

Submission to the

National Housing and Homelessness Plan

Endorsed by resolution of Merri-bek City Council on 18 October 2023



Merri-bek
City Council

D23/430507

Merri-bek City Council acknowledges the Wurundjeri Woi-wurrung people as the Traditional Custodians of the lands and waterways in the area now known as Merri-bek. We pay respect to their Elders past, present, and emerging, as well as to all First Nations communities who significantly contribute to the life of the area.

1. Recommendations Summary

The housing system is failing to provide enough safe, affordable and appropriate homes. There is an urgent need for action at all levels of government.

The purpose of the National Housing and Homelessness Plan (the Plan) as outlined in the Issues Paper is to set out a shared national vision to improve housing outcomes and help address homelessness. In supporting this intent, this submission aims to contribute to the creation of this shared vision by both responding to its broad aims as it is relevant to Council and to some of the focus areas of the Issues Paper (as noted). Merri-bek makes the following recommendations for consideration in the drafting of the Plan:

- Investment in public and community housing delivery must be prioritised to drive improved health and equity outcomes. (Focus Area 3.4).
- While many new affordable homes are needed, there is an urgent need to make healthy and safe the existing, ageing, public housing stock. Both retrofitting and new builds also present an opportunity for the Commonwealth and State and territory governments to meet their net zero targets (Focus Area 3.7).
- Local government should not just have a seat at the table in decision-making about housing but have access to resources to facilitate outcomes.
- A national plan for housing must be broad in scope if it is to address the market failure which is driving the current crisis in housing affordability and supply. This should include fiscal policy, financial market regulation and social transfers such as Centrelink payments.
- The planning system should be used to bolster the delivery of social and affordable housing that is affordable in perpetuity through mandatory contributions by landowners and developers (Focus Area 3.6)
- Emergency accommodation is in crisis both in terms of gaps in supply and the provision of wraparound supports. This requires a priority focus in the plan so that no-one is forced to sleep rough or to have to choose unsafe options to get shelter (Focus Area 3.2)
- Local governments should be strongly encouraged to use agreements with local Traditional Owners and Aboriginal and Torres Strait Islander communities to support specific housing programs to improve housing outcomes. (Focus Area 3.3).

- Support alternative mortgage options, such as small, short-term mortgages, shared ownership, land rent schemes, and low-cost government-backed reverse mortgages for those at risk of falling out of home ownership (Focus Area 3.5).

2. About the City of Merri-bek

Merri-bek City Council – located between 4 and 14 kilometres north of the Melbourne central business district – is home to 174,502 people. Covering 51 square kilometres and including the suburbs of Brunswick, Brunswick West, Brunswick East, Coburg, Coburg North, Fawkner, Glenroy, Gowanbrae, Hadfield, Oak Park, Pascoe Vale, Pascoe Vale South and part of Fitzroy North, Merri-bek is a wonderfully diverse and vibrant community with a longstanding and proud history of leadership and advocacy on many social justice, environmental and community issues.

The municipality was previously known as the City of Moreland. In 2021, Elders from the Traditional Owner community (and other community members) informed Council that the area we live, work and play on – ‘Moreland’ – was named after a Jamaican slave estate. The city was renamed Merri-bek – the Woi-wurrung word for ‘rocky country’ on 26 September 2022.

By 2036, our municipality is expected to have a population of 235,184. We are planning for the services and infrastructure needed by more residents. We have strategies on:

- transport and how we move around our city
- maintaining and increasing parks and open spaces
- reaching our zero carbon targets by 2040
- housing accessibility, affordability and liveability.

Families make up the largest proportion of households in our municipality (38%). One in 4 homes are people living alone. Our current population and housing forecasts suggest this will increase to 27% of all homes by 2036.

We have also seen a steady increase in townhouse and apartment living in recent years (in 2021, 46% of all homes). Increasingly, all types of households are living in these homes, including families (23% in 2021).

We are working for the best possible planning outcomes for our community. We are focusing on higher quality building design, increased canopy tree planting, redevelopment that maintains or increases local employment opportunities and protecting our valued heritage places.

Climate change is a dangerous threat to the life of our residents. In 2018 Council resolved to acknowledge that we are in a state of climate emergency that requires urgent action by all levels of government, including local Councils. We are already experiencing hotter summer days, more frequent floods and droughts. Climate change is a risk to our health and wellbeing, and the economy, not just the environment.

We are proud to be a leader in taking action against, and responding to, climate change. Our Zero Carbon Moreland 2040 Framework sets the vision and pathway for zero carbon emissions across our community by 2040.

1 in 3	140
residents in Merri-bek born overseas	different languages spoken
1 in 4	38%
households are people living alone	households with families
46%	23%
of all homes in Merri-bek are townhouses or apartments	of households living in townhouses or apartments are families

3. Housing and Homelessness in Merri-bek

Lack of affordable housing

Too many people in our municipality cannot access or afford safe housing. We advocate to address homelessness in our municipality with strategies that aim to create housing for people who are homeless or are at risk of homelessness.

