

### 9.2.1. ALLOCATION OF LAND AT MALDON AND NEWSTEAD FOR AFFORDABLE HOUSING TO WINTRINGHAM HOUSING LIMITED

## This Report is For Decision

Responsible Director: Chief Executive Officer, Darren Fuzzard

Responsible Officer: Housing Solutions Broker, Clare Richards

Attachments:

1. Housing in Castlemaine designed and delivered by Wintringham Housing [9.2.1.1 - 1 page]
2. SGS Previous Design Concepts [9.2.1.2 - 2 pages]

## Executive Summary

The purpose of this report is to seek approval to undertake community consultation on a proposal to enter into two 49-year peppercorn leases over 10 Steele Street Maldon and 2A Canrobert Street Newstead with Wintringham Housing Limited for the purpose of building and operating affordable rental housing.

## RECOMMENDATION

### That Council:

- 1. In accordance with the Local Government Act 2020 and Council's Community Engagement Policy, undertakes community consultation for a period of four weeks on its intention to enter into two 49-year ground leases at peppercorn rent over 10 Steele Street, Maldon and 2A Canrobert Street, Newstead to Wintringham Housing Limited to enable the submission of grant applications for affordable rental housing development on those sites by Wintringham Housing Limited.**
- 2. Notes that the outcome of the community consultation process will be presented in a future Council report seeking a decision on whether or not to proceed with the proposed ground leases described in 1.**

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## Context

### Wintringham Housing Limited

Wintringham Housing Limited (Wintringham) are a Housing Association and provide housing and related support services exclusively for people over 50 years of age who meet the priority need criteria of the Victorian Housing Register (the statewide housing waitlist managed by the Victorian government).

Wintringham own or manage over 850 units, including 271 in regional Victoria. Units are designed to allow older residents to age-in-place, provide 7 star Environmentally Sustainable Design outcomes and no less than 'silver' status when assessed against the Livable Housing Design Guidelines. Wintringham further provide in-home support to residents of their properties.

Wintringham are an established Community Housing Provider in the Shire. Wintringham built and now operate the social housing tenancies that run along Lyttleton Street and down Lyttleton Avenue, Castlemaine. The design of these properties, the tenancies and management of the properties are all well regarded in the community.

### Funding Opportunity

The challenges of securing appropriate housing for people across Victorian and Australia has led the Victorian State Government and the Federal Government to create new funding opportunities for housing providers to access.

Informal indicators from the Victorian State Government are that there may be a post-Commonwealth Games funding round open via Homes Victoria towards the end of 2023. Although the terms of the likely grant round are not yet released, capital grants for delivery of affordable rental housing usually cover the costs of developing the land and building the housing.

Officers have identified the opportunity for the development of affordable housing at 10 Steele Street, Maldon and 2A Canrobert Street, Newstead, under a likely Homes Victoria grant round.

It is anticipated that independent applications could be made for each site in-line with the grant procedures; with the potential for one, both or neither projects receiving funding.

Discussions with Wintringham have indicated an interest to partner with Council to develop these sites for affordable housing for people aged 50 and above. However due to the cost of developing the application, which is in the vicinity of \$50,000 plus per application, Wintringham has requested that Council formally commit to a long-term (49 year) peppercorn lease arrangement prior to this work commencing.

Wintringham has requested this commitment of Council due to a previous experience in another Local Government Area. In a previous Big Housing Build round, a Council voted against use of Council land after grant applications and funding approvals had been given.

Wintringham is committed to design and develop affordable housing that is sensitive to the neighbourhood character of both sites. Its existing housing in Castlemaine is testimony to the sensitivity of this design work (see photo at Attachment One).

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### Meeting Local Need for Affordable Housing in Maldon and Newstead

Wintringham is committed to allocating the proposed units to people aged 50 and over who are living locally and on the Victorian Housing Register priority waitlist.

