

# TRANSCRIPT

## LEGISLATIVE COUNCIL LEGAL AND SOCIAL ISSUES COMMITTEE

### **Inquiry into the Rental and Housing Affordability Crisis in Victoria**

Melbourne – Tuesday 10 October 2023

#### **MEMBERS**

Trung Luu – Chair

Ryan Batchelor – Deputy Chair

Matthew Bach

Michael Galea

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Lee Tarlamis

#### **PARTICIPATING MEMBERS**

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Moira Deeming

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Renee Heath

Wendy Lovell

Sarah Mansfield

**WITNESSES**

Jonathan O'Brien, and

Don Holloway, YIMBY Melbourne;

Linda Seaborn, Co-operative Housing Lead (*via videoconference*), Business Council of Co-operatives and Mutuals; and

Richard Thomas, General Manager, Common Equity Housing Limited, and Housing and Asset Services, Business Council of Co-operatives and Mutuals.

**The CHAIR:** Welcome back to the fourth session of today's hearings. Joining us today are, from YIMBY Melbourne, Mr Jonathan O'Brien and Mr Don Holloway; and from the Business Council of Co-operatives and Mutuals, Mr Richard Thomas and also Ms Linda Seaborn, joining us on Zoom. Welcome. Before we proceed I would just like to introduce myself. My name is Trung Luu; I am the Chair of the committee. To my left are Deputy Chair Mr Ryan Batchelor, Mr Michael Galea and Mrs Moira Deeming; Dr Matthew Bach, Dr Sarah Mansfield, Mr Joe McCracken, Dr Renee Heath and Mr Aiv Puglielli.

I would just like to read you all this information before we proceed. Regarding this, all evidence taken is protected by parliamentary privilege as provided by the *Constitution Act 1975* and further subject to provisions of the Legislative Council standing orders. Therefore the information you provide during this hearing is protected by law. You are protected against any action for what you say during this hearing, but if you go elsewhere and repeat the same things, those comments may not be protected by this privilege. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded. You will be provided with a proof version of the transcript following the hearing. The transcript will ultimately be made public and posted on the committee website.

For the Hansard record I would like to ask that you state your full name and what organisation you are appearing on behalf of, please. It would be good to start from my right.

**Don HOLLOWAY:** Don Holloway, YIMBY Melbourne.

**Jonathan O'BRIEN:** Jonathan O'Brien, YIMBY Melbourne.

**Richard THOMAS:** Richard Thomas, CEHL.

**Linda SEABORN:** Linda Seaborn, Business Council of Co-operatives and Mutuals.

**The CHAIR:** Thank you. Just due to time constraints with our session today, there will be no opening statements. We will move on straight to questioning. Again, members, I just want to remind you that it remains 5 minutes questioning. Would you like to start, Mr Batchelor?

**Ryan BATCHELOR:** Thanks, Chair. Thanks, everyone, for coming. I might start with the co-ops. Your submission talks about the need to review the regulation of community housing to ensure that the rental housing cooperative model is adequately looked at in the model. Can you just explain a bit more about the problem that you have identified and what you are seeking to address by the review?

**Linda SEABORN:** Sure. Yes. So the housing cooperative sector that we see now was funded through a funding program in the 1980s and 90s that was specifically for housing cooperatives. And since then we have been grouped in with the broader community housing sector, so it is a bit of a one-size-fits-all criteria for assessing projects. Something that is different about housing cooperatives is they involve the people who are living in the housing cooperatives or going to live in the housing cooperative, so you actually need more time for that resident involvement as opposed to if you are a developer who is not connected to the people who are going to live there you can work on a much faster time line because you can just make all the decisions, and so you do not have that inclusion. So for us to have that inclusion we need a slower time line.

**Ryan BATCHELOR:** Sorry, just to clarify there – so the key difference here is because effectively the owners are the occupiers, who are engaged in a process, rather than an external party.

**Linda SEABORN:** Yes. So your target group is involved. Yes.

**Ryan BATCHELOR:** Okay.

**Linda SEABORN:** That also means we are more likely to do smaller developments, and it also means that sometimes we do not show up as providing support, because we do not have partnerships with external support providers, because the support is built inside the model. So by not having criteria that recognise the benefits of cooperatives, it looks like we are not providing the support when we are providing it in a different way.

**Ryan BATCHELOR:** Sure. Okay. Thanks very much. I might go to the YIMBY folk now. It is clear in your submission that local councils are often the bad guys in stopping housing development. Do you think there should be any consequences for councils who either by outright rejection or by elongation and delay frustrate the provision of more housing in their municipalities? Should there be consequences? What should they be?

**Don HOLLOWAY:** Yes. So there should definitely be targets for local councils to meet in terms of building new supply, and there can definitely be sort of carrots and sticks to encourage councils to meet those targets. So infrastructure spending, for example, might be conditional on meeting your housing targets.

**Jonathan O'BRIEN:** We would also want to see, for instance, councils recognising the fact that they do not occupy silos. If one council underdelivers housing supply, it creates expenses for the rest of the market. All councils have a responsibility to the broader city, to the broader state and the broader country to deliver housing supply, and we need an outcomes-driven system that recognises that and enforces that for all councils and all planning authorities. That would include any state planning authority as well, planning panels; those should also have outcome targets tied to them.

**Ryan BATCHELOR:** So what should happen? If this committee was to make a recommendation about what should happen to recalcitrant councils, what should it be?

**Jonathan O'BRIEN:** Recalcitrant councils should have their planning powers taken away entirely – that is one option – and moved to a state-based panel should they underdeliver targets. That would be sort of the first port of call and is a port of call that has been put forth by a number of other academics, such as Peter Tulip.

**Ryan BATCHELOR:** One of the other interesting things in your report was the link between the structure of council wards and attitudes towards planning and development and a more conservative bias for single-member wards. What evidence do you have to back up that argument, and can you explain what the consequences of this are?

**Jonathan O'BRIEN:** I am not sure we made a comment on single-member wards specifically, but we did talk about the conservative biases of councils. Single-member wards are broadly speaking less democratic.

**Don HOLLOWAY:** I think that it is hard for renters to get a say when they are a minority – by a fairly small margin; about 30 per cent of people in Melbourne I think rent.

**Jonathan O'BRIEN:** Thirty per cent.

**Don HOLLOWAY:** And when you have single-member wards, the home owners, either with a mortgage or without, sort of have a majority there, and so they are able to get their voice heard more easily. And if you have a multimember ward, then a group that represents 30 per cent of the population is more able to get representation at that council.

**Jonathan O'BRIEN:** Yes. In terms of the conservative bias sort of beyond the single-member nature of the forthcoming council election outcomes, the tools that councils have around planning are conservative. They are tools that are oriented towards saying no. They are tools that are oriented towards blocking and slowing development and delivery of housing stock. And these conservative tools are used by all parties, all independents. Any councillor can use these conservative tools and have conservative outcomes, because if you use a conservative tool, you get a conservative outcome. And that is the toolkit that councils have today.

**Ryan BATCHELOR:** Thanks, Chair.

**The CHAIR:** Thank you. Dr Mansfield.

**Sarah MANSFIELD:** Thank you. I might