

Murrindindi  
Shire Council

# Key Worker Housing Strategy 2024

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## EXECUTIVE SUMMARY

### Overview

The Key Worker Housing Strategy (the Strategy) has been developed to support Murrindindi Shire Council to activate housing for Key Workers.

This Strategy provides direction to:

1. Guide our decision making.
2. Support decision making.
3. Develop an implementation plan.
4. Facilitate delivery.

### Purpose

The Strategy will deliver a range of Key Worker Housing to the Shire as an enabler for key industries (e.g. Health and Aged Care, Tourism, Farm Forestry and Manufacturing) recruitment to the Shire, providing a viable option for new and potential employees to live temporarily while they establish themselves within their chosen industry (and transition to alternate permanent housing if required).

Key Worker Housing supports the local economy, shire growth and enriches the social fabric of communities by providing housing opportunities to diverse demographics to foster an inclusive and diverse Shire.

This strategy underpins Council's role in supporting people looking to move to the Shire, or moving out of the family home, to access a place to live which is safe, secure, and appropriate, regardless of income levels. Access to adequate Key Worker Housing is an identified need, which can be blended with existing residential dwellings and near townships to support the inclusion of families, younger / older workers who are available and willing to relocate to support key local industries.

### Benefits of Key Worker Housing to Murrindindi Shire

Strong Social and Economic Benefits of introducing Key Worker Housing in Murrindindi Shire include:

- Job creation.
- Recruitment incentive.
- Reduced commuting stress.
- Community integration.
- Attracting business.
- Workforce stability.
- Economic diversity.
- Enhanced health and education.
- Community revitalisation and resilience.

### Proposed Next Steps

The start point for the Key Worker Housing activation is the commercial assessment of current market-led proposals, which are currently with Council. Based on the financial viability of the proposals, Council can then pick one of three streams (these can be run individually, or in parallel, the activities can also transition between streams for ultimate agile management).

The streams, or next steps, are based on how the Shire Organisation and Council process and work through the following:

- a) Is the proposal value for money?
- b) Should Council seek further value and option from the market?

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c) Does council wish to obtain maximum value from the Key Worker Housing?

The following table outlines the workstreams and actionable steps.

STREAM A	STREAM B	STREAM C
<b>If the Market-led proposal is Value for Money</b>	<b>If the Market-led proposal is not Value for Money – source Value from the Market (Council-led Expression of Interest process)</b>	<b>If Council also wish to seek further Value from the Market (Council-led and funded planning and development)</b>
Agree value for money criteria and assess proposal.	Develop an Expression of Interest Document for issue to the Housing Development Market.	Council mobilise consultant team to commence activating sites acting as Project Sponsor and Development Lead.
Commence commercial negotiations with Developer and agree Partnership parameters.	Evaluate Proposals, benchmark and Establish a Supplier Panel to select preferred Contractors from for site activation.	Under direction, the consultants develop the Feasibility, Cost Plans and Design to then seek relevant Planning approvals.
Signed agreements and works commence.	Utilising the Panel, finalise commercial terms and activate preferred sites.	Secure funding and commence contractor procurement for site activation.

## INTRODUCTION

The Key Worker Housing Strategy (the Strategy) has been developed to support Murrindindi Shire Council to activate housing for Key Workers.

The Strategy aligns with previous strategic work and internal studies, informed by:

- The Housing and Settlement Strategy.
- Affordable Housing Issues and Opportunities Report
- Murrindindi Shire Planning Scheme Review – Future Amendment to include Housing and Settlement Strategy].
- Updates and revisions to Council Planning Policies in line with Housing and Settlement Strategy.
- Murrindindi Shire’s 10-year Community Vision.
- Draft Murrindindi Shire Economic Development Strategy.
- Social and affordable housing study.
- Community engagement across a range of project.

This Strategy provides direction to:

1. Guide our decision making.
2. Support decision making.
3. Develop an implementation plan.
4. Facilitate delivery.

Previous strategic work has identified a strong need for the provision of housing to support the health sector – while health service providers were key engagement partners, this Strategy can be applied to a broader sector and industry of Key Workers.

NOTE: This Strategy does not purport to address macro-economic factors including the cost of open market influence on housing, and environmentally sustainable design, which can be addressed externally through other Council, State or Federal government avenues.

## OVERVIEW

- Council is continuing work to identify how to assist local key industry groups to respond to a need for, and challenges associated with, Key Worker Housing.
- Council is taking a ‘whole of Shire’ view to the search for a response, to capture the greatest benefit for the community.
- The Housing and Settlement Strategy identified the development of a Key Worker Housing Strategy as an infrastructure enabler for key industries to employ, attract and retain staff.
- Murrindindi Shire Council engaged a consultant team to progress the initiative by interviewing selected key employers within the region, validating the need and opportunities to progress a solution.
- The Key Worker Housing Strategy presents development and partnership options to Council, based on available land (owned by Council or Health Service providers), and development opportunity to best address and support the employment of workers to maintain and progress Health delivery within the Shire.
- Identify potential alternative income solutions for use of council owned land while still delivering broader outcomes for the community.

## PURPOSE OF THE STRATEGY

The Strategy will deliver a range of Key Worker Housing to the Shire as an enabler for key industries (e.g. Health and Aged Care, Tourism, Farm Forestry and Manufacturing) recruitment to the Shire, providing a viable option for new and potential employees to live

temporarily while they establish themselves within their chosen industry (and transition to alternate permanent housing if required).

Key Worker Housing supports the local economy, shire growth strategies and policies and enriches the social fabric of communities by providing housing opportunities to diverse demographics to foster an inclusive and diverse Shire.

This strategy underpins Council's role in supporting people looking to move to the Shire, or moving out of the family home, to access a place to live which is safe, secure, and appropriate,<sup>4</sup> regardless of income levels. Access to adequate Key Worker Housing is an identified need, which can be blended with existing residential dwellings and near townships to support the inclusion of families, younger / older workers who are available and willing to relocate to support key local industries.

## HOW TO USE THIS STRATEGY

The Strategy assesses a range of sites proposed by the Housing and Settlement Strategy, provides recommendations on which sites to progress, and nominates roles for Council to adopt to activate the sites to increase Key Worker Housing supply.

This Strategy is a document that can be used by Council, Council staff, and the community to support advocacy and actions in relation to affordable housing supply.

Detailed data analysis and evidence have been addressed in the Housing and Settlement Strategy and associated Background / Issues document. The next phase of this strategy will require market input to define the most appropriate model to adopt for Key Worker Housing, and the appropriate commercial arrangements for Murrindindi Council to enter in to.

## KEY WORKER DEFINITION

Key Workers are the backbone of our regional communities, and affordable housing is critical in making regional workers' jobs more secure and make it easier for businesses to find and keep staff. Many Key Workers are affected by significant and ever-increasing rent prices and housing affordability issues. Many are low-income, however, due to their casual work, multiple jobs, and low to moderate wages, are being pushed into serious rental stress. Limited income after housing costs, sees people, severely disadvantaged and having to prioritise rent in lieu of basic living expenses such as food, medical, children's education needs, transport to work, paying bills, or participating in social events.

There is no consistent or universal definition of what constitutes a Key Worker, nor is the term universal, with 'essential worker' and 'frontline service provider' often having the same meaning, therefore, we take a Key Worker to mean:

*An employee who provides a vital service required locally, especially in the essential services, health, construction or education sectors.*

As Murrindindi Shire has a broader and seasonal issue with Key Worker Housing, we feel this definition can cover:

- *Providers of services to residents – e.g. teachers, doctors, nurses, health care workers, pharmacists, Council staff.*
- *Providers of services to visitors/tourists – e.g. hospitality, tourism, retail, workers at tourist attractions.*
- *Workers in key local industries that underpin the local economy and community life – e.g. agriculture and associated industries, renewable energy, forestry, mining, construction.*

*The inclusion of workers in the visitor/tourism and local industries sector is appropriate because in regional areas these workers are essential to the economic sustainability of the region.*

The Housing and Settlement Strategy defines Key Worker Housing as: *Housing to support workers across the broader public sector; support / ancillary workers in healthcare, education, and emergency services; workers who support the labour force (e.g., childcare, and aged care workers and, low paid workers who are important for local economies, such as hospitality and retail workers.*

To further enhance the definition of the Key Worker Housing, we shall include a reference to 'housing where it is needed.' This means, if the Key Worker role is in Eildon, the housing needs to be in Eildon, or able to be in proximity to support travel to that town.

The Strategy adopts the following definition of Key Worker, in terms of housing affordability, to define market and non-market housing and its application to Key Workers:

- *Housing that is owned or rented.*
- *that is occupied by households in the lower 60 per cent income bracket.*
- *distribution scale and/or an identified Key Worker in the region.*
- *providing housing choices, which are of appropriate size, liveable, affordable.*
- *to occupy, accessible, secure in tenure and located in good proximity to employment services and critical infrastructure.*<sup>1</sup>

The housing can be:

- *Rental housing that is owned and managed by the state housing authority.*
- *Rental housing that is owned or managed by a not-for-profit housing organisation.*<sup>2</sup>
- *Rental housing that is owned and managed by private individuals or corporations and where rent does not exceed 30 per cent of the gross income of the household occupant.*
- *Private home ownership where the purchaser's mortgage costs do not exceed 35 per cent of the gross household income of the occupant.*<sup>1</sup>

## COUNCIL'S ROLE

The purpose of the Strategy is to outline actional steps and roles for Council to create public and private sector investment in housing in the region. By utilising a combination planning, land and financial levers to provide investment confidence in the region.

Councils' role can range from:

- Utilisation of Council land (acting as Market Steward and providing contribution to reduce up-front costs).
- Advocacy, engagement, and partnerships by supporting private landowners or developers with the tools to activate unused, desirable land parcels.
- Planning and re-zoning pathways to support appropriate development and infrastructure are underway and excluded from commentary in this strategy document.
- Fulfilling Council's mandate to identify and activate diversified / alternative funding streams.

## WHY DOES MURRINDINDI SHIRE NEED KEY WORKER HOUSING

Murrindindi Shire is situated on Melbourne's peri-urban fringe. The Shire spans 3,879 square kilometres and encompasses the charming rural townships of Alexandra, Eildon, Kinglake, Marysville, and Yea.

The Shire is located within proximity to Melbourne, with the main serviced towns (and the focus of this Strategy) Alexandra and Yea positioned as the next logical growth centres for the State, taking pressure off over-developing communities to the edge of Melbourne.

The Murrindindi Shire 10-year Community Vision reflects the community's long-term aspirations for the Shire and provides important guidance and direction for Council in its work. The Vision gives Council and the community a shared understanding of our preferred future.

Guided by the 10-year vision and combined efforts, the Murrindindi Shire community is vibrant and resilient. They:

- Are inclusive, embrace diversity and encourage the participation of all.
- Welcome new residents and visitors to enjoy and contribute to our Shire.
- Respect and celebrate the cultural heritage of our First Nations People and those who have come before us.
- Actively support the current and future needs and aspirations of people of all ages and abilities.
- Enjoy, participate in, and promote culture and the arts, sport, and recreation.
- Are leaders in waste reduction and combating climate change.
- Protect our natural environment and biodiversity and preserve our rural landscapes.
- Grow through managed land development, business entrepreneurship and enhanced learning opportunities.

Further to this, Murrindindi Shire is an epicentre of transition, as the cessation of Timber Harvesting has impacted several towns and the greater Murrindindi community, requiring a re-think on how to reset the township of Alexandra as the Hub and Service Centre of the region. Council has reviewed 6 key themes to guide the community through the forestry transition, these include:

- Farm Forestry.
- Sustainable Agriculture, Aquaculture and Horticulture.
- Advanced Manufacturing.
- Health, Aged Care and Social Assistance.
- Renewable Energy and Circular Economy.
- Tourism.

To facilitate the industry transition, Key Worker Housing is an important enabler to attract and retain staff and is essential infrastructure to improve social and economic resilience.<sup>4</sup>

Key Worker Housing allows people to participate fully in their community with housing certainty as opposed to living in temporary accommodation, motels, or travelling long-distances, this also benefits the communities and individuals by improved physical and mental health, personal relationships and quality of family life, education, and employment outcomes<sup>4</sup> – while not detrimentally impacting the household budget and providing returns for Council to appropriately re-invest in community.

