

# BOX HILL ACTIVITY CENTRE - HOUSING DIVERSITY & AFFORDABILITY

Prepared for: Vicinity Centres  
June 2022



# COVID-19 AND THE POTENTIAL IMPACT ON DATA INFORMATION

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# EXECUTIVE SUMMARY: KEY CONTRIBUTIONS TO HOUSING DIVERSITY (WHITEHORSE LGA)

- Our analysis illustrates that the proposed redevelopment offers significant opportunities to enhance housing diversity across Whitehorse LGA. Housing diversity benefits residents in Whitehorse LGA by offering a wider choice of dwelling types, price points, product types and tenure options, as summarised in the table below.
- The proposed redevelopment:
  - Introduces **higher density options** in a housing market that has been dominated by low-density separate houses (68% as at Census 2016).
  - Offers **more affordable entry points** into the Whitehorse LGA housing market, with higher density units presenting a 25% - 50% discount on the median house.
  - Presents residents with **smaller product type options** (such as 1 Beds and 2 Beds) in a housing market where smaller product types have been limited (circa. 25% as at Census 2016).
  - **Increases rented stock**, offering Whitehorse LGA residents with greater flexibility to access a home that suits their life stage, economic circumstances and lifestyle choices. To date, rented stock in Whitehorse LGA has been limited (28% as at Census 2016). With Build to Rent gaining government and industry interest in Australia, there are further opportunities for Build to Rent to uplift quality and supply of rented stock in the municipality in addition to investors purchasing apartments to rent-out.

Factor	Before (estimated as at June 2022)	After (upon completion of proposed redevelopment)	% Contribution of Proposed Redevelopment	Vol. Contribution of Proposed Redevelopment
Dwelling Type	Separate houses: 64% Flats/apartments: 14%	Separate houses: 62% Flats/apartments: <b>16%</b>	Separate houses: <b>-2%</b> Flats/apartments: <b>+2%</b>	<b>+ 1,777 apartments</b>
Price Points/Rents (Year to June 2020)	2 Bed Houses: \$1,280,000	1 Bed Units: \$300 median weekly rent ( <b>75%</b> of 2 Bed House Median).	1 Bed Units: <b>25%</b> discount on 2 Bed median weekly rent	<b>+ 533 1 Bed</b> apartments
	3 Bed Houses: \$1,280,000	2 Bed Units: \$645,000 ( <b>50%</b> of 2 Bed House Median)	2 Bed Units: <b>50%</b> discount on house median price	<b>+ 1,156 2 Bed</b> apartments
		3 Bed Units: \$930,000 ( <b>72%</b> of 3 Bed House Median)	3 Bed Units: <b>25%</b> discount on 3 Bed house median price	<b>+ 88 3 Bed</b> apartments
Product Type	Studio: 0.4% 1 Bed: 5.3% 2 Bed: 24.2% 3 Bed: 44% 4+ Bed: 28.7%	Studio: 0.4% 1 Bed: 6% 2 Bed: 25.4% 3 Bed: 42.8% 4+ Bed: 27.9%	1 Bed: <b>+0.7%</b> 2 Bed: <b>+1.2%</b> 3 Bed: <b>-0.9%</b> 4+ Bed: <b>-0.8%</b>	<b>+ 533 1 Bed</b> apartments <b>+ 1,156 2 Bed</b> apartments <b>+ 88 3 Bed</b> apartments
Tenure Type	Owner-occupied: 70.8% Rented: 29.2%	Option 1 - Standard apartments Rented: 29.6%	Option 1 – Standard apartments Rented: <b>+0.4%</b>	Option 1 – Standard apartments <b>+814 rented</b>
		Option 2 – Build to rent apartments: Rented: 31.1%	Option 2 – Build to rent apartments Rented: <b>+1.3%</b>	Option 2 – Build to rent apartments <b>+1,777 rented</b>

# EXECUTIVE SUMMARY: KEY CONTRIBUTIONS TO HOUSING AFFORDABILITY (WHITEHORSE LGA)

- Our housing affordability analysis reveals that higher density market housing like the proposed redevelopment can make a substantial contribution to housing affordability in Whitehorse LGA. In fact, several of the product types meet the affordability requirements of households in both the low-income and moderate-income groups defined by the Governor in Council Order:
  - 1 Bed product offers smaller households (single person and couple households) with a more affordable entry point into Whitehorse LGA’s housing market, whether they are seeking to rent or purchase.
  - Rented stock can offer a more affordable option to purchasing for some cohorts. For example, a low-income family may not be able to afford purchasing a 2 Bed apartment, but can afford to rent at market median rent in the meantime.
  - Market apartments offer a range of affordable options for households earning moderate incomes, across product types and household types and size.
  - Market apartments can also present options for households in the low income bands, especially for couples in 1 bedroom apartments or families in 2 bedroom apartments.

