

Draft Affordable Housing Policy



Purpose and Intent

The purpose of the Affordable Housing Policy (“the Policy”) is to articulate Council’s position and clearly define its role in increasing the supply of affordable housing within the City of Casey. Council acknowledges that housing is a human right and a basic requirement for all members of the community, as recognised in the *Australian Human Rights and Equal Opportunity Commission Act 1986*, the *Victorian Equal Opportunity Act 2010*, and the *Universal Declaration of Human Rights*.

Council recognises that housing is essential infrastructure critical to health, wellbeing, social inclusion and economic security. Safe, secure, accessible and affordable housing, alongside a diversity of housing options, plays a vital role in supporting local communities. This is particularly important for lower income households and for people experiencing family violence, homelessness, disability, or other forms of disadvantage.

This Policy supports Casey’s community vision that “Casey will be a connected, innovative and resilient community”, aligns with Council Plan 2025-29 (Health Focus Area 6: Affordable Housing and Homelessness), and fulfils the 2025-26 Council Annual Action Plan commitment to develop an Affordable Housing Policy.

This document is a Council policy and operational framework. It sets Council’s position and role in enabling increased supply, diversity and accessibility of affordable housing within the municipality and guides Council decision-making, advocacy, partnerships, and resourcing to achieve this. The Policy will provide the basis for an Implementation and Monitoring and Evaluation Framework, including an Action Plan that outlines responsibilities, timeframes and measures for delivery.

The policy does not, by itself, introduce statutory controls in Casey Planning Scheme. Where Council seeks affordable housing outcomes through planning processes, Council will do so in a manner that is consistent with the *Planning and Environment Act 1987*, the Victoria Planning Provisions, and the Casey Planning Scheme, relevant Ministerial Directions and any applicable State policies and codes.

Scope

This Policy focuses on increasing the supply and quality of affordable housing as defined in the *Planning and Environment Act 1987*. It recognises that housing exists along a continuum (see Figure 1) and concentrates on increasing the supply of affordable housing suitable for very-low, low and moderate-income households, as determined by the Victorian Government (see Background section). This includes a range of options such as Social Housing, affordable rental housing and affordable purchase options.

Private rooming houses and crisis or emergency accommodation do not meet the legislative definition of affordable housing and are not the focus of this Policy. Private rental and private ownership are also out of scope, as Council has limited capacity to influence affordability in the private market.

Council acknowledges that the primary responsibility for affordable housing lies with State and Federal Governments (see Background). However, there are levers available to Local Government, and effective long-term solutions require collaboration across all levels of government as well as the private and not-for-profit sectors.

This Policy outlines the objectives being sought and the three key roles Council will take to support increased affordable housing supply: Advocate, Facilitate and Partner. These roles operate within Council's broader responsibilities, legislative obligations, and commitment to long-term financial sustainability.

This Policy replaces Council's 2020–24 Affordable Housing Strategy.

Definitions

Key term	Definition
Affordable Housing	The Planning and Environment Act 1987 defines affordable housing as housing (including Social Housing) that is appropriate to the needs of a range of very low, low, and moderate-income households and is priced (whether purchased or rented) so these households can meet their other essential living costs. The income ranges for these households are set by the Victorian Government and reviewed annually to reflect median household income.
Affordable Housing contribution	An Affordable Housing contribution is a contribution of dwellings, land, monetary payments, or a combination of these, typically by a developer or landowner. While contributions are generally voluntary and agreed through negotiation, they can also be required under provisions in the Planning Scheme.
Commonwealth Rent Assistance	Rent Assistance is a commonwealth income supplement for people receiving a Centrelink payment and rent in the private rental market or community housing.
Council	Casey City Council, being a body corporate constituted as a municipal Council under the Local Government Act 2020.
Community Housing	Community housing is a form of Social Housing managed by a Registered Housing Agency (see 'Social Housing').
Homelessness	<p>There is no single agreed definition of homelessness. The Australian Bureau of Statistics uses the following definition: Homelessness occurs when a person does not have secure access to adequate housing. This includes people who are living in a dwelling that is inadequate; have no tenure, or if their initial tenure is short and not extendable; their dwelling does not allow them to have control of, and access to space for social relations.</p> <p>An alternative 'cultural definition' of homelessness (developed by academics David MacKenzie and Chris Chamberlain) includes three categories:</p> <ul style="list-style-type: none"> • Primary homelessness is experienced by people without conventional accommodation, e.g. sleeping rough or in improvised dwellings. • Secondary homelessness is experienced by people who frequently move from one temporary shelter to another, e.g. emergency accommodation, youth refugees, 'couch surfing'. • Tertiary homelessness is experienced by people staying in accommodation that falls below minimum community standards, e.g. boarding housing and caravan parks.
Housing Affordability	Housing affordability is different to affordable housing and refers to the relationship between expenditure on housing (purchase prices, mortgage payments or rents) and income. Housing affordability is a significant issue across Australia as the increasing housing costs have consistently exceeded increases in household income for years.
Housing Stress	Housing stress is a term that is used to refer to households that are paying too large a proportion of their income in housing costs and consequently have trouble meeting other essential costs such as food and healthcare. A household is typically described as being in housing stress if it is paying more than 30% of its gross household income in housing costs. As higher income households can spend a

