

# AGENDA

Greater Shepparton City Council

## COUNCIL MEETING

**3:00PM, Tuesday 15 February 2022**

Council Meeting Room

### COUNCILLORS

Cr Kim O'Keeffe (Mayor)

Cr Anthony Brophy (Deputy Mayor)

Cr Seema Abdullah

Cr Geoffrey Dobson

Cr Greg James

Cr Rob Priestly

Cr Shane Sali

Cr Sam Spinks

Cr Fern Summer

### VISION

**GREATER SHEPPARTON, GREATER FUTURE**

A thriving economy in the foodbowl of Victoria with excellent lifestyles, innovative agriculture a diverse community and abundant opportunities

## 12.7 Proposed sale of land – 45 Parkside Drive, Shepparton – Affordable Housing Proposal

Author Acting Manager - Building, Planning and Compliance  
 Approved by Director Sustainable Development  
 Purpose For Decision by Council

Report not Confidential

### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

### RECOMMENDATION

**That the Council, having considered the request from Women's Housing Limited, received on 21 December 2021:**

1. provides in-principle support for the preparation of any funding applications by Women's Housing Limited to purchase land at 45 Parkside Drive, Shepparton for the purposes of constructing approximately 45 lots of Affordable Housing;
2. notes Council's possible sale of land (subject to the processes outlined below) at 45 Parkside Drive, Shepparton to Women's Housing Limited and further notes that the sale will require Women's Housing Limited to enter into a Contract of Sale and a Section 173 Agreement under the *Planning and Environment Act 1987* as described in the draft Memorandum of Understanding (MoU);
3. authorises the Chief Executive Officer to sign the MoU;
4. subject to a Council resolution to sell the land following the completion of the Section 114 of the *Local Government Act 2020* (the Act) process, authorises the Chief Executive Officer to finalise the drafting of the Contract of Sale and Section 173 Agreement, and any other documents necessary to complete the transaction with Women's Housing Limited. The Chief Executive Officer may in future make changes to the structure of the transactional arrangements contemplated by this recommendation if advised to do so by the Council's solicitors;
5. approves the commencement of the process under Section 114 of the Act to consider the sale of the land at 45 Parkside Drive, Shepparton by Council to Women's Housing Limited;

6. in accordance with Section 114 of the Act and the *Greater Shepparton City Council Community Engagement Policy 2021*, Council authorises that a public notice in the Shepparton News be given of its intention to sell the land at 45 Parkside Drive, Shepparton and call for submissions;
7. publish a copy of the public notice on Council's website, and provide a copy to owners and occupiers of all properties abutting the land, and any other properties that officers consider to be affected;
8. authorise the Chief Executive Officer to undertake the administrative procedures necessary to carry out Council's functions under Section 114 of the Act in relation to this matter; and
9. notes that, following the completion of the consultation process, any submissions received in relation to Council's intent to sell the land at 45 Parkside Drive, Shepparton will be considered by Council at a future scheduled Council Meeting.

### Executive Summary

In June 2018, the *Planning and Environment Act 1987* was amended to include the objective "to facilitate the provision of Affordable Housing in Victoria", requiring Council, in its role as Planning Authority, to consider the need and opportunity to implement Affordable Housing outcomes. The Act defines 'Affordable Housing' as '*housing, including Social Housing that is appropriate for the housing needs of very low-, low- and moderate-income households*'.

Following extensive consultation, Council resolved to adopt the *Greater Shepparton Affordable Housing Strategy: Houses for People 2020* in April 2020. Council also subsequently resolved to form the Greater Shepparton Affordable Housing Reference Group to provide expert advice on ways that Council can realise Affordable Housing outcomes.

In late 2019, Greater Shepparton was estimated to have the highest homeless rate in regional Victoria, with 5.56 homeless persons per 1,000 people, and 1,041 households on the waiting list for social housing. Rental affordability fell by 10% between 2008 and 2018, with 27% of low-income households experiencing housing stress. With these alarming statistics, it was estimated that 42% of all forecast dwelling supply needed to be delivered as Affordable Housing to meet demand in 2036.

On 21 December 2021, Council received a request from Women's Housing Ptd to buy land at 45 Parkside Drive, Shepparton to facilitate the construction of Affordable Housing. The land is currently undeveloped but identified for future residential development.

Women's Housing Limited is a Registered Housing Association with long history of supporting vulnerable women and children across Victoria through a range of innovative housing and support services. The proposal seeks to realise approximately 45 dwellings that would cater for those in need of affordable housing.

Council officers consider this to be an effective way of realising Affordable Housing outcomes. The site's ideal location within Shepparton will ensure excellent amenity for future residents, enabling them to be securely and appropriately housed.

Before this can be further considered and determined, Section 114 of the *Local Government Act 2020* requires Council, before selling or exchanging land, to publish notice of its intention to sell the land, undertake a community engagement process in accordance with its community engagement policy and obtain a recent valuation.

This report recommends that Council begin this process and further consider this item after the completion of the consultation process.

### Report Detail

In June 2018, the *Planning and Environment Act 1987* was amended to include the objective “to facilitate the provision of Affordable Housing in Victoria”, requiring Council, in its role as Planning Authority, to consider the need and opportunity to implement Affordable Housing outcomes. The Act defines ‘Affordable Housing’ as ‘*housing, including Social Housing that is appropriate for the housing needs of very low-, low- and moderate-income households*’.

Following extensive consultation, Council resolved to adopt the *Greater Shepparton Affordable Housing Strategy: Houses for People 2020* in April 2020. The Strategy demonstrated an undeniable need for Affordable Housing across Greater Shepparton. Beyond the municipality’s identification as the Victorian regional city with the highest level of homelessness, at 5.6 homeless persons per 1,000, 1,041 households are on the waiting list for social housing support, 27% of low-income households are facing housing stress (2716 households), and overall rental affordability decreased by 10% between 2008 and 2018.

Up to 2020, the Strategy found that despite some allocations under a number of Commonwealth and State-funded programs, Council advocacy and programs to support low-income households, and remarkable work by housing providers, the resources required to address housing issues in Greater Shepparton substantially exceeded those available.

The Strategy draws on the premise of ‘Housing First’ that has been successfully implemented in Finland to reduce homelessness levels by a third over a seven-year period. Beyond advocacy for Commonwealth and State funding to undertake substantial construction of new stock, it outlines a variety of ways in which Council may facilitate and promote the provision of Affordable Housing through diverse agents, encouraging knowledge sharing, economical usage of existing resources, and collaboration between housing providers, government, developers, landowners, landlords and investors.

The Strategy aims to promote increased stock across the spectrum of affordable models, including crisis accommodation and social housing to address acute housing needs, ‘alternative’ options like cohousing, which may address the needs of identified ‘at risk’ cohorts, and broader diversity in size and configuration in the market-based supply to mitigate potential future shortfalls.

Council also subsequently resolved to form the Greater Shepparton Affordable Housing Reference Group to provide expert advice on ways that Council can realise Affordable Housing outcomes and on the implementation of the Strategy.