Key Worker Housing is essential infrastructure for Murrindindi Council and is vital to the functioning of the community and economy.

With a breadth of sectors to support and develop, the Key Worker Housing Strategy needs to be measured in its initial application (potentially activating a pilot test-case) to ensure success of the model and allow for replication and a solid baseline as a potentially Shire-wide response.

This Strategy focusses on all critical industries guiding Murrindindi Shire through the forestry and transition period (as noted above) and all of whom require Key Worker and affordable housing to entice and retain staff to the Shire, the applicable sectors include.

## STRATEGY METHODOLOGY

In developing the strategy, existing independent studies conducted by Murrindindi Council were reviewed, meetings with stakeholders in the Health and Aged Care sector were conducted to discuss housing and development opportunities - all aimed to deliver an achievable and balanced approach to increasing Key Worker Housing in the Murrindindi Shire.

A methodology was developed to identify and assesses a range of sites proposed by the Housing and Settlement Strategy, resulting in recommendations on which sites to progress, and nomination of roles for Council to adopt to activate the sites to increase KHH supply, see below summary of themes from the Housing and Settlement Strategy which informed the Key Worker strategy:

Key Theme / Policy Alignment	Addressed in Methodology	How was it Reflected
<b>Serviced towns, particularly Alexandra and Yea</b>	<input checked="" type="checkbox"/>	Site assessment focussed on stakeholders and sites from Alexandra and Yea. Eildon was also considered.
<b>Existing zoned land within existing towns</b>	<input checked="" type="checkbox"/>	Murrindindi Council is nearing completion of a significant Planning Scheme Amendment to unlock additional unused land in the Alexandra and Yea - the Key Worker Housing Strategy incorporates these amendments into the assessment.
<b>Incremental change areas nearest town centres</b>	<input checked="" type="checkbox"/>	Town Centres and outskirt sites were assessed to ensure the review obtained full value and a cross-section of opportunity to provide to Council.
<b>Infill sites in serviced towns</b>	<input checked="" type="checkbox"/>	The Infill sites identified in the Housing and Settlement Strategy, the were assessed.
<b>Growth areas</b>	<input checked="" type="checkbox"/>	The concept of growth areas is captured within the Serviced Towns assessment and further included with Eildon.
<b>Investigation Areas (future)</b>	<input checked="" type="checkbox"/>	The final stage of the site review captures three development Tiers for Council to explore and focus – each with a different role for Council to adopt, as each Tier is allocated based on ease of transacting and therefore identifies future pipeline.

The Strategy methodology aims to reflect the needs and aspirations of Council and the sectors of the Key Worker community we seek to support.

The Strategy is informed by feedback and intelligence gathered through engagement with key community and Council stakeholders, an assessment of a range of public and private ownership sites for development appropriateness and review of potential relationships and procurement options for site activation.

Stakeholders and private landowners who took part in the consultation were from the Health and Aged Care sector, chosen to participate due to their land tenures and Key Worker requirements. Meetings were held with key representatives to gain an understanding of their barriers (and appetite) to actively address the Key Worker need, and to inform that Council were taking formal steps to develop an actionable strategy.

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The Strategy provides for a programmatic approach to the assessed sites as an attempt to source the largest amount of potential land to bundle / discuss as options for development.

The Strategy addresses the timing considerations and proposes a 'why now' based on funding opportunities at a macro and micro government level, regional and rural incentives and the relationships required to access the grants.

## PROBLEM

### DEFINITION OF THE PROBLEM

The purpose of the Key Worker Housing Strategy is to increase and supply low- to medium-end rental and ownership accommodation for permanent and seasonal Key Workers from a range of industries<sup>1</sup> within the growth and serviced townships of Alexandra and Yea, and tourist townships such as Eildon.

The overarching Key Worker Housing Strategy is informed by the Housing and Settlement Strategy which is a framework for how Council proposes to manage housing growth and change. The Housing and Settlement Strategy:

*Informs Council's plan for the changing needs of residents, by putting "the right homes in the right places."*

*The Housing and Settlement Strategy is intended to address the Shire of Murrindindi's housing needs until 2041.*

*A detailed Background and Issues Report has been prepared (for the Housing and Settlement Strategy) and forms the evidence base by which the Strategy has been developed.*

*The aim of the strategy will be to ensure planning for the changing needs of residents and providing opportunities for the right homes in the right places. The Housing and Settlement Strategy will provide clear strategic direction as to where housing growth is best located.*

The Housing and Settlement Strategy notes that

*Existing planning policy provides strong direction ... There is no need to depart from these directions. This includes:*

- *Facilitate residential expansion in established, serviced townships that have potential for further growth, in particular Yea and Alexandra.*
- *Encourage a diversity of housing including higher density housing, retirement villages and residential aged care facilities.*
- *Encourage housing in well serviced areas to maximise infrastructure provision.*
- *Facilitate housing in locations that ensure a high level of community safety, particularly from bushfire. (MPS, 2021).*

Based on Murrindindi Council Policy, the aim of the Key Worker Housing Strategy is to dovetail in the Housing and Settlement Strategy by assessing which sites to activate over which timeframe, provide funding optionality, land release models, partnership options, and incorporating feedback from stakeholders.

The Strategy was tasked to engage with local Health Services only and identify issues they were facing, assess their need for Key Worker Housing, and any appetite to play a role in activating privately held sites.

The Housing and Settlement Strategy provided a range of key issues and recommendations that the Key Worker Housing Strategy needed to explore, validate, and respond to.

Broadly, these issues include:

- Availability of housing.
  - Shortage of permanent rentals.
  - Availability of seasonal housing stock.
- Barriers to entry into the developer market and commercial return risk.

In terms of validation, assessment of additional documentation provided by Council and the stakeholder engagement process, we found:

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- Some of the concepts highlighted in the Housing and Settlement Strategy were acknowledged by stakeholders through the Key Worker Housing Strategy interview process.
- The interviews also brought to light additional practical appetite and implementational issues.

The combination of the relevant Housing and Settlement Strategy issues and Stakeholder feedback can be summarised as:

- The hard and soft infrastructure and planning needs to be prepared for easy activation and to inform broader planning schemes and amendments to facilitate the ambition for growth.
- Existing stock is estimated to be exhausted by 2026.
- The low number of rental properties means restricts access for Key Workers moving to the region.
- Some of the workforce is travelling across the Shire for employment.
- Most participants were supportive of (and would utilise) Key Worker Housing, but there were barriers to market such as initial set-up costs, on-going maintenance, specialised knowledge gaps, site master planning shortfalls.
- Sites were operating at sub-optimal levels due to insufficient workforce, reinforcing the lack of investment appetite based on the cost/benefit risk profile.
- A market steward was required to create the test / pilot case for further implementation.

## EVIDENCE OF THE PROBLEM

The Housing and Settlement Strategy identified a range of issues, pertinent to this Strategy document:

1. *Compared with State averages, Murrindindi Shire has:*
  - a. *Significantly higher proportion of separate, detached households (Murrindindi Shire) 95.5%, State average 73.4%).*
  - b. *Significantly lower proportion of townhouses, flats, apartments (Murrindindi Shire) 1.9%, State average 26%).*
  - c. *Much higher rate of home ownership/mortgage within Murrindindi (Shire) compared with rentals (ABS, 2022).*
2. *The global pandemic has influenced the demand for housing and settlement decisions across the Shire in a few ways. The prospect of residing in Murrindindi (Shire) whilst holding professional employment in Melbourne is now greater than before due to more relaxed working from home arrangements. Access to employment opportunities (mostly outside of the Shire) has previously limited growth opportunities (particularly in the east of the Shire which are furthest distance to key employment nodes).*
3. *It is likely Murrindindi (Shire) will see a rise in population growth before seeing a reduction in growth to more historical levels (VIF, 2019). There is a need to balance the current high growth levels with historical levels of growth which have been shaped by several different factors.*
4. *Murrindindi Shire has estimated capacity within existing zoned land to deliver an additional 1,174 lots. This amount of land would meet the planning policy requirement to provide 15 years housing supply.*
5. *There are however some issues which are likely to significantly limit/reduce this supply:*
  - a. *There is a strong reliance on zoned, but undeveloped residential land to supply new housing to accommodate future housing needs. Much of this land has remained undeveloped for a considerable period. It may be some time before this land can be developed and delivered to the market.*
  - b. *Existing housing stock is estimated be exhausted by 2026.*
  - c. *The Shire has an occupancy rate of 78%. This is likely to further reduce available housing capacity.*
6. *The above suggests that there is a critical need to:*

- a. *Work with landowners to unlock existing zoned land and facilitate development for housing.*
- b. *Evaluate mechanisms available to better utilise existing housing stock.*
- c. *Provide clear planning directions to assist in facilitating growth.*

## WHAT WE HEARD FROM THE HEALTH SERVICE STAKEHOLDERS

Stakeholder engagement was critical to the Key Worker Housing strategy development, serving to validate assumptions, inform decision-making and obtain support to ensure community-driven solutions are being delivered.

The Health Service providers were selected to participate in the Key Worker Housing discussion with a two-fold benefit understanding their feedback. In the first instance, they are as heavily impacted as any group by a lack of Key Worker and affordable housing, as they operate at their optimal (or sub-optimal range throughout the year) i.e. non-seasonal Key Worker Housing need and utilisation), secondly, they are private land holders with tenure in the community who may see value in innovative strategies and methodologies developed by Council to potentially leverage (individually or with Council support) their land stock to increase housing supply.

By actively involving local businesses and continually testing outcomes with Council stakeholders in the strategy development process, we have cultivated a clear set of insights that translate across sectors for Key Workers.

The feedback has deepened our understanding of Key Worker Housing needs and provided valuable perspectives on broader urban development, transportation, and community well-being. This collaborative approach ensured that the strategy resonates with Council and policy priorities and allowing for replication across sectors, land, and funding types.

Through this process, the strategy has refined and adapted to allow a final and sustainable model to eventually feed through and into the community and private sector, using insights gained around appetite to and capability for risk, and including drivers and levers which inform their decision making.

The table below summarises the project stakeholder interviews and information that can be extrapolated across other priority sectors:

STAKEHOLDER COMMENTARY	SECTOR EXTRAPOLATION
Currently operating with under-supply in staffing, employment is the biggest issue impacting operations.	Each of the emerging and mature sectors in the Murrindindi Shire can express this as an issue impacting operations and business continuing / growth.  Engaging with local partnerships and the Health Network.
When navigating new resource on-boarding, there is generally no accommodation on the market and means they are unable to relocate to Alexandra / Murrindindi Shire generally to fulfill the role	Each of the Murrindindi Shire's focus sectors faces this issue when integrating or seeking to integrate new staff.  It is noted that business is open to pursuing and participating in Key Worker Housing working groups to activate a shared site or similar concept.

STAKEHOLDER COMMENTARY	SECTOR EXTRAPOLATION
Believes that there will be a recruiting barrier regardless of Key Worker Housing activation	Action is required to address this issue, unless the employer has some sort of access to accommodation, the market does not provide.
Future-state planning is limited awaiting activation levers	Sector planning is at the whim of policymakers to support and activate Key Worker Housing in the first instance, and / or provide strategic pathways.
Already have Key Worker Housing	Unlikely to be the case across priority sectors due to barriers such as land tenure-ship, financial capacity, and knowledge initiate project investment. Generally, only be applicable to sectors that have maturity within the market to enable land banking or larger scale land holdings with unused (seasonal or other) assets available to utilise.
To attract staff, will need access to affordable accommodation	The ability to be an attractive employer in a regional market is contingent on being able to offer accommodation for temporary or longer-term use as a soft-landing or other use.
Patient care families will also need temporary accommodation to stay in while relatives are in care.	Realistically this only applies to the Health and Aged Care sector but with an ageing population, will become increasingly critical to informing the type and amount of housing that will need to be supplied-noting, this is not Key Worker need.
Staff live across Murrindindi Shire and work at other organisations to make up full-time employment	This is a cross-sector issue, multiple jobs are required across multiple employers to facilitate full-time work – this partially reflects the cost risk business can afford employees (i.e. Health operating a compromised model or tourism supporting employees when there are limited patrons) - likely to be similar employer / employee engagement across tourism and other seasonal models where the resource requirement either difficult to forecast, or really simple, i.e. weekends / summer / winter – how do employees manage the off-season / periods.
The Key Worker Housing does not heavily impact the business, affordable housing impacts operating models and end users / unmet client service hours	Particularly impacting health – but again, constitutes a compromised operating model and can impact across sectors.
Unable and struggle to attract staff without Key Worker Housing	Cross-sector issue, where employers seek to assist employees by offering and providing real estate (rent or buy) leads to prospective resources, however uncertainty remains for employers and employees as to whether the leads can be converted.
Easier to try to recruit from overseas due to difficulties overcoming distance issues and housing from Melbourne. Recruiters will bid the services of potential employees making recruiting difficult.	Cross-sector work-around whereby seeking even further displaced resources / employees who are likely to be even more temporary in their housing requirements (and employment timeframe), or alternatively, focus on recruiting friends and family so there in an opportunity to house share (at least temporarily).
Agency staff are used as top up	Cross-sector issue – Generally, seek to locate in a motel or the Thornton Hotel.

