



SOCIAL AND AFFORDABLE HOUSING STRATEGY 2019

BUILDING FOR DIVERSITY

ACKNOWLEDGMENT OF COUNTRY

Yarra City Council acknowledges the Wurundjeri Woi Wurrung people as the Traditional Owners and true sovereigns of the land now known as Yarra. We also acknowledge the significant contributions made by other Aboriginal and Torres Strait Islander people to life in Yarra. We pay our respects to Elders from all nations past, present and future.

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MAYOR'S FOREWORD

On behalf of Yarra City Council, I am pleased to present our Social and Affordable Housing Strategy.

Access to housing that is safe and secure is a fundamental human right. It is the bedrock that enables each and every person to live well and access the other basic rights and liberties to which we are all equally entitled.

Here in Yarra, house prices have risen dramatically over the past 20 years. Some segments of our community have benefitted from this more than others, with lower and moderate income households increasingly priced out of the housing market. Because Council recognises that housing insecurity disproportionately affects women, refugees and migrants, and those living below the poverty line within our community, we are committed to strategies and initiatives that will improve equity of access to long-term housing.

Yarra's well-positioned location in the inner city offers direct access to jobs, services and transport. This makes it particularly important for us to find opportunities to create more affordable housing for those who need it most and contribute what we can to redress the housing crisis.

We want to see an increase in social and affordable housing in our municipality as a matter of priority. Through this strategy, Council will focus on the mechanisms within its control to increase the supply of social and affordable housing in Yarra. By using our role as an advocate and a planning authority, by nurturing partnerships and investigating avenues for investment, we can help ensure that there is a place in our community for everyone.

Councillor Danae Bosler
Mayor, Yarra City Council



YARRA HEADLINE DATA

6,000 households in housing stress

- It is estimated that more than 6,000 Yarra households, which is 15 percent of households, are in housing stress (households with very low, low and moderate incomes spending more than 30 percent of income on mortgage or rent).
- More than 3,000 of those in housing stress are rental households on very low incomes.
- Almost 1 in 4 single households (23 percent) in Yarra are in housing stress.
- 1 in 4 rental households (25 percent) are in housing stress.

3,570 households have an unmet need for affordable housing

- 9 percent of households (3,570) in Yarra are estimated to have an unmet need for affordable housing (homeless, marginally housed and households in long-term rental stress).

9.5% of households currently live in social housing

- 9.5 percent of households (3,790) currently live in social housing, the highest number and proportion in Victoria.

697 people are waiting for social housing

- There are 697 applicants on the Victorian Housing Register in North Eastern Melbourne (Collingwood, Fitzroy and Richmond), of which 355 are for Priority Access.

9 affordable private rental properties in Yarra

- Only 0.6 percent of advertised private rental properties in Yarra (9 dwellings) are affordable to people on statutory (Centrelink) incomes.

~1,000 homeless people

- It is estimated that there are 1,000 or more homeless people in Yarra (AIHW: 1,070 homelessness services clients, Census: 838 estimated homeless, and StreetCount 2018: 29 rough sleepers).

85% of workforce live elsewhere

- 85 percent of those who work in Yarra live outside the municipality.

COUNCIL'S VISION AND COMMITMENT

Yarra City Council commits to maintaining our vibrant and diverse municipality by supporting initiatives that lead to an inclusive and welcoming city for all. Sustaining a diverse population requires a diversity of housing available at prices that can be afforded by households with modest or low incomes. We want to see an increase in social and affordable housing in our municipality and are committed to equitable housing outcomes for our current and future population. Council will focus its attentions on the mechanisms within its control that result in a higher proportion of new housing being affordable to very-low, low and moderate income households.

Everyone has the right to a standard of living adequate for the health and well-being of [themselves] and of [their] family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond [their] control.

Article 25.1 of the Universal Declaration of Human Rights

This strategy invites all levels of government to work together to resolve the affordable housing crisis.



DEFINITIONS

Long-term housing

Affordable Housing

Affordable Housing comprises various forms of housing solutions that can include Social Housing, but also includes other housing initiatives and or support services that provide for the housing needs of very low-income households, low-income households and moderate-income households.

Very low-to-moderate income households have been defined by the Victorian Government, based on household income distribution derived from the most recent Census of Population and Housing undertaken by the Australian Bureau of Statistics. Each definition is a value relational to the median household income of Greater Melbourne:¹

- Very Low income is less than 50 percent of the median
- Low is 50–80 percent of the median
- Moderate is 80–120 percent of the median
- High is more than 120 percent of the median

Housing affordability

It is important to distinguish between Affordable Housing (as defined above) and housing affordability, which is a 'general term, used in reference to the whole housing system, expressing the relationship between housing costs (prices, mortgage payments and rent) and household incomes.'³

Housing Stress

Housing stress occurs when housing costs rise too far above incomes, and households end up paying a large proportion of their income on housing. This reduces their capacity to spend on other household essentials, such as food and health.⁴

Table 1: Annual income ranges – eligibility for affordable housing (excluding social housing)

Household type	Very low	Low	Moderate
Single adult	Up to \$25,970	\$25,971–\$41,550	\$41,551–\$62,310
Couple, no dependent	Up to \$38,950	\$38,951–\$62,320	\$62,321–\$93,470
Family with one or two parents and dependent children	Up to \$54,520	\$54,521–\$87,250	\$87,251–\$130,870

Source: Victorian Government Gazette, 6 June 2019²

¹ As defined in 'Section 3AB – Specifications of Income Ranges' in the Planning and Environment Act 1987 as gazetted for Greater Capital City Statistical Area of Melbourne

² Copy of the Gazette entry for 2019 available at: https://www.planning.vic.gov.au/__data/assets/pdf_file/0020/214823/Order_in_Council_Income_Ranges_1July2019.pdf

³ Australian Housing and Urban Research Institute, Glossary, available at: https://www.ahuri.edu.au/policy/glossary?result_1751_result_page=H (Accessed 14 Mar 2019)

⁴ AHURI Brief, 'Understanding the 30:40 indicator of housing affordability stress', 2016, available at: <https://www.ahuri.edu.au/policy/ahuri-briefs/2016/3040-indicator> (Accessed 20 May 2019)

There are different ways to measure housing stress. The 30:40 indicator is a preferred method for defining housing stress and is based on when low income households (in the bottom 40 percent of income distribution) spend more than 30 percent of their income on housing costs. More recently, however, the definition has been brought into alignment with the Victorian government's legislated income ranges for affordable housing (as described on previous page, and in Table 1), with housing stress occurring when households in these income ranges spend more than 30 percent of their income on housing costs (which can be either mortgage or rent).⁵

Social Housing

Social Housing is an umbrella term that includes both Public Housing and Community Housing (as per the *Housing Act 1983*). *Public housing* is government owned and managed, whereas *community housing* is managed (and sometimes owned) by not-for-profit organisations. All social housing must be applied for through the Victorian Housing Register.

Public Housing

Public Housing is non-profit housing that is delivered on behalf of the Government and or the relevant department (as per the *Housing Act 1983*).

It usually refers to rental housing that is targeted to very-low and low income households on an

affordable basis (requiring no more than 25 percent of income on rent). These households are predominantly those in receipt of Commonwealth income support, such as the disability or aged pension. Public Housing is owned and managed by the State Government housing authority, or managed by community housing providers on the government's behalf. Tenure is not time limited but is subject to tenants meeting rental conditions contained in their tenancy agreement with the Department of Health and Human Services.

Community Housing

Community Housing is housing that is owned, controlled and/or managed by a registered community housing agency.

It is targeted to low-to-moderate income and/or special needs households who meet income and asset tests, in accordance with the *Residential Tenancies Act 1997*. Community Housing is managed and generally owned by a non-government housing provider such as not-for-profit charitable organisations including housing associations, housing providers and cooperatives.

Rents are commonly capped at between 25 percent and 30 percent of household income and can be up to 75 percent of market rent. Many providers incorporate local support services and tenant participation in maintenance and management.

Table 2: Weekly income limits for eligible households applying for social housing in Victoria

Household type	Register of Interest	Priority housing
Single	\$1,014	\$567
Couple	\$1,552	\$981
Family with one or two parents and dependent children	\$2,092	\$1,017
Each additional dependent	\$339	\$36

Source: Social Housing Eligibility, HousingVic, DHHS, 1 April 2019

⁵Allan, G. for .id the population experts (2019) 'How to measure housing stress in your local government area', available at: <https://blog.id.com.au/2019/housing-analysis/how-to-measure-housing-stress-in-your-local-government-area/> (Accessed 13 Sept 2019)

Housing First

The term 'Housing First' refers to a way of addressing homelessness by providing secure, long-term housing as quickly as possible to people who are homeless, and then providing comprehensive services to them to address the other issues and complexities of their circumstances. By providing long-term instead of temporary housing, it is believed that people who were experiencing homelessness can shift their focus from worrying about where they will sleep to overcoming other difficulties in their lives and improving their wellbeing.

This inverts models where services sought first to address personal issues, such as illness or addiction, as a prerequisite to accessing long-term housing. The philosophy of Housing First is to focus on harm minimisation, providing substantial, 'wraparound', individualised support from multiple services – such as for life skills education, physical and mental health, employment pathways and drug and alcohol programs – only after people are provided with housing.

Shared equity

A shared equity scheme is an arrangement whereby a homebuyer shares the capital cost of purchasing a home with an equity partner, generally a not-for-profit organisation or government entity. These schemes are typically targeted to lower and moderate income households who can sustain a reasonable level of assured, long-term financial capacity, allowing them to enter the housing market with a lower initial deposit and have lower ongoing housing costs.⁶

When the property is sold, the market value is divided between the parties so that they each receive the same proportion as their equity share. Crucially, to support affordable housing in the long term, at the point of sale, when the government or not-for-profit organisation recoups their investment, this needs to be reinvested into affordable housing.

Shared equity schemes can reduce pressures on supported housing programs and other welfare supports, and may return modest profits to equity partners.

⁶ AHURI (2017) Brief: 'What is a shared equity scheme?', available at: <https://www.ahuri.edu.au/policy/ahuri-briefs/what-is-a-shared-equity-scheme> (Accessed 24 Sept 2019)

Short-term housing

Crisis and emergency accommodation

Crisis and emergency accommodation includes a range of specialist services for people who are homeless, at risk of homelessness, escaping family violence, or in other emergency situations. It includes women's refuges, youth refuges and major crisis supported accommodation services.

These services are available 24-hours a day, however they are temporary and designed to immediately assist people in crisis to stabilise their situation before they move on to something more permanent.

Rooming House

A rooming house is a building where rooms are available to rent individually, accommodating four or more tenants at the property in this way. At most rooming houses, residents share bathrooms, kitchens, laundries and other common areas.

Rooming house operators must comply with minimum standards set out in the Residential Tenancies (Rooming House Standards) Regulations 2012. These standards relate to privacy, security, safety and amenity in rooming houses.

Rooming houses are not necessarily an affordable housing product.

Transitional Housing

Transitional Housing is a supported short-term accommodation program. It acts as a stepping stone to more permanent housing.

People moving into transitional housing have often been victims of a change in circumstance. For example, a lost job has meant the rent can't be paid, a domestic relationship break-up leaves one partner with no money or support, or a person may lose the support of – or can no longer live with – other family members.

A key element of transitional housing is that it's a temporary option, and tenants must be actively working with their support provider to apply for long-term housing.

Government agencies and instruments

Department of Health and Human Services

The Department of Health and Human Services (DHHS) is an agency of the Victorian State Government that delivers health and human services through policies, programs and regulatory oversight. The range of programs includes services for women, ambulance services, children and families, sport and recreation, health and wellbeing, alcohol and other drugs and housing and homelessness.

Director of Housing

The Director of Housing (DoH) is the body corporate established under section 9(2) of the *Housing Act 1983*. The Director of Housing, sits within DHHS and is the landlord of Victoria's public housing. The Director has powers to purchase, develop, lease and sell property.⁷

⁷ Victorian Auditor-General's Office (2017) Report: 'Managing Victoria's Public Housing', Victorian Government Printer: Melbourne, p. vii

Victorian Housing Register

The Victorian Housing Register (VHR) manages applications for long-term social housing in Victoria. The waitlist now combines public and community housing applications for housing so that people only need to apply once and can be considered for both types of housing.

Priority access is given to those people who are:

- homeless and receiving support
- escaping or have escaped family violence
- living with a disability or who have significant support needs
- in need of special housing

People who meet these criteria, and income eligibility as per Table 2, comprise the housing Priority List. The broader Register of Interest list is based solely on income and asset tests.

Community housing providers

Registered Housing Agency

Registered housing agencies are experienced not-for-profit organisations that provide and/or manage affordable rental housing for low income households. They are registered under the *Housing Act 1983* as either housing associations or housing providers and are regulated by the Victorian Registrar of Housing Agencies. Registered agencies seek to balance affordability for tenants and financial viability for the agency in a fair and transparent way. The rent paid by tenants enables registered agencies to largely pay for the costs of owning, maintaining and managing the agency's rental housing.⁸

Victorian Policy is that 75 percent of registered agencies' social housing tenants must come from the Priority List of the Victorian Housing Register.

Registered Housing Association

There are currently a total of ten Registered Housing Associations in Victoria who own and manage affordable rental housing to lower income households. Housing associations are larger, more complex businesses with the skills, expertise and resources to manage, maintain and grow a viable social housing portfolio. They expand new housing through construction, purchase or acquisition, using a mix of government funds and private sector investment. They manage housing properties owned by them or leased from other parties, such as the Director of Housing.⁹

Registered Housing Provider

There are currently 29 Registered Housing Providers operating in Victoria. They range in size and primarily manage rental housing portfolios for other parties, such as the Director of Housing (DoH). Some housing providers own properties, however their growth is small in scale compared with housing associations. Housing providers often specialise in particular client groups which may include housing for people with disability, older people and young people.¹⁰

⁸Victorian Housing Registrar (2016) 'Who we regulate', available at: <http://www.housingregistrar.vic.gov.au/Who-we-regulate> (Accessed 10 Dec 2018)

⁹Victorian Housing Registrar (2016) 'Housing associations', available at: <http://www.housingregistrar.vic.gov.au/Who-we-regulate/Housing-associations> (accessed 10 Dec 2018)

¹⁰Victorian Housing Registrar (2016) 'Housing providers', available at: <http://www.housingregistrar.vic.gov.au/Who-we-regulate/Housing-providers> (accessed 10 Dec 2018)

Demographics

Key workers

Key workers are defined based on traditional key worker occupations (providing essential human services to the community), as well as a selection of occupations specific to the role and function of the Yarra economy.

Traditional occupations defined as key workers (in alphabetical order):

- Automobile, Bus and Rail Drivers (to help access to jobs)
- Defence Force Members, Fire Fighters and Police
- Health and Welfare Support Workers (includes ambulance officers and paramedics)
- Midwifery and Nursing Professionals
- School Teachers

Additional key worker occupations specific to the Yarra economy:

- Artists, Musicians and other Arts Professionals (to support the ongoing presence of the artistic and creative industries that characterise Yarra's cultural landscape)
- Hospitality Workers (to support the operation of Yarra's vibrant food, beverage and cultural scene)
- Child Carers (to support the continued delivery of services essential to Yarra families)
- Cleaners and Laundry Workers (to support operations of a multitude of local businesses, including the hospital cluster)

To qualify for affordable housing, the income of a key worker must fall within the very low to moderate brackets, as defined by the Victorian Government (and outlined above in Table 1).

Housing design

Universal housing design

Universal housing design is the concept of designing a home to anticipate and meet the changing needs of its occupants throughout their lives, catering for a range of ages and abilities. The design includes key features that aim to make a dwelling safe and accessible for anyone to live in, including:

- people with disability,
- older people,
- people with injuries, and
- families with young children.¹¹

The *Livable Housing Design Guidelines*¹² set out universal design standards in Australia using fifteen principle measures that are applied to create three different 'performance levels' of liveability: silver, gold and platinum. To meet these standards, all houses must incorporate at least seven core design elements to ensure a basic level of accessibility. Dwellings that incorporate only these seven elements are rated as silver standard, while gold standard also incorporates additional features from the list of fifteen measures. Platinum standard liveable housing incorporates all fifteen universal design elements.¹³

A partnership between community and consumer groups, government and industry called Livable Housing Australia promotes and oversees the guidelines, advocating for a minimum of silver standard in all new housing developments.

¹¹ Australian Government Department of Social Services (2010) *National Dialogue on Universal Housing Design – Strategic Plan*, DSS: Canberra, p. 1

¹² Livable Housing Australia (2017) *Livable Housing Design Guidelines (fourth edition)*, Livable Housing Australia: Paramatta, pp. 18–59

¹³ Livable Housing Australia (2017) *Livable Housing Design Guidelines, Livable Housing Design Guidelines (fourth edition)*, Livable Housing Australia: Paramatta, p. 12

Tenure-blind development

Where a portion of a private market housing development is allocated to be social or affordable housing, this is called a 'mixed tenure' development. The name is indicative of the socio-economic mix of people that occupies the different types of housing.

Tenure-blind developments comprise mixed tenure housing where the social and/or affordable housing allocation is indistinguishable from the private housing in appearance, quality and amenity. Social and/or affordable housing tenants in a tenure-blind development should also have equal access to all communal indoor and outdoor spaces.

The intent of tenure-blind development is to avoid further socio-economic marginalisation and promote community building.