In late 2020, following the adoption of the Strategy, the Victorian government announced \$5.3 billion in funding to realise Affordable Housing across Victoria as part of the Big Housing Build (BHB) initiative over four years with 25% of this fund allocated to regional Victoria. The first round of grant funding under the Big Housing Build, the Rapid Grants Round, provided grants to Community Housing Agencies (CHAs) for development and construction projects to realise new Affordable Housing; the Graham Street project was funded by this program. Under the Big Housing Build, 18 local government areas (LGAs) have been identified for a Minimum Investment Guarantee, with \$765 million committed

across these local government areas. The Minimum Investment Guarantee for Greater Shepparton is \$45 million.

On 20 October 2021, Homes Victoria launched a new regional round of the Social Housing Growth Fund, which will provide grants to CHAs for developments and construction opportunities for new Affordable Housing in regional Victoria. This is a component of the Big Housing Build. Community housing is housing owned or managed by community housing providers. Community housing providers are highly regulated, not-for profit organisations that specialise in housing the diverse range of tenants who require both public and affordable homes. The Fund seeks to provide grants to CHAs for well progressed development and construction projects for new social housing projects located in nine LGAs in regional Victoria: Greater Shepparton is one of these.

On 21 December 2021, Council received a request from Women's Housing Limited to buy Council-owned land at 45 Parkside Drive, Shepparton to facilitate an Affordable Housing development. The land measures approximately 1.9 hectares in size and is identified for future residential development. The land is primarily zoned General Residential Zone and is a vacant lot that has been identified as suitable for residential development within the Parkside Gardens residential estate. The proposal seeks to purchase the southern half of the land to realise approximately 45 dwellings that would cater for those in need of Affordable Housing, see Figure One.





Figure One: Extract from the Parkside Gardens Development Plan. The land subject to the request is outlined in red.

Women's Housing Limited is a Registered Housing Association with a long history of supporting vulnerable women and children throughout Victoria with a range of innovative housing and support services. Urbanxchange Pty Ltd, which is engaged to support Women's Housing Limited, provided data sourced from the Victorian Housing Register (VHR) of Homes Victoria showing that 500 applicants in the Shepparton district area are female and that they have requested one-, two- and three-bedroom properties. Of these 500 applicants, 193 identify as Aboriginal or Torres Strait Islander, 194 have additional needs around family violence and 122 requests for one-bedroom properties were from those aged over 55. CHAs have noted that the VHR was not a comprehensive list of those in need as it does not capture the full extent. Areas that are not captured well include women and children escaping family violence, as they are only registered once they have left the household. Women's Housing Limited noted that it had undertaken qualitative

research with partner organisations during the development of its strategy to place resources in the northeast of Victoria and noted a significant need for housing for women escaping family violence.

The land was valued by Opteon (Goulburn North East VIC) Pty Ltd in January 2022 to be worth \$1,350,000. This figure includes all land included in all three zones: General Residential Zone (9.049 hectares), Public Park and Recreation Zone (1.07 hectares) and Urban Floodway Zone (0.72 hectares) Urban Floodway Zone. The residential zoned land is valued at \$180,000 per hectare or \$1,305,000 in total.

Council has also engaged Ethos Urban Pty Ltd to undertake a Social Housing Economic Benefit Assessment of the project (see Attachment One: *Greater Shepparton (45 Parkside Drive) Social Housing Economic Benefits Assessment, February 2021*). Primarily, the Report seeks to quantify in financial terms the community benefits of the proposal to the Greater Shepparton community.

The Report found that, amongst other things, the development will result in significant short and long term economic and social benefits. Specifically, it quantified that the development would result in direct and indirect benefits of \$7.8million to the local economy and create 60 construction-related jobs (assuming a 12-month construction phase). Further, at a discount rate of 4%, the development will deliver a net benefit of \$1.8million, based on a construction cost estimate of \$9.7million and an annual operating cost of \$461,980. This represents a benefit cost ratio of 1.62; that is, a \$1.62 return is realised for every dollar invested.

A draft Memorandum of Understanding (MoU) has also been prepared that sets out the basic and most of the essential elements or terms upon which the parties will proceed to negotiate the actual and final terms upon which Council will agree to proceed to sell the land (see Attachment Two: *Draft Memorandum of Understanding - Women's Housing Limited*).

However, before this proposal can be fully considered, Section 114 of the *Local Government Act 2020* requires Council, before selling or exchanging land, to publish notice of its intention to sell the land, undertake a community engagement process in accordance with its community engagement policy and obtain a recent valuation.

This report recommends that Council begin this process and further consider this item following the completion of the consultation process.

## Council Plan/Key Strategic Activity

### COMMUNITY LEADERSHIP

We will prioritise leadership in the community to celebrate our cultures, people and places that makes Greater Shepparton a unique, vibrant, diverse and liveable region.

1.3 Council services will be realistic and delivered in an efficient and effective manner with the aim of continuously looking for delivery that matches our ever changing environment.

1.8 Good governance and sustainable financial management.

### SOCIAL RESPONSIBILITY and WELLBEING

We will support the mental and physical health and wellbeing of all in our community, ensuring universal access to information, services, housing, healthcare and learning opportunities.

2.4 Leave no one behind.

2.7 Address issues contributing to homelessness.

### VIBRANT and DIVERSE ECONOMY

We will drive the visitor economy by growing visitor experiences and major events that provide employment and other opportunities to the community.  
Our economic development will focus on establishing a strong, adaptive, sustainable and thriving region supported by agriculture and a diverse range of industries.  
3.10 Efficient land use planning to encourage and support future development.

## **INFRASTRUCTURE and TECHNOLOGY**

We will focus on the planning of our region's requirements to enable delivery of technology and infrastructure to meet the current and future needs of the community.  
4.10 Progress housing and business development opportunities.

### **Risk Management**

The recommendation will not result in any unacceptable risk to Council. However, failure to undertake the consultation on the sale of the land to facilitate this proposal and to further consider the proposal later in 2022 may undermine the implementation of the actions in the *Greater Shepparton Affordable Housing Strategy: Houses for People 2020* and the delivery of appropriate housing to members of the community most in need.

### **Policy Considerations**

There are no conflicts with Council policies. The project follows the objectives and goals of the *Greater Shepparton Affordable Housing Strategy 2020: Houses for People* to increase Affordable Housing.

### **Financial Implications**

To inform this proposal, Council officers have engaged the following work: a valuation of the property (\$4,500 excl GST), the quantitative assessment (\$7,000 excl GST) of the benefits of the project and all legal agreements required (\$6,871.25 excl GST). These costs are budgeted for within the Building, Planning and Compliance Department's Strategic Planning Work Program.

The various transactional documents contemplated by the arrangements under the MoU will safeguard the Council's interests. The proposed Section 173 agreement will ensure that the obligation to use the newly constructed dwellings for the purposes of Affordable Housing will continue in perpetuity.