	higher proportion of their income on housing without experiencing stress, a ratio of 30/40 is often used as a benchmark - that is, if households that fall in the bottom 40% by income spend more than 30% of their gross household income on housing, they are defined as being in housing stress.
Inclusionary Zoning	The Australian Housing and Urban Research Institute (AHURI) defines inclusionary zoning as follows: Inclusionary zoning is a land use planning intervention by government that either mandates or creates incentives so that a proportion of a residential development includes a number of social or affordable housing dwellings.
Infrastructure Contributions Plan	An Infrastructure Contributions Plan (ICP) is a statutory tool used by local government that ensures developers contribute to the cost of basic and essential infrastructure, such as new roads and intersections, community facilities and local parks and sports reserves.
Key worker	The following definition is adapted from research prepared for the Australian Housing and Urban Research Institute (AHURI): There is no single definition of what constitutes a 'key worker'. The term usually refers to employees in services that are essential to a city's functioning, but who earn low to moderate incomes. In cities and regions with high housing costs, this makes access to appropriate and affordable housing in reasonable proximity to work difficult for key workers. Key workers may include public service workers including teachers, nurses, police and fire and emergency personnel.
Planning authority	The Victorian Government's technical guide to the Planning and Environment Act 1987, provides the following definition of 'Planning Authority': any person or body given the power to prepare a planning scheme or an amendment to a planning scheme. The Minister is a planning authority and may authorise any other Minister or public authority to prepare an amendment to a planning scheme. A council is planning authority for its municipality and for any area adjoining its municipality that the Minister authorises.
Planning Scheme	A planning scheme is a statutory document that sets out objectives, policies and provisions relating to the use, development, protection and conservation of land in the area to which it applies. A planning scheme regulates the use and development of land through planning provisions to achieve those objectives and policies. The Casey Planning Scheme is the relevant planning scheme for the City of Casey.
Planning Amendment (Better Decisions Made Faster) Act 2026	An Act passed by the Victorian Parliament which, once fully implemented, will amend the Planning and Environment Act 1987 to provide a more effective and efficient statutory planning framework for Victoria. The changes will support the delivery of Victoria's Housing Statement and the actions of Plan for Victoria, including the aim to build 2.24 million homes across Melbourne and our regional cities and towns over the next 30 years.
Public Housing	Public housing refers to non-profit housing in the public sector, other than under the Victorian Affordable Housing Programs. Public housing is long-term, rental social housing owned and managed by the Victorian Government (through Homes Victoria within the Department of Families, Fairness and Housing). It is provided to eligible Victorians on low incomes who are most in need.
Registered Housing Agency	Registered Housing Agencies are not-for-profit entities that are registered under the Housing Act and regulated by the Victorian Government. Registered Housing Agencies provide Affordable Housing for people on low incomes through the Victorian Housing Register (see below). Housing managed by a Registered Housing Agency is generally provided on a long-term or transitional basis. However, some agencies also offer crisis accommodation and other housing options, including specialist disability housing and rooming houses.
Section 173 Agreement	A Section 173 Agreement is a legal contract under Section 173 of the Planning and Environment Act 1987 ("the Act") between a responsible authority (such as your local council) and a landowner (usually the registered proprietor) or a person intending to become the landowner. The agreement sets out conditions or restrictions on the use or development of the land, or outlines measures to achieve specific planning objectives. Its purpose is to provide a more flexible and effective way to meet planning goals for an area or a particular parcel of land than relying solely on other statutory mechanisms. Section 173 Agreements may be used to negotiate and secure Affordable Housing contributions, which may include dwellings, land, or financial payments.