1. CONTEXT

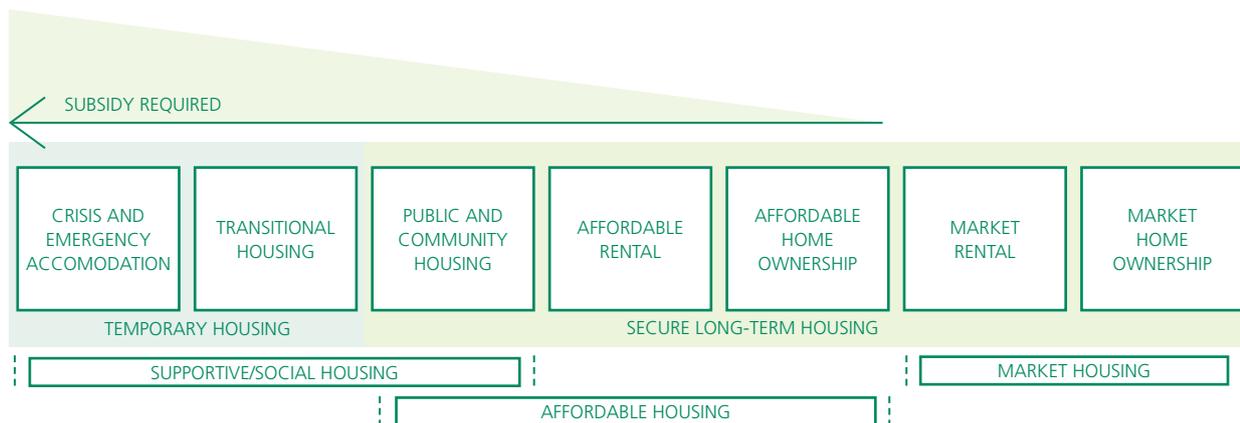
1.1. Introduction

There is a housing crisis across the country, manifesting primarily in urban centres with access to jobs, facilities and services. Across Australia dwelling prices have grown much faster than incomes, rising steeply from the mid-1990s. In Melbourne, house prices have increased by 50 percent from 2012 to 2018.¹⁴

House prices in the City of Yarra (Yarra) have increased at a rate of 130 percent between 2006 and 2016, as compared to a 63 percent increase in salaries. Overall, the Yarra population has become increasingly wealthy, and lower and moderate income households have gradually become priced out of the local housing market. This has affected a range of income groups, from the increase in those sleeping rough on our streets, to key workers who are forced to travel ever longer distances to work in our municipality, or who are placed under financial stress to remain here. What is clear is that the private market is unable to adequately address these issues, and that there is a need for a spectrum of subsidised housing products to accommodate the range of affordable housing needs – with social housing best placed to support the most disadvantaged in our community and affordable housing providing much needed accommodation for lower income households.

¹⁴Daley, J & Coates, B for Grattan Institute (2018) 'Housing Affordability: Re-Imagining the Australian Dream', Grattan Institute: Carlton, p. 3

Figure 1: Housing spectrum



Source: Adapted from Whitzman, Newton & Sheko, *Transforming Housing: Affordable Housing for All*, 2015, in conjunction with Kate Breen, *Affordable Development Outcomes*, 2019

It is estimated that 3,570 households in Yarra have an unmet need for affordable housing. This represents about nine percent of the current population and is based on the number of persons who are homeless, marginally housed and households in long-term rental stress.¹⁵

In order to maintain a socio-economically diverse population it will be important to consider this spectrum of affordable housing needs and products, and aim to ensure that affordable and accessible options are available to a mix of income ranges. In addition to supporting our most vulnerable in the community to have a safe and stable home, housing affordability is also about ensuring that those who are vital to our community and economy – including key workers – have local housing options that are affordable and

appropriate to their needs.¹⁶ Providing options and opportunities for people on moderate incomes to live affordably takes pressure off the system, and further, it addresses the polarised nature of the current municipal housing market where there is a finite supply of social housing and the balance is only affordable to those with high incomes.

Access to safe, secure and affordable housing is a right that should be afforded to all of our citizens and it is a pressing issue that all three levels of government need to work together to address. None of the current policy measures proposed by the state and federal governments to improve the supply of social housing will be sufficient to meet the ever-growing need in our city, and a shared effort is needed to find creative solutions.

¹⁵ABS Census of Population and Housing, 2016, analysis by .id Consulting. Further explanation is available in Section 3.3

¹⁶Further analysis on key workers is presented in Section 3.3

Recent changes to the *Planning and Environment Act 1987* signal the Victorian Government's intent for local governments to play a part in contributing to affordable housing supply through its role as a planning authority. The impact in terms of dwellings provided through this process will likely be modest and will test the efficacy and capacity of partnerships between developers, housing agencies, councils and other players in providing affordable housing in the coming years.

In Yarra's Council Plan (2017–2021), Council affirms its ongoing commitment to social justice, diversity and inclusion. Affordable housing is a prime contributor to ensuring a diverse community in Yarra. Council has a long and proud tradition of advocating for better social and affordable housing outcomes and continues to support our current social housing residents, of which Yarra has the highest proportion in the state. Council will continue to research, educate, partner and directly invest to improve access to safe, appropriate and secure affordable housing.

1.2. Document outline and scope

This document outlines the strategies Council will employ to increase the supply of social and affordable housing and mitigate the inequities in the contemporary local housing market. These strategies are positioned within the context of current data and public policy and focus upon those issues where Council can have the most significant impact.

The Strategy focusses specifically on *increasing the supply of long-term social and affordable housing*, because it is this hard infrastructure that provides the foundation for people to participate in society and engage with other supports, networks and services, which can be added once housing is in place.

Accordingly, the following aspects of housing and homelessness are *in scope* of the Strategy:

- Long-term social and affordable housing, including:
 - Affordable Housing products that are affordable, appropriate and allocated to very low, low and moderate income households
- Aspects where there is an identified role for Council

The following aspects of housing and homelessness are *out of scope* of the strategy:

- Private rental market
- Private market ownership
- Broader support services and underlying causes of homelessness
- Assessing the merits of specific housing models (e.g. co-housing, co-ops)

Local governments are not a main player in the provision of social and affordable housing.

The Commonwealth Government controls the policy levers impacting on housing demand, provides Commonwealth Rent Assistance and allocates funds to state and territory governments through the National Housing and Homelessness Agreement. State and territory governments fund and provide public housing in their jurisdictions to householders on welfare or low incomes and enable community housing providers to manage and increase levels of social housing.

Nonetheless, this Council is strongly committed to social justice and through this Strategy seeks to contribute to improving the situation of the many people in our community who are struggling to afford a permanent roof over their heads.

1.3. Review

Annual updates will be provided to Council on the policy environment and on Council's own actions and initiatives arising from this Strategy. When there is a change in policy or legislation at other levels of government that has a substantial material impact on the Strategy, it will be revisited accordingly.

1.4. Why Social and Affordable Housing matters in Yarra

Council has long advocated for housing that best ensures the wellbeing of its community and has supported diverse models of housing suitable for households on low incomes within its municipality. Yarra was one of the first councils to witness the rise of large public housing estates in the 1960s and 1970s, in what were then the cities of Collingwood, Richmond and Fitzroy, and the later development of smaller, walk-up housing estates. The residents who live there are valued members of our community and Council has seen first-hand the fantastic outcomes that affordable housing can offer individuals, families and communities. As a result, Council has been a leader in advocating for the state government to deliver improved housing conditions for existing tenants, and to further increase the local supply of social housing.

Council has also contributed its own funds and assets to facilitate an increase in affordable housing and improved outcomes for social housing tenants in the municipality. For example, a 40-year lease was granted to Yarra Community Housing (now known as Unison) to enable the redevelopment of a Council-owned building at 239 Brunswick Street into 14 studio-apartments. The project received funding under the Australian Government's Nation Building Economic Stimulus Plan and was completed in early 2011. The lease to Unison includes an option to renew for another 40 years.

Council administers a \$50,000 per annum Community Housing Grant through our annual grants program. Launch Housing has been the recipient for the past four years and in 2019 they are delivering a Community Housing Tenants Support Program (CHTSP). This is an assertive outreach program, which aims to support community housing residents to remain in their tenancies and prevent homelessness. The target population are people experiencing housing stress or who are at risk of homelessness. The program will support 21 disadvantaged people in 2019.

Social and affordable housing is important because:

- Access to housing is a human right.
- A socially, culturally and economically diverse population requires a diversity of housing, including dwellings that are affordable to households with very low, low, or moderate incomes.
- Access to safe, secure and affordable housing is a cost-effective way of achieving social and economic benefits.
- The decline in affordable housing in Yarra has placed an unfair burden on those households who can least afford to pay.

There is strong community support for an increase in subsidised housing in Yarra. Results from Yarra's 2019 annual household customer satisfaction survey showed 59 percent of the 800 respondents strongly agreed that 'there must be more subsidised housing in Yarra for people on low incomes', and only seven percent disagreed with this statement. Previous community engagement also showed support for an increase in affordable housing in the municipality as a way of maintaining economic and social mix, with 72 percent of a 2014 survey supporting the inclusion of affordable housing at new developments.¹⁷

Geographic locations have different levels of access to employment, education, retail, recreation and services and lower income households may find themselves having to sacrifice better access to services for an affordable home.¹⁸ Social and economic disadvantages can only be addressed when people have access to transport, support services and employment options. Inner-city locations like Yarra have all of these essential amenities, whereas locations further away from the Melbourne CBD will not be able to provide these critical infrastructure. Without this access, disadvantage is compounded, not improved.

¹⁷Yarra City Council (2014) Liveable Yarra deliberative engagement and 'Planning for the Future: 2015' baseline survey, City of Yarra: Richmond, pp. 23–24

¹⁸Wulff, M and Reynolds, M (2010) 'Housing, inequality and the role of population mobility', AHURI Final Report No.158. Melbourne: Australian Housing and Urban Research Institute

Declining housing affordability...has spatial implications, as lower income households are pushed to areas with lower access to employment, services and infrastructure – often at the city periphery¹⁹

Introducing a range of housing products in well located areas such as Yarra can help to ameliorate the effects of socio-spatial polarisation in Melbourne. Providing safe, secure and affordable housing can also have positive economic, social, safety and health impacts at an individual and societal level.

A study by SGS Economics and Planning has demonstrated that there are measurable economic and social benefits for maintaining the supply of social housing in areas such as Yarra that are well located for employment and services. The avoided social costs (such as health, crime, family support and other welfare services) further support the argument that social and affordable housing are a critical part of Yarra's economic viability.²⁰



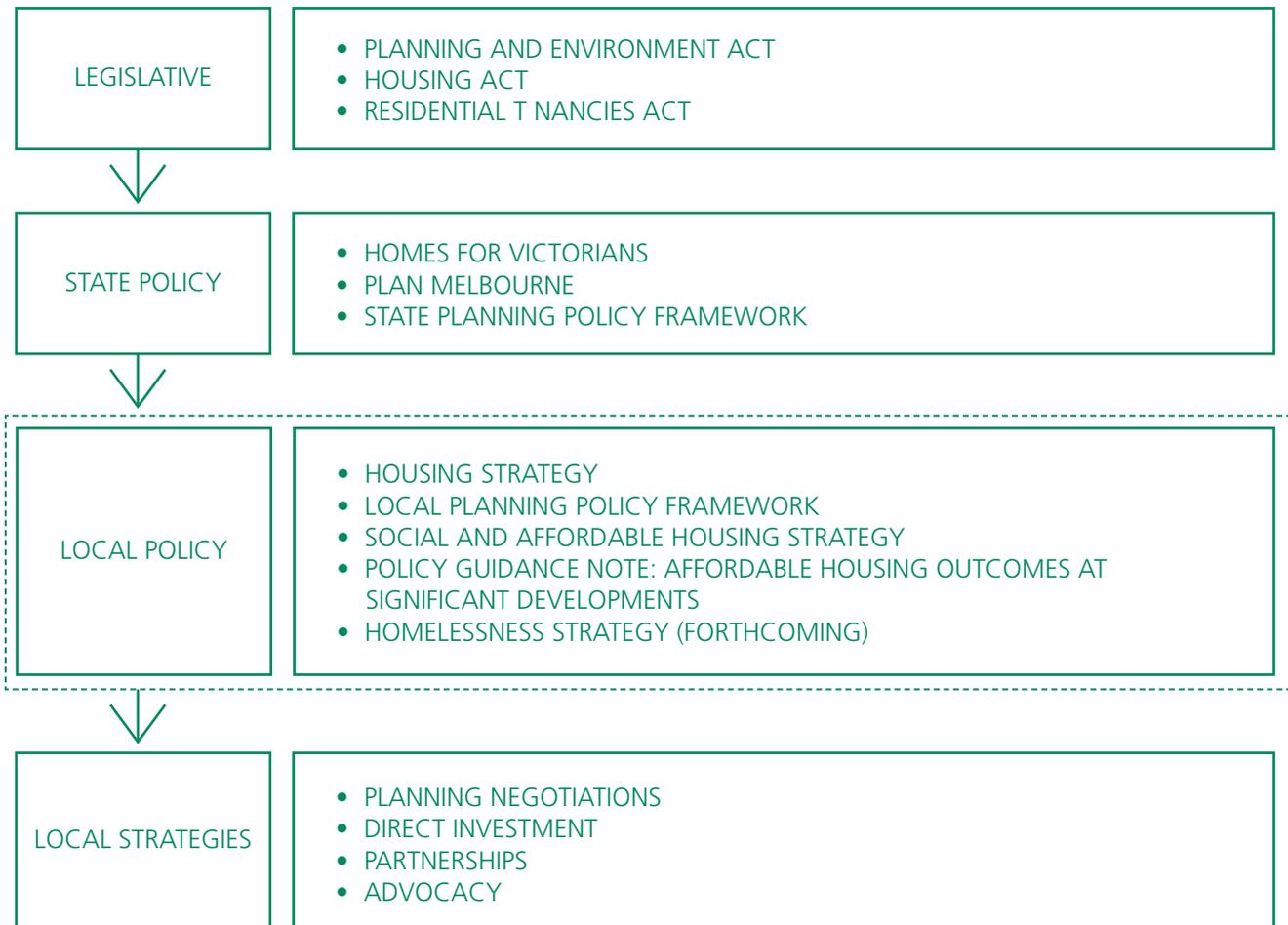
¹⁹Raynor, K, Dosen, I & Otter, C, for the Parliamentary Library & Information Service (2017), 'Research paper: Housing Affordability in Victoria', No. 6, December 2017, Parliament of Victoria: Melbourne, p. 2

²⁰Spiller, M (2013) 'Social division, social housing and productivity: a Brisbane case study', SGS Economics & Planning: Melbourne, pp. 8–9

1.5. Alignment with other State and Council policies

Yarra’s Social and Affordable Housing Strategy sits within a state and local policy and legislative context as outlined below.

Table 3: State and local legislative and policy context



At a local level, this Social and Affordable Housing Strategy will sit within and respond to initiatives and resolutions in Council's strategies and plans as follows:

**COUNCIL PLAN
2017–2021**

COUNCIL WILL: "ACTIVELY PLAN FOR YARRA'S PROJECTED GROWTH AND DEVELOPMENT AND ADVOCATE FOR AN INCREASE IN SOCIAL AND AFFORDABLE HOUSING"

**YARRA HOUSING
STRATEGY 2018**

STRATEGIC DIRECTION 4:
FACILITATE THE
PROVISION OF MORE
AFFORDABLE HOUSING
IN YARRA

**YARRA SOCIAL
AND AFFORDABLE
HOUSING STRATEGY
2019**

**YARRA
HOMELESSNESS
STRATEGY
(2020 TBC)**

1.6. Local government's role in supporting Social and Affordable Housing

As previously stated, local government is not a main player in increasing social and affordable housing but it still has a part to play. Across Victoria, Councils are committing to this topic in various ways and to varying degrees, with approaches ranging from advocacy programs through to the gifting of council assets. Increasingly, innovative ideas are sought to respond to the growing demand for affordable housing, and given that this is an evolving area, a level of flexibility is required to capitalise on new information and approaches.

Local government has a critical role in shaping the spatial distribution of new housing in the municipality and influencing the diversity of dwelling types. Local government can support social and affordable housing through a number of routes, including its role as a planning authority, by contributing land and buildings, by partnering with and facilitating the work of other stakeholders, and through advocacy to other levels of government.

Figure 2: Council's roles in supporting social and affordable housing



Yarra City Council has a longstanding interest in and commitment to increasing and improving social and affordable housing and will continue to position itself as a leading local government in this space.

1.7. Policy context and initiatives

Governments impact the housing market at two levels. At a structural level they determine the system in which the market operates and at a direct level they intervene in the market where it is unable to provide for particular groups, or to achieve specific outcomes.²¹

These two aspects, and the way they interplay, is important because:

Social housing is an important piece of a broader housing continuum in Australia ... Each section of the housing continuum has interdependencies with the rest of the continuum, which means that gaps or pressures in one part of the housing market can impact the rest of the system ... High costs and high demand at the top of the system places downward pressure on all other sections of the housing continuum. As more people are unable to obtain home ownership, they will seek private rental accommodation, pushing the lower end of the private rental market into housing vulnerability. When people slip out of the private rental market they require some kind of housing assistance, whether that is in the form of affordable housing, rent support, social housing or crisis accommodation.²²

The following section outlines the housing assistance schemes, initiatives and funding streams of the Commonwealth and Victorian Governments.

Commonwealth Government

The Commonwealth Government provides national policy and funding to the social and affordable housing sector. Given the potential taxation and funding levers available to the Commonwealth Government, it has a principal role in capital funding for social housing and individual rent assistance schemes. A bi-lateral housing policy and funding arrangement has also existed between the Commonwealth and State governments since 1945.

Funding initiatives

In 2018, the Commonwealth and state and territory governments developed a National Housing and Homelessness Agreement (NHHA) to cover the period from 2018 to 2023. This agreement aims to improve the supply of new housing across the housing spectrum, including social and affordable housing and the homelessness service system.

The NHHA will combine funding previously provided under the National Affordable Housing Specific Purpose Payment (NAHSP) and the National Partnership Agreement on Homelessness (NPAH) and will provide around \$1.5 billion per annum to state and territory governments from 2018–19. Under the NHHA, funding to state and territory governments will target jurisdiction-specific priorities including supply targets, planning and zoning reforms and renewal of public housing stock while also supporting the delivery of frontline homelessness services.

²¹Australian Government, Department of Social Services (2019) 'Housing Support', available at: <https://www.dss.gov.au/housing-support/programmes-services/housing> (Accessed on 22 Oct 2018)

²²Infrastructure Australia (2019) 'Chapter 6: Social Infrastructure' in the *Australian Infrastructure Audit 2019*, Infrastructure Australia: Sydney, p. 454

It also commits to the Commonwealth Government's National Housing Finance and Investment Corporation (NHFIC) to deliver:

- an affordable housing bond aggregator to provide lower cost and longer tenor finance to community housing organisations by encouraging greater private and institutional investment, and
- the National Housing Infrastructure Facility to provide grants, equity investments and concessional loans to build the supporting infrastructure needed to bring forward the supply of housing.

Tax concessions and assistance schemes

There is a variety of monetary and taxation programs at the Commonwealth level to provide housing market incentives, which can impact on affordability both positively and negatively. For example, the First Home Owners Scheme, which is also supplemented by a state level scheme of Stamp Duty Concessions, increases the purchasing power of individuals but can result in increased market prices.