### **Legal/Statutory Implications**

There are no conflicts with any Council policies arising from the recommendation.

The *Local Government Act 2020* requires Council, before selling or exchanging land, to publish notice of its intention to sell the land, undertake a community engagement process in accordance with its community engagement policy and obtain a recent valuation.

This community engagement process is provided for in Section 114(2) of the *Local Government Act 2020*.

This report recommends that Council begin this process and further consider this item after the completion of the consultation process. It is intended that Council will further consider this item following the consultation process. The following flow chart sets out the process (with Contract of Sale step occurring only if the Council resolves in future to proceed with the sale:





### Environmental/Sustainability Impacts

The recommendation will not result in any environmental/sustainability impacts.

### Social Implications

While there are no direct social implications arising from the recommendation, the proposal will provide accommodation for some of Greater Shepparton's most at risk individuals and households through the realisation of much-needed Social Housing.

However, before further considering and deciding on the proposal, Council will engage with all stakeholders to ensure that residents, business owners and visitors will be given detailed information about the proposal and facilitate a range of opportunities to make a submission about the proposed sale of the land to facilitate this proposal.

The proposal will be further considered by Council later in 2022.

### Economic Impacts

The recommendation may result in positive economic impacts. The development would result in direct and indirect benefits of \$7.8million to the local economy and create 60 construction-related jobs (assuming a 12-month construction phase). Further, at a discount rate of 4%, the development will deliver a net benefit of \$1.8million, based on a construction cost estimate of \$9.7million and an annual operating cost of \$461,980. This represents a benefit cost ratio of 1.62; that is, a \$1.62 return is realised for every dollar invested.

## Consultation

The *Local Government Act 2020* requires Council, before selling or exchanging land, to publish notice of its intention to sell the land, undertake a community engagement process in accordance with its community engagement policy and obtain a recent valuation.

This community engagement process is provided for in Section 114(2) of the *Local Government Act 2020* and requires that:

*Before selling or exchanging the land, the Council must:*

*(a) at least 4 weeks prior to selling or exchanging the land, publish notice of intention to do so—*

*(i) on the Council's Internet site; and*

*(ii) in any other manner prescribed by the regulations for the purposes of this subsection; and*

*(b) undertake a community engagement process in accordance with its community engagement policy; and*

*(c) obtain from a person who holds the qualifications or experience specified under section 13DA(2) of the **Valuation of Land Act 1960** a valuation of the land which is made not more than 6 months prior to the sale or exchange.*

Council officers will apply the *Greater Shepparton City Council Community Engagement Policy 2021* in ensuring that residents, business owners and visitors will be given detailed information about the proposal and facilitate a range of opportunities to make a submission.

This report recommends that Council begin this process and further consider this item after the completion of the consultation process.

Council officers believe that appropriate consultation has occurred to understand the requirements of any application for funding and the matter is now ready for Council consideration.

## Strategic Links

- *Greater Shepparton 2030 Strategy 2006*
- *Shepparton CBD Strategy 2008*
- *Commercial Activity Centres Strategy 2015*
- *Greater Shepparton Affordable Housing Strategy: Houses for People 2020*
- *Shepparton & Mooroopna 2050: Regional City Growth Plan 2021*

## Conclusion

In June 2018, the *Planning and Environment Act 1987* was amended to include the objective “to facilitate the provision of Affordable Housing in Victoria”, requiring Council, in its role as Planning Authority, to consider the need and opportunity to implement Affordable Housing outcomes.

On 21 December 2021, Council received a request from Women’s Housing Limited to purchase Council-owned land at 45 Parkside Drive, Shepparton to construct Social Housing. The land is currently zoned General Residential Zone and identified as part of the Parkside Gardens residential estate but is undeveloped. Women’s Housing Limited is a Registered Housing Association. The proposal seeks to realise approximately 45 dwellings that would cater for vulnerable women and children in need of Social Housing. Council officers consider this to be an effective way of realising Affordable Housing outcomes.

This report recommends that Council begin the community engagement process to sell the land and further consider this item after the completion of the consultation process later in 2022.

#### Attachments

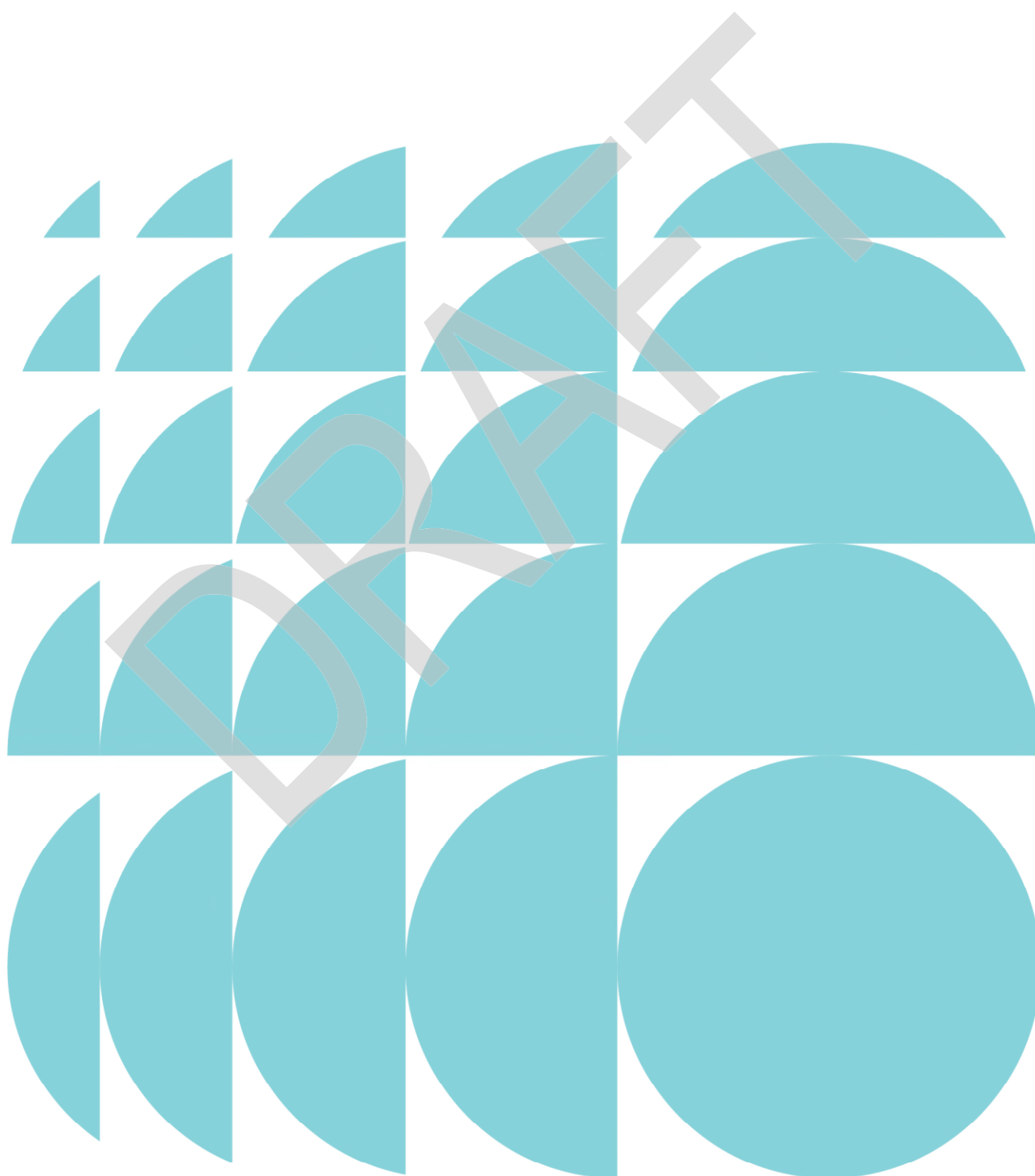
1. Greater Shepparton (45 Parkside Drive) Social Housing Economic Benefits Assessment, February 2021 [**12.7.1** - 13 pages]
2. Draft Memorandum of Understanding - Women's Housing Limited [**12.7.2** - 8 pages]