The private market cannot supply affordable homes to purchase in Merri-bek for any household in the lowest 40% of incomes. One third of Merri-bek renters pay more than 30% of household income in rent. For renters on a low income, the figure goes up to 75%¹.

Victoria has the lowest proportion of social housing in Australia and Merri-bek is below the Victorian average at 2.9% of dwellings. As the population has grown and the price of rents and home purchase has outpaced median incomes, the number of social homes has remained unchanged over 25 years.

We have estimated a need for at least 1,000 social homes to be delivered by 2036 and the unmet need for affordable housing is significant and increasing.

A housing needs analysis found the unmet need for affordable housing in Merri-bek in 2016 was estimated at between 4,000 and 7,300 dwellings. As Merri-bek continues to gentrify, without intervention, increasing numbers of households will continue to be pushed out to more affordable locations in outer suburbs to the North in the cities of Hume and Whittlesea. This unmet need for affordable housing is forecast to increase by a further 3,000 households to 2036. To meet this level of need, up to 26% of the forecast 38,000 new dwellings required in Merri-bek by 2036 would need to be affordable.²

Homelessness

According to the ABS census (2021) for Merri-bek, there were 704 people experiencing homelessness in Merri-bek. However, this is likely to be an undercount. Data from the Hume-Merri-bek homeless access and intake points do not account for those who sought services but were deemed ineligible. The data collection also coincided with COVID-19 lockdown measures in Melbourne, which likely affected the results.

Name	Sleeping rough	Supported accommodation and boarding Houses and temp Lodgings,	Stay temporary + Crowding	Total
Merri-bek 2021	91	378	235	704

According to the Council for Homeless Persons, Victoria's most recent data on homelessness was collected at the 2021 Census and published in 2023. The main reasons for people experiencing homelessness in Victoria were:

- Financial difficulties (46%)
- Escaping family violence (44%)
- Housing crisis (34%)

¹ ABS RAID Rent Affordability Indicator 2021

² SGS Economics & Planning (2019) [Supplying Homes in Moreland](#), p10

4. Housing in Merri-bek- what our community says

While quantifiable evidence is crucial, the numbers and statistics relating to housing can be overwhelming. Numbers can make the policy discussion abstract. This section contains quotes from the lived experience of people in the Merri-bek community.

<p><i>Rent is very high in Merri-bek. I pay more than half my income in rent & am concerned I won't be able to live within a bicycle commuting distance from work.</i></p> <p>Submission to Merri-bek Key Worker Research (2023)</p>
<p><i>We need to support far more affordable housing. There are lots of great models overseas and I'm delighted to see that Moreland is making a start with this site. I strongly support it and encourage Moreland (and our state government) to provide more land to enable these developments.</i></p> <p>Submission on sale of council land for affordable housing (2021)</p>
<p><i>I am saving every penny I can, but I have to make decisions. I don't drive as much as I used to, so I don't see my friends as much. It's a luxury. We are living in fear of what's to come with the rising costs.</i></p> <p>Submission to Merri-bek Key Worker Research (2023)</p>
<p><i>Given the state of housing affordability and homelessness in Brunswick, the more we can do to support those struggling to afford accommodation, the better. I also think having the housing located in a central area close to services, such as Wilkinson St is the best way to provide realistic and inclusive option for those who need it.</i></p> <p>Contribution ID 22904, Submission on sale of council land for affordable housing (2021)</p>
<p><i>If you have more than \$32k in the bank (including super), you are not eligible for the social housing waitlist. If you have over \$14k, you cannot get on the priority list. That's a lot of people with some savings, but no opportunity for affordable housing. You sit in the private market until you are poor enough to qualify. The system is funnelling people into poverty.</i></p> <p>Service provider feedback for An Age-Friendly Home in Merri-bek research (2022)</p>
<p><i>As housing prices rise, moving further out to maintain affordability has meant increased commuting cost and less engagement in local activities as I'm home later.</i></p> <p>Submission to Merri-bek Key Worker Research (2023)</p>
<p><i>I moved from Italy when I was 16 and have lived in Coburg North since then. I am very involved in the local community. I volunteer twice a week at the local Italian club. I have never been educated and worked as a labourer for my whole life. I used to own a home, but I lost it due to financial struggles. My wife and I rent a small unit. We are both pensioners and have a lot of health issues. We have been on the waiting list for public housing for over 3 years. They offered us a place but it was in Sunshine. I can't move there. Everyone and everything I know is here.</i></p> <p>Coburg North Resident (71)- engagement with Council officer (2023)</p>
<p><i>I work for a non-for-profit in the Merri-bek. My wage doesn't match my skill set. I was unable to buy a home and am locked in a forever rising rent market.</i></p> <p>Submission to Merri-bek Key Worker Research (2023)</p>
<p><i>The current moment needs council to emphasise social housing. People on a very low incomes often need a greater subsidy than affordable housing provides.</i></p> <p>Participant, Merri-bek Safe and Affordable Housing Forum (2022)</p>

5. Local Government as part of the National Plan

Council welcomes the inclusion of local government in the National Housing Accord and as the level of government closest to the community we believe we have multiple parts to play in ensuring future housing needs are met for all are current and future residents.

