



# 2023 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.

## 2023 Affordable Housing Challenge

The 2023 Affordable Housing Challenge will again focus on eligible not-for-profits, including faith-based organisations, who wish to use their land holding, including vacant land, strata or redevelopment of existing buildings, to increase the supply of affordable housing in Greater Melbourne. The Challenge is intended to encourage not-for-profits to utilise their existing land holdings and demonstrate a scalable and replicable solution to providing affordable rental housing.

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.



# AFFORDABLE HOUSING CHALLENGE



## 1. Grant types

The 2023 Affordable Housing Challenge will include funding for eligible organisations to undertake a feasibility study to develop affordable housing on underutilised land in Greater Melbourne. The Challenge will also include invited applications from up to three community housing providers that have submitted shortlisted proposals for the Foundation's Challenge project with City of Melbourne.

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

- Up to \$500,000 grant
- Planning requirements
- Concept designs
- Financial modelling
- Development timelines
- Site location analysis
- Sustainability requirements and aspirations.

### Feasibility grant

- Individual grants between \$30,000 - \$50,000
- Applicants may indicate if all or part of the grant would be useful as a no interest loan repayable when other funding is achieved.

## 2. Eligibility

The 2023 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.



# AFFORDABLE HOUSING CHALLENGE



## 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 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).

## 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



# AFFORDABLE HOUSING CHALLENGE



## 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 organization / 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 2023 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.**

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**Enquiries submitted  
20 March – 20 April 2023**

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**Full applications due  
20 April 2023**

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**Successful applicants announced  
July 2023**

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## Enquiries

Before submitting an EOI, prospective applicants should [discuss their application](#) with **Erin Dolan, Program Manager – Homelessness & Affordable Housing.**

Enquiries must be submitted via the [Lord Mayor's Charitable Foundation Grant Enquiry Form](#) to be considered.