet for existing moderate income renters to transition into ownership and therefore increasing rental supply locally.

Any approach to affordable housing provision should also provide for very low and low income households

While the affordable housing proposed to be delivered within this Strategy responds to the needs of the full range of income levels identified in Section 3AB, it is noted that no particular income range is given greater weight than the next within the requirements of the CDZ1 or the Act more broadly.

It is recognised that while there is a relatively smaller volume of very low and low income households in the municipality, they tend to have the most acute housing needs. Therefore, despite representing a smaller overall proportion of need, very low and low income housing comprises 50% of the offer (see **Part 2** of the Strategy).

As detailed above, **secure moderate income housing will reduce the significant proportions of households enduring housing stress in both ownership and rental classes, as well as increasing the capacity of rental accommodation within the Shire as moderate income households gain access to secure accommodation.**

PART 1 KEY WORKER HOUSING

The number of key workers in Lilydale will grow strongly over the coming years

By 2024, the number of employees who work in key industries will increase by approximately 350 people or 130 households in Lilydale – Coldstream SA2. As a share of total employees in the local area, this is expected to increase from 24.3% in 2016 to 26.6% in 2024, driven primarily by Education & Training (see chart below). Key worker group employees are expected to grow faster than other employee groups in Lilydale.

Lilydale and surrounds must remain affordable for key worker households

The 2019 Urbis Housing Needs Assessment (Appendix A) converted labour force projections across 'key worker' occupations anticipated to drive an important housing requirement in Yarra Ranges Shire, in order to understand their specific housing needs.

To understand what this demand might look like by 2029, a forecast has been prepared per the table below. The forecast assumes that current growth rate remains the same and figures have been extrapolated accordingly.

Key workers will be needed to support jobs growth in priority industry sectors and service the Shire's growing population. This highlights the importance of providing worker-friendly housing to the growing base of employees that service the local community and economy.

The housing needs and incomes of key workers are diverse and include a substantial moderate income cohort. Providing homes that appeal to this group and that are affordable can assist the Yarra Ranges value proposition to key workers and ensure these important community and economic needs are met by local residents.

Lilydale-Coldstream SA2	% of Total Employees 2016	Employed Persons 2019	Employed Households 2019	% of Total Employees 2024	Employed Households 2024	Employed Households 2029
Public Administration and Safety	5.1%	460	170	4.8%	180	190
Education and Training	7.7%	770	280	9.4%	350	430
Health Care and Social Assistance	11.8%	1,110	410	12.5%	480	520
Total	24.3%	2,340	860	26.6%	990	1,140
Divided by 2.7 Persons per House						
Yarra Ranges LGA						
Public Administration and Safety	3.2%	1,230	450	3.0%	470	500
Education and Training	12.2%	5,150	1,910	14.7%	2,330	2,850
Health Care and Social Assistance	10.4%	4,220	1,580	11.1%	1,760	1,990
Total	25.8%	10,600	3,920	28.9%	4,560	5,340
Divided by 2.7 Persons per House						

Source: Department of Jobs and Small Business, ABS, Urbis

“Employees working in Education and Training, Health Care and Social Assistance and Public Administration & Safety industries are forecast to grow significantly over the period 2019-2029. To support this growing employee base, an additional 280 dwellings would be required in the Lilydale-Coldstream SA2 and 1,420 across the entire municipality to meet this demand.”

Urbis Housing Needs Assessment (2019)

PART 02 PROPOSITION

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PART 2

AFFORDABLE HOUSING PROPOSITION

The affordable housing provision for the Former Lilydale Quarry site is comprised of **two components**.

In total, the Strategy proposes the delivery of **162 affordable homes** within the Former Lilydale CDP area.

The provision of these homes will represent **5%** of the total dwellings to be delivered in the CDP area, and will provide homes for the full spectrum of affordable income ranges.

The proposition can be summarised as providing for:

- 81 social rented homes
- 81 affordable purchase homes for eligible moderate income, key worker households

Category 1 Social Rented Housing

81 social rented affordable homes will be provided through a land-gifting arrangement to Haven, or a similarly qualified and established alternative housing provider.

The allocation of housing will be managed by Haven tailored to its requirements for the sustainable provision of social rental affordable housing.

Suitable occupants will be taken from the state's social housing list (Victorian Housing Register) and comprise households that meet the prescribed income levels.

This category will provide housing for **very low** and **low** income households.

Category 2 Affordable Purchase Key Worker Housing

81 homes will be constructed by the developer and provided to qualifying key worker households at market cost as part of wider master plan delivery.

Allocation of homes will be managed by a dedicated housing register managed by the developer, or by a suitably resourced third-party.

Benchmark income levels will be updated as necessary and used to ensure the housing remains affordable for **'moderate' family** and **'moderate' couple** income ranges.

This allocation will ensure that at least 2.5% of homes within the development will remain affordable to **moderate income key worker households** at purchase.

Key workers are defined within the scope of this Strategy as:

"employees in services that are essential to a city's functioning but who earn low to moderate incomes."


AHURI, Aug 2021

<https://www.ahuri.edu.au/research/brief/key-workers-and-commuting-during-covid-19>

PART 2 HAVEN; HOME, SAFE


Haven Profile

 **\$38m**
operating budget
(FY 19/20)

 **1900+**
houses managed
(FY 19/20)

 **\$360m**
in assets
(FY 19/20)

Impact Metrics

 **\$5.8m**
spent on brokerage
helping and housing
people (FY 19/20)

3,473 people housed
in total
1,091 Transitional
2,382 Long-term

1,073 people housed
(FY 19/20) **591**
Transitional
482 Long-term

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New Epping
Source: Haven

Category 1 (Social Rented Housing) within the development will be delivered by **Haven; Home, Safe** ('Haven') in partnership with the Proponent.

Haven is an established housing provider, managing over 1,900 homes across Victoria.

Through a land-gifting arrangement of land within Precincts 3 and 4, Haven will deliver a minimum 81 social housing units, which will be available to rent for very low and low income households.

Haven operates a 'wrap around' support model, which integrates social support services into its projects.

This ensures that for households within the most acute 'need' category, that enduring service provision will be provided alongside the housing.

This management model relies upon medium density housing accompanied by wrap-around services at ground levels.

Mindful of this, it is most appropriate for this housing to be delivered in Precincts 3 and 4, which allows for housing to be delivered at higher densities.

In the event that Haven is unable to deliver part, or all of the required Category 1 homes, an alternative and equally capable provider will be sourced.

PART 2 STAGING

The various affordable homes will be delivered at different stages of the development's lifecycle, recognising that each Precinct has its own character and locational attributes suited to different housing typologies.

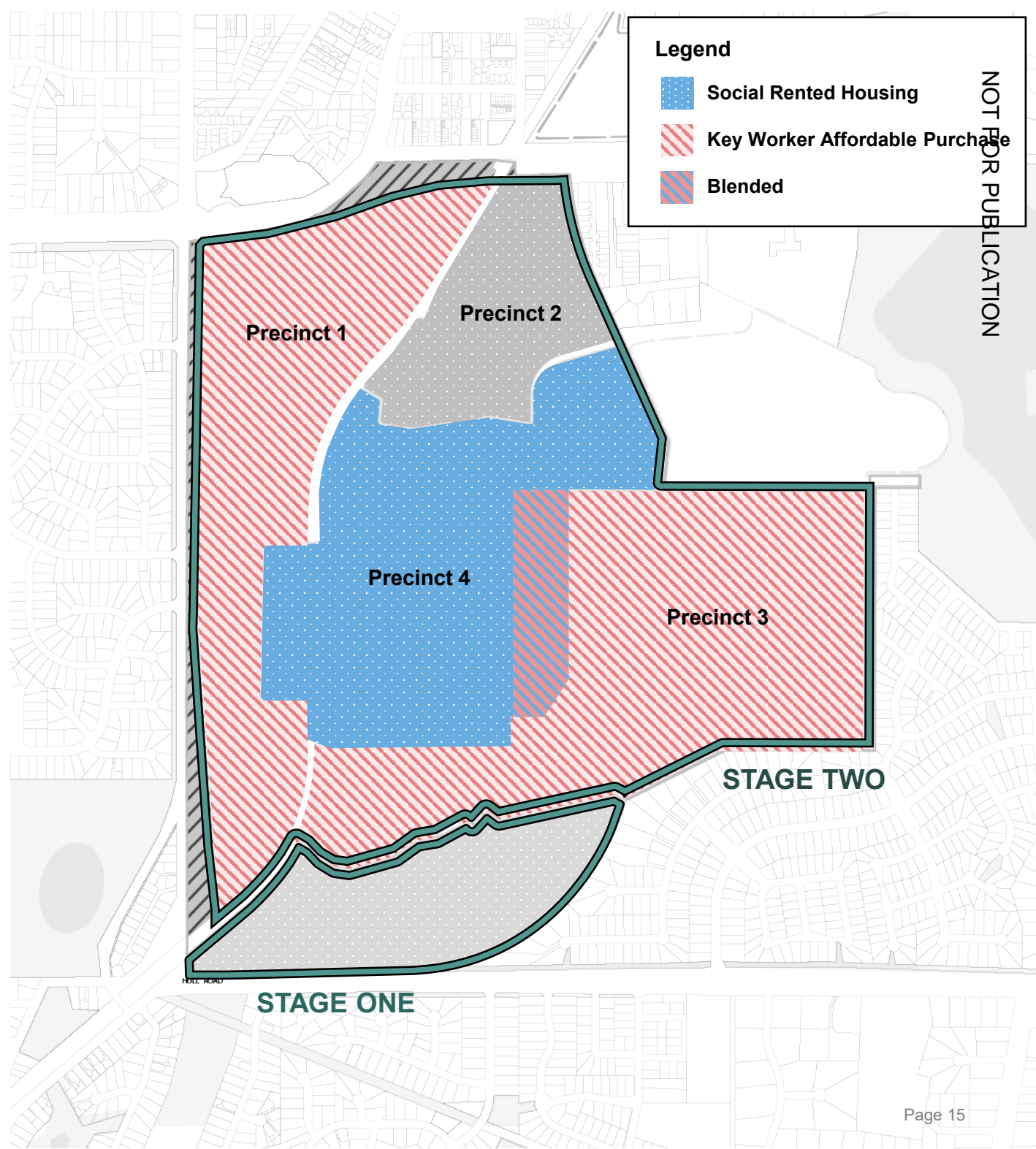
Social Rented Housing is considered most suitable for delivery within **Precincts 3 and 4**. This is due to the typology of housing anticipated in these locations, proximity to services, and the topography within these Precincts, which is flatter and more cost effective to deliver social rented homes.

Affordable Purchase Housing **will** be delivered predominantly within **Precincts 1 and 3** due to the similarity in product, and to provide for consistent delivery of housing across the development.

Indicative layouts for Affordable Purchase Housing is included at **Appendix C**, and indicates the potential distribution of moderate income, key worker housing throughout **Precinct 1**.

While the specific distribution of housing is not fixed at this point in time, it is expected that the provision of affordable housing will follow the timeline below:

- **2024 – 2026**
Affordable Purchase (Cat 2)
 Precinct 1 – approx. 20 dwellings
- **2027 – 2030**
Affordable Purchase (Cat 2)
 Precincts 1 & 3 – approx. 61 dwellings
Social Rented Housing (Cat 1)
 Precinct 3 – approx. 20 dwellings
- **2031 – 2036**
Social Rented Housing (Cat 1)
 Precinct 4 – approx. 61 dwellings



PART 03 MINISTERIAL MATTERS

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PART 3 MINISTERIAL MATTERS

Section 3AA(2) of the *Planning and Environment Act 1987* specifies the matters to which regard must be had for the purposes of determining what is appropriate for the housing needs of very low, low, and moderate income households.

The matters are detailed below, and provide the framework for deliver of affordable housing within the Former Lilydale Quarry:

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

Section 3AA(2) also notes that the following official estimates of housing need must be considered during the delivery of affordable housing:

- Australian Bureau of Statistics Community Profiles
- Census profiles for Victoria
- Department of Health and Human Services Rental Report
- Metropolitan regional housing plans to guide housing growth
- Public housing waiting list (Victorian Housing Register list)
- Victoria in Future data tables.

Accordingly, this Strategy for delivering affordable housing within the CDP area is constructed around eight matters. As is summarised over the following pages, the affordable housing proposal responds appropriately to all matters.

CATEGORY 1

SOCIAL RENTED HOUSING

81 units of social rented housing will be delivered and subsequently managed by Haven, an established manager of affordable housing in Victoria.

Haven will allocate housing to eligible households on the Victorian Housing Register who meet the prescribed income ranges.

It is expected that Haven will manage the allocation through its established practices, which ensure that only the most vulnerable households are provided social rented housing within the CDP area.

CATEGORY 2

KEY WORKER AFFORDABLE PURCHASE

81 dwellings will be constructed by the Proponent and allocated to eligible moderate income, key worker households for purchase.

Allocation of this housing will be managed by the Proponent, or a suitably qualified partner.

The housing register will be managed to ensure that affordable purchase housing is only provided to eligible key worker households that meet the 'moderate' income ranges of the day.

The auditing process will ensure that the housing is only provided to owner-occupiers, and will not be initially purchased by investors.

KEY WORKER DEFINITION

For the purpose of allocating Category 2 housing, key workers will be considered as:

“employees in services that are essential to a city’s functioning but who earn low to moderate incomes.”

AHURI, Aug 2021

<https://www.ahuri.edu.au/research/brief/key-workers-and-commuting-during-covid-19>

PART 3

ALLOCATION

With respect to the Ministerial Matters described within Section 3AA(2) of the *Planning and Environment Act 1987*, the **allocation** of affordable housing within the CDP area will ensure equitable access to eligible households.

PART 3

AFFORDABILITY

With respect to the Ministerial Matters described within Section 3AA(2) of the *Planning and Environment Act 1987*, the housing within the CDP area will provide **affordable** housing for a range of income brackets.

CATEGORY 1

SOCIAL RENTED HOUSING

The affordability of the **Category 1** affordable housing will be tailored to 'very low' and 'low' income households.

These households are identified on the Victorian Housing Register and as such meet the prescribed income levels.

Haven will ensure that residents selected for the social rented product continue to meet income requirements.

CATEGORY 2

KEY WORKER AFFORDABLE PURCHASE

As detailed within the affordable housing need assessment at **Appendix A**, there remains a demonstrable need for housing that is accessible for key workers on 'moderate incomes' within Yarra Ranges.

The **Category 2** housing will be a bespoke product delivered to market that satisfies the 'moderate income' affordability criteria for key worker families and couples.

The details of this housing is provided at **Appendix D**, noting that:

- At a purchase price range of **\$740-760,000**, a 3-bedroom product satisfies the **moderate family bracket**
- At **\$635,000**, the 2-bedroom townhouse satisfies the **moderate family bracket**
- At a range of **\$590-620,000** the two-bed apartment satisfies the **moderate couple bracket and moderate family bracket**.

While the above reflects moderate income price points in 2022, these benchmarks will be updated in over time as affordability levels change.

This will ensure that the 81 key worker homes within the development remain affordable to moderate income households over the duration of development.

CATEGORY 1 SOCIAL RENTED HOUSING

The housing will be retained as social housing in the long-term, with ongoing management provided by Haven.

CATEGORY 2 KEY WORKER AFFORDABLE PURCHASE

Category 2 housing will be provided as 'one-off' affordable housing, with the Proponent controlling the distribution of the housing at first sale only.

Notwithstanding the 'one-off' nature of the product, the Category 2 housing will elevate residents out of housing stress and secure long-term affordability for occupants.

Over the course of the development, this housing will remain targeted to moderate income key worker households and ensure a reduction in the overall need for affordable housing within the Shire.

As the housing will be delivered predominantly through Precincts 1 and 3, it will provide long-term affordability as the housing is released over a 10-15 year period.

CATEGORY 2 KEY WORKER AFFORDABLE PURCHASE

Category 2 housing will be provided as 'one-off' affordable market sale. The Proponent will only sell the dwellings to genuine owner-occupiers.

PART 3 LONGEVITY

With respect to the Ministerial Matters described within Section 3AA(2) of the *Planning and Environment Act 1987*, the affordable housing within the CDP area will provide **long-term affordability**.

CATEGORY 1 SOCIAL RENTED HOUSING

Category 1 housing will be constructed, owned and operated by Haven as social-rented tenure.

The housing will be included within Haven's substantial portfolio of dwellings under management (1,900+ dwellings).

TENURE

With respect to the Ministerial Matters described within Section 3AA(2) of the *Planning and Environment Act 1987*, the affordable housing within the CDP area will provide affordable housing across a **mix of tenures**.

PART 3 TYPOLOGY

With respect to the Ministerial Matters described within Section 3AA(2) of the *Planning and Environment Act 1987*, the affordable housing within the CDP area will provide a mix of affordable housing **typologies**, catering for singles, couples and families.

CATEGORY 1 SOCIAL RENTED HOUSING

The Category 1 housing will be constructed by Haven on land gifted by the Proponent across a number of sites within the CDP area.

The typology of housing will reflect the wider service needs and management model of Haven, which requires 'wrap around' social services accompanying its housing.

This typology of housing, as shown in the below example, is ideally suited for delivery by Haven. The apartment and unit development anticipated will allow for Haven to take a standardised approach towards delivery, reducing construction costs and maximising efficiencies in their long-term management.

Schematic examples of Category 1 housing are provided at **Appendix E** and highlight how they may be configured to meet the needs of Haven.



CATEGORY 2 KEY WORKER AFFORDABLE PURCHASE

The affordable purchase housing will be delivered in an integrated manner across a number of precincts within the CDP area.

A range of housing products will be made available including:

- 2-3 bedroom townhouses (Precinct 1 and 3)
- 1-3 bedroom apartments (Precinct 3).

Appendices C-D provide further details on examples of housing likely to be provided as Category 2 housing across Precincts 1 and 3.



CATEGORY 1 SOCIAL RENTED HOUSING

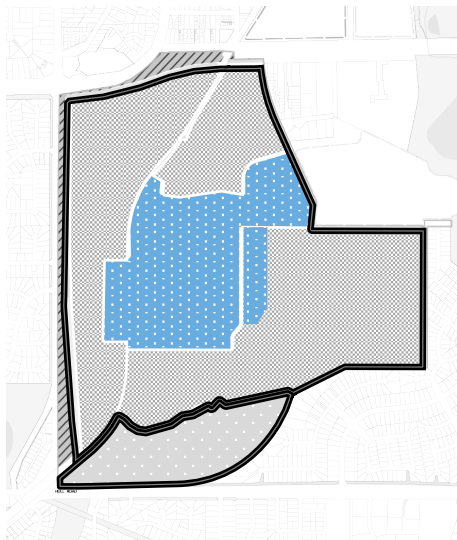
The Proponent will gift land to Haven sufficient to deliver 81 Category 1 homes within the development.

As the typology of housing will be medium-density apartment and unit homes (3-6 storeys), it is expected that it will be accommodated predominantly within precincts 3 and 4 of the CDP.

The distribution of Category 1 homes will ensure they are provided in areas that allow for tenure-blind integration and are close to essential services and public transport.

The 'Heritage Village' character of Precinct 2 raises some challenges associated with the delivery of affordable housing at this location.

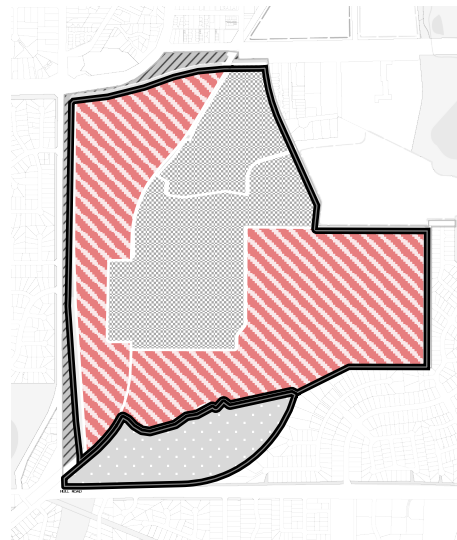
While the proposed allocation does not currently propose to include affordable housing within Precinct 2, it does not preclude it being delivered should the opportunity arise.



CATEGORY 2 KEY WORKER AFFORDABLE PURCHASE

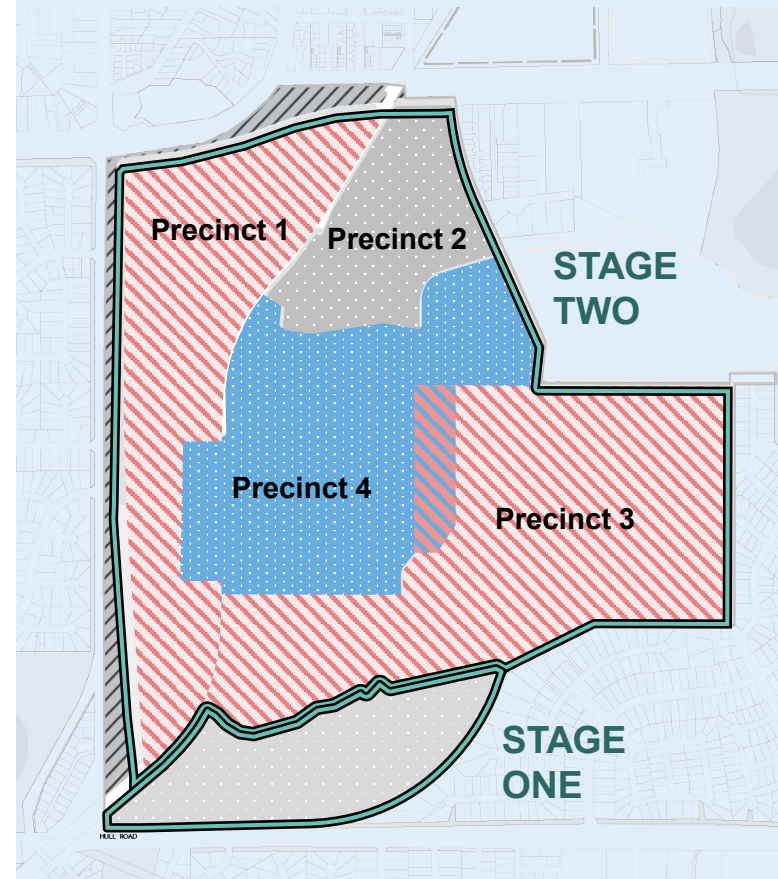
Over the course of developing the CDP area, Category 2 housing will be provided in an integrated fashion alongside broader market housing.

The affordable purchase homes will be built to the same standard as market housing, and 'pepper-potted' throughout precincts 1 and 3.



PART 3 DISTRIBUTION & INTEGRATION

With respect to the Ministerial Matters described within Section 3AA(2) of the *Planning and Environment Act 1987*, the affordable housing within the CDP area will be **distributed** in an **integrated** and tenure-blind fashion across three Precincts – ensuring a steady rollout and spread of affordable homes.



SUMMARY

Allocation	The affordable housing will be allocated by Haven and the Proponent, with long-term management of social rented housing provided by Haven.
Affordability	The proposition will cater for all identified incomes bands (very low, low, and moderate).
Longevity	<p>The social rented housing will be delivered, owned and managed by Haven in the long-term.</p> <p>One-off affordable purchase will be provided across the lifespan of the development for key worker households that meet the prescribed moderate income range.</p>
Tenure	<p>The social rented housing will be provided as rental accommodation, managed by Haven in the long-term.</p> <p>The key worker affordable purchase housing within the development will be exclusively sold to owner-occupiers.</p>
Typology	A mix of housing types will be provided, catering for single, couple and family households.
Location	The affordable housing will generally be distributed within Precincts 1, 3 and 4.
Integration	The affordable housing dwellings will be tenure-blind, and integrated seamlessly with the broader market housing.
Need	The need for affordable housing has been established through the 2020 Urbis Needs Assessment, as updated in 2022 (see Appendix B).

As required by Schedule 1 to the Comprehensive Development Zone, the Former Lilydale Quarry Affordable Housing Delivery Strategy has considered and addressed the following points:

- *How affordable housing is to be achieved, including the identification of intended partners, timeframes, built form and response to each of the matters set out by the Minister pursuant to section 3AA(2) of the Planning and Environment Act 1987;*
- *Delivery of affordable dwellings, or land lots for construction of affordable dwellings, equal to 5% of the total dwellings proposed to be delivered across the incorporated CDP area, rounded to the nearest whole number, or any lesser number of dwellings as agreed between the owner and the responsible authority; or*
- *The provision of affordable housing by any agreed alternative method generally consistent with the value of the above provision.*

A range of housing typologies will be provided for very low, low and moderate income households. The delivery of this housing will be included across various precincts within the CDP area and delivered incrementally over an estimated 10-15 year development horizon.

The staged delivery of the affordable housing will ensure that a steady supply of affordable homes will be provided over this period.

A dedicated provision of affordable housing for moderate income households will address the Shire's greatest need by volume, while improving the affordability of the private rental market by transitioning more households into home ownership and ensuring a steady supply of local accommodation for key workers within Yarra Ranges.

The affordable housing provided within the development contributes to the wider public benefits provided by the CDP, including new education and community facilities, and generous open space provision.

These elements are in addition to the development contributions secured through the Comprehensive Development Plan, which fund infrastructure improvements to the benefit of the wider community.

As detailed within the Strategy, the affordable housing proposition appropriately addresses all eight elements of Section 3AA(2) of the Act.

APPENDIX A
2020 AFFORDABLE
HOUSING NEEDS
ASSESSMENT

URBIS

LILYDALE QUARRY AFFORDABLE HOUSING NEEDS ASSESSMENT

Prepared for
INTRAPAC PROPERTY
29 April 2020

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EXECUTIVE SUMMARY

The purpose of this report is to understand and critically analyse the need for affordable housing in Lilydale and the wider Shire of Yarra Ranges. This is intended to inform appropriate housing products that can make a positive contribution to the future prosperity of the community.

This report assesses housing demand, the characteristics of local residents and the extent of housing need related to typical affordability thresholds as well as non-market housing. This will be used to inform the Lilydale Quarry Amendment to further develop the dwelling proposition to meet housing demand and how to target affordable housing need where it can be viably delivered.