Commonwealth Rent Assistance (CRA) provides a capped 'top-up' income support for households on income-support payments, based on the rent households pay in the private market or community housing. It is not available to people in public housing. CRA does not contribute to new supply, and affordability is not guaranteed.

The National Rental Affordability Scheme (NRAS), which commenced in 2008, provided financial incentives to developers to encourage development of housing that is available to rent at 80 percent or below of market rent. NRAS homes are not social housing – they are affordable private rental homes. The incentives were offered annually over

a period of ten years. The original ten-year period has now come to an end, and under the current government NRAS is being wound down, with the first properties to participate losing their subsidy shortly.

Victorian Government

The Victorian Government incentivises, plans for, produces policy, and is the main supplier and manager of social housing in the state. In June 2018 there were 64,295 public housing dwellings in Victoria (owned and managed by the state government).²³

The two key policies outlining the plans of the state government with regard to affordable housing are *Plan Melbourne 2017–2050* and *Homes for Victorians* (2017). The two documents outline a number of initiatives and funding streams to increase the number of social and affordable housing dwellings in Victoria, largely through public-private partnerships, but crucially they set no target of how many dwellings that need to be added in the coming period.²⁴

The *Homes for Victorians* strategy aims to increase the supply of affordable housing in Victoria through:

- a \$1 billion Social Housing Growth Fund,
- the development of 6,000 social housing dwellings,
- renewal of 2,500 ageing public housing dwellings,
- \$100 million in low cost loans, and
- \$1 billion in government guarantees to housing associations to enable them to expand their stock.

²³Australian Productivity Commission (2019) Report on Government Services 2019, Part G, Chapter 18: 'Housing', Table 18A.3

²⁴Infrastructure Victoria (2016) have estimated a need for approximately 30,000 new affordable dwellings across Victoria within 0–10 years, in 'Victoria's 30-year Infrastructure Strategy', Infrastructure Victoria: Melbourne, p. 104

Acknowledging the increasing number and proportion of households who are renting, the Victorian Government is rolling out a range of rental reforms, starting by 1 July 2020 and including new long-term lease arrangements and other changes focussed on strengthening tenants' rights.²⁵

In addition, the government has identified 52 parcels of land across the state for development into social housing. These development opportunities are all intended to increase supply of social housing in partnership with the private sector.

The Victorian Government has also committed \$209 million in the 2019–20 budget for 1,000 new public housing dwellings over the next three years, in Geelong and Ballarat, as well as within the municipalities Darebin, Maribyrnong, Stonnington and Whitehorse in metropolitan Melbourne.

Plan Melbourne 2017–2050, also includes a focus on increasing affordable housing, including opportunities to expand the supply of social housing. It outlines how the Victorian Government will:

- utilise government land to deliver additional social housing via trialling an inclusionary housing pilot on six surplus sites,
- streamline decision-making processes for social housing proposals,
- strengthen the role of planning in facilitating and delivering the supply of social and affordable housing, and
- create ways to capture and share value uplift from rezoning.

Funding initiatives

The Victorian Property Fund (VPF) grants program is a two-stage funding round to support housing development projects that will increase the supply of affordable and environmentally sustainable community housing for low income and disadvantaged Victorians. Over three years (2018 to 2021), \$21 million has been reserved for grants.

The Social Housing Growth Fund is an initiative where the Victorian Government will act as guarantor for up to \$1 billion in loans for private and philanthropic developers who wish to develop social housing. The \$1 billion fund will be used as leverage, and investment returns will underpin funding agreements for projects.

The Social Housing Growth Fund provides an ongoing mechanism for the Victorian Government to partner with the community, private, not-for-profit and local government sectors to deliver housing assistance to Victorians. It has two underlying programs to support this: the Build and Operate Program (BOP) and the New Rental Developments Program (NRDP).²⁶

The BOP applies to the construction of new social and affordable rental housing on non-Victorian Government land. The new social and affordable dwellings could be part of mixed developments including private housing, or any other form of development that a consortia may wish to propose. It is comparable to the commercial 'Build to Rent' model, with the difference being that rental dwellings will be affordable and operated by registered housing agencies. The Director of Housing is listed on any certificate of property title and there are regular competitive funding rounds.

²⁵Further information available at: <https://www.vic.gov.au/rentfair-rental-reforms-victorians> (Accessed 27 May 2019)

²⁶From the Department of Health and Human Services at <https://dhhs.vic.gov.au/victorian-social-housing-growth-fund> (Accessed 17 December 2018)

The NRDP involves recurrent funding to lease new dwellings from the private sector to registered housing agencies to increase the availability of social housing rental stock and facilitate investment in new social housing for the rental market. The Victorian Government, through DHHS, will provide funding to cover the gap between private rent income and affordable rent income.

There is also \$100 million in low-cost loans to be made available to registered housing associations.

The Social Housing Investment Planning (SHIP) Grants provided up to \$200,000 to local governments for work on strategies, feasibility studies and affordable housing projects. There has been one funding round in 2018.

Victorian Government Inclusionary Housing pilot

As part of the initiatives announced in *Plan Melbourne* the Victorian Government will be piloting inclusionary zoning for affordable housing on limited surplus government land to create 100 new social housing units. This process will market-test the capacity of both property developers and housing agencies to work together on different sites and provide an indication of the possible community housing yields. Pilot sites went onto the market at the end of 2017, with an expression of interest process for the development and sale of the sites taking place in late 2018. Each site will have an advisory committee to give recommendations on the appropriate rezoning and to consider the concept plan.

It is intended that these pilot projects will inform the government's development of future planning legislation, policy development and statutory controls to support greater provision of affordable housing. The outcomes of these pilot projects may result in changes in planning policy and powers to achieve affordable housing and at that time it will

become clearer what further planning measures are possible for Council to consider. It will be important to monitor the work being undertaken and determine how it can provide an improved planning policy framework and controls.

Public Housing Transfer

The State Government has committed to transferring 4,000 public housing dwellings to the community housing sector.²⁷ This will enable community housing providers to gain additional revenue from the Commonwealth Rent Assistance, which tenants in public housing are not eligible to receive. Conditions for tenants are expected to be unaffected, however it needs to be carefully monitored at the local level to ensure that no tenant is disadvantaged by the process. Concern about the discrepancy between public and community housing service and maintenance standards and regulation were raised by Yarra's Active Ageing Community Advisory Group during the consultation process for this Strategy.

Public Housing Renewal Program

The Public Housing Renewal Program (PHRP) is part of a long-term plan of the Victorian Government to renew rundown and poor standard residential buildings on and around housing estates, especially walk-up stock, by introducing new private housing on site with the profits generated to pay to refurbish or replace dwellings. The earmarked assets are purported to be beyond maintenance and are not accessible, meaning clients who are older or who have a disability cannot use them.

The Government has committed \$185 million for renewal of nine public housing estates. In total, eleven sites will be renewed in Stage 1 (including two that are funded by the DoH) all in prime locations near social and health infrastructure and jobs and transport. These estates make up 2.9 percent of Victoria's public housing.

²⁷From the Department of Health and Human Services at <https://dhhs.vic.gov.au/management-transfers> (Accessed 28 May 2019)

The Government had originally committed to delivering an additional ten percent in social housing across these sites. The first three renewals to progress are at North Melbourne, Northcote and Preston and are being delivered by developer MAB Corporation in collaboration with registered housing association HousingFirst (formerly Port Phillip Housing Association). The increase in social housing post redevelopment is 50 percent and a portion of the private housing is also to be priced for First Home Buyers. Tenants who return will go from public housing to community housing and will need to claim Commonwealth Rent Assistance. The new housing is also expected to have fewer multi-bedroom dwellings.

DHHS consulted with tenants and stakeholders in 2017 to inform the redevelopment of a walk-up housing estate in Noone Street, Clifton Hill, but the redevelopment of this site has not progressed.

The PHRP could deliver additional social housing, however, there are likely to be some detrimental aspects for existing tenants and community. In a submission to the Legislative Council's Legal and Social Issues Committee (LSIC) Inquiry into Public Housing Renewal, Council communicated its reservation about the form of private investment on public land posited in the PHRP and expressed its concerns that the then proposed uplift of ten percent in social housing slated for Noone St and other sites was not large enough to warrant the loss of public ownership of the land. Council also expressed its concern about the net loss of social housing bedrooms and the disruption of tenants in the process, as well as the lack of overall financial transparency and community input into the design and planning implications.

The LSIC report recommended that there be greater transparency regarding the financial implications of the program and evidence that any funds received from sales to private developers are cordoned off for investment in more social housing. It also questioned the adequacy of the proposed ten percent uplift in social housing dwellings. LSIC reported that the consultation process with tenants, neighbours and other stakeholders had been poorly handled because of the continually unclear parameters of the redevelopment program. These are all issues that Council identified in its submission.

A critical policy analysis of the PHRP by researchers at RMIT and Deakin expressed concern over the loss of public land to private developers through the 'real-estate development model', the loss in total number of bedrooms, the impacts on residents of displacement and the evidence base supporting purported 'social mix' benefits. The authors also question 'the capacity for the program to genuinely address the "housing crisis" with small increases in unit numbers.'²⁸

The Victorian Government response to the LSIC report was tabled in Parliament on 6 June 2019. It outlines the outcomes at North Melbourne, Northcote and Preston being a 50 percent increase in social housing dwellings (instead of the original 10 percent) and states that any profits from the sale of land will be returned to the Director of Housing and used to support the provision of public housing. The Government suggests that any income from the PHRP would be reported in the State Budget and DHHS Annual Report. All the recommendations suggesting better and increased engagement with tenants have been supported in full.

²⁸From the final report on a research project with Moreland, Darebin and Yarra Councils: Kelly, D and Porter, L (2019) Understanding the assumptions and impacts of the Victorian Public Housing Renewal Program, RMIT University Centre for Urban Research: Melbourne, p. 7

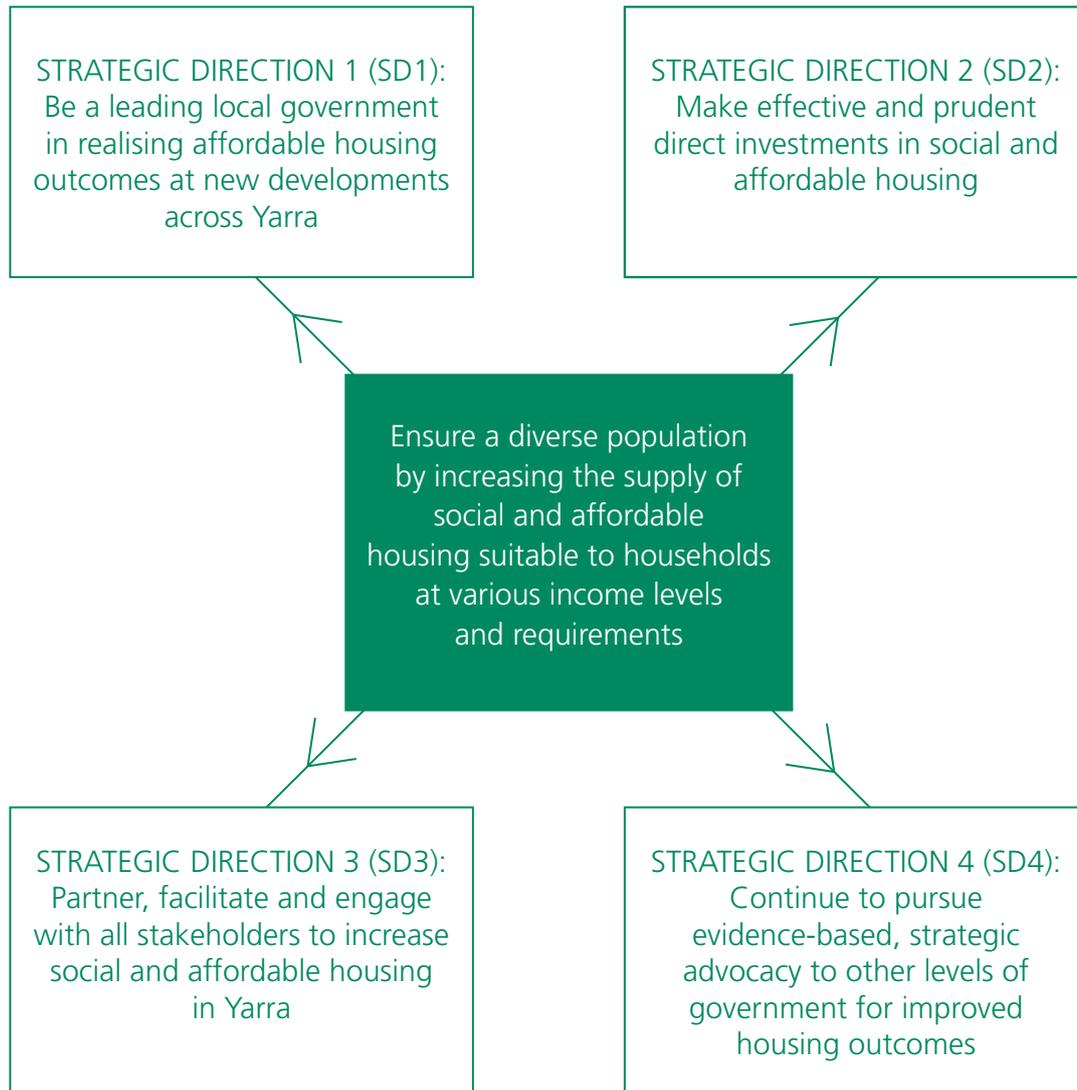


2. STRATEGY

Council's overarching strategy is to:
Ensure a diverse population by increasing the supply of social and affordable housing suitable to households at various income levels and requirements.

The four strategic directions stated in this plan flow from this overarching strategy and are based on the roles identified for local government to support an increase of social and affordable housing supply at the municipal level.

Figure 3: Council's Four Strategic Directions



Strategic Direction 1 (SD1):

Be a leading local government in realising affordable housing outcomes at new developments across Yarra

Council has had success in achieving affordable housing outcomes at several major development sites. Council will continue to use the statutory means at its disposal and in doing so, will seek outcomes that increase the supply of affordable housing and promote the viability of the community housing sector.

SD1 will be realised through the following strategic directions:

SD1.1

Enhance Council policy and practice in regards to affordable housing agreements at significant developments

Direction 1.1.1

When land is rezoned to allow residential use, this positively impacts the site value and Council considers that it is reasonable to capture some of this value and direct it towards improving the provision of affordable housing in the municipality.

Council will continue to seek provisions for at least 10% affordable housing to be transferred to a registered housing agency, or an alternative of equal or better benefit, to the satisfaction of Council, at the rezoning of land for residential use that allows more than 50 dwellings.

The *Policy Guidance Note: Affordable Housing Outcomes at Significant Developments* (the Policy Guidance Note) has been updated to reflect this.

Direction 1.1.2

Council expects that an affordable housing agreement will be reflected in the Development Plan Overlay (DPO) or a S173 until the conditions are met, or for a predefined number of years. The specific expectations are articulated in the Policy Guidance Note.

Direction 1.1.3

Council will continue to request Housing Diversity Reports from proponents and that these reports provide the information necessary for informed consideration. The specific expectations are articulated in the Policy Guidance Note.

Direction 1.1.4

As articulated in the Policy Guidance Note, a range of households have been identified that fall within the definition of affordable housing and are unable to afford safe, secure and appropriate housing in the local market. These groups have specific needs – number of bedrooms, accessibility, supportive services etc. – which Council wants addressed at significant developments in Yarra. These households are:

- homeless persons,
- lower income renters,
- Aboriginal and Torres Strait Islander people,
- people with disabilities, and
- key workers in the local economy.

Further details about these groups and implications for housing products are explicated in Section 3.3 of the Strategy.

SD1.1

Enhance Council policy and practice in regards to affordable housing agreements at significant developments

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| Direction 1.1.5 | To demonstrate strategic justification, Council will publish up-to-date statistics on demand for affordable housing for the municipality to its website and make reference to these within the Policy Guidance Note. |
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| Direction 1.1.6 | <p>Council will investigate new assessment criteria for considering when an affordable housing requirement has been triggered (e.g. based on residential floor area, dollar value or dwelling yield).</p> <p>Upon completion, Council will consider whether the Policy Guidance Note is to be amended to include these assessment criteria.</p> |
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| Direction 1.1.7 | <p>Council will investigate whether there are particular circumstances where cash-in-lieu of dwellings delivered in-situ is either warranted or advantageous and how such funds could be managed (for instance a trust).</p> <p>Upon completion, Council will consider whether the Policy Guidance Note is to be amended to include this option.</p> |
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| Direction 1.1.8 | Council will continue to be responsive and proactive with regards to any changes from other levels of government that open up new mechanisms or opportunities for achieving affordable housing outcomes through the planning system. |
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SD1.2

Seek quality, 'tenure blind' outcomes at developments which are to include affordable housing

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| Direction 1.2.1 | Council expects that any affordable housing should be tenure blind and integrated with market housing, meaning that subsidised and private dwellings should not be able to be readily differentiated through either their appearance, quality or amenity and should have equal access to all communal indoor and outdoor spaces. |
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| Direction 1.2.2 | Council expects affordable housing dwellings to promote high accessibility standards by being in accordance with <i>Livable Housing Design Guidelines</i> ' Silver level or higher. |
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| Direction 1.2.3 | Council expects affordable housing dwellings to be built to a high standard in terms of durability and energy-efficiency to decrease ongoing maintenance costs. |
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Strategic Direction 2 (SD2):

Make effective and prudent direct investments in social and affordable housing

Council owns land and buildings across the municipality. This strategy proposes to investigate Council contributing its own assets, such as buildings or air space above car parks or community facilities, for social and affordable housing. Additionally, Council will continue to contribute grants or other seed funding to support projects contributing to affordable housing.

Council has a track-record of leasing its own assets. As part of the Australian Government's Nation Building Economic Stimulus Plan, funding was secured to enable the redevelopment and 40-year lease of 239 Brunswick Street to Yarra Community Housing (now known as Unison). In 2011, 14 studio apartments for social housing tenants were completed. Additionally, the Community Housing

Grant is allocated annually through Council's grants program. In 2019, Launch Housing are delivering a Community Housing Tenants Support Program (CHTSP). This is an assertive outreach program, which aims to support community housing residents to remain in their tenancies and prevent homelessness.

Council understands that many different community needs are to be met through the use of Council land and buildings. The best way to manage any potential development on Council land would be determined by the *Local Government Best Practice Guidelines for the Sale, Exchange and Transfer of Land* (2009). The process would be subject to careful Council deliberation to ensure the best outcome for the municipality is achieved.