Income Range	1 Bed for a Single Person	1 Bed for a Couple	2 Bed for a Couple	2 Bed for a Family	3 Bed for a Family
Moderate Income	<ul style="list-style-type: none"> <li>• <b>Affordable</b> to rent at market median rent</li> <li>• <b>Affordable</b> to purchase at market median price</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Affordable</b> to rent at market median rent</li> <li>• <b>Affordable</b> to purchase at market median price</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Affordable</b> to rent at market median rent</li> <li>• <b>Affordable</b> to purchase for those earning around the upper limit of this income bracket, and a 15% discount on market median price needed for those at the median income</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Affordable</b> to rent at market median rent</li> <li>• <b>Affordable</b> to purchase at market median price</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Affordable</b> to rent at market median rent</li> <li>• <b>Affordable</b> to purchase at market median price for those earning around the upper limit of this income bracket, and affordable to purchase for those earning around the median with a 17% discount on market median price</li> </ul>
Low Income	<ul style="list-style-type: none"> <li>• <b>Affordable</b> to rent with 12 - 28% discount on market median rent</li> <li>• <b>Affordable</b> to purchase with 14 - 30% discount on market median price</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Affordable</b> to rent at market median rent</li> <li>• <b>Affordable</b> to purchase at market median price</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Affordable</b> to rent with a 11 - 28% discount on market median rent</li> <li>• <b>Affordable</b> to purchase with a 32 - 45% discount on market median price</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Affordable</b> to rent at market median rent</li> <li>• <b>Affordable</b> to purchase for those earning around the upper limit of this income bracket with a 4% discount; affordable to purchase for those earning around the median with a 22% discount on market median price</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Affordable</b> to rent for some earning around the upper limit of this income bracket. An 18% discount needed on market median rent for others.</li> <li>• <b>Affordable</b> to purchase at a 33 - 46% discount on market median price</li> </ul>

# INTRODUCTION

## Project Background

Vicinity plans to redevelop Box Hill Central North into a major mixed-use precinct around Box Hill train station. The vision for this precinct is to become Melbourne's second CBD, with a vibrant mix of uses, including office, retail, and residential apartments. The scale of this mixed-use redevelopment offers significant opportunities to enhance commercial and housing stock in Box Hill and its Whitehorse Local Government Area (LGA).

Vicinity has commissioned Urbis to undertake an Economic Benefit Analysis (to be covered in a separate report) and a Market Housing Affordability Analysis (this report).

The purpose of this Market Housing Affordability Analysis is to:

- Assess the appropriateness of introducing higher density housing to broaden the housing stock in the municipality – from a dwelling type, price and tenure perspective.
- Assess how higher density housing can meet the needs identified in the very low, low- and moderate-income household bands used to set affordable housing requirements in policy.
- Demonstrate how the redevelopment contributes to housing diversity and satisfies affordability needs identified in the Governor in Council Order (the Order) for household types and income bands by dwelling type.

## Approach

To fulfil the purpose of this analysis, Urbis has adopted the following approach:

- Summarising the indicative proposed redevelopment product mix and yield  
Investigating higher density housing's contribution to:
  - Housing diversity: in terms of dwelling type, pricing, product type and tenure
  - Housing affordability: in terms of satisfying the affordability needs identified in the Governor in Council Order (the Order) for household types and income bands by dwelling type

Housing Policies (including Affordable Housing Policies) are typically administered by each local council for their local government area. As such, this analysis covers the Whitehorse Local Government Area (LGA), in which Box Hill is located.

We understand that at present, Council does not have a formally adopted statutory affordable housing framework, with affordable housing contributions being negotiated on a voluntary basis. As such, we have analysed the redevelopment's broader contributions to housing diversity and affordability, in line with the Governor in Council Order requirements, to demonstrate how these can be met.

# CONTRIBUTION TO HOUSING DIVERSITY

**This section frames the opportunity of the proposed redevelopment to introduce more diverse housing stock and tenure options into the municipality.**



# INDICATIVE PRODUCT MIX AND YIELD - BOX HILL MASTER PLAN (2<sup>ND</sup> JUNE 2022)

- The product matrix below summarises the apartment yields and product mix as advised by Vicinity / Bates Smart per area schedule issued by Bates Smart dated 2<sup>nd</sup> June 2022:
  - Apartment yields per lot:
    - Lot 1: 262 units, Lot 2: 355 units, Lot 3: 390 units, Lot 4: 366 units, Lots 6&7: 404 units
  - A product mix that comprises:
    - 10% 1 Bed, 20% 1 Bed + Study, 65% 2 Bed, and 5% 3 Bed
- For the purposes of this work, we have adopted the product matrix below to assess the contribution the master plan could make to dwelling diversity and affordability in the City of Whitehorse.
- In the rest of this section, we examine contributions of the product to housing diversity, in terms of dwelling type, price, product type and tenure.