Urbis understands that the Yarra Ranges Shire Council is currently in the process of preparing an Affordable Housing Strategy, which will outline approaches to facilitate affordable housing outcomes across the entire municipality.

In time, we will see how this work views the opportunities to distribute response to need across the municipality and which levers can be pulled to deliver increased affordable housing across the local government area.

In the meantime, this study reviews need and opportunities with the view to understanding an appropriate response at Lilydale Quarry and how the Kinley development can make a contribution among the suite of initiatives in the Affordable Housing strategy designed to promote provision throughout the municipality.

This study does not consider the wider community benefits that may occur with a development of this magnitude, including but not limited to:

- Addition of diverse, high quality open space
- Addition of new community facilities, such as a primary school, kindergarten and maternal and child health services
- Addition of links through the site to improve overall connectivity in the broader area
- Improvement of land utilisation through the removal of an empty quarry site
- Preservation and activation of significant heritage-built form assets
- Provision for a new train station to service residents of the development and the surrounding area
- Diversification of suburb demographics and housing stock.

This report focuses on determining the demand for affordable housing across Yarra Ranges Shire and how the development at Lilydale quarry may contribute to meeting this demand.

The analysis in this report can be summarised as follows:

Lilydale and the LGA have been growing more rapidly than previous estimates and require more homes to be delivered

- The population of the Lilydale-Coldstream SA2 is forecast to grow at 2.4% per annum, which equates to almost 250 dwellings per year between 2019 - 2036. This is greater than the previous forecasts of 1.5% population growth per annum or by nearly 130 dwellings each year. The Yarra Ranges LGA is expected to grow by 715 dwellings per annum, well above previous estimates of 278 dwellings per annum for the Yarra Ranges Shire.
- Demand for medium density and rental accommodation are also likely to have been understated based on this approach and reflects current housing data which is highly skewed towards traditional, single-family housing.
- When you consider the relationship with the surrounding local housing market area, density continues to ripple out from the centre of Melbourne. There is a sizeable future requirement of medium density in the surrounding local housing market area. Lilydale can also contribute to this requirement given the way it is currently functioning within this housing market.
- The analysis indicates **a requirement to deliver 12,160 additional homes in the LGA and 4,200 homes in the Lilydale SA2 by 2036**. It is integral that housing policy accounts for not only meeting

housing demand but also achieving diversification as the provision of high quality new dwellings at a range of densities would be expected to cater to the needs of single, couple and family households of all tenure types.

Housing choice is limited for residents of the local area

- Housing choice is predominantly limited to low density separate houses with flats, units and apartments having low representation across the municipality. This is reflected in dwelling structure options where dwellings with 3 or more bedrooms have the strongest weighting. This can limit the housing and affordability options for individuals looking to purchase or rent a property.
- Price growth for both units and houses has remained above the Greater Melbourne average over the last 20 years. Transaction volumes have however fallen over this period. This is a likely function of a market becoming established. It is also representative of the lack of housing choice on the smaller end of the spectrum, which limits the ability for purchasers to obtain a more affordable home.
- Whilst renting is the least represented form of housing tenure in the Lilydale area, the last decade is evidence that appetite for this form of living is growing and should be considered in the development of future housing at Kinley to assist with consumer choice and affordability pressures.

Moderate Income Earners and Above Make Up the Largest Proportion of Households and the greatest opportunity

- The income profile across the Lilydale-Coldstream SA2, Local Housing Market Area, Yarra Ranges LGA and Greater Melbourne are broadly similar. Lone persons have the highest propensity to fall into lower income brackets whilst families with no children had a greater tendency to be in higher income ranges. Out of Very Low, Low- and Moderate-income ranges identified in the *Planning & Environment Act 1987* (P&E Act), Section 3AB, Order in the Council, the group that had the largest representation (in absolute terms) was the moderate-income group.
- This moderate-income group also holds the greatest opportunity from a delivery perspective, as the percentage discount to market rent required to provide an affordable dwelling for this income band will be lower than what is typically required around Greater Melbourne. See table 0.2 and section 4.1 for further details.
- There is a significant proportion of the market already participating in market housing that is spending more than 30% of household income on housing costs. In the Lilydale-Coldstream SA2, 482 households are paying more than 30% of annual household income on rent. Furthermore, in the Lilydale-Coldstream SA2, 492 households are paying more than 30% of annual household income on mortgage repayments.
- Based on the calculation of affordable housing need across the three benchmark areas (including those already participating in market housing as well as non-market housing), 1,189 lots of affordable housing are currently required in the Lilydale-Coldstream SA2, 7,623 in the Local Housing Market Area and 8,051 in the Yarra Ranges LGA. Within a decade, this need could increase to 1,522 lots of affordable housing being required in the Lilydale-Coldstream SA2, 8,725 in the Local Housing Market Area and 8,970 in the Yarra Ranges LGA.
- Outside of this calculation we note also that the Victorian Housing Register and transfer list by local area shows how many people were waiting to move and transfer to a social housing property as at December 2019. The list in the Outer Eastern area of Melbourne (includes 763 households listed under priority access and a further 1,097 that have registered interest. A further 132 transfer applicants are listed as priority access while a further 121 have registered interest to transfer to a social housing property.

Table 0.1 Current Affordable Housing Need, 2019

	Total Households 2019	Affordable Housing Need 2019 (%)	Affordable Housing Need 2019 (No.)
Lilydale-Coldstream SA2	7,880	15.1%	1,189
Local Housing Market Area	58,320	13.1%	7,623
Yarra Ranges LGA	61,592	13.1%	8,051

Source: ABS, Victoria in Future 2019, Urbis

Table 0.2 Affordable Threshold of Income by Range Against Weekly Market Rents by Locality

		Single Person	Couple (One Bedroom)	Couple (Two Bedrooms)	Family (Two Bedrooms)	Family (Three Bedrooms)
Croydon- Lilydale	Very Low	27%	40%	31%	44%	37%
		54%	80%	62%	87%	73%
	Low	70%	104%	81%	114%	95%
		86%	128%	100%	140%	117%
	Moderate	107%	150%	117%	175%	146%
		128%	193%	150%	210%	176%
Yarra Ranges	Very Low	26%	39%	31%	44%	38%
		52%	77%	62%	87%	76%
	Low	67%	101%	81%	114%	99%
		83%	124%	100%	140%	121%
	Moderate	103%	145%	117%	175%	152%
		124%	186%	150%	210%	182%
Greater Melbourne	Very Low	20%	30%	24%	34%	30%
		40%	60%	49%	68%	59%
	Low	52%	78%	63%	88%	77%
		64%	96%	78%	109%	95%
	Moderate	80%	113%	91%	136%	118%
		97%	145%	116%	163%	142%

Source: DHHS, Planning & Environment Act 1987, Urbis

Key worker housing demand will continue to grow and the response will form an essential part of the Shire of Yarra Ranges’ economic prosperity

- A key contributor to future housing demand is the scale of employment, with municipalities needing to ensure that key worker groups are attracted to support the local economy. Healthcare and social assistance, education and training and public administration industries represent key worker groups and are among the top 10 local industries of employment for all three benchmark areas. There would be a strategic benefit in providing housing that appeals to these key worker groups that make up a significant portion of the local economy and are projected to grow.
- For all household types, most of the individuals that worked in the industries included in the key worker group were above the ranges identified in the P&E Act (i.e. Very Low, Low and Moderate). This is a factor that should be considered in the planning for affordable housing as it suggests that a large proportion of key workers may be able to afford to rent or purchase close to or at market rates based on their income profile.

Future affordable housing need can be met in a number of ways

- Individuals living under rental stress represent the group with the highest degree of disadvantage, given that in all three benchmark areas, nearly 50% of renting households were living under rental stress. Providing more private rented accommodation at Kinley may inject some needed rental supply into the market. This may ease affordability pressures derived from minimal rental stock.
- Between 2019 and 2029, an additional 333, 1,101 and 919 affordable housing dwellings are required in the Lilydale SA2, local housing market area and Yarra Ranges LGA respectively. In absolute

terms, the greatest need for affordable housing in all of these regions is expected to be driven by those living under mortgage and rental stress.

- Employees working in Education and Training and Health Care and Social Assistance industries are forecast to grow significantly over the same period. To support this growing employee base, an additional 280 dwellings would be required in the Lilydale-Coldstream SA2 and 1,420 across the entire municipality, although some of this will be subsumed within the existing affordable housing need quantum.

Table 0.3 Affordable Housing Demand Summary Table, 2019 - 2029

	2019			2029			Change 2019-29 (No.)		
	Lilydale SA2	Housing Market Area	Yarra Ranges LGA	Lilydale SA2	Housing Market Area	Yarra Ranges LGA	Lilydale SA2	Housing Market Area	Yarra Ranges LGA
Population	19,920	152,440	159,270	25,040	170,550	173,010	5,120	18,110	13,740
Dwelling Demand	7,880	58,320	61,590	10,110	66,780	68,640	2,230	8,460	7,050
Dwelling Demand by Housing Tenure									
Owner Occupier	2,680	20,150	21,830	3,430	23,070	24,330	750	2,920	2,500
Purchaser	3,670	27,010	30,790	4,700	30,930	34,320	1,030	3,920	3,530
Renter	1,530	11,170	8,970	1,970	12,800	9,990	440	1,630	1,020
Dwelling Demand by Household Type									
Family With Children	3,820	29,210	30,350	4,890	33,440	33,830	1,070	4,230	3,480
Couple Family No Children	2,160	15,420	17,320	2,780	17,650	19,310	620	2,230	1,990
Group Household	110	1,130	1,050	140	1,290	1,170	30	160	120
Lone Person	1,790	12,570	12,860	2,300	14,390	14,340	510	1,820	1,480
Dwelling Demand by Dwelling Type									
Separate House	6,430	53,070	57,830	8,240	60,770	64,450	1,810	7,700	6,620
Semi-Attached	1,370	4,420	3,400	1,760	5,060	3,790	390	640	390
Flat, Unit or Apartment	80	830	360	100	960	400	20	130	40
Key Worker Demand									
Public Administration and Safety	170	n/a	450	190	n/a	500	20	n/a	50
Education and Training	280	n/a	1,910	430	n/a	2,850	150	n/a	940
Health Care and Social Assistance	410	n/a	1,560	520	n/a	1,990	110	n/a	430
Affordable Housing Demand									
Mortgage Stress	511	3,471	4,323	654	3,973	4,817	143	501	494
Rental Stress	500	3,271	2,697	640	3,743	3,004	140	473	308
Homeless People	45	128	373	57	147	415	12	19	43
Social Housing	110	571	442	141	653	492	31	82	50
Shared Equity Scheme	3	40	61	4	45	68	1	6	7
Housing Co-Op, Communit, Church	21	143	155	27	164	173	6	21	18
Housing Need (No.)	1,189	7,623	8,051	1,522	8,725	8,970	333	1,101	919
Housing Need (% of Dwelling)	15.1%	13.1%	13.1%	15.1%	13.1%	13.1%	-	-	-

Source: ABS, Victoria in Future 2019, Department of Jobs & Small Business, Urbis

- Tables 0.4 – 0.5 shows more households would be able to access housing within 30% of their income if housing were provided at 10%, 20% or 30% less than current levels across rental and mortgage costs. The results highlight that delivering lower rents and mortgage costs can assist in alleviating disadvantage from a large proportion of residents living in both the Lilydale-Coldstream SA2 and the Shire of Yarra Ranges. We can also see that sizeable gains can be made at close to market prices to assist people over the affordability threshold.

Table 0.4 Affordability Threshold Analysis: Lilydale - Coldstream SA2, 2019

	No. of Households Living Under Rental Stress	Additional Households <u>Not</u> Living Under Rental Stress	No. of Households Living Under Mortgage Stress	Additional Households <u>Not</u> Living Under Mortgage Stress
Standard Rent/Mortgage Repayment	482		495	
10% Lower	274	+ 208	217	+ 278
20% Lower	187	+ 87	92	+ 125
30% Lower	120	+ 67	48	+ 44

Source: ABS, Urbis

Table 0.5 Affordability Threshold Analysis: Local Government Area, 2019

	No. of Households Living Under Rental Stress	Additional Households <u>Not</u> Living Under Rental Stress	No. of Households Living Under Mortgage Stress	Additional Households <u>Not</u> Living Under Mortgage Stress
Standard Rent/Mortgage Repayment	2,699		4,324	
10% Lower	1,594	+ 1105	2,074	+ 2250
20% Lower	1,034	+ 560	1,051	+ 1023
30% Lower	733	+ 301	612	+ 439

Source: ABS, Urbis

A holistic response will be required to deliver against the municipality’s affordable housing objectives

The key to delivering more affordable housing sits within a number of areas:

1. Ability to deliver more housing overall and avoid the issue deteriorating
2. Ability to deliver a more diverse housing stock that can expand both choice and affordability in the market with medium and high-density options
3. Ability to deliver affordable housing contributions that can be viably delivered, without impacting upon the delivery of housing volume overall

Therefore, in meeting the three objectives above the opportunity at Lilydale Quarry includes:

- Delivering a range of densities to compensate for the scarcity of smaller dwelling types and enhance the ability to deliver against forecast dwelling demand from continued population growth
- Deliver a range of price points (linked to the size and type) to include relatively more affordable options
- Deliver homes targeting key workers to ensure talent continues to be attracted to this area and support the growth of these essential sectors to the Shire of Yarra Ranges local economy
- Deliver targeted private rental stock adding supply to the section of the market that is experiencing affordability pressure
- Exploring measures such as shared equity and rent to buy schemes that assist first home buyers to access the market
- Affordable housing for purchase to qualifying households (criteria to be determined)
- Explore Housing Association requirements and viability implications (for both the developer and Registered Housing Associations) for providing land with permits in place to deliver affordable housing.

We expect that the emerging Affordable Housing Strategy will present a range of strategies to deliver affordable housing outcomes at locations throughout the Shire of Yarra Ranges, using a variety of instruments which could include establishing targets, potential inclusionary rezoning, subdivision or density bonuses to promote the provision of affordable housing throughout the municipality.

There are a range of ways in which a development of this scale can deliver against affordable housing objectives. It should however be noted that given the vast requirement for affordable housing across the municipality, no one site or development has the capability to fulfil the entire requirement for affordable housing. Nevertheless, this report provides some assistance and guidance toward how need can be best targeted in Lilydale and the wider municipality.

There is a strategic rationale to deliver density, to add rental supply, to target key workers and even the prospect that smaller scale reductions to housing costs could push a reasonably high number of households positively over the affordability threshold.

In pursuing these objectives, it will be critical to assess viability when determining the extent of provision. This is especially true when one considers the importance of delivering homes (of all kinds) sooner, rather than later to meet the needs of a growing population and keep wider affordability in check.

NOT FOR PUBLICATION

The development of Lilydale Quarry will be staged over time. The affordable housing landscape will continue to evolve as need is monitored and delivery models and funding are progressed. Therefore, it makes sense to continue to firm up the affordable housing proposition at each stage as appropriate.

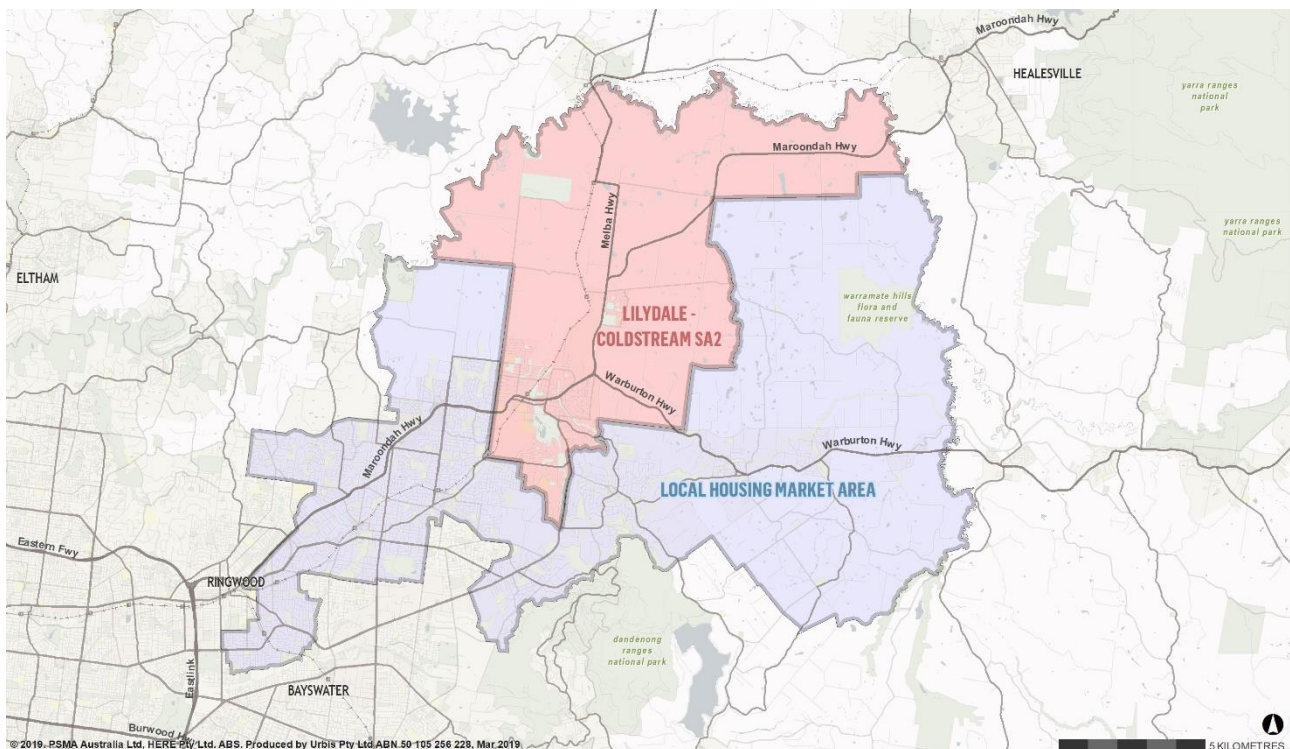
1. INTRODUCTION

The purpose of this report is to provide an evidence base of local housing requirements and affordable housing need in and the around the Lilydale area to understand levels of need at different thresholds of affordability (as defined by the state) for both residents and workers. This analysis also tests affordability thresholds in a local context and provides evidence of 'market' prices and rents in the market.

This report is intended to inform the joint venture partners' strategy for providing the appropriate housing products and target specific needs for housing by understanding how the development can make a positive contribution to the future prosperity of the wider community.

1.1. CATCHMENT AREA

Map 1 Lilydale Quarry Catchment Area



The study area benchmarks have been defined as follows:

Lilydale-Coldstream SA2 – The Australian Bureau of Statistics defines Statistical Areas Level 2 (SA2s) as areas designed to reflect functional areas that represent a community that interacts together socially and economically. The Lilydale-Coldstream SA2 is the primary trade area of the study area and is where the subject site is located.

Local Housing Market Area – This area comprises neighbouring SA2s based on migration patterns to Lilydale SA2 from 2015 to 2016. These include Mooroolbark, Chirnside Park, Mount Evelyn, Croydon – West, Croydon Hills- Warranwood, Croydon-East, Ringwood East, Montrose and Wandin-Seville SA2. There is a visible interrelationship between these areas as a functioning housing market.

Shire of Yarra Ranges – This is the municipality where the subject site and majority of the neighbouring SA2s reside in. However, the Local Government Area (LGA) covers a vast area with varied characteristics in different locations.

1.2. RESIDENTIAL MARKET

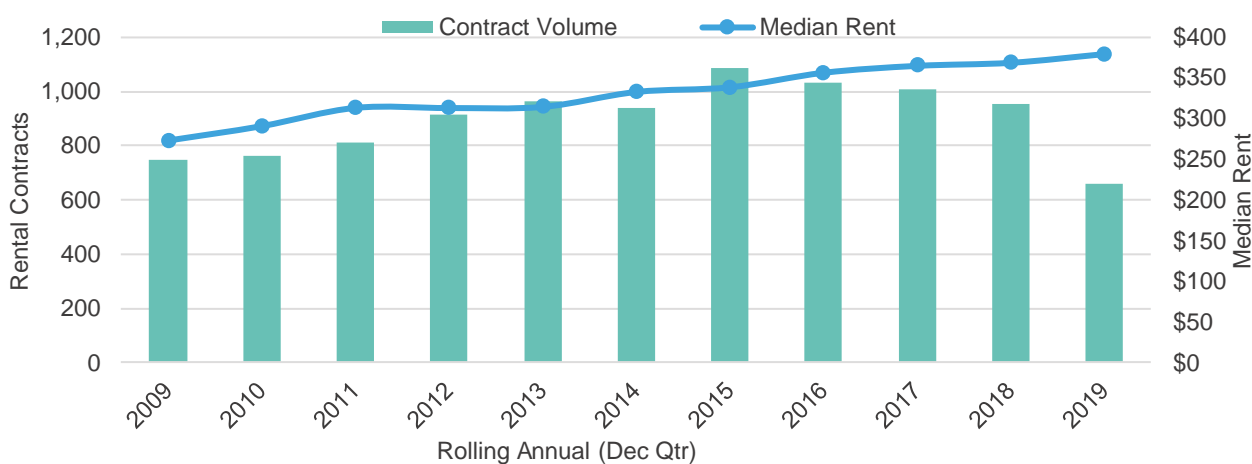
1.2.1. Rental Market

Under the Department of Health & Human Services' geographical definitions, Lilydale in addition to Chirnside Park, Croydon Hills, Croydon North, Croydon South, Kilsyth and Mooroolbark belong to the Croydon-Lilydale area.

The Croydon-Lilydale rental market has grown consistently in the decade to December 2019, with the median rents for houses and units growing annually by 2.8% and 3.4%, respectively. New contract volumes likewise grew at stable rates, increasing by 37% for house contracts and 11% for unit contracts in the ten years to December 2019. Despite renting being the least represented form of housing tenure in the Lilydale area, the market over the last decade highlights that the appetite for this form of living is growing and should be considered in the development of future housing to assist with the affordability and housing choice in the local area.

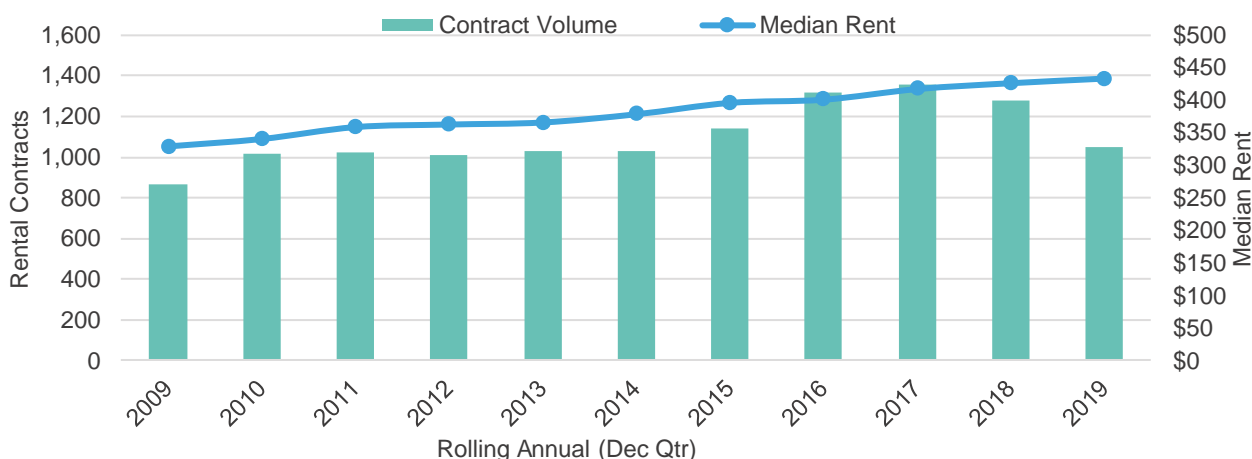
While the volume of newly signed contracts declined in 2019, the median weekly rent continued to increase for both houses and units. This demonstrates rental demand in the area. Introducing affordable housing into the area could assist to steady rental price points as well as generate further newly signed rental contracts.

Chart 1.1 Median Weekly Rents for Units: Croydon-Lilydale Area, 2009-2019 (Year to December)



Source: Department of Health & Human Services, Urbis

Chart 1.2 Median Weekly Rents for Houses: Croydon-Lilydale Area, 2009-2019 (Year to December)



Source: Department of Health & Human Services, Urbis

Table 1.1: Rental Market Summary

	Median Rent 2009	Median Rent 2019	Per Annum Growth 2009 – 2019	Contract Volume 2009	Contract Volume 2019	Per Annum Growth 2009 – 2019
House	\$329	\$433	2.8%	866	1050	1.9%
Unit	\$273	\$379	3.4%	749	660	-1.3%

1.2.2. Sales Market

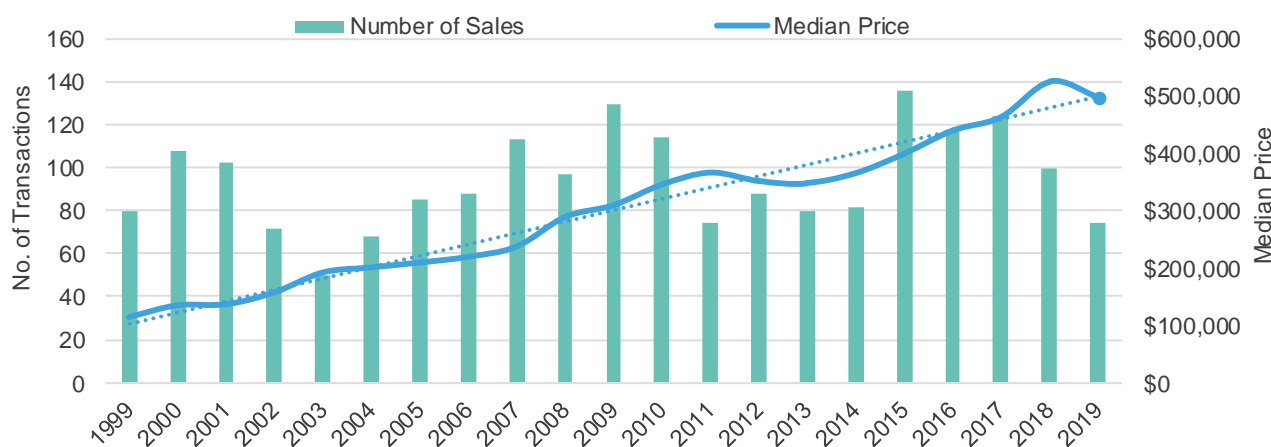
Over the last two decades, the median prices for both houses and units in Lilydale have increased significantly. In the 20 years to December 2019, the median price of houses increased from \$125,000 to \$690,000, representing a per annum increase of 9% or a total increase of 450%. The median price growth of houses over the last 20 years has remained above the Greater Melbourne Average.