The State plays a central role in:

- Regulating and financing the community housing sector,
- Developing planning policy, controls and targets that support the delivery of social and affordable housing.
- Delivering State-owned social and affordable housing projects and administering associated funding programs.
- Partnerships with local governments, industry, and housing providers to enable well-located and diverse housing outcomes.

Recent State reforms, including the Planning Amendment (Better Decisions Made Faster) Act 2026, establish a clear statutory basis for affordable housing contributions, enabling local government (and, where relevant, the State) to secure onsite affordable dwellings or cash-in-lieu contributions directed to the same municipality. Implementation will be staged, with key details to be set through regulations and guidance. At a municipal level, further strategic work will be required to translate this head of power into practice, including evidencing local need in the planning scheme and establishing local governance and delivery pathways for any funds collected. These reforms support more consistent inclusionary settings across both growth areas and established centres, streamline approval processes, and strengthen the planning system's focus on housing affordability and the facilitation of social and affordable housing.

In established areas, targeted reforms to planning controls (including restrictive covenants) and value-sharing mechanisms could help unlock more medium-density housing and increase housing choice. In growth areas, the reforms increase flexibility in the use of Infrastructure Contributions Plan (ICP) funds, potentially including works beyond the ICP area where they serve the contributing community, which may accelerate enabling infrastructure that supports broader housing delivery and precinct readiness, subject to transparent governance, statutory limitations and equity across growth suburbs.

The ultimate scale and distribution of affordable housing outcomes will depend on the regulations, scheme translations and thresholds (e.g., rates, incentives) developed through the implementation of these State reforms.

Local government

Historically, the task of supplying affordable housing has been borne by Federal and State governments. The Planning and Environment Act 1987, enables local governments to enter into agreements with land owners to obtain affordable housing contributions through statutory and strategic planning processes. However, the Act does not impose a mandatory requirement for the provision of affordable housing and these agreements are voluntary.

Planning Amendment (Better Decisions Made Faster) Act 2026 introduces a head of power for councils to seek affordable housing contributions (with in-lieu funds reinvested locally). This extends earlier framework established by 2018 amendments to the *Planning and Environment Act 1987*, which facilitated affordable housing contributions primarily through voluntary, negotiated agreements as part of planning scheme amendments or permit processes. However, until the new provisions commence and the associated implementation regulations and guidelines are in place, the 2018 voluntary approach remains the operative pathway.

Council recognises that some streamlined approval pathways introduced by recent reforms (e.g., VicSmart applications and deemed-to-comply pathways) are designed to expedite housing approvals in general and may limit the time and scope for negotiated outcomes on a case-by-case basis. In these contexts, Council's focus will be on consistent application of statutory controls and on strategic planning and partnership levers to deliver housing of all types, including affordable housing outcomes.

While the statutory powers of local government are limited, Councils can influence supply by:

- Pursuing/seeking voluntary affordable housing contributions through rezoning and permit processes where feasible, acknowledging that the current voluntary framework can be difficult to secure consistently and is often constrained by negotiation dynamics and feasibility considerations.
- Prioritising municipal strategic planning work to support implementation of the Act 2026 reforms once they commence. This includes translating the new head of power into clear planning scheme provisions/settings aligned with forthcoming regulations and guidance. This will enable Council to require affordable housing contributions where strategically justified, improving certainty, transparency and consistency in outcomes.
- Enabling efficient assessment pathways for proposals delivering all housing types, consistent with the Act's three-tier permit streams, while ensuring affordable housing outcomes are embedded through clear statutory standards.
- Activating Council land by progressing projects on Council sites (preferably via long-term lease) delivered by Registered Housing Agencies.
- Advocating to State and Commonwealth for programs, land releases and tools that increase affordable housing supply.
- Delivering enabling infrastructure (roads, footpaths, drainage, open space and community facilities) via ICP/DCP (within statutory limitations) to unlock serviced land and accelerate market-led housing delivery, which can indirectly support affordable housing outcomes by accelerating overall supply and precinct readiness.
- Collaborating with Registered Housing Agencies and other delivery partners to structure viable projects and secure long-term affordability outcomes.
- Embedding affordable housing objectives through structure planning and policy, aligning with updated planning objectives and the State's planning strategies.