Direct investments by Council for affordable housing outcomes demonstrate that affordable housing is a significant priority for this Council.

SD2 will be realised through the following strategic directions:

SD2.1 Continue the Community Housing Grant

Direction 2.1.1

Council recognises the benefits for our vulnerable communities that arise from the annual Community Housing Grant and will continue to support it.

The Community Housing Stream sits within the broader Council Community Grants Program, with \$50,000 provided annually to support local affordable housing initiatives.

SD2.2 Investigate the merits of gifting Council assets

Direction 2.2.1

Provide information to Council on the financial and practical feasibility of developing affordable housing through Council property assets, including air space, considering community benefit.

Direction 2.2.2

Within the framework of its Property Strategy, Council will give due consideration as to whether any assets earmarked for renewal or disposal could be suitable for affordable housing, and on what terms (commercial or non-commercial).

Strategic Direction 3 (SD3):

Partner, facilitate and engage with all stakeholders to increase social and affordable housing in Yarra

Effective relationships are key to good outcomes. Council will continue to play its role as facilitator of

direct outcomes and as a valued partner in research and advocacy. Working across regions and sectors produces synergies, scale and impact.

To date Council has facilitated industry workshops, produced research with academic institutions and collaborated with our peers in the Victorian Government and at other councils.

SD3 will be realised through the following strategic directions:

SD3.1 Work in partnership with key stakeholders

Direction 3.1.1 Council will continue to create the platforms and forums by which all principal stakeholders (e.g. registered housing agencies, developers, bankers, academics and government representatives) can forge relationships and establish a clear understanding of each other's roles and requirements.

Direction 3.1.2 Council will continue to facilitate connections between developers and registered housing agencies, both opportunistically and proactively.

SD3.2 Learn from and collaborate with our peers and partners

Direction 3.2.1 Council will continue to be an active participant in inter-Council forums and work with peak bodies such as the MAV and VLGA to address the shortage of affordable housing.

Direction 3.2.2 Council is steadfast in its commitment to achieve Strategy 3.1 of the Inner Melbourne Action Plan (IMAP) – that is, the Councils of IMAP will work with others and advocate for a substantial increase in the supply of affordable housing in Inner Melbourne.

Direction 3.2.3 In partnership, the Cities of Melbourne and Port Phillip, continue to support the Inner Metro Partnership (IMP) initiatives to address rough sleeping and housing affordability. In regards to rough sleeping, continue efforts to deliver additional affordable housing options using the proven Common Ground model. In relation to housing affordability, complete the project to investigate and advance a planning mechanism which enables affordable housing in the Inner Metro Region.²⁹

Direction 3.2.4 Council will maintain a courageous and constructive dialogue with the Victorian Government and its agencies (especially DHHS, DELWP and DTF) to enable sharing of information and achieve the best outcomes for the community, especially low income households.

²⁹The Metro Partnerships superseded the Regional Management Forums and are facilitated by Regional Delivery Coordinators in the Office for Suburban Development within the Department Of Jobs Precincts And Regions. Other state government departments are engaged depending on the topic (DELWP, DHHS, etc.). The Inner Metro Partnership (IMP) includes the Cities of Yarra, Port Phillip and Melbourne (see: <https://www.suburbandevlopment.vic.gov.au/partnerships/metropolitan-partnerships/inner-metro-partnership>). Metro Partnerships have resources allocated by the Victorian Government to deliver projects relating to the priorities determined following stakeholder and community engagement. Councils provide in-kind and other material support at their discretion

SD3.2

Learn from and collaborate with our peers and partners

Direction 3.2.5 Council will continue its proud tradition of effective collaborations with academics and academic institutions.

Direction 3.2.6 Council will remain open to new partnerships that enable creative solutions to achieving more social and affordable housing in the municipality.

SD3.3

Engage and educate the Yarra community

Direction 3.3.1 Council will continue to measure community sentiment with regard to affordable housing at regular intervals as needed.

Direction 3.3.2 Council will update the Yarra Council website to incorporate current information and data on social and affordable housing for the community, and provide information on applying for social and affordable housing.

SD3.4

Facilitate planning applications for registered housing agencies

Direction 3.4.1 Council will investigate options to support planning applications from registered housing agencies, including:

- the streamlining of planning approvals, and
- exemptions from third party appeals, parking requirements and/or height provisions.

Upon completion a report will be provided to Council for its consideration.

Strategic Direction 4 (SD4):

Continue to pursue evidence-based, strategic advocacy to other levels of government for improved housing outcomes

To be effective in planning for our strategic advocacy in the area of social and affordable housing it is vital to understand the main issues, opportunities and challenges, stay up to date on policy changes and maintain constructive relationships with our peers and partners.

Council has long been an advocate for better social and affordable housing outcomes in the municipality, and continues to support our current social housing tenants. An example of previous

advocacy efforts is the 2017 submission to the Legislative Council's Legal and Social Issues Committee (LSIC) Inquiry into the Public Housing Renewal Program, where Council presented its position on the proposed model.

Council will seek to make well-informed decisions in the interest of our current and future community and capitalise on any opportunities that arise through new grants and programs. Council will prioritise fair treatment of current residents, particularly those who are vulnerable, and seek to influence other levels of government to make sound decisions that support social and affordable housing outcomes.

SD4 will be realised through the following strategic directions:

SD4.1

Proactively monitor the statistical, legislative, policy and funding environment

Direction 4.1.1

Council will continue to monitor population changes, including demand for social and affordable housing.

Direction 4.1.2

Council will continue to respond to relevant federal and state government reviews and inquiries in relation to affordable and social housing as they arise.

Direction 4.1.3

Council will monitor the performance of the National Housing and Homelessness Agreement (NHHA) and the initiatives of the Commonwealth Government (e.g. National Housing Infrastructure Facility and the Aggregator Bond, First Home Loan Deposit Scheme) and Victorian Government (the Victorian Inclusionary Housing Pilot on government land, Social Housing Growth Fund, HomesVic Shared Equity Initiative, Victorian Property Fund, Public Housing Transfer and Public Housing Renewal Program).

Direction 4.1.4

Council will stay well-informed as to the different models (such as Tiny Houses, Build-to-rent, Rent-to-Buy, Co-housing etc.) for increasing social and affordable housing stock and any implications with regards to their practical application locally.

SD4.2

Advocate for public housing

Direction 4.2.1 Council recognises that there are differences between the types of social housing and values the role that public housing plays in supporting the most vulnerable in our community.

Direction 4.2.2 Council supports opportunities to grow the stock of public housing in Yarra.

SD4.3

Advocate for appropriate tenant services and management that puts the tenants' needs first, irrespective of the landlord

Direction 4.3.1 Council supports a no disadvantage standard for social housing tenancies. Over the coming years, many tenants of social housing will be residing in dwellings managed by community housing providers and not the Director of Housing (through DHHS). Tenants of community housing should be afforded the same rights as tenants of public housing.

Direction 4.3.2 Council believes wraparound services (social, health and financial) should be readily accessible for social housing tenants. Tenants of social housing live with social inequities and many tenants are living with complex physical and/or mental health conditions.

Direction 4.3.3 Council supports initiatives that help people at risk of becoming homeless to maintain their tenancies, and seeks continued and adequate resourcing for programs like 'Tenancy Plus' (formerly known as the Social Housing Advocacy Support Program) and 'More than a Landlord'.

SD4.4

Ensure community benefit from any renewal of public housing is maximised

Direction 4.4.1 The Public Housing Renewal Program (PHRP) is a \$185 million program led by the Department of Health and Human Services (DHHS) to redevelop ageing public housing estates into 'modern, mixed-tenure neighbourhoods'. Council acknowledges that some public housing stock, especially 'walk-ups', is rundown, of poor standard and lacks accessibility, and that housing should be fit for purpose.

Direction 4.4.2 Council seeks the publication of asset management data in regards to the condition of the 1,100 dwellings within the PHRP, along with any other dwellings into the future. Data on the current occupancy or vacancy of the dwelling should also be published. Until such information is provided, Council believes there is no way for the community to feel confident that dwelling refurbishments were unfeasible or that the PHRP represents public value.

SD4.4

Ensure community benefit from any renewal of public housing is maximised

Direction 4.4.3

Council holds reservations regarding the social benefits of 'public private partnerships' (PPPs), as this method of redevelopment may generate quick wins and short-term revenue relief at the expense of gains for the community. Council asks that the Victorian Government articulate, and evidence, how future development value uplift is being captured by the government for public benefit. The Victorian Government should disclose the profit delivered to the government and developer consortia and be transparent about any future reinvestment of profits.

Direction 4.4.4

Council holds significant concerns that vulnerable public housing tenants will be negatively impacted by the PHRP in both the short and longer term. A principal objective of the PHRP or any future renewal program should be providing existing households with a sincere and genuine right of return. Council wishes to see a like-for-like housing commitment (i.e. replacing a three-bedroom with a three-bedroom dwelling) so that current households are not disadvantaged by the redevelopment and each has a genuine option to which they can return.

Direction 4.4.5

Council will research and learn from the outcomes of previous public housing renewals (such as Carlton and Kensington) and current public housing renewals (such as North Melbourne, Northcote and Preston) to inform its positions.

SD4.5

Advocate for the Victorian and Commonwealth Governments to close the funding gap

Direction 4.5.1

The funding gap is the difference in revenue that can be achieved from selling or renting something at market value as compared to selling or renting at a subsidised rate (which can range from high to low). Affordable housing is subsidised housing and Council requests that both the Victorian Government and Commonwealth Government provide the necessary grants to registered housing agencies for capital costs (developing and/or purchasing stock) or rental subsidy (long-term head leases of privately owned dwellings).

SD4.6

Advocate for inclusionary zoning

Direction 4.6.1

Council continues to support the introduction of inclusionary zoning into the Victorian Planning Provisions, to be employed either at specific precincts and/or regions. Inclusionary zoning is a requirement for developers to supply a proportion of new developments as affordable housing. This can be seen as a form of legitimate value capture in that some of the benefits to a developer in rezoning land is returned to the community in the form of affordable housing.



3. RESEARCH

3.1. Social statistics

The forecast population of Yarra in 2019 is estimated at 100,305.³⁰ There are approximately 47,500 dwellings in the municipality in 2019, with an average household size of 2.1.³¹

Yarra has had high levels of new apartments and town houses supplied via the private market, and the total number of dwellings is projected to rise to more than 62,000 by 2029.³² This represents an increase of 14,500 dwellings over 10 years, or an average of 1,450 new dwellings a year, and equates to a forecast residential population of 126,462 in 2029.

The majority of these new dwellings will be apartments catering to smaller households, with a large proportion anticipated to be rented on the private market. Close to half of all apartments and units in Yarra are currently rented privately and most of Yarra's recent population growth is made up of private renters (+3,565 households between 2011 and 2016), a large proportion of whom were rental households in the highest rental quartile (paying more than \$417 per week).³³

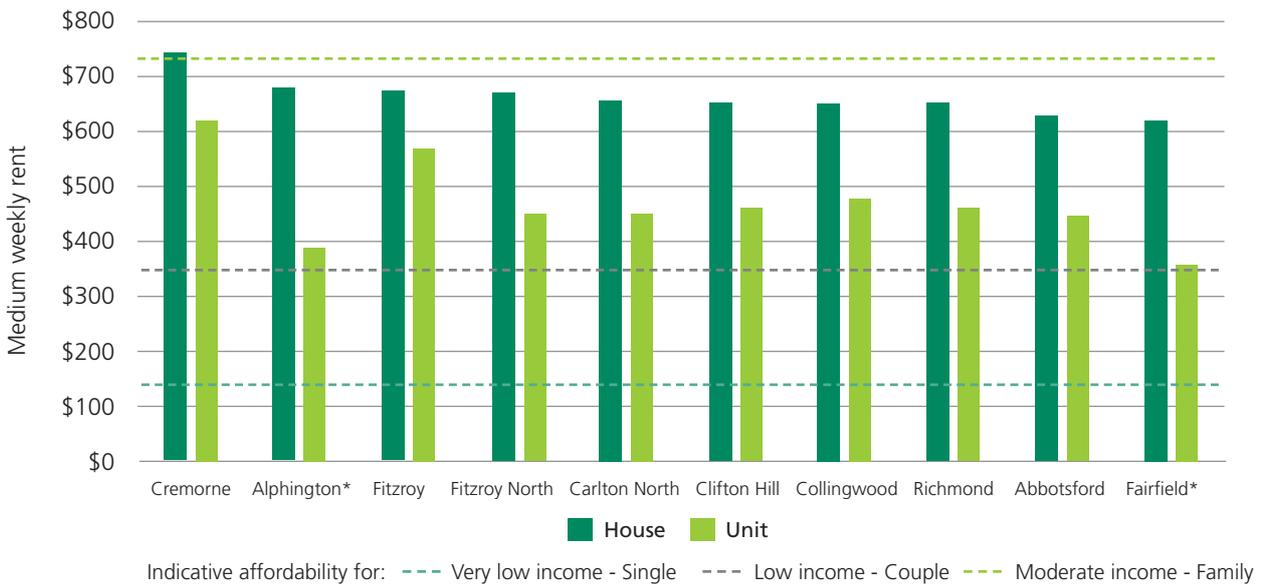
KEY FINDINGS

The total number of dwellings is forecast to increase from 47,500 in 2019 to 62,000 in 2029

Local rental housing remains expensive with virtually no new private rental houses or apartments in Yarra that are affordable to households with very low and low incomes. There are, however, opportunities to leverage this housing growth to generate social equity by encouraging social and affordable housing to be included in the new stock that is built.

Figure 4, below, compares median weekly rents across Yarra's suburbs against affordable price points for very low, low and moderate income.³⁴

Figure 4: Median weekly rents in Yarra's suburbs (May 2019)



*This incorporates all of Fairfield and Alphington, including outside of Yarra. Source: realestate.com.au suburb profiles and 30% of income of Greater Melbourne income limits for a selection of very low, low and moderate income households

³⁰Population and household forecasts, 2016 to 2041, prepared by .id the population experts, August 2018

³¹Yarra City Council rates database, April 2019, counting general rates residential

³²Population and household forecasts, 2016 to 2041, prepared by .id the population experts, August 2018

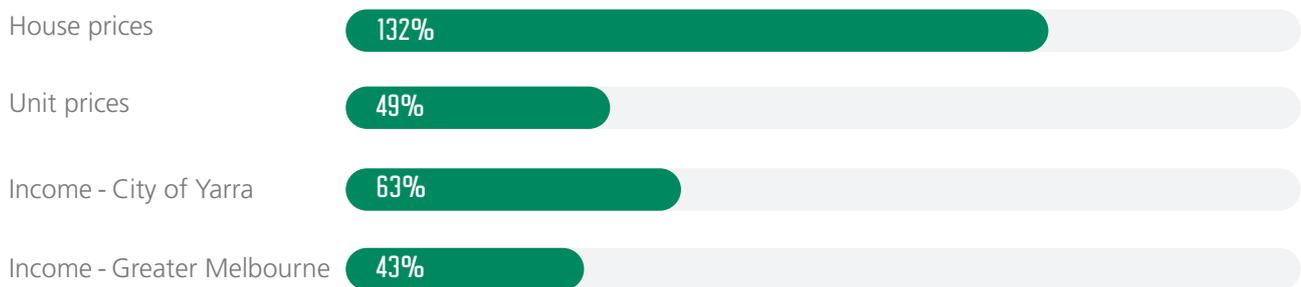
³³ABS Census of Population and Housing, 2011 and 2016

³⁴Based on analysis of realestate.com median weekly rent prices from May 2018–2019 and Greater Melbourne income limits for very low, low and moderate income households, assuming 30% of income is available for rent

Figure 4 shows that moderate income families can afford a majority of rentals at the median price point, however, when looking to purchase the results are considerably more stark. The only affordable dwellings to purchase at the median price point are apartment units in Abbotsford, which are likely to be unsuitable to family living.³⁵ A more appropriate option for a family – a three bedroom house in Fitzroy – is renting at a median price point of \$878, which would be considered unaffordable to even a moderate income family, let alone a family on a low or very low income. As the figure above shows, there is likely to be very little that is affordable to very low and low income singles and couples in Yarra, given that median rents are generally well above what is considered affordable. Housing affordability for families and moderate income workers is explored further in Section 3.3.

Figure 5 shows the change in property prices and household incomes in Yarra and Greater Melbourne between 2006 and 2016. In this period, prices for medium and high density dwellings (units) increased considerably but this trend seems modest when compared with the growth in house prices. Incomes in Yarra, as opposed to Greater Melbourne, have increased faster than purchase prices for medium and high density dwellings, however, this could be reasonably explained by the rising cost of housing attracting higher income earners to the municipality.