The delivery of affordable housing and supporting people in housing crisis sits primarily with state and Commonwealth governments. However, the lack of adequate provision of social and affordable housing is recognised as an urgent issue that all levels of government as well as the private and not-for-profit sectors should address. Local government has several ways it can influence an increase in the supply of social and affordable housing in the municipality and support people needing social and affordable housing.

In its planning role, Council endeavours to use the Victorian Planning and Environment Act which recognises affordable housing as one of its objectives and specific provisions of the Planning Scheme to facilitate affordable housing outcomes at scale and of high quality. The requirement to negotiate voluntary agreements rather than following mandatory requirements is a challenging limitation which requires a focus on skill and capacity building for Council officers and key stakeholders.

As a partner, Council can create new value by, for example, the contribution of under-utilised land assets. The intangible value of local knowledge and established stakeholder and community relationships can also be critical in bringing benefits to the Merri-bek area.

Research on housing need and supply as well as related population and health impacts are a powerful influencing tool in the provision of social and affordable housing. Council influence as an advocate is amplified by its active contribution to wider forums such as the M9 Group of Councils and the Municipal Association of Victoria.

As the incidence of homelessness is on the rise, Council's engagement with the lead community agencies on the frontline has identified the unique position it holds to assist with improved coordination and improved outcomes for our most vulnerable community members.

Recommendation: Councils have a critical role in implementing solutions as well as understanding the needs of their communities. Local government should not just have a seat at the table in decision-making about housing but have access to resources to facilitate outcomes.

Case Study- using Council land for affordable housing

In 2021 an under-utilised public car park was transferred by Council to Merri-bek Affordable Housing Ltd (a not-for-profit organisation set up with Council's support) to provide new affordable housing in central Brunswick.

The land in Wilkinson Street, valued at \$4.6 million, is for a development of at least 30 new dwellings. Council will not be paid for the land, rather it will have a binding agreement on its future use to benefit the community. The agreement will ensure that 85% of the proposed 34 apartments developed on the site must be affordable housing; at least half of these will be provided as social housing. The agreement means that the apartments must remain as affordable and social housing into the future.

6. Homelessness and homelessness services

Homelessness can affect anyone at any phase of life. Merri-bek supports the dignity and human rights of people experiencing homelessness, recognising that homelessness and rough sleeping result from systemic failures. Having a home is a fundamental human right and need. It enables individuals to participate positively in society and maintain their health and well-being. Homelessness is not an inevitable social issue. Research shows that insecure and unsuitable housing can lead to or exacerbate personal health challenges, including mental ill-health, substance use or other health issues.

Merri-bek Council takes a multifaceted approach to addressing homelessness, focusing on human rights, well-being, and public health. Ensuring we have a coordinated and holistic approach is critical to effectively addressing the complexities and diversity of homelessness. We are currently developing a Homelessness Strategy which provides a way to unify Council's efforts across the organisation and to consider further initiatives to prevent, intervene and respond to homelessness in our community. Instead of directly providing services, Council refers to specialised support for homeless individuals, advocates for their rights, disseminates information to the community, and supports prevention and intervention programs. Crucially, Council collaborates and engages in partnerships and networks to optimise these efforts.

The homelessness landscape in Merri-bek has evolved significantly due to financial instability, family violence, and housing crises. Official data likely underrepresents the scope of the issue, and the COVID-19 pandemic and climate change have further complicated the situation.

The lack of supply of emergency housing options and the poor and often highly unsafe conditions in emergency accommodation that is available has been an ongoing concern for many years. A 2021 report from the North and West Homelessness Networks, *Crisis in Crisis- A Way Forward*, maps out proposals for systemic change in service delivery and funding models which can assist State and Commonwealth programs to reset a failing system. This requires significant investment in the rapid construction of additional emergency accommodation, with integrated support that is appropriate to the needs of people experiencing chronic homelessness and associated trauma. It is also proposed that a dedicated proportion of funding is allocated towards single-person households along with intensive support to trial the implementation of a Housing First model as part of this major housing infrastructure investment.

Recommendation: Emergency accommodation is in crisis both in terms of gaps in supply and the provision of wraparound supports. This requires a priority focus in the Plan so that no-one is forced to sleep rough or to have to choose unsafe options to get shelter.

Case Study: Preventing Homelessness among Arabic Speaking Women in Moreland (2018)

Council provided funding and in-kind support for the Preventing Homelessness among Arabic Speaking Women in Moreland pilot project. This was led by Vincent Care Victoria in partnership with Salvation Army Crossroads and Kildonan Uniting Care. The Project aimed to prevent homelessness amongst Arabic-speaking women who were leaving or who had left a violent relationship. Project participants were supported to access housing through the private rental and community housing markets, as well as receiving support to access flexible brokerage resources. Participants were also supported to access family violence and case management support services to ensure that safety outcomes and recovery from family violence were concurrently addressed.