STAKEHOLDER COMMENTARY	SECTOR EXTRAPOLATION
	Short-term accommodation providers (i.e. Airbnb or other) is seen to be time consuming and difficult (and costly) to access for short-to-medium-term, and generally booked in the high season periods, and the work / cost / benefit does not exist or not required during the off-peak.
People from Eildon will travel to Alexandra, rarely the other way	Cross-sector issue and critical pillar to the planning and success /implementation of the Key Worker Housing – it needs to be situated where it is required.
No doctor, locum, or other essential services in Eildon, making settlement appeal limited – Key Worker Strategy demographic is generally female nurse, husband and two children	This can be extrapolated across sectors, however, more likely links to interdependencies required to support the community and broader attraction and retention (beyond Key Worker Housing).

## INTERVENTION / ACTIONS

The Housing and Settlement Strategy outlines key themes and helped inform the Actions and Outcomes of the Key Worker Housing Strategy

Theme	Housing and Settlement Strategy Intervention / Actions applicable to the Key Worker Housing Strategy	Responsibility / Role	Achievable within the Key Worker Housing Strategy
<b>Maintain and improve land supply</b>	<ul style="list-style-type: none"> <li>• Work with landowners to unlock existing zoned land and facilitate development for housing.</li> <li>• Evaluate mechanisms available to improve occupancy and better utilise existing housing stock.</li> <li>• Provide clear planning directions to assist in facilitating growth.</li> <li>• Commence investigations to identify additional land for residential growth.</li> </ul>	Council to act as Steward by utilising and opening Council Land to fulfill these requirements, and to act as Ambassador externally by collaborating and networking with private land holders.	Yes, this can be partially addressed through the Key Worker Housing Strategy and supported by the Planning Scheme Amendments already underway with Council.
<b>Spatial Distribution</b>	<ul style="list-style-type: none"> <li>• Serviced towns, particularly Alexandra and Yea.</li> <li>• Existing zoned land within existing towns.</li> <li>• Incremental change areas nearest town centres.</li> <li>• Infill sites in serviced towns.</li> <li>• Growth areas.</li> <li>• Investigation Areas (future).</li> </ul>	Council will need to adopt a blend of roles to facilitate the spatial distribution as not all council owned sites are in each of the zones nominated to achieve spatial distribution – council will need to be all of Advocate,	Yes, this has been achieved through the Key Worker Strategy, where a programmatic approach is proposed to activate the nominated (assessed sites) - each Tier of Site Priority has an eye to 'Act

Theme	Housing and Settlement Strategy Intervention / Actions applicable to the Key Worker Housing Strategy	Responsibility / Role	Achievable within the Key Worker Housing Strategy
		Facilitator and Authoriser to achieve this goal.	Now' or 'Future State.'
<b>Embracing Innovation</b>	<ul style="list-style-type: none"> <li>taking a proactive approach to working with the development industry and infrastructure providers to facilitate development.</li> <li>consider innovative, new housing proposals.</li> <li>may include “pilot projects” within new developments or master planned communities, potential funding/and or partnership arrangements.</li> </ul>	Council to take key lead role in actively engaging with the market and creating opportunities that present value for money and community benefits – options to assess may come from Private Housing Developer, Contractors or other.	Yes – Council is already advanced in identifying the need for innovation and value from any transaction, the Key Worker Housing aligns with this approach and seeks input from the market to inform Council decision making.
<b>Competition: At present, there is evidence of a lack of competition to develop housing and land.</b>	<ul style="list-style-type: none"> <li>Application of the Development Plan Overlay to growth areas, clearly setting out expectations to be met within new developments.</li> <li>Facilitating landowner and cross-agency discussions.</li> <li>Prioritising the assessment of planning applications for multi-dwelling development and subdivision.</li> </ul>	Council required to take a multi-facet approach to increasing competition – planning policy and development assessments are at the forefront of increasing developer appetite and land supply.	While all relevant to the application and success of the Key Worker Housing Strategy – these are only partially addressed in the Tier 3 site activation.
<b>Demand</b>	<ul style="list-style-type: none"> <li>The Housing and Settlement Strategy speaks to population demographics as the key demand mechanism to inform the future-state demand.</li> </ul>	Council needs to act as Authoriser in this environment to ensure planning and policy stays up to date with population movement and trends.	The Key Worker Strategy provides for population optionality by proposing housing diversity – although the preference is medium density to balance the ‘current-state’ low density stock.
<b>Current Development Trends</b>	<ul style="list-style-type: none"> <li>Residential growth occurring to the west of Yea.</li> <li>Infill and low-density residential development in Alexandra.</li> </ul>	This is a ‘current-state’ note in the Housing and Settlement Strategy, Council	The Key Worker Strategy addresses the ‘future-state’ by way of targeting

Theme	Housing and Settlement Strategy Intervention / Actions applicable to the Key Worker Housing Strategy	Responsibility / Role	Achievable within the Key Worker Housing Strategy
	<ul style="list-style-type: none"> <li>Marysville continues re-build following Black Saturday.</li> <li>Residential development in Eildon remains static.</li> </ul>	appears to be conducting the 'future-state' planning to inform the contemporary trends.	the growth and serviced townships and seeking to utilise under-developed land stock to increase a certain type of housing supply.
<b>Fluctuations in Demand</b>	<ul style="list-style-type: none"> <li>Facilitation of growth opportunities on existing zoned land to encourage development.</li> <li>Commencement of planning for additional growth areas (knowing that this can take time before lots can be delivered to market).</li> <li>Creation of a surplus of residential land supply, beyond 15 years supply to create capacity to deal with fluctuations in demand.</li> </ul>	The Items to be addressed through theme are critical to the success of the Key Worker Housing (or any housing strategy), and underway with Council's Planning Scheme Amendment works and policy reviews.	N/A – Key Worker Housing is an interested party only.
<b>Serviced Towns: Existing Residential &amp; Infill Sites</b>	<ul style="list-style-type: none"> <li>The existing residential area.</li> <li>Incremental change areas.</li> <li>Infill sites (potential for significant change).</li> <li>Growth Areas.</li> <li>Investigation Areas.</li> <li>Low Density Residential Areas.</li> <li>Rural Living Areas.</li> </ul>	Council, through the Housing and Settlement Strategy identified the growth zones and serviced towns to be reviewed for the Key Worker Housing Strategy.	Yes, these items are addressed and included to support Murrindindi Shire aspirations.

Broadly, the Key Worker Strategy provides specific actions, informed by the Housing and Settlement Strategy, market and Stakeholders, including:

- Review appropriate sites for development.
- Review partnership and funding options for site development.
- Council's range of project sponsorship roles to support private landowners to develop appropriate sites.

## TIMING CONSIDERATIONS

Factors influencing the timing and considerations of activating Key Worker Housing are influenced by:

- A specific need within sector or industry
- External macro-economic policy and funding options that provide a mechanism for Council to dovetail their existing frameworks in to and align to achieve strategic goals.

These key factors are in effect playing their role and heeding their responsibilities of market forces to influence (in this case) Key Worker Housing with a range of levers, including regulations, taxes and policies that are controlled by governments, to the management of affordable housing by the community housing sector, and the development of new housing by the private sector – and fulfilling the need of communities.

The current climate provides a range of key affordable housing financing and partnering opportunities that heavily influence the Shire's 'why now' mentality, as noted below:

#### GOVERNMENT OPPORTUNITY

- The timing is ripe to secure government and investor funding for Murrindindi Shire Council Portfolio growth with a plethora of grants available to Regional Shires to assist with Planning and Development of critical infrastructure and support job growth.

#### HOUSING AUSTRALIA FUTURE FUND (HAFF)

- HAFF – The \$10 billion HAFF targets 20,000 new social housing dwellings and 10,000 new affordable housing dwellings, including essential worker homes.
- HAFF funding will rely on an investment subsidy fund where a 'yield gap subsidy' is identified and social and affordable housing can be delivered using government availability payments to ensure that the projects are viable over the long term.

#### VICTORIA'S HOUSING STATEMENT

- An ambitious goal for addressing the housing needs in Victoria, with the objective is to construct 2.24 million new homes by the year 2051, along with an annual target of 80,000 new homes for the coming decade.

#### HOUSING ACCORD

- Housing Accord – setting out a shared ambition to build one million new, well-located homes over 5 years from 2024. An additional \$350 million over 5 years from 2024-25 to support funding of 10,000 affordable homes under the Accord.

#### HOUSING AUSTRALIA

- Housing Australia (formerly NHFIC) loans and Treasury Corporation Victoria Loan—available to specific entities including local government and housing providers.

#### REGIONAL WORKER ACCOMMODATION FUND

- Providing grants between \$150,000 and \$5,000,000 for new housing and accommodation for regional communities where workers in key industries and their families are struggling to find places to live. The fund will support employers to attract and retain workers by supporting projects that create more affordable housing and accommodation.

#### REGIONAL PRECINCTS AND PARTNERSHIP PROGRAM

- Providing grants across a planning or capital delivery stream to enhance regional infrastructure, precincts, and communities, and could be well leveraged to support Key Worker Housing interdependences.

#### BIG HOUSING BUILD

- the Victorian Government's historic \$5.3 billion multi-year social housing investment. The Big Housing Build has been established in response to the growing shortfall of social and affordable housing in Victoria, with a mandate for 25% of the investment to be in rural and regional Victoria.

#### COMMUNITY HOUSING ORGANISATIONS

- Community housing organisations are not-for-profit entities which include registered housing associations and providers, examples include Community Housing Ltd, Housing First, Uniting Housing.
- These bodies are registered and regulated by the Victorian Government. Their not-for-profit and charitable status attracts a range of funding opportunities and tax benefits.

- Community housing organisations build and manage a range of rental properties, providing different housing types to meet the needs and preferences of their clients.

#### THE PRIVATE SECTOR

- Developers typically aim to achieve a stable or on-going profit margin through the construction and sale of housing.
- As part of the planning process, a developer may seek to include or negotiate the delivery of Key Worker or affordable housing in exchange for development incentives and bonuses offset the cost of delivering their development and affordable housing.
- Based on Government policy and funding incentives, developers can anticipate the cost and accordingly pay less for land, enabling them to deliver the required housing contribution.

## BENEFITS OF KEY WORKER HOUSING TO MURRINDINDI SHIRE

### BENEFITS TO BE DELIVERED

Strong Social and Economic Benefits of introducing Key Worker Housing in Murrindindi Shire include:

<b>1</b>	<b>2</b>	<b>3</b>
<b>Job Creation</b>	<b>Recruitment Incentive</b>	<b>Reduced Commuting Stress</b>
The construction and maintenance of affordable housing projects create jobs, providing economic stimulus to the local community.	A powerful recruitment incentive for attracting Key Workers to the region, attracting, and retaining a diverse range of skilled professionals, ensuring that a community has a well-qualified workforce in various key sectors.	Reduces commuting stress for Key Workers, allowing them more time for rest and personal activities, ultimately contributing to better job performance.
<b>4</b>	<b>5</b>	<b>6</b>
<b>Community Integration</b>	<b>Attracting Businesses</b>	<b>Workforce Stability</b>
Allows Key Workers to live in the communities they serve, fostering a stronger connection between service providers and the residents, increasing likelihood to establish roots, and become engaged in the community.	Communities with affordable housing options are often more attractive to businesses, as they can offer the ability to provide and house a diverse and stable workforce.	Contribute to workforce stability among Key Workers, ensuring that essential services are consistently available to live in, access and serve the community via housing optionality and flexibility in an otherwise saturated housing market
<b>7</b>	<b>8</b>	<b>9</b>
<b>Economic Diversity</b>	<b>Enhanced Health and Education</b>	<b>Community Revitalisation and Resilience</b>
Affordable housing initiatives contribute to economic diversity within a community, supporting a mix of income levels and creating a more resilient local economy.	By providing individuals and families with a stable and secure place to live, affordable housing contributes to an improved quality of life and promotes diverse and inclusive communities.	Contributing to the revitalisation of neighbourhoods, attracting new investment, and ensuring that critical services can continue even during challenging times, such as natural disasters or public health emergencies.