Council recognises that, while local government can influence affordable housing outcomes through planning, advocacy, partnerships and land-related opportunities, long-term delivery at scale also depends on sustained State and Commonwealth investment, appropriate policy settings, and collaboration with delivery partners.

Housing needs and affordability

Casey, like much of Greater Melbourne, has experienced rapid growth in housing costs since 2020. Between June 2020 and June 2025, the median sale price increased by 26% for houses and 32% for units, while median advertised rents rose by 40% for houses and 32% for units (Housing.id, 2025). Additional factors such as rising interest rates, high inflation leading to increased living costs, and wages failing to keep pace, have left many households experiencing housing stress.

Unmet Affordable Housing Need

In 2021, an estimated 7,421 Casey households had an unmet need for affordable housing, up from 5,655 households in 2016. This includes households that cannot afford market-rate rentals and are:

- Homeless or at imminent risk of homelessness;
- Marginally housed (e.g., in overcrowded dwellings, rooming houses, or caravan parks); or
- In rental stress (paying a share of income on rent that is financially unsustainable) (Figure 2).

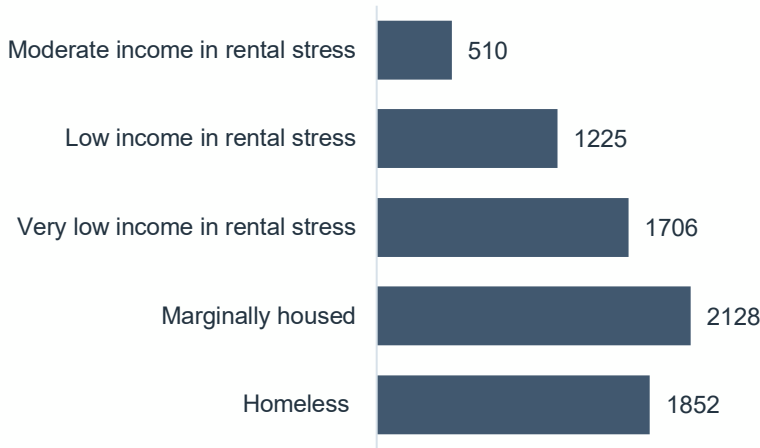


Figure 2: Households in Casey needing Affordable Housing (Housing id, 2025)

Rental and purchase affordability

Since 2020, there has been a dramatic decline in the percentage of housing for purchase that is affordable to very low, low and moderate-income households in the City of Casey (Figure 3). For low-income households, only 293 sales (4.1%) in Casey were considered affordable, and for very low-income households, just 36 sales (0.5%) met affordability criteria (Housing.id, 2025).

Rental affordability has also declined with the share of new leases affordable to low-income households falling from 90% in June 2020 to 32% in June 2025 (Housing.id, 2025).