Similarly, the median unit price increased 7.6% annually in the 20 years to December 2019. Likewise, median price growth over this period outstripped the rate achieved across Greater Melbourne.

Sale volumes for both houses and units have however decreased over this 20-year period. This stability is likely a function of an established market, but also a lack of diversity of housing stock on the smaller end of the size spectrum, purchasers are unable to gain access to a smaller and more affordable home.

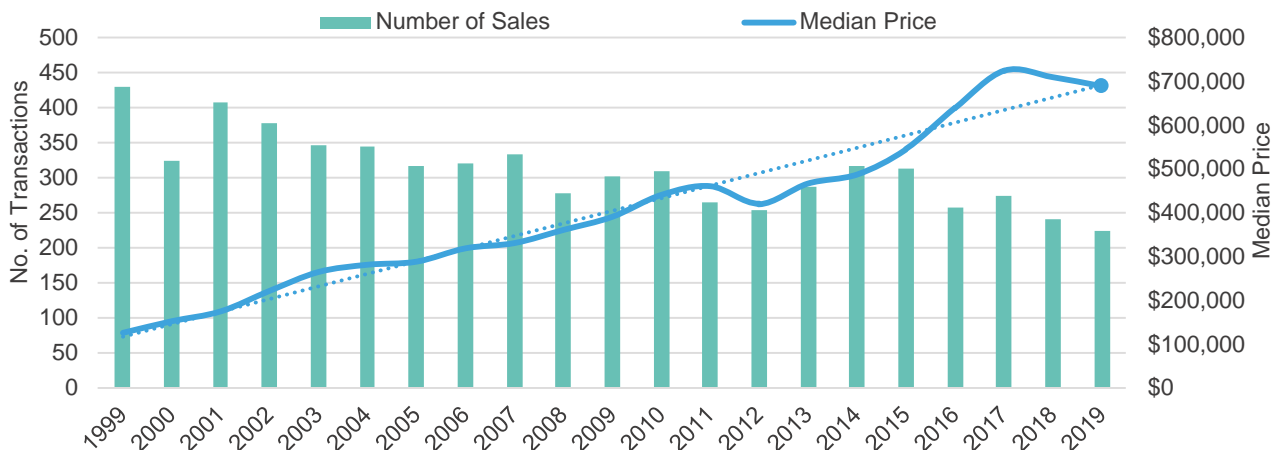
More recently, Melbourne’s slowed property market has resultingly decreased median price points for houses and units in Lilydale. Nevertheless, both price points remain on par to the long-term trend line as charts 3 and 4 below show.

Chart 1.3 Median Price for Units: Lilydale, 1999-2019 (Year to December)



Source: Pricerfinder, Urbis

Chart 1.4 Median Price for Houses: Lilydale, 1999-2019 (Year to December)



Source: Pricefinder, Urbis

Table 1.2: Sales Market Summary

	Median Price 1999	Median Price 2009	Median Price 2019	Per Annum Growth 1999 – 2019	Per Annum Growth 2009 – 2019
House	\$124,980	\$390,000	\$690,000	8.9%	5.9%
Unit	\$115,000	\$310,000	\$497,470	7.6%	4.8%

Source: Pricefinder, Urbis

1.3. CURRENT AFFORDABLE HOUSING INCOME RANGES

The Planning and Environment Act (1987) defines affordable housing as

“housing, including social housing, that is appropriate for the housing needs of any of the following

- (a) *Very Low-Income Households*
- (b) *Low Income Households*
- (c) *Moderate Income Households”*

A Governor in Council Order (the Order) forms part of the definition of Affordable Housing. The Order, published in the Government Gazette, specifies the income ranges for very low, low- and moderate-income households for Affordable Housing that is not social housing. These income ranges are useful in identifying different levels of affordability on the spectrum, and are as follows:

Table 1.3 Qualifying Household Income Ranges for Affordable Housing: Greater Melbourne

	Very low income range (annual)	Low income range (annual)	Moderate income range (annual)
Single adult	Up to \$25,970	\$25,971 to \$41,550	\$41,551 to \$62,310
Couple, no dependant	Up to \$38,950	\$38,951 to \$62,320	\$62,321 to \$93,470
Family (with one or two parents) and dependent children	Up to \$54,520	\$54,521 to \$87,250	\$87,251 to \$130,870

Source: Planning and Environment Act (1987)

Based on this government definition, the proportion of households in each income range, living in each benchmark area is represented in the table below. The figures have been derived from the 2016 ABS Census. In Table 1.4, Lone Person households are used as a reference to single adults per the Planning and Environment Act. Couple Family – No Children are used as a proxy for Couple with no dependent and Family – Children is used for Family (one or two parents) and dependent children. In each benchmark area,

the colour coding is organised such that the closer to red or green, the higher or lower the proportion of residents belonging to that income range and household type.

Overall, the income profiles across all 4 benchmark areas are relatively similar. Of all the household types, lone persons have the highest propensity to fall into lower income brackets with couple families with no children having the lowest propensity. When we look at the income profile overall, we can see that the 'moderate' income range is well represented in the Lilydale-Coldstream SA2, the Local Housing Market Area and the Yarra Ranges LGA.

Table 1.4 Number of Households by Income Range by Household Composition, 2016

		Lone Person	Couple Family No Children	Family With Children	Total
Lilydale-Coldstream SA2	Very Low	39%	15%	16%	21%
	Low	22%	25%	22%	23%
	Moderate	22%	16%	30%	25%
	Above Moderate	17%	44%	32%	32%
	Total	100%	100%	100%	100%
Local Housing Market Area	Very Low	36%	14%	14%	19%
	Low	21%	24%	20%	21%
	Moderate	20%	15%	29%	24%
	Above Moderate	22%	47%	37%	36%
	Total	100%	100%	100%	100%
Yarra Ranges LGA	Very Low	40%	15%	15%	20%
	Low	21%	25%	21%	22%
	Moderate	20%	16%	30%	24%
	Above Moderate	19%	45%	34%	34%
	Total	100%	100%	100%	100%
Greater Melbourne	Very Low	36%	15%	18%	21%
	Low	17%	21%	20%	19%
	Moderate	19%	14%	26%	21%
	Above Moderate	27%	50%	36%	38%
	Total	100%	100%	100%	100%

In terms of households belonging to very low, low- and moderate-income ranges, the moderate income group (in absolute terms) is consistently the largest across all benchmark areas in total and for families with children in particular.

2. POPULATION & DEMOGRAPHICS

This section of the report explores resident population projections and what dwelling demand is as well as the current states of population and workers and how this translates to future dwelling demand as well as affordable housing need. We identify housing needs across several household formations and tenure types to understand what the depth of the market is currently. Finally, we analyse key workers and how these groups translate to a potential future dwelling demand as well as affordable housing need.

2.1. POPULATION & DWELLINGS

The State Government’s *Victoria in Future 2019* provides the latest population and dwelling projections. This has been analysed for the Lilydale – Coldstream SA2, Housing Market Area and Yarra Ranges LGA.

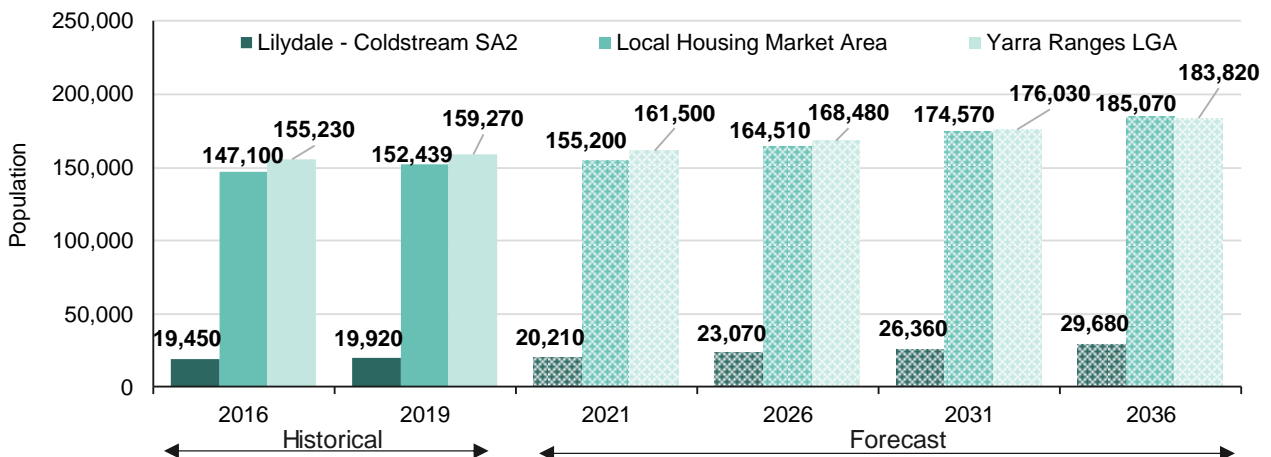
The population of the Lilydale-Coldstream SA2 is forecast to grow at 2.4% per annum or nearly 575 people each year between 2019 and 2036. The surrounding Local Housing Market Area is anticipated to increase by 1,920 people per year whilst the Yarra Ranges LGA is expected to grow by 1,445 people per annum.

In terms of dwelling demand, government estimates indicate that the number of additional housing needed between 2019 and 2036 is projected at **250 dwellings per year in Lilydale – Coldstream SA2, 870 dwellings per year in the Local Housing Market Area, and 715 dwellings per year in Yarra Ranges LGA.**

Charts 2.1 – 2.2 below provide population and dwelling forecasts at 5-year intervals from 2016 to 2036. Estimates in 2019 are also included as reference.

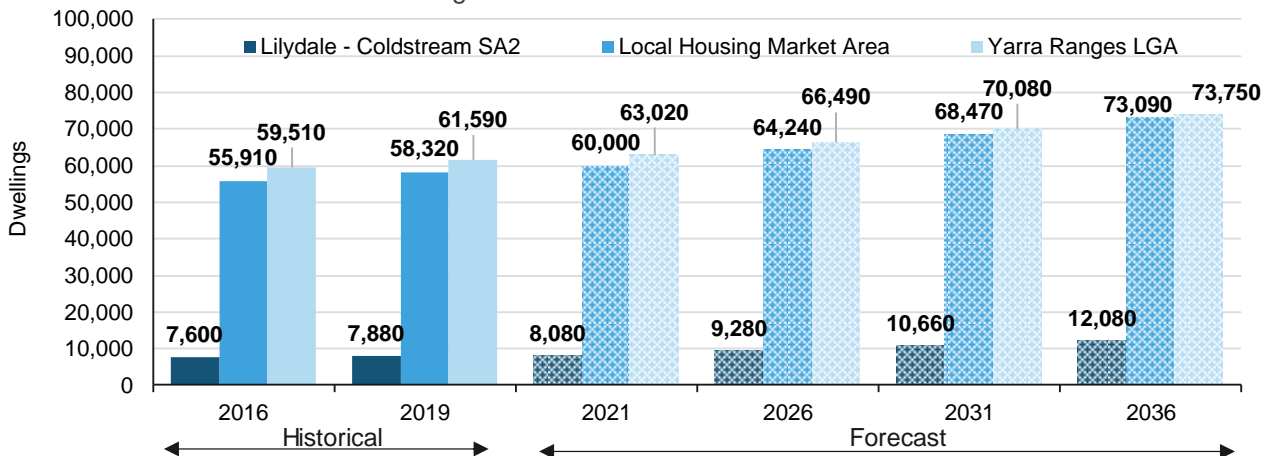
It is therefore important to maintain a consistent and diverse pipeline of dwellings in order to meet forecast housing demand from a changing demographic and growing resident base.

Chart 2.1: Historical & Forecast Population 2016 – 2036



Source: *Victoria in Future 2019*

Chart 2.2: Historical & Forecast Dwellings 2016 – 2036



Source: *Victoria in Future 2019*

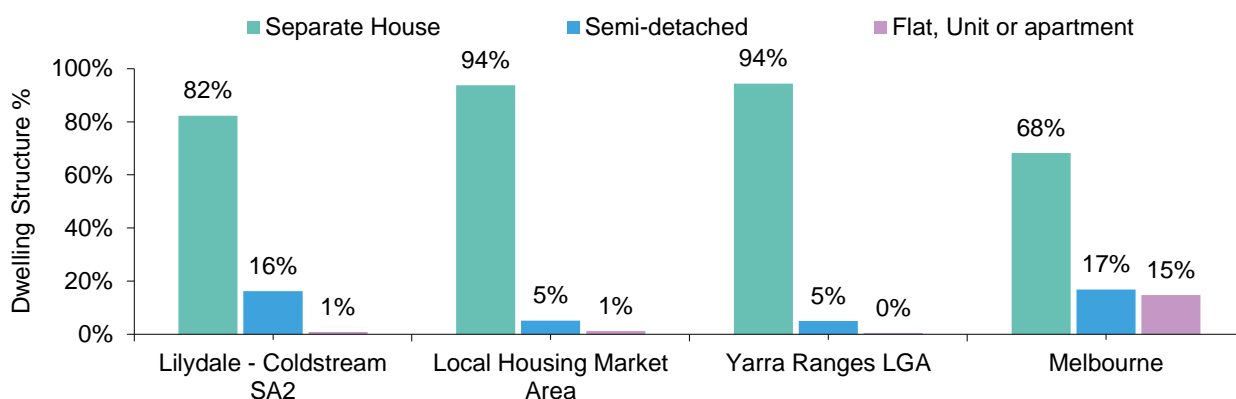
2.2. KEY DEMOGRAPHICS

Most of the housing stock within the Lilydale-Coldstream SA2, the Local Housing Market Area and the Yarra Ranges LGA is low density separate houses, particularly in the broader municipality. Flats, units and apartments are barely represented in these three areas, which limits the diversity of housing and affordability options for those looking to purchase or rent a property. Greater Melbourne offers a broader array of housing options with a much stronger balance between the three dwelling structures.

In line with the skewed dwelling structure options, bedroom types are also weighted toward dwellings with three or more bedrooms. Compared to the 27% in Greater Melbourne, only 20% of dwellings in the Lilydale-Coldstream SA2 have 1 or 2 bedrooms, with even less across the Local Housing Market Area and the Yarra Ranges LGA.

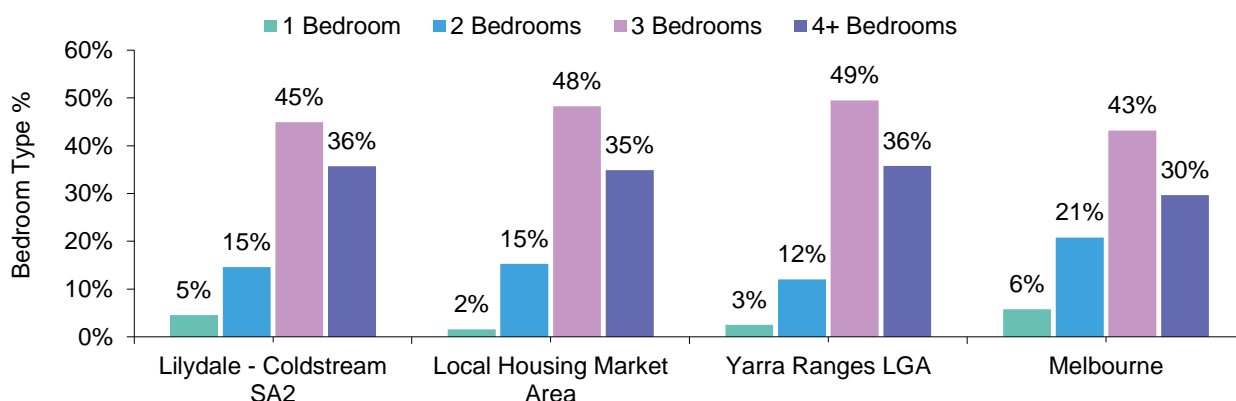
Broadening the diversity of housing stock could enhance affordability with smaller lot or attached dwellings delivered locally.

Chart 2.3 Dwelling Structure 2016



Source: ABS, Urbis

Chart 2.4 Dwellings by Number of Bedrooms 2016

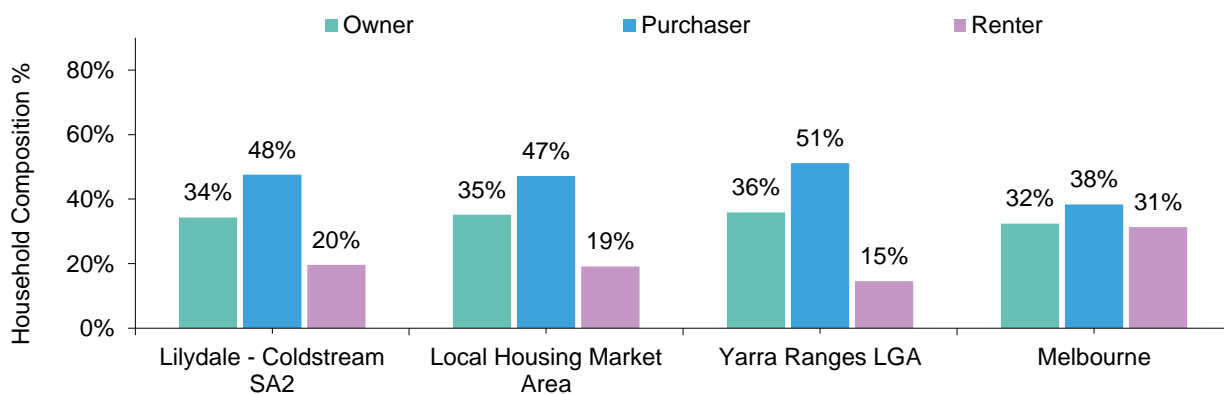


Source: ABS, Urbis

When housing tenure and housing composition are compared, the breakdown across all benchmarks is relatively more aligned. The proportion of owner occupiers across all four areas is relatively consistent, whilst purchasers are more heavily represented in the Lilydale-Coldstream SA2, the Local Housing Market Area and the Yarra Ranges LGA and renters less well represented than in Greater Melbourne.

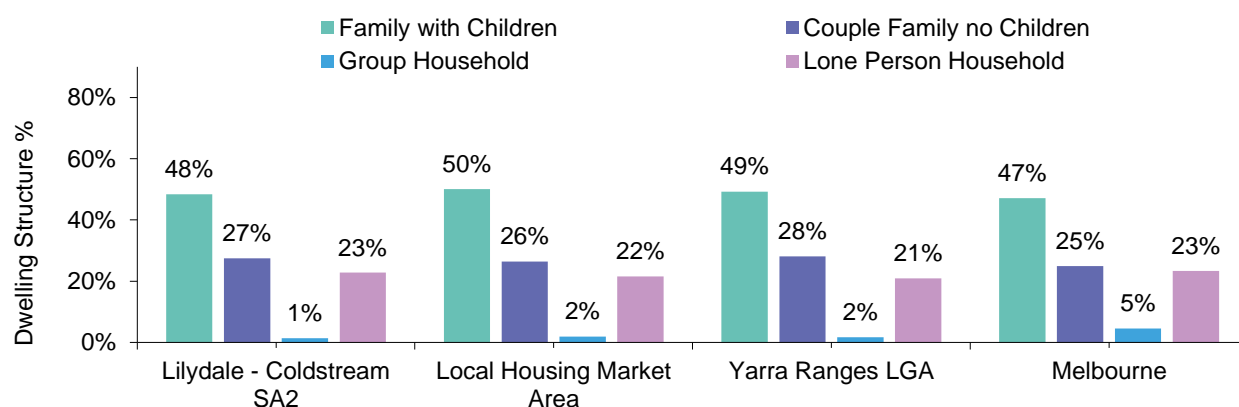
The household composition across all benchmark areas remains relatively similar, dominated by family households with children. Almost one quarter of all Lilydale households are single person households, with this group accounting for over one fifth of all households in the LGA. Along with around one quarter of households being couples with no children, once again this implies scope to increase provision of smaller dwelling types to appeal to meet affordability needs or also lower maintenance options for smaller households.

Chart 2.5 Housing Tenure 2016



Source: ABS, Urbis

Chart 2.6 Household Composition 2016



Source: ABS, Urbis

2.3. HOUSING STRESS

This section shows the quantum of households in housing stress in 2016. These quantities have then been adjusted by the revised 2016 population for each of these areas outlined by VIF19, using the proportion of overall housing stress that each measure accounted for.

2.3.1. Rental Stress

The following three tables visually map the distribution of privately rented households based on their annual household income and weekly rent paid. This helps to understand the extent of affordable housing need in practice.

The red line represents the threshold where the rent paid is greater than or equal to 30% of their annual household income. In each column, any result that is above the red line represents the number of households that are theoretically in rental stress (i.e. spending more than 30% of income on rent). This gives an indication of the scale of the potential affordable housing need as well as setting the scene for what it would take to shift affordability challenged residents to the right side of the 30% threshold.

- In the Lilydale-Coldstream SA2, 566 households are paying less than 30% of annual household income on rent. Some 476 households are paying more than 30% of annual household income on rent. This has been revised to **482 households** with latest population data.
- In the Local Housing Market Area, 3,776 households are paying less than 30% of annual household income on rent. Some 2,700 households are paying more than 30% of annual household income on rent. This has been revised to **3,136 households** with latest population data.
- In the Yarra Ranges LGA area, 2,975 households are paying less than 30% of annual household income on rent. Some 2,560 households are paying more than 30% of annual household income on rent. This has been revised to **2,606 households** with latest population data.

2.3.2. Mortgage Stress

As with rental affordability, the following three tables visually map the distribution of private households with mortgages assessed on annual household income and monthly mortgage repayments. Once again, the red line represents the threshold where the mortgage repayments paid is greater than or equal to 30% of their annual household income. In each column, any result that is above the red line represents the number of households in mortgage stress (i.e. spending more than 30% of income on mortgage repayments).

- In the Lilydale-Coldstream SA2, 2,010 households are paying less than 30% of annual household income on mortgage repayments. Some 485 households are paying more than 30% of annual household income on mortgage repayments. This has been revised to **492 households** with latest population data.
- In the Local Housing Market Area 13,190 households are paying less than 30% of annual household income on mortgage repayments. Some 2,922 households are paying more than 30% of annual household income on mortgage repayments. This has been revised to **3,328 households** with latest population data.
- In the Yarra Ranges LGA, 16,356 households are paying less than 30% of annual household income on mortgage repayments. Some 4,196 households are paying more than 30% of annual household income on mortgage repayments. This has been revised to **4,177 households** with latest population data.

The analysis of both rental and mortgage affordability shows that rental affordability is a greater problem by proportion of renting residents in rental stress.