Figure 5: Income growth and dwelling cost growth – percentage change 2006–2016, Yarra



Source: Valuer-General Victoria, 2018 and ABS Census of Population and Housing, 2006 and 2016³⁶

³⁵Based on analysis of realestate.com median property prices from April 2018–2019 and affordable purchase points as estimated by Affordable Development Outcomes based on 30% of income being available to service a mortgage with an assumed 10% deposit, 25 year loan term and 7.2% interest rate over the life of the loan

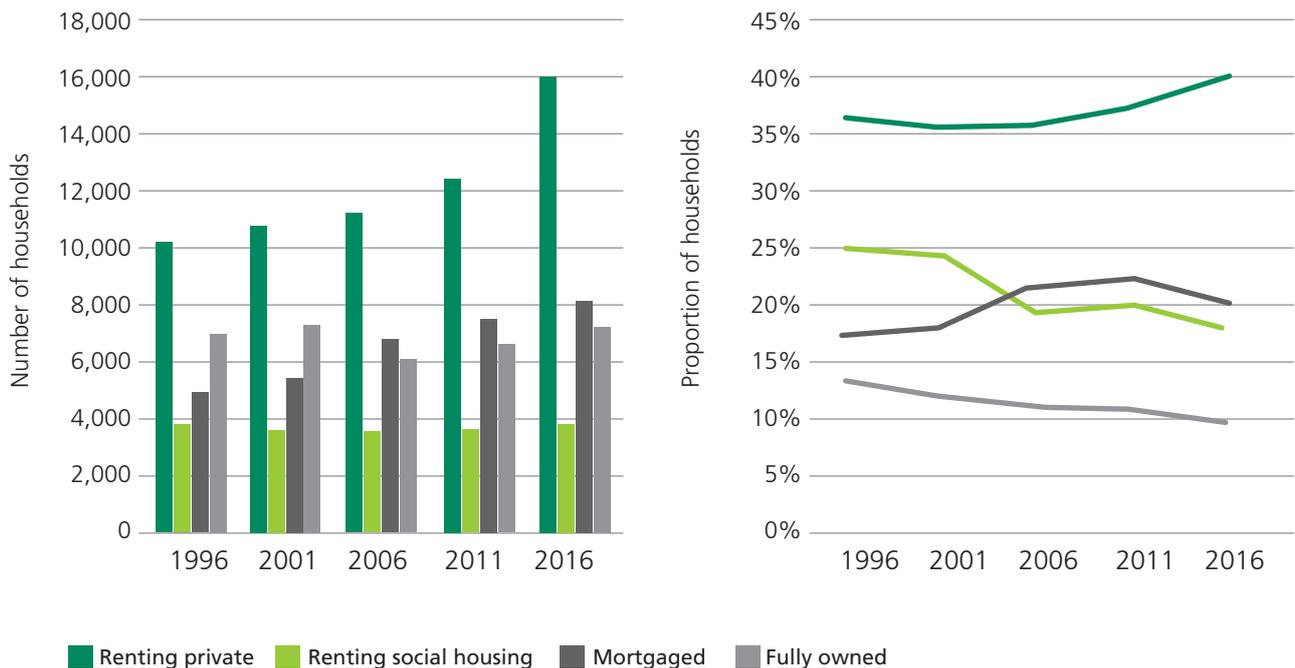
³⁶As prepared by .id Consulting for Yarra City Council, August 2018

As a result of home ownership becoming unaffordable to larger cohorts of the population, Yarra has seen long-term trends in household tenure shifting towards greater proportions of private rentals, a considerable decline in those who fully own their homes and a proportional decrease in social housing households.

Between 1996 and 2016, almost all of the population increase has been from households who are either renting or paying a mortgage, while the number of households that are fully owned

or renting in social housing have remained fairly static. Households renting privately have increased by almost 6,000 (N) or 58 percent. The number of households with mortgages has also increased substantially, by 3,000 (66 percent), and this has become more common than owning outright. The proportion of households living in social housing has decreased from 13.4 percent of households in 1996 to 9.5 percent in 2016. Figure 6 illustrates these trends.

Figure 6: Change in household tenure in Yarra, 1996–2016 (N and %)



Source: ABS Census of Population and Housing, 1996–2016

There have been recent reforms which have recognised that there will be a greater number of households who will be renting permanently. For example, there are the amendments to the *Victorian Residential Tenancies Act 1997* (mentioned above in Definitions and Section 1.4) that are premised on offering greater control for private rental tenants by ensuring security of tenure and offering tenants more control over a range of issues, as well as recognising the specific needs of people experiencing family violence who are renting.

Social housing in Yarra

Despite only nominal growth in the number of social housing dwellings over the last 20 years, Yarra still has the highest number and proportion of public housing dwellings and residents of any local government in Victoria.

As of mid-2018, 11 percent (5,233) of the 45,887 residential dwellings in Yarra were social housing dwellings.³⁷ Of these, 4,625 dwellings had the Director of Housing on the title (mostly public housing), 581 were owned by community housing organisations and 27 were rooming houses.

Current households and affordability

Yarra is characterised by the socio-economic divergence of its residential community. While more than a third of households earn more than \$2,400 per week, and 60 percent of employed workers are in managerial and professional occupations, 20 percent of households earn less than \$740 per week and many are living with economic hardship and social disadvantage.³⁸

As of December 2018, there were:³⁹

- 4,745 recipients of the age pension
- 4,612 health care card holders
- 2,452 recipients of Newstart Allowance
- 2,526 recipients of the Disability Support Pension and
- 1,955 low income card holders living in Yarra.

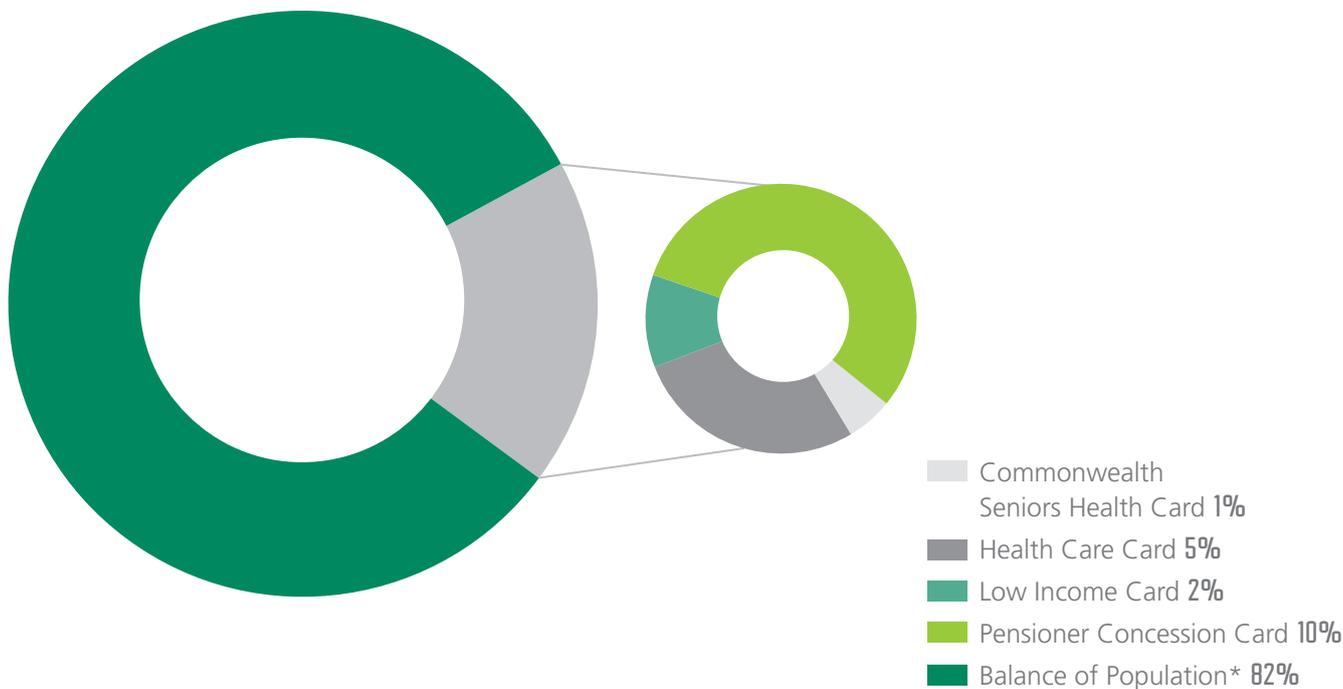
Figure 7 (overleaf) further illustrates the polarity of Yarra's current population, with about one-in-five residents currently in receipt of a Commonwealth Concession Card – implying very low or low incomes.

³⁷Based on the City of Yarra rates database as at June 2018, including rooming houses (each bedroom in a rooming house is counted as a separate unit). N.B. There is a notable difference between the count (and proportion) of social housing from the 2016 Census and the 2018 Yarra rates database. The difference in numbers can be accounted for by the one-in-ten households who did not record a response for housing tenure in the Census, particularly renters. Therefore, the Yarra rates database is considered the more accurate source

³⁸ABS Census of Population and Housing, 2016

³⁹Department of Social Services (2018), Payment Demographic Data, December 2018, available at: <https://data.gov.au/dataset/ds-dga-cff2ae8a-55e4-47db-a66d-e177fe0ac6a0/details> (Accessed April 2019)

Figure 7: Yarra residents in receipt of Commonwealth Concession Card, December 2018



Source: Department of Social Services (DSS) Payment Demographic Data, December 2018

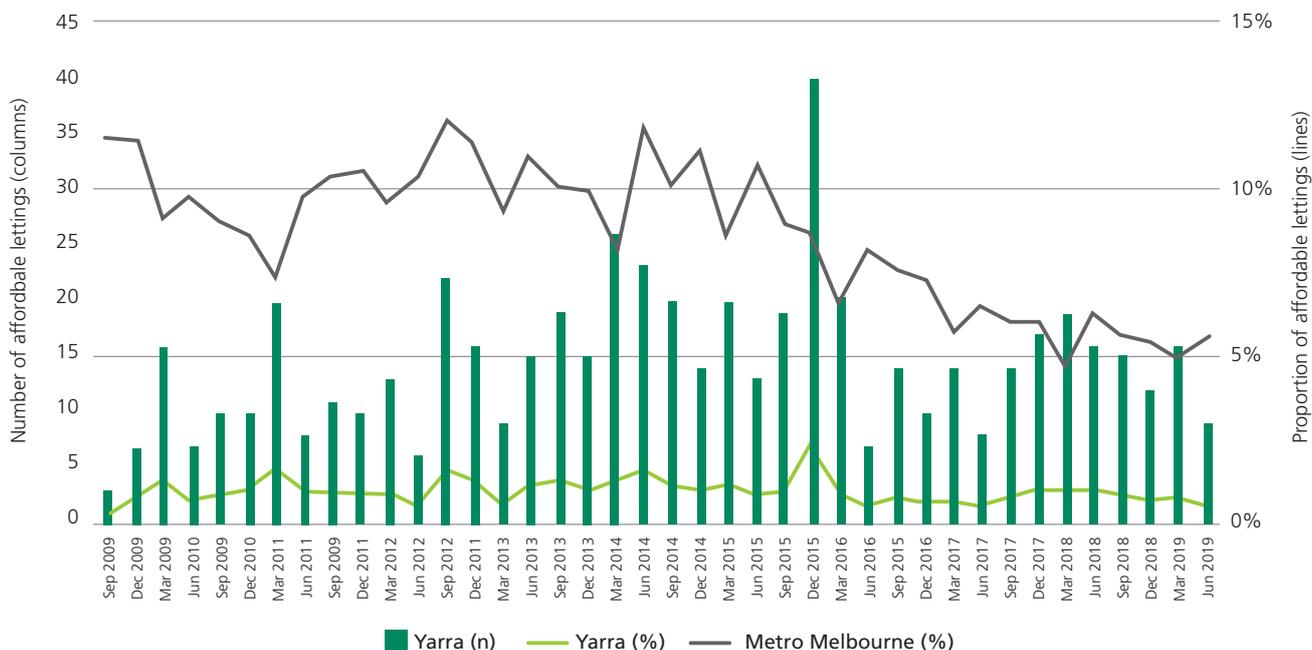
Figure 8 (overleaf) illustrates the stark decline in the proportion of private rentals affordable to persons on Centrelink incomes over the past decade across Greater Melbourne and the consistent lack of affordable rentals in Yarra.

The best period for affordability during this period was the December quarter of 2015 when 40 dwellings could be afforded (just 2.4 percent). By the June quarter in 2019, the percentage of private rental properties advertised in Yarra that could be afforded by persons on Centrelink incomes was

0.6 percent (N=9) versus metro Melbourne at (also a very low) 5.3 percent. By comparison, almost half of the rental housing in non-metropolitan areas was affordable (47 percent), creating a social divide between the city and regional areas because of the cost of housing.⁴⁰

⁴⁰Department of Health and Human Services, Affordable lettings by local government area, June 2019 quarter. Based on the supply of affordable new lettings as per Rental Tenancies Bond Authority data. The affordability benchmark used is that no more than 30 per cent of gross income is spent on rent

Figure 8: Rental dwellings affordable for households on Centrelink incomes (2009-2019)



Source: DHHS, Affordable lettings by local government area, June 2019 quarter

Households in housing stress

Lack of affordability, although most apparent at the lowest incomes, impacts households on a range of incomes. Housing stress occurs when housing costs rise too far above incomes and households end up paying a large proportion (generally more than 30 percent) of their income on housing. This reduces their capacity to spend on other household essentials, such as food and health.⁴¹

In 2016, 15.2 percent (or 6,065) of Yarra's households were in housing stress.

Housing stress is based on very low, low and moderate income households⁴² spending more than 30 percent of their income on housing costs (mortgage or rent). For renting households, this figure goes up to 25.9 percent as compared to 11.5 percent of households with a mortgage, as illustrated overleaf.⁴³

⁴¹AHURI (2016) Brief: 'Understanding the 30:40 indicator of housing affordability stress', available at: <https://www.ahuri.edu.au/policy/ahuri-briefs/2016/3040-indicator> (Accessed 20 May 2019)

⁴²As defined in Section 3AB – Specifications of Income Ranges in the Planning and Environment Act 1987 for Greater Capital City Statistical Area of Melbourne

⁴³From .id Consulting Report (2019) 'Analysis of Housing Demand and Affordability', based on data from ABS Census of Population and Housing, 2016

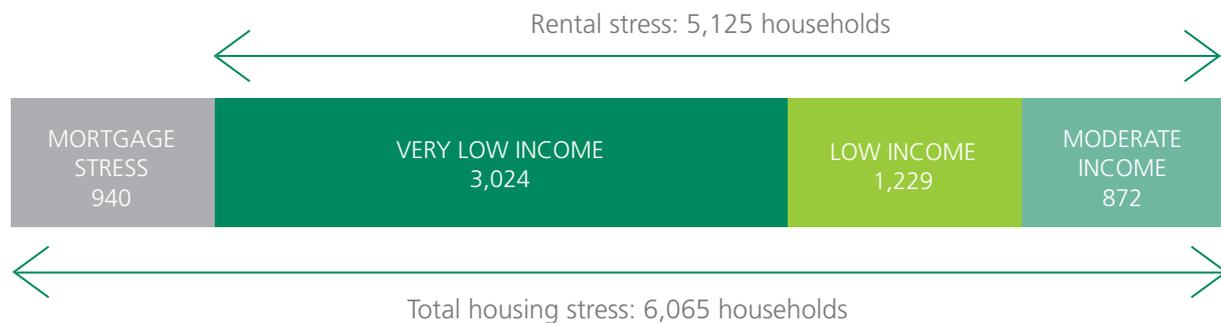
Figure 9: Housing stress in Yarra



Source: .id Consulting Report 'Analysis of Housing Demand and Affordability', 2019. Data from ABS Census of Population and Housing, 2016

Of the 6,065 households spending more than 30 percent on housing, more than 5,000 were renting and more than 3,000 were rental households with very low income levels (see Figure 10).

Figure 10: Breakdown of Yarra households in housing stress



Source: .id Consulting Report 'Analysis of Housing Demand and Affordability', 2019. Data from ABS Census of Population and Housing, 2016

KEY FINDINGS

The greatest proportion of those in housing stress are very low income renters

In Yarra, particular household types are more susceptible to housing stress. Lone person households in the area are more likely to be in housing stress, with close to one-in-four of this household type in stress (2,712 households). This is compared with one-in-eight family households (1,114), and one-in-fifteen couple only households (676).

Of the 2,712 lone person households in housing stress, 88 percent were rental households and almost half were rental households with very low incomes. Similar splits applied to the other household types. When looking at households with a mortgage who are spending more than 30 percent on housing costs, a greater proportion are moderate income earners.⁴⁴

Despite apparent need, there have been few opportunities to develop permanent, safe and affordable housing, at volume, in the municipality. The long-term stagnation of social housing growth, coupled with ever increasing costs of private rental, let alone purchase, has meant those living on fixed incomes such as the pension, or whose incomes derive from lower paid and/or casual employment, would experience difficulties remaining in or entering the housing market in Yarra.

3.2. Diversity and equity

According to the *Local Government Act 1989*, the 'primary objective of a local council is to endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions'.⁴⁵

Maintaining economic diversity has been linked to positive community benefits such as stronger levels of social trust between different economic groups, higher perceptions of local safety, and greater social acceptance of difference. Conversely, international evidence suggests that increasingly stark economic divisions, can lead to significant physical, psychological and social costs to the local community.⁴⁶ The housing market dictates where people live in a city and can consolidate or intensify inequalities between different social groups. The continuing socio-spatial polarisation of Greater Melbourne due to the cost of housing is rightly a source of major concern.⁴⁷

⁴⁴From .id Consulting (2019) Report 'Analysis of Housing Demand and Affordability', based on data from ABS Census of Population and Housing, 2016

⁴⁵Local Government Act (Vic), 1989, Section 3C

⁴⁶Pickett and Wilkinson (2011), *The spirit level: why more equal societies almost always do better*, Penguin Ltd: UK, p. 136

⁴⁷As outlined in Bill Randolph & Andrew Tice (2017) 'Relocating Disadvantage in Five Australian Cities: Socio-spatial Polarisation under Neo-liberalism', in *Urban Policy and Research*, 35:2, 103–121

Recent discourse is attempting to position social housing as essential infrastructure rather than a form of welfare. This is to highlight the wider benefits to society that come from ensuring stable and affordable housing to households, and is hoped to support increased investment into the system. A recent Australian Housing and Urban Research Institute (AHURI) report emphasises the economic and social benefits of social housing in promoting engagement in education and employment, and suggests developing a robust business case including cost-benefit analyses in order to re-position social housing as a form of infrastructure.⁴⁸ This position is supported by Infrastructure Victoria's inclusion of social housing as one of their top three recommended priorities for the state government in their 30-year Plan.⁴⁹

Additionally, the Australian Infrastructure Audit 2019 states that:

Social housing is an important piece of social infrastructure in Australia that serves both a social and economic purpose and contributes to the effective functioning of society ... It is a type of social infrastructure that improves the social and economic wellbeing of the people that use it by providing them with safe, adequate and affordable homes.⁵⁰

There are a number of examples that support the cost-benefits of subsidising housing to those in need:

- Economic studies in Western Australia have identified health-related cost savings of up to \$13,273 per person per year in providing social housing to people who are homeless or at risk of homelessness.⁵¹
- In England, a large-scale evaluation of the provision of affordable housing found that tenants identified improved health, life satisfaction, perceptions of safety and greater levels of social contact.⁵²
- The City of Port Phillip has conducted a cost-benefit analysis of their Council's committed \$26.6 million investment in community housing over the next 26 years and has estimated it would return \$79.2 million worth of benefits. This included avoiding costs associated with health, justice and welfare, labour force engagement, and community diversity and strengthening.
- A review of the Social Housing Initiative under the federal government's Nation Building Economic Stimulus Plan found that for every dollar spent on construction, there was \$1.30 benefit for the economy.⁵³

⁴⁸Flanagan, K, Martin, C, Jacobs, K and Lawson, J (2019) *A conceptual analysis of social housing as infrastructure*, AHURI Final Report No. 309, Australian Housing and Urban Research Institute Limited: Melbourne, p. 63

⁴⁹Infrastructure Victoria (2016) *Victoria's 30-Year Infrastructure Strategy*, Infrastructure Victoria: Melbourne, p. 43

⁵⁰Infrastructure Australia (2019) 'Chapter 6: Social Infrastructure' in the *Australian Infrastructure Audit 2019*, Infrastructure Australia: Sydney, p. 454

⁵¹AHURI (2016) 'What are the health, social and economic benefits of providing public housing and support to formerly homeless people?' Australian Housing and Urban Research Institute Limited: Melbourne, p. 76

⁵²Frontier Economics (2014), 'Assessing the social and economic impact of affordable housing investment', Frontier Economics Ltd: London, p. 73

⁵³KPMG (2012) 'Social Housing Initiative Review', Housing Ministers' Advisory Committee, p. 2

Social mix and tenure-blind developments

While the benefits of social and affordable housing are well documented, the mere existence of it is not sufficient in and of itself to produce good community outcomes. The existence of physically decaying public housing alongside concentrations of wealth can contribute to social divisions that lead to mistrust, community fragmentation and stigma.⁵⁴ The current physical separation of much of the social housing stock in Yarra therefore risks stigmatising its tenants if the quality of this housing is poorly maintained.⁵⁵

There is a significant body of work on the concept of 'social mix' in high density public/private developments – meaning a mix of social and private tenures. This principle seeks to minimise any stigma attached to subsidised housing, ensure equality of outcomes in terms of dwelling standards and amenity and may also increase the likelihood of community cohesion and increased social capital for social housing tenants.⁵⁶ Ultimately it aims to reduce segregation between rich and poor.