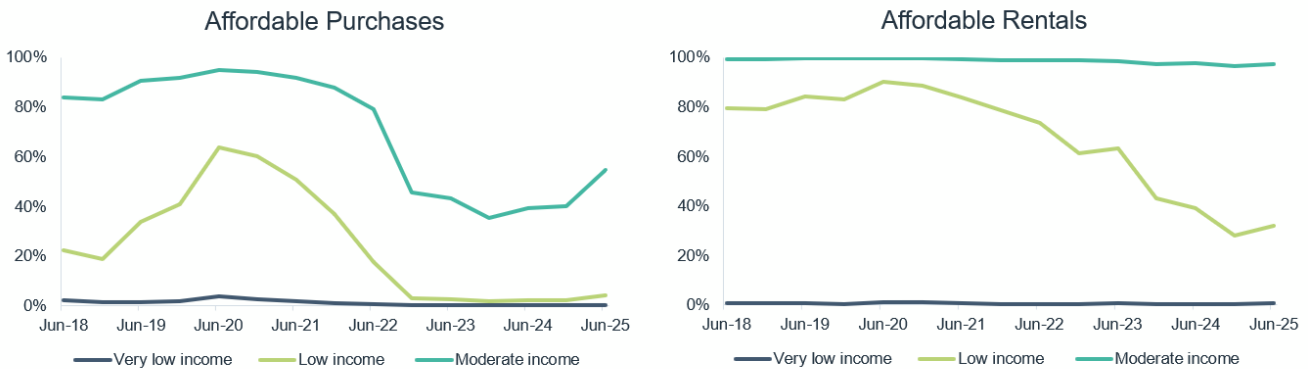


Figure 3: Property and rental affordability in Casey by income bracket (Housing id, 2025).

Social Housing

Social Housing (public and community housing) remains the only secure, affordable option for very low-income households. The proportion of Social Housing in Casey has declined, reflecting minimal new supply relative to population growth while need continues to rise (Figure 4). A 2022 needs assessment estimated a shortfall of 2,490 Social Housing dwellings, forecast to almost double to approx. 5,000 dwellings by 2041. The groups most represented in this need included single parents (37.5%), single adults (26.6%), elderly singles (10.7%), and couples with children (8.8%).

modification, and heightened risk of homelessness due to unsuitable or insecure housing. Council seeks to strengthen housing choice, enable independent living, and support participation, inclusion and ageing in place.

Facilitate

Council will enable affordable housing outcomes by supporting delivery through planning policy and processes, embedding affordable housing early in strategic work, improving internal approval pathways, supporting access to external funding, administering a transparent contributions register, and, where appropriate, leveraging Council owned land.

16. Council recognises that the pathways, feasibility considerations and delivery mechanisms for affordable housing will differ across growth areas, established residential areas, renewal precincts and major activity centres, and responses should be tailored accordingly.
17. Council will maintain the accuracy and currency of the planning framework, as part of the regular Casey Planning Scheme Review cycle, by:
 - 17.1 Incorporating current demographic and housing evidence to reflect municipal and place-based need for affordable housing;
 - 17.2 Embedding Council's long-term vision for residential land use and development in relevant strategies and planning scheme content; and
 - 17.3 Monitoring and responding to changes in State planning legislation and policy, particularly the *Planning Amendment (Better Decisions Made Faster) Act 2026* and updating Council planning instruments and guidelines accordingly.
 - 17.4 Continuing to implement the Casey Housing Strategy to ensure sufficient supply of available residential land.
18. Council will embed affordable housing considerations early in strategic planning for residential and mixed-use development and will recognise affordable housing needs when preparing background documents such as the Housing Strategy, Activity Centre Strategy, structure plans and development plans. Council will do this by leveraging existing strategic work, policies and data, using established direction on preferred locations, suitable housing types, strategic investigation sites, opportunities for social and affordable housing contributions, and the design and economic-feasibility evidence needed to support delivery.
19. Council will maintain efficient statutory processes and approval pathways, by:
 - 19.1 Ensuring Council's statutory planning and associated processes include a focus on supporting applicants to deliver affordable housing outcomes.
 - 19.2 Prioritising resources to the assessment of planning permit applications that propose to deliver an affordable housing contribution, including through the allocation of an experienced planning officer to expedite processing.
20. Council will apply fit-for-purpose mechanisms across the approvals pathways by:
 - 20.1 Maintaining, and where possible improving, the existing voluntary (2018) approach to negotiating affordable housing contributions through rezonings and permits (including value-sharing mechanisms such as development uplift) until the Act 2026 affordable housing contribution provisions commence and the supporting regulations and guidelines are in place.
 - 20.2 Preparing an evidence-based, strategically justified approach to implement the Act 2026 head of power through the Casey Planning Scheme (once commenced), aligned with State regulations and guidance (including any thresholds or caps), feasibility and land-economics evidence, and identified municipal need, recognising that affordable housing contribution mechanisms must be tailored to development feasibility, local market conditions and housing delivery impacts to improve consistency and certainty in affordable housing contributions and outcomes.

20.3 Leveraging the increased flexibility in ICP funding in growth areas to deliver enabling infrastructure that unlocks serviced land and accelerates market-led housing delivery, which can indirectly support affordable housing outcomes by increasing overall supply and precinct readiness, within the lawful purposes and constraints of these tools.