Table 2.4: Lilydale - Coldstream SA2 Household Income by Monthly Mortgage Repayments 2016

	<\$450	\$600- \$799	\$800- \$999	\$1,000- \$1,199	\$1,200- \$1,399	\$1,400- \$1,599	\$1,600- \$1,799	\$1,800- \$1,999	\$2,000- \$2,199	\$2,200- \$2,399	\$2,400- \$2,599	\$2,600- \$2,999	\$3,000- \$3,999	\$4,000- \$4,999	>\$5,000	Total
\$1-\$7,799	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$7,800-\$15,599	7	0	0	0	4	0	0	0	0	0	0	0	0	0	0	11
\$15,600-\$20,799	0	0	3	0	0	0	0	0	0	0	0	0	0	0	0	3
\$20,800-\$25,999	15	5	0	3	5	0	0	0	0	0	0	0	0	0	0	28
\$26,000-\$33,799	4	4	12	6	3	0	3	0	4	0	0	0	0	0	0	36
\$33,800-\$41,599	20	3	5	4	15	9	3	0	0	3	0	0	0	0	0	62
\$41,600-\$51,999	9	4	14	17	14	17	17	0	9	3	4	5	0	0	0	113
\$52,000-\$64,999	23	8	13	15	21	30	21	15	19	7	4	5	6	0	0	187
\$65,000-\$77,999	14	12	13	18	31	25	23	20	26	9	6	9	3	0	0	209
\$78,000-\$90,999	7	7	3	11	24	24	45	24	44	21	3	9	6	0	4	232
\$91,000-\$103,999	19	6	15	13	20	28	33	19	33	21	11	10	17	5	0	250
\$104,000-\$129,999	23	8	14	27	38	39	43	59	93	59	25	47	36	8	3	522
\$130,000-\$155,999	18	7	20	18	31	27	24	33	62	32	18	38	35	6	6	375
\$156,000-\$181,999	16	5	9	10	16	10	19	8	24	16	12	20	20	6	0	191
\$182,000-\$207,999	5	5	0	5	5	9	10	0	19	7	8	8	16	0	3	100
\$208,000-\$233,999	3	0	8	7	4	4	3	6	7	0	3	7	0	5	0	57
\$234,000-\$259,999	0	0	0	0	5	5	3	0	6	0	5	9	16	3	0	52
\$260,000-\$311,999	0	0	0	3	0	0	6	5	6	0	6	7	0	0	3	36
\$312,000-\$415,999	5	0	0	0	3	0	0	0	5	6	3	3	0	6	0	31
\$416,000-\$519,999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	188	74	129	157	239	227	253	189	357	184	108	177	155	39	19	2,495

Source: ABS, Urbis

Table 2.5: Local Housing Market Area Household Income by Monthly Mortgage Repayments 2016

	<\$450	\$600- \$799	\$800- \$999	\$1,000- \$1,199	\$1,200- \$1,399	\$1,400- \$1,599	\$1,600- \$1,799	\$1,800- \$1,999	\$2,000- \$2,199	\$2,200- \$2,399	\$2,400- \$2,599	\$2,600- \$2,999	\$3,000- \$3,999	\$4,000- \$4,999	>\$5,000	Total
\$1-\$7,799	0	0	3	0	5	0	3	0	3	0	0	0	0	0	0	14
\$7,800-\$15,599	4	3	7	13	0	3	4	0	4	0	0	0	0	0	0	38
\$15,600-\$20,799	8	0	0	4	8	0	11	0	10	0	0	0	0	0	0	41
\$20,800-\$25,999	92	6	14	27	3	12	4	0	8	3	0	0	0	0	0	169
\$26,000-\$33,799	62	18	13	22	31	27	10	5	7	0	0	3	4	0	0	202
\$33,800-\$41,599	69	33	44	45	33	35	29	29	23	0	5	10	14	0	0	369
\$41,600-\$51,999	91	41	58	98	86	84	82	32	50	21	6	8	23	4	3	687
\$52,000-\$64,999	173	57	68	69	137	133	143	79	103	38	11	30	20	3	0	1,064
\$65,000-\$77,999	97	60	75	105	132	163	159	140	175	65	34	70	41	18	0	1,334
\$78,000-\$90,999	116	34	59	93	138	145	172	148	189	65	53	71	52	14	6	1,355
\$91,000-\$103,999	103	45	69	89	138	142	178	138	201	87	44	104	79	10	15	1,442
\$104,000-\$129,999	190	71	114	166	226	270	350	284	493	294	179	294	218	52	14	3,215
\$130,000-\$155,999	112	79	83	104	166	176	236	183	353	190	120	272	251	38	15	2,378
\$156,000-\$181,999	70	35	41	66	79	87	118	95	201	124	88	183	203	30	15	1,435
\$182,000-\$207,999	52	13	38	52	52	60	62	48	123	53	64	124	145	51	22	959
\$208,000-\$233,999	23	7	22	17	19	36	25	26	87	26	47	43	96	14	16	504
\$234,000-\$259,999	8	15	5	36	20	25	26	18	53	19	25	51	81	26	12	420
\$260,000-\$311,999	13	3	8	13	24	21	20	17	39	15	26	57	56	15	14	341
\$312,000-\$415,999	3	9	0	8	0	3	3	5	20	10	8	14	34	13	11	141
\$416,000-\$519,999	0	0	0	0	0	0	0	0	0	0	0	0	4	0	0	4
Total	1,286	529	721	1,027	1,297	1,422	1,635	1,247	2,142	1,010	710	1,334	1,321	288	143	16,112

Source: ABS, Urbis

Table 2.6: Yarra Ranges LGA Household Income by Monthly Mortgage Repayments 2016

	<\$450	\$600- \$799	\$800- \$999	\$1,000- \$1,199	\$1,200- \$1,399	\$1,400- \$1,599	\$1,600- \$1,799	\$1,800- \$1,999	\$2,000- \$2,199	\$2,200- \$2,399	\$2,400- \$2,599	\$2,600- \$2,999	\$3,000- \$3,999	\$4,000- \$4,999	>\$5,000	Total
\$1-\$7,799	8	0	0	0	0	4	3	0	0	0	0	0	0	0	0	15
\$7,800-\$15,599	19	12	27	6	11	0	10	7	4	0	0	0	0	0	0	96
\$15,600-\$20,799	31	6	3	11	16	0	14	0	3	0	0	0	0	0	0	84
\$20,800-\$25,999	113	33	46	17	27	20	9	0	7	7	0	0	0	0	0	279
\$26,000-\$33,799	73	38	56	50	51	43	17	8	18	0	0	3	0	0	0	357
\$33,800-\$41,599	181	43	96	61	84	58	39	30	20	8	0	13	16	0	0	649
\$41,600-\$51,999	146	58	110	141	160	111	134	56	63	27	13	25	23	4	3	1,074
\$52,000-\$64,999	215	82	141	149	229	210	217	125	122	56	31	35	34	10	3	1,659
\$65,000-\$77,999	168	81	121	187	225	222	224	209	209	67	34	95	62	21	5	1,930
\$78,000-\$90,999	130	58	90	129	211	239	244	212	267	110	45	87	74	19	7	1,922
\$91,000-\$103,999	121	66	88	136	176	225	257	205	269	128	66	117	116	16	8	1,994
\$104,000-\$129,999	195	86	151	210	310	336	452	399	643	328	213	341	223	70	22	3,979
\$130,000-\$155,999	119	76	107	143	195	206	276	237	411	222	142	291	231	57	22	2,735
\$156,000-\$181,999	66	37	59	81	90	113	127	105	207	131	92	165	172	42	19	1,506
\$182,000-\$207,999	41	15	36	35	71	81	63	46	146	64	56	90	138	41	26	949
\$208,000-\$233,999	30	0	30	15	37	22	44	22	88	34	43	55	82	20	11	533
\$234,000-\$259,999	9	8	16	35	11	35	38	23	46	21	19	50	84	27	12	434
\$260,000-\$311,999	0	3	4	6	17	16	15	16	27	5	16	25	42	14	14	220
\$312,000-\$415,999	5	5	5	0	3	0	0	9	17	11	13	12	17	19	18	134
\$416,000-\$519,999	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3
Total	1,673	707	1,186	1,412	1,924	1,941	2,183	1,709	2,567	1,219	783	1,404	1,314	360	170	20,552

Source: ABS, Urbis

2.3.3. Other groups in housing stress

Households under rental stress can fall into other public tenure type categories. These quantities have been kept the same for 2016 as these are an official count and cannot be assumed to be extended as a proportion of growth. This includes the following tenure arrangements as defined by the ABS:

- Homeless People
- Social Housing
- Shared Equity Scheme
- Housing Co-operative, Community or Church

Table 2.7 (below) quantifies the number of households classified under these tenure types across the Lilydale – Coldstream SA2, Local Housing Market Area and the Yarra Ranges LGA. Our analysis assumes that each homeless person accounts for one household in measuring the depth of the market.

Table 2.7: Other tenure types potentially under housing stress, 2016

	Lilydale SA2	Housing Market Area	Yarra Ranges LGA
Homeless People	43	123	360
Social Housing	106	547	427
Shared Equity Scheme	3	38	59
Housing Co-Op, Community, Church	20	137	150

Source: ABS, Urbis

2.3.4. Housing Stress Summary, 2016

Table 2.8: Affordable Housing Demand as at 2016 (adjusted to VIF19 estimates)

	Lilydale SA2	Housing Market Area	Yarra Ranges LGA
Mortgage Stress	493	3,328	4,177
Rental Stress	482	3,136	2,606
Homeless People	43	123	360
Social Housing	106	547	427
Shared Equity Scheme	3	38	59
Housing Co-Op, Community, Church	20	137	150
Housing Need (No.)	1,147	7,308	7,779
Housing Need (% of Dwelling)	15.1%	13.1%	13.1%

Source: ABS, Urbis

2.4. KEY WORKERS

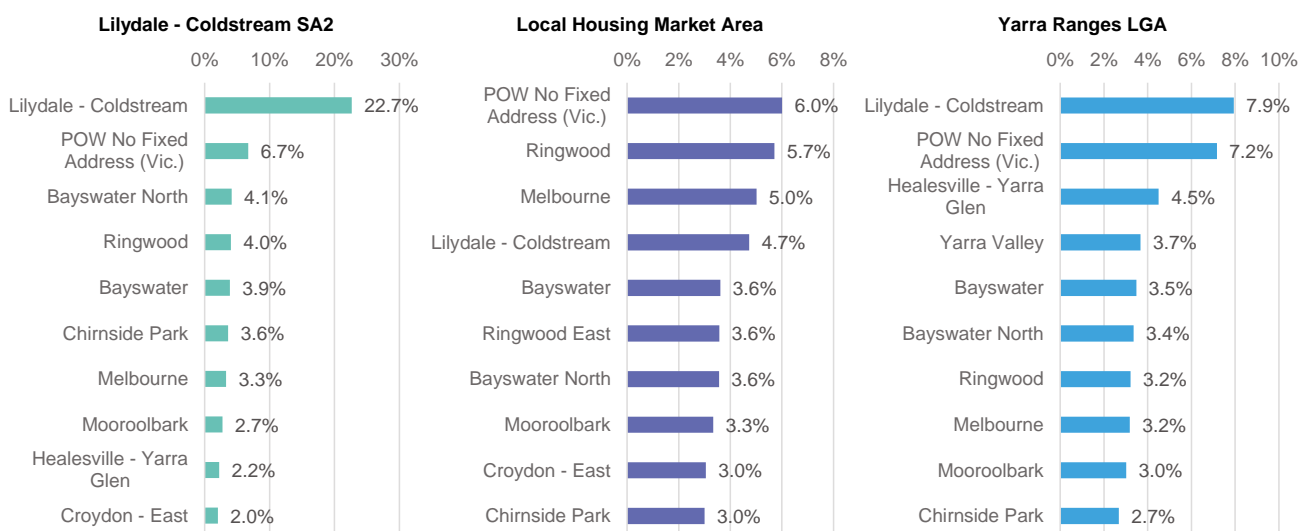
2.4.1. Demographics

A key contributor to future housing need and demand is the scale and nature of employment. Certain municipalities also have greater interest in ensuring key workers are attracted to support essentials services. Identifying key worker profiles assists in understanding their relative income and depth in market.

Journey to Work data indicates that the Lilydale-Coldstream SA2 has a relatively contained employment market with approximately 23% of all residents living and working within the local area. The worker profiles of the Local Housing Market Area and the Shire of Yarra Ranges are likewise relatively contained with a large proportion of workers concentrated within the surrounding eastern area of Melbourne.

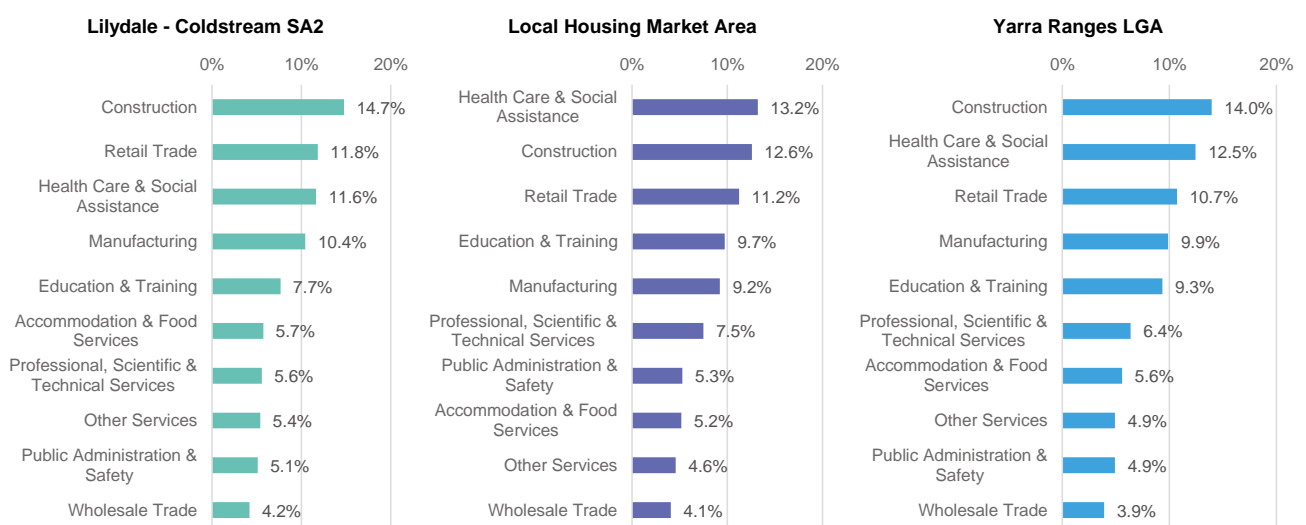
Healthcare and social assistance, education and training and public administration industries are among the top 10 local industries of employment for all three benchmark areas. In fact they account for 27% of employment in the LGA and over 24% in Lilydale SA2. This means that there would be strategic merit in providing forms of housing that appeal to these key worker types as they represent a significant portion of the local employment market and play a pivotal role as part of the community service base. Moving forward, the industries of healthcare and social assistance, education and training and public administration will be referred to as the key worker groups.

Chart 2.7: Top 10 Places of Work: Lilydale – Coldstream SA2, Local Housing Market Area, Yarra Ranges



Source: ABS, Urbis

Chart 2.8: Top 10 Work Industries: Lilydale – Coldstream SA2, Local Housing Market Area, Yarra Ranges



Source: ABS, Urbis

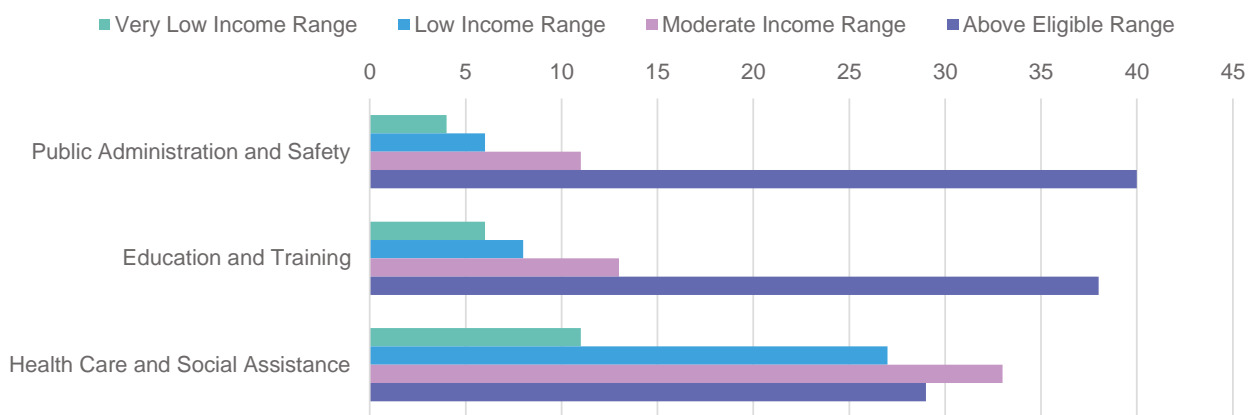
2.4.2. Income Ranges

By comparing income ranges based on the key worker groups and household types, we can better understand key employee and household types that could be targeted for affordable housing. The income ranges utilised are identified under the Affordable Housing definition by the Victorian Government.

For all household types, most of the individuals that worked in the industries included in the key worker group fell outside the income brackets that are eligible for affordable housing. For example, even in lone person and group households, which had a higher propensity to earn lower incomes overall, the vast majority of individuals who worked in healthcare and social assistance, education and training and public administration industries earned either moderate or above incomes.

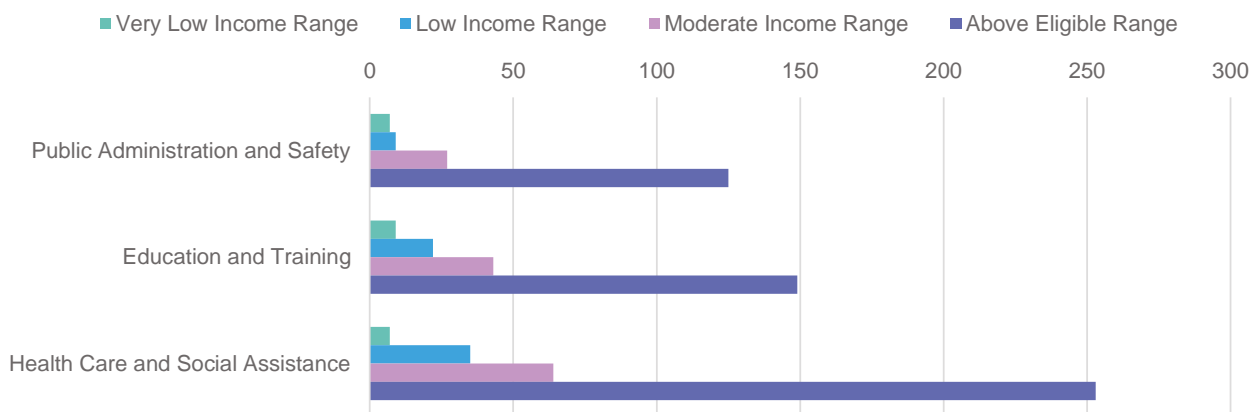
This factor should be considered when planning for the provision of affordable housing. A significant volume of key workers may be able to afford market rates in this particular location, or at least, close to market rates given those that belong to the study area's key groups earn relatively higher incomes. That said, retaining and attracting them remains an important objective to sustain the prosperity and service provision in the municipality.

Chart 2.9: Income Range by Key Worker Groups: Lone & Group Households, Lilydale–Coldstream SA2



Source: ABS, Urbis

Chart 2.10: Income Range by Key Worker Groups: Couple Families no Children, Lilydale–Coldstream SA2



Source: ABS, Urbis

Chart 2.11: Income Range by Key Worker Groups: Family Households, Lilydale–Coldstream SA2



Source: ABS, Urbis

In addition to their current importance in the market, it is useful to consider the future demand generated by growth in key worker sectors.

The Department of Jobs and Small Business provides employment forecasts based on industry for areas across Australia. Looking forward, the key growing industries for the Melbourne Outer East area appear to be Education and Training, Health Care and Social Assistance, Professional Services, Real Estate Services and Construction. Mining and IT are sectors that anticipates a decline. These key industries align closely to the key occupations identified in the three benchmark areas.

Overall, the number of jobs in the Melbourne Outer East area is forecast to grow by more than 24,600 which represents a total growth rate of around 9%.

Table 2.9: Employment Projections by Industry - Melbourne Outer East, May 2019 – May 2024

Industry	Employment	Employment	Employment Growth	Employment Growth
	Persons May 2019	Persons May 2024	(No.) 2019 - 2024	(%) 2019 - 2024
Agriculture, Forestry and Fishing	3,395	3,472	78	2.3%
Mining	501	475	-26	-5.2%
Manufacturing	29,887	30,197	309	1.0%
Electricity, Gas, Water and Waste Services	3,125	3,344	218	7.0%
Construction	31,696	34,709	3,012	9.5%
Wholesale Trade	13,099	13,800	702	5.4%
Retail Trade	31,239	31,708	469	1.5%
Accommodation and Food Services	14,802	15,236	434	2.9%
Transport, Postal and Warehousing	9,020	9,020	0	0.0%
Information Media and Telecommunications	5,869	5,650	-219	-3.7%
Financial and Insurance Services	9,005	9,366	361	4.0%
Rental, Hiring and Real Estate Services	4,253	4,675	422	9.9%
Professional, Scientific and Technical Services	26,087	32,994	6,906	26.5%
Administrative and Support Services	8,861	8,861	0	0.0%
Public Administration and Safety	12,055	12,579	524	4.3%
Education and Training	26,128	31,944	5,816	22.3%
Health Care and Social Assistance	32,984	37,244	4,260	12.9%
Arts and Recreation Services	4,551	5,023	472	10.4%
Other Services	12,199	13,115	916	7.5%
Total (industry)	278,759	303,411	24,652	8.8%

Source: Department of Jobs and Small Business, Urbis

3. AFFORDABLE HOUSING NEED

This section of the report seeks to understand the future states of population and workers and how this translates to future dwelling demand as well as affordable housing need.

3.1. 2019 AFFORDABLE HOUSING NEED

3.1.1. Population & Demographics

Using Victoria in Future 2019 population forecasts and maintaining the demographic breakdown from the 2016 census, as outlined in section 2, we can update the quantum of key population sectors to 2019. This provides an end demand that closely mirrors the affordable housing need around Lilydale today.

Although we have maintained the 2016 proportions, the trends of densification and rental market growth seen rippling out of Melbourne will likely drive additional demand for smaller dwellings and rental stock, which would otherwise continue to be underrepresented. In fact, provision of high-quality new dwellings at a range of densities would be expected to cater to the needs of single, couple and family households of all tenure types.

The table below highlights the growth of relevant demographic sections of the population in line with broader population forecasts though VIF2019.

Table 3.1: Population & Demographic Change Between 2016 Census – 2019 Projection

	2016			2019			Change 2016-19 (No.)		
	Lilydale SA2	Housing Market Area	Yarra Ranges LGA	Lilydale SA2	Housing Market Area	Yarra Ranges LGA	Lilydale SA2	Housing Market Area	Yarra Ranges LGA
Population	19,450	147,100	155,230	19,920	152,440	159,270	470	5,340	4,040
Dwelling Demand	7,600	55,910	59,510	7,880	58,320	61,590	280	2,410	2,080
Dwelling Demand by Housing Tenure									
Owner Occupier	2,580	19,310	21,090	2,680	20,150	21,830	100	840	740
Purchaser	3,540	25,890	29,750	3,670	27,010	30,790	130	1,120	1,040
Renter	1,480	10,710	8,660	1,530	11,170	8,970	50	460	310
Dwelling Demand by Household Type									
Family With Children	3,680	28,000	29,330	3,820	29,210	30,350	140	1,210	1,020
Couple Family No Children	2,090	14,780	16,740	2,160	15,420	17,320	70	640	580
Group Household	100	1,080	1,010	110	1,130	1,050	10	50	40
Lone Person	1,730	12,050	12,430	1,790	12,570	12,860	60	520	430
Dwelling Demand by Dwelling Type									
Separate House	6,200	50,880	55,870	6,430	53,070	57,830	230	2,190	1,960
Semi-Attached	1,330	4,230	3,290	1,370	4,420	3,400	40	190	110
Flat, Unit or Apartment	80	800	350	80	830	360	0	30	10

Source: ABS, Victoria in Future 2019, Urbis

3.1.2. Key Workers

Key worker demand has been calculated by dividing the 2016 census population of employed persons by the average household size for the respective area to arrive at a dwelling count. This has been elevated to 2019 by using the growth rate by industry from the recent Department of Jobs & Small Business 2019 – 2024 publication for Outer East Melbourne. Key worker demand is separated from the direct analysis as some of this will be subsumed by existing residents whom may or may not exhibit housing stress, or some may be external and a need for them to reside in the area will be created in the future. Bringing this together with overall housing stress would create a potential issue of double counting. Nonetheless, it is important to note from a market segment perspective, driving demand in affordable modes of housing around Greater Melbourne.

Table 3.2: Key Worker Change Between 2016 Census - 2019 Projection (Persons)

	2016		2019		Change 2016-19 (No.)	
	Lilydale SA2	Yarra Ranges LGA	Lilydale SA2	Yarra Ranges LGA	Lilydale SA2	Yarra Ranges LGA
Key Worker Demand						
Public Administration and Safety	453	1,197	465	1,228	12	31
Education and Training	681	4,568	768	5,153	87	585
Health Care and Social Assistance	1,031	3,922	1,109	4,219	78	297

Source: ABS, Department of Jobs & Small Business, Urbis

3.1.3. Current Affordable Housing Need

To better understand the market for affordable housing we have calculated the number of dwellings required to support the in-need population. The calculation for the number of affordable houses required was made by adding the number of households under mortgage and rental stress, those living in social housing, a housing co-op or under a shared equity scheme, and the number of homeless persons as estimated by the Australian Bureau of Statistics (ABS).

It should be noted that there is a slight variation between the homelessness figure in the ABS's "Estimating Homelessness, 2016" dataset and the Estimating Homelessness dataset under the Census Table Builder tool. This has been adjusted and elevated by the Victoria in Future population forecast whilst using constant proportions for rental stress and mortgage stress from the 2016 census, as per previous analysis.

Note the 2016 population base has been revised since the census and this has been reflected in an increase in the base and subsequent quantum by demography for the population of each defined area from the previous report, as shown in section 2.3.

Table 3.3: Affordable Housing Demand Change Between 2016 Census - 2019 Projection

	2016			2019			Change 2016-19 (No.)		
	Lilydale SA2	Housing Market	Yarra Ranges	Lilydale SA2	Housing Market	Yarra Ranges	Lilydale SA2	Housing Market	Yarra Ranges
Affordable Housing Demand									
Mortgage Stress	493	3,328	4,177	511	3,471	4,323	18	143	146
Rental Stress	482	3,136	2,606	500	3,271	2,697	18	135	91
Homeless People	43	123	360	45	128	373	2	5	13
Social Housing	106	547	427	110	571	442	4	24	15
Shared Equity Scheme	3	38	59	3	40	61	0	2	2
Housing Co-Op, Community, Church	20	137	150	21	143	155	1	6	5
Housing Need (No.)	1,147	7,308	7,779	1,189	7,623	8,051	42	310	270
Housing Need (% of Dwelling)	15.1%	13.1%	13.1%	15.1%	13.1%	13.1%	-	-	-

Source: ABS, Victoria in Future 2019, Urbis

3.1.4. Summary

Based on these calculations, **1,189 lots of affordable housing** are currently required in the Lilydale-Coldstream SA2, **7,623 in the Housing Market Area** and **8,051 in the Yarra Ranges LGA**.

Table 3.4: Current Affordable Housing Need, 2019

	Total Households 2019	Affordable Housing Need 2019 (%)	Affordable Housing Need 2019 (No.)
Lilydale-Coldstream SA2	7,880	15.1%	1,189
Local Housing Market Area	58,320	13.1%	7,623
Yarra Ranges LGA	61,592	13.1%	8,051

The Victorian Housing Register and Transfer List by local area for December 2019 in the Outer East Melbourne area includes 763 households listed under priority access and a further 1,097 that have registered interest. This is up from 629 and 969 respectively one year ago. A further 132 transfer applicants are listed as priority access while a further 121 have registered interest to transfer to a social housing property.

3.2. FORECAST HOUSING NEED

3.2.1. Population & Demographics

To assist affordability, the Lilydale – Coldstream SA2 should ensure enough homes are delivered to meet the growing demand forecast in the area. There is demand for 12,160 additional homes in the LGA by 2036. The broader Housing Market Area and Lilydale – Coldstream SA2 has demand for 14,770 and 4,200 homes respectively (based on conservative estimates).

Of these:

- **6,080 & 1,770** dwellings will be under mortgage and rented respectively in the LGA
- **6,830 & 2,830** respectively in the Local Housing Market Area, and
- **1,950 & 820** in the Lilydale – Coldstream SA2.

