



# AFFORDABLE HOUSING CHALLENGE



## 2020 Affordable Housing Challenge Guidelines

### Background

For 97 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).

### 2020 Affordable Housing Challenge

Following our first Affordable Housing Challenge, which focused on land owned by local government, the 2020 Affordable Housing Challenge will 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 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.



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## 1. Grant types

There are two grant types supported by the 2020 Affordable Housing Challenge.

### Feasibility grant

- Up to \$50,000 grant

Feasibility grants are for eligible landowners to explore how best to utilise land or existing building to develop affordable housing.

### Capital works grant

- Up to \$500,000 grant

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

## 2. Eligibility

The 2020 Affordable Housing Challenge is open to eligible organisations who are not community housing providers.

Eligible organisations are:

- Organisations that own land in Greater Melbourne suitable for residential use and development
- Organisations 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 and operating in Victoria

Note that eligible organisations may apply in partnership with a not-for-profit developer 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 to both grant types, although applicants for the Feasibility grants may not be able to demonstrate the same level of evidence for the assessment criteria as for the Capital works grants.

### A. Capacity of organisation to undertake the project

Applicants will be required to provide evidence of organisational capacity to undertake a development, including:

- Organisational capability to deliver type and size of development
- Evidence of previous project management of a similar scale, including experience managing capital works budgets and timelines
- Property management experience, particularly for residents across income spectrums
- Capability of proposed partners (builder, architect) demonstrating a strong track record in affordable housing.
- Initial concept plan for the development or redevelopment demonstrating proposed social outcomes for residents and environmental outcomes

Landowners 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 landowners 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. EOIs 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).

### 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 six 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



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## 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. The selected organisation may be invited to submit a proposal for up to \$1 million of debt financing for the Foundation's consideration as an impact investment.

## 4. Timeline

The 2020 Affordable Housing Challenge has a two-step application process. The Applicant organisation will initially submit an Expression of Interest (EOI). Selected applicants will be asked to submit a full application in early August which will include evidence of unencumbered ownership and more information about the proposed development.

Successful applications are expected to be announced by mid-September especially if there is an opportunity for COVID-19 recovery government stimulus funding to be leveraged into the project.

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**Expression of Interest (EOIs) submitted  
1 July – 20 July 2020**

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**Selected EOIs submit full applications  
7 August 2020**

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**Successful applicants announced  
September 2020**

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## Enquiries

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