### INTERDEPENDENCIES TO KEY WORKER HOUSING BENEFITS

The Housing and Settlement Strategy sets out clear interdependencies that will impact the successful delivery of additional housing to the Murrindindi Shire:

- *Infrastructure servicing – Infrastructure services are limited to four main towns – Alexandra, Yea, Eildon, and Marysville. This Strategy reinforces existing planning policy directing residential growth to serviced towns.*
- *Infrastructure providers have identified limitations within the network. The Strategy seeks to provide clear direction as to where residential growth will occur within Murrindindi Shire in future to assist with infrastructure network planning.*
- *Community infrastructure – Housing growth in Murrindindi Shire has been limited by existing servicing levels. It is not uncommon for new residents to move to Murrindindi Shire and be surprised by some of the limitations on social services, health services, and education. There is a need to better understand community infrastructure requirements and ensure that upgrades are delivered commensurate with future residential growth.*
- *Transport infrastructure – While well connected by road, there is a need to consider as to how an increased, and ageing population will move through the Shire and to destinations outside of the Shire. Since the closure of the Alexandra railway line in 1978, there has been no passenger rail service to Alexandra, Yea or the smaller towns and settlements within Murrindindi Shire. Existing bus services connecting the Shire with Melbourne are infrequent. In many respects, transport within the Shire is car dependant. This poses significant challenges for those with limited or no access to a private motor vehicle and limits the ability of some within the community to reside within Murrindindi Shire.*
- *Housing affordability – Housing affordability remains a critical issue within Murrindindi Shire. Whilst the price of residential property has been acknowledged as a competitive advantage for the Shire, the Shire has also experienced a decline in housing affordability. This is supported by sales data prepared by the Victorian Valuer General which indicated sharp increases in property prices (particularly 2019-2022), beyond that of the average rate of growth for Victoria, and beyond that experienced elsewhere in regional Victoria.*
- *Housing delivery issues – Whilst land has been zoned to enable residential development for some time, various issues have contributed to delays in the delivery of new housing including – access to labour, infrastructure, lack of competition, and more recently – access to building materials.*

Through the stakeholder engagement process, the Key Worker Housing Strategy also heard from participants (Health and Aged Care sector), that – based on their experience interfacing with potential and current employees, there is no singular issue impacting Key Worker. While housing is high on the list, there a multitude of items at play, and therefore no singular response that will deliver all benefits. Some of the additional critical pieces of infrastructure that need to be brought into communities, include:

- Education
  - Early Learning Centres – A key mechanism to providing infrastructure for young families looking to settle and work in the Shire. ELC provides a safe and engaging environment for children and allows working parents to transition to the workforce – and provides the community with another congregation and socialising environment to settle into the Shire, meet new people.
  - Secondary Education – Currently access to alternate tertiary education is beyond the Shire (i.e. Murrindindi (Shire) to Mooroolbark (90 mins + stopping/pickup)) due to limited opportunity in Murrindindi (Shire) due to low cohort numbers impacting staff and funding and particularly affects ENTER stage students (yrs. 10-12)
  - Tertiary Education.
- Spouse worker opportunities – Often the employment opportunities are only provided to one member of the household which impacts the income (if someone is leaving a job) or unable to continue based on a relocation, impacting (if there is an available

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house) the actual disposable income and amount of funding that can contribute to the rent.

- Workforce sharing – Noted in the stakeholder feedback, employers need to share the workforce to a) create full-time employment for employees; and b) provide enough resources for the operating model by accessing local unused workforce (some cross-sector experience).

## PROJECT SOLUTION TESTING

### PROJECT OPTIONS CONSIDERED

Navigating Key Worker Housing demands and potential issues, the project examined a multitude of project options to ensure that existing and proposed strategies align with Council and resonate with the community and stakeholder groups.

These options were explored as a standalone path, or as a part of a whole, to serve the overarching goal of increasing Key Worker Housing most effectively.

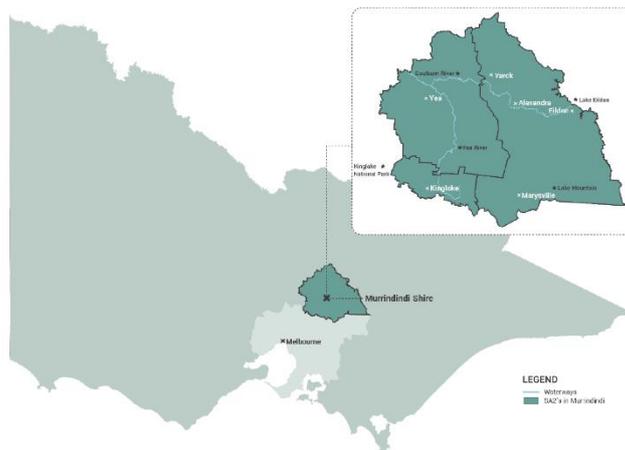
To justify a preferred solution, it was critical to thoroughly evaluate each option and phase of project activation process to identify the most effective, sustainable, value for money and community-centric solutions, overlaying feasibility, benefits, and potential issues or risks based on pursuing.

Key strategy pillars of the assessment include:

- quick to implement – the land needed to ideally be Council owned and zoned correctly to reduce the barriers to activation.
- fit the existing policy brackets – the proposed sites needed to align with Council strategy works to date i.e. In serviced towns and near growth zones.
- allow informed decision making – the site activation needed to fit within Council’s governance structure and allow clear line of sight to any partnerships or engagements required to progress the project.
- appeal to, attract, and retain staff to key industries – the size and location of the site would heavily influence the development’s make-up and determine amenity.

### LOCATION OPTIONS – TOWNSHIPS

The main towns of Alexandra, Yea, Eildon, and Marysville are all serviced. Other larger towns are Kinglake and Kinglake West – Pheasant Creek. Smaller towns and settlements include Buxton, Flowerdale, Glenburn, Molesworth, Narbethong, Strath Creek, Taggerty, Taylor Bay, Thornton, Toolangi, and Yarck, with other smaller settlements existing throughout the municipality.



Alexandra, Yea and Eildon were the key townships considered to have the highest capability to successfully deliver the Key Worker Housing. This is due to:

- Availability of Council Land for ease of activation
- Planning Scheme amendments were already underway to rezone areas to allow development.
- These townships are the heart of Murrindindi Shire – highest population, and act as the arteries that feed other townships in the shire and beyond.

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- Being identified as having the greatest need due to the services provided (health, tourism, manufacturing) requiring Key Worker support.
- A large amount of privately held land with genuine project stakeholders that could be viewed as longer-term Key Worker Housing options.

Following an assessment of the three towns – there was a single preferred option to pursue as it was deemed the selection would assist in servicing other (nearby) townships – for example, a Key Worker located in Alexandra would commute to Yea or Eildon for work and vice-versa. The key to the Strategy was activating the accommodation, with the actual site a secondary consideration.

### LOCATION OPTIONS – SITE SPECIFIC

Of the townships selected for Key Worker Housing, the Housing and Settlement Strategy, Council, and private land holders were able to provide / nominate 14 sites that could be assessed under the Key Worker Strategy (site appropriateness) criterion. These sites were ranked and tiered to outline a programmatic approach to activating, based on their difficulty / ease to progress.

The site assessment rated the critical components and/or barriers to Key Worker Housing activation and are noted below with examples of the sub-categories:

1. Alignment to Murrindindi Council Policy and Housing and Settlement Strategy
  - a. Does the site align with the growth and serviced townships?
2. Site Appropriateness
  - a. What are the topography and shape of the site?
  - b. Where is it situated?
  - c. Are other barriers (i.e., Res Code) or risks presented by pursuing this site?
  - d. Is there anything currently on the site?
  - e. Contamination or geotechnical risks that may need to be remediated prior to commencement.
3. Ownership
  - a. Council owned.
  - b. Privately owned.
  - c. Or other
4. Planning Readiness
  - a. Is it zoned appropriately?
  - b. Are there planning overlays?
  - c. Are there titles that need to be cleared?
5. Size of the land
  - a. Is it conducive to Key Worker Housing?
  - b. Is it naturally limiting due to the size, or provide opportunity?

Each of the sites presented an opportunity to Council regardless of the rating. The scoring chart provided a simplified assessment of where difficulties lay, which in most cases added time to the program for activation and helped clarify where efforts are best spent early to pilot the program. With a programmatic approach to the sites and the Key Worker (even affordable housing) portfolio, Council has a plan on how to facilitate the developments and what role it will need to play to support each sites development (as required).

### Assessment Outcomes:

The 14 sites were assessed against the rating system under three Tiers of sites – differentiated by their ownership, location, size, and program to implement.

The Ratings can be interpreted as follows:

- **Grey:** Longer term option, a high level of complexity to activate, longer time frames likely

- **Amber:** Medium term option, some pre-work required prior to activating
- **Green:** Investment ready, act now, priority site, pre-work complete / straightforward to activate

**Tier 1 Priority Sites: Deliver Key Worker / affordable rental housing on Council-owned land.**

The most efficient to increase the supply of Key Worker / affordable rental housing in the Shire is to activate on Council land. This removes one of the biggest barriers to development, provides procurement optionality to Council and potentially reduces up-front investment costs.

With these sites, Murrindindi Shire Council has absolute control and can pilot housing models, development partnerships and commercial terms to act as a market steward, solving the current need and providing a baseline for private landholding stakeholders downstream with activation enablers, including a suite of process, management and commercial artefacts and relationships to unlock opportunities on their sites. This option does not place pressure or risk on the community or sectors to solve the Key Worker and housing issues.

TIER 1 SITES							
174 Grant Street, Alexandra		15-17 William Street, Alexandra		12 Wattle Street, Alexandra		24 Cooper Street, Alexandra	
	Alignment to Policy		Alignment to Policy		Alignment to Policy		Alignment to Policy
	Appropriateness		Appropriateness		Appropriateness		Appropriateness
	Ease of transacting		Ease of transacting		Ease of transacting		Ease of transacting
	Planning risk		Planning risk		Planning risk		Planning risk
	Size: 5,814 m <sup>2</sup>		Size: 10,614 m <sup>2</sup>		Size: 9,356 m <sup>2</sup>		Size: 35,532 m <sup>2</sup>
94 Nihil Street, Alexandra		10 Eighth Street, Eildon		11 Tuohy Street, Eildon		18 Twenty First Street, Eildon	
	Alignment to Policy		Alignment to Policy		Alignment to Policy		Alignment to Policy
	Appropriateness		Appropriateness		Appropriateness		Appropriateness
	Ease of transacting		Ease of transacting		Ease of transacting		Ease of transacting
	Planning risk		Planning risk		Planning risk		Planning risk
	Size: 3,477 m <sup>2</sup>		Size: 3,996 m <sup>2</sup>		Size: 811 m <sup>2</sup>		Size: 3,596 m <sup>2</sup>

Murrindindi Shire Council is committed to leading by example and the(se) pilot projects will play a significant role in demonstrating how the process can be implemented and quality outcomes achieved for stakeholders.

**Tier 2 Sites: Council to act as Advocate to increase the supply of Key Worker / affordable housing.**

The private land-holders sector is an important part of Murrindindi Shire’s housing landscape and has a key role to play in delivering quality and diverse affordable housing by unlocking unused parcels of land.

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The Key Worker / affordable housing activation requires a multi-pronged (tiered / programmatic) approach to solve effectively and efficiently. If Council can proactively engage with private land holders-based on the pilot site works under the Tier 1 sites, there is a dramatic increase in the available land supply, the private-side investment is de-risked, the process is clear, and Council is able to support additional housing into townships where their land may not be appropriate to develop.