The tables below highlight the key market segments for forecasting mortgage and rental stress.

Table 3.5: Forecast Population & Demographics: Lilydale - Coldstream SA2

	2019	2021	2026	2031	2036	Change 2019-36
Population	19,920	20,210	23,070	26,360	29,680	9,760
Dwelling Demand	7,880	8,080	9,280	10,660	12,080	4,200
Dwelling Demand by Housing Tenure						
Owner Occupier	2,680	2,750	3,150	3,620	4,100	1,420
Purchaser	3,670	3,760	4,320	4,960	5,620	1,950
Renter	1,530	1,570	1,810	2,080	2,350	820
Dwelling Demand by Household Type						
Family With Children	3,820	3,910	4,490	5,160	5,850	2,030
Couple Family No Children	2,160	2,220	2,550	2,930	3,320	1,160
Group Household	110	110	130	150	170	60
Lone Person	1,790	1,840	2,110	2,430	2,750	960
Dwelling Demand by Dwelling Type						
Separate House	6,430	6,590	7,570	8,690	9,850	3,420
Semi-Attached	1,370	1,410	1,620	1,860	2,110	740
Flat, Unit or Apartment	80	80	90	110	120	40

Source: ABS, Victoria in Future 2019, Urbis

Table 3.6: Forecast Population & Demographics: Local Housing Market Area

	2019	2021	2026	2031	2036	Change 2019-36
Population	152,439	155,200	164,510	174,570	185,070	32,631
Dwelling Demand	58,320	60,000	64,240	68,470	73,090	14,770
Dwelling Demand by Housing Tenure						
Owner Occupier	20,150	20,730	22,190	23,650	25,250	5,100
Purchaser	27,010	27,780	29,750	31,710	33,840	6,830
Renter	11,170	11,490	12,310	13,120	14,000	2,830
Dwelling Demand by Household Type						
Family With Children	29,210	30,050	32,170	34,290	36,600	7,390
Couple Family No Children	15,420	15,860	16,980	18,100	19,320	3,900
Group Household	1,130	1,160	1,240	1,330	1,420	290
Lone Person	12,570	12,930	13,840	14,750	15,750	3,180
Dwelling Demand by Dwelling Type						
Separate House	53,070	54,600	58,460	62,310	66,510	13,440
Semi-Attached	4,420	4,540	4,860	5,190	5,540	1,120
Flat, Unit or Apartment	830	860	920	980	1,040	210

Source: ABS, Victoria in Future 2019, Urbis

Table 3.7: Forecast Population & Demographics: Yarra Ranges LGA

	2019	2021	2026	2031	2036	Change 2019-36
Population	155,230	161,500	168,480	176,030	183,820	28,590
Dwelling Demand	61,590	63,020	66,490	70,080	73,750	12,160
Dwelling Demand by Housing Tenure						
Owner Occupier	21,830	22,340	23,570	24,840	26,140	4,310
Purchaser	30,790	31,510	33,240	35,040	36,870	6,080
Renter	8,970	9,170	9,680	10,200	10,740	1,770
Dwelling Demand by Household Type						
Family With Children	30,350	31,060	32,770	34,540	36,350	6,000
Couple Family No Children	17,320	17,730	18,700	19,710	20,740	3,420
Group Household	1,050	1,070	1,130	1,190	1,260	210
Lone Person	12,860	13,160	13,890	14,640	15,400	2,540
Dwelling Demand by Dwelling Type						
Separate House	57,830	59,170	62,430	65,800	69,240	11,410
Semi-Attached	3,400	3,480	3,680	3,870	4,080	680
Flat, Unit or Apartment	360	370	390	410	430	70

Source: ABS, Victoria in Future 2019, Urbis

3.2.2. Key Workers

By applying the Outer East Melbourne industry employment growth rate projections to the key worker groups in the Lilydale-Coldstream SA2 and Yarra Ranges LGA (section 2.4), we can estimate future employee numbers. This is then divided by the average household size to get a dwelling estimate.

By 2024, the number of employees who work in key industries will increase by approximately 350 people or 130 households in Lilydale – Coldstream SA2. As a share of total employees in the local area, this is expected to increase from 24.3% in 2016 to 26.6% in 2024, driven primarily by education & training. This highlights that key worker group employees are expected to grow faster than other employee groups, which emphasises the importance of providing worker-friendly housing to the growing base of employees that service the local community and economy.

To reach a 2029 forecast, the growth rate has been assumed to remain the same up until this point and figures have been updated accordingly.

Table 3.8: Key Worker Projection: Lilydale – Coldstream SA2 & Yarra Ranges LGA, 2019 - 2029

Lilydale-Coldstream SA2	% of Total Employees 2016	Employed Persons 2019	Employed Households 2019	% of Total Employees 2024	Employed Households 2024	Employed Households 2029
Public Administration and Safety	5.1%	460	170	4.8%	180	190
Education and Training	7.7%	770	280	9.4%	350	430
Health Care and Social Assistance	11.6%	1,110	410	12.5%	460	520
Total	24.3%	2,340	860	26.6%	990	1,140

Divided by 2.7 Persons per House

Yarra Ranges LGA

Public Administration and Safety	3.2%	1,230	450	3.0%	470	500
Education and Training	12.2%	5,150	1,910	14.7%	2,330	2,850
Health Care and Social Assistance	10.4%	4,220	1,560	11.1%	1,760	1,990
Total	25.8%	10,600	3,920	28.9%	4,560	5,340

Divided by 2.7 Persons per House

Source: Department of Jobs and Small Business, ABS, Urbis

3.2.3. Future Affordable Housing Need

The tables below detail current and future demand for affordable housing for the three primary benchmark areas:

- In the Lilydale-Coldstream SA2 demand for affordable housing is expected to increase by approximately 37 dwellings per annum.
- In the Local Housing Market Area demand for affordable housing is expected to increase by approximately 114 dwellings per annum.
- In the Yarra Ranges LGA demand for affordable housing is expected to increase by approximately 93 dwellings per annum.

When we consider how affordable housing need in this report is calculated, the component that is the most heavily disadvantaged is those living under rental stress. In all three areas, the relative proportion of residents paying more than 30% of their income in rent is greater than those paying 30% of their income in mortgage repayments as well as the quantity of homeless people.

This suggests there is a strategic rationale to inject rental supply and ease affordability pressures from a lack of affordable rental stock.

Table 3.9: Forecast Affordable Dwelling Demand

Lilydale-Coldstream SA2	2016	2019	2021	2026	2031	2036
Population	19,450	19,920	20,210	23,070	26,360	29,680
Average HH Size	2.7	2.7	2.6	2.6	2.6	2.6
No. of Households	7,600	7,880	8,080	9,280	10,660	12,080
Affordable Housing Need (%)	15.1%	15.1%	15.1%	15.1%	15.1%	15.1%
Affordable Housing Need (No.)	1,147	1,189	1,220	1,401	1,609	1,823

Local Housing Market Area	2016	2019	2021	2026	2031	2036
Population	147,100	152,439	155,200	164,510	174,570	185,070
No. of Households	55,910	58,320	60,000	64,240	68,470	73,090
Affordable Housing Need (%)	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%
Affordable Housing Need (No.)	7,308	7,623	7,843	8,397	8,950	9,554

Yarra Ranges LGA	2016	2019	2021	2026	2031	2036
Population	155,230	159,270	161,500	168,480	176,030	183,820
No. of Households	59,510	61,590	63,020	66,490	70,080	73,750
Affordable Housing Need (%)	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%
Affordable Housing Need (No.)	7,779	8,051	8,238	8,691	9,161	9,640

Source: ABS, Victoria in Future 2019, Urbis

Table 3.10: Forecast Affordable Dwelling Demand Breakdown

Lilydale-Coldstream SA2	2016	2019	2021	2026	2031	2036
Mortgage Stress	493	511	524	602	691	783
Rental Stress	482	500	513	589	677	767
Homeless People	43	45	46	53	60	68
Social Housing	106	110	113	129	149	168
Shared Equity Scheme	3	3	3	4	4	5
Housing Co-Op, Community or Church Group	20	21	21	24	28	32
Total Affordable Housing Need	1,147	1,189	1,220	1,401	1,609	1,823

Local Housing Market Area	2016	2019	2021	2026	2031	2036
Mortgage Stress	3,328	3,471	3,571	3,823	4,075	4,350
Rental Stress	3,136	3,271	3,365	3,603	3,840	4,099
Homeless People	123	128	132	141	151	161
Social Housing	547	571	587	628	670	715
Shared Equity Scheme	38	40	41	44	47	50
Housing Co-Op, Community or Church Group	137	143	147	157	168	179
Total Affordable Housing Need	7,308	7,623	7,843	8,397	8,950	9,554

Yarra Ranges LGA	2016	2019	2021	2026	2031	2036
Mortgage Stress	4,177	4,323	4,424	4,667	4,919	5,177
Rental Stress	2,606	2,697	2,759	2,911	3,068	3,229
Homeless People	360	373	381	402	424	446
Social Housing	427	442	452	477	503	529
Shared Equity Scheme	59	61	62	66	69	73
Housing Co-Op, Community or Church Group	150	155	159	168	177	186
Total Affordable Housing Need	7,779	8,051	8,238	8,691	9,161	9,640

Source: ABS, Victoria in Future 2019, Urbis

3.2.4. Summary

The below summarises future dwelling demand by different demographic and household characteristics for the Lilydale-Coldstream SA2 and the Shire of Yarra Ranges between 2019 and 2029.

Over this 10-year period, an additional 333, 1,101 and 919 affordable housing dwellings are required in the Lilydale SA2, the Local Housing Market Area and Yarra Ranges LGA respectively.

In absolute terms, need for affordable housing in both the Lilydale SA2 and the Yarra Ranges LGA is expected to be driven by those living under mortgage and rental stress.

For key worker demand, employees working in education and training and health care and social assistance industries are forecast to grow in large numbers in the decade to 2029. To support this growing employee base an additional 280 dwellings are required in the Lilydale-Coldstream SA2 and 1,420 across the wider municipality.

This is assumed to form part of the total requirement identified. However, these additional workers belong to the fastest growing industries of employment in Melbourne's outer east, hence easing housing pressures for individuals from key worker groups assists in strategically advancing the local economy and community service base.

Table 3.11: Affordable Housing Demand Summary Table, 2019 - 2029

	2019			2029			Change 2019-29 (No.)		
	Lilydale SA2	Housing Market Area	Yarra Ranges LGA	Lilydale SA2	Housing Market Area	Yarra Ranges LGA	Lilydale SA2	Housing Market Area	Yarra Ranges LGA
Population	19,920	152,440	159,270	25,040	170,550	173,010	5,120	18,110	13,740
Dwelling Demand	7,880	58,320	61,590	10,110	66,780	68,640	2,230	8,460	7,050
Dwelling Demand by Housing Tenure									
Owner Occupier	2,680	20,150	21,830	3,430	23,070	24,330	750	2,920	2,500
Purchaser	3,670	27,010	30,790	4,700	30,930	34,320	1,030	3,920	3,530
Renter	1,530	11,170	8,970	1,970	12,800	9,990	440	1,630	1,020
Dwelling Demand by Household Type									
Family With Children	3,820	29,210	30,350	4,890	33,440	33,830	1,070	4,230	3,480
Couple Family No Children	2,160	15,420	17,320	2,780	17,650	19,310	620	2,230	1,990
Group Household	110	1,130	1,050	140	1,290	1,170	30	160	120
Lone Person	1,790	12,570	12,860	2,300	14,390	14,340	510	1,820	1,480
Dwelling Demand by Dwelling Type									
Separate House	6,430	53,070	57,830	8,240	60,770	64,450	1,810	7,700	6,620
Semi-Attached	1,370	4,420	3,400	1,760	5,060	3,790	390	640	390
Flat, Unit or Apartment	80	830	360	100	960	400	20	130	40
Key Worker Demand									
Public Administration and Safety	170	n/a	450	190	n/a	500	20	n/a	50
Education and Training	280	n/a	1,910	430	n/a	2,850	150	n/a	940
Health Care and Social Assistance	410	n/a	1,560	520	n/a	1,990	110	n/a	430
Affordable Housing Demand									
Mortgage Stress	511	3,471	4,323	654	3,973	4,817	143	501	494
Rental Stress	500	3,271	2,697	640	3,743	3,004	140	473	308
Homeless People	45	128	373	57	147	415	12	19	43
Social Housing	110	571	442	141	653	492	31	82	50
Shared Equity Scheme	3	40	61	4	45	68	1	6	7
Housing Co-Op, Communit, Church	21	143	155	27	164	173	6	21	18
Housing Need (No.)	1,189	7,623	8,051	1,522	8,725	8,970	333	1,101	919
Housing Need (% of Dwelling)	15.1%	13.1%	13.1%	15.1%	13.1%	13.1%	-	-	-

Source: ABS, Victoria in Future 2019, Department of Jobs & Small Business, Urbis

4. DELIVERY OF AFFORDABLE HOUSING

The aim of this section of the report is to investigate what constitutes affordable rent for the income ranges stipulated for households with very low, low or moderate annual income. The income ranges assessed are as at June 2019 and have also been compared to December 2019 market rents. Given the delivery challenges that persist for housing associations and developers in viability terms, it is useful to consider the extent of impact that could be achieved on affordable housing need by delivering housing at costs below current market levels.

4.1. AFFORDABLE HOUSING COSTS

As outlined earlier, there are annually defined income ranges by household composition. These bands are presented in the table below:

Table 4.1: Qualifying Household Income Ranges for Affordable Housing: Greater Melbourne, 2019

	Very low income range (annual)	Low income range (annual)	Moderate income range (annual)
Single adult	Up to \$25,970	\$25,971 to \$41,550	\$41,551 to \$62,310
Couple, no dependant	Up to \$38,950	\$38,951 to \$62,320	\$62,321 to \$93,470
Family (with one or two parents) and dependent children	Up to \$54,520	\$54,521 to \$87,250	\$87,251 to \$130,870

Source: Planning and Environment Act (1987)

4.1.1. Rental Housing

Using our previously defined notion of rental stress, indicated by the abs as “households spending more than 30% of their incomes on housing costs” we have taken 30% of each of the income brackets outlined and compared these to the overall market rent. Market rents for all unit stock are calculated by the Department of Health & Human Services (DHHS) as at Dec 2019, shown in detail in section 1.

Further, each income range shown above has been assumed to fit into one, two- and three-bedroom units respectively and as such has been matched with the rental data for these product types to understand the difference between ‘affordable rent’ and ‘market rent’. The median and upper ranges of the income ranges have been used to indicate specific rental affordability thresholds.

The maximum weekly rent arrived at to achieve 30% of each annual income bracket (no rental stress) is shown directly below. Using the median and the maximum of each income range as the base we gain a greater grasp of the affordability within each bracket and not just show the maximum:

Table 4.2: Equivalent Affordable Weekly Income by Affordable Housing Income Ranges

Income Brackets			Single Person		Couple		Family	
			Annual Income	Affordable Weekly Rent	Annual Income	Affordable Weekly Rent	Annual Income	Affordable Weekly Rent
	Very Low	Median	\$12,985	\$75	\$19,475	\$112	\$27,260	\$157
		Top	\$25,970	\$150	\$38,950	\$225	\$54,520	\$315
	Low	Median	\$33,761	\$195	\$50,591	\$292	\$70,886	\$409
		Top	\$41,550	\$240	\$62,230	\$359	\$87,250	\$503
	Moderate	Median	\$51,931	\$300	\$72,851	\$420	\$109,061	\$629
		Top	\$62,310	\$359	\$93,470	\$539	\$130,870	\$755

Using these assumptions as a base, we have estimated the discount that would have to be applied at each income bracket against market rent. The DHHS defined areas that we have investigated are as follows:

- Croydon - Lilydale
- Yarra Ranges LGA
- Greater Melbourne

Table 4.3: DHHS Rolling Annual Median Weekly Rents for Units, Dec 2019

	One Bedroom	Two Bedrooms	Three Bedrooms
Croydon-Lilydale	\$280	\$360	\$430
Yarra Ranges	\$290	\$360	\$415
Greater Melbourne	\$372	\$463	\$532

Source: DHHS Dec 2019

Table 4.4 below presents a direct comparison of the ‘affordable rent’ against the ‘market rent’ for each product type. The specifics of these two have been outlined in the two tables above.

The column for each household type in table 4.4 shows the percentage of market rent that each income bracket can afford within each defined geography. Results in red highlight where households may struggle to pay 70% or more of market rent. Darker shades of green highlight where less discounting is required to remain affordable.

As an example, using Croydon – Lilydale DHHS rents, the upper end of the Single Person with a low income could afford to pay 86% of market rent for a one-bedroom unit. The median of the families in moderate income range could afford to pay 146% of market rent for a three-bedroom unit, while the equivalent family in the Yarra Ranges LGA could afford 152% of market rent. It is worth noting the following:

Table 4.4: Affordable Threshold of Income by Range Against Weekly Market Rents by Locality

		Single Person	Couple (One Bedroom)	Couple (Two Bedrooms)	Family (Two Bedrooms)	Family (Three Bedrooms)
Croydon-Lilydale	Very Low	27%	40%	31%	44%	37%
		54%	80%	62%	87%	73%
	Low	70%	104%	81%	114%	95%
		86%	128%	100%	140%	117%
	Moderate	107%	150%	117%	175%	146%
		128%	193%	150%	210%	176%
Yarra Ranges	Very Low	26%	39%	31%	44%	38%
		52%	77%	62%	87%	76%
	Low	67%	101%	81%	114%	99%
		83%	124%	100%	140%	121%
	Moderate	103%	145%	117%	175%	152%
		124%	186%	150%	210%	182%
Greater Melbourne	Very Low	20%	30%	24%	34%	30%
		40%	60%	49%	68%	59%
	Low	52%	78%	63%	88%	77%
		64%	96%	78%	109%	95%
	Moderate	80%	113%	91%	136%	118%
		97%	145%	116%	163%	142%

Source: DHHS, Planning & Environment Act 1987, Urbis

4.1.2. Purchaser Housing

Using the same analysis as above, comparing the equivalent affordable housing cost against what is the median price in the market, we have assessed the relative affordability of housing stock for purchasers. The analysis is altered slightly on a time basis as mortgages are typically repaid on a monthly basis instead of a weekly basis, although the underlying assumption of one being in ‘mortgage stress’ remains at the 30% of income threshold.

To this, the maximum monthly mortgage repayment arrived at to achieve 30% of each annual income bracket (no mortgage stress) is shown directly below. Using the median and the maximum of each income range as the base we gain a greater grasp of the affordability within each bracket and not just show the maximum:

Table 4.5: Equivalent Affordable Monthly Income by Affordable Housing Income Bands

Income Brackets			Single Person		Couple		Family	
			Annual Income	Affordable Monthly Payment	Annual Income	Affordable Monthly Payment	Annual Income	Affordable Monthly Payment
Income Brackets	Very Low	Median	\$12,985	\$325	\$19,475	\$487	\$27,260	\$682
		Top	\$25,970	\$649	\$38,950	\$974	\$54,520	\$1,363
	Low	Median	\$33,761	\$844	\$50,591	\$1,265	\$70,886	\$1,772
		Top	\$41,550	\$1,039	\$62,230	\$1,556	\$87,250	\$2,181
	Moderate	Median	\$51,931	\$1,298	\$72,851	\$1,821	\$109,061	\$2,727
		Top	\$62,310	\$1,558	\$93,470	\$2,337	\$130,870	\$3,272

To achieve a market monthly mortgage payment for Lilydale, we must assume a typical loan period, interest rate and dwelling price.

These illustrative assumptions and resulting monthly payment are detailed directly below:

Loan Term (months)	360	30 Years
LVR	90%	Assumed
Rate	3.2%	RBA 04/20
Periods	12	Monthly
Lilydale Median Unit Price	\$497,475	see section 1.2
Lilydale Median House Price	\$690,000	see section 1.2
Lilydale Monthly Unit Mortgage Payment	\$1,926	
Lilydale Monthly House Mortgage Payment	\$2,672	

Using these assumptions as a base, we have estimated the discount that would have to be applied at each income bracket against the market mortgage payment (table 4.6). This is then multiplied by the average dwelling price for each respective dwelling type to arrive at a maximum affordable price for each income range (table 4.7).

The column for each household type in table 4.6 shows the percentage of market price that each income bracket can afford within each defined geography. Results in red highlight where households may struggle to pay 70% or more of market price. Darker shades of green highlight where less discounting is required to remain affordable.

As an example, using the upper end of the single person with a low income could afford to pay 54% of market price for a unit. The median of the families in moderate income range could afford to pay 102% of market rent for a house, while the equivalent family in the units table could afford 142% of market price.

Table 4.6: Affordable Threshold of Income by Range Against Monthly Mortgage Payments by Dwelling Type

		Single Person		Couple		Family	
Lilydale (Units)	Very Low	17%	25%	35%			
		34%	51%	71%			
	Low	44%	66%	92%			
		54%	81%	113%			
	Moderate	67%	95%	142%			
		81%	121%	170%			
Lilydale (Houses)	Very Low	12%	18%	26%			
		24%	36%	51%			
	Low	32%	47%	66%			
		39%	58%	82%			
	Moderate	49%	68%	102%			
		58%	87%	122%			

Source: DHHS, Planning & Environment Act 1987, Urbis

Table 4.7: Affordable Price Threshold by Income Range by Dwelling Type

		Single Person	Couple (One Bedroom)	Family
Lilydale	Very Low	\$83,830	\$125,730	\$175,980
		\$167,650	\$251,450	\$351,970
	Low	\$217,950	\$326,600	\$457,620
		\$268,230	\$401,740	\$563,260
	Moderate	\$335,250	\$470,300	\$704,060
		\$402,260	\$603,420	\$844,860

Source: DHHS, Planning & Environment Act 1987, Urbis

4.1.3. Summary

It is worth noting the following:

- Comparison of what would be deemed an affordable rental level, a rent chargeable within an affordable housing development, against the Greater Melbourne low to moderate income ranges highlights the opportunity around Lilydale relative to Greater Melbourne.
- Depending on the ultimate definition of market rent (regarding geography and product type), there are opportunities for households all the way from the very low-income ranges up to afford at least 80% of market rent. Greater Melbourne in comparison show a much greater weighting towards the moderate-income ranges.
- Whilst there was a smaller proportion of residents currently in mortgage stress than rental stress relative to the respective population of renters and purchasers, the above analysis shows that there is merit in providing affordable purchaser products in addition to rental products. There is always the hurdle of a down payment in housing ownership as those with low and very low incomes typically cannot save as easily to purchase a house, but there remain opportunities to deliver price points targeting moderate to high incomes.
- There is an opportunity here to provide housing for the moderate section of the housing continuum as it should not deviate too far from what would be deemed achievable at market, improving the feasibility of the project. According to our analysis of household composition by income range, around 56% of Lilydale – Coldstream SA2 residents are above moderate incomes (section 1.3).

4.2. QUANTUM REDUCTION OF NEED BY REDUCED HOUSING COST

Table 4.8 shows how many more households would be able to access housing within 30% of their income if housing were provided at 10%, 20% or 30% less than current levels across rental and mortgage costs for the Lilydale SA2.

- A 30% reduction on all rental costs equates to an approximate additional 362 households moving over the affordability threshold, which as at 2016 represents approximately 78% of households living under rental stress.
- Similarly, a 30% reduction on all mortgage costs equates to an additional 447 households moving out of stress, representing over 90% of all households experiencing mortgage repayment difficulties as estimated at 2016.

Table 4.9 undertakes the same exercise for the Yarra Ranges LGA and indicates that delivering rental housing 30% less than current levels would reduce the volume of households living under rental stress by almost 80%. Likewise, delivering housing at 30% less than current mortgage repayments equates to an additional 3,712 households moving out of stress, which is approximately 88% of all households experiencing mortgage stress as estimated at 2016.

From this, we can see how delivering lower cost housing for rent or for sale can assist in alleviating disadvantage from a large proportion of residents living in both the Lilydale-Coldstream SA2 and the Shire of

Yarra Ranges. We can also see that sizeable gains can be made at close to market prices to assist people over the affordability threshold.

Table 4.8: Affordability Threshold Analysis: Lilydale - Coldstream SA2, 2019

	No. of Households Living Under Rental Stress	Additional Households <u>Not</u> Living Under Rental Stress	No. of Households Living Under Mortgage Stress	Additional Households <u>Not</u> Living Under Mortgage Stress
Standard Rent/Mortgage Repayment	482		495	
10% Lower	274	+ 208	217	+ 278
20% Lower	187	+ 87	92	+ 125
30% Lower	120	+ 67	48	+ 44

Source: ABS, Urbis

Table 4.9: Affordability Threshold Analysis: Yarra Ranges LGA, 2019

	No. of Households Living Under Rental Stress	Additional Households <u>Not</u> Living Under Rental Stress	No. of Households Living Under Mortgage Stress	Additional Households <u>Not</u> Living Under Mortgage Stress
Standard Rent/Mortgage Repayment	2,699		4,324	
10% Lower	1,594	+ 1105	2,074	+ 2250
20% Lower	1,034	+ 560	1,051	+ 1023
30% Lower	733	+ 301	612	+ 439

Source: ABS, Urbis

Under current conditions, there are signs that big gains could be made to meeting local affordable housing requirements by:

- Delivering more rental housing to add choice in the market, but also alleviate pressure for low- and moderate-income earners sitting just beyond the 30% income threshold.
- This could be delivered by adding volume and diversity (smaller dwelling types) to local housing stock as well as delivering more rental stock – whether at market rent or below market rent to assist meeting affordability thresholds or indeed shared equity schemes aimed at transitioning households into ownership.
- As an indication, if rents in Lilydale - Coldstream were reduced by 10%, 208 additional households would move across the ‘affordable’ threshold to pay less than 30% of their income. Additionally, if mortgage repayments were reduced by 10%, 217 additional households would move across the ‘affordable’ threshold.

5. SUMMARY OF FINDINGS

This section summarises the key findings of the research into housing need in Lilydale and the wider Shire of Yarra Ranges and provides some strategic direction on how to deliver against local affordable housing objectives.

