1.5 OUTCOME OF INVITATION FOR EXPRESSION OF INTEREST – LEASE OF 65A POWER AVENUE CHADSTONE VICTORIA FOR THE PROVISION OF SOCIAL HOUSING

Responsible Director: Peter Panagakos

EXECUTIVE SUMMARY

PURPOSE

This report is to advise Council on the outcome of the EOI process for the provision of social housing at 65A Power Avenue, Chadstone and to recommend a way forward on the process.

KEY CONSIDERATIONS/ISSUES

The EOI invited Registered Housing Associations to consider the land at 65A Power Avenue Chadstone to improve Social Housing provision, and address homelessness and the housing affordability crisis.

The Objective of the EOI was to identify and partner with a well credentialed and capable respondent able to facilitate delivery and operation of high-quality, impactful, and sustainable Social Housing on the Site. The desire was to achieve this with a design that has regard for the prevailing character of the surrounding neighbourhood, and the surrounding zones.

The EOI closed in November 2022 and one conforming submission was received from HousingFirst Ltd.

HousingFirst propose a multi storey development designed by Hayball Architects which responds to the character of the surrounding neighbourhood, while delivering 48 dwellings for individuals and families on the Victorian Housing Register.

The proposal meets Council objectives.

FINANCIAL IMPLICATIONS

Council will contribute the land only towards the development of this project. No other financial outlay from Council is expected.

CONCLUSION/RECOMMENDATION

Council is being asked to confirm HousingFirst as the preferred submitter and to engage with HousingFirst to confirm their ability to deliver the project as submitted and to confirm their proposed funding model. The report also recommends that Council undertake community engagement with the surrounding community on the proposal by HousingFirst, with all feedback by the community being considered before Council makes a final decision to enter into formal arrangements with HousingFirst and make the land available for the proposed development.

OUTCOME OF INVITATION FOR EXPRESSION OF INTEREST – LEASE OF 65A POWER AVENUE CHADSTONE VICTORIA FOR THE PROVISION OF SOCIAL HOUSING

Responsible Director: Peter Panagakos

RECOMMENDATION

That Council:

- 1. Note that the Expression of Interest process for the design, construction, and ongoing management of 65A Power Avenue Chadstone, for the provision of Social Housing concluded in November 2022.
- 2. Notes that one submission was received from HousingFirst Ltd.
- 3. Agree to advise HousingFirst Ltd that they are the preferred submitter for the design, construction, and ongoing management of 65a Power Avenue Chadstone for the provision of Social Housing.
- Write to and seek confirmation from HousingFirst Ltd that the development proposed in the submission can be delivered and confirmation of the proposed funding model.
- 5. Notes that should Council finalise the EOI and enter into formal agreement to provide the land to HousingFirst for the proposed development, that HousingFirst will use the specific planning pathway intended for funded social housing projects (Clause 52.20 (Victoria's Big Housing Build) of the Planning Scheme) to fast track an application whilst meeting all the necessary requirements of community consultation, but has specific exemptions for rights of formal objection and appeal to VCAT for residents in the surrounding area.
- Noting point 5 above, directs officers to undertake Community Engagement to inform the community about the preferred submitter, the form of building, timeframes and the beneficial cohort.
- 7. Receive a further report that discusses:
 - a. the outcomes of the Community Engagement referred to in item 6 above; and
 - b. the response from HousingFirst with the confirmation requested in item 4 above;

to allow Council to finalise the EOI process and consider the next stage of the project.

INTRODUCTION

Council has undertaken an Expression of Interest (EOI) process to assess the level of interest in the development, construction, and on-going management of social housing at 65A Power Avenue, Chadstone.

This report is to advise Council on the outcome of the EOI process for the provision of social housing at 65A Power Avenue, Chadstone and to recommend a way forward on the process.

BACKGROUND

At the Ordinary Council meeting on 30 November 2021, Council resolved to:

- 1. Commence an Expression of Interest process with Registered Housing Associations to assess the level of interest in the development, construction, and management of social housing at 65A Power Avenue, Chadstone.
- Notes that if the proposed development is over 10 units and is funded through the Big Build/Social Housing Growth Fund, and undertaken on behalf of the Minister for Housing, the planning permit process, inclusive of re zoning from PPRZ to GRZ will be the responsibility of the Minister.
- 3. Notes that if the proposed development is funded by the Registered Housing Provider, then the development approval process and any rezoning process is undertaken at Council level. Should this be the case, it is proposed to commence the re zoning, once Council has decided upon which Registered Housing Provider it will partner with, and the extent of the proposed development is known.
- 4. Officers present the findings of the Expression of Interest process to Council for consideration.