The extent of local need is reflected broadly in the June 2023 Victorian Housing Register data release which indicates the first preference location request of applicants. If Wintringham is successful in obtaining funding, they will at that point be able to go deeper into the Victorian Housing Register data, to determine who is currently living locally in the Shire, and in each township. The June 2023 Victorian Housing Register data shows 342 people on the priority waitlist have listed Castlemaine district (broadly equivalent to our Shire boundary), as their preference for a 1-bedroom unit. It is thus anticipated that there will be sufficient local need amongst people over 50 to fill the proposed units at Maldon and Newstead.

Recent consultation by Council's Strategic Planning team was undertaken in Maldon and Newstead to inform Council's Housing and Neighbourhood Character Strategy for these towns. Key themes expressed by participants in the consultation included:

- More small-scale housing is needed for older residents and single and couple households.
- New housing should be close to services and facilities to encourage healthy lifestyles and to reduce impacts on the natural environment.
- Housing affordability.

The population of the Shire is ageing, with the median age in the Shire increasing from 47 in 2011 to 51 years of age in 2021. The proportion of people aged over 60 has increased since 2011, while the proportion of young people aged between 0 and 24 years of age has reduced since 2011. Maldon is the oldest locality in the Shire with a median age of 60 years.

As at the 2021 Census in the Shire, the most common household type was 'Lone persons' (32.4%). From 2016 to 2021, 'Lone persons' households increased by 16.4% from 2,325 to 2,706 (REMPLAN Housing, 2023).

Meanwhile, almost half (47%) of all private dwellings in the Shire have 3 bedrooms, with a further quarter (24.6%) being 4-bedroom houses. Thus, there is a mismatch between typical household size (1-2 persons) and the size of homes (3-4 bedrooms), with insufficient 1-2-bedroom housing stock to match the number of 1-2 person households. This is particularly significant for lone person households on low fixed income such as the Aged Pension, as it is exceedingly difficult to obtain smaller affordable rental homes in our Shire due to their scarcity in relation to demand.

### Scope of lease / project

This report and recommendation apply only and specifically to the anticipated State funding round of late 2023 / early 2024 through Homes Victoria. If the funding round does not occur, or if application to the funding round is not successful, there are no future commitments to the use of these sites or to their allocation to Wintringham. This will therefore allow for flexibility in considering future uses of the sites in relation to funding and partnership opportunities.

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### Intersection with other Council housing initiatives

This paper recommends commencing community consultation on the allocation of 49-year ground leases for 10 Steele Street, Maldon and 2A Canrobert Street, Newstead to Wintringham to deliver affordable housing.

This proposal does not replace or preclude the negotiations already occurring with a potential philanthropic funder for delivery of affordable housing on these sites.

Grant funding for one or both sites is not guaranteed, and neither is philanthropic funding yet secured.

Should one or both sites not obtain grant funding, they can be proposed to the philanthropic funder for development. Likewise, preparing these sites for a likely State funding round late 2023 reduces the risk of relying on the prospect that philanthropic funding for housing on these sites will be provided.

In addition, preparing 10 Steele Street, Maldon and 2A Canrobert Street, Newstead for a likely end of year grant round, does not preclude submitting the Templeton Street project to the same grant round. Homes Victoria considers each separate site submitted on its own merits. The Templeton Street sites will produce higher yields, are centrally located within Castlemaine, and are also higher cost and so will require a greater portion of available grant funds.

The 10 Steele Street, Maldon and 2A Canrobert Street, Newstead sites, are in major towns of the Shire and are smaller projects that require a smaller portion of available State grant funds. It is recommended these two projects are prepared for submission to a grant round should it open, so that the Shire has several options for securing funding for affordable housing ready to submit.