5.1. HOUSING NEED AND DEMAND

Melbourne has been growing rapidly. One of the challenges in Lilydale specifically as well as the wider LGA is how to deliver the homes that are required for a growing population. Housing affordability would be expected to deteriorate further in the absence of adding new homes that are appropriate to the growing community. Therefore, in targeting affordable housing policy it is essential to maintain focus on deliverability, without negatively impacting viability or slowing down the delivery of market housing.

The **analysis from this report** indicates that based on population forecasts there is an implied requirement to provide an additional 12,160 homes between 2019 and 2036 in the LGA with 4,200 in the Lilydale SA2. This is much greater than what was previously forecasted by Safi forecasts in the previous report. The surrounding housing market area is forecast to require an additional 14,770 homes in the same period due to increasing density rippling out from the city. In time this will continue to spread first into Lilydale and other areas of the LGA.

At present the dwelling stock is still very much skewed to low density detached housing with limited choice for households seeking an apartment, a townhouse or even a micro lot at a more affordable price point to purchase or rent. Given the trends across Melbourne for a growing rental market and declining rate of home ownership it is expected that shifts in tenure will occur in this market too, even if they have been more gradual to date. The result of the current dwelling stock is that there is limited choice or affordability when it comes to smaller dwelling types to rent or buy. These will be a critical success factor in delivering homes in the volume required to satisfy dwelling demand as well as enhancing affordability.

Table 5.1 Affordable Housing Demand Summary Table, 2019 - 2029

	2019			2029			Change 2019-29 (No.)		
	Lilydale SA2	Housing Market Area	Yarra Ranges LGA	Lilydale SA2	Housing Market Area	Yarra Ranges LGA	Lilydale SA2	Housing Market Area	Yarra Ranges LGA
Population	19,920	152,440	159,270	25,040	170,550	173,010	5,120	18,110	13,740
Dwelling Demand	7,880	58,320	61,590	10,110	66,780	68,640	2,230	8,460	7,050
Dwelling Demand by Housing Tenure									
Owner Occupier	2,680	20,150	21,830	3,430	23,070	24,330	750	2,920	2,500
Purchaser	3,670	27,010	30,790	4,700	30,930	34,320	1,030	3,920	3,530
Renter	1,530	11,170	8,970	1,970	12,800	9,990	440	1,630	1,020
Dwelling Demand by Household Type									
Family With Children	3,820	29,210	30,350	4,890	33,440	33,830	1,070	4,230	3,480
Couple Family No Children	2,160	15,420	17,320	2,780	17,650	19,310	620	2,230	1,990
Group Household	110	1,130	1,050	140	1,290	1,170	30	160	120
Lone Person	1,790	12,570	12,860	2,300	14,390	14,340	510	1,820	1,480
Dwelling Demand by Dwelling Type									
Separate House	6,430	53,070	57,830	8,240	60,770	64,450	1,810	7,700	6,620
Semi-Attached	1,370	4,420	3,400	1,760	5,060	3,790	390	640	390
Flat, Unit or Apartment	80	830	360	100	960	400	20	130	40
Key Worker Demand									
Public Administration and Safety	170	n/a	450	190	n/a	500	20	n/a	50
Education and Training	280	n/a	1,910	430	n/a	2,850	150	n/a	940
Health Care and Social Assistance	410	n/a	1,560	520	n/a	1,990	110	n/a	430
Affordable Housing Demand									
Mortgage Stress	511	3,471	4,323	654	3,973	4,817	143	501	494
Rental Stress	500	3,271	2,697	640	3,743	3,004	140	473	308
Homeless People	45	128	373	57	147	415	12	19	43
Social Housing	110	571	442	141	653	492	31	82	50
Shared Equity Scheme	3	40	61	4	45	68	1	6	7
Housing Co-Op, Communit, Church	21	143	155	27	164	173	6	21	18
Housing Need (No.)	1,189	7,623	8,051	1,522	8,725	8,970	333	1,101	919
Housing Need (% of Dwelling)	15.1%	13.1%	13.1%	15.1%	13.1%	13.1%	-	-	-

Source: ABS, Victoria in Future 2019, Department of Jobs & Small Business, Urbis

If we focus on the period 2019 to 2029 in the short term, we can infer that almost an additional 2,230 homes are required in Lilydale SA2, 8,460 in the local housing market area and 7,050 in the LGA as conservative estimates. Of these:

- Around 15% to 20% of these are likely to be renters
- Around half will be purchasing with a mortgage
- More than 20% will be lone person households
- Nearly 30% will be couple households without children
- We know that 24% of 20-34-year olds rent while 62% are purchasing with a mortgage so first home buyer activity will remain important
- On current indicators 4%-6% of residents could be facing rental stress and a further 7% in mortgage stress.
- Key worker demand could equate to around 10% - 20% of the additional dwelling requirement based on projected employment in Health Care and Social Assistance, Education and Training and Public Administration and Safety; already making up 24% to 27% of employment in Lilydale and Yarra Ranges LGA respectively at the time of the 2016 census.
- If we were to follow recent local trends the housing stock would continue to be dominated by low density housing, but the demographic data as well as affordability data indicates a requirement to provide greater choice when it comes to density and smaller dwelling types.
- Considering the income profile, we can see that the profile across benchmark areas is relatively similar. We can see that the 'moderate' income range is well represented in the Lilydale-Coldstream SA2, the Local Housing Market Area and the Yarra Ranges LGA.
- This trend is also visible when it comes to key workers, with individuals belonging to moderate income households accounting for the second largest segment of households where residents work in either Health Care and Social Assistance, Education and Training or Public Administration and Safety. Most people employed in these services earned an income above the eligible range.
- This suggests there would be a high volume of households that could afford market rates or close to market rates in the key worker cohort. Therefore, targeting an outcome linked to providing affordable housing catered to key workers would be expected to align local economic and social objectives with housing needs and potentially improve viability of the scheme overall.

5.2. SUBJECT SITE STRATEGIC CONTRIBUTION

The proposed development at the subject site is anticipated to comprise 49% medium density dwellings, 32% low density dwellings and 20% high density dwellings. When we revisit the current dwelling mix in the Lilydale-Coldstream SA2, it is heavily skewed toward low density dwellings with a limited offer of medium and higher density housing stock.

The indicative yield at the subject site development will assist in alleviating the pressures of restricted dwelling choice by providing a more diversified mix of housing stock for the local and surrounding area. Purchasers and renters will therefore access a home that better suits their dwelling requirements and will not be restricted to a larger dwelling that may push them beyond their affordability threshold.

Table 5.2 Proposed Development Yield

	No. of Dwellings	% of Total Yield
Low Density	1,018	32%
Medium Density	1,567	49%
High Density	631	20%
Total	3,216	100%

Source: Intrapac Property Pty Ltd

As noted above the subject site offers the prospect of delivering over a third of the dwellings required in the Shire of Yarra Ranges over the next 25 or so years. This is an important strategic contribution to the municipality. The key to delivering affordable housing sits within several areas:

1. Ability to deliver more housing overall and avoid the issue deteriorating
2. Ability to deliver a more diverse housing stock that can expand both choice and affordability in the market with medium and high-density options
3. Ability to deliver affordable housing contributions that can be viably delivered, without impacting upon the delivery of housing volume overall, which would be counterproductive in meeting the future needs of a prosperous Shire of Yarra Ranges

Therefore, in meeting the three objectives above the opportunity at Lilydale Quarry includes:

- Delivering a range of densities to compensate for the scarcity of smaller dwelling types and enhance the ability to deliver against forecast dwelling demand from continued population growth
- Deliver a range of price points (linked to the size and type) to include relatively more affordable options
- Deliver homes targeting key workers to ensure talent continues to be attracted to this area and support the growth of these essential sectors to the Shire of Yarra Ranges local economy.
- Deliver targeted private rental stock adding supply to the section of the market that is experiencing affordability pressure.
- Exploring measures such as shared equity and rent to buy schemes that assist first home buyers to access the market
- Affordable housing for purchase to qualifying households (criteria to be determined)
- Explore Housing Association requirements and viability implications (for both the JV partners and Registered Housing Association) for providing land with permits in place to deliver affordable housing.

As you can see there are a range of ways in which a development of this scale can deliver against affordable housing objectives. It should however be noted that given the vast requirement for affordable housing across the municipality, no one development has the capability to fulfil the entire requirement for affordable housing. This report does however provide some assistance and guidance toward how need can be best targeted in Lilydale and the wider municipality.

There is a strategic rationale to deliver density, to add rental supply, to target key workers and even the prospect that delivering housing at slightly lower costs could push a reasonably high number of households positively over the affordability threshold.

In pursuing these objectives, the extent of provision will of course be critical to assess viability. This is especially true when one considers the importance of delivering homes (of all kinds) sooner, rather than later to meet the needs of a growing population and keep wider affordability in check.

The development of Lilydale Quarry will take place over time, in stages. The affordable housing landscape will continue evolve as need is monitored and delivery models and funding are progressed. Therefore, it makes sense to firm up the affordable housing proposition at each stage as appropriate.

DISCLAIMER

This report is dated 29 April 2020 and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Pty Ltd (**Urbis**) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of Intrapac Property (**Instructing Party**) for the purpose of Affordable Housing Needs Assessment (**Purpose**) and not for any other purpose or use. To the extent permitted by applicable law, Urbis expressly disclaims all liability, whether direct or indirect, to the Instructing Party which relies or purports to rely on this report for any purpose other than the Purpose, and to any other person which relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

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APPENDIX B
2022 AFFORDABLE
HOUSING NEEDS
UPDATE



NOT FOR PUBLICATION

KINLEY DEVELOPMENT

Page 75

Housing Diversity & Affordability Report
2022 Data Update

Prepared for Tav Lilydale Pty Ltd & LBJ
Corporation Pty Ltd
May 2022

This report data update is dated **May 2022** and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Pty Ltd's (Urbis) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of **Intrapac** (Instructing Party) for the purpose of a **Housing Diversity & Affordability Report** (Purpose) and not for any other purpose or use. Urbis expressly disclaims any liability to the Instructing Party who relies or purports to rely on this report for any purpose other than the Purpose and to any party other than the Instructing Party who relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

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STATE POLICY CONTEXT: AFFORDABLE HOUSING DEFINITION

Key Insights

On June 1, 2018, the Planning and Environment Act 1987 (the Act) was amended to include an objective 'to facilitate the provision of affordable housing in Victoria'. The amendment was accompanied by a formal definition of affordable housing (summarised adjacent) in the legislation.

Since then, new housing development is required to provide an affordable component. This definition is referred to in draft planning provisions around affordable housing, which applies to the proposed subdivision.

Broadly, a dwelling is considered 'affordable' if the household pays less than 30 per cent of their income on housing (either rental cost or mortgage payment) and the dwelling meets specific local needs (e.g. location, tenure, size, amenity, etc.).

A range of affordability thresholds by income range and by household type are further defined to determine the relative housing affordability by different household formations. This information is indicated in the Victoria Government Gazette annually, with the latest thresholds dated 20 June 2021 summarised in the adjacent table (2022 figures to come later this year).

These ranges will inform the eligibility and need for affordable housing through analysis of the distribution of the population by income and tenure, maximum capacity to afford, and the relativity between this and the local market prices and rents.

Definition of Affordable Housing – Planning & Environment Act 1987



The *Planning and Environment Act 1987* defines affordable housing as follows:

- 1) For the purposes of this Act, affordable housing is housing, including social housing, that is appropriate for the housing needs of any of the following —
 - a) very low-income households;
 - b) low-income households;
 - c) moderate income households.
- 1) For the purposes of determining what is appropriate for the housing needs of very low-income households, low-income households and moderate-income households, regard must be had to the matters specified by the Minister by notice published in the Government Gazette.
- 2) Matters specified by the Minister by notice under subsection (2) cannot include price ranges or prices for the purchase or rent of housing.

Income Ranges for Affordable Housing for Greater Melbourne as at June 2021

		Income Ranges			
		Single	Couple	Family	Group
Very Low	Minimum	\$0	\$0	\$0	\$0
	Maximum	\$26,200	\$39,290	\$55,000	\$55,000
Low	Minimum	\$26,201	\$39,291	\$55,001	\$55,001
	Maximum	\$41,920	\$62,870	\$88,020	\$88,020
Moderate	Minimum	\$41,921	\$62,871	\$88,021	\$88,021
	Maximum	\$62,860	\$94,300	\$132,030	\$132,030

Source: *Planning and Environment Act 1987, Urbis*

RESIDENTIAL HOUSE AND UNITS PRICE

Key Insights

House price growth outpaced unit price increases, rendering units as an affordable buying option for first home buyers.

The two charts show the Lilydale – Coldstream SA2 housing market annual median price for units and houses. Also indicated on the charts are the 25th and 75th Quartile price, measuring the variance in median price observed in the area.

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Separate house prices are around 45% higher than unit prices in the year to March 2022 at \$862,800 compared with \$595,500. The variance between the 25th and 75th Quartile from the median price for houses is much greater than for units.

Median house price deviate by an average of \$123,000 whereas median unit price by just \$73,000 from the low and high quartiles, suggesting a lack of varied product offering in the market for units.

Median house price grew 19% compared to 15% for units in the last twelve months to March 2022 in Lilydale – Coldstream SA2 reflecting a resilient housing market for housing across the board.

Median Price for Houses, Lilydale-Coldstream SA2



Source: Pricerfinder, Urbis

Median Price for Units, Lilydale-Coldstream SA2




Source: Pricerfinder, Urbis

NOT FOR PUBLICATION

AFFORDABLE PRICES (& ALSO RELATIVE TO MARKET MEDIAN PRICE)

Key Insights

Market house and unit prices in Lilydale – Coldstream SA2 are shown to be unaffordable for households with very low-low income whilst high moderate income households would be able to afford both. Greatest subsidy required for Single person households.

 = Promising Price Point

As an example, at Kinley, a future house and land package or unit would need to be sold for:

- Up to \$254,200 (representing discount of 69% to market median price), so that it is affordable for a couple in the Very-Low-income band
- \$254,200 - \$406,700 (representing 50% - 69% discount of market price), so that it is affordable for a couple in the Low-income band
- \$406,700 - \$610,000 (representing 25% - 50% of market price), so that it is affordable for a couple in the Moderate-income band
- Families can be accommodated from low to moderate incomes at or even above the median unit price.

The charts below bring together the Ministerial data on Greater Melbourne household incomes (for very low, low and moderate income households) and the local housing sales market to test what discount would need to be applied to the average sales price of housing to equate to the maximum price that a Yarra Ranges resident could afford using 30% of their income. Most below-moderate income households within the Lilydale – Coldstream area would struggle to find a property that would be within 30% of their income. Higher unaffordability can be seen in Single households, however Couple and Family households would be able to afford a property if on a higher moderate income band.

Required Price Discount for Houses													
Household Type >		Single				Couple				Family			
Income Band	Location in Band	Affordable Monthly Mortgage Payment	Resultant Affordable Price	House Market Price	Required Discount on Market Price	Affordable Monthly Mortgage Payment	Resultant Affordable Price	House Market Price	Required Discount on Market Price	Affordable Monthly Mortgage Payment	Resultant Affordable Price	House Market Price	Required Discount on Market Price
Very Low	Median	\$328	\$84,700	\$808,700	90%	\$491	\$127,100	\$808,700	84%	\$688	\$177,900	\$808,700	78%
	Maximum	\$655	\$169,500	\$808,700	79%	\$982	\$254,200	\$808,700	69%	\$1,375	\$355,800	\$808,700	56%
Low	Median	\$852	\$220,300	\$808,700	73%	\$1,277	\$330,400	\$808,700	59%	\$1,788	\$462,600	\$808,700	43%
	Maximum	\$1,048	\$271,200	\$808,700	66%	\$1,572	\$406,700	\$808,700	50%	\$2,201	\$569,400	\$808,700	30%
Moderate	Median	\$1,310	\$338,900	\$808,700	58%	\$1,965	\$508,400	\$808,700	37%	\$2,751	\$711,800	\$808,700	12%
	Maximum	\$1,572	\$406,700	\$808,700	50%	\$2,358	\$610,000	\$808,700	25%	\$3,301	\$854,100	\$808,700	0%

Required Price Discount for Units													
Household Type >		Single				Couple				Family			
Income Band	Location in Band	Affordable Monthly Mortgage Payment	Resultant Affordable Price	House Market Price	Required Discount on Market Price	Affordable Monthly Mortgage Payment	Resultant Affordable Price	House Market Price	Required Discount on Market Price	Affordable Monthly Mortgage Payment	Resultant Affordable Price	House Market Price	Required Discount on Market Price
Very Low	Median	\$328	\$84,700	\$582,500	85%	\$491	\$127,100	\$582,500	78%	\$688	\$177,900	\$582,500	69%
	Maximum	\$655	\$169,500	\$582,500	71%	\$982	\$254,200	\$582,500	56%	\$1,375	\$355,800	\$582,500	39%
Low	Median	\$852	\$220,300	\$582,500	62%	\$1,277	\$330,400	\$582,500	43%	\$1,788	\$462,600	\$582,500	21%
	Maximum	\$1,048	\$271,200	\$582,500	53%	\$1,572	\$406,700	\$582,500	30%	\$2,201	\$569,400	\$582,500	2%
Moderate	Median	\$1,310	\$338,900	\$582,500	42%	\$1,965	\$508,400	\$582,500	13%	\$2,751	\$711,800	\$582,500	0%
	Maximum	\$1,572	\$406,700	\$582,500	30%	\$2,358	\$610,000	\$582,500	0%	\$3,301	\$854,100	\$582,500	0%

Affordable Price is calculated using 30% of the respective eligible income bands against a loan to value ratio of 85% for a 360-month loan that is at 3.6% variable rate for an owner occupier loan). Source: RBA, Pricfinder [Suburbs of Lilydale, Coldstream, Yering]; Urbis

INTEREST RATE PROJECTIONS & IMPACT ON PRICE

Key Insights

Lending rates are anticipated to trend upwards in the short to medium term from historic lows with an expected tightening in the overall housing market.

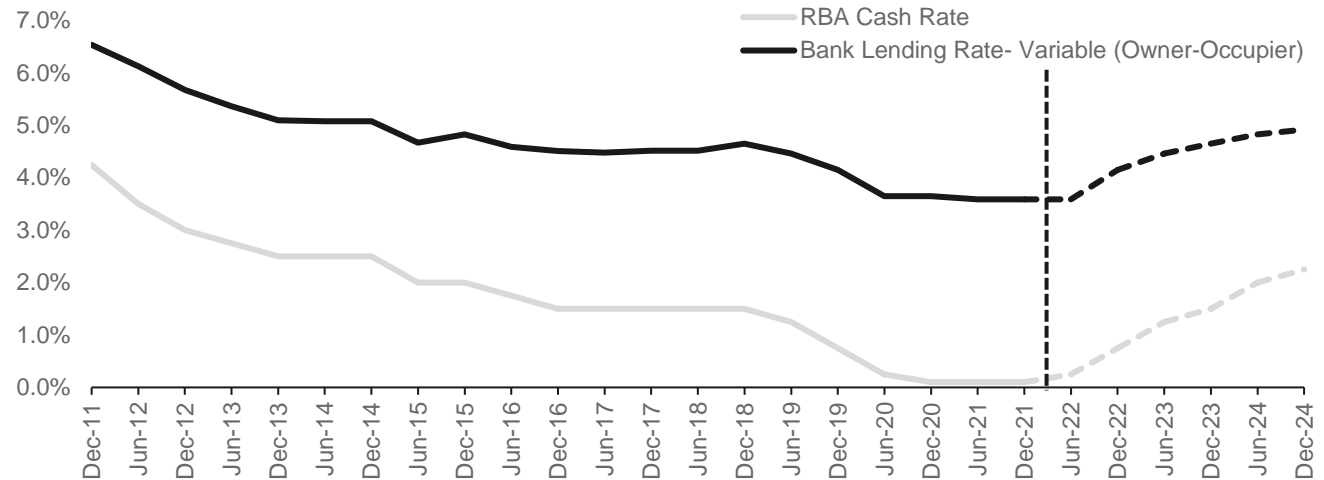
The adjacent chart highlights the historical trends of the RBA's cash rate and the associated lending rate (variable) for an owner-occupier rate offered by banks. The RBA's cash rate and the lending rate have averaged 1.5% and 5.3% for the last five year period to 2019, while recently reducing to a low of 0.1% and 4.5% on the backdrop of the stimulus measure resulting from the pandemic.

However, with mounting inflationary pressure and a better than expected recovery in the economy, interest rates are expected to return to their long term averages.

We anticipate that the cash rate would see a return to the 2.0-2.5% range but would not return to its historic high of 3.5%-4.0% witnessed in 2011-12 due to a sharp increase in household borrowings in recent years.

For our analysis to assess housing affordability in the next section, we have adopted a weighted average variable interest rate of 3.6% for the tenure of the loan reflecting the market rate available currently.

Interest Rate Projections, Cash Rate vs Lending Rate



Source: RBA, NAB, Urbis

Maximum Dwelling Price for Eligible Households at 3% vs. 6% Interest

Household Type >		Single		Couple		Family	
Income Band	Location in Band	Resultant Affordable Price* @ 3.6% Interest	Resultant Affordable Price* @ 6% Interest	Resultant Affordable Price* @ 3.6% Interest	Resultant Affordable Price* @ 6% Interest	Resultant Affordable Price* @ 3.6% Interest	Resultant Affordable Price* @ 6% Interest
Very Low	Median	\$84,700	\$64,300	\$127,100	\$96,400	\$177,900	\$134,900
	Maximum	\$169,500	\$128,500	\$254,200	\$192,700	\$355,800	\$269,800
Low	Median	\$220,300	\$167,100	\$330,400	\$250,600	\$462,600	\$350,800
	Maximum	\$271,200	\$205,600	\$406,700	\$308,400	\$569,400	\$431,800
Moderate	Median	\$338,900	\$257,000	\$508,400	\$385,500	\$711,800	\$539,800
	Maximum	\$406,700	\$308,400	\$610,000	\$462,600	\$854,100	\$647,700

Source: RBA, NAB, Planning and Environment Act 1987, Urbis

UPDATED LOCAL NEED FOR SOCIAL & AFFORDABLE HOUSING

Key Insights

Delayed population growth in the region reduces the quantum of affordable dwelling needs in the wider region.

In our previous analysis for the period between 2019 and 2029, an additional 333, 1,101 and 919 affordable housing dwellings were required in the Lilydale – Coldstream SA2, local housing market area and Yarra Ranges LGA respectively. Those living under mortgage and rental stress would drive the need for affordable housing in the area.

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However, for the period between 2021 and 2031, the additional affordable dwellings required in the Lilydale – Coldstream SA2 has increased to 347, while a decline in the number of affordable dwellings has been noted in the local housing market area and Yarra Ranges LGA, of 950 and 820 respectively.

This is mostly driven by change in population growth for the Lilydale – Coldstream SA2, local housing market area and the larger Yarra Ranges LGA, with an increase of 600 residents witnessed in Lilydale SA2 but a reduction of 1,100 and 840 residents in the other two areas.

This change in population would translate into a marginal increase in housing needs in the Lilydale area but would result in lower demand for housing in the wider region.

Projected Affordable Housing Demand, Lilydale-Coldstream SA2

	2021			2031			Change 2021 - 2031 (no.)		
	Lilydale - Coldstream SA2	Total Housing Market Area	Yarra Ranges LGA	Lilydale - Coldstream SA2	Total Housing Market Area	Yarra Ranges LGA	Lilydale - Coldstream SA2	Total Housing Market Area	Yarra Ranges LGA
Population	19,700	152,000	158,500	25,400	169,000	171,400	5,700	17,000	12,900
Demand for Housing (Based on HH Size)	7,700	57,300	59,500	10,000	64,600	65,800	2,300	7,300	6,300
Dwelling Demand by Housing Tenure									
Owner Occupier	2,640	20,110	21,360	3,430	22,680	23,620	790	2,570	2,260
Purchaser	3,660	27,060	30,400	4,760	30,510	33,620	1,100	3,450	3,220
Renter	1,510	11,000	8,660	1,960	12,400	9,580	450	1,400	920
Dwelling Demand by Household Type									
Family With Children	3,600	27,890	28,720	4,510	30,750	30,440	910	2,860	1,720
Couple Family Without Children	2,140	15,310	17,080	2,890	17,550	19,390	750	2,240	2,310
Group Household	150	1,320	1,220	180	1,440	1,280	30	120	60
Lone Person	1,810	12,780	12,480	2,420	14,860	14,690	610	2,080	2,210
Dwelling Demand by Dwelling Type (*Some Dwellings are Outside These Classifications)									
Separate House	6,340	52,850	56,130	8,230	59,580	62,070	1,890	6,730	5,940
Semi-Attached	1,240	3,790	2,980	1,620	4,270	3,300	380	480	320
Flat, Unit or Apartment	70	670	250	90	760	280	20	90	30
Affordable Housing Demand									
Mortgage Stress	499	3,410	4,177	648	3,845	4,619	149	434	442
Rental Stress	489	3,214	2,605	635	3,623	2,881	146	409	276
Homeless People	44	126	360	57	142	398	13	16	38
Social Housing	107	561	427	139	632	472	32	71	45
Shared Equity Scheme	3	39	59	4	44	65	1	5	6
Housing Co-Op, Community, Church	20	140	150	26	158	166	6	18	16
Housing Need (No.)	1,162	7,490	7,778	1,509	8,444	8,601	347	950	820
Housing Need (% of Dwelling)	15.1%	13.1%	13.1%	15.1%	13.1%	13.1%	-	-	-

Note: Numbers have been derived using census/ VIF2019 figures as per previous analysis and carried forward for updated population projections.
Source: Victoria in Future 2019, ABS, Urbis

PROPOSITION FOR KINLEY

The previous analysis for the Kinley development assessed the affordable housing proposition as:

- Specified the subject land provide 5 per cent of its total dwellings as affordable housing
- Using the above, 162 affordable dwellings would be provided on the assumed yield of 3,241 dwellings, comprising in the order of:
 - Crisis, social rented: 28
 - Affordable rental: 40
 - Shared equity, affordable purchase: 65
 - Key worker: 30
- We note that a 50% contribution of social rental accommodation is now being considered. This would equate to **81** affordable dwellings.
- Under this scenario there would be a requirement to revisit the remaining contribution across affordable purchase/shared equity/key worker and affordable rent.
- With the updated development yield of 3,237 and integrating the updated numbers from this report, the proposition remains relevant in contributing to the broad areas of affordable housing need – noting Council's preference to provide social housing outcomes in the municipality.
- Population growth is not at the level that was originally forecast due to Covid-19, but equally the development has delayed in line with population rebounding and the need for affordable housing will always be greater than can viably be achieved in this development.