## Indicative Product Mix and Yield – Box Hill Master Plan (2<sup>nd</sup> June 2022)

Lot	1-bed	1-bed + study	2-bed	3-bed	Total Units
	10%	20%	65%	5%	100%
Lot 1	26	52	170	13	262
Lot 2	36	71	231	18	355
Lot 3	39	78	254	20	390
Lot 4	37	73	238	18	366
Lot 6&7	40	81	263	20	404
<b>Total</b>	<b>178</b>	<b>355</b>	<b>1155</b>	<b>89</b>	<b>1,777</b>

# HOUSING DIVERSITY ANALYSIS – DWELLING TYPE

- There is a significant opportunity for the proposed redevelopment to enhance dwelling diversity in Whitehorse LGA:
  - Dwelling stock in Whitehorse LGA is weighted towards low-density separate houses (circa. 68% as at Census 2016) and limited provision of apartments (8% in 2016).
  - There is a significant opportunity in Whitehorse LGA to introduce more higher density townhouse and apartment stock.
  - By bringing to market 1,777 additional apartments, the proposed redevelopment would increase the proportion of apartments to around 16%, bringing more diversity to the housing market.
  - As a result, future residents will benefit from a wider range of dwelling choice, presenting different access points to the local housing market.
- The table below summarises the dwelling composition of City of Whitehorse (presenting each dwelling type as a proportion of all stock).
  - The proportion as at Census 2016 is based on data from the latest 2016 ABS Census.
  - To derive the proportion as at June 2022, we have added new apartment supply (4,020 apartments) that completed between Census 2016 and June 2022. This new apartment supply data is sourced from Urbis’ apartment project database.
  - It is assumed that apartments make up all additional dwelling supply between 2016 and 2022. It is reasonable to assume this for Whitehorse LGA - a built-up area that has been densifying, particularly around Box Hill. That is not to say that no new houses were constructed; however, in a built-up area, it is likely that these new houses have replaced existing houses (rather than adding to overall dwelling stock like in growth areas).
  - Impact of the proposed redevelopment is demonstrated by adding 1,777 apartments (derived from the product matrix) to the proportion of apartments as at June 2022. In this way, we can see the impact of the proposed redevelopment on housing diversity.

## Dwelling Type Proportion of All Stock (Whitehorse LGA)

Dwelling Type	Proportion as at Census 2016	Proportion as at June 2022 <sup>1</sup>	Impact of Proposed Masterplan
Separate houses	68%	64%	-2% (62%)
Townhouses	24%	22%	-0% (22%)
Apartments/flats	8%	14%	+2% (16%)
All Dwelling Stock	58,300	62,320	+1,777 apartments (64,097)

1. Estimated dwelling type proportion of all stock as at June 2022 is calculated after adding new apartment supply (4,020 apartments) completed between Census 2016 and June 2022, to existing apartment stock as at Census 2016. New apartment supply is sourced from Urbis’ Apartment Monitor database. It is assumed that apartments make up all additional supply after Census 2016. This is a reasonable assumption for a largely built-up area like Whitehorse LGA.

Sources: ABS Census 2016, Urbis

# HOUSING DIVERSITY ANALYSIS – PRICE POINTS/RENTS

- The evidence below points to a significant opportunity for higher density stock to broaden the range of price points in Whitehorse LGA:
  - From a purchasing perspective, townhouses and apartments offer Whitehorse LGA residents with more affordable options, when compared with houses. As such, introducing higher density stock results in a broader range of price points to accommodate diverse household and economic circumstances.
  - Without a discount to market prices, market-priced townhouses and apartments offer a substantial discount on the market price for houses. This discount is in the order of 50% for 2 Beds and 28% for 3 Beds in the 12 months to June 2022.
  - From a renting perspective, per product type, apartments were attracting similar median rents to houses, in the year to March 2022. This is likely due to several reasons. Firstly, apartments tend to be closer to activity centres, hence attracting a rental premium per square metre over less well-located houses. Secondly, supply of apartments in Whitehorse LGA is limited (as discussed earlier). As such, constrained supply places an upward pressure on apartment rents.
  - However, as will be discussed in the next section, higher density apartments comprise smaller product types such as 1 Beds. These smaller product types offer affordable options for smaller household formations. For example, median rent for a 1 Bed apartment is \$300, which is circa. 75% of median rent for a 2 Bed apartment (\$399). Various opportunities for higher density market housing to satisfy affordability needs will be further discussed in the next section.
- The table below illustrates the median price and rent for houses and units. Units refer to townhouses and apartments for median price; however, for median rent, units refer to apartments only. This is due to slight differences in source data grouping and reporting formats.
  - To ensure a fair comparison between houses and units, we compare the same product types (2 Beds and 3 Beds).
  - 1 Beds and 4+ Beds are not included because they are not common to both houses and units. For example, whilst there are 1 Bed apartments, 1 Bed houses are limited.