28 women and 53 accompanying children were assisted by the program. Key learnings included:

- The benefit of having a support worker to assist with the applications process and address stigma when dealing with real estate agents
- The challenge of the lack of short-term housing options for women leaving violent relationships, and
- Strong benefits of having culturally appropriate support

7. Social Housing

Public and community housing offer life-enhancing and life-changing outcomes for some people in our communities but the shortfall in need and provision is huge. In particular, Victoria offers a lower percentage of social housing of any Australia state and territory and the additional dwellings being delivered through the Big Housing Build is unlikely to change this as the numbers on the Victorian Housing Register edge towards 60,000 households.

A Housing Needs Analysis undertaken by SGS Economics and Planning for the City of Melbourne in 2019 indicates that in 2016 the metropolitan Melbourne need for social and affordable housing was 231,000 households, and that demand for social and affordable housing represents 13% of all households in metropolitan Melbourne. This analysis finds that the demand for social and affordable housing will grow by an additional 107,000 over the next 20 years to 2036. It concludes that 338,000 social and affordable homes will be required in metropolitan Melbourne by 2036. 26% (or almost 88,000 households) of this demand will come from moderate income households.

It is common for the discussion of solutions to housing need to be framed in terms of pathways where households will ideally move from housing requiring subsidy across the housing continuum to market housing. However, this concept does not acknowledge the broader settings in the housing system, and the economy as a whole, that has seen both rent and purchase costs escalating much faster than incomes. There is a contraflow of households moving down the continuum which, on current economic indicators for wage stagnation, is likely to continue in the coming decade.

The AHURI Brief *Understanding the housing continuum* (2017) offers some useful guidance:

The housing continuum concept directs policy makers to consider housing responses through the following dimensions:

1. *policy makers consider housing responses for a diverse range of households, from people experiencing homelessness through to social housing tenants, first home buyers and beyond;*
2. *policy makers consider a diverse range of responses for any one household over their lifetime. By considering the entire housing continuum, policymakers are better placed to respond to instability and sudden changes in a household's tenure. For example, a*

household at risk of homelessness might be best served by going into crisis accommodation temporarily, before attaining a rental bond loan to secure housing in the private rental market;

3. the term recognises that there is an interconnectedness between different housing responses and that responses don't work in isolation. For example, a policy boost for first home buyers may increase house prices in a particular price range and reduce available properties for renters.

Clearly the most urgent need is among those at the bottom of the housing continuum experiencing or at risk of homelessness. However, if action is not taken across the whole continuum the scale of need at the bottom of the continuum will continue to escalate faster than delivery of social housing.

Recommendation: Investment in public and community housing delivery must be prioritised to drive improved health and equity outcomes.

8. Aboriginal and Torres Strait Islander Housing

Our vision as a Council for reconciliation is respectful and inclusive recognition of Wurundjeri Woi-wurrung people. They are the Traditional Owners of the lands and waterways in the area now known as Merri-bek. In October 2021 Merri-bek City Council, Wurundjeri Woi-wurrung Elders, and local Aboriginal and Torres Strait Islander residents signed a Statement of Commitment to Wurundjeri Woi-wurrung People and Aboriginal and Torres Strait Islander Communities of the City of Merri-bek.³ Council has committed to build trust, collaborate and support partnerships with the Traditional Owners the Wurundjeri Woi-wurrung people and other Aboriginal and Torres Strait Islander organisations, communities and individuals and seek their guidance, and respect their leadership towards, self-determination as per the recommendations of United Nations Declaration on the Rights of Indigenous People. This is an example of local government creating genuine opportunities for collaboration and partnership.

In housing policy, the *Victorian Aboriginal Housing and Homelessness Framework Mana-na woorn-tyeen maar-takoort* provides guidance for practical opportunities by local governments to support more social housing for Aboriginal and Torres Strait Islanders.⁴

Recommendation: Local governments should be strongly encouraged to use agreements with local Traditional Owners and Aboriginal and Torres Strait Islander communities to support specific housing programs to improve housing outcomes.

9. Housing Costs, home ownership and the rental market in Australia

Access to appropriate housing in locations close to services and social infrastructure is important, and the freedom to make choices about where you live is fundamental to creating a healthy, productive life. Housing supply does not always reflect the needs of the community, and this has been recognised by all levels of government. Housing costs impact negatively on many in the community, affecting people with both rental and home ownership tenures. Furthermore, it has the most significant, socially determined impact for those on low incomes, those suffering disadvantage and people who are homeless, or at risk

³ [Statement of Commitment 2021](#)

⁴ Victorian Aboriginal Housing and Homelessness Framework <https://vahhf.org.au/>

of becoming homeless. Council is committed to addressing these issues and notes that access to what the United Nations terms “adequate housing” is a basic human right for all⁵.

From the early 1960’s until the mid-1990s Victoria provided new social housing at an average rate of 1,100 units per year but in the decades since, growth has stalled while the population has increased rapidly, leaving Victoria with the lowest provision nationally and at the bottom of comparable economies internationally ⁶. We saw, from the late 1980s, a dominant belief in Commonwealth and state policy that the private rental market, supported by Commonwealth Rent Assistance and negative gearing, should provide homes for those on low incomes. The severe lack of private affordable rentals in nearly every corner of the state, and the high numbers of low-income households in housing stress, can be properly characterised as market failure. This market failure makes government participation in the market appropriate.