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DELIVERY REQUIREMENTS

The manner of provision of the affordable housing may be determined by the owner and may include:

- The transfer of serviced land, to a registered housing agency;
- Making available affordable housing for purchase at a reduced price; or
- Such other agreed alternative to the satisfaction of the responsible authority.

The affordable housing must be:

- Provided in accordance with an Affordable Housing Delivery Strategy to be prepared to the satisfaction of the responsible authority
- Be tenure blind, including complying with any urban design requirements applying to the land
- Must be suitably spread and located throughout the overall development.

NEXT STEPS

Given there is flexibility in how to deliver the AH, the key thing to test is the financial feasibility of pursuing each delivery option.

To confirm the Affordable Housing proposition, a number of questions need answering, including:

- If we break the proposition into 3 baskets – affordable for purchase, affordable rent and social housing – can we test some scenarios that illustrate the different outcomes within the context of the site?
- If you gift land for social housing, what volume, timing and transfer arrangements is optimal?
- If you gift or sell land at a discount to a provider, what are the implications on development feasibility and what will be the conditions?
- If you deliver affordable dwellings, will they be transferred or managed by association?
- What are the implications of delivering affordable dwellings at different points on the masterplan delivery in terms of the type of product that can be delivered and the suitability to the type of need project as well as financial implications of different staging?

APPENDICES: SUPPORTING DATA

COVID-19 IMPACTS ON POPULATION PROJECTIONS

Key Insights

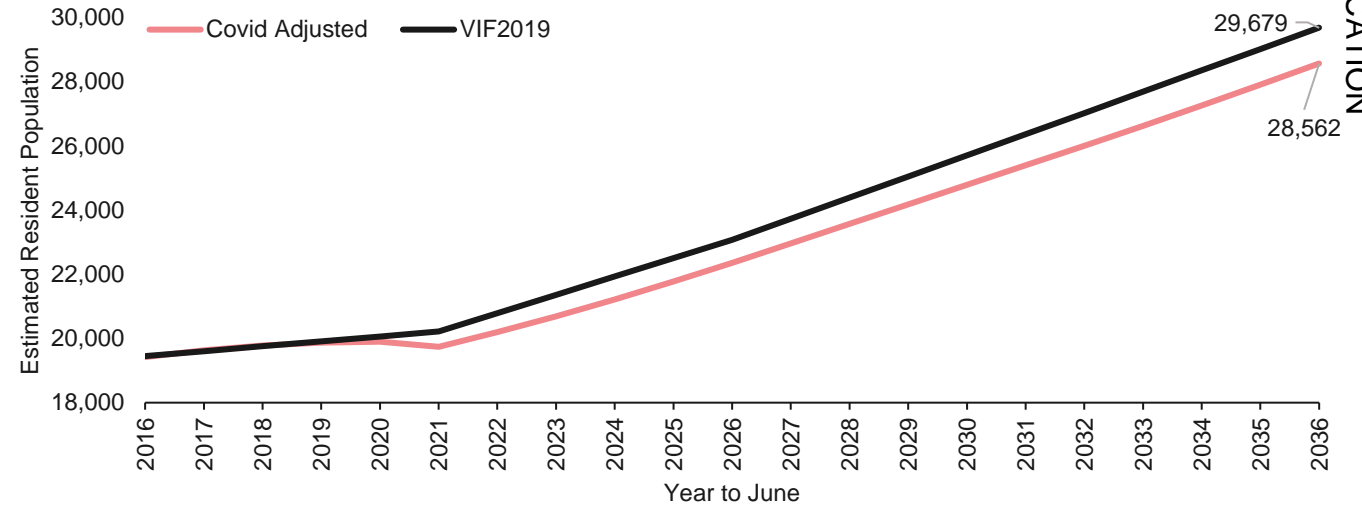
By 2036 there will be almost 28,600 residents, a 45% increase in residents population in the Lilydale – Coldstream SA2, where the Subject Site is located.

The adjacent chart highlights the estimated resident population in the Lilydale - Coldstream SA2 based on projections from Victoria in Future 2019 and Urbis forecasts, which have been adjusted for COVID impacts. This helps contextualise the variance in the anticipated growth in population impacted by the pandemic.

Resident population in Lilydale – Coldstream, based on Urbis projections, is expected to grow at 2.5% per annum between 2021 and 2036, moving from 19,600 to 28,600 people, reflecting an addition of approximately 600 residents annually.

In comparison, Victoria in Future 2019 projections anticipated a 2.6% per annum population growth rate between 2021 and 2036. This equates to an annual addition of 40 more residents above our projected figures (stated above) over the 15 year period.

Population Projections 2016-2036, Lilydale-Coldstream SA2



Source: Victoria in Future 2019, ABS, Urbis

HOUSEHOLD PROJECTIONS

Key Insights

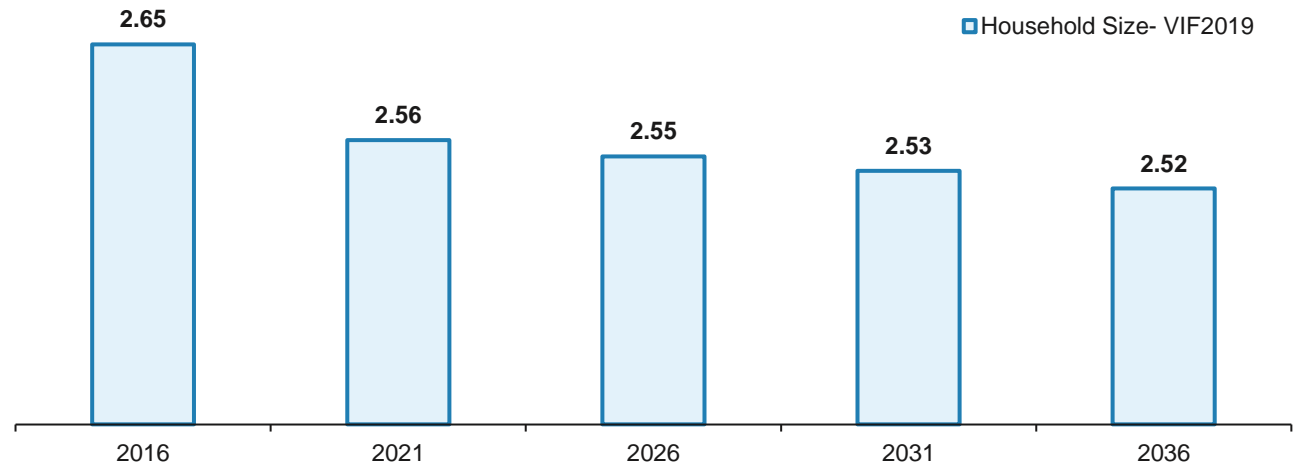
Underpinned by strong population growth, 3,600 additional households are expected to be added to the Lilydale – Coldstream SA2 area, with total households reaching 11,300 by 2036.

According to the Victoria in Future 2019 household size projections, the subject site and the surrounding area are expected to see a minimal reduction in household size, from 2.65 in 2016 to 2.52 in 2036.

Based on those projections, the Lilydale – Coldstream SA is anticipated to see a 47% increase in total number of households between 2021 and 2036.

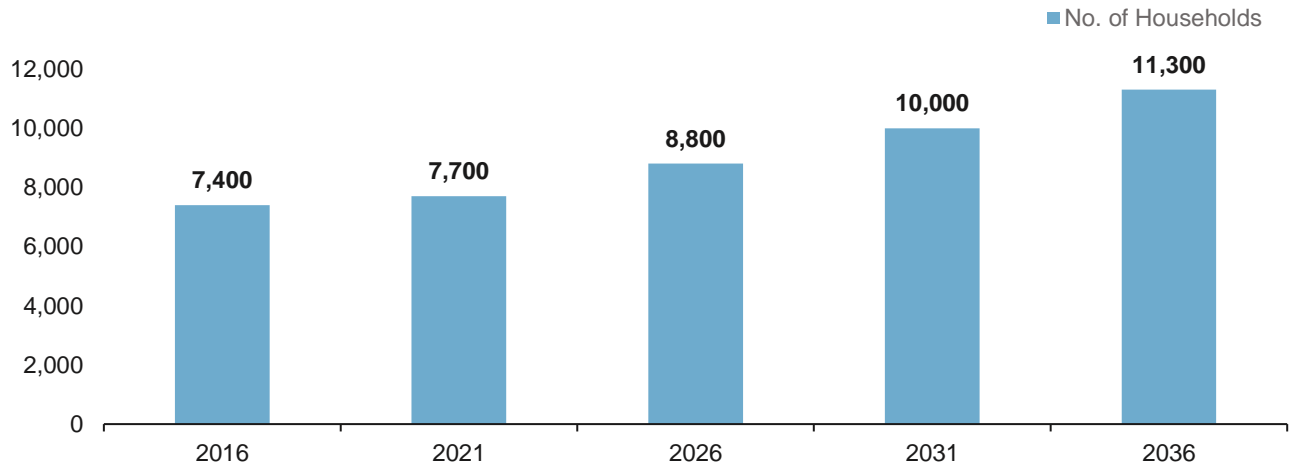
Number of households are projected to grow at an average rate 2.5% per annum between 2021 and 2036, compared to the historical growth of 0.8% per annum between 2016 and 2021, reflecting a sharp increase in future growth than was witnessed historically.

Average Household Size 2016-2036, Lilydale-Coldstream SA2



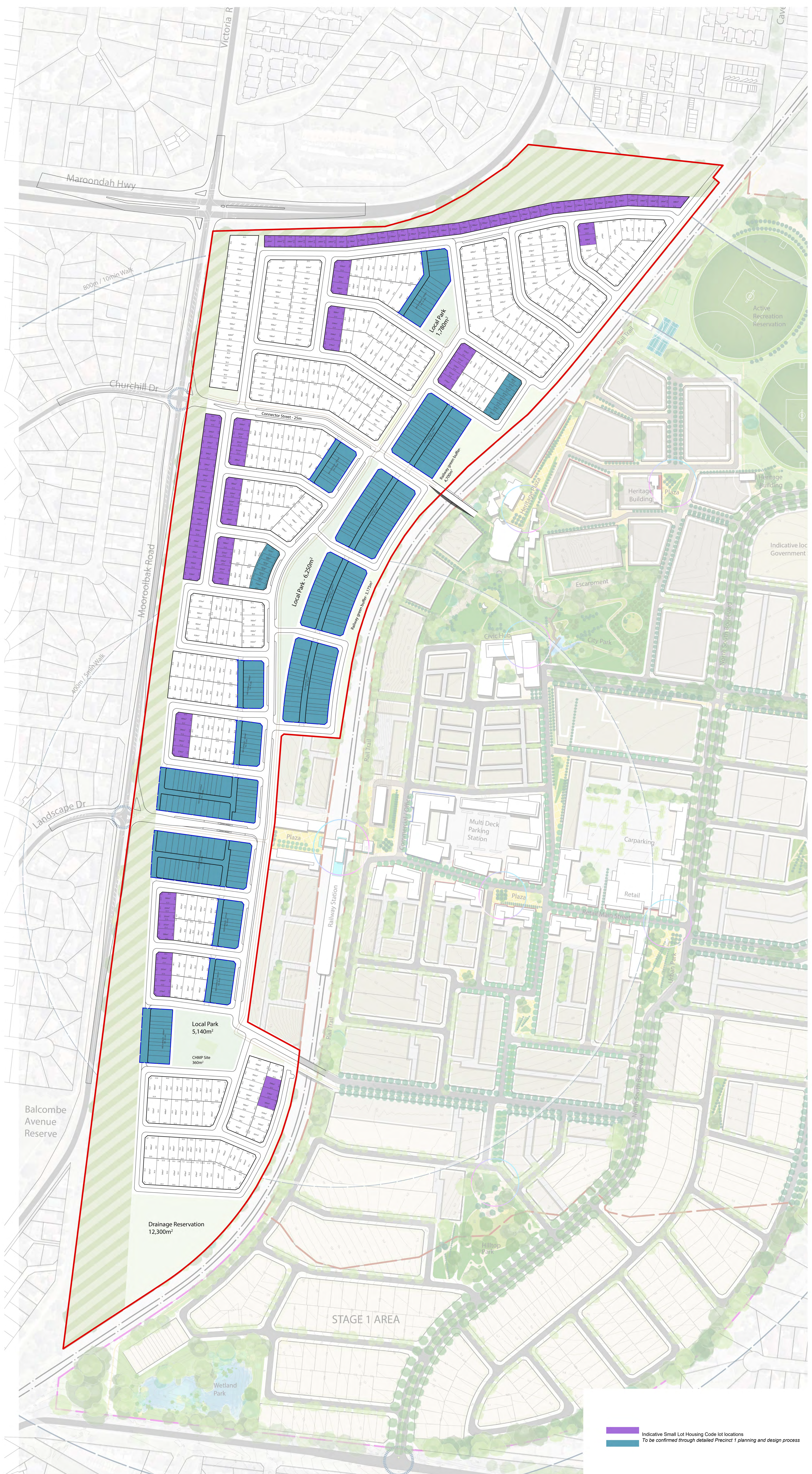
Source: Victoria in Future 2019, ABS, Urbis

Household Projections 2016-2036, Lilydale-Coldstream SA2



Source: Victoria in Future 2019, ABS, Urbis

APPENDIX C
CATEGORY 2 HOUSING –
INDICATIVE LOCATIONS

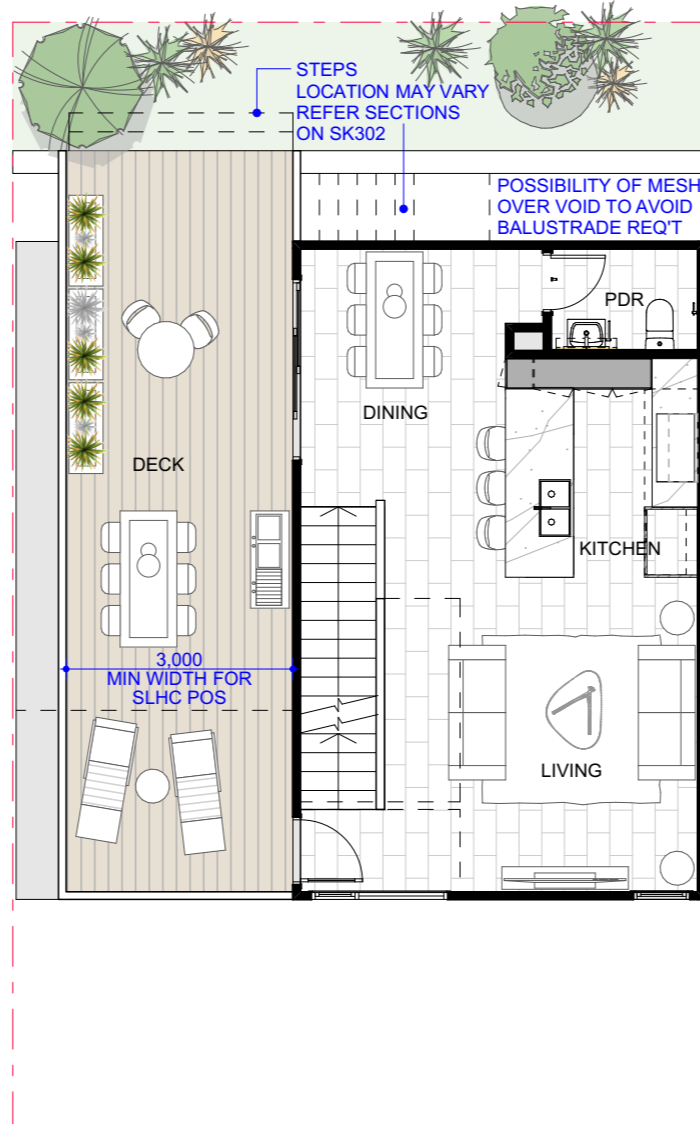
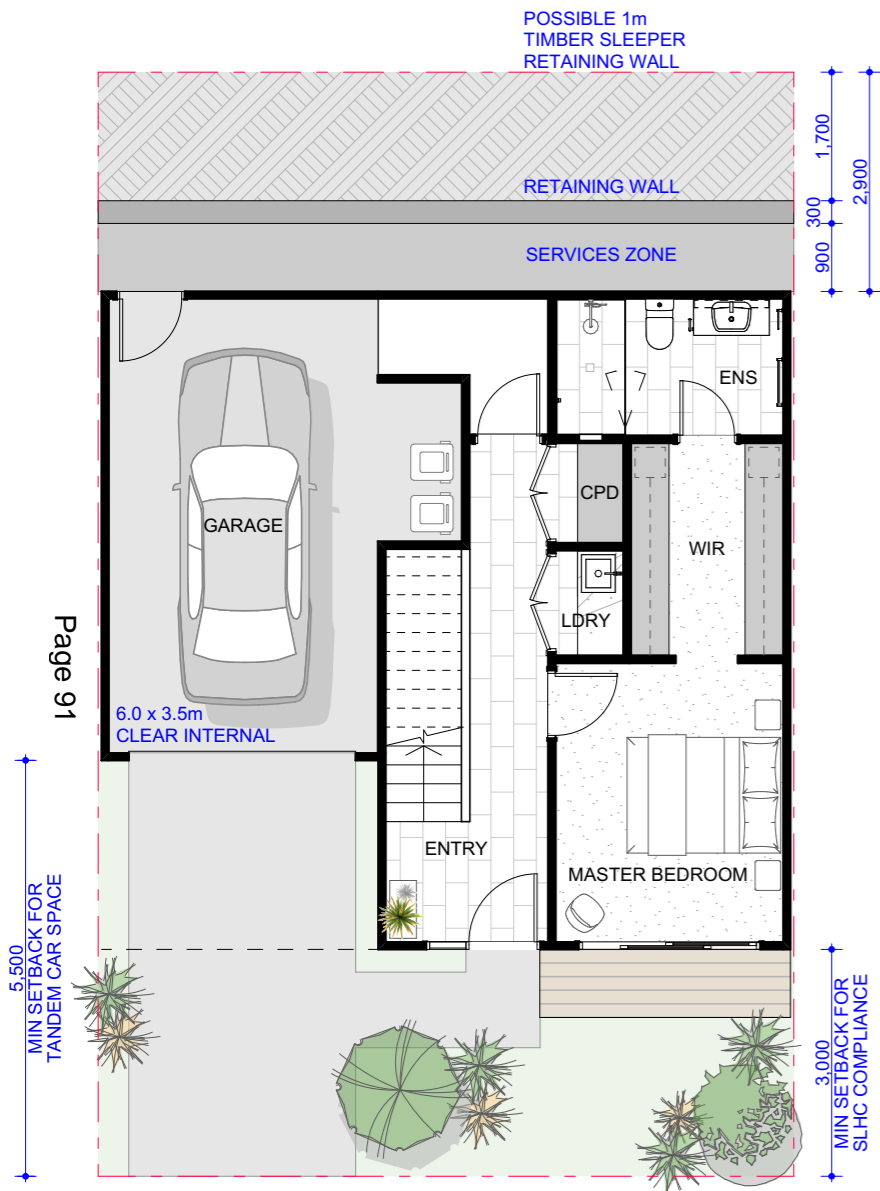


Indicative Small Lot Housing Code lot locations
 To be confirmed through detailed Precinct 1 planning and design process

APPENDIX D
CATEGORY 2 HOUSING –
INDICATIVE LAYOUTS

**HOUSE TYPES
-DRAFT-
27 MAY 2022**

Cowles Diorama equivalent
so \$740K

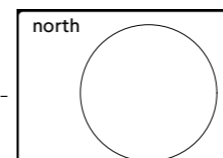


HOUSE TYPE A - GFA	
DECK	29.0
GARAGE	25.0
GROUND FLOOR	45.1
LEVEL 1	47.4
LEVEL 2	45.3
PORCH	2.0
193.8 m²	

HOUSE TYPE A - NSA	
GROUND FLOOR	45.1
LEVEL 1	47.4
LEVEL 2	45.3
137.8 m²	



PRELIMINARY
-NOT FOR CONSTRUCTION-
27/05/2022

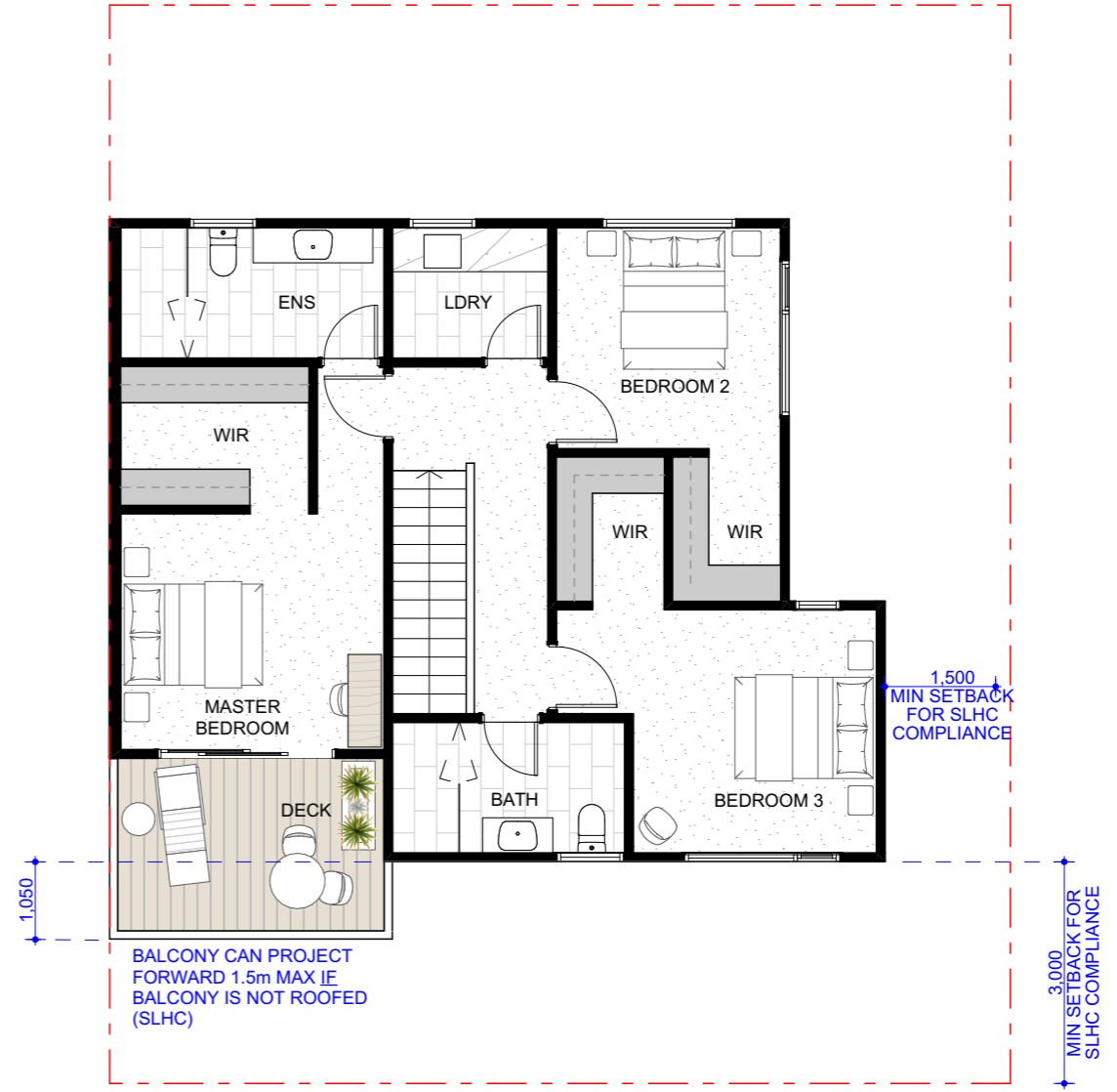
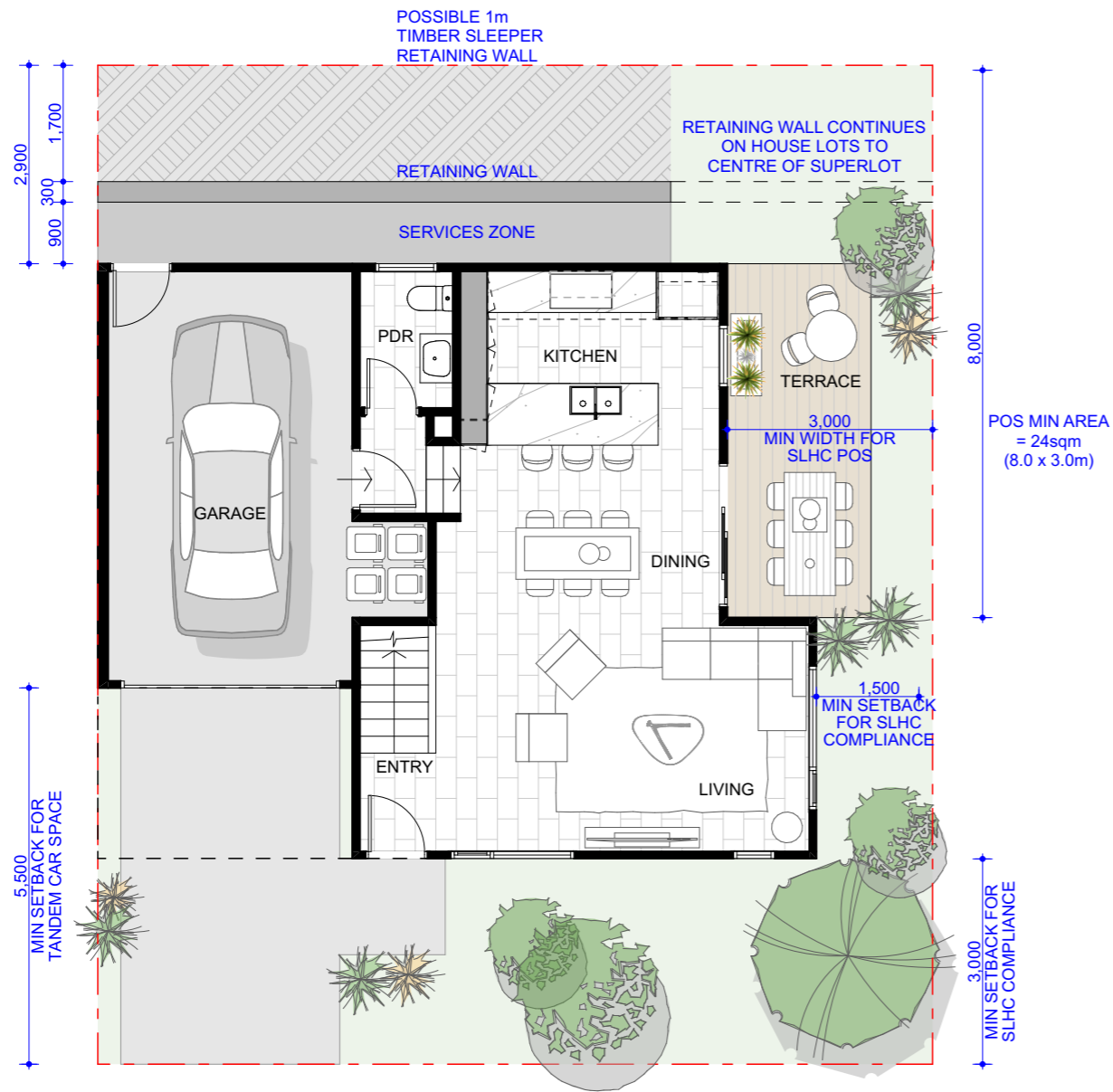