# ETHOS URBAN

## Greater Shepparton (45 Parkside Drive) Social Housing Economic Benefits Assessment

Prepared for Greater Shepparton City Council

February 2021 | 3210423



*Authorship*

Report stage	Author	Date	Director Review	Date
Draft report	Rajiv Mahendran Zack Heap	3 February 2022	Chris McNeill	4 February 2022
Final report				

*Disclaimer*

Every effort has been made to ensure the accuracy of the material and the integrity of the analysis presented in this report. However, Ethos Urban Pty Ltd accepts no liability for any actions taken on the basis of report contents.

*Contact details*

For further details please contact Ethos Urban Pty Ltd at one of our offices:

<b>Ethos Urban Pty Ltd</b>	ABN 13 615 087 931	
Level 8, 30 Collins Street Melbourne VIC 3000 (03) 9419 7226	173 Sussex Street Sydney NSW 2000 (02) 9956 6962	Level 4, 215 Adelaide Street Brisbane QLD 4000 (07) 3852 1822

economics@ethosurban.com

www.ethosurban.com

**Our Reference: 3210423**



# Contents

<b>Executive Summary</b>	<b>i</b>
<b>Introduction</b>	<b>1</b>
<b>1 Locational Context and Proposed Development</b>	<b>2</b>
1.1 Context	2
1.2 Proposed Development	2
<b>2 Economic and Social Benefits Associated with the Provision of Social Housing</b>	<b>3</b>
2.1 The Need for Social Housing	3
2.2 Economic and Social Benefits of Providing Social Housing	4
<b>3 Economic Benefits Associated with the Construction of the Proposed Development</b>	<b>9</b>

## Executive Summary

- 1 A potential social housing project is being considered by Greater Shepparton City Council (Council). The project, which would involve a development by Women's Housing Ltd (WHL), would involve the sale of Council land at 45 Parkside Drive, Shepparton (the subject site)). This economic assessment quantifies the economic and social benefits of providing social housing at the subject site.
- 2 The proposed development would see approximately 45 new dwellings constructed for the purpose of housing low-income and at-risk women and their children.
- 3 Lack of access to safe, stable, and appropriate housing (homelessness) is considered a growing problem in Victoria. Approximately 35,000 people are on the waiting list to enter social housing in Victoria and 200,000 persons across Australia.
- 4 Shepparton has the highest homelessness rate in Regional Victoria, coupled with increasing demand for priority access housing in the area.
- 5 Homelessness presents substantial economic and social costs to the community. With homelessness expected to continue to increase, the provision of social housing is a priority for all levels of government.
- 6 Available evidence indicates the provision of social housing delivers significant benefits to both individuals and the broader community in the form of health sector savings, individual health and lost income benefits, justice sector savings, and employment and income benefits.
- 7 For each person housed in the proposed social housing development, \$24,950 per year in economic benefits can be identified. Of this amount, approximately \$2,910 per year accrues directly to the person being housed, while \$22,040 per year represents a benefit to the State (i.e. in the form of expenditure savings and increased economic activity). Accordingly, the project will generate an annual economic benefit of \$1.7 million or \$28.4 million over the 30-year life of the building.
- 8 At a discount rate of 4%, the development will deliver a net benefit of \$1.8 million, based on a construction cost estimate of \$9.7 million and an annual operating cost of \$461,980. This represents a benefit cost ratio of 1.62; that is, a \$1.62 return is realised for every dollar invested.
- 9 Construction of the proposed development will deliver additional benefits to the local economy. Including direct and indirect impacts, the development is expected to generate \$7.8 million in value added and support 60 jobs (assuming a one-year construction period).
- 10 Overall, the benefits associated with the provision and construction of the proposed social housing development will generate substantial benefits for the broader community and represents a positive investment proposition.

## Introduction

### Background

Council owns land at 45 Parkside Drive, approximately 3km north-west of the Shepparton CBD.

Women's Housing Limited (WHL) proposes the construction of approximately 45 social housing dwellings on the subject site. WHL is currently the lead agency in Victoria in the provision of affordable housing for women, with some 600 properties in their property portfolio.

In assessing the project, Council has engaged Ethos Urban to analyse the economic benefits associated with the project and, in particular, the economic benefits associated with the provision of social housing.

### Objective

This assessment quantifies the economic benefits associated with the proposed development.

### This Report

This report contains the following chapters:

- Chapter 1:** Locational Context and Proposed Development
- Chapter 2:** Economic and Social Benefits Associated with the Provision of Social Housing
- Chapter 3:** Economic Benefits Associated with the Construction of the Proposed Development

