



AFFORDABLE HOUSING CHALLENGE

2024 Affordable Housing Challenge Guidelines

Background

For 100 years, Lord Mayor's Charitable Foundation has been supporting new ideas and approaches that address the key issues and challenges facing the communities of Greater Melbourne. This includes a long-standing commitment to addressing homelessness and increasing the supply of affordable housing.

We support innovative affordable housing developments, such as ones that create and test emerging financial structures. We help build replicable models that can demonstrate solutions when scaled. We also are interested in supporting housing that adds value to the community and a high-quality of living for the residents.

We support research that identifies the salient features of quality affordable housing, including access to amenities, transport, schools and employment. We have a commitment to creating sustainable homes, [including increased energy efficiency and climate resilience for vulnerable households](#). We are also supporting research to help understand what residents need to create a lasting home.

The Affordable Housing Challenge is an initiative of Lord Mayor's Charitable Foundation that encourages land owners to build affordable housing on underutilised land close to amenities. The Foundation ran the first Challenge in 2017 with local government land partners who could make suitable land available at no cost (by title transfer or 50-year lease). In 2020, the Foundation ran a Challenge that focused on not-for-profit land holders.

2024 Affordable Housing Challenge

The 2024 Affordable Housing Challenge will again focus on increasing affordable housing through the development of underutilised land, building or strata. The Challenge is intended to encourage a scalable and replicable solution to providing affordable housing.

Eligible land holders can be from the not-for-profit sector, including faith-based organisations, government land holders or private land holders. Land holders who are not charities must partner with an Eligible Organisation.

In this Challenge, we define affordable housing as housing for very low, low and moderate income households as defined in the *Planning and Environment Act 1987* (Vic).

Projects selected within our Affordable Housing Challenges aim to demonstrate best practice in terms of a well located site (near services, amenities, public transport etc) and energy efficient design to enable lower recurrent costs and energy emissions.

We note that groups urgently requiring affordable housing include young people, older women and people with complex needs and applications tailored to these groups will be well received.

1. Grant

The 2024 Affordable Housing Challenge will have three types of grants:

- A.** Feasibility grants
- B.** Pre-development recoverable grants
- C.** Capital works grants

A. Feasibility grant

These grants are for eligible organisations to undertake a feasibility study to develop affordable housing on underutilised land in Greater Melbourne.

Feasibility studies allow organisations to analyse parts of a potential capital works development, and could include:

- Planning requirements
- Concept designs
- Financial modelling
- Development timelines
- Site location analysis
- Sustainability requirements and aspirations.

Feasibility grant amount

- Individual grants between \$30,000 - \$50,000

B. Pre-development recoverable grants

Pre-development funding is available to applicants to prepare government funding requests, including undertaking pre-development work on particular sites. Applicants should already have undertaken a feasibility study, and be close to submitting a full funding request to a government entity within a year. The funding will allow the applicants to undertake a thorough investigation of potential projects, allowing robust applications to be submitted to government entities. Note that these are recoverable grants; successful applicants will be expected to return the funding if they are successful with government funding.

Pre-development grant amount

- Individual grants up to \$100,000

C. Capital grants

Capital works grants are for eligible landowners or developers who have already undertaken feasibility surveys and are committed to building affordable housing on existing land.

Capital grant amount

- Individual grants up to \$500,000
- Potential for up to \$1 million in impact investment funding

2. Eligibility

The 2024 Affordable Housing Challenge is open to eligible organisations.

Eligible organisations are:

- Organisation that are endorsed as a Tax Concession Charity (TCC) and as a Deductible Gift Recipient (DGR) as covered by Item 1 of the table in section 30-15 of the Income Tax Assessment Act 1997
- Australian charities registered or operating in Victoria

Note that eligible organisations are encouraged to apply in partnerships including organisations that can undertake a feasibility study such as a community housing provider. Applicants will need to demonstrate their own ability to operate the housing once completed or a partnership with a relevant organisation and the nature of that relationship (for example, a long-term lease arrangement).

3. Assessment Criteria

The following criteria will apply.