21. Support and strengthen access to external funding programs and delivery initiatives by proactively supporting funding applications and initiatives that seek to increase affordable housing supply, particularly in Council's preferred locations, by providing data, letters of support and other relevant information to registered housing providers and associations, developers, landowners, and other key stakeholders.
22. Implement a centralised internal framework to negotiate, formalise, record, and report all affordable housing contributions secured through the planning system, registering the type (dwellings/land/cash), value, timing triggers, and legal mechanism (permit condition/s173/PSA), and where cash is accepted, how funds are held and spent, consistent with legislative requirements and any future State guidance.
23. Set up clear process for the management of the collection and redistribution of cash affordable housing contributions (including an internal reserve or externally managed Trust, clear grant or tender allocation mechanisms, and public reporting) so funds are transparently used for new affordable housing in the municipality, consistent with legal requirements, future State guidance and community needs.
24. Deliver community education and information on relevant planning and building regulations for small second dwellings, and provide practical guidance on navigating approval processes, to encourage the delivery of well-designed, compliant dwellings that contribute to increased housing diversity within existing neighbourhoods.

Partner

Council will increase the supply of affordable housing in the municipality by partnering with Registered Housing Agencies where appropriate, by using Council assets in ways that are aligned with Council's broader responsibilities and long-term financial sustainability.

25. Council will work with Registered Housing Providers and Associations, and relevant government bodies to identify delivery opportunities in Casey, including opportunities linked to urban renewal, activity centre planning, growth area delivery and State-led projects, where relevant.
26. Consider the use of Council land, when assessing assets deemed surplus to Council requirements as per the Property Plan 2024, to support affordable housing projects where appropriate and subject to:
 - 26.1 site suitability and planning feasibility,
 - 26.2 alignment with Council strategies and service needs,
 - 26.3 financial and governance assessment,
 - 26.4 expected affordable housing yield and community benefit, and
 - 26.5 the opportunity cost compared to other community and non-community uses.
27. Where appropriate, select delivery partners and proposals through an EOI process with clear criteria, probity controls and value-for-money tests. Where Council provides land, seek to structure arrangements to retain affordable housing benefits in Casey over the long term, preferably via long-term leasing or joint ownership with Registered Housing Agencies, supported by:
 - 27.1 planning instruments (e.g., Section 173 agreements)
 - 27.2 title instruments (e.g., covenants, nomination/step-in rights), and
 - 27.3 value-retention provisions (e.g., reinvestment of realised equity in Casey).

Responsibilities

Who	What
Councillors	<ul style="list-style-type: none"> • Setting strategic direction of the Policy • Endorsement of Policy. • Champion affordable housing outcomes with the community and in public forums and intergovernmental settings.
Executive Leadership Team	<ul style="list-style-type: none"> • To have oversight and provide executive approval, where needed, on all council and joint advocacy efforts. • Where required, provide decision and executive sign off on all exemptions to the policy
Connected Communities	<ul style="list-style-type: none"> • Leading the development, delivery, monitoring and evaluation of the Policy. • Collaboratively deliver advocacy to all government levels. • Proactively identify opportunities to partner and collaborate with other Councils, Community Housing Providers, research bodies, and expert organisations. • Briefing Council and executives on an annual basis with key statistics on affordable housing in Casey, progress with the Policy implementation, and emerging opportunities for action. • Identify research opportunities, monitor homelessness, housing affordability, and social and affordable housing data and trends. • Provide publicly accessible data and information on affordable housing needs within Casey. • Participating in networks and Alliances.
Growth and Investment	<ul style="list-style-type: none"> • Property and Strategic Development to identify and assess Council and State asset opportunities that may support affordable housing outcomes • Advocate for affordable housing provisions in Precinct Structure Plans on Growth area and Structure Plans in Major Activity Centres with State-led programs (Department of Transport and Planning, and Homes Victoria). • Monitor State Government planning reforms and advise Council on implications for this Policy and its implementation, including any changes to statutory pathways, contribution settings, and supporting guidance.
Planning and Building	<ul style="list-style-type: none"> • Through Council’s planning pre-application processes, proactively identify applications suitable for streamlined planning application pathways that will deliver affordable housing, and encourage applicants to use these pathways where appropriate.