The following sites were nominated as being of interest to pursue with private stakeholders as part of the Tier 2 Strategy.

TIER 2 SITES		
5 Bon Street, Alexandra	1 High Street, Eildon	3 High Street, Eildon
Alignment to Policy	Alignment to Policy	Alignment to Policy
Appropriateness	Appropriateness	Appropriateness
Ease of transacting	Ease of transacting	Ease of transacting
Planning risk	Planning risk	Planning risk
Size: 1,624 m <sup>2</sup>	Size: 8,351 m <sup>2</sup>	Size: 20,490 m <sup>2</sup>

**Tier3 Sites: Council to act as Advocate and Authorising agent to facilitate the activation of these sites.**

These sites are categorized as a Tier 3 option due to the partnering and authorising required to activate.

These sites are generally not conducive in their current state and require further consolidation (with surrounding sites), have mixed ownership (none of which are in Council' direct control), or are in use and the address proposed is a title / plot that is part of a larger precinct and will need to be hived off to re-zone and use for Key Worker / affordable housing.

The stretch on these properties means Council is only able to facilitate discussions and leverage authorising environments to support the activation, all of which are longer-term goals.

TIER 3 SITES		
12 Cooper Street, Alexandra	2 Mary Street, Yea	20 North Street, Yea
Alignment to Policy	Alignment to Policy	Alignment to Policy
Appropriateness	Appropriateness	Appropriateness
Ease of transacting	Ease of transacting	Ease of transacting
Planning risk	Planning risk	Planning risk
Size: 5,049 m <sup>2</sup>	Size: 720 m <sup>2</sup>	Size: 7,149 m <sup>2</sup>

## PARTNERSHIP OPTIONS

This section details partnering optionality of leveraging Murrindindi Shire's land stock to deliver Key Worker Housing supply.

The Murrindindi Shire Council land portfolio is a key lever to increase key worker affordable housing supply. In partnership with the government (capital and subsidies), and industry (construction, development, and private equity), Murrindindi Shire Council will be able to leverage land as contribution to deliver the Key Worker Housing Strategy.

Council will need to have (at least assessed) a range of Partnership models including with the following considerations:

- Legal and commercial review to agree appropriate legal structure between parties.
- The level of involvement of a funding partner who may have their own requirements and will need consideration.
- Early engagement with all partners to determine the right structure, operating model, ownership and returns.
- Breadth of partnership options to create market tension and ensure value for money outcomes.
- Timeframes of delivery and relevant applications to meet funding deadlines.
- Consideration to determine what role/s within the partnership ensuring there are the skills, capacity, and control – owner, funder, developer, operational etc.
- Define clear lease conditions and terms, specifying the duration of the lease, responsibilities for maintenance, and any potential purchase options at the end of the lease.
- Incentive maximisation to ensure highest and best use of state and federal incentives and grants available for Key Worker Housing by ensuring alignment with the project's goals and requirements.
- Continue to develop the long-term strategy for the Key Worker Housing, including considerations for ongoing maintenance, potential expansions, and future needs.

### **TYOLOGY OF MURRINDINDI SHIRE COUNCIL'S PROCUREMENT RISK**

The following land supply and delivery mechanisms have various risk/opportunity profiles and are divided into three key contexts: 1. obtaining developer interest and innovative solutions; 2. releasing the land; 3. securing the housing; and 4. decision point considerations.

Council would be best served by testing and refining a range of these models (over time) to provide a balanced risk approach to the organisation and for Council – a hybrid option may be best suited.

## **OBTAINING DEVELOPER INTEREST AND MODEL SOLUTION INNOVATION**

### **REQUEST FOR PROPOSALS / EXPRESSIONS OF INTEREST**

Issue a comprehensive RFP inviting private developers or housing agencies to submit proposals for the development of Key Worker Housing on council-owned land.

PROS	CONS
<ul style="list-style-type: none"> <li>• Increases housing supply.</li> <li>• Encourages innovative solutions.</li> <li>• Allows the council to evaluate proposals based on predetermined criteria.</li> <li>• Allows like-for-like evaluation to assess value for money.</li> </ul>	<ul style="list-style-type: none"> <li>• Time consuming.</li> <li>• May not achieve required innovation from the responses.</li> </ul>

## ASSESSMENT OF MARKET-LED PROPOSALS

The current government grant and funding climate provides perfect environment for opportunistic market-led proposals to be issued unilaterally to Council and private landholders. In this instance, the Developer is seeking to utilise ‘someone’s’ land as contribution to feed into their feasibilities and access government funding / grants to further off-set the construction and maintenance costs, enticing the partnering party with a nominated percent return. The proposal may seek to lease, purchase, or have the land gifted as part of the transaction.

PROS	CONS
<ul style="list-style-type: none"> <li>• Increases housing supply.</li> <li>• Potentially provides innovative solution.</li> <li>• Allows the council to evaluate a proposal to test the internal appetite.</li> <li>• May be a value for money solution providing market-rate returns.</li> </ul>	<ul style="list-style-type: none"> <li>• Difficult to determine a like-for-like evaluation to assess value for money or other options within the market.</li> <li>• Time consuming to assess and negotiate with the market-led proposal.</li> <li>• May not achieve required innovation from the response.</li> <li>• Terms may be unfavourable.</li> <li>• Generally, Developers issuing market-led proposals and not registered housing agencies.</li> </ul>

## RELEASING THE LAND OPTIONS

The provision of housing that is affordable cannot be realised without the availability of appropriately located and priced land. Contributing council-owned land for the development of housing at an affordable level, allows councils to take direct action to assist low-income residents and represents a meaningful contribution towards addressing policy objectives and local housing need. It also assists in attracting additional investment into the community by creating project opportunities.

### GIFTING LAND

Gifting is appropriate when Council’s primary objective is to maximise the delivery of Affordable Housing (in this instance for Key Workers), particularly if council only expects to release a small number of sites, or small-scale sites. It can also be appropriate for instances where Council has limited internal resources to administer the disposal or there is an urgency to release land to address demand and/or to align to funding opportunities. However, it requires council to transfer land from its ownership. It is unlikely to be suitable for sites where other council services are required to be delivered, or where Council expects the site could be required for another purpose in the future.

### GIFTING AIR RIGHTS

Gifting of air rights is more appropriate where the land is suitable for multi-level residential development but Council desires retention of an existing use of the land in the medium to long term. It can also allow for development of sites with contamination issues requiring minimal disturbance to the underlying land. Air rights are not appropriate for scenarios where the land is required as security for debt finance or where Council wants to retain options for further development of the land in the long term.

### SALE OF THE LAND

This model is not suited to scenarios where there is no funding available to Housing Agencies to support the purchase or where sale to a private developer is not supported by Council.

This model provides for a financial return to council, in addition to Affordable Housing. It is also suited to the development of large-scale sites that require involvement of a private developer.

However, as with the gifting model, selling the land means that council relinquishes ownership, development potential and future control over land use. It also increases the funding required by the Housing Agency to purchase the site, which can impact on the ability of the Housing Agency to house very low-income households.

**LEASING THE LAND**

Explore a ground lease agreement where the council retains ownership of the land and leases it to the developer or housing association for a specified term with the developer or housing association to handle the entire development process, including financing, construction, and possibly ongoing management. A lease enables contractual enforcement of the use, type, and quality of affordable housing.

This model is suited to sites where Council’s key objective is to retain the asset, or sites where the transfer of title would be complex, or where there is a reasonable expectation, the land will be required for another purpose at a future point.

Leasing of land is generally not a high priority model for Registered Housing Agencies as it does not provide the same benefits as models where the Registered Housing Agency has title to the land. However, it may be attractive in scenarios where the site is very well located and will support a reasonable amount of Affordable Housing supply relative to resourcing / effort and may also be desirable to some private industry sectors (such as institutional investors) who want to obtain the profits of development and leasing of property without incurring the financial outlay of land acquisition.

PROS	CONS
<ul style="list-style-type: none"> <li>• Increases housing supply.</li> <li>• No development risk.</li> <li>• Council maintains control over the land.</li> <li>• Provides a steady income stream through leasing.</li> <li>• Maintains asset ownership.</li> <li>• the land can continue to deliver community benefit beyond the life of the project.</li> <li>• greater control over development outcomes, reducing risk of inappropriate or undesirable outcomes</li> </ul>	<ul style="list-style-type: none"> <li>• The council retains ownership of the land but may have limited control over the development process.</li> <li>• Issues may arise at the end of the lease term, such as disagreements on purchase options.</li> <li>• The council may be dependent on lease payments, which could fluctuate or be subject to market conditions.</li> <li>• The council may have limited flexibility to adapt to changing community needs, technological advancements, or shifts in housing demand during the lease period.</li> </ul>

**JOINT VENTURE OR PARTNERSHIP ARRANGEMENT**

A joint venture approach supports an active council role in development decision making and share in risks and rewards, where the council and a private developer or housing agency collaborate to develop and manage the Key Worker Housing by forming a partnership where both parties contribute equity, share risks, and jointly manage the project.

Joint ventures are complex, requiring substantial skill and resourcing and generally suited to large scale redevelopment and multiple sites, requiring commitment to a dedicated partnership approach over a longer period.

PROS	CONS
<ul style="list-style-type: none"> <li>• Shared risks and responsibilities.</li> <li>• Potential for a more integrated and holistic development.</li> <li>• can accommodate the development of sites which include other community services.</li> <li>• appropriate for more complex sites involving significant funding and financing and mix of public benefits.</li> </ul>	<ul style="list-style-type: none"> <li>• Land &amp; development not in the control of Council (long-term lease/and or developer profits to lead partner).</li> <li>• While shared risks can be an advantage, disagreements on risk allocation may arise.</li> <li>• Joint decision-making may lead to delays and disagreements.</li> </ul>

## SECURING THE HOUSING OPTIONS

### OWNERSHIP BY A REGISTERED HOUSING COMPANY

A Registered Housing Agency is a community housing organisation registered as a Housing Association or Housing Provider under Part VIII of the Housing Act 1983, and subject to regulation overseen by the Victorian Housing Registrar.<sup>3</sup>

This mechanism requires that Council have confidence that the mission and regulation of the Agency provide sufficient assurance that delivery and management of the land and dwellings will achieve desired Affordable Housing objectives over time.<sup>3</sup>

Registered Housing Agencies exist to assist households who need affordable housing. They are attracted to using council land for affordable housing developments because it provides an opportunity to access strategically located land in areas the agency may otherwise be unable to purchase.

Subject to the delivery model, building on council land can improve the feasibility of the development and increases the likelihood of attracting funding and financing as it does not involve covenants or other agreements that may be perceived to limit use or value.<sup>3</sup> Working in partnership with council can also build good relationships with the local community.

PROS	CONS
<ul style="list-style-type: none"> <li>• Increases housing supply.</li> <li>• Supports the community and social objectives.</li> <li>• May qualify for additional grants or incentives.</li> <li>• These organisations are specifically structured and independently regulated to provide Affordable Housing.</li> </ul>	<ul style="list-style-type: none"> <li>• Not-for-profit partners may have limited funding capacity, potentially requiring the council to provide additional financial support.</li> <li>• Working with not-for-profit entities may be more bureaucratic.</li> <li>• Balancing social objectives with financial sustainability may be challenging.</li> <li>• Ownership on its own does not lock in Affordable Housing always being realised on the site.<sup>3</sup></li> </ul>

### ASSETS PLACED IN A SPECIAL PURPOSE VEHICLE

SPVs (such as a housing trust) are best suited to scenarios where Council is committed to directing many sites – and potentially funding – to an Affordable Housing purpose, resulting in a larger pool of assets/ contributions that council wants to protect and that would benefit from management on a single portfolio basis.<sup>3</sup>

Due to the complexity and cost to establish and administer an SPV it is not an appropriate mechanism to secure a small number of projects or sites. The additional decision-making

layers require resourcing and add risk for Housing Agencies. The creation of a separate entity also means that Council will have limited direct control over the SPV.<sup>3</sup>

### **LEGAL AGREEMENT INCLUDING SECTION 173 (S173) AGREEMENT**

Legal agreements are a commonly used tool to secure a commitment between parties and can be structured to suit the circumstances of the project. They are suited to setting out the agreed terms prior to the transfer of land and can establish a level of detail that is not appropriate for planning controls.<sup>3</sup>

S173 agreements remain on title unless a sunset clause is included and can impact the Agency's ability to secure funding and financing. A time limited S173 agreement may be an appropriate 'middle ground' that reflects the value of the contribution without overly restricting the Agency's ability to develop and prudentially manage the tenancies and assets.