## Median Price and Median Rent – Houses vs Units (Whitehorse LGA)

Dwelling Type	Median Price (Year to June 2022)	Median Rent (Year to March 2022)
2 Bed Houses	\$1,280,000	\$409
2 Bed Units	\$645,000 (50% of 2 Bed House Median Price)	\$399
3 Bed Houses	\$1,280,000	\$466
3 Bed Units	\$930,000 (72% of 3 Bed House Median Price)	\$504

Sources: Pricefinder, Department of Health & Human Services, Urbis

Note: Due to different source data groupings and reporting formats, for median price, units refer to townhouses and apartments; however, for median rent, units refer to flats/apartments only.

# HOUSING DIVERSITY ANALYSIS – PRODUCT TYPE

- The evidence below points to a significant opportunity for the proposed redevelopment to enhance dwelling diversity in Whitehorse LGA:
  - Dwelling stock in Whitehorse LGA is weighted towards larger 3 Bed and 4+ Bed product (circa. 44% and 29% respectively as at June 2022, circa. 45% and 30% respectively as at Census 2016).
  - Evidently, there is a significant opportunity in Whitehorse LGA to introduce smaller product types (such as Studios, 1 Beds and 2 Beds).
  - By introducing circa. 533 1 Beds and 1,155 2 Beds, the proposed redevelopment increases Whitehorse LGA's supply of smaller product types (namely 2 Beds: +1.2%).
  - Over time, there are further opportunities to introduce more options in line with market trends, which could include provision of studios or flexibility between different combinations to amalgamate apartments.
- The table below illustrates each product type's proportion of all stock within Whitehorse LGA.
  - The proportion as at Census 2016 is based on data from the latest 2016 ABS Census.
  - To derive the proportion as at June 2022, we have added new apartment supply by product type. New apartment supply by product type has been calculated by multiplying total new apartment supply (4,020 apartments) by product type proportion (refer to Appendix 1), for apartments that completed between Census 2016 and June 2022. This data is sourced from Urbis' Apartment Monitor database.
  - It is assumed that apartments make up all additional dwelling supply. As discussed earlier, this is a reasonable assumption for Whitehorse LGA, which is built-up and densifying (particularly around Box Hill).
  - Impact of the proposed redevelopment has been determined by adding the proposed redevelopment's apartments by product type (derived from slide 10's matrix) to the proportion as at June 2022. In this way, we can envisage the potential shift in Whitehorse LGA's product type composition as a result of the proposed redevelopment.

## Product Type Proportion of All Stock (Whitehorse LGA)

Product Type	As at Census 2016	As at June 2022 <sup>1</sup>	Impact of Proposed Masterplan
Studio	0.4%	0.4%	No change (0.4%)
1 Bed	4%	5.3%	<b>+0.7% (6%)</b>
2 Bed	20.5%	24.2%	<b>+1.2% (25.4%)</b>
3 Bed	45%	43.9%	-0.9% (42.8%)
4+ Bed	30%	28.7%	-0.8% (27.9%)
All Dwelling Stock	58,300	62,320	<b>+1,777 apartments (64,097)</b>

1. Estimated product type proportion as at June 2022 is calculated after adding new apartment supply (completed between Census 2016 and June 2022) by product type. Total new apartment supply (4,020 apartments) and proportion of each product type for new apartment supply (refer to Appendix 1) are sourced from Urbis' Apartment Monitor Database. It is assumed that apartments make up all additional supply after Census 2016.