There are many factors which impact the availability and cost of housing. They include:

- Population and immigration policy.
- Budgetary measures which may encourage or discourage the use of housing as an investment vehicle
- Mechanisms to help particular market segments to buy property (e.g. stamp duty relief, first home owner’s grant).
- Government investment in social and affordable housing.
- Construction costs. These include the cost of land, approvals (including planning) and the materials and labour for construction.
- The structure and policy settings of financial institutions

Recommendation: A national plan for housing must include all these elements if it is to address the market failure which is driving the current crisis in housing affordability and supply.

Key Workers

Merri-bek has one of the lowest levels of jobs relative to population in Victoria. In 2021/22 60% of Merri-bek workers lived outside the municipality. In the Household Services sector 61% of the people who work in this sector within Merri-bek, some 14,800 workers, lived outside the municipality.

Many of these workers are in lower paid jobs and cannot afford to live in Merri-bek. Many live in locations that are not well serviced by public transport and they predominantly travel to work by car. In 2021 approximately 53% of people who worked in Merri-bek, travelled to work by car. In the Household Services sector, 52% of Merri-bek workers travelled to work by car; some 12,600 people. Many of these workers also live in areas with comparatively higher levels of socio-economic vulnerability and lower levels of liveability.

Key workers are defined as employees in services that are essential to the municipality’s functioning, whose work roles require people being physically present at a work site rather than being able to work from home, with a particular focus on low to moderate income key workers. Work is currently underway to investigate key workers in Merri-bek with an aim to assist in delivering affordable key worker housing within the planning system, transport and affordable housing advocacy and assisting businesses attract and retain key workers.

⁵ United Nations Human Rights Office of the High Commissioner Special Rapporteur on the right to adequate housing, 2020

Build to Rent

As the National Rental Affordability Scheme sunsets, new models for the private sector development and management of affordable housing are emerging. Local governments are grappling with these new models such as Build To Rent (also variations like Rent to Buy) in terms of accepting them as affordable housing contributions. This is because there is an absence of any consistent governance, monitoring and reporting framework at a state level which would support a desire to ensure affordable housing allocation is undertaken fairly and that the provision is delivered over time.

Recommendation: As councils are not resourced to manage complex matters of allocation and assessment of compliance reporting. A framework for the management of Build to Rent homes which claim to be affordable housing is required.

Case Study: Women's Property Initiative Older Women's Housing Project

Women's Property Initiatives (WPI) has developed the '[Older Women's Housing Project](#)', which assists low-income women with a small amount of savings. These savings make them ineligible for social housing, yet they don't have the financial capacity to access a mortgage or own a home of their own, and consequently are locked into the private rental market until their savings deplete. In this property, women can invest \$150,000 to secure a high quality, affordable and adaptable home that will allow them to age in place, preserve their investment, and sell at any time in the future. Residents are charged rent that is no more than 30% of their income, with WPI responsible for maintenance, rates and building insurance. These homes ensure:

- light and airy spaces, thoughtfully designed to maximise space, light and energy efficiency
- adaptable floor plans that can be configured to meet the resident's needs
- long term security of tenure – a home for as long as residents want it and affordable, income based rent
- preservation of the invested capital plus interest
- avoiding the depletion of savings on rent

Freeing up surplus and underutilised land

Over many years the opportunity for investment in large parcels of land, primarily public car parks, has been suggested by the State Government and peak industry bodies. Merri-bek is committed to exploring the creation of additional value from its land assets such as car parks and has tasked a newly created arms-length entity, Merri-bek Affordable Housing Ltd, to consider the development potential of car park sites in the city. Council also continues to actively explore a number of catalyst projects within the Coburg Activity Centre that could drive investment in excess of \$1 billion.

However, projects and investment like these are significantly constrained by the current legislative framework in Victoria. Procedures for the sale and transfer of land are guided by the Local Government Best Practice Guideline for the Sale, Exchange and Transfer of Land 2009 (2009 Guideline) which elaborates on the legislative requirements contained in the Local Government Act 1989. The 2009 Guideline can no longer be considered "best practice" as the state has made significant improvements to its own disposal processes in getting best value for communities through the Victorian Government Land Use Policy and Guidelines 2017. Unlike the 2009 Guideline and earlier state guidelines which are

anchored to a narrow definition of “highest and best use”, the 2017 state guidelines are underpinned by four principles:

- Focus on achieving positive social, environmental and economic benefits,
- Intergenerational equity impacts,
- Whole-of-government perspective, and
- Engage and collaborate.

The 2009 Guideline is a 33 page detailed expansion of provisions in the old Act including case law. Given the changes both in state policy (not just in Land related policy but arising from Climate Change Act, Transport Integration Act, Planning & Environment Act, Plan Melbourne provisions etc), relying on these guidelines is both limiting in the scope of decision-making and appears to carry risk for the legal and political defensibility of decisions it may make.