DISCUSSION

The EOI invited Registered Housing Associations to submit information to enable Council to meet its commitment to improve Social Housing provision, and address homelessness and the housing affordability crisis.

The Objective of the EOI was to identify and partner with a well credentialed and capable respondent able to facilitate delivery and operation of high-quality, impactful, and sustainable Social Housing on the Site. The desire was to achieve this with a design that has regard for the prevailing character of the surrounding neighbourhood, and the surrounding zones.

This Invitation presented an opportunity for Respondents to:

- secure leasehold rights for a term of up to 50 years, while only paying 'peppercorn rent';
- propose/select from a broad range of tenant profiles/cohorts identified by Council as being over-represented in the homelessness

- population (refer Monash Social Housing Framework 2020-2025 Homelessness and Social Housing);
- access capital funding available for Social Housing developments under the Victorian State Government's 'Big Housing Build' and Social Housing Growth Fund;
- leverage recent amendments to the Victorian Planning Provisions, aimed at facilitating the rapid delivery of Social Housing;
- establish a long-term partnership with Council; and
- present and deliver a visionary development for the Site suitable for the identified tenant cohort, including wraparound services and an operational model that highlights the strengths of their organisation whilst aligning with Council's Objective.

From the Invitation stage, Council sought, at a minimum, to gain an understanding of:

- the Respondent's proposed development concept for the Site, including but not limited to its design vision and ESD strategy;
- the Respondent's capability and capacity to develop and manage the Site throughout the term of the Lease;
- any departures from the Agreement for Lease and Lease requested/proposed by the Respondent;
- a proposed design which is consistent with the objectives and requirements of the Monash Planning Scheme and has regard for the prevailing character of the surrounding neighbourhood, and the surrounding zones, and would enhance the street landscape and visual amenity of the local area; and
- the Respondent's proposed strategy for securing a Planning Permit;

NOTIFICATION

A public notice was placed in The Age newspaper on 27 August 2022.

The closing date for the EOI's was the 7 October 2022.

The commencement of Council's EOI coincided with the commencement of the State Government's Social Housing Growth Fund, Build and Operate Round 2 for capital or operating funding – proposals. This process closed on 13 October 2022.

The closing date for the Council EOI was subsequently extended to 25 November 2022.

EOI's RECEIVED

One EOI was received from HousingFirst Ltd.

CONFORMANCE SUMMARY

The submission was assessed for compliance with the EOI conditions and was then evaluated against the agreed evaluation criteria. The EOI was deemed conforming.

EOI EVALUATION

In accordance with the Procurement Policy, the evaluation panel and evaluation criteria weighting were nominated prior to opening the EOI's.

All members of the evaluation panel signed a Conflict of Interest and Confidentiality form, and no conflicts were raised once the submissions were known.

The EOI's were assessed in accordance with the following criteria.

Key Selection Criteria	Criteria Wghtings	Sub Criteria Wghtings	Sub Criteria	Scoring Tips (dependant on questions asked in the Returnable Schedule)
Proposed Development Concept	20%	5%	Experience	How long in delivering social housing projects?, Community focus, Have they worked with Councils, Have they done this type of work before, Is their turnover stable or growing, Do they have unique strengths
		5%	Resources	How many resources are they proposing, Is time allocation clear, How experienced, Do they have good staff management practices (training, retention etc), Do they have appropriate equipment
		5%	Risk Management	Have they identified appropriate risks, Do they have good continuity plans, Do they have staff safety statistics and how good are they, Compliance with child safety requirements
		3%	Legal Compliance	Do they have good systems to ensure legal compliance and sensitive information
		2%	Performance and Innovation	Have they nominated clear and useful KPI's with performance penalties, Have they demonstrated innovation
Feasibility, Funding and Program	30%	12%	Start and Completion timeframe	Can they do the job in the timeframes required
		18%	Proposed Program	Have they provided a thorough and achievable project plan (if requested)
Respondent Capacity and Capability	30%	12%	Environmental Sustainability	Are they third party certified and have they provided certification evidence, have they completed the questionnaire and provided appropriate information to substantiate credentials
		9%	Local Sustainability	Do they have a presence within the Monash municipality. Do they employ locals, Do they commit to using local resources and is it credible
		9%	Social Sustainability	Do they they commit to engaging new employees from socially disadvantaged communities within Monash, Do they contribute to social entities by way of donnation or otherwise
Operations, Asset & Risk Management	10%	10%		Have they identified the focus cohorts? Have they identified the wrap around services? Have they provided an adequate plans for Asset Management? Have they adequately explained how they would work with Council? Have they provided examples of project management skill? Have they adequately outlined their Governance structure?
Agreement for Lease and Lease Variations	10%	10%		Are there proposed variations acceptable?