Sources: ABS Census 2016, Urbis

# HOUSING DIVERSITY ANALYSIS – TENURE TYPE

- There is a significant opportunity for the proposed redevelopment to enhance tenure diversity in Whitehorse LGA:
  - Majority of Whitehorse LGA’s dwelling stock is owner-occupied (circa. 72% as at Census 2016) with less than one third of homes rented (28% in 2016).
  - There is a major opportunity to introduce more rented stock in Whitehorse LGA.
  - Assuming that tenure type split for the proposed redevelopment is in line with that of recently completed apartments within Whitehorse LGA (refer to Appendix 2), we anticipate that the proposed redevelopment could increase rented stock to 29.6% in the LGA.
  - If all proposed apartments were Build-to-Rent, rented stock could increase to 31.1% in the LGA.
  - Build-to-Rent is gaining industry and government interest in Australia. As an emerging asset class, market demand and policies around Build-to-Rent continue to evolve and present opportunities for well managed rental housing for a range of household types.
  - There are likely further opportunities to introduce even more rented stock in Whitehorse LGA if a major local requirement is identified going forward.
- The table below illustrates proportion of all stock that’s owner-occupied and rented within Whitehorse LGA.
  - The proportion as at Census 2016 is based on data from the latest 2016 ABS Census.
  - To derive the proportion as at June 2022, we have added new apartment supply by tenure type, for apartments that completed between Census 2016 and June 2022. New apartment supply data (4,020 apartments) is sourced from Urbis’ Apartment Monitor database. Proportion of new apartment supply that’s owner-occupied and rented is based on Urbis’ surveys of new apartment developments in Melbourne’s Eastern Region. This survey identified each buyer profile’s share of sales for surveyed apartments (for example, sales to owner-occupiers and investors). It is assumed that investor purchased stock will be rented out (refer to Appendix 2 for more details).
  - It is also assumed that apartments make up all additional dwelling supply. As discussed earlier, this is a reasonable assumption for Whitehorse LGA, which is a built-up area that is densifying (particularly around Box Hill).
  - The proposed redevelopment’s new apartment supply by tenure type has been determined by multiplying proposed new apartments (derived from slide 10’s matrix) by proportion of new apartments that are owner-occupied and rented (discussed above). This is added to the proportion as at June 2022. In this way, we can envisage the potential shift in Whitehorse LGA’s tenure type composition as a result of the proposed redevelopment.

## Proportion of All Stock that’s Owner-occupied and Rented (Whitehorse LGA)

Tenure Type	As at Census 2016	As at June 2022 <sup>1</sup>	Impact of Proposed Masterplan
Owner-occupied	72%	70.8%	-0.4% (70.4%)
Rented	28%	29.2%	+0.4% (29.6%)
All Dwelling Stock	58,300	62,320	+1,777 apartments (64,097)

1. Estimated tenure type proportion as at June 2022 is calculated after adding new apartment supply (completed between Census 2016 and June 2022) by tenure type. Total new apartment supply (4,020 apartments) and proportion of tenure type for new apartment supply (refer to Appendix 2) are sourced from Urbis’ Apartment Monitor Database. It is assumed that apartments make up all additional supply after Census 2016.

Sources: ABS Census 2016, Urbis

# CONTRIBUTION TO HOUSING AFFORDABILITY

This section discusses how higher density market housing can in fact satisfy the affordability needs identified in the Governor in Council Order (the Order) for household types and income bands by dwelling type.

# HOUSING AFFORDABILITY ANALYSIS – METHODOLOGY

## Overview

Our housing affordability analysis assesses affordability of apartment renting and purchasing in Whitehorse LGA for *single, couple* and *family* households with *very low, low, and moderate-income* ranges.

These income ranges are defined for each household type by the Victorian Government, with respect to affordable housing. They are derived from the latest Order in Council gazetted in Mar 2022.

The tables adjacent illustrate the median and upper limit annual income for each income range, as well as their corresponding affordable weekly rent and monthly mortgage payment thresholds:

- Affordable weekly rent and monthly mortgage payment thresholds are calculated based on 30% of household income.
- Rent and mortgage payments are deemed to be affordable if they do not exceed 30% of household income.

In the rest of this section, indicative median weekly rents and monthly payments for market apartments in Whitehorse LGA, will be assessed against affordable rent and mortgage payment thresholds outlined in the tables adjacent.

This helps us understand whether renting or purchasing market apartments in Whitehorse LGA are affordable for *single, couple* and *family* households with *very low, low, and moderate-income* ranges.