In addition, unfortunately the recently revised Victorian Local Government Act 2020 has appeared to largely replicate much of the old Act’s provisions in relation to the sale and lease of land and continues to prevent Local Government entering leases for more than 50 years. Significantly this prevents effective freehold arrangements which are far more suitable for attracting investment for larger projects. In forcing the hand of Local Government to sell land this can result in a preference to do nothing.

Recommendation: develop national guidelines for the sale, exchange and transfer of land and further reforms to the Victorian Local Government Act when this is completed.

10. The effects of planning, land use and zoning on the housing system

Council’s role in facilitating affordable housing is incorporated in the Planning and Environment Act (VIC) 1987 but more certainty is required to make the planning system more effective in facilitating affordable housing.

The Municipal Planning Strategy (MPS) in the Merri-bek Planning Scheme sets out strategic directions for housing at Clause 02.03-5. The MPS acknowledges that “as the cost of housing increases, more households will find it difficult to afford to live in Merri-bek. At least 4000 households in Merri-bek are experiencing housing stress or homelessness and this is expected to increase to at least 7000 households by 2036. To meet this need it is estimated that at least 18 per cent all new dwellings built in Merri-bek by 2036 would need to be affordable housing.”

In Planning for population growth and diversity, Council seeks to “facilitate housing that is affordable in relation to purchase price, rental price and ongoing living costs (utilities, transport) associated with the design and location of housing.”(MPS Clause 02.03-5)

A suite of residential zones are utilised in the Merri-bek Planning Scheme including the General Residential Zone, Neighbourhood Residential Zone, Residential Growth Zone, Mixed Use Zone and residential precincts in the Activity Centre Zone. Zones are administered to implement the Planning Policy Framework, however in their current form the zones and policies alone are considered to be ineffective tools for mandating affordable housing contributions.

The planning system’s current approach is to seek affordable housing through voluntary negotiation from value capture of rezoned land and through trade offs (e.g. height or density). Securing long-term benefits negotiated as part of these proposals is done by using Agreements in accordance with Section

173 of the Planning and Environment Act 1987. Using these approaches, it is unlikely that new developments will provide a sufficient number of dwellings at an affordable price point for households on very low, low and moderate incomes, now and in the future or make any meaningful impact on the shortfall of affordable housing.

A number of Victorian Councils have undertaken significant evidence-based work regarding affordable housing demand and supply and what a planning mechanism could deliver. Consistent with its policy position for many years, the Merri-bek Affordable Housing Action Plan 2022-26 calls for the State Government to include mandatory affordable housing contributions in the Victoria Planning Provisions.

On 17 August 2023 the National Cabinet released its National Planning Reform Blueprint which included the following welcome commitment:

Consideration of the phased introduction of inclusionary zoning and planning to support permanent affordable, social and specialist housing in ways that do not add to construction costs.⁷

Council, along with other local governments in the M9 Group of Councils⁸, believe the Victorian Planning System should be used to address the scale of the social housing shortfall and affordable housing need and increase private sector involvement in affordable housing delivery. Councils have undertaken significant evidence-based work regarding affordable housing demand and supply and what a planning mechanism could deliver. This can be achieved through: the phased-in introduction of mandatory affordable housing planning controls across the metropolitan area, such as Inclusionary Zoning, to address the scale of the social housing shortfall and affordable housing need and increase private sector involvement in affordable housing delivery. Key principles of a mandatory system include:

- i. Being broad based - across the region of metropolitan area to create certainty for local government and the private sector.
- ii. Phasing in the introduction of controls - to minimise market distortions and not impact development viability.
- iii. Flexibility - for inclusion of a specified proportion of social and affordable housing within a development, or the payment of a cash-in-lieu contribution to enable housing to be delivered elsewhere in the area.

As an example, in 2020 Council undertook the Moreland Affordable Housing Planning Provision strategic study to investigate a municipality-wide Affordable Housing planning scheme requirement. As changes to the Victoria Planning Provisions have not occurred, it is proposed to apply the strategic study in the Brunswick Activity Centre, as part of a proposed Activity Centre Zone. The proposed requirement is calibrated so as not to impact on commercial viability of development, and it phases in over time so it can be factored into the purchase price of development sites. These provisions are proposed to be mandatory.

Recommendation: The planning system should be used to bolster the delivery of social and affordable housing that is affordable in perpetuity through mandatory contributions by landowners and developers

⁷ Prime Minister Media Release 17 August 2023 <https://www.pm.gov.au/media/meeting-national-cabinet-working-together-deliver-better-housing-outcomes>

⁸ M9 is an advocacy alliance of nine inner Melbourne Councils- Stonnington, Port Phillip, Yarra. Melbourne, Darebin, Merri-bek. Moonee Valley, Maribyrnong, and Hobsons Bay.

Case Study- New supply alone does not reduce affordability

Areas of Merri-bek which have seen the most significant increase in the supply of private rental housing have also seen rentals become increasingly unaffordable for low-income households.

The Australian Urban Observatory Precarity Index for Neighbourhood and City Housing (PINCH) dataset identifies two Merri-bek suburbs - Brunswick and East Brunswick - at its highest rating, meaning that between 2016 and 2021 they remained exclusive to high income households” This is a clear example of the effect of gentrification on the rental market where moderate- and high-income people displace those on lower incomes.