project
HOUSE TYPES
WESTERN PRECINCT
KINLEY LILYDALE
VIC 3140

HOUSE TYPES
client
INTRAPAC PROPERTY

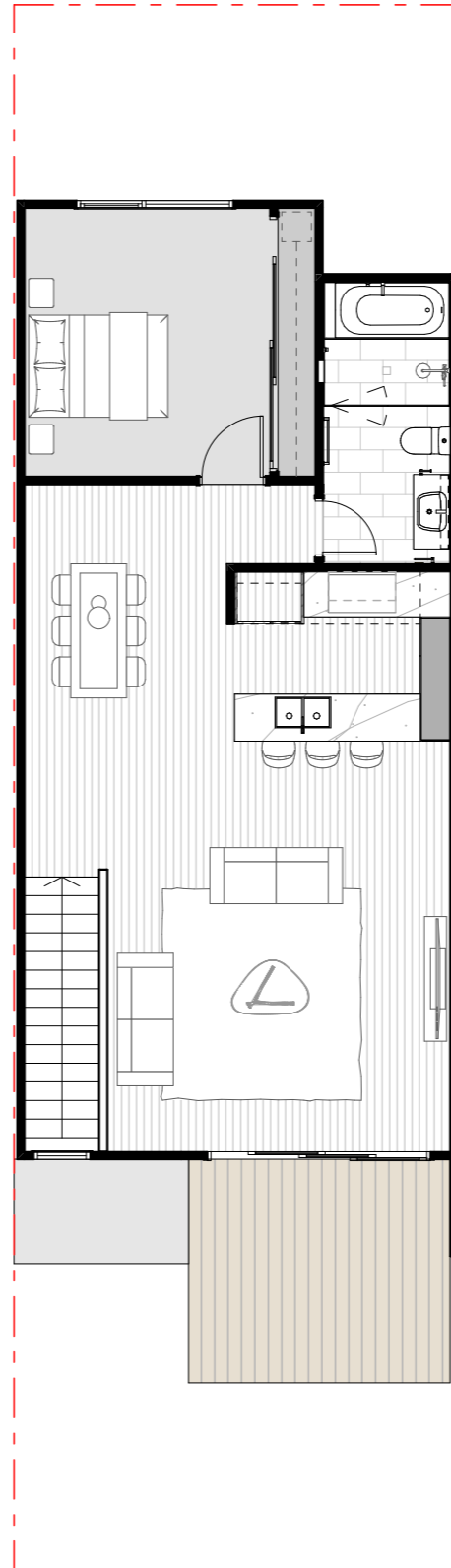
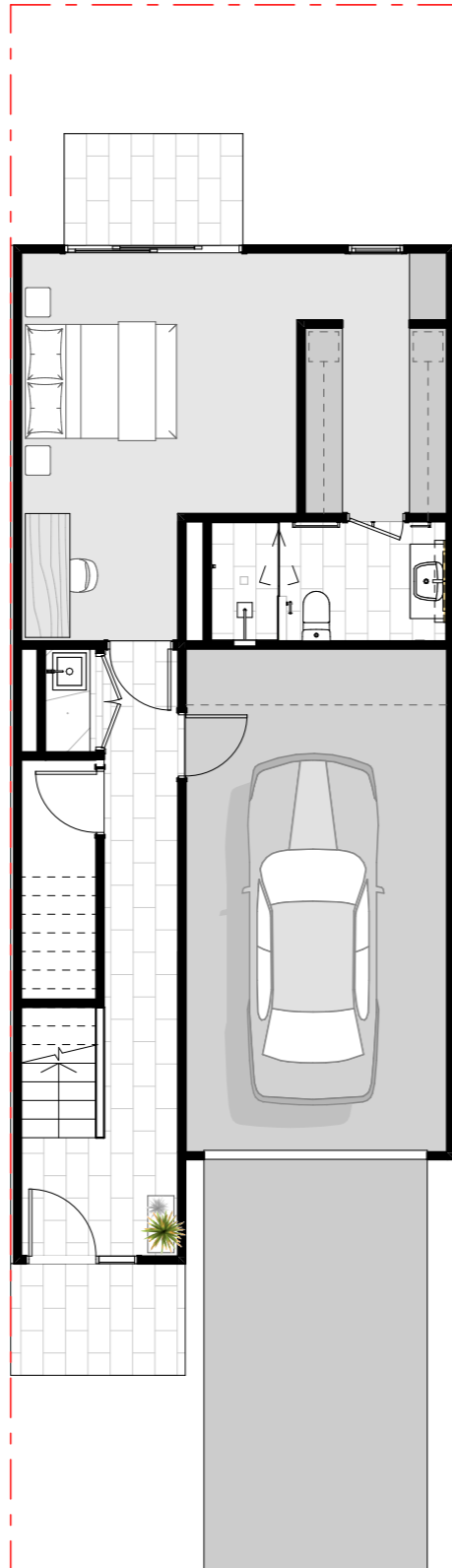
HOUSE TYPE A
drawing no.
SK101
rev.

Cowles Forecast equivalent - \$760K



HOUSE TYPE C - GFA	
DECK	8.4
FIRST FLOOR	79.3
GARAGE	23.1
GROUND FLOOR	52.2
PORCH	1.4
TERRACE	10.9
175.3 m²	

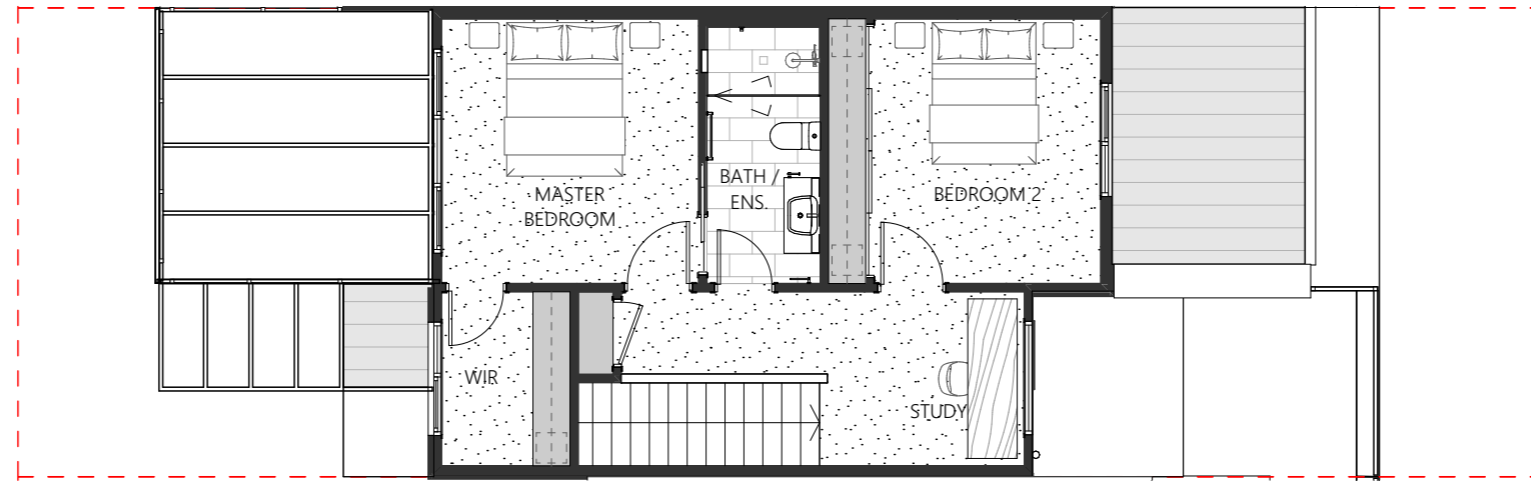
HOUSE TYPE C - NSA	
FIRST FLOOR	79.3
GROUND FLOOR	52.2
131.5 m²	



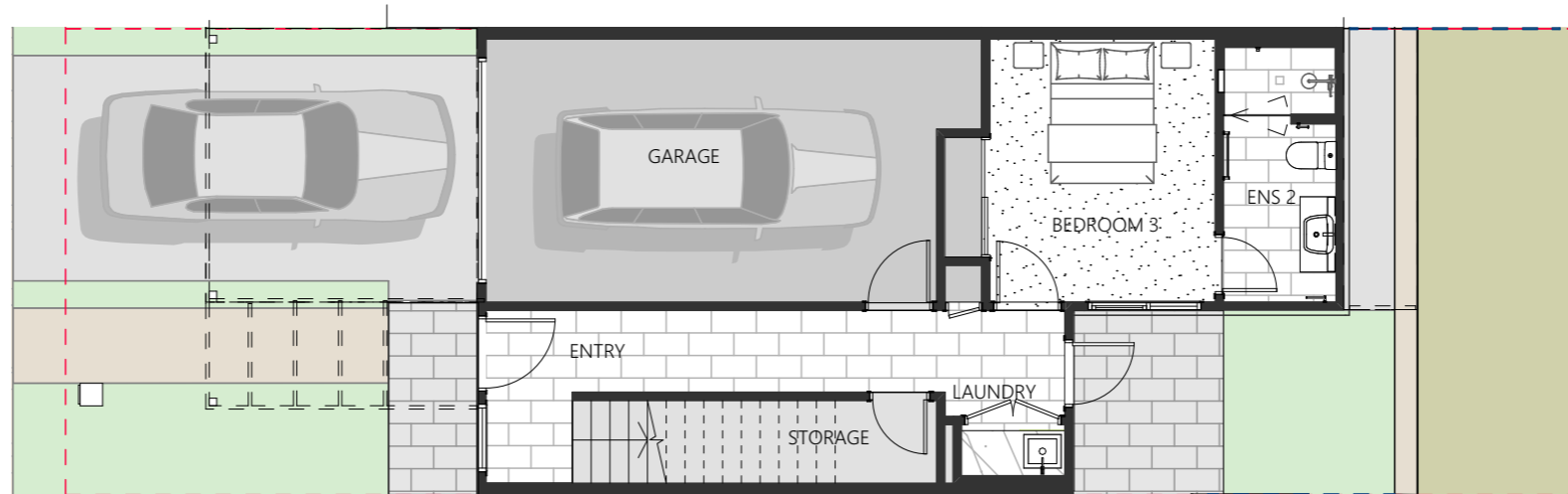
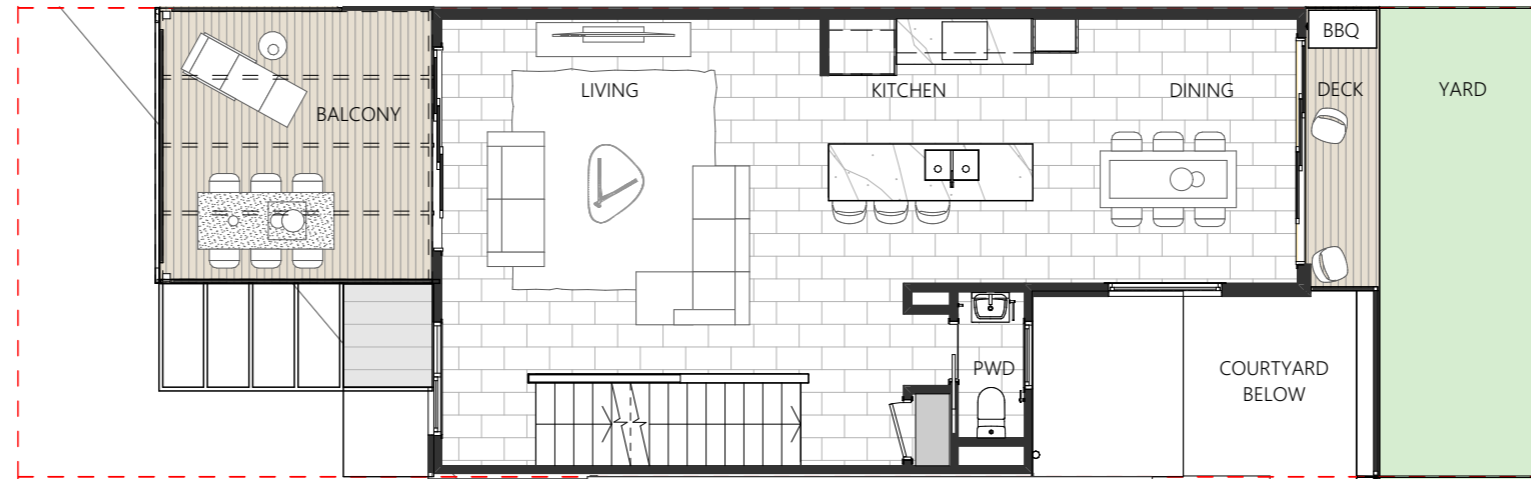
Cowles Vantage equivalent circa \$635K

HOUSE TYPE L - NSA	
GROUND FLOOR	51.8
LEVEL 1	75.4
	127.2 m²

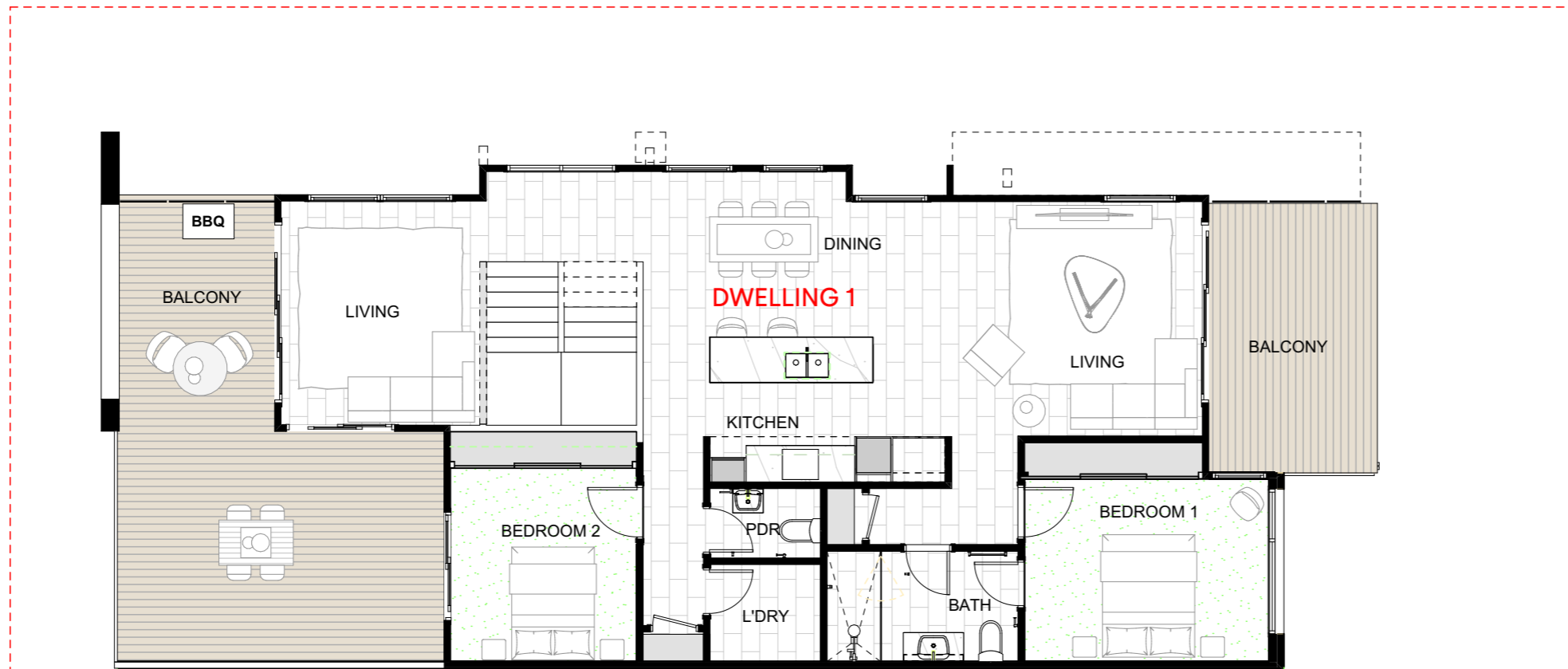
HOUSE TYPE L - GFA	
BALCONY	10.5
GARAGE	26.1
GROUND FLOOR	51.8
LEVEL 1	75.4
PORCH	2.0
	165.8 m²



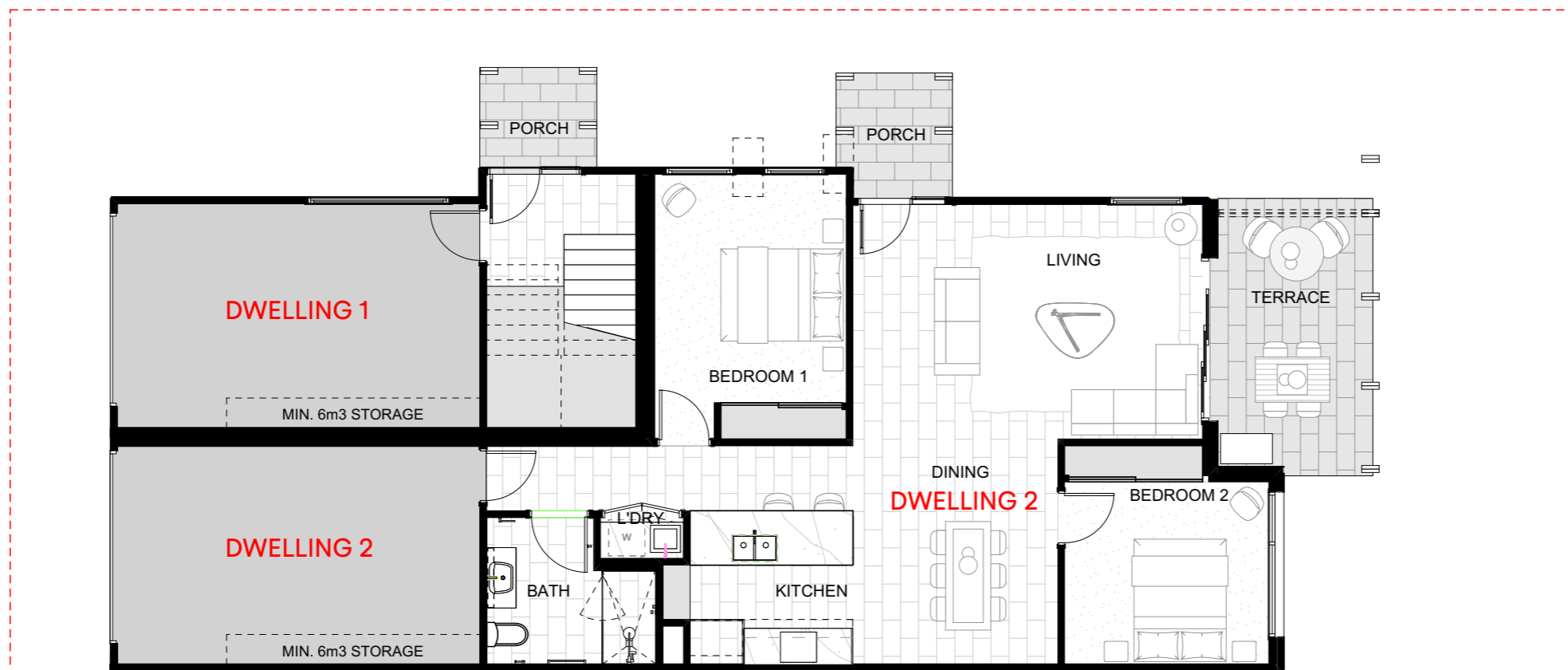
Cowles Diorama equivalent so \$740K



GFA	
BALCONY	13.1
COURT	4.2
DECK	3.6
GARAGE	23.1
GROUND FLOOR	39.5
LEVEL 1	62.6
LEVEL 2	52.8
PORCH	2.5
	201.4 m ²



Lower \$590
Upper \$625 (no roof deck)



HOUSE TYPE XX - 26 OPT 1 - NSA

DWELLING 1	
FIRST FLOOR	118.7
GROUND FLOOR	12.4
DWELLING 2	
GROUND FLOOR	91.2
222.3 m²	

HOUSE TYPE XX - 26 OPT 1 - GFA

DWELLING 1	
BALCONY	12.4
BALCONY 2	30.5
FIRST FLOOR	118.7
GARAGE	24.1
GROUND FLOOR	12.4
PORCH	3.2
PORCH	3.9
TERRACE	11.7
DWELLING 2	
GARAGE	23.9
GROUND FLOOR	91.2
332.0 m²	

APPENDIX E
CATEGORY 1 HOUSING –
SCHEMATIC LAYOUTS

COMMUNAL
OPEN
SPACES

18m TURNING
CIRCLE
(RUBBISH TRUCK)

CARS UNDER
BUILDINGS
(AT GRADE)

PEDESTRIAN
LINKS

① POTENTIALLY
4 BUILDINGS

② GUNBARREL
UNDERCROFT
DRIVEWAY

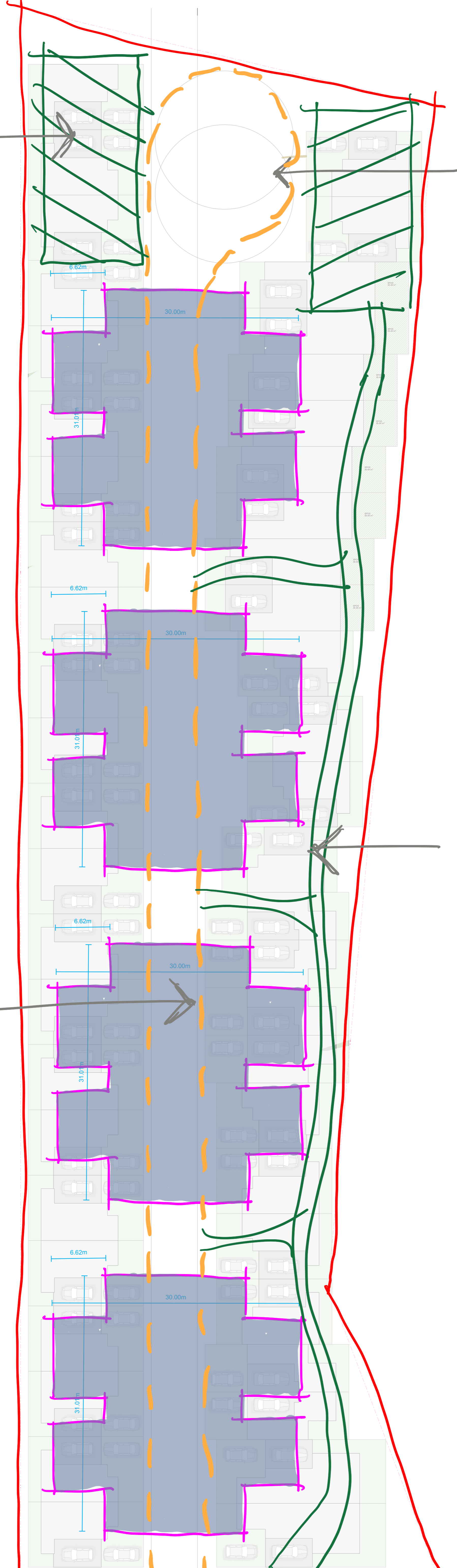
③ ENOUGH AREA
FOR COMMON
OPEN SPACE +
PEDESTRIANS

④ VISITORS + WASTE
TRUCKS TO BE
RESOLVED.
NOTE TRUCK
CLEARANCES
UNDER BUILDINGS.

M'KIMMIE'S ROAD
NORTHERN MD

SOCIAL HOUSING
SKETCH.

ARCADIA 14.2.2022





GROUND FLOOR

1:200

APARTMENTS - NUMBERS [BY BEDROOM No]		
GROUND FLOOR		
1 BED APT	16	
LEVEL 1		
2 BED APT	32	
LEVEL 2		
2 BED APT	32	
	<u>80</u>	

APARTMENTS - NSA		
		AREA
GROUND FLOOR		
1 BED APT	841	
LEVEL 1		
2 BED APT	2784	
LEVEL 2		
2 BED APT	2784	
	<u>80</u>	<u>6409</u>

NOTE:
THERE ARE 4 APARTMENT BLOCKS IN TOTAL
(WITH A SIMILAR LAYOUT)





LEVEL 1 + LEVEL 2

1:200