## Affordable weekly rent thresholds for very low, low and moderate income ranges

Income Bracket			Single Person		Couple		Family	
			Annual Income	Affordable weekly rent	Annual Income	Affordable weekly rent	Annual Income	Affordable weekly rent
Very Low		Median	\$13,100	\$76	\$19,645	\$113	\$27,500	\$159
		Top	\$26,200	\$151	\$39,290	\$227	\$55,000	\$317
Low		Median	\$34,060	\$197	\$51,080	\$295	\$71,510	\$413
		Top	\$41,920	\$242	\$62,870	\$363	\$88,020	\$508
Moderate		Median	\$52,390	\$302	\$78,585	\$453	\$110,025	\$635
		Top	\$62,860	\$363	\$94,300	\$544	\$132,030	\$762

As at Mar 2022

Source: Planning and Environment Act 1987, Urbis

## Affordable monthly payment thresholds for very low, low and moderate income ranges

Income Bracket			Single Person		Couple		Family	
			Annual Income	Affordable Monthly Payment	Annual Income	Affordable Monthly Payment	Annual Income	Affordable Monthly Payment
Very Low		Median	\$13,100	\$328	\$19,645	\$491	\$27,500	\$688
		Top	\$26,200	\$655	\$39,290	\$982	\$55,000	\$1,375
Low		Median	\$34,060	\$852	\$51,080	\$1,277	\$71,510	\$1,788
		Top	\$41,920	\$1,048	\$62,870	\$1,572	\$88,020	\$2,201
Moderate		Median	\$52,390	\$1,310	\$78,585	\$1,965	\$110,025	\$2,751
		Top	\$62,860	\$1,572	\$94,300	\$2,358	\$132,030	\$3,301

As at Mar 2022

Source: Planning and Environment Act 1987, Urbis

Note: Monthly payments are based on a 30-year loan at a 90% loan-to-value ratio (LVR) and 2.62% lending rate.

# HOUSING AFFORDABILITY ANALYSIS – MEDIAN RENT (MARKET APARTMENTS)

## Key insights

The tables adjacent list weekly median rents of market apartments in Box Hill and Whitehorse LGA, and their rental affordability for *single, couple* and *family* households with *very low, low, and moderate-income* ranges.

Rental affordability for each income range and household type is calculated by dividing affordable weekly rent thresholds (listed on slide 15) by weekly median rents of market apartments (listed above). These percentages are calculated for the median and upper limits of each income range and household type, by apartment product type. Therefore, percentages of 100% and above demonstrate a household can afford to pay at least (or more) the weekly median rent of market apartments, for that household type and income range.

This apartment rental affordability analysis reveals that market rent apartments can contribute to rental affordability across Whitehorse LGA:

- Smaller market rent apartment products (1 Bed and 2 Bed) are affordable for single person and couple households earning moderate income.
- Market rent apartments are affordable for family households earning moderate incomes. In fact, 2 Bed apartments are also affordable for some families earning low incomes.
- These rental affordability benefits apply also to Box Hill, even though Box Hill's market rents are slightly higher than the rest of Whitehorse LGA for 1 Bed product.

All up, introducing higher density stock and smaller product types enhance housing diversity and rental affordability.

## Weekly median rent for market apartments (Year to Mar 2022)

	One Bedroom	Two Bedroom	Three Bedroom
<b>Box Hill</b>	\$300	\$400	\$495
<b>Whitehorse</b>	\$275	\$410	\$505

Source: Department of Health & Human Services, Urbis

## Rental affordability: Weekly median rent for market apartments (Year to Mar 2022)

Rental affordability percentages below are calculated by dividing affordable weekly rent thresholds (listed on slide 15) by weekly median rents for market apartments (listed above). These percentages are calculated for the median and upper limits of each income range and household type, by apartment product type. Therefore, percentages of 100% and above demonstrate that affordable weekly rent thresholds are higher than weekly median rents for market apartments, for that household type and income range, if they live in that apartment product type.

	Income Range		Single Person	Couple	Couple	Family	Family
			(One Bedroom)	(One Bedroom)	(Two Bedrooms)	(Two Bedrooms)	(Three Bedrooms)
<b>Box Hill</b>	<b>Very Low</b>	<b>Median</b>	25%	38%	28%	40%	32%
		<b>Top</b>	50%	76%	57%	79%	64%
	<b>Low</b>	<b>Median</b>	66%	98%	74%	103%	83%
		<b>Top</b>	81%	121%	91%	127%	103%
	<b>Moderate</b>	<b>Median</b>	101%	151%	113%	159%	128%
		<b>Top</b>	121%	181%	136%	191%	154%
<b>Whitehorse</b>	<b>Very Low</b>	<b>Median</b>	28%	41%	28%	39%	31%
		<b>Top</b>	55%	83%	55%	77%	63%
	<b>Low</b>	<b>Median</b>	72%	107%	72%	101%	82%
		<b>Top</b>	88%	132%	89%	124%	101%
	<b>Moderate</b>	<b>Median</b>	110%	165%	110%	155%	126%
		<b>Top</b>	132%	198%	133%	186%	151%



# HOUSING AFFORDABILITY ANALYSIS – MEDIAN PRICE (MARKET APARTMENTS)

## Key insights

The tables adjacent list:

- Median prices and indicative monthly payments for market apartments in Box Hill and Whitehorse LGA
- Affordability of monthly payments for *single*, *couple* and *family* households with *very low*, *low*, and *moderate-income* ranges.