Since 2001 the stock of rented dwellings in Brunswick has risen by 62%. In the same 20 years the median rent has risen from \$180 per week to \$450 per week, which is a 59% increase (adjusting for inflation)

In 2021 less than a quarter (22%) of Brunswick’s renting households were low income but 85% of these households were in housing stress (paying more than 30% of income for housing).

In suburbs such as Coburg, Brunswick West and Pascoe Vale a similar pattern is apparent with unrenovated older houses, which had been relatively affordable, being taken out of the rental market and more new expensive apartments and townhouses becoming the dominant rental housing typology. The PINCH Index rates these areas at 6, indicating they are at risk of becoming “exclusive” (i.e., fully gentrified).

11. The impact of climate change and disasters

Safer homes

Urban areas are impacted by extreme events, such as heatwaves. Heatwaves result in more deaths in Australia than bushfires, severe storms, cyclones, and floods combined⁹. Older housing stock, such as in many areas in Merri-bek, have poor insulation that have impacts on the health and wellbeing of residents, particularly renters, those in social and public housing, and low-income groups.

We are receiving anecdotal reports from community workers, service providers and neighbourhood houses in our municipality of unsafe housing conditions. Many people are not using cooling and heating at home to avoid high energy bills. Some families are resorting to unsafe ways of heating or cooling their home, such as using firewood in metal drums indoors. There are homes with broken windows and holes punched through walls due to family violence. Cost of energy bills are also affecting the mental health of people, as reported by a mental health support worker. Renters are disempowered from requesting landlords to make changes to their dwellings for fear of their leases not being renewed or rents being increased.

While we welcome the recent announcements of \$92 million to support energy efficiency upgrades across state-owned social housing and of a further \$16 million to deliver rooftop solar to up to 5,000 Victorian apartments, including renters and low-income households, there should be minimum energy efficiency standards, especially for public and community housing, and rental properties that would protect residents.

⁹ Hughes, L., Hanna, E. and Fenwick, J., 2016 *The silent killer: Climate change and the health impacts of extreme heat*, The Climate Council.

Planning and building

Properties in Merri-bek are also impacted by stormwater flows or flash flooding from extreme rainfall and storms. While Council has updated its stormwater mapping for 1% AEP (annual exceedance probability) events that considers increased rainfall intensity due to climate change, we are still awaiting updated mapping from Melbourne Water that considers climate change. Residents and homeowners need to be informed of risks so that such risks can be managed through risk transfer (insurance) or adaptation activities (e.g. regrading of landscape) in existing homes and through setting of floor levels for new builds.

There are well established guidelines and requirements for energy efficiency in buildings through the state planning policy and the National Construction Code (NCC). Many Councils also have their own Environmentally Sustainable Development (ESD) policy which outlines how each development can achieve environmental outcomes through development.

The Victorian State Government is currently developing the 'ESD Roadmap' which will also contribute to energy efficiency targets. Consideration should also be given to the Elevating ESD Targets Planning Policy Amendment¹⁰. Councils from across Victoria have joined forces to push for more sustainable design within planning requirements. On 21 July 2022, 24 councils lodged a planning scheme amendment with the State Government, seeking to introduce planning policy that elevates sustainability requirements for new buildings and encourages a move towards net zero carbon development.

The Council Alliance for a Sustainable Built Environment (CASBE) is an association of Victorian councils committed to ensuring future generations can enjoy a sustainable built environment. CASBE enable broad-scale positive change to Victoria's built environment through collaborative, local government led action. Engagement with CASBE as a key industry stakeholder would elevate the quality of outcomes due to the rich knowledge base and breadth of know-how from a local government perspective

There is a need to continually seek to improve on these minimum standards and to educate designers, developers, the sector and the community in the benefits of sustainable design. Importantly:

- Older people are more physically vulnerable to impacts of climate change. They also live in older houses, with a limited or fixed income and are unable to afford home modifications. Adaptation is also impacted by older people's limited English, literacy levels and digital access.
- Bringing together accessible and energy efficiency modifications would help to create more efficient streamlined approval processes.
- Improved information and education on existing energy initiatives, particularly those through the Victorian Government would improve access to these initiatives. Older people need more tailored and local engagement (beyond the current focus on online and English) so they can be aware of, understand, and take up opportunities.

Recommendations

- Encourage the Victorian Government to expedite delivery of their commitments to improving the climate resilience and reducing the urban heat impacts of social housing.
- State and Commonwealth governments to agree to mandate minimum energy efficiency performance standards for rental properties by 2025.

¹⁰ Elevating ESD Targets Planning Policy Amendment <https://www.casbe.org.au/elevating-esd-targets/>

Other issues

12. Housing for older people

In 2022, Council undertook a detailed analysis of older people's housing needs, called 'An Age-Friendly Home in Merri-bek'.

Government policy and the aged care market is pivoting toward supporting older people to live longer in their homes. This will have increasingly large impacts on the housing market. Older people are a priority group in housing policy and planning. They have lower income and capacity to respond to living and housing costs; reduced health and mobility; and are more likely to be impacted by climate effects. Insecure housing doubly disadvantages older people in their access to support services and ability to age well at home.

