

# MONETARY CONTRIBUTION

**A model to deliver Affordable Housing through the planning system**



Photo courtesy of Wintringham

## OVERVIEW

- The landowner provides a monetary contribution for the development or acquisition of Affordable Housing in the municipality. Options for the process to apply the funds include:
  - Landowner nomination of a Registered Housing Agency and subsequent transfer of funds.
  - Direction by council that funds are to be made to a council established special purpose vehicle (SPV).
  - Council collection and release of funds to a Registered Housing Agency under a council procurement process.
- A formula to calculate the contribution will be required, for example, linking it to the discount that would otherwise be provided under a gifting or discounted sale model.
- An Affordable Housing Agreement should specify the contribution amount, or a clear method of calculating the contribution, who it must be paid to and when, and any conditions relating to fund use. Triggers for payment could include prior to subdivision or issuing of a certificate of occupancy.



**Landowner:** Subject to arrangement. Affordable Housing assets could be owned by council, a SPV, or by a Registered Housing Agency.



**Management of assets:** Registered Housing Agency or SPV assuming funds are transferred from council and support acquisition or development.



**Level of resourcing to implement:**  
Low to moderate



**Responsibility for determining use of land at end of dwelling life:** Registered Housing Agency or SPV in accordance with any agreement with council

## KEY STRENGTHS

- Enables a contribution where other models do not suit, or as a fallback option where other models are not able to be realised at the point the dwelling is ready.
- Provides a funding source for a Registered Housing Agency to support acquisition or development.

## WHEN TO APPLY THE MODEL

It is recommended councils consider a monetary contribution only as a 'fallback' option, in the event other models and contributions cannot be realised. Scenarios where a monetary contribution is best suited include when:

- There is little value uplift or development potential.
- The landowner is unable to find a Registered Housing Agency purchaser for discounted dwellings.
- Premium development with very high owners' corporation costs that mean ownership is prohibitive for a Registered Housing Agency, even if dwellings were gifted.

## KEY WEAKNESSES

- Potentially open to greater challenge.
- May require funds to be pooled before they can be spent on acquisition or development.
- May not significantly increase number of dwellings if funds are used to reduce subsidy gap on other projects (instead of using towards new projects).
- Subject to the Registered Housing Agency or SPV being able to develop or acquire assets in the municipality.
- Requires process and resourcing to receive and allocate funds and ensure appropriate use over time.

- Council and Registered Housing Agency have identified a preferred site for Affordable Housing in the municipality and a monetary contribution would support costs.
- The development will not result in residential housing.

## EXAMPLE

- In the Hobsons Bay Altona North Precinct 15, an endorsed planning scheme amendment provides for five per cent of dwellings to be sold at a 25 per cent discount, or in the event a purchaser is not found, for the landowner to provide the equivalent contribution in cash based on an average market value.

Check out the full report *Options for Delivering and Securing Affordable Housing Through the Planning System* to learn more about providing a planning system Affordable Housing contribution by monetary contribution.