Tenure-mixed developments should be tenure blind, meaning that private and public dwellings should not be able to be readily differentiated through either their appearance, quality or amenity and should have equal access to all communal indoor and outdoor spaces. This can be achieved through a variety of configurations including unit-by-unit (also known as 'salt and pepper'), floor-by-floor, building-by-building or block-by-block mixing of public and private tenancies.

Given the physical proximity and lack of differentiation between public and private in a unit-by-unit mixed development, this is more likely to result in social mixing, however from a practical tenancy management, strata fee or fit-out perspective, some level of separation can be favourable (i.e. floor-by-floor or building-by-building). This is because it can be more expensive or inefficient for a community housing organisation or service provider to service tenants who are physically spread out.⁵⁷

Social mix cannot be guaranteed by tenure mix however it reverses traditional approaches to development that have led to socio-economic segregation.

The mixture of social groups in urban neighbourhoods can create vibrant, dynamic and sustainable communities; whether the variance amongst people differ on the basis of their household type, income, tenure, age, education, ethnicity or gender.⁵⁸

Critics of the social mix approach however point to potential negative impacts of either displacement or gentrification.⁵⁹ It is important to note the subtle differences of its use when (1) introducing a subsidised housing component on an otherwise private development, versus (2) selling public land and introducing market housing alongside subsidised housing.

⁵⁴Pawson, H., Hulse, K. and Cheshire, L. (2015) *Addressing concentrations of disadvantage in urban Australia*, AHURI Final Report No.247, Australian Housing and Urban Research Institute Limited: Melbourne, p. 6

⁵⁵Morris, Jamieson and Patulny (2012) 'Is social mixing of tenures a solution for public housing estates?', in *Evidence Base*, p. 2

⁵⁶Van den Nouwelant, R & Randolph, B (2016) 'Mixed-tenure development', UNSW: Sydney, p. 9

⁵⁷Ibid

⁵⁸Higgins, D & Moore, T (2016), 'Mixed Tenure Housing Developments: Salt and Pepper versus Silo Design', RMIT University: Melbourne, p. 2

⁵⁹Ibid

In the report, *Understanding the assumptions and impacts of the Victorian Public Housing Renewal Program* (2019), researchers from RMIT and Deakin argue that the use of a social-mix argument to justify the Public Housing Renewal Program enables the introduction of private housing on public land that was originally just for public housing, under the guise that this will benefit public/social housing residents through increased social capital, when it is in fact gentrifying neighbourhoods at a broader level and displacing current residents (temporarily if not permanently).⁶⁰

3.3. Understanding need, promoting access

Unmet need for affordable housing

An indication of local need for affordable housing can be gained from looking at data on:

- demand for services,
- incidence of homelessness,
- household incomes relative to housing costs, and
- other local knowledge.

The following section helps give an understanding of the need for affordable housing in Yarra.

Social housing applicants

The March 2019 Victorian Housing Register showed a social housing waitlist of more than 41,600 applications across the state, of which about half were priority access applications. There were 697 people in the DHHS North Eastern Melbourne area (Collingwood, Fitzroy, Richmond) recorded on the Victorian Housing Register, with

355 of those applicants meeting the requirements for priority access. There were also 422 tenants currently in Collingwood, Fitzroy and Richmond who had applied to transfer to another location, suggesting that their current housing may be inappropriate to their needs.⁶¹

Despite this immense demand across the state, the recent Australian Productivity Commission report on government services showed that the number of social housing dwellings in Victoria had decreased in the ten years from 2009 to 2018. Furthermore, the Victorian Government was found to be spending the least per head of population on social housing of all the states and territories in 2017–18 at \$82.94, as compared to the national average of \$166.93.⁶²

There is simply not enough social housing to meet the current need, let alone the growing need related to estimated population increase in Yarra and across Victoria.

Despite this, the Victorian Government has not published any estimates of the projected social housing needs in the coming period, nor have they committed to any targets. In their 30-year Plan, Infrastructure Victoria however estimate that 'approximately 30,000 new affordable dwellings within 0–10 years could be an appropriate infrastructure response to contribute to the current unmet demand for access to housing'.⁶³

⁶⁰From the final report on a research project with Moreland, Darebin and Yarra Councils: Kelly, D and Porter, L (2019) *Understanding the assumptions and impacts of the Victorian Public Housing Renewal Program*, RMIT University Centre for Urban Research: Melbourne, p. 52

⁶¹Victorian Housing Register and transfer list by local area, March 2019. N.B. The Victorian Housing Register now combines public and community housing through a centralised waitlist. While community housing applicants are being transferred there may be some changes to numbers and HousingVic notes that numbers will increase in the second half of 2019 as the merging is completed

⁶²Australian Productivity Commission (2019) *Report on Government Services 2019*, Part G, Chapter 18: 'Housing', Table 18A.1

⁶³Infrastructure Victoria (2016) *Victoria's 30-Year Infrastructure Strategy*, Infrastructure Victoria: Melbourne, p. 104

In Victoria, where there is a relatively small proportion of social housing relative to need (as illustrated by the VHR waitlist and other data), allocation has come to be prioritised with eligibility access not only based on households with a housing problem (affordability, overcrowding, poor quality etc.) but most often overlaid with a range of complex issues such as mental illness, addiction and family violence.

Data from the Australian Productivity Commission shows that 90 percent of allocations to public housing in Victoria in 2017–18 were to households with greatest need (people who are homeless or at risk of homelessness) and 53 percent was to households with special needs (i.e. main tenants younger than 25 or older than 75, people who are Indigenous and people with disability). Community housing allocations for the same period were 85 percent to greatest needs and 51 percent special needs.⁶⁴ Registered housing agencies are required to allocate at least 75 percent of their social housing dwellings to applicants on the VHR priority waitlist.

These trends are a result of a long-term shift in the role of social housing:

In recent years, social housing has been targeted less to low-income working families and more to those in greatest need, including people who are homeless, live with a disability, or are experiencing family or domestic violence.⁶⁵

The implications of this is that VHR ‘register of interest’ applicants (i.e. those who meet the financial eligibility requirements for social housing but do not have the greatest, or special, needs) are currently likely to be waiting a very long time to be housed through the social housing system.

Homelessness and Housing Stress

The commissioned .id Consulting report on housing demand and affordability defines housing need as ‘the aggregate of households unable to access market provided housing or requiring some form of housing assistance in the private rental market to avoid a position of rental stress.’⁶⁶ Based on this definition, an unmet need for affordable housing is estimated for households that are homeless and marginally housed, and very low, low and moderate income households in long-term rental stress.

The most severe form of housing stress is homelessness, which is the inability to maintain an adequate standard of shelter for day-to-day life. In 2016, the ABS estimated a total of 1,008 homeless or marginally housed persons in Yarra, most of whom were living in over-crowded dwellings or boarding houses.

⁶⁴Australian Productivity Commission (2019), *Report on Government Services 2019*, Part G, Chapter 18: ‘Housing’, Attachment 18A. N.B. Special needs and greatest needs categories are not mutually exclusive, and tenants may fit into a number of categories within each group or across groups

⁶⁵Australian Institute of Health and Welfare (2019), *National Social Housing Survey 2018, Key Results*, available at: <https://www.aihw.gov.au/reports/housing-assistance/national-social-housing-survey-2018-key-results/contents/table-of-contents>

⁶⁶Rowley, S., Leishman, C., Baker, E., Bentley, R. and Lester, L. (2017) *Modelling housing need in Australia to 2025*, AHURI Final Report 287, Australian Housing and Urban Research Institute, Melbourne, p. 1

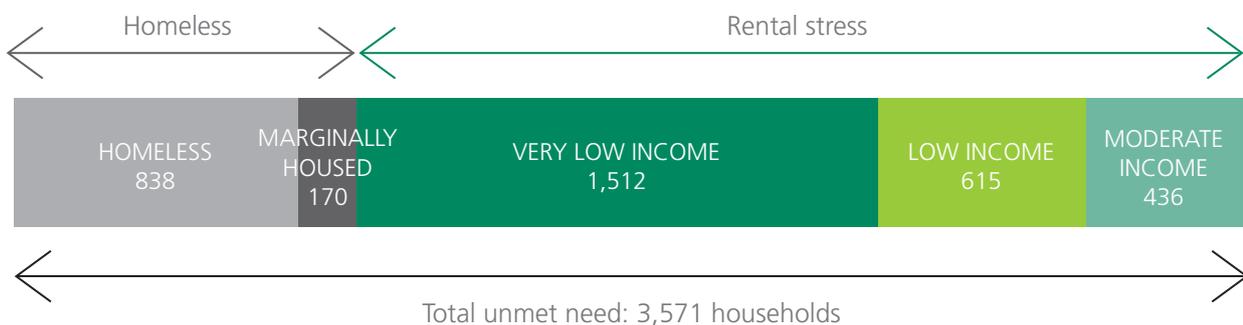
A longitudinal study of the Household, Income and Labour Dynamics in Australia (HILDA) Survey found that from 2013–2016 49.2 percent of those in housing stress remained in housing stress for multiple years.⁶⁷ Temporary housing stress can be due to a number of factors such as short-term unemployment, a period of parental leave or households looking for more affordable housing following a separation. Based on the HILDA study, it is estimated that 50 percent of rental stress is households in temporary stress. Using these assumptions, it is expected that around 2,563 rental households have a need for affordable housing in Yarra.

Given the expected population growth for Yarra in the coming ten to 20 years, and without any major supply increases for social and affordable housing, this unmet need is likely to increase in future years.

KEY FINDINGS

The total unmet need for affordable housing in Yarra in 2016 is estimated to be about nine percent (3,571) of all households

Figure 11: Total unmet affordable housing need in Yarra



Source: ABS, Census of Population and Housing 2016, as prepared by .id Consulting

⁶⁷Wilkins, Roger and Inga Lass (2018) The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 16. Melbourne Institute: Applied Economic & Social Research, University of Melbourne, p. 50

Community housing organisation perspective on need

Interviews with five registered housing agencies with a presence in Yarra further clarify the local need for housing.⁶⁸ The participating community housing organisations identified an expressed demand (i.e. based on current clients and applications) in Yarra coming from single people in receipt of a Disability Support Pension, followed by those accessing Newstart. Currently, the highest number of community housing tenants in Yarra are between 25 and 54 years of age. Young people aged 15 to 24 are the smallest cohort of community housing tenants in Yarra.

More recently, housing agencies have also seen increased demand from women (including older and younger women), older singles, people with a disability, moderate-income households, low-income workers and key workers.

Table 4 shows some of the comments made by the community housing representatives.

Table 4: Selected quotes from interviews with housing agencies (2019)

Selected quotes (de-identified)
<i>Older women in larger housing are wary of 'downsizing' due to their fear of not finding affordable housing in Yarra.</i>
<i>There is a road block, there is limited long-term affordable, secure housing for women in Yarra.</i>
<i>There is nowhere for younger women to go to be housed in Yarra.</i>
<i>Yarra is a preferred location for low income people with a disability, as the municipality has an extensive range of health and community services as well as good transport networks..</i>
<i>The casualisation of many occupations of the low income workforce [such as cleaners and hospitality workers] results in their lack of certainty regarding capacity to pay rents.</i>
<i>Consideration is being undertaken as to how to house low and moderate income workers who will be, or are, unable to afford to live in Yarra, and emerging lower paid occupations that will be in Yarra over the next 10 years.</i>

Source: Beverly Klinger & Associates, 'Housing Needs in the City of Yarra: Consultation Report with Community Housing Organisations', April 2019

⁶⁸Beverly Klinger & Associates (2019) Housing Needs in the City of Yarra: Consultation Report with Community Housing Organisation

The report notes, however, that demand is often linked to what is available. In other words, larger families won't apply to community housing providers that are known to have mainly smaller dwellings. A number of the community housing providers remarked on the lack of family housing in Yarra that is affordable and appropriate, and noted that the costs for them to acquire housing were too prohibitive.

[it's a] challenge to purchase or build three-bedroom properties in Yarra, as it is too costly. We can develop larger housing in the West but not Yarra. (Interviewee).⁶⁹

An important factor to consider is that housing in and of itself is not the only need that households have. They may also need to live near social and service supports and networks, require a particular type of dwelling, e.g. accessible for people with a disability or appropriate in terms of size for a family.

The following section identifies a range of vulnerable groups in Yarra and illustrates some of the particular requirements for each of these groups.

Spectrum of needs and implications for housing products

Council has identified a range of households in Yarra that are struggling with housing affordability. These groups represent a spectrum of needs, from homelessness to key workers, and highlight the breadth of the housing crisis.

Council recognises that the following situations represent points of housing vulnerability:

- Homelessness
- Low income and renting privately
- Persistent disadvantage for Aboriginal and Torres Strait Islander people
- Persistent disadvantage for people with a disability

Council also believes that it is important that *Key Workers* in the local economy should be able to afford to live near their place of work.

These situations, and the groups mentioned below, are not mutually exclusive. The categories do however illustrate some of the different scenarios and pressure points that can impact upon a person or household's need for safe, secure and affordable housing. By highlighting the situation of particular groups and demographics a line of sight can be drawn between housing need and the implications that this has for different affordable housing products, types and services. Council believes that an increase in social housing will support the most vulnerable in our community whilst more affordable housing can help households on low incomes.

⁶⁹Beverly Kliger & Associates (2019) Housing Needs in the City of Yarra: Consultation Report with Community Housing Organisation, p. 11



The following section looks at each of these situations and profiles, the particular housing needs and implications for affordable housing products by outlining:

- Key data
- Housing issues
- Housing products
- Supportive/community services
- Specific demographics and their needs

Together this information suggests that a range of affordable housing products and a mix of typologies is required in Yarra to support a diversity of needs. It is important to note that Yarra offers good access to most of the supportive and community services identified.

Council acknowledges that there are other groups who are more likely to experience homelessness and housing stress (than those outlined below). An example includes people who experienced institutional or other out-of-home care as children in the 20th century in Australia, also known as the 'Forgotten Australians'. Forgotten Australians are known to have faced multiple complex issues as a result of their experiences in out-of-home care, including mental and physical health issues, homelessness and substance abuse.⁷⁰

⁷⁰Department of Social Services, 'Apology to the Forgotten Australians and Former Child Migrants', Australian Government, available at: <https://www.dss.gov.au/our-responsibilities/families-and-children/programs-services/apology-to-the-forgotten-australians-and-former-child-migrants> (Accessed 28 Oct 2019)

Key data

The rate of homelessness in Yarra is 95 per 10,000 population, the fourth highest rate for any Victorian municipality, and more than double that of Victoria as a whole (42 per 10,000).⁷¹

In Victoria, the top three reasons for clients seeking homelessness assistance in 2017–18 were:

- 1) 47% domestic and family violence
- 2) 40% financial difficulties
- 3) 37% housing crisis

In 2017–18, 1,070 Specialist Homelessness Services clients were recorded in Yarra, of which 547 were female and 523 male.

As estimated in the 2016 ABS Census, the largest homeless group in Yarra was persons living in boarding houses, followed by persons living in over-crowded dwellings, with an estimated 64 people experiencing primary homelessness (i.e. living in tents, improvised dwellings, or sleeping out).⁷²

Most homeless or marginally housed people in Yarra are relatively young – aged 20–29, followed by the 30–39 years age bracket. Notably, about 160 children were recorded in both the ABS estimates and specialist homelessness services client data for Yarra.⁷³

Housing issues

The causes of homelessness are complex and homeless people often face a number of health and wellbeing issues, including finance, unemployment, addiction, family violence and mental health issues.

Contemporary approaches to homelessness in many countries, including Australia, are based on securing stable housing first, and then addressing additional complex needs through targeted ‘wraparound’ services. This is known as the ‘Housing First’ model (see the Definitions section for further information).

Appropriate housing products

Although short-term housing products can support people at a point of crisis, ultimately what is needed across the homelessness spectrum is long-term, secure, social and affordable rental housing.

Supportive services

Flexible and individual support service needs may include support to maintain tenancies, alcohol and drug treatment, health and wellbeing supports, and employment and education pathways.

⁷¹ABS Census of Population and Housing, Estimating Homelessness, 2016

⁷²ABS Census of Population and Housing, Estimating Homelessness, 2016

⁷³ABS Census of Population and Housing, Estimating Homelessness, 2016 and Australian Institute of Health and Welfare, Specialist Homelessness Services Collection – LGA data cube, 2017–18

Specific groups and needs

Data and research suggests that there are specific circumstances and groups with an increased risk of homelessness:

Family violence

- Data: family violence is the number one cause for seeking homelessness assistance in Victoria.⁷⁴
- Housing type and size: women with dependents may require larger, family-friendly dwellings.
- Additional needs: housing that has high safety standards.