### Site Feasibility

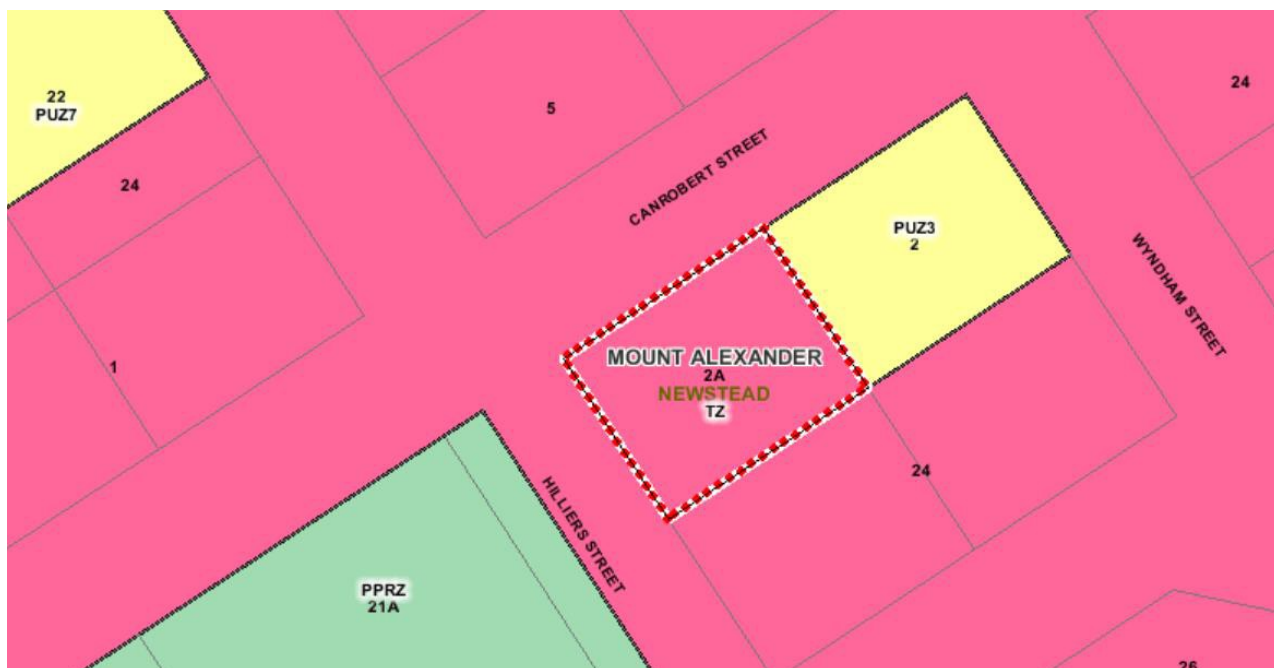
10 Steele Street, Maldon and 2A Canrobert Street, Newstead were assessed for delivery of affordable housing, in the report Mount Alexander Social and Affordable Housing Feasibility Study Final Report of April 2021, by SGS Economics. The feasibility study found there was opportunity to provide up to 4 two-bedroom units on the 10 Steele Street, Maldon site, and up to 8 two-bedroom units on the 2A Canrobert Street, Newstead site.

The following information was provided by SGS Economics in their Mount Alexander Social and Affordable Housing Feasibility Study final report. Please note the design drawings for each site at Attachment 9.2.1.2 are indicative and not representative of what Wintringham may finally deliver, as they will undertake their own site assessment and design process. As Wintringham focus on housing single older persons they are likely also to be delivering one-bedroom units.

#### *2A Canrobert Street, Newstead*

This site is in the Township Zone which allows for residential development and a range of commercial, industrial, and other uses in small towns (see Figure 1). This zone encourages development that respects the neighbourhood character of the area. A permit is required for the construction of two or more dwellings on a lot.

*Figure 1: 2A Canrobert Street, Newstead – Planning Zones*



Source: DELWP, 2021.