The Evaluation Panel recommends HousingFirst Ltd as the preferred submitter.

HousingFirst Ltd. Submission

HousingFirst is an award-winning, regulated, not for profit organisation that provides social and affordable housing across metropolitan Melbourne. Construction, tenancy and asset management at medium density sites is HousingFirst's core strength, with services currently delivered to approximately 2,000 residents across a portfolio of 1,422 homes.

Social Housing

HousingFirst's proposed development concept for the site will provide 48 social housing dwellings to applicants on the Victorian Housing Register, with a focus on the following cohorts:

- Women and children fleeing family violence
- People who identify as LGBTIQA+
- Aboriginal and Torres Strait Islander peoples
- Older women
- Priority Access, including the specific delineation indicated above will target the following cohorts:

Singles, couples and families with complex needs and those who have additional support packages

Tenancy groups who have experienced family violence

 Register of Interest (maximum of 12 dwellings), will target the following cohorts:

Singles, couples, and families on low incomes, including keyworkers.

Wraparound Services

HousingFirst will partner with appropriate support services, specific to each focus resident cohort as well as generalised support services, to ensure each resident has access to the support they need. They will work closely with these support services to develop a considered local allocation plan to create a sustainable and socially integrated social housing community. Through their community engagement program, their experienced tenancy management and community development teams and their partnerships with support services, they seek to provide safe and impactful social housing that delivers long-term housing outcomes.

Design

HousingFirst will partner with Hayball Architects to deliver a project of exemplar design. The proposed development will deliver 48 sustainable and high-quality units designed to complement the surrounding neighbourhood. Not only will the building design align with recognised and innovative standards such as Specialist Disability Accommodation

(SDA) and LHA Livable Housing Design Guidelines, and achieve an average 7-star NatHERS rating, but this development will also maximise resident comfort and affordability, provide an extended asset lifecycle and contribute to the placemaking of the wider community.

The below image shows a detailed render of the proposed development along the Railway Parade South frontage and shared path.



The proposed development consists of a mix of one-, two- and three-bedroom dwellings and associated car and bike parking, with proposed yield and unit type provided below. Communal internal and external spaces are also provided to create additional amenity for residents.

Unit type	No. of units	
1-bedroom	22	
2-bedroom	22	
3-bedroom	4	
Total	48	
Ancillary Spaces		
Car Spaces	43	
Bike Spaces	52	
Communal Space (Indoor)	280m²	
Communal Space (Outdoor)	515m²	

Carparking is concealed within a basement with a raised ground level to address the potential for flooding at the western end of the site.

Apartments are designed with generous frontages and balconies and the concept encourages the use of stairs by introducing natural light and ventilation into foyers, stairs and corridor spaces. The ESD approach will be in line with HousingFirst's strong commitment to resilient and sustainable design.

Please refer to Annexure A for additional design information.

Environmentally Sustainable Design features

The following Project-specific initiatives are proposed by HousingFirst:

- Energy: The project will meet an average NatHERS rating of 7-stars and will be fossil fuel free through avoidance of gas. All appliances will be within one star of the best available in that category for Energy Ratings.
- Water: Fixtures will meet at least 4 WELS ratings or as required by Homes Victoria's brief requirements. Water storage will be accommodated and used for onsite irrigation.
- Waste: Convenient access to separated waste streams will be provided. Community garden areas will be provided with organic waste recycling.
- Transport: Bike parking for each resident will be provided with easy access and an EV charging station will be provided in the carpark.
- Landscape: Planting will focus on new tree canopy. Plants will be drought tolerant native species where possible, with plant selections based on their potential to support biodiversity.
- Material selections: Selection of robust prefinished materials such as face brickwork will reduce ongoing maintenance and recoating requirements.