Across Australia, housing status is the main determining factor of poverty in older people. 41% of older renters are in poverty, and 10% of home owners (<https://povertyandinequality.acoss.org.au/poverty/>)

- 27% require daily assistance
- 1 in 3 live alone
- 1 in 3 live in the lowest Census income bracket (\$33,799 or less). The number of OP in low income households has increased over past 5 years.
- 22% of older people are in the most disadvantaged SEIFA decile (compared with 3% of people <60)

To ensure older people age well in their home, housing must be:

1. Affordable and Secure. Rent, mortgage, bills and maintenances/modifications must be affordable, and rental tenure is secure

- In the past 15 years, there has been a 10% drop in older people owning their homes outright.
- Even within older homeowners, many are 'asset-rich, income poor' - existing on low income and unable to afford the housing and living costs. Aged care staff regularly report that clients suffer through extreme weather events without running heating and cooling.
- Banks are reluctant to offer older people mortgages.
- Increasing house prices limit people's ability to buy into, and to downsize, in their familiar neighbourhood. For example,, in the past 10 years Pascoe Vale South house prices have risen 112%, compared with an income rise of just 45% for people aged 60+.
- Renters are the most at-risk group. Currently 10% of older people are renters (6% private market, 4% social housing). Median income of older private renters (\$50,388) is less than half of those under 60 (\$114,660). Renters 75+ are the most at risk of all, with a median income of just \$39,728.
- In 2021, the median rent in Merri-bek was \$400 a week, leaving a single pensioner in the private rental market with just \$132 to supply themselves with everything else they need, and \$210.60 if they are also receiving rental assistance (Full Age Pension rates, 20 March to 19 September 2023).
- As of 2021, an estimated 1,836 older households required housing support - with 1,784 in rental stress and 52 experiencing homelessness. This includes 827 people living alone. This is expected to increase 66% to 2,763 households by 2036.

2. Accessible and Safe

Homes are designed for short and long-term accessibility as our needs change. They are passively thermally efficient and provide for both a sense of security and ability to connect socially.

- Falls are the biggest safety risk for op in the home. They account for 47% of all falls by older people. Over the past 10 years, OP in MB have been hospitalised 4,687 times for falls in the home, at a cost to the health system of around \$7.3m.
- There is a large unmet need for accessible homes. Almost 1 in 3 OP require daily support (Census 'need for core assistance') and most are likely to benefit from accessible features.

- While a good start, the LHA Silver Level accessibility is not sufficient for people ageing-in-place. And home modifications are not affordable for most people. The Australian Building Code Board estimates that retrofitting an existing home to LHA Gold standard would cost on average a staggering \$214,629, more than 10 times the additional \$20,710 needed for a new home.
- In the short-term, home modification programs, education campaigns for people to understand and self-assess hazards in the home, and exercise programs are the most effective ways to reduce falls in the home.
- A New Zealand home modification program found that environment-related injuries were reduced by 39 per cent and the prevented injuries saved more than six times the cost of the program.

3. Well located and the right size

Located close to services and the community and offer the right amount and configuration of space.

- Older people want to remain in their communities, and many in their existing home. For people to age well in their community they must have the right homes in the right location - homes that are close to shops, services and green space, and connected by good public transport and walkability infrastructure. This becomes more important as we are less able to walk far distances and unable to drive.
- Many Older people live in isolated pockets of Merri-bek, particularly in the north, with limited access to services and the community
- More older people would consider downsizing if suitable options were available. A lack of appropriate dwellings in the right location is one of the most cited reasons why people avoid downsizing, along with the cost, and the general effort. Other barriers include Age Pension asset tests, stamp duty payments for new homes, and tax settings in which cash released from the sale of the family home is taxed but capital gains are not.
- Housing development in Merri-bek is not considering the needs of OP as they age-in-place and consequently new houses are largely unsuitable for people to downsize into (for e.g, 2-story townhouses with stairs, easy access to services)
- Alternative housing models need to be supported within the suite of downsizing options.
- Accessory dwellings (granny flats, Collaborative housing, Homeshare arrangements, Dual key housing)

Recommendation: support for alternative mortgage options, such as small, short-term mortgages, shared ownership, land rent schemes, and low-cost government-backed reverse mortgages for those at risk of falling out of home ownership

13. Community activism and lived experience representation

The famous call from the disability rights movement —nothing about us without us— is one that should be equally applied to housing. Council encourages Commonwealth and state governments to foster a culture of diversity in representation both with existing residents /renters and to people and representative advocates who are currently not being serviced with social and affordable housing. While recognising that a peak organisation like the Victorian Public Tenants Association and advocacy through the Community Housing industry Association Victoria play a critical role in giving a voice to resident experiences, we have seen in recent years numerous community based and activist entities such as Save Public Housing, the Homeless Persons Union of Victoria (HPUV) and Renters and Housing Union Victoria (RAHU) bring a diversity of views to debates about housing policy.