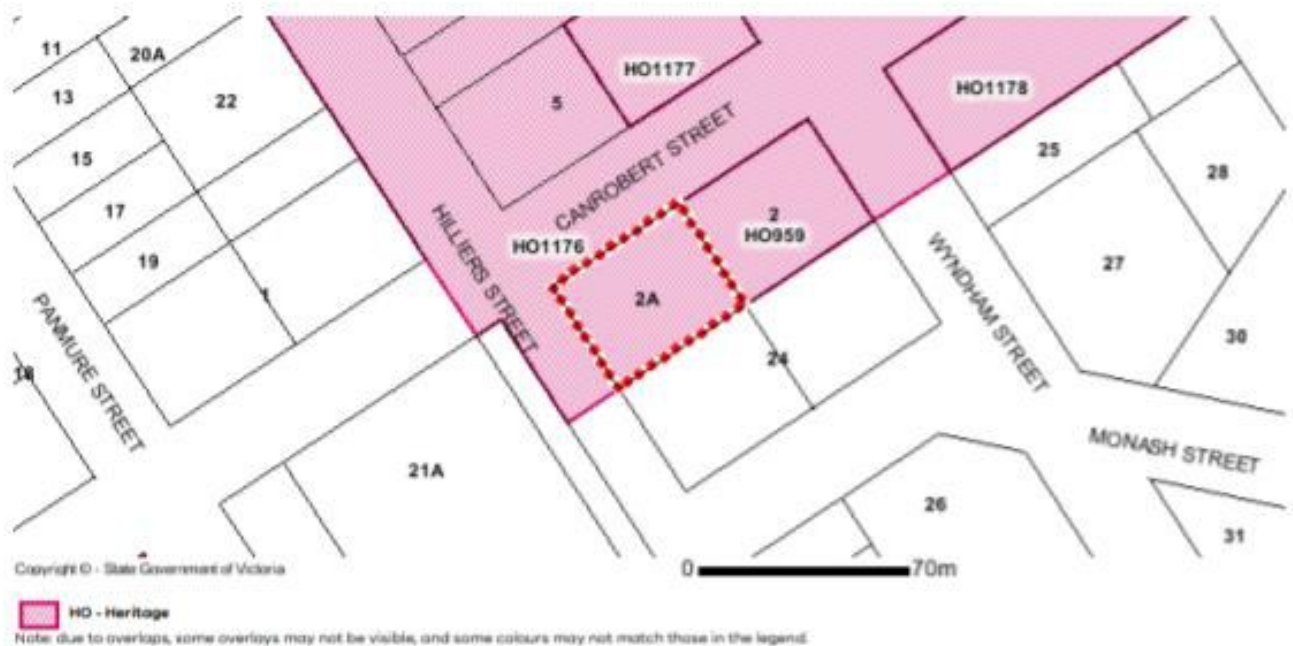
The site is adjacent to the old Newstead Court House (at 2 Canrobert Street), and has a heritage overlay applied, which requires a permit to subdivide the lot and/or demolish or remove a building (see Figure 2). The site also falls within a Bushfire Prone Area and special bushfire construction requirements may apply.

The Court House at 2 Canrobert Street is of State significance and listed on the Victorian Heritage Register as H1705. Any development that affects the setting of this property must be referred to Heritage Victoria. The subject site at 2A Canrobert Street is also locally significant to the Shire, as a contributory building at the southwest end of the Newstead Heritage Precinct HO1176. A planning permit is required from Council for any development of this land.

Some of the heritage design parameters to consider are:

- The development should not exceed 1 level and respect the rural setting and special layout of its surrounds- avoiding excessive densification.
- The design should refer to the adjacent courthouse building – without mimicking historical detail. The design may respond to the roof pitch, materiality, setbacks, form, orientation to the street, and/or fenestration.

*Figure 2: 2A Canrobert Street, Newstead – Heritage Overlay*



Source: DELWP, 2021.

Attachment 9.2.1.2 shows the previous high-level concept planning for 2A Canrobert Street commissioned by SGS Economics. The plans suggested the site could accommodate 8 two-bedroom ground level units, each with a carpark. Standard site setbacks of 6m have been applied.