Development experience

HousingFirst currently has over 800 Social Housing dwellings under development, all to be delivered by 2024 with a combined as-built (and time-relevant) value of more than \$300 million. This outcome has been achieved through partnering with Homes Victoria, the State, Commonwealth, relevant Councils and investors. HousingFirst's capability in developing, funding and delivering projects is further evidenced by a long history of successful delivery dating back to 2011.

Proposed Planning Permit Strategy

HousingFirst will use the specific planning pathway intended for funded social housing projects (Clause 52.20 of the Planning Scheme) to fast track an application whilst meeting all the necessary requirements of community consultation along the way.

The design concept has been mindful of the scale of the surrounding residential neighbourhood and existing planning provisions of the Monash Planning Scheme that apply to the surrounding residential areas. The proposed building presents as a two to three level development and has a stepped form that breaks up the long Railway Parade South frontage. Dwellings and entrances will also provide passive surveillance and an enhanced sense of security along the highly valued Glen Waverley Rail Trail path.

The building also presents as a composition of smaller parts with visual breaks in the façade and varied setbacks to respond to the grain and scale of residential development opposite. Residential materials such as face brickwork have been proposed to sit comfortably within the existing residential streetscape. A significant setback to the Southwest allows for substantial tree planting and deep soil, and new landscape to all frontages will reinforce the planning policy to support a garden neighbourhood character as well as enhance the street landscape.

Funding

If successful, this project will be a joint partnership between HousingFirst, Monash Council and State Government.

The HousingFirst submission is subject to securing grant funding and suitable finance on a timeframe agreed with Council.

HousingFirst's primary funding strategy is to utilise the Victorian Government's Social Housing Growth Fund to deliver this project. The Victorian Government's funding generally comes in two formats — as capital grants to fund the development or as ongoing availabilities fees to fund the debt service costs and operations. HousingFirst has been consistently successful in obtaining funding under both funding opportunity types over the past 3 years.

HousingFirst will access another emerging funding source, being the Federal Government's newly formed Housing Australia Future Fund and the National Housing Accord. This will support the delivery of up to 40,000 social and affordable housing properties funded nationally over 5 years from 2024. Details of this fund have yet to be announced, however HousingFirst advise that the first round will be in 2023 and will include a substantial allocation for social housing.

Project grant or operating funding is complemented by access to low interest rate loan programs. HousingFirst has successfully applied for loans under both the Federal Government's National Housing Finance and Investment Corporation (NHFIC) bond aggregator model and the Treasury Corporation of Victoria. HousingFirst has an executed NHFIC infrastructure facility with capacity for infrastructure costs under this project, which provides the benefit of a 20% NHFIC grant towards eligible infrastructure costs to assist with social housing projects.

Their strong balance sheet, as evidenced by the successful application process for loans and grants, provides Council with a strong level of confidence that projects put forward by HousingFirst are delivered.

HousingFirst, if successful, will propose the project for a future funding round such as Build and Operate Round 3, occurring in 2023, although the dates for this funding round are speculative.

Financial resources and capability

HousingFirst has extensive corporate experience and capability in accessing State Government funding, as well as securing finance and complying with all financial covenants.

In addition to State Government funding programs, HousingFirst has worked with National Housing Finance and Investment Corporation (NHFIC), Treasury Corporation Victoria (TCV) and retail banks to secure finance for the delivery of social housing projects. Across all entities, HousingFirst currently has approximately \$335 million in combined finance, of which \$175 million is drawn all with nil defaults.

HousingFirst has successfully secured over \$125m in Government funding under several funding programs in recent years, including the single largest capital funding grant for a community housing organisation in the 2021 Rapid Housing grants round.

Timing

If successful through the EOI process and Council ultimately resolves to enter into an agreement to provide the land to HousingFirst, then HousingFirst are proposing a Commencement target date for the construction of the project of July 2024, with Occupation target being between July – September 2026,

POLICY IMPLICATIONS

The Monash Social Housing Framework 2020-2025 (Framework) endorsed by Council in December 2020 guides Council's efforts to address homelessness and influence an increase to the supply of social housing, primarily through outreach and advocacy. Throughout the Framework, Monash endorses the evidence that the most powerful action Local Governments can undertake to reduce homelessness is to support the delivery of homes that people can afford. For the lowest income households most vulnerable to homelessness, this means the provision of social housing.