Purchasing affordability for each income range and household type is calculated by dividing affordable monthly payment thresholds (listed on slide 15) by monthly payments for market apartments (listed above). These percentages are calculated for the median and upper limits of each income range and household type, by apartment product type. Therefore, percentages of 100% and above demonstrate that they can afford monthly payments for market apartments, for that household type and income range.

This apartment purchasing affordability analysis reveals that market for-sale apartments can contribute to purchasing affordability across Whitehorse LGA:

- Smaller for-sale apartment products (1 Bed and 2 Bed) are affordable for single person and couple households earning moderate incomes.
- Market for-sale apartments are affordable for family households earning moderate incomes. In fact, 2 Bed apartments are also affordable for some families earning low incomes.

All up, introducing higher density stock and smaller product types enhance housing diversity, rental affordability (as illustrated earlier) and purchasing affordability.

## Median price and monthly payment for market apartments (Year to June 2022)

		One Bedroom	Two Bedroom	Three Bedroom
Box Hill	Median Price	\$350,000	\$541,285	\$788,000
	Monthly Payment <sup>1</sup>	\$1,251	\$1,930	\$2,805
Whitehorse	Median Price	\$340,000	\$646,500	\$930,000
	Monthly Payment <sup>1</sup>	\$1,216	\$2,303	\$3,308

<sup>1</sup>Monthly payments are based on a 30-year loan for the respective median price at a 90% LVR and 2.48% lending rate.  
Source: Pricfinder, Urbis

## Affordability: monthly mortgage payment for apartments (Yr to Mar 2022)

Purchasing affordability percentages below are calculated by dividing affordable monthly payment thresholds (listed on slide 15) by monthly payments for market apartments (listed above). These percentages are calculated for the median and upper limits of each income range and household type, by apartment product type. Therefore, percentages of 100% and above demonstrate that affordable monthly payment thresholds are higher than monthly payments for market apartments, for that household type and income range, if they live in that apartment product type.

Income Range			Single Person (One Bedroom)	Couple (One Bedroom)	Couple (Two Bedrooms)	Family (Two Bedrooms)	Family (Three Bedrooms)
Box Hill	Very Low	Median	26%	39%	25%	36%	25%
		Top	52%	79%	51%	71%	49%
	Low	Median	68%	102%	66%	93%	64%
		Top	84%	126%	81%	114%	78%
	Moderate	Median	105%	157%	102%	143%	98%
		Top	126%	188%	122%	171%	118%
Whitehorse	Very Low	Median	27%	40%	21%	30%	21%
		Top	54%	81%	43%	60%	42%
	Low	Median	70%	105%	55%	78%	54%
		Top	86%	129%	68%	96%	67%
	Moderate	Median	108%	162%	85%	119%	83%
		Top	129%	194%	102%	143%	100%

# KEY CONCLUSIONS

- As detailed in this report, provision of high density housing offers opportunities to make an important contribution to broadening the housing stock on offer in the City of Whitehorse. Adding to the stock of one and two bedroom housing and rental housing in particular helps to broaden access to the housing market for a more diverse profile of resident.
- The City of Whitehorse does not yet have a statutory framework in place to mandate affordable housing requirements. In the absence of specific local obligations, it is important to consider contributions to housing affordability in line with broader policy objectives and the needs outlined in State Government policy via the Governor in Council Order to deliver homes that are affordable to very low, low and moderate income households.
- Our housing affordability analysis reveals that higher density market housing in the proposed redevelopment can make a substantial contribution to housing affordability in Whitehorse LGA. In fact a number of the product types meet the affordability requirements of households in both the low-income and moderate-income groups defined by the Governor in Council Order whether delivered as rental housing or for sale.
- The proposed development therefore presents valuable contributions to housing diversity and affordability objectives in the City of Whitehorse and in the context of Greater Melbourne more broadly.