A. Capacity of organisation to undertake the project

Applicants will be required to provide evidence of capacity to undertake the project, either through existing organisational capacity or partnership. This includes:

- Organisational capability to deliver type and size of development proposed in the feasibility study.
- Evidence of previous project management, especially related to managing capital works budgets and timelines.
- Property management experience, particularly for residents across income spectrums.
- Capability of proposed partners (not-for-profit property developer, architect) demonstrating a strong track record in affordable housing.
- Initial concept plan (concept plan, if available) for the development or redevelopment considering proposed social outcomes for residents and environmental outcomes.

Land owners lacking capital works development skills are encouraged to partner with a community housing developer, who will be assessed on the above criteria.

B. Commitment to the supply of affordable housing

Applicants will be required to demonstrate their organisational commitment to the creation of affordable housing and/or their commitment to helping people who are in need of social housing. Affordable housing is housing for very low, low and moderate income households as defined in the *Planning and Environment Act 1987 (Vic)*. Greater weight will be given to sites that allow larger numbers of affordable housing units, particularly those for low and very-low income households. As an indication, a proposal for at least 40 units across the very low, low and moderate range is expected.

Commitment may be demonstrated by land owners who are prepared to transfer all or part of a freehold title to the site for nominal consideration or grant a long-term lease for nominal rental. Applications submitted with existing partners will be viewed favourably, including partnerships with a community housing provider or other organisation experienced in residential tenancies.

C. Site location

The Foundation believes that quality affordable housing should be close to amenities to allow residents opportunities to thrive. This includes:

- Access to public transport; proximity to public transport including bus stop, tram stop and rail station
- Access to fresh food; proximity to shopping strip or supermarket where staples, fresh produce and fresh meat are sold
- Access to open space; proximity to public park
- Access to work opportunities; proximity to employment opportunities
- Access to medical services; proximity to a medical clinic and pharmacy
- Access to schools and children's services; proximity to kindergarten, public primary and secondary schools
- Access to leisure and recreation centres; proximity to public pool/recreation centre, library and community services

Applicants are encouraged to utilise existing tools to demonstrate a site's location to amenities, for instance the University of Melbourne's [Housing Access Rating Tool](#) (HART).



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D. Commitment to sustainable design and energy efficiency

The Foundation aims to increase the energy efficiency and climate resilience of vulnerable households to reduce the cost of living, reduce emissions and provide protection from temperature related health impacts. A commitment to sustainable design and energy efficiency may include:

- Minimum seven star green star rating
- Communal living areas, potentially both internal and external, to foster community spirit and social interaction between residents
- Design quality of both private and shared spaces to ensure equal accessibility of various affordable housing cohorts, including the most disadvantaged individuals and families
- Integration of proposed development into existing neighbourhood infrastructure, outlining intended future interaction between communities and potential shared services
- Innovation factor of the proposed solution compared with traditional affordable housing models
- Landscaping with some green space/s to contribute to the environmental sustainability of the project
- The finished building incorporates high energy efficiency through its design, materials used in construction and the potential for renewable energy sources such as solar and hydronic heating to minimise living costs

E. Financing capability

Applicant organisations should demonstrate their ability and commitment to develop a funding and financing solution if their site is identified for support. Examples of other housing or relevant developments that have been completed using a combination of capital support from the organisation / financing / government and/or philanthropic funding contributions.

The Foundation is interested in seeing its support leverage other finance and funding into affordable housing projects. In particular, applicants should directly respond to the potential for funding through the Victorian Government's Big Housing Build, debt financing through the National Housing and Finance Investment Corporation (NHFIC) or other funding or innovative financing opportunities.

4. Timeline

The 2024 Affordable Housing Challenge has a two-step application process. Prospective applicants will initially submit an enquiry which will be reviewed by the Foundation. Selected applicants will be asked to submit a full application.

Successful applications are expected to be announced by early July.

**Enquiries submitted
20 March – 10 April 2024**

**Full applications due
17 April 2024**

**Successful applicants announced
July 2024**

Enquiries

Prospective applicants should [submit an enquiry](#) or [discuss their application](#) with **Erin Dolan, Senior Program Manager - Homelessness & Affordable Housing**