### **MORTGAGE INSTRUMENT**

Where council has contributed land, the key rationale for applying a mortgage instrument is that the council wants to retain a right to the value of its contribution and ensure a return should the land ever be sold, or to ensure reinvestment by the Registered Housing Agency whilst not wanting to unduly impact on development financing.

### **DECISION POINT**

Key decision criteria Council should use to select which model to transact through, and mechanism(s) to secure contribution will depend on factors such as:

- Council, community, and Registered Housing Agency objectives.
- Intended ownership structure of the land and resulting dwellings.
- The value of the land relative to other development costs and the terms associated with funding.
- Registered Housing Agency capacity to secure funding or financing, and the long-term feasibility of operating the housing.
- The relationship between the value of the council contribution and the length of time the housing is to be secured; and
- Whether other mechanisms are being used to ensure use for a defined period.
- Potential for income generation.

## DETAILS OF THE PROPOSED SOLUTION

Upon consideration of the range and breadth of project options to deliver Key Worker Housing, the likely preferred or proposed solution is to adopt a hybrid of these to provide Council with flexibility, transparency, and speed to activate.

Drawing on insights from community feedback, market analyses, and best practices, our proposed solution presents a model to respond to immediate needs (quickest sites to activate in Tier 1), with the ability to evolve the Strategy (market interaction, procurement options, move sites between tiers), to be agile and support future states which are currently unknown.

The details of the options within this proposed approach are designed to provide understanding across the Council governance model, alignment with frameworks and needs, and buy-in mechanisms to ensure successful delivery of Key Worker Housing to an informed stakeholder group.

## PRIORITY SITES AND TIERS

TIER 1	TIER 2	TIER 3
8 Priority Sites Council owned, ready to activate now.	3 Tier 2 Sites Council role changes to Advocate.	3 Tier 3 Sites Longer-term view to developing. Council role to Advocate and Enable (North Street only).
<b>174 Grant Street, Alexandra</b> <b>15-17 William Street, Alexandra</b> <b>12 Wattle Street, Alexandra</b> <b>24 Cooper Street, Alexandra</b> <b>94 Nihil Street, Alexandra</b> <b>10 Eighth Street, Eildon</b> <b>11 Tuohy Street, Eildon</b> <b>18 Twenty First Street, Eildon</b>	<b>5 Bon Street, Alexandra</b> <b>1 High Street, Eildon</b> <b>3 High Street, Eildon</b>	<b>12 Cooper Street, Alexandra</b> <b>2 Mary Street, Yea</b> <b>20 North Street, Yea</b>

### RECOMMENDATION

- Prepare to activate the Tier 1 Priority sites urgently – the community need and support warrants commencement.
- Pursue potential government funding to access program funding that supports activation.
- Promote the opportunity for developing Key Worker Housing to private landowners.

## PROPOSED PROCUREMENT STRATEGY

After careful consideration of factors such as community needs, financial feasibility, and long-term sustainability, the proposed Strategy emerged as most fitting for the solution to the Key Worker Housing initiative.

The procurement option provides versatility, a balance of financial prudence and impact, and positions as a robust framework able to pivot and adapt to the dynamic challenges inherent in housing development. It aims to have the potential to meet (relatively) short-term housing

needs and to ultimately provide the infrastructure to foster a resilient and interconnected community fabric over the longer term.

### **OBTAINING DEVELOPER INTEREST AND MODEL SOLUTION INNOVATION**

Based on the options assessed, the preferred response to this section is a hybrid model to provide the most optionality for Council. Predominately the approach allows Council to run a dual speed assessment with the ability to bring agility to the structure of the model and grouping of the sites.

The most immediate and quickest avenue to market is entertaining the market-led proposals, and setting up buckets to classify the proposals and streams or actions to continue to progress (or not), for example:

**Step 1:** commercially assess the market-led proposal, to (at a high level) decide if the model and returns are in line with market expectations.

**Step 2a:** if the market-led proposal is deemed to be value-for-money, then continue the process through to commercial negotiations, partnership, and model agreement (i.e. how to release the land and how to secure the housing) and activate the site.

**Step 2b:** If the market-led proposal is not value-for-money, Council is able to either revert with commercial terms and commence negotiations or release the developer entirely.

**Step 2c:** If the proposal is not value-for-money and Council do not wish to dictate terms, the longer (but rigorous approach) path to Key Worker Housing activation is to prepare and issue an Expression of Interest or Registration of Interest document to the market (Developers and Housing Associations) to offer an opportunity to utilise Council owned sites for Key Worker or affordable housing.

Responses are likely to attract innovative approaches to the model, alternative commercial options, and provide breadth of understanding around acceptable market conditions.

Council is then afforded time to evaluate and assess the Expression and Registrations of Interest and seek further information from preferred or establish a selection panel to test site options and returns with.

The combination of these two approaches to engaging with the market provides the most optionality for Council and brings the innovation and nous to the housing transaction and activation. These steps are low risk, reversible and will act as a Go / No-Go for any further steps in the process.

The Alternative measure of Council not engaging with market and sourcing their own activation options was not assessed based on cost prohibitive-ness and the reduction of site model and information to allow Council to make an informed decision on whether to proceed or not.

### **RELEASING THE LAND**

The release of the land is a potentially contentious subject. The assessment explored scenarios where the sale or gifting or leasing was preferred by the Developer or Housing Association, however, key to unlocking the land and this recommendation is understanding Council's requirements and vision.

Council has every intention to maintain ownership of land to ensure over time there is no loss to the general supply and there is an opportunity to maintain a form of control over the housing outcomes – and / or pressing for the best community benefit.

With this in mind – the most effecting options to release the land are either a lease (with a S173 overlay), or a joint venture.

The lease model is likely to appeal to Developers who can use a standardised actual figure for feasibilities, and the Joint Venture would favour Housing Associations where they are able to formalise the risk profile and minimise / share points of exposure.

The other option for Council to consider (not considered based on the sites assessed) would be gifting Air rights, enabling Council to maintain use of the ground floor / lower levels and provide development concessions for an operator to use the space above. This option may be more applicable to the Tier 2 or 3 sites (depending on the private landholder) or as part of Council's considerations with any future precinct planning.

The final option for releasing the land is heavily impacted by the solution / partnership and model of the development, each of the proposed models favours Council policies and strategies and would need to be settled with a commercial and strategy review of the land portfolio against the agreed returns.

### **SECURING THE HOUSING**

Securing housing generally follows the release of land decision point, which removes a key barrier.

In this instance – if council were to proceed with leasing the land (likely Developer model) the mechanism for maintaining Council's rights is the Section 173 overlay.

With the Housing Association scenario, if leasing does not fit their model and there is a Joint Venture or gifting, there may need to be an ownership transfer – which may suit council's masterplan objectives for the site within the zone.

In either case, Council would be recommended to opt for advice and a long-term assessment against current strategies and planning to ensure an informed decision.

#### **RECOMMENDATION**

- Market testing to assess partner appetite for development of key worker housing – Seek EOs for the Tier 1 sites, encouraging innovative responses.
- Accept Market-led proposals and assess for commercial viability.
- Release the land via S173 option to maintain Council control and ownership of site.
- Strike a commercial balance with Housing Partner or Developer to balance council risk profile vs returns.
- Leverage the Government funding that is about to become available via organisations able to access the finance.
- Minimise council 's initial outlay to achieve value for money and Key Worker / affordable outcomes for the community.

## FUNDING ASSUMPTIONS

Council has a range of funding options available, either via partnerships (discussed above), self-funded planning and development, and / or, blended options.

The range of funding options to pursue include:

	Funding Option	Funding Descriptor	Funding Assumption
1	Partner with a Developer.	Depending on commercial terms, Developer takes on majority of cost risk for planning and activation.	Council required to contribute funds, land, planning approval of longer ownership / rent terms, per agreement.
2	Partner with a Housing Association.	Depending on commercial terms, Housing Association takes on majority of cost risk for planning and activation.	Council required to contribute funds, land, planning approval of longer ownership / rent terms, per agreement.
3	Do not proceed with any partnership model.	Council does not wish to transfer or lease land (i.e. not proceeding with any of the options in the recommended solution).	If Council wish to proceed with activating the site (or program) alternate funding, via Government grants or internal costs required.
4	Council self-funds the required planning and development.	Council will require accessible budget to activate capital planning and delivery.	Option to self-fund planning and development – pending timing of the release of funds, program may be impacted.
5	No action / do not progress.	Nil forecast cost.	Council assumes costs to date for any exploratory works.

For this discussion, we can assume:

- If funding option 1 or 2 from the table above is pursued based on the Recommended solution and achieves a commercially viable option to pursue, the cost to Council and Shire (i.e. contribution and / or other) will be negotiated through the procurement and transaction phase.
  - In general, the out-of-pocket expenses if the proposed solution is explored will need to be reviewed and assessed based on the profile of the partner, the release of land mechanism and how the housing is then secured. The negotiated positions are unable to be forecast for purposes of discussion in this paper, however it should be noted that up-front costs to activate could include legal, and conveyancing – the remainder of any costs are pending the commercial terms and forecast over years of engagement.
- If Council proceed with funding option 3 or 4 (which is not in line with the recommended solution, and assumes no viable deal can be struck with a partner), then we can estimate the financial impact to be based on the following principles:
  - An estimate of the capital costs (design fees, business case writing fees, excl. land acquisition (assumes Council land contributed), utilities or infrastructure upgrades (unknown and based on design))
  - Range per site based on potential efficiency gains of bundling sites.
  - Assumed lifecycle allowance over the Project Planning term.
  - Appropriate escalation rates and contingency allowances.
  - Appropriate risk adjustment allowances.
  - No cost for procuring consultants or contractors.
- If funding option 5 proceeds, then there is no action and Council is only required to cover costs to date for any works.

In general, the out-of-pocket expenses if the proposed solution is explored will need to be reviewed and assessed based on the profile of the partner, the release of land mechanism and how the housing is then secured. The negotiated positions are unable to be forecast for purposes of discussion in this paper, however it should be noted that up-front costs to activate could include legal, and conveyancing – the remainder of any costs are pending the commercial terms and forecast over years of engagement.

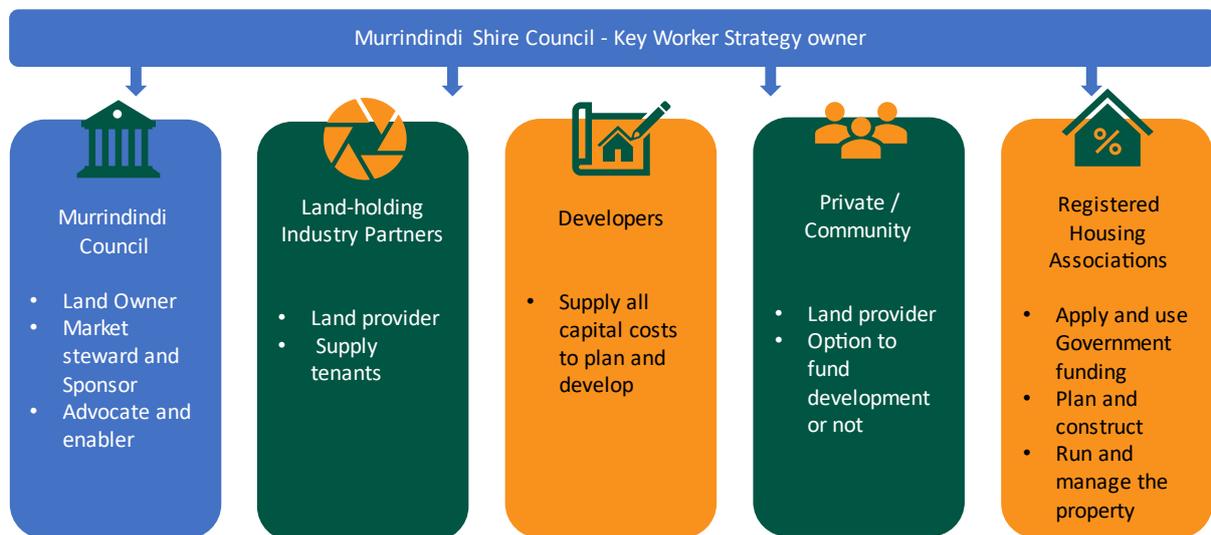
## ROLES OF COUNCIL

There are several roles that Council can take through the proposed Site Assessment Tiers.