Young people

- Data: 20 to 29 year olds are the largest age cohort of people who are homeless in Yarra.⁷⁵
- Dwelling size: housing needs can be adequately met through smaller dwellings.
- Housing type: could include co-housing models.

Older women

- Data: women over 55 years are the fastest growing cohort of people experiencing homelessness in Australia.⁷⁶
- Dwelling size: housing needs can be adequately met through smaller dwellings.
- Additional needs: accessible, or adaptable, homes to support comfortable ageing.

Asylum Seekers

- Housing issue: Recent changes to eligibility for Status Resolution Support Services (SRSS) – a safety net for vulnerable people seeking asylum who are excluded from mainstream support services in Australia – has put thousands of vulnerable people at risk of homelessness. SRSS includes a small amount of income support, about 89 percent of Newstart, for rent and food, as well as subsidised medication and torture and trauma counselling. The tightening criteria for eligibility has increased reliance on community and charitable organisations to provide basic supports, in particular housing. Organisations such as the Asylum Seeker Resource Centre report a vast increase in demand for housing services since the new rules came into effect and are unable to meet the demand.⁷⁷

- Dwelling size: mix of smaller and larger dwellings. May require larger dwellings to accommodate large families.
- Additional needs: legal support around visas, employment pathways, English language training.

⁷⁴Australian Institute of Health and Welfare, 'Specialist homelessness services 2017–18: Victoria', Australian Government, available at: <https://www.aihw.gov.au/getmedia/46473685-40d3-471b-b28d-ae6aac81e84/aihw-hou-299-vic.pdf.aspx> (Accessed 5 Sept 2019)

⁷⁵ABS Census of Population and Housing (2018), 'Estimating Homelessness, 2016', and Australian Institute of Health and Welfare, Specialist Homelessness Services Collection – LGA data cube, 2017–18

⁷⁶ABS Census of Population and Housing, Estimating Homelessness, 2016

⁷⁷Asylum Seeker Resource Centre (2019) Cutting the Safety Net: The Impact of Cuts to Status Resolution Support Services, available at: <https://www.asrc.org.au/resources/publications/> (Accessed: 24 Sept 19)

Low income and renting privately

Key data

In 2016, one in four renters in Yarra were in housing stress. Of those with very low and low incomes, there were 4,253 rental households in housing stress.⁷⁸

This constitutes 70 percent of all the households in Yarra that are in housing stress.

There are very few affordable private rental properties available in Yarra. For the June quarter 2019, only nine advertised rentals would have been affordable to people on Centrelink incomes.

Housing issues

As home-ownership becomes increasingly unattainable for large portions of the community there has been an increase in households that are life-time or long-term renters. Many lower income rental households in Yarra struggle to live affordably and would benefit greatly from more affordable options – both to rent and buy.

Appropriate housing products

Long-term social and affordable rental and purchase.

Community services

Access to a range of community services will benefit lower income households, including health and wellbeing services, public transport, child care and schools. There is very good access to these services across Yarra.

⁷⁸ ABS Census of Population and Housing, 2016

Specific groups and needs

There are a number of lower income groups that are particularly susceptible to rental stress:

Older people

- Data: Yarra's older population have significantly lower earnings than the broader population with almost half earning less than \$500 a week (roughly aligned with 'very low' income bracket for singles), as compared to one in four for the broader Yarra population aged 15 years and over.⁷⁹
- Issues: financial insecurities can occur when people have reached the end of their working lives, rely on the age pension for income, lack future earnings potential, and have increased health costs. Older single women may face additional financial disadvantage due to lower superannuation or as a result of changed circumstances such as divorce, or death of a partner.
- Housing type: could include co-housing models and affordable nursing homes.
- Dwelling size: needs can be adequately met through smaller dwellings.
- Additional needs: accessible, or adaptable, homes to support comfortable ageing and independent living.

Lone person households

- Data: almost one-in-four lone person households in Yarra is in housing stress, with a majority of these being rental households on very low incomes.⁸⁰
- Housing issue: A 2017 Victorian Auditor-General's Report on Victoria's public housing states that current public housing stock is not configured to meet the growing demand for one and two bedroom dwellings, accounting for about 80 percent of applicants in 2016.⁸¹
- Housing type: could include shared equity schemes.
- Dwelling size: needs can be adequately met through smaller dwellings.

Single parent families

- Data: single-parent families – primarily women with children – have the highest rate of housing stress out of any household type.⁸²
- Issues: Housing instability and housing stress are often a more pressing issue for lower socio-economic groups and single parent families in particular. A recent report highlights the detrimental effects of housing instability, particularly for children in the first three years of life. Impacts are seen on a range of fronts including behavioural issues, education outcomes, parental stress and capacity, social support networks and health.⁸³
- Housing type: family-friendly dwellings, could include shared equity schemes.
- Dwelling size and type: may require larger dwellings.

⁷⁹ABS Census of Population and Housing, 2016

⁸⁰ABS Census of Population and Housing, 2016

⁸¹Victorian Auditor-General's Office (June 2017) 'Managing Victoria's Public Housing'

⁸²Wilkins, Roger and Inga Lass (2018), *The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 16*, Melbourne Institute: Applied Economic & Social Research, University of Melbourne, p. 44

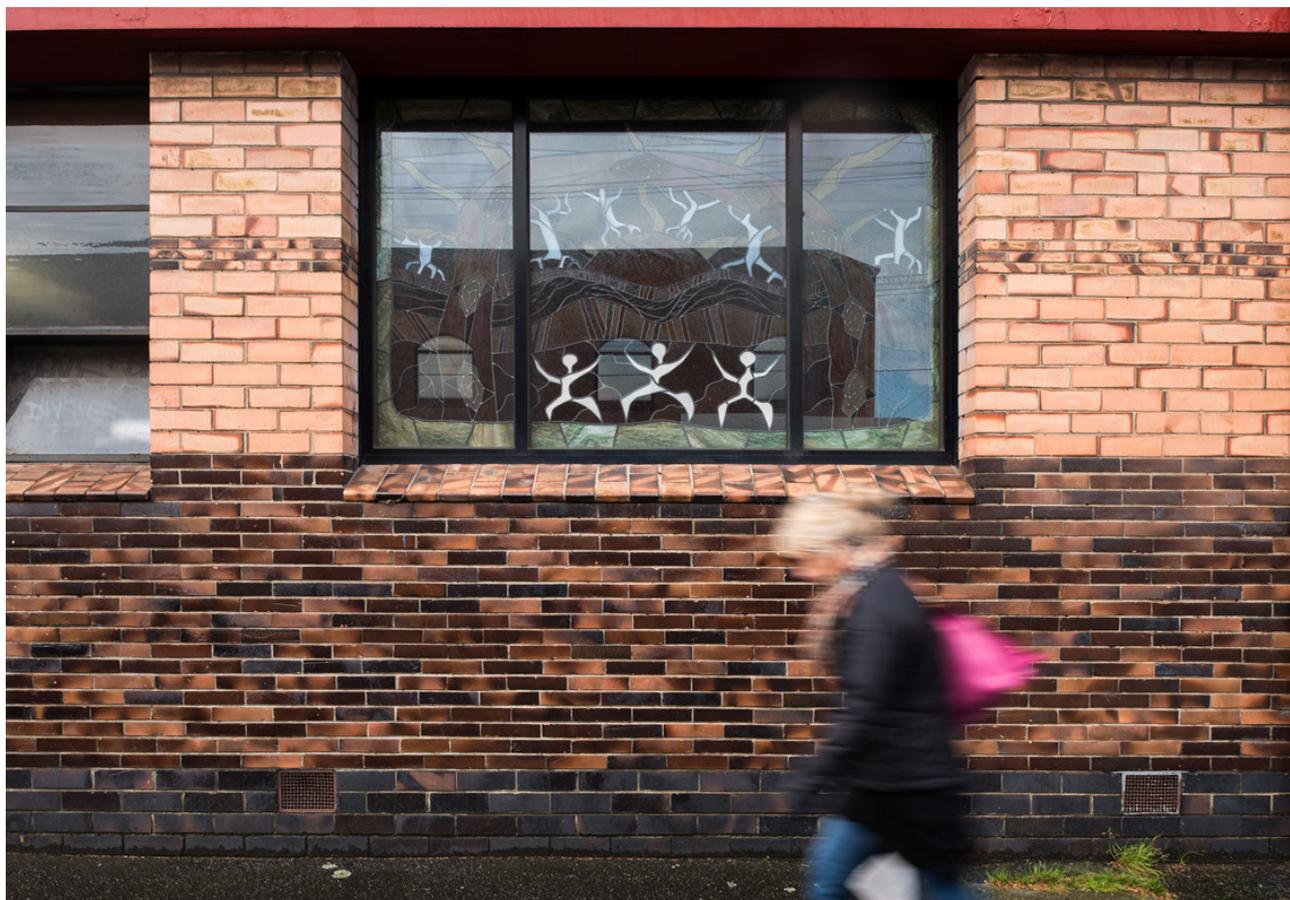
⁸³PricewaterhouseCoopers Consulting for the Strong Foundations collaboration (2019) *The first thousand days: A case for investment*, PWC: Sydney, pp. 28–29

Persistent disadvantage

It is estimated that four to six percent of Australians experience 'chronic or persistent poverty or deprivation'.⁸⁴ Disadvantage is complex, consisting of the interplay of multiple elements, including:⁸⁵

- 1) Poverty: low economic resources compared to the average (e.g. less than 50 percent of the median household disposable income).
- 2) Material deprivation: unable to afford or access things that are essential to achieving a basic acceptable standard of living.
- 3) Social exclusion: unable to participate economically and socially in the community.

In Australia, some groups are more vulnerable to disadvantage than others, including **Aboriginal and Torres Strait Islander people and people with a disability**.⁸⁶



⁸⁴Committee for Economic Development of Australia (2015), *Addressing entrenched disadvantage in Australia*, Melbourne, p. 7

⁸⁵Productivity Commission (2018), *Rising inequality? A stocktake of the evidence*, Commission Research Paper, Canberra, p. 109

⁸⁶The Senate Community Affairs References Committee (2014) *Bridging our growing divide: inequality in Australia The extent of income inequality in Australia*, Commonwealth of Australia: Canberra, p. 103

Aboriginal and Torres Strait Islander people

Key data

Data on Aboriginal and Torres Strait Islander people relating to housing and homelessness in Victoria demonstrate the enduring disadvantage of this community:

- 43 percent of Aboriginal people in Victoria own their homes as compared to 68 percent of Victorians.⁸⁷
- 18 percent (almost 11,000) Aboriginal people in Victoria, were in contact with homelessness services in 2017–18, as compared to 1.8 percent of Victorians.⁸⁸
- Aboriginal people are over-represented as homelessness clients – 10.4 percent of homelessness clients in Victoria are Aboriginal yet they only make up 0.9 percent of the population.⁸⁹

Housing issues

A recent paper produced by Aboriginal Housing Victoria (AHV) highlights some of the particular housing requirements of Aboriginal households, including cultural needs, caring for extended families and pathways from homelessness to long-term secure housing. They also note the need for specific supports around elements such as the legal system, disability, alcohol and drugs, and family violence. AHV places a strong focus on self-determination for Aboriginal housing.⁹⁰

There is currently no dedicated Aboriginal social housing stock in Yarra.

Appropriate housing products

Long-term social and affordable rental and purchase.

Dwelling size: mix of smaller and larger dwellings. May require larger dwellings to accommodate extended family.

Additional needs: culturally appropriate housing. Older Aboriginal people and those with disabilities will require accessible or adaptable housing.

Supportive services

Culturally sensitive support services to maintain tenancies, alcohol and drug treatment, legal support, mental health and general health supports, employment and education pathways

⁸⁷ABS Census of Population and Housing, 2016 (as presented in Aboriginal Housing Victoria 'Key Data' graphic, available at: https://ahvic.org.au/cms_uploads/docs/web-key-data-housing-and-homelessness-victoria-.pdf)

⁸⁸Productivity Commission (2019) Table 19A.4 in Report on Government Services (as presented in Aboriginal Housing Victoria 'Key Data' graphic, available at: https://ahvic.org.au/cms_uploads/docs/web-key-data-housing-and-homelessness-victoria-.pdf)

⁸⁹Ibid

⁹⁰Aboriginal Housing Victoria (2019) Victorian Aboriginal Housing and Homelessness Summit – Documents and Background Papers, available at: <https://ahvic.org.au/communications-and-resources/vahhf> (Accessed 30 May 2019)

Key data

There are more than 6,000 Australians with a disability under the age of 65 living in aged care facilities.⁹¹

In Victoria, as of 30 June 2018, there were 1,585 people under the age of 65 living in permanent residential aged care (RAC), accounting for 3.3 percent of all permanent residents in RAC in Victoria.⁹²

The 2016 Census recorded slightly more than 3,000 people or 3.5 percent of the population in Yarra who need help with their day-to-day lives due to disability (equating to a severe or profound disability).

The vast majority of working age people (15 to 60 years old) with need for assistance are not in the labour force, and only eight percent are employed as compared to 75 percent for people who do not require assistance.⁹³ Lower earnings coupled with higher expense housing needs can lead to an array of housing challenges.

People with disability are seven times more likely to be living in public housing, reflecting lower incomes and the need for housing assistance.⁹⁴

Disability correlates strongly with age and as many as one in five Yarra residents 65 years or older reported need for assistance with core activities.⁹⁵

Housing issues and opportunities

People with disabilities face additional barriers to accessing suitable and affordable housing that are different to other cohorts of the population.

They require homes that:

- are accessible and adaptable,
- enable informal support as well as independent living,
- encourage social inclusion and economic participation, and
- promote health and wellbeing.⁹⁶

The Commonwealth Government recently committed to the National Action Plan for Younger People in Residential Aged Care which involves getting all young people under the age of 45, who wish to leave, out of nursing homes by 2022 and those under the age of 65 by 2025. The plan will be funded under the National Disability Insurance Scheme (NDIS) which, when fully rolled out, is estimated to provide more than \$700 million annually in funding for Specialist Disability Accommodation (SDA).

A small proportion of NDIS participants with 'extreme functional impairment' or 'very high support needs' will be eligible for additional SDA funding (estimated at 6 percent or 28,000 NDIS participants nationally). The funding is allocated to the individual to enable them to either live in already existing SDA housing or to design or modify mainstream housing to suit their needs. It is intended that this funding stream will stimulate investment in the development of new high quality, accessible dwellings.⁹⁷

⁹¹As at 30 June 2018. Based on data obtained from the Australian Institute of Health and Welfare (AIHW) National Aged Care Data Clearinghouse and presented in Summer Foundation (2019) *Young People in Residential Aged Care 2017–18: A Snapshot*. Available at: <https://www.summerfoundation.org.au/documents-category/for-policy-makers/#> (Accessed 24 Sept 2019)

⁹²Ibid

⁹³Ibid

⁹⁴AHURI (2019) Brief: 'How can shared equity schemes help people living with disability?' Available at: <https://www.ahuri.edu.au/policy/ahuri-briefs/how-can-shared-equity-schemes-help-people-living-with-disability> (Accessed 25 Sept 2019)

⁹⁵ABS Census of Population and Housing, 2016

⁹⁶Wiesel, I and Habibis, D (2015) *NDIS, housing assistance and choice and control for people with disability*, AHURI Final Report 258, Australian Housing and Urban Research Institute: Melbourne, available at: <http://www.ahuri.edu.au/publications/projects/p71053> (Accessed 24 Sept 2019)

⁹⁷NDIS, Specialist Disability Accommodation webpage. Available at: <https://www.ndis.gov.au/providers/essentials-providers-working-ndia/specialist-disability-accommodation> (Accessed 24 Sept 2019)

Appropriate housing products and features

Long-term social and affordable rental and purchase.

Dwelling size: May require additional space for live-in carers.

Additional needs: Accessible homes that support independent living.

Supportive and community services

Flexible and individual support service needs may include health and wellbeing supports, employment and education pathways, services that encourage social inclusion, and access to public transport.

Accessible Housing

Although accessible housing is often equated with the needs of people with current disabilities, the benefits of designing new homes to universal design standards has broader application.

Council recognises that accessible housing benefits a range of situations including:

- people with disability and their families,
- people who sustain a temporary injury that limits mobility,
- the future needs of Australia's ageing population, and
- families with young children.

International research suggests that there is a 60 percent chance that a new home will be occupied by a person with a disability over the course of its life.⁹⁸ Designing new homes to accessible standards can also involve considerable cost-savings. It is 22 times more cost-efficient for home-owners to include Livable Housing Design features at the time of building, as compared to retrofitting a home when need arises.⁹⁹

⁹⁸Smith, S, Rayer, S, & Smith, E (2008) Ageing & disability: 'Implications for the housing industry and housing policy in the United States', in *Journal of the American Planning Association*, 74:3, 289 – 306. As referenced in Livable Housing Australia (2012), *Livable Housing Design Guidelines*, second edition

⁹⁹New Zealand Ministry of Social Development (2009) *Economic effects of utilising Lifemark at a National level*. As referenced in Livable Housing Australia (2012), *Livable Housing Design Guidelines*, second edition

Key workers

Yarra's key workers

Key workers have been defined based on traditional key worker occupations (providing essential human services to the community), as well as a selection of occupations specific to the role and function of the Yarra economy.