# 1 Locational Context and Proposed Development

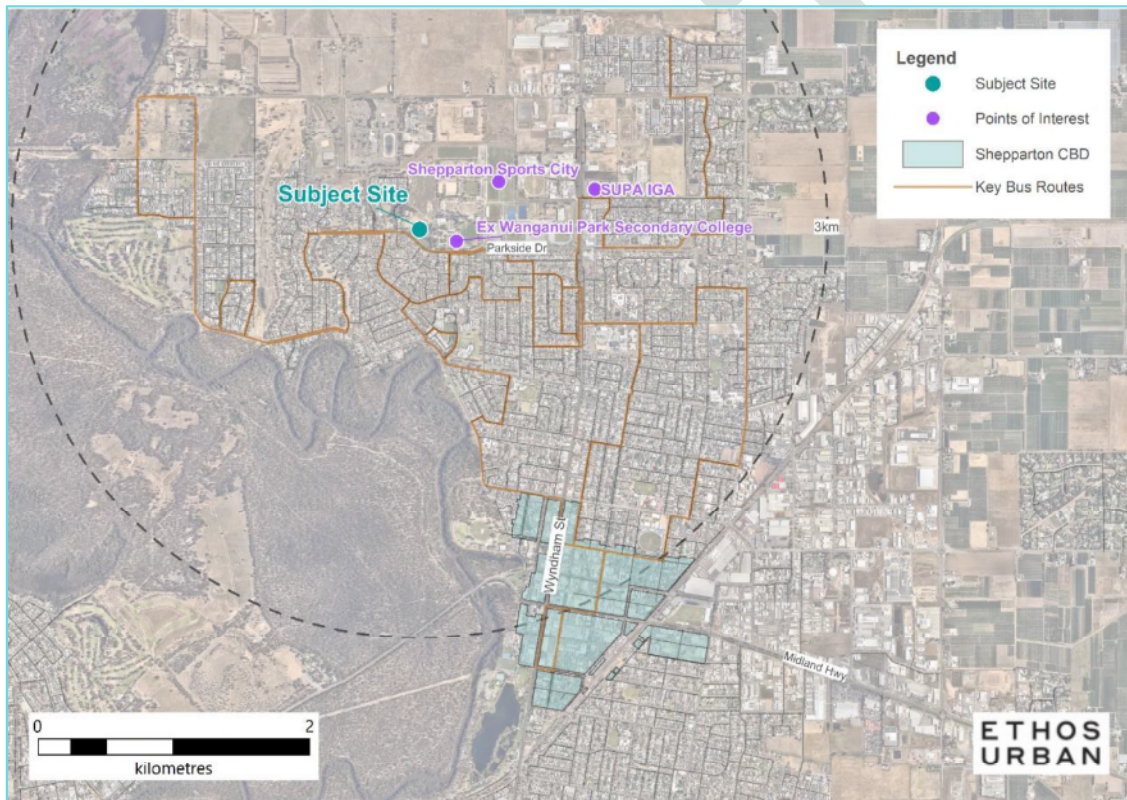
This Chapter provides an overview of the subject site and its surrounding context, as well as the proposed development scheme.

## 1.1 Context

Located in the north-west of the established urban area of Shepparton, the subject site is part of the Parkside Gardens estate area.

The subject site is proximate to significant recreational areas and sporting facilities, and approximately 1.5 kilometres west of retail and commercial facilities situated on Numurkah Road (the Goulburn Valley Highway). The Shepparton CBD is approximately 3.5 kilometres south-east of the subject site.

**Figure 1.1 Local Context**



Source: Ethos Urban

## 1.2 Proposed Development and Resident Population

Redevelopment of the subject site is proposed to include:

- Approximately 45 dwellings on the identified land at Parkside Gardens, Evergreen Way

Based on an average of 1.5 persons per dwelling it is estimated the proposed development would accommodate approximately 70 persons.

## 2 Economic and Social Benefits Associated with the Provision of Social Housing

This Chapter estimates the economic benefits associated with the provision of social housing, based on a review of relevant studies and academic research.

### 2.1 The Need for Social Housing

Homelessness is defined by the Australian Bureau of Statistics (ABS) as a lack of access to safe, stable and appropriate housing. That includes both people living on the street as well as those in unstable or inappropriate circumstances such as 'couch surfing' at friends and family. Approximately 35,000 people are on the waiting list to enter social housing in Victoria and 200,000 persons across Australia.

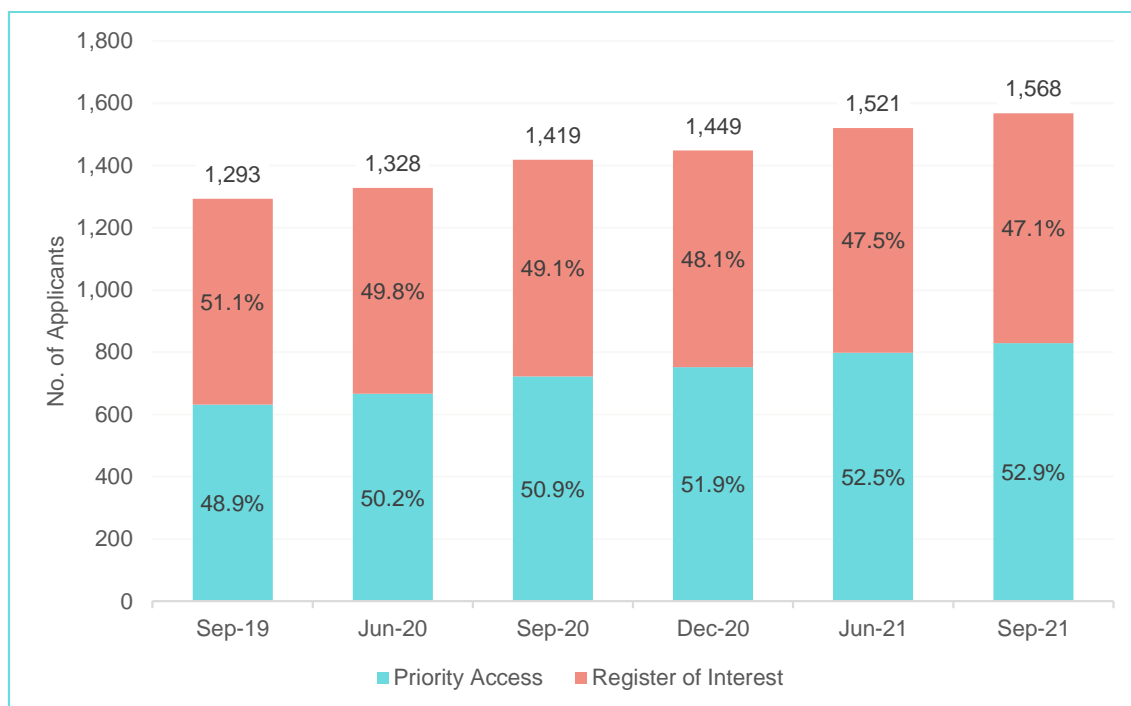
The need for increased social housing in Shepparton is evident, with Greater Shepparton facing the highest rates of homelessness in Regional Victoria (ABS Census, 2016). Shepparton is facing increased demand in both priority access and register of interest social housing (refer Figure 1). Importantly, since September 2019, the demand for priority access has increased at a faster rate than register of interest applicants, suggesting that households increased vulnerability to homelessness has been exacerbated by COVID-19.

Note: the actual scale of homelessness could be higher as, given the size of the waiting list, not all people experiencing homelessness will have registered.

Social Housing is defined as housing provided for people on low incomes or with particular needs by government agencies or non-profit organisations. Social housing is owned by the State, Council, or non-profit organisations and leased to eligible households with rental payments based on a share (typically up to a maximum of 25%) of their income.

Available evidence shows that social housing provides significant economic and social benefits for individuals and the community. Benefits largely revolve around reducing the costs associated with homelessness, such as pressure on the health care system, justice agencies including the police, as well as the output improvements of higher employment and productivity outcomes, and individual benefits such as better mental health, social connections and overall participation in society.