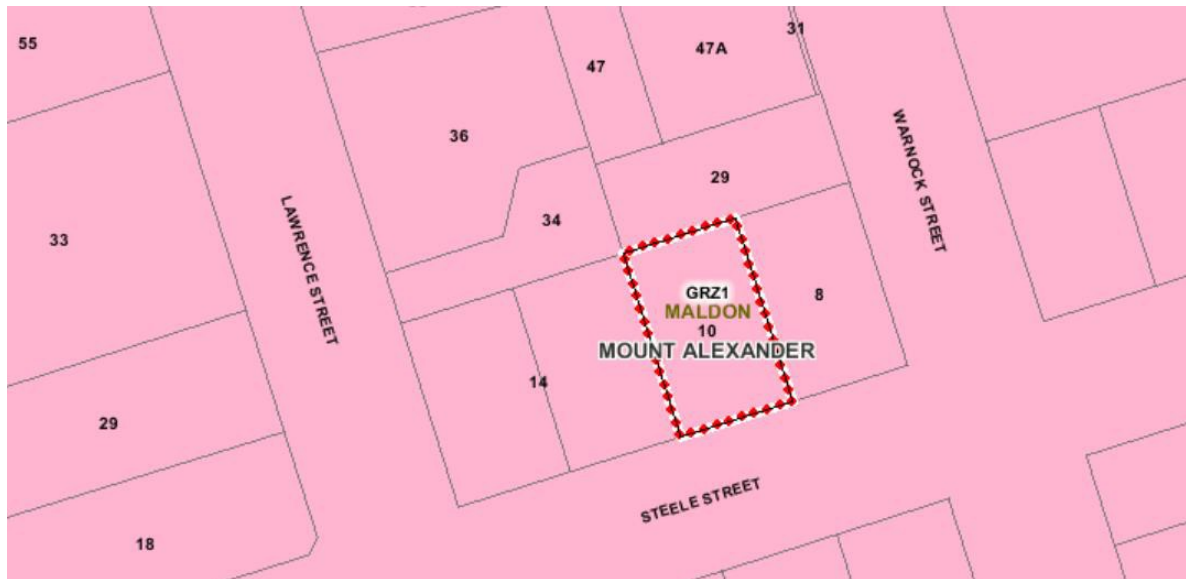
#### *10 Steele Street, Maldon*

This site is in the General Residential Zone which allows for a diversity of housing types and housing growth, particularly in locations offering good access to services and transport (see Figure 3). Development is encouraged that respects the neighbourhood character of the area.

The site is covered by a Bushfire Management Overlay, which ensures development is only permitted where the risk to life and property from bushfire can be reduced to an acceptable level. Any development must meet the requirements specified in the overlay to this zone.

No other overlays cover this site. The site is one of few sites not situated with the Significant Landscape Overlay (SLO1), and therefore the Maldon Design Guidelines do not apply in this instance.

*Figure 3: 10 Steele Street Planning Zones*



Source: DELWP, 2021.

Attachment 9.2.1.2 shows the previous high-level concept planning for 10 Steele Street commissioned by SGS Economics. The plans suggested the site could accommodate 4 two-bedroom ground level units, each with a carpark. Standard site setbacks of 6m have been applied.

### **Finance and Resource Implications**

The community consultation regarding the allocation of 49-year ground leases over 10 Steele Street, Maldon and 2A Canrobert Street, Newstead to Wintringham, will require the professional contributions of the Housing Solutions Broker and Communications team members, to undertake the consultation and analyse the feedback.

Council is not required to make a financial contribution towards the preparation of the grant applications. However, Council may consider sealing the Steele Street road section between Lawrence and Warnock Streets to facilitate accessibility for the site. Typically, Homes Victoria look favourably on Council contributing to such infrastructure upgrade without cost to the project. Estimated cost of sealing the road between Lawrence and Warnock Streets will be provided along with outcomes of community consultation activities in a future report to Council.

If the two sites are developed, on cessation of these leases, use of the land and ownership of the improvements on the land would revert to Council. It would at that point be a choice of Council as to how these improvements are managed. That is, whether a lease is renewed with Wintringham or other housing provider, or other use made of the improvements, or removal of the improvements.

Neither 10 Steele Street, Maldon or 2A Canrobert Street, Newstead are currently being utilised by Council for any purpose. This proposed project does not ask for a financial or capital commitment from Council. Council is not at risk of losing income by releasing one or both sites under 49-year ground leases, as neither site currently generates income. Thus, apart from the opportunity of sale of these sites, there is no lost opportunity for Council.

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## **Risk Analysis**

### Financial and Project Delivery Risk

Registered Housing Agencies are highly regulated organisations. Central to that regulation are stringent requirements upon them regarding financial probity and sustainability. Wintringham has a long history of successfully delivering affordable housing projects in rural and regional Victoria.

Wintringham work on a capital grant funding model and do not leverage debt funding. Wintringham therefore do not have debt on the balance sheet and thus risk of insolvency is low.