Traditional occupations defined as key workers:

- Automobile, Bus and Rail Drivers (to help access to jobs)
- Defence Force Members, Fire Fighters and Police
- Health and Welfare Support Workers (includes ambulance officers and paramedics)
- Midwifery and Nursing Professionals
- School teachers

Additional key worker occupations specific to the Yarra economy:

- Artists, Musicians and other Arts Professionals (to support the ongoing presence of the artistic and creative industries that characterise Yarra's cultural landscape)
- Hospitality Workers (to support the operation of Yarra's vibrant food, beverage and cultural scene)
- Child Carers (to support the continued delivery of services essential to Yarra families)
- Cleaners and Laundry Workers (to support operations of a multitude of local businesses, including the hospital cluster)

Key data

85 percent of people who work in Yarra do not live here.¹⁰⁰

Escalating house and rental prices mean that there are limited numbers of key workers who can afford to live in Yarra. Analysis of median incomes for the selected key worker groups located in Yarra as compared to property sale prices and advertised rentals in the lower quartile show a slight improvement from 2012 to 2017 in overall affordability (for dual income earners), which seems to suggest that the large numbers of new high density dwellings being constructed are having a positive impact on affordability for key workers, but masks some differences between dwelling types and key worker groups.¹⁰¹

Hospitality workers, who receive the lowest income, were significantly less able to afford housing (to buy or rent) as compared to higher income key worker groups. The 2018 report on Housing Demand and Affordability by .id Consulting notes that, '[for] lone person households in key worker occupations, the results are stark. Only defence force members, fire fighters and police could afford more than 1 percent of the houses and units on sale in 2017. For rentals the story is slightly better, with around 20 percent of rental units affordable to midwifery and nursing professionals.'¹⁰²

¹⁰⁰ABS Census of Population and Housing, 2016

¹⁰¹Based on Hometrack property sales and rental data, 2017, and ABS Census of Population and Housing, 2016, as prepared by .id Consulting. N.B. An assessment of affordability is most useful in showing affordability of first home buyers and their ability to enter the market

¹⁰².id Consulting (2019), 'Housing Demand and Affordability', report prepared for Yarra City Council: Abbotsford, p. 78

Housing issues

Research has shown that a poor relationship between housing and employment markets has an impact on local productivity.¹⁰³

Local industry faces additional costs without an adequate level of key worker labour supply meaning lost time in worker turn-over and recruiting when workers find jobs closer to home. Workers also suffer when they have additional expenses in the form of transport costs, resulting in a fall in disposable income. The local area faces congestion and air pollution from workers driving to work. It is incumbent on municipalities such as Yarra which has a high concentration of skilled jobs to provide opportunities for key workers to live close to these jobs.

Appropriate housing products and types

Long-term affordable rental and purchase.

Dwelling size: Mix of smaller and larger dwellings.

N.B. To qualify for affordable housing, key worker income must fall within the very low to moderate income brackets.

Community services

The most important factor for this group is proximity to jobs. Access to a range of community services such as health care, child care and schools, and public transport will also benefit key workers and their families.

¹⁰³AHURI (2015) *Making connections: housing, productivity and employment*, Australian Housing and Urban Research Institute: Melbourne, p. 34

3.4 Planning tools: Affordable housing in new developments

The two principal State Government policies outlining plans for housing and development in Victoria, *Homes for Victorians* (2017) and *Plan Melbourne 2017–2050* both signal the role of the planning system in facilitating the supply of affordable housing, whilst acknowledging that the planning system alone cannot address all the issues pertaining to housing affordability.¹⁰⁴

Local government is the responsible authority for the processing of the majority of land-use and development plan applications, rezoning of land and seeking amendments to the local planning scheme from the Minister for Planning. At present in Victoria, affordable housing can be facilitated by the planning system through a voluntary planning negotiation with a developer or land-owner, generally expressed in a Development Plan Overlay (DPO) and/or a Section 173 Agreement (S173).

A DPO requires an overall plan to be prepared to the satisfaction of the responsible authority to co-ordinate land uses and development over a defined area or site. It requires the preparation of a Development Plan that sets out conditions for land uses and development. This has been used in some situations to negotiate the inclusion of provisions for affordable housing as part of the overall development outcome.

A S173 is the mechanism commonly used to facilitate the supply of affordable housing through the Victorian planning system. It is a voluntary agreement (made under section 173 of the *Planning and Environment Act 1987*) between a planning authority and a landowner, and can be used to deliver affordable housing as part of new developments. The agreement sets out conditions or restrictions on the use or development of the land, or to achieve other planning objectives relating to the land. The agreement can be registered over the title to bind future owners and occupiers of the land to the agreement.

The agreement is enforced in the same way as a permit condition or planning scheme requirement.

A S173 can be placed on a site in perpetuity, for a predefined number of years (e.g. 10–15 years) or until the affordable housing has been transferred to a registered housing agency. Notably, many registered housing agencies have expressed concern over S173s that are put on a site in perpetuity as this limits their borrowing capacity (which can impact project feasibility) and restricts their overall portfolio management as older assets may need to be sold when maintenance becomes too costly.

Voluntary Planning Negotiations

The Victorian State Government issued some important changes and clarifications with regard to social and affordable housing in June 2018. The Department of Environment Land, Water and Planning (DELWP) state that the objective of the recent changes to the *Planning and Environment Act 1987* (the Act) is to facilitate the supply of affordable housing through the planning system.

The changes to the Act are also intended to provide a framework that allows for innovative approaches to the delivery of affordable housing and flexibility for parties when reaching an affordable housing agreement.

Three changes were made to the Act that came into effect on 1 June 2018:

Adding a new objective to the Act

'to facilitate the provision of affordable housing in Victoria' and thereby affirming that the facilitation of affordable housing is a legitimate concern of the planning system.

Providing a definition of affordable housing

'affordable housing is housing, including social housing, that is appropriate for the housing needs of very low, low, and moderate-income households'.

¹⁰⁴Available at: <https://www.planning.vic.gov.au/policy-and-strategy/affordable-housing> (Accessed 17 Dec 2018)

Affirming the use of Section 173 agreements for voluntary affordable housing agreements '*...a Responsible Authority may enter into an agreement with an owner of land for the development or provision of land in relation to affordable housing*'.¹⁰⁵

Further guidance from DELWP outlines the requirements for a Responsible Authority to:¹⁰⁶

- establish strategic justification for an affordable housing request,
- identify value to support the delivery,
- ensure clear land-owner agreement,
- not unduly impact commerciality of the development,
- give regard to a registered housing agencies support for the proposal, and
- test it against the definition and list of matters (as outlined by the Minister for Planning).

The Victorian Government is also considering how councils can provide support through measures such as reducing third party appeal rights, fast-tracking planning approvals and providing exemptions from some planning requirements such as car parking or enabling increased building heights.¹⁰⁷

Implication for Council

The changes emphasise that the planning system has a role in facilitating affordable housing and provides a shared definition of what affordable housing means, including allocated income brackets defining very low, low and moderate incomes with respect to affordable housing that is not social housing. These categories are derived from calculations based on 50 percent, 80 percent and 120 percent of median incomes in Greater Melbourne (see Table 1). DELWP has also developed a sample S173 Agreement to assist councils in leveraging affordable housing through the planning system.

These changes do not give any power to councils to require allocation of affordable housing, nor does it specify preferred proportions (e.g. 5 percent or 10 percent) or specific triggers (e.g. dwelling yield, floor space or monetary value). What the changes do achieve is removing ambiguity by providing a statutory definition of affordable housing and further protection of the legitimate practice of requesting affordable housing outcomes by agreement that many councils, including Yarra, were already exercising.

It is notable that the sample agreement includes the possibility of cash contributions from developers to be considered as an affordable housing contribution. These contributions could be to registered housing agencies or to approved trusts or bodies, in lieu of housing stock. This opens up possibilities for councils to direct cash funds to affordable housing providers or to create a trust to direct development funds toward affordable housing projects.

Importantly, when considering a payment in lieu of on-site delivery a council needs to consider:

- the urgency of need (i.e. is it more likely that dwellings will be delivered faster in-situ),
- whether high local land costs and smaller cash contributions will result in difficulties/long-time frames for realising outcomes with cash, and
- the importance to the council of social mix (i.e. realising this goal at each respective development).

Cash contributions have traditionally been more common in an inclusionary zoning setting and applied in particular circumstances, such as if the number of dwellings is too few to realise on site, there are particularly high body-corporate costs or it is a non-residential building.¹⁰⁸

¹⁰⁵Available at: <https://www.planning.vic.gov.au/policy-and-strategy/affordable-housing> (Accessed 18 Dec 2018)

¹⁰⁶Ibid, including Ministerial Notice 'Specified Matters under Section 3AA(2)', (Accessed 17 May 2018)

¹⁰⁷The state government has included this as an option in implementing *Plan Melbourne 2017–2050*

¹⁰⁸Kate Breen (2015) 'International approaches to facilitating affordable housing outcomes and their application to Victoria, Australia', 2014

Key stakeholders

There are three principal negotiators in the delivery of affordable housing through the planning process: developers/land-owners, councils and affordable housing owners/operators (generally registered housing agencies), as well as a number of supporting parties. The main stakeholders and their roles and requirements are outlined in Table 5.

Table 5: Key Stakeholders – Financing, Development and Management of Affordable Housing

Stakeholder	Role	Key financial requirements
Land-owner	May be planning applicant and developer or may own land for other purpose and sell a permitted or non-permitted site for others to develop.	Appropriate return on land, reflecting value in market, cost of sale.
Developer	<ul style="list-style-type: none"> • Commercial, profit-driven entity • Purchaser of land • Developer of land • Typically planning applicant 	Development margin that supports a required Rate of Return on investment after costs and taxes, including financing cost.
Affordable housing owner and/or operator	<ul style="list-style-type: none"> • Owner and/or manager of Affordable Housing • Housing low to moderate income households 	<ul style="list-style-type: none"> • Positive revenue (rent) relative to costs to maintain a viable not-for-profit business • Access to subsidy • Access to low-cost, long-term financing
Council	<ul style="list-style-type: none"> • Planning authority • Facilitator • Balancing community needs 	Maximum community benefit.
State Government	<ul style="list-style-type: none"> • Legislative and policy • Owner and manager of Public Housing • Direct investor in Social and Affordable Housing • Provision of support for home owners 	Value for money/public benefit for investment.
Financier and/or investor	Provider of funds for land acquisition and/or development on expectation of financial return.	Rate of Return on the investment that is commensurate to the level of risk, time and quantum of investment.

Source: Adapted from Affordable Development Outcomes report for City of Yarra 'Affordable Housing Financing', April 2019

Increased awareness of other stakeholders' roles and requirements will help Council to understand and balance the needs of different players. Understanding the basic financials of development economics is also core to making informed and realistic requests for affordable housing outcomes. The following section explores this further.

Financing Affordable Housing

The main challenge in securing affordable housing at new developments is the funding gap – essentially the difference in revenue that can be achieved from selling or renting something at market value as compared to selling or renting at a subsidised rate (which can range from high to low).

Affordable Housing that is appropriate, affordable and allocated to lower income households at a below-market rent or purchase price is not typically delivered by commercial property developers unless it has been directly or indirectly subsidised, typically by government.¹⁰⁹

In order for affordable housing to be delivered through a private sector development it needs to be commercially viable for the owner/developer as well as commercially sustainable for the registered housing agency to both purchase in the first instance and to own and operate long-term. Therefore, there needs to be a recognition of the process, risks and capital costs required to build dwellings and to ensure the long-term management of a dwelling as affordable housing.

Property development is a complex commercial enterprise entailing significant costs and risks over a considerable period of time. Developers require an adequate rate of return of costs relative to risk and investor (equity and lender) requirements. Increases in costs – from for instance an affordable housing component – that are not countered by an increase or offset in revenue can mean that a project is no longer viable and therefore will not proceed.

Housing agencies must in turn receive an adequate income to meet all tenancy management and building operating costs (rates, owner corporation costs, insurance and property and tenancy management), as well as servicing debt, and all from below-market rental revenue. As charities, housing agencies can draw on taxation benefits such as GST exemptions to reduce costs, but this in itself is not sufficient. In instances where housing agencies have not received a subsidy, such as land at cost or a government grant, they will be incapable of delivering the highest subsidy affordable rental product (social housing). If instead they have to leverage their own assets and income, the likely best outcome that may be achieved is affordable housing products such as key worker housing or shared-equity schemes.

At the time of writing, the Victorian Government was providing some grants and alternate financing, complemented by lower interest borrowing facilities supported by the Commonwealth Government, which can help bridge the funding gap.

The Victorian Government has directed that there should be clear value generation coming from the planning process to improve development viability. Council can make contributions to offset the costs of affordable housing delivery through planning incentives, such as additional yield or streamlined decision making, or rezoning, enabling a higher value use of the site.

¹⁰⁹Report for Yarra City Council by Affordable Development Outcomes (April 2019) 'Affordable Housing Financing', p. 4

Under voluntary planning negotiations the way the capital costs of a dwelling will be met must be clearly understood and agreed, which in part requires assurance that there is sufficient value available to the developer to offset costs.¹¹⁰

Where no value generation is present, other subsidy or funds will be required to meet the developer's costs and the developer and investor hurdle rates.

Kate Breen of Affordable Development Outcomes has produced a report for Council on Affordable Housing Financing, including modelling of different cost and foregone revenue implications of various delivery models. Table 6 (below) shows the different cost impacts for various models (gifting of land through to gifting of completed dwellings) and the flow on effects in terms of tenure, household allocation (very low to moderate) and the potential outcome in terms of dwelling yield.

Table 6: Potential outcomes arising from different delivery models

Model	Relative cost impact for developer	Potential Tenure	Likely Allocation/ Household targeting	Reliance on third party investment (indication of delivery certainty/ risk)	Potential number of dwellings (relative)
Gifting of Land	Low	Social and Affordable Rental and/or Affordable ownership (Shared Equity)	Mix very low, low and moderate income	High – depends on Housing Agency funding construction which is likely to also require government funding	High
Sale at 30% discount/ developer contribution	Low	Affordable Rental and/or Affordable ownership (Shared Equity)	Low to moderate income	High – depends on Housing Agency securing significant funding and/or finance or an individual securing a mortgage	Moderate
Sale at 40 – 50% discount	Moderate	Social and/or Affordable Rental	Low to moderate income	Moderate to high – depends on Housing Agency securing funding and/or finance. Less reliance on government funds if financing can be secured	Low to moderate
Gifting of completed dwellings	High	Social and/or Affordable Rental	Very low to low income	Low/none	Low

Source: Affordable Development Outcomes report for City of Yarra 'Affordable Housing Financing', April 2019

¹¹⁰ Ibid, p. 6

The report also models cost impacts based on the median unit value in Yarra. Assuming a development with a total yield of 100 units, each with a market value of \$582,000,¹¹¹ the indicative total cost to the developer of providing ten of these dwellings for affordable housing under various delivery models is:¹¹²

Gifting of land without dwellings

\$417,000

Sale of dwellings at 30% discount to market value

\$640,000

Sale of dwellings at 40–50% discount to market value

\$1.22–1.8 m

Gifting of completed dwellings

\$4.3 m

This is a very useful starting point to begin considering when and what Council can aim for in a negotiation with a developer on a site-by-site basis, understanding that there are very different price implications for the delivery model, with flow-on effects in terms of the quantity that can be delivered and to whom.

Inclusionary zoning

Inclusionary zoning generally refers to statutory planning controls requiring development proponents to incorporate certain facilities or features on their site, or pay a cash-in-lieu contribution for this obligation to be discharged off-site. It is often used to mean that property developers are required to set aside a percentage of their final dwellings for use as affordable housing. Inclusionary zoning is not currently applied in Victoria.

Council has long been an advocate for inclusionary zoning and has been part of previous efforts to introduce inclusionary zoning approaches in inner-city Melbourne. In 2007, the Inner Melbourne Action Plan (IMAP), which at the time included the Cities of Melbourne, Port Phillip, Stonnington and Yarra, developed a model of inclusionary zoning to maintain at least six percent of housing in the inner city for low income households through a contribution rate to apply to new developments.¹¹³ This proposal was not accepted by the Victorian Government.

¹¹¹Median unit value in City of Yarra in 2018, from Victorian Valuer-General (2018) 'Guide to Property Values'

¹¹²Costs are highly indicative and do not take into account site specific considerations or the foregone opportunity cost to the developer, which is greater than the cost impact

¹¹³<http://imap.vic.gov.au/index.php?page=affordable-housing>, viewed 23 January 2017

Inclusionary zoning is currently used to cover affordable housing provisions in other jurisdictions in Australia, including:

City of Melbourne

15 percent affordable housing target but only applies to the development of Council-owned land.

South Australia

a state affordable housing target announced in 2005, for achieving 15 percent affordable housing in all new significant developments, including 5 percent high needs (public) housing. The planning provisions were initially restricted to the redevelopment of government sites, but are increasingly applied when major new residential areas are released or rezoned to allow higher density development.

Queensland

site-specific affordable housing initiatives were delivered under the auspices of its Urban Land Development Authority (ULDA) who applied a combination of land supply, barrier reduction, affordable housing incentivisation and inclusionary zoning to large renewal sites in Brisbane.

New South Wales

two percent of housing in specified zones to comprise of affordable housing. Developers can include affordable housing on site or pay an affordable housing levy.

Inclusionary zoning has also been applied extensively and with significant outcomes in the United Kingdom and United States of America. In England between 2015 and 2016, 12,866 affordable housing units (43 percent of total affordable housing output) were delivered through inclusionary planning requirements and about 12 per cent of annual housing completions in San Francisco are affordable dwellings produced through inclusionary zoning or impact fee requirements. Similar schemes apply to more than 500 cities across the United States.¹¹⁴

Yarra: current policy and recent outcomes

Council has already achieved affordable housing outcomes by negotiating during the rezoning process with the development proponent for the inclusion of a proportion of affordable housing through Development Plan Overlays and supported by a Section 173 Agreement.

In addition, Yarra has developed a *Policy Guidance Note: Affordable Housing Outcomes at Significant Redevelopments* (Policy Guidance Note), which sets out Council's intentions with regard to facilitating social and affordable housing at major redevelopment sites.

¹¹⁴Gurran, N., Gilbert, C., Gibb, K., van den Nouwelant, R., James, A. and Phibbs, P. (2018) Supporting affordable housing supply: inclusionary planning in new and renewing communities, AHURI Final Report No. 297, Australian Housing and Urban Research Institute Limited, Melbourne, <http://www.ahuri.edu.au/research/final-reports/297>, doi: 10.18408/ahuri-7313201

Yarra's Policy Guidance Note

In order to stimulate development of additional affordable housing, Council endorsed a Policy Guidance Note in 2017, with a first update in 2018 and subsequent update in 2019.¹¹⁵ The Guidance Note communicates Council's expectation to realise a percentage of affordable housing units, to be managed by registered housing agencies, in sites of rezoned land likely to yield around 50 dwellings or more. The Guidance Note informs developers of Council's rationale and vision for affordable housing contributions and was first endorsed at the Council meeting of 21 November 2017 after community and stakeholder consultation and updated by Council resolution in October 2018 to increase the percentage of affordable housing from 5 percent to 10 percent and update the definitions. The Guidance Note has been further updated to align with this Strategy.

Council has already had success in securing affordable housing through the planning process. Major sites where negotiations for affordable housing have been secured with developers and community housing agencies, include:

- Alphington Paper Mill Site
- GTV9 Richmond
- North Fitzroy Gasworks

Several additional sites are currently being negotiated.

¹¹⁵The Policy Guidance Note was updated in October 2018 following the changes to the *Planning and Environment Act and in 2019* to align with the new Social and Affordable Housing Strategy

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