**Figure 2.1: Victorian Housing Register and Transfer List, Goulburn (Shepparton) Office**

Source: Victorian Housing Register, Housing VIC

Note: Dec-19 data not available

## 2.2 Economic and Social Benefits of Providing Social Housing

### *Health Sector Savings (State-wide Benefit)*

Significant cost savings in health care and emergency services have been estimated for the provision of social housing and reducing homelessness. Savings are derived from fewer emergency room presentations, a reduction in general hospitalisation days, and lower levels of stress, depression and anxiety.

In *The Cost of Youth Homelessness* (2016) in Australia, the cost of youth homelessness is estimated at \$8,500 in health services per person housed per year. The study observed a group of young people who were homeless or at a very high risk of homelessness and a group of disadvantaged young job-seekers. Although both groups reported experiencing difficult circumstances, the study found difficulties faced by young homeless people were significantly higher than those in housing.

However, the proposed social housing development will support women of varying ages. Since young people and men typically have lower health service utilisation rates, it can be reasonably assumed that actual health cost savings from the proposed development would be higher.

According to the ABS (2020-21), 9% of people aged 15 to 34 were admitted to hospital compared to 13% of people aged 35 and older, indicating older individuals are approximately 40% more likely to be admitted to hospital. Similarly, analysing hospital admissions for women against the total population, a gender adjustment factor of 1.16 has been applied to consider the higher prevalence of hospitalisation amongst women.

Having regard for the higher propensity of older people and women to utilise health care services, the health savings estimate of \$8,500 has been adjusted to \$14,090 per person housed per year, after incorporating CPI adjustments. This number is considered likely to better reflect the nature of the

proposed development with an emphasis on women, along with a diverse age range of future residents in the proposed development.

### ***Individual Health and Lost Income Benefits (Individual Benefit)***

While the previous sub-section already discusses the benefits to the health care sector, this sub-section outlines the benefits to the individual due to transitioning out of homelessness. The analysis indicates that the annual individual health and lost income benefits per woman due to the provision of social housing equates to \$2,910 (see the following for a breakdown).

#### **Domestic Violence**

Domestic and family violence is the primary cause of homelessness for women and children. The COVID-19 pandemic has further exacerbated domestic violence in households, with a 5.9% increase in the number of women seeking specialist homelessness services (SHS) due to domestic violence since 2019/20.

A 2015 report from Price Waterhouse Coopers (PWC) quantified the annual economic costs of pain, suffering and premature mortality due to partnered domestic violence to be \$4,740 per individual. Partnered violence is defined as physical, sexual or emotional abuse by a current or previous partner.

For the purposes of this assessment, the PWC estimate is adopted as a baseline and then adjusted to reflect the benefits gained from avoiding domestic violence due to social housing. Data from the Specialist homelessness services annual report has been used to create the updated benefits.

In 2020/21, 88,910, or 53% of all female SHS clients, sought assistance while experiencing domestic and family violence. On average, for those who experienced domestic and family violence, 57% were identified as requiring accommodation provision. Due to the accommodation provision not being disaggregated at the gender level, this may underestimate the total need for housing for women.

When estimating the unit cost per tenant, the economic cost of pain, suffering and premature mortality due to partnered domestic violence is multiplied by the rate at which women experiencing domestic violence seek accommodation. This yields a unit cost of \$1,620 per tenant after adjusting to 2021 dollars.

#### **Mental Illness**

Mental health issues represent both causes and impacts of homelessness and represent costs to the individual and broader community. The transition out of homelessness, therefore, leads to cost savings. Mental health issues frequently found in homeless people include depression, anxiety, and substance abuse. Deakin University (2017) estimates that these mental health issues cost the Australian economy approximately \$12.8 billion per year.

A study of 4,290 homeless people, *Are the Homeless Mentally Ill?* (2009) found that 31% of people experiencing homelessness suffered from mental health issues, with 53% developing a mental health issue following homelessness.

A 2003 study (*The Excess Cost of Depression in South Australia: A Population-Based Study*) estimated the personal cost of major depression at \$9,950 per year and \$3,150 for other depression. Personal costs include pharmaceuticals and specialist services, but the majority of costs are attributed to days unable to work and days of reduced work. Specifically, women had a higher prevalence of experiencing major (8%) and other (11%) depression relative to men (5% and 10%, respectively). The Latest ABS data (2020/21) supports the above findings, highlighting that women (20%), on average, are more likely to visit mental health professionals than men (11%).

Due to the higher incidence of women experiencing mental health disorders and utilising more mental health services relative to the total population, the individual benefit has been adjusted upward by 27%.

Research into employment rates among disadvantaged Australians (*The Effect of Homelessness on Employment Entry and Exits: Evidence from the Journeys Home Survey 2018*) found that 19% of homeless people were employed.

Transitioning from homelessness would provide relief for mental health issues associated with homelessness, such as stress. However, recovery from mental issues likely also requires access to other support services. For this assessment, 50% of the cost of mental illness per person housed per year is estimated to be attributed to access to social housing. This yields a unit cost of \$1,290 per tenant after adjusting to 2021 dollars.

Allowing for the above considerations, the average individual benefit for each person moving into social housing is estimated at \$2,910 after adjusting to 2021 dollars.

In adjusting for the employment rate of homeless people, this estimate excludes the stress relief and other mental health benefits realised by unemployed homeless individuals. Therefore, this estimate is considered conservative.

#### **Justice Sector Costs (State-wide Benefit)**

Homeless people are significantly more likely to be involved in a crime, either as a victim due to their vulnerability because of their lack of safe and private accommodation or as an offender as a result of mental health issues, substance abuse, food insecurity, and lack of private accommodation leading to enforcement of 'nuisance' crimes such as 'move-on' directions, on-the-spot-fines, etc.

Research from a 2016 study in the UK ("*It's No Life at All*" *Rough sleepers' experiences of violence and abuse on the streets of England and Wales*) found that homeless people were 17 times more likely to be the victim of assault compared to the general population. Another study (*The State of Homelessness, 2018*) found 45% of homeless people had been to prison in their lifetime between 2010 and 2017. Part of the reason for this are laws that indirectly criminalise homelessness, such as begging, banning squeegeeing at traffic lights, camping in public spaces, drinking in public, etc.

Beyond the individual costs associated with being a victim or offender of these crimes, there are costs associated with policing and the justice system. Providing more social housing and bringing people off the street will have an immediate and direct impact on these costs.

For the purposes of this assessment, the justice-related benefits associated with the provision of social housing are based on findings from *The Cost of Youth Homelessness in Australia* (2015) which estimates youth-justice issues cost an average of \$890 per person housed per year from victimisation and \$8,470 per person housed per year from offending. These estimates have been revised regarding the likelihood of different age groups and genders to be victims/offenders compared to other groups.