Council's leadership in 2020-21 of the **Regional Local Government Homelessness & Social Housing Charter 2020** [the Charter] demonstrates Council's commitment to social housing. Through this Charter – inter alia - we agree to partner with Federal and State Governments, public and private sectors partners to coordinate an approach to increase social housing and respond to homelessness in the south and east of Melbourne.

The Framework and the Charter are integral in guiding Council's response to the Victorian State Government's 'Big Housing Build' investment.

The Framework's priorities align to Council's Municipal Public Health and Wellbeing Plan 2021 – 2025, where Homelessness and Social Housing are identified as a Supported Priority.

Monash Open Space Strategy - 65A Power Avenue Chadstone is located close to Batesford Reserve and is within walking distance of other major parks in the area. The use of the subject land for the provision of Social Housing does not impact upon the open space provision in this locality.

The Glen Waverley Rail Trail passes along the southern boundary of the site and whilst it is not directly impacted by the proposal it will be retained.

SOCIAL IMPLICATIONS

The purpose of the EOI is to commence the process to deliver upon Council's commitment to address the significant shortfall of social housing in the community and contribute to improving the health, wellbeing and safety of people experiencing homelessness in Monash.

HUMAN RIGHTS CONSIDERATIONS

The lack of access to appropriate housing may impinge on many human rights that are protected under several international treaties, including the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and the Convention on the Rights of the Child. These rights include the right to: an adequate standard of living; privacy; social security; education; freedom from discrimination; the vote; liberty and security.

The following principles provide a strong human rights framework to guide Council to implement this framework.

Equity: We provide or enable services and supports to everyone, but especially for those who are most vulnerable.

Access & Inclusion: We will remove or reduce barriers to participation by ensuring that information, services and facilities are accessible to people of all abilities and circumstances.

Intersectionality: We recognise that people's lives are multi-dimensional and complex and therefore our response to community issues cannot be developed through a singular lens.

GENDER EQUITY ASSESSMENT

A Gender Impact Assessment has not been undertaken for this proposal.

The HousingFirst submission proposes programs to support the principles of gender equity within the programs delivered from the site.

CONSULTATION

The EOI process, amongst other things, identified a preferred submitter, a form of building, timeframes and a beneficial cohort.

Additionally, the Planning Scheme within which the development will be considered has changed to facilitate social housing projects.

For these reasons, Community Engagement is proposed for this project to allow the community to understand the potential outcomes and to assist Council with this feedback prior to finalising the EOI process. The outcome of the Community Engagement will be presented to Council in a further report.

A Community Engagement Plan for consultation on the proposal using the 'Inform' methodology and appropriate tools and techniques of the IAP2 spectrum of public participation which is supported in Councils Community Engagement Framework has been prepared.

Engagement is planned to commence in early April 2023 and will remain open for 4 weeks.

Engagement will *inform* the community on the following:

- the scope of the project;
- the HousingFirst proposal, namely the proposed form of building, the proposed timeframes, and the beneficial cohort.
- the changes to the Planning Scheme that introduced Clause 52.20 Victoria's Big Housing Build to facilitate social housing projects. Clause 52.20 provides for developments of the nature proposed to be considered by the Minister for Planning and for Council to be consulted only. Public notice provisions are not a requirement of this Clause in the Planning Scheme, meaning that the community will not be able to object to the development nor are they able to exercise any rights of appeal at VCAT as one would normally expect with Planning applications.
- the impact upon open space associated with the proposed development.

The methods to be used to provide the community with this information will be:

- Council's website/Shape Monash page/social media
- Letters to the surrounding community.

Letters will be sent to a radius of a minimum of 400 metres from the site and further along the main approaches of Railway Parade South and Winbirra Parade as well as to State and Federal MP's

It should be noted that as the methodology of the community engagement is to *inform* the community on the project, the Council website/social media and letters will not specifically seek feedback but any feedback will be included in the subsequent Council report and an officer will be appointed as a contact point at Council for any clarification on the project. Details of any comments or queries received will also be recorded and reported in the Council report.

FINANCIAL IMPLICATIONS

Council's contribution will solely be the provision of land.

CONCLUSION

The EOI was targeted at Victorian Registered Housing Associations to test the interest of that sector.

Even though HousingFirst was the only submitter, their proposal was strong as is their existing relationship with Council. HousingFirst currently lease the residential facility at 8 Freda St Hughesdale from Council and deliver supported residential services.

HousingFirst has partnered with Hayball Architects to propose a sensitive residential multi storey development, which aligns with the surrounding neighbourhood character.