We note that Tier 1 consists of Council owned land (ease of activation – re-zoning underway), which places council as an Authoriser in the planning controls environment. Separately and in parallel, Council is adopting the role of Facilitator and enabler by forcibly progressing the activation of sites to fulfill the community’s Key Worker and affordable housing need – realistically, operating as a Market Steward, engaging with Market, Stakeholders and driving with intent to create a pathway and process that is replicate-able for private land holders to review and implement as required.

The diagram below shows how Murrindindi Council interfaces with each of the key stakeholders, up and down the development stream of the Key Worker activation, denotes how the relationship changes across the Tier 2 and 3 sites, and the interface and role with Developers and Housing Associations.

Council will need to activate each role across the stakeholder groups to enable successful facilitation and implementation of the Key Worker Housing strategy across all three tiers.



## STAKEHOLDERS

Stakeholder engagement is the heart of the Key Worker Housing strategy, serving as a catalyst for informed decision-making, stakeholder buy-in and community-driven solutions.

By actively involving Key Workers businesses and Council in the strategy development process, we have cultivated a diverse set of insights to the Key Worker Housing need, appetite for involvement, and have been able to extrapolate this across other priority industries, as well as providing valuable perspectives on broader urban development requirements, transportation, and community requirements to develop a successful model.

The next phase of the proposed solution stakeholder interface requires advocacy from Council across two levels:

- At a micro-level, within the Shire – maintaining a Shire-based approach to Key Worker Housing supports each township with their unique needs.
- Developing a model at the Shire level empowers private and landholders to use the same methodology, and approach, ensuring consistency across the solution.
- At a Macro-level, the Shire needs to continue advocating with State and Federal Government to increase funding opportunities which will help support the 10–15-year growth plan and provide the interdependency / enabling social and hard infrastructure to promote the level of development required to address the Key Worker and affordable housing needs of the Shire.

To support Council’s advocacy endeavors and as a show of support for the process and implementation of Key Worker and affordable housing, the stakeholder sessions with local businesses found the following key themes which should act as a catalyst for council to continue to act:

- partners are open to unlocking under-utilised land for Key Worker Housing.
- All parties are interested in addressing the need.
- External stakeholders are keen to play multiple roles in the transaction / process e.g., contribution, land holder, supply of tenants / etc., however are unsure how to activate opportunities.
- External stakeholders do not have the appetite to leverage the opportunity in isolation and would benefit from a shared model.
- Key Worker Housing required to operate at optimal capacity.

## RISK MANAGEMENT

A risk management table is detailed below to identify key risks and mitigations.

Risk	Description	Rating	Mitigation
<b>No additional supply of Key Worker Housing</b>	No additional supply to impact regional economic stimulus and attraction/retention of Key Workers.	<b>HIGH</b>	<b>This strategy.</b>
<b>Funding Constraints</b>	Securing adequate funding for Key Worker affordable housing projects can be challenging, and budget limitations may impact the scale and effectiveness of the initiatives.	<b>MED</b>	<b>Public-Private Partnerships:</b> Collaborations between public and private sectors can create opportunities for innovative funding models and efficient project delivery. <b>Incentives for Developers:</b> Providing incentives for developers, such as tax breaks or streamlined approval processes, can encourage the private sector to invest in Key Worker affordable housing.
<b>Community Engagement</b>	Some communities may resist the development of housing, especially for Key Workers, due to concerns about	<b>MED</b>	Involving the community in the planning process fosters support and helps address concerns, enhancing the likelihood of successful implementation. <b>Strategic Procurement from Market</b>

Risk	Description	Rating	Mitigation
	property values or perceived changes in neighborhood character.		Obtaining broader community benefits and returns to feed back into the Community from Developers or the HA's can provide avenues for beatification or economic development for residents
<b>Land Availability and Zoning Issues</b>	Identifying suitable land for affordable housing projects and navigating zoning regulations can be complex, leading to delays and increased costs.	LOW	<b>Council re-zoning initiatives</b> Works are underway to re-zone appropriate sites and reduce the risk of planning approvals to program or potential partnerships. <b>Employer Partnerships:</b> Alternatively (and as part of Tier 2 strategy), Partnering with employers can lead to employer-sponsored housing initiatives, providing benefits for both the workforce and the community.
<b>Maintaining the Fabric of the Community</b>	Affordable housing initiatives, if not carefully planned, could inadvertently contribute to gentrification, displacing existing communities and altering the socio-economic landscape.	MED	<b>Holistic Planning:</b> Taking an integrated approach to community planning, including transportation, education, and healthcare, can create a more supportive environment for Key Workers. <b>Mixed-Use Development:</b> Integrating Key Worker affordable housing into mixed-use developments can create vibrant, inclusive communities and attract additional investment.

## GOVERNANCE ARRANGEMENTS

Murrindindi Council will require a well-defined governance model to oversee the implementation and activation of Key Worker Housing strategy.

A robust governance model will guide the complex partnership arrangements and the intricacies of the commercial arrangements to provide platform for long-term sustainability.

The success of the Key Worker Housing delivery, through any partnership model (i.e. ground lease, joint venture, or a hybrid approach) hinges on a governance framework that ensures strategic alignment, informed decision-making, and the transparent traceable legacy artefacts, defined lines of collaboration, community, and stakeholder engagement as required.

The key next steps in establishing good governance include:

1. Establish a Key Worker Housing Committee:  
Form a dedicated committee or task force with representation from key stakeholders, including council members, community representatives, housing experts, and potential end-users (Key Workers). This committee can oversee the planning, implementation, and ongoing management of the project.

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2. **Develop a Terms of Reference Framework:**  
Create a governance framework that clearly defines the roles, responsibilities, and decision-making processes of the Key Worker Housing committee. This framework should also include mechanisms for transparency, accountability, and community involvement.
3. **Monitoring and Evaluation Mechanisms / Tracking**  
Establish mechanisms for monitoring and evaluating the progress of the Key Worker Housing project. Regular reporting and assessments ensure that the project stays on track and allows for adjustments as needed.
4. **Legal and Financial Due Diligence:**  
Conduct legal and financial due diligence to assess the feasibility and legality of the chosen procurement model. This involves reviewing potential risks, legal obligations, and financial implications associated with the project.
5. **Stakeholder and Communications Plan:**  
To ensure all relevant parties (i.e. Health Network) are informed, engaged, and supportive of the Key Worker Housing project, it will need to include an analysis, objectives, key messages, timeframes, any support, and feedback mechanics.

## IMPLEMENTATION CONSIDERATIONS

As a nod to the works required to be completed to beyond this strategy – taking an operating model implementation lens, it is appropriate to note considerations, for Council to progress, that will impact prospective Key Worker Housing user groups and relevant employer stakeholder groups. This is not an exhaustive list, and for the most-part, there is more work to be done to add rigour to the close out these considerations.

	CONSIDERATION	DESCRIPTOR
1	Establishing Eligibility Criteria of residents	Council will need to review the Key Worker Housing definition and apply it appropriately to the township to ensure the correct demographic is identified and properly qualified. As a demographic overlay, in some townships there may need to be a seasonal worker consideration. Financially, Council will be guided by the partnerships and funding outcomes that are borne from the site activation process, and further, what type of value council would like, or are able to elicit.
2	Defining the Application Process	The process to apply will depend greatly on the eligibility criteria outputs and partnerships.
3	Setting up a Rent Structure and Affordability criteria	This will be dependent on the Key Worker eligibility criteria, and critically impacted by the site development partnership or funding commercial terms, with a view to create an appealing, financially viable option for the developer while achieving the Shire's goals and aspirations for the site.
4	Partnership with Employers	Based on the Tier of the site, Council's role in the process changes. Employer partnerships are applicable to Tier 2 and 3 sites, and for these, Council will need to collaboratively develop a plan on how to support the employers and ensure there is a blended housing model that delivers for the shire and Employer. This will have further complexity and consideration based on the partnership or site development partnerships.
5	Sustainability and Community Integration	Council's ability to manage the quality of the building will need to be considered through the commercial negotiations and through a S173 which will hold the land and use in perpetuity. The S173 protection may not be available to private owners who will need to include a similar concept into the agreement.
6	Monitoring and Evaluation	Council will need to address and adopt an effective management tool and conduct regular reviews of the process for continual improvement and ability to refine the process to maintain and provide optimal outcomes.
7	Further income generating opportunities	Connected to the monitoring and evaluation, Council would review existing lease arrangements, or our own requirements and / or future lease arrangements.

## APPENDIX 1 – STAKEHOLDER FEEDBACK

IMPACT TO BUSINESS	WORK-AROUND ACTIVITIES	APPETITE & ABILITY TO DEVELOP KEY WORKER HOUSING
Staffing is restricted and employment is the biggest issue.	Engaging with local partnerships and the Health Network.	<ul style="list-style-type: none"> <li>• Has a small pocket of land that has been earmarked for assisted living, not Key Worker Housing.</li> <li>• Open to pursuing and participating in Key Worker Housing working groups to activate a shared site or similar concept.</li> </ul>
Once a new resource is on-boarded, there is generally no accommodation on the market and means they are unable to relocate to Alexandra.		
Believes that there will be a recruiting barrier regardless of Key Worker Housing activation.		
Not overly concerned with Key Worker Housing now.		<ul style="list-style-type: none"> <li>• Currently no approaches from Developers to activate any of the land around the Health Service.</li> <li>• Generally open to participating in Key Worker Housing opportunities within the Health Network.</li> </ul>
Intent is to focus on improving base service provision.	Current site has mixed use and ownership surrounding. The Stakeholder is looking at ways to potentially purchase and consolidate titles.	
Already have Key Worker Housing, used for Nursing students, Allied Health, Graduates, Locum Doctors.		<ul style="list-style-type: none"> <li>• Health Service is interested in jointly activating Key Worker Housing – aligning with service prioritisation and the other members of the Health Network.</li> </ul>
Most recent staff additions were placed in houses that are owned by the Health Service.		
To attract junior doctors will need access to affordable accommodation.		
Patient care families will also need temporary accommodation to stay in while relatives are in care.		
Staff residences are spread across the Murrindindi Shire, with staff working at other Health Providers to make up full-time employment.		<ul style="list-style-type: none"> <li>• Stakeholder has a parcel of that was listed as an option to explore in the Housing and Settlement Strategy.</li> <li>• The stakeholder would welcome exploring Key Worker Housing Partnerships within the Health Network and Council to better understand how to facilitate contributions</li> </ul>
Currently have unmet client service hours.		
The Key Worker lens does not heavily impact the business optimisation, affordable housing impacts patients and service delivery.		