Analysis of crime victimisation statistics from the ABS (2019/20) shows that people aged 15 to 24 years have a victimisation rate of 3% compared to 2% for people aged 25 and above, a factor of 0.8. On the other hand, there were no notable differences in the victimisation rate between men and women, so no gender adjustment has been applied. Therefore, the \$890 per person housed per year cost estimate for 15 to 19-year-old victims has been revised down by 0.4 and adjusted for CPI to 2021 dollars bringing the estimate to \$400 per person housed per year.

Similarly, analysis of crime offender statistics from the ABS (2019/20) shows people aged 15 to 19 have an offender rate of 4% compared to 2% for people aged 20 and above, a factor of 1.4. The youth offender justice sector cost estimate of \$8,470 has been revised down by 0.7.

In addition, after considering gendered crime offender statistics from the ABS (2019/20), the cost estimate has been revised down by 0.5 to reflect the lower likelihood of women committing an offence. Therefore, after adjusting the estimate to 2021 dollars, the overall cost saving is \$3,220 per year for each person housed in social housing.

In total, it is estimated that the provision of social housing will deliver approximately \$3,610 per person housed per year in cost savings for the justice sector.

#### ***Employment and Income Benefits (State-wide Benefit)***

Employment rates among homeless people are low at 19% compared to 62% for all Australians. Social housing allows previously homeless people better access to employment through stability and allows tenants to start or continue education or training. SGS (2017) reports that approximately 8% to 10% of social housing tenants access employment following the provision of social housing.

For incoming tenants, average annual income is considered based on the single person Victorian upper-income limits for register of interest and priority access social housing clients. The average of these upper-income limits has been applied, yielding annual income at \$43,320 (or \$835 per week).

In modelling state-wide employment and income benefits, Ethos Urban has discounted annual income by 90% to allow for only 10% of tenants going into employment, leaving \$4,340 per year in income benefits.

Note that the allowance for 10% of tenants entering employment after attaining accommodation prevents double counting with the lost income benefit described previously.

This benefit is considered both an individual and community benefit, as it also increases the economy's overall output.

#### ***Summary***

Homelessness presents high economic and social costs to the community. With homelessness expected to increase in the future, the provision of social housing is considered a priority by all levels of government.

Available evidence indicates the provision of social housing will deliver benefits to both individuals and the broader community in the form of health sector savings, individual health and lost income benefits, justice sector savings, and employment and income benefits.

Approximately **\$24,950 per year** in economic benefits can be identified for each person housed in the proposed social housing development. Of this amount, approximately \$2,910 per year accrues directly to the individual being housed, while \$22,040 per year represents a benefit to the state and local community (i.e. in the form of expenditure savings and increased economic activity). Accordingly, the project will generate an annual benefit of \$1.7 million or \$48.5 million over the 30-year life of the building.

**Table 2.1 Economic and Social Benefits Associated with the Provision of Social Housing**

Per person benefits	Estimated Benefits per Tenant per Year (\$2021)
<b>Individual Benefits for Tenants</b>	
Individual Health and Lost Income Benefits (Individual Benefit)	\$2,910
<b>State-wide Benefits</b>	
Health Sector Savings (State-wide Benefit)	\$14,090
Justice Sector Costs (State-wide Benefit)	\$3,610
Employment and Income Benefits (State-wide Benefit)	\$4,340
<b>Sub-total</b>	<b>\$22,040</b>
<b>Total</b>	<b>\$24,950</b>
Proposed dwellings	45
Average Household Size	1.5
<b>Total Tenants</b>	<b>70</b>
<b>Total Annual Benefit</b>	<b>\$1.7 million</b>

Source Ethos Urban Research

Figures have been rounded.

Operating costs have been estimated at \$10,270 per dwelling and is sourced from the Productivity Commission's Review of Government Services (2018) and adjusted by CPI to 2021 dollars.

At a discount rate of 4%, the development will deliver a net benefit of \$10.8 million, based on a construction cost estimate of \$9.7 million (refer section 3.1). This represents a benefit cost ratio of 1.62, that is, for every dollar invested a \$1.62 return is realised.

It is also noted that the Federal Government has recognised the need to change the baseline discount rate for benefit cost assessments. In 2018, the House of Representatives Standing Committee on Infrastructure, Transport and Cities recommended the adoption of a 4% discount rate for the appraisal of Commonwealth infrastructure projects. This recommendation was made noting that the discount rate of 7% was adopted as the default parameter at a time where the cost of borrowing, i.e. cash rate, was much higher than what it is currently. Given the nature of this project, the adoption of a 4% discount rate is regarded as appropriate.

A benefit cost ratio above 1.0 at discount rates of 7% and 10% demonstrates the proposed development presents a robust cost benefit result which delivers significant community benefits.

**Table 2.2 Benefit Cost Assessment**

	Discount Rate (4%)	Discount Rate (7%)	Discount Rate (10%)
<b>NPV Benefits</b>	<b>\$28.4 million</b>	<b>\$20.5 million</b>	<b>\$15.7 million</b>
NPV Costs	\$17.6 million	\$15.4 million	\$14.0 million
Total Benefit	\$10.8 million	\$5.1 million	\$1.6 million
BCR	1.62	1.33	1.11

Source Ethos Urban Research



### 3 Economic Benefits Associated with the Construction of the Proposed Development

Residential construction activity generated by the construction of social housing provides additional benefits not encompassed by the various benefits associated with transitioning people out of homelessness through provision of social housing. This Chapter provides high-level estimates of the economic benefits associated with the construction of the proposed development.

The economic benefits have been estimated according to the direct, or project specific outcomes. Further, indirect impacts are also assessed allowing for the effects of economic multipliers. These forecasts of economic impacts have been prepared with input-output modelling undertaken with reference and compliance to best-practice guidelines.

According to the analysis summarised in Table 3.1, the construction phase is expected to directly deliver:

- Full-time equivalent (FTE) employment of 10 construction-related jobs supported, assuming a 12-month construction phase.
- A total direct value-add to the economy of \$2.0 million.

**Table 3.1 Economic Impact of Construction Phase of Proposed Development**

	Direct	Indirect	Total
Employment (FTE)	10	50	60
Value Added (\$M)	\$2.0	\$5.8	\$7.8

Source: Ethos Urban analysis utilising data and information from ABS, National Accounts; ABS, Census of Population and Housing 2016; ABS, Labour Force Statistics Detailed Quarterly.

Figures have been rounded.

When the multipliers are taken into account, economy-wide effects over the construction program are forecast to be:

- Full-time equivalent (FTE) employment of 60 jobs supported, assuming a 12-month construction phase.
- A total direct value-add to the economy of \$7.8 million.

The construction program will deliver a boost to building and trades sector in Greater Shepparton, with wider impacts across the broader economy.