# APPENDICES

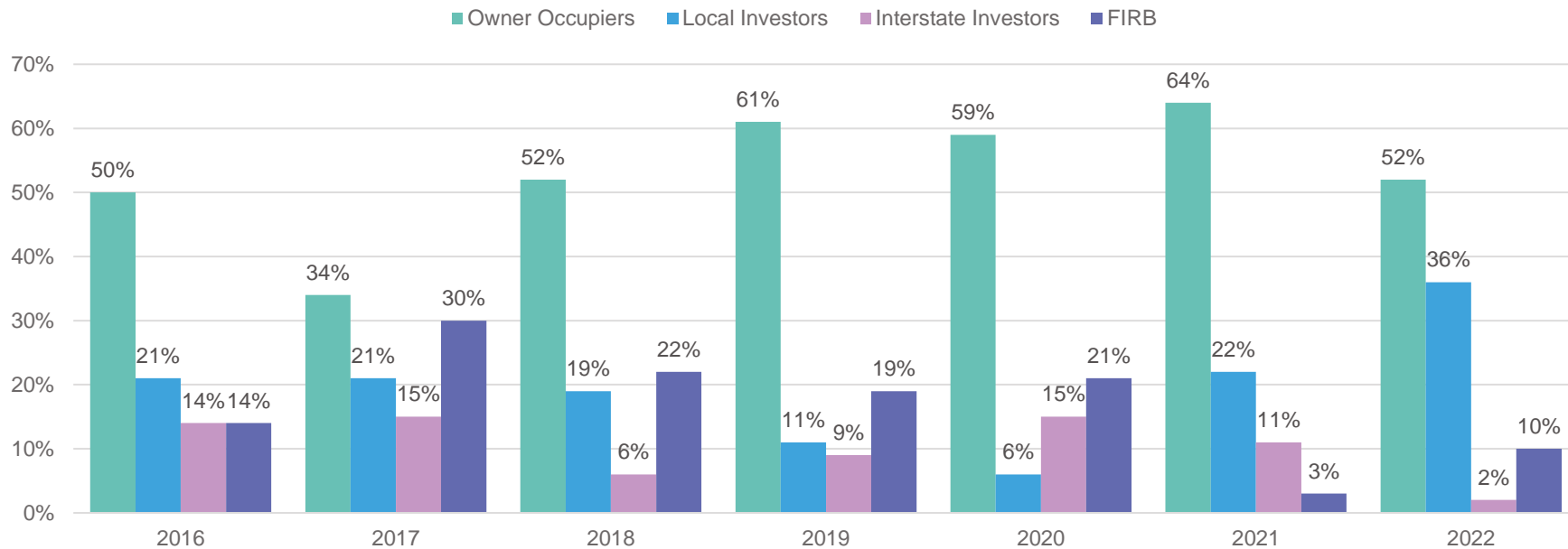
## APPENDIX 1: PRODUCT MIX FOR RECENTLY COMPLETED APARTMENTS (WHITEHORSE LGA)

	Yield	Min. Int. Area	Max. Int. Area	Avg. Int. Area
1Bed + 1Bath + 0Car	9%	42	62	52
1Bed + 1Bath + 1Car	11%	43	68	53
2Bed + 1Bath	6%	53	76	64
2Bed + 2Bath	65%	56	103	76
3Bed + 2Bath	7%	92	150	106
3Bed + 3Bath	1%	79	148	115
4Bed +	0%	52	180	136
<b>Overall Product</b>	<b>100%</b>	<b>42</b>	<b>180</b>	<b>74</b>

Source: Urbis' Apartment Essentials Database.

Note: The figures above are based on new apartments that completed from 2016 to 2022 in Whitehorse LGA.

## APPENDIX 2: TENURE TYPE FOR NEW APARTMENT SUPPLY (MELBOURNE'S EASTERN REGION)



Source: Urbis' Apartment Essentials Database. Sample = 760 survey respondents. FIRB refers to foreign investors.

Note: The figures above are based on new apartment sales between Q1 2016 and Q1 2022 and reflect buyer profile information based on projects surveyed by Urbis.

'FIRB' refers to foreign purchasers who require approval from the Foreign Investment Review Board, prior to purchase. We have therefore assumed 'FIRB' buyers to be foreign investors.

Investors typically rent out their properties. As such, we have adopted proportion of investor buyers (local state, interstate and FIRB) as proportion of new apartment stock to be rented.

To achieve a sizeable sample (n = 760 respondents), the area examined has been expanded to include Inner East, North-eastern Corridor, South-eastern Corridor and Eastern Corridor (Melbourne's Eastern Region).

From this we note: In recent years, owner-occupiers form the majority of purchasers – around 61% over 2021 and 2022. Likely due to a combination of cooling measures introduced in 2016, as well as reduced rental yields over COVID-19..

As such, we have adopted 7-year averages from 2016 to 2022, which amount to 54% owner occupied, 46% rented (or investor owned).