In the event Wintringham fail to complete the redevelopments, or became insolvent once operating the housing, Council's rights to the assets developed on the Council land at 10 Steele Street Maldon and 2A Canrobert Street Newstead, would be subordinate to the rights of the Director of Housing, who would likely allocate the project to another Registered Housing Agency or directly manage it under Housing Victoria.

### Reputation Risk

This Project is an opportunity for Council to deliver on the commitment in the Council Plan 2021-2025 to progress affordable housing. It has the potential to demonstrate a substantial commitment from Council to directly alleviating housing pressures in the Shire.

Equally, it is an opportunity to build community goodwill amongst the many people concerned about the impacts of declining affordability and availability of housing on the wellbeing and structure of the community.

This project can also send a strong message to other levels of government and other stakeholders in the housing sector, that Council is active and innovative in its response to this common challenge.

There is a risk that some members of the community may be concerned with the allocation of the use of Council land for affordable housing, as this has not recently been an activity of Local government. However, across many recent community consultations, affordable housing is being raised as a major issue of concern by community members, regardless of whether this has been a focus or question within the consultation. We therefore know that our community has widespread concern of the impacts of the lack of secure, appropriate and affordable housing, on the residents of the Shire.

The nationwide housing crisis is requiring the reconsideration of the role of every level of government in relation to planning for, facilitating and delivering affordable housing. Mount Alexander Shire Council is one of many Councils across Victoria and the nation revisioning its role in the delivery of affordable housing. This reorientation is in recognition of the crippling impact that the lack of available and affordable housing is having on local economies, communities, families, and individuals. Addressing these issues is requiring concerted and coordinated efforts across all three levels of government.

## **Communication and Consultation**

If approved, consultation is intended to commence in the following week via the Shape platform and promoted through local media channels, as well as including face-to-face sessions in Maldon and Newstead. Specifically, the community will be asked if they agree to the allocation of 49-year peppercorn leases to Wintringham Housing Limited over the



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nominated sites to build and manage affordable rental housing, for people aged 50 years and over, who meet Victorian Housing Register eligibility requirements.

## **Legislation**

### Heritage Act 2017

Heritage considerations apply to 2A Canrobert Street, Newstead which is adjacent to the Newstead Courthouse building. There is no Heritage overlay on 10 Steele Street, Maldon.

### Housing Act 1983

If pursued, the Homes Victoria funding opportunity referred to in this report is for the provision of social housing. This means that all residents in the buildings would be drawn from the Victorian Housing Register (the 'waiting list' for social housing), who nominate a preference to live in Mount Alexander Shire.

### Local Government Act 2020

Direct appointment of Wintringham as the preferred provider and partner for this project occurs under the provisions of sections 114 to 116 of the *Local Government Act 2020*. The rationale for the direct appointment follows other precedents (such as the direct appointment of Haven Home Safe for the 30A and 65 Templeton Street development, and by Yarriambiack Shire Council).

### Planning and Environment Act 1987

The impacts of the State government's recent changes to the Planning Act, and delivery of the Housing Statement are not yet fully clear. However, their intention is to facilitate faster and increased delivery of affordable housing. There is capacity within the changes for the Minister to call in projects if they face barriers at the local government level in community acceptance and/or planning approval. It is therefore anticipated that these recent changes will facilitate rather than hinder delivery of projects such as that proposed at 2A Canrobert Street, Newstead and 10 Steele Street, Maldon.

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## **Strategies and Policy Impacts**

### Council Plan 2021-2025

*Pillar - Environment - A flourishing environment for nature and people.*

- Objective - We are focused on the housing affordability challenge in our community.

The allocation of 49-year leases over 2A Canrobert Street, Newstead and 10 Steele Street, Maldon would directly action the above objective of the Council Plan.

### **Declarations of Conflict of Interest**

Under section 130 of the *Local Government Act 2020*, Officers providing advice to Council must disclose any interests, including the type of interest.

#### No conflicts of interest

The Officers involved in reviewing this report, having made enquiries with the relevant members of staff, report that there are no conflicts of interest to be disclosed.