**Dated** **2022**

## **Memorandum of Understanding**

**Part of 45 Parkside Drive, Shepparton**

**Memorandum of Understanding****Part of 45 Parkside Drive, Shepparton****Parties:****Greater Shepparton City Council****(Council)****Women's Housing Limited ACN 80 116 883****(Purchaser)**

If Council does ultimately resolve to sell the Land, this Memorandum of Understanding (**MOU**) sets out the basis and most of the essential elements or terms upon which the parties will proceed to negotiate the actual and final terms upon which the Council will agree to proceed to sell the Land and enter into the required formal documents needed to document the sale and development of the site on the terms finally agreed between the parties.

Each party agrees to negotiate in good faith having regard to the terms and contents of this MOU, to use their best endeavours to reach an agreement based on this MOU.

The Council resolving to sell the Land is a condition precedent to this MOU coming into effect.

<b>1.</b>	<b>Background / Introduction</b>
	<p>Council is the owner of 45 Parkside Drive, Shepparton.</p> <p>The Purchaser wishes to purchase part of 45 Parkside Drive, Shepparton, being the land more particularly marked in red on the plan attached to Annexure A (<b>Land</b>).</p> <p>In line with policy outcomes, the Council wishes to sell the Land to be used for affordable housing (<b>Project</b>).</p>
<b>2.</b>	<b>Project Requirements/outcomes</b>
	<p>Any development proposal for the Land must provide for the following to be realised and delivered:</p> <ul style="list-style-type: none"> <li>(a) The provision of 100 % affordable housing to women (and their families) at risk of homelessness.</li> <li>(b) Environmental sustainable design including 7 Star Green star rating.</li> </ul>
<b>3.</b>	<b>Documentation</b>
	<p>The sale of the Land is expected to be documented (as the case may require) by the parties entering into a variety of agreements, the principal ones being in the form of the following:</p> <ul style="list-style-type: none"> <li>(a) Contract of Sale</li> <li>(b) Development Agreement</li> <li>(c) Section 173 Agreements</li> <li>(d) Independent Certifier appointment /engagement agreement or the incorporation of such engagement in the other documents.</li> </ul>
<b>4.</b>	<b>Contract/s of Sale of Land</b>
<b>4.1</b>	The Contract of Sale will provide for the sale of Land at a price that will be agreed upon terms to be agreed but subject to the following clause 4.2.
<b>4.2</b>	<p>Title to the Land will not and is not intended to pass to the purchaser unless and until:</p> <ul style="list-style-type: none"> <li>(a) all conditions precedent as will be detailed and set out in the Development Agreement have been satisfied and signed off by the appointed independent certifier; and</li> <li>(b) the full purchase price has been paid.</li> </ul>

<b>5.</b>	<b>Development Agreement</b>
<b>5.1</b>	The Development Agreement will define and detail all the essential aspects of the Project, including all design aspects, building and sustainability requirements, risk allocation, timing, delivery and works timetable, milestones, settlement and completion requirements as set out in more detail hereafter.
<b>5.2</b>	<p>Critical terms that the Development Agreement will be required to deal with and cover are as follows:</p> <p><b>5.2.1 Condition Precedent</b></p> <p>The Purchaser has secured Government Funding, or philanthropic funding, for the Project, to the satisfaction of the Council.</p> <p><b>5.2.2 Risk Allocation</b></p> <p>The Purchaser will be required to accept all major risks of any nature associated with the Project.</p> <p>The Purchaser will be required to rely on its own skill, expertise and judgement in the planning and delivery of the agreed Project.</p> <p><b>5.2.3 Cost of Development</b></p> <p>The Purchaser bears all the costs of completing and delivering the Project.</p> <p><b>5.2.4 Works Program</b></p> <p>The Council and the Purchaser are to agree on a works program and the timing and staging of the Project.</p> <p><b>5.2.5 Design Project</b></p> <p>The Council is to be a party to and agree to the nature and design of the Project and is to approve the final design of the Project before any development approval and construction commences.</p> <p><b>5.2.6 Subdivision</b></p> <p>The Purchaser is to be solely responsible for staging plans or Plans of Subdivision required for the delivery and completion of the Project.</p> <p><b>5.2.7 Planning – Development Approval</b></p> <p>The Purchaser is to be responsible for obtaining all planning and development approvals from all relevant authorities.</p> <p>The Purchaser is to be responsible for ground conditions.</p> <p><b>5.2.8 Builder</b></p> <p>The Purchaser is to engage a properly qualified builder capable of carrying out the construction and completion of the project.</p>



	<p><b>5.2.9 Independent Certifier</b></p> <p>An Independent Certifier is to be appointed by the Purchaser to independently certify and verify compliance and the quality and completion of agreed portions of the Project.</p> <p><b>5.2.10 Environmental</b></p> <p>The Purchaser takes the Land as is and will assume all environmental risks</p> <p><b>5.2.11 Material Alterations</b></p> <p>No material alterations to the Project will be permitted or are to be made without Council's prior consent.</p> <p><b>5.2.12 OHS</b></p> <p>The Purchaser to assume all OHS risks as principal contractor.</p> <p><b>5.2.13 Project Control Group (PCG)</b></p> <p>A PCG will be established under the Development Agreement made up of an equal number of representatives from the Purchaser and Council.</p> <p>The PCG will meet regularly or at such times and in such manner as the parties are to agree.</p> <p><b>5.2.14 Affordable Housing</b></p> <p>A Section 173 Agreement will be entered into to secure and ensure delivery of the required and agreed Affordable Housing Component.</p> <p><b>5.2.15 Land Sales Contract(s)</b></p> <p>The Land Sales Contract will set out the price to be paid by the purchaser and the agreed terms of the sale of the Land to the Purchaser.</p> <p><b>5.2.16 Sustainability</b></p> <p>The Development Agreement will set out required and agreed Environmental and Social Sustainability obligations and targets.</p> <p><b>5.2.17 Insurance</b></p> <p>The Purchaser will be required to take out and have in place various types of insurance policies with acceptable Insurers, for sums and of a nature and level of coverage that the Council will require, prior to any works or the Project commencing.</p> <p><b>5.2.18 Default</b></p> <p>The Development Agreement will provide for what is to occur in the event of a default occurring.</p> <p><b>5.2.19 Dispute Resolution</b></p> <p>A dispute resolution process to be agreed will form part of the Development Agreement.</p>
--	--

	<p>5.2.20 Purchaser not to assign</p> <p>Without Council consent the Purchaser must not assign or transfer its rights or obligations under the Development Agreement to any party until after completion of the Project. Such prohibition of alienation is to include any changes of control of the developer entity.</p>
<b>6.</b>	<b>Side Deeds</b>
	<p>It is further acknowledged that there may be a need to enter into further ancillary agreements or side deeds in order to deal with specific aspects or elements of the Project in order to achieve the successful completion and delivery of the Project.</p>

**Execution page**

**Executed** for and on behalf of Greater Shepparton City Council by **[Insert]**, who hereby declares that he has been duly authorised to do so, in the presence of:

.....  
Signature of witness

.....  
Signature of authorised representative

.....  
Print Name

.....  
Print Name

**Insert Women's Housing Ltd's execution clause**

## Annexure A