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IMPACT TO BUSINESS	WORK-AROUND ACTIVITIES	APPETITE & ABILITY TO DEVELOP KEY WORKER HOUSING
		<p>and activation requirements.</p> <ul style="list-style-type: none"> <li>The Stakeholder is exploring housing options, no motions are tabled, more interested base service provision than independently activating Key Worker Housing.</li> </ul>
<p>Without Key Worker Housing, this business finds it difficult to attract staff.</p>	<p>Provide real estate (rent or buy) leads to prospective resources.</p>	<ul style="list-style-type: none"> <li>Land on site that can be developed.</li> <li>Currently used for farming</li> <li>Cost to independently activate is a barrier.</li> <li>Have reviewed modular options (i.e. relocatable housing)..</li> <li>Are open to sharing within the Health Network.</li> <li>Separately have received a market-led proposal for Key Worker Housing.</li> </ul>
<p>Easier to try to recruit from overseas due to permanent staffing issues overcoming distance from Melbourne and housing. International Recruiters will bid the services of potential employees making recruiting difficult.</p>	<p>Recruit friends and family so there in an opportunity to house share (at least temporarily).</p>	
<p>Agency staff are used as top up.</p>	<p>Generally, seek to locate in a motel or the Thornton Hotel – no time to go through the Airbnb or short-stay avenues.</p>	
<p>Alexandra is noted as the hub of the Shire, with the location of Key Worker Housing critical, due to a propensity of people to travel from to Alexandra, but not from Alexandra to service the need / role.</p>		
<p>No doctor, locum, or other essential services in Eildon, making settlement appeal limited – Key Worker demographic is generally female nurse, husband and two children.</p>		

# APPENDIX 2 – SITE ASSESSMENT BREAKDOWN

<p><b>174 Grant Street, Alexandra</b></p> <p>Deliverability of KWS Housing Supply</p> <p>Aggregation of criteria 1-4</p> <p><b>1</b> Alignment to Murrindindi Policy and H&amp;S Strategy</p> <p>Facilitate residential expansion in established, serviced townships</p> <p>Encourage a diversity of housing</p> <p>Encourage housing in well serviced areas to maximise infrastructure provision</p> <p>Facilitate housing in locations that ensure a high level of community safety, i.e. bushfire</p> <p><b>2</b> Site appropriateness</p> <p>Size</p> <p>Utilities</p> <p>Location / Access</p> <p><b>3</b> Ownership / Ease of transacting</p> <p>Council Interface</p> <p>Stakeholder Interface</p> <p>Community Plans</p> <p><b>4</b> Planning readiness</p> <p>Titles</p> <p>Zoning</p> <p>Overlays</p>	<p><b>15-17 William Street, Alexandra</b></p> <p>Deliverability of KWS Housing Supply</p> <p>Aggregation of criteria 1-4</p> <p><b>1</b> Alignment to Murrindindi Policy and H&amp;S Strategy</p> <p>Facilitate residential expansion in established, serviced townships</p> <p>Encourage a diversity of housing</p> <p>Encourage housing in well serviced areas to maximise infrastructure provision</p> <p>Facilitate housing in locations that ensure a high level of community safety, i.e. bushfire</p> <p><b>2</b> Site appropriateness</p> <p>Size</p> <p>Utilities</p> <p>Location / Access</p> <p><b>3</b> Ownership / Ease of transacting</p> <p>Council Interface</p> <p>Stakeholder Interface</p> <p>Community Plans</p> <p><b>4</b> Planning readiness</p> <p>Titles</p> <p>Zoning</p> <p>Overlays</p>	<p><b>12 Wattle Street, Alexandra</b></p> <p>Deliverability of KWS Housing Supply</p> <p>Aggregation of criteria 1-4</p> <p><b>1</b> Alignment to Murrindindi Policy and H&amp;S Strategy</p> <p>Facilitate residential expansion in established, serviced townships</p> <p>Encourage a diversity of housing</p> <p>Encourage housing in well serviced areas to maximise infrastructure provision</p> <p>Facilitate housing in locations that ensure a high level of community safety, i.e. bushfire</p> <p><b>2</b> Site appropriateness</p> <p>Size</p> <p>Utilities</p> <p>Location / Access</p> <p><b>3</b> Ownership / Ease of transacting</p> <p>Council Interface</p> <p>Stakeholder Interface</p> <p>Community Plans</p> <p><b>4</b> Planning readiness</p> <p>Titles</p> <p>Zoning</p> <p>Overlays</p>
<p><b>24 Cooper Street, Alexandra</b></p> <p>Deliverability of KWS Housing Supply</p> <p>Aggregation of criteria 1-4</p> <p><b>1</b> Alignment to Murrindindi Policy and H&amp;S Strategy</p> <p>Facilitate residential expansion in established, serviced townships</p> <p>Encourage a diversity of housing</p> <p>Encourage housing in well serviced areas to maximise infrastructure provision</p> <p>Facilitate housing in locations that ensure a high level of community safety, i.e. bushfire</p> <p><b>2</b> Site appropriateness</p> <p>Size</p> <p>Utilities</p> <p>Location / Access</p> <p><b>3</b> Ownership / Ease of transacting</p> <p>Council Interface</p> <p>Stakeholder Interface</p> <p>Community Plans</p> <p><b>4</b> Planning readiness</p> <p>Titles</p> <p>Zoning</p> <p>Overlays</p>	<p><b>94 Nihil Street</b></p> <p>Deliverability of KWS Housing Supply</p> <p>Aggregation of criteria 1-4</p> <p><b>1</b> Alignment to Murrindindi Policy and H&amp;S Strategy</p> <p>Facilitate residential expansion in established, serviced townships</p> <p>Encourage a diversity of housing</p> <p>Encourage housing in well serviced areas to maximise infrastructure provision</p> <p>Facilitate housing in locations that ensure a high level of community safety, i.e. bushfire</p> <p><b>2</b> Site appropriateness</p> <p>Size</p> <p>Utilities</p> <p>Location / Access</p> <p><b>3</b> Ownership / Ease of transacting</p> <p>Council Interface</p> <p>Stakeholder Interface</p> <p>Community Plans</p> <p><b>4</b> Planning readiness</p> <p>Titles</p> <p>Zoning</p> <p>Overlays</p>	<p><b>10 Eighth Street, Eldon</b></p> <p>Deliverability of KWS Housing Supply</p> <p>Aggregation of criteria 1-4</p> <p><b>1</b> Alignment to Murrindindi Policy and H&amp;S Strategy</p> <p>Facilitate residential expansion in established, serviced townships</p> <p>Encourage a diversity of housing</p> <p>Encourage housing in well serviced areas to maximise infrastructure provision</p> <p>Facilitate housing in locations that ensure a high level of community safety, i.e. bushfire</p> <p><b>2</b> Site appropriateness</p> <p>Size</p> <p>Utilities</p> <p>Location / Access</p> <p><b>3</b> Ownership / Ease of transacting</p> <p>Council Interface</p> <p>Stakeholder Interface</p> <p>Community Plans</p> <p><b>4</b> Planning readiness</p> <p>Titles</p> <p>Zoning</p> <p>Overlays</p>
<p><b>11 Tuohy Court</b></p> <p>Deliverability of KWS Housing Supply</p> <p>Aggregation of criteria 1-4</p> <p><b>1</b> Alignment to Murrindindi Policy and H&amp;S Strategy</p> <p>Facilitate residential expansion in established, serviced townships</p> <p>Encourage a diversity of housing</p> <p>Encourage housing in well serviced areas to maximise infrastructure provision</p> <p>Facilitate housing in locations that ensure a high level of community safety, i.e. bushfire</p> <p><b>2</b> Site appropriateness</p> <p>Size</p> <p>Utilities</p> <p>Location / Access</p> <p><b>3</b> Ownership / Ease of transacting</p> <p>Council Interface</p> <p>Stakeholder Interface</p> <p>Community Plans</p> <p><b>4</b> Planning readiness</p> <p>Titles</p> <p>Zoning</p> <p>Overlays</p>	<p><b>18 Twenty First Street</b></p> <p>Deliverability of KWS Housing Supply</p> <p>Aggregation of criteria 1-4</p> <p><b>1</b> Alignment to Murrindindi Policy and H&amp;S Strategy</p> <p>Facilitate residential expansion in established, serviced townships</p> <p>Encourage a diversity of housing</p> <p>Encourage housing in well serviced areas to maximise infrastructure provision</p> <p>Facilitate housing in locations that ensure a high level of community safety, i.e. bushfire</p> <p><b>2</b> Site appropriateness</p> <p>Size</p> <p>Utilities</p> <p>Location / Access</p> <p><b>3</b> Ownership / Ease of transacting</p> <p>Council Interface</p> <p>Stakeholder Interface</p> <p>Community Plans</p> <p><b>4</b> Planning readiness</p> <p>Titles</p> <p>Zoning</p> <p>Overlays</p>	<p><b>5 Bon Street</b></p> <p>Deliverability of KWS Housing Supply</p> <p>Aggregation of criteria 1-4</p> <p><b>1</b> Alignment to Murrindindi Policy and H&amp;S Strategy</p> <p>Facilitate residential expansion in established, serviced townships</p> <p>Encourage a diversity of housing</p> <p>Encourage housing in well serviced areas to maximise infrastructure provision</p> <p>Facilitate housing in locations that ensure a high level of community safety, i.e. bushfire</p> <p><b>2</b> Site appropriateness</p> <p>Size</p> <p>Utilities</p> <p>Location / Access</p> <p><b>3</b> Ownership / Ease of transacting</p> <p>Council Interface</p> <p>Stakeholder Interface</p> <p>Community Plans</p> <p><b>4</b> Planning readiness</p> <p>Titles</p> <p>Zoning</p> <p>Overlays</p>

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<p><b>1 High Street, Eldon</b></p> <p>Deliverability of KWS Housing Supply</p> <p>Aggregation of criteria 1-4</p> <p><b>1</b> Alignment to Murrindindi Policy and H&amp;S Strategy Facilitate residential expansion in established, serviced townships Encourage a diversity of housing Encourage housing in well serviced areas to maximise infrastructure provision Facilitate housing in locations that ensure a high level of community safety, i.e. bushfire</p> <p><b>2</b> Site appropriateness Size Utilities Location / Access</p> <p><b>3</b> Ownership / Ease of transacting Council Interface Stakeholder Interface Community Plans</p> <p><b>4</b> Planning readiness Titles Zoning Overlays</p>	<p><b>3 High Street, Eldon</b></p> <p>Deliverability of KWS Housing Supply</p> <p>Aggregation of criteria 1-4</p> <p><b>1</b> Alignment to Murrindindi Policy and H&amp;S Strategy Facilitate residential expansion in established, serviced townships Encourage a diversity of housing Encourage housing in well serviced areas to maximise infrastructure provision Facilitate housing in locations that ensure a high level of community safety, i.e. bushfire</p> <p><b>2</b> Site appropriateness Size Utilities Location / Access</p> <p><b>3</b> Ownership / Ease of transacting Council Interface Stakeholder Interface Community Plans</p> <p><b>4</b> Planning readiness Titles Zoning Overlays</p>	<p><b>12 Cooper Street</b></p> <p>Deliverability of KWS Housing Supply</p> <p>Aggregation of criteria 1-4</p> <p><b>1</b> Alignment to Murrindindi Policy and H&amp;S Strategy Facilitate residential expansion in established, serviced townships Encourage a diversity of housing Encourage housing in well serviced areas to maximise infrastructure provision Facilitate housing in locations that ensure a high level of community safety, i.e. bushfire</p> <p><b>2</b> Site appropriateness Size Utilities Location / Access</p> <p><b>3</b> Ownership / Ease of transacting Council Interface Stakeholder Interface Community Plans</p> <p><b>4</b> Planning readiness Titles Zoning Overlays</p>
<p><b>2 Mary Street, Yea</b></p> <p>Deliverability of KWS Housing Supply</p> <p>Aggregation of criteria 1-4</p> <p><b>1</b> Alignment to Murrindindi Policy and H&amp;S Strategy Facilitate residential expansion in established, serviced townships Encourage a diversity of housing Encourage housing in well serviced areas to maximise infrastructure provision Facilitate housing in locations that ensure a high level of community safety, i.e. bushfire</p> <p><b>2</b> Site appropriateness Size Utilities Location / Access</p> <p><b>3</b> Ownership / Ease of transacting Council Interface Stakeholder Interface Community Plans</p> <p><b>4</b> Planning readiness Titles Zoning Overlays</p>	<p><b>20 North Street, Yea</b></p> <p>Deliverability of KWS Housing Supply</p> <p>Aggregation of criteria 1-4</p> <p><b>1</b> Alignment to Murrindindi Policy and H&amp;S Strategy Facilitate residential expansion in established, serviced townships Encourage a diversity of housing Encourage housing in well serviced areas to maximise infrastructure provision Facilitate housing in locations that ensure a high level of community safety, i.e. bushfire</p> <p><b>2</b> Site appropriateness Size Utilities Location / Access</p> <p><b>3</b> Ownership / Ease of transacting Council Interface Stakeholder Interface Community Plans</p> <p><b>4</b> Planning readiness Titles Zoning Overlays</p>	

## APPENDIX 3 – REFERENCE SHEET

SECTION	ITEMS	SOURCE
	Section 1 excerpts / definitions.	Murrindindi Council Housing and Settlement Strategy.
	Procurement analysis - releasing the land, securing the housing, decision point.	ChiaVic Municipal Association of Victoria and Community Housing Industry Association Victoria Council Land Summary Final.
	Elements of the Proc strategy.	Melbourne City Council Affordable Housing Strategy.
	Key Worker Definition.	Key and Essential Worker Housing Supply Action Plan, Victorian Planning Authority.