The Evaluation Panel therefore recommends that Officers engage with HousingFirst to advise that they are the preferred submitter for the design, construction, and ongoing management of 65a Power Avenue Chadstone for the provision of Social Housing.

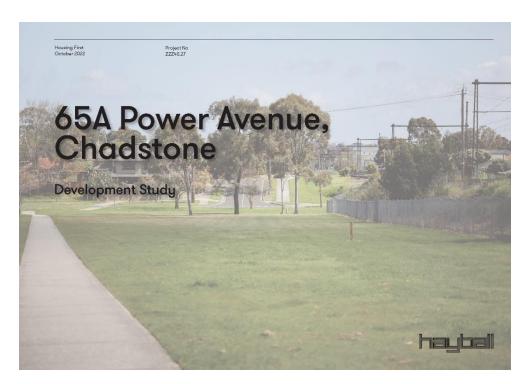
The Evaluation Panel also recommends that Officers confirm from HousingFirst that the development proposed in the submission can be delivered and to seek confirmation of the proposed funding model.

The report recommends Community Engagement to inform the community and the surrounding neighbourhood of the HousingFirst proposal, the implications of the inclusion into the Planning Scheme of Clause 52.20 – Victoria's Big Housing Build, and the impact of the proposal upon open space.

The report recommends a further report to consider the HousingFirst response and the outcome of the Community Engagement. This further report to provide for finalisation of the EOI process and to propose next steps for the overall project.

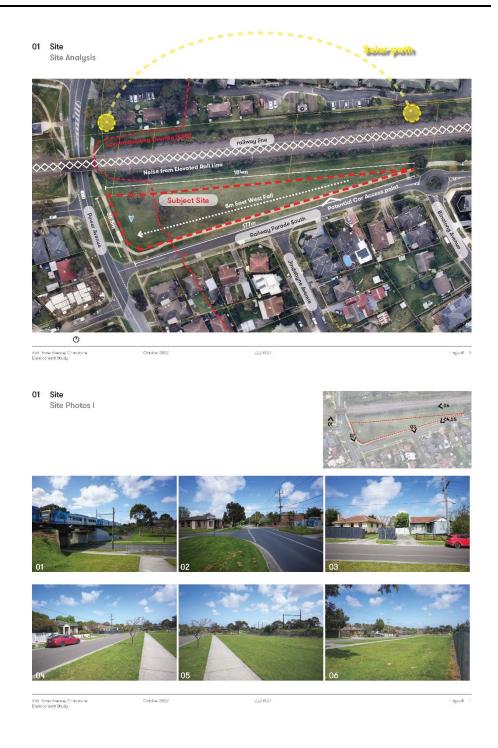
Annexure A

HousingFirst Limited – Hayball Architects – Design Proposal



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01 Site Site Photos II





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01 Site Precedent Images



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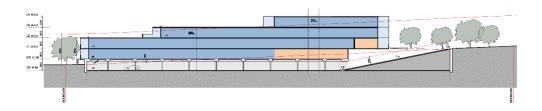


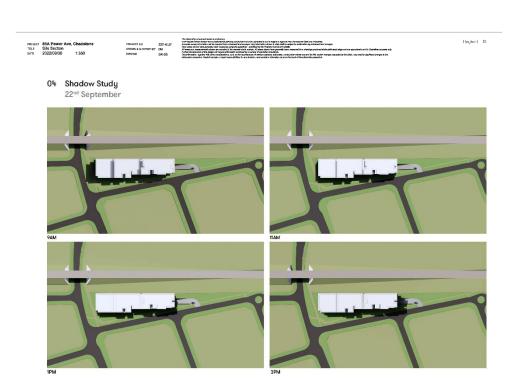


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03 Section EW Site Section

55A Aswer Avenue, Chaostone Development Study





05 Development Schedule

September 2022

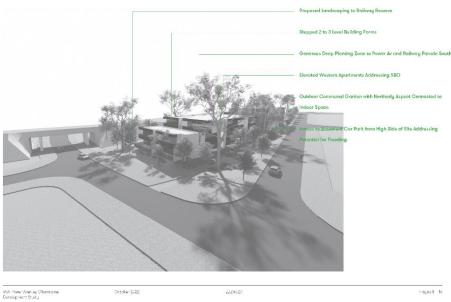


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06 Views

Aerial View from the South West



06 Views

Views from the South West



06 Views

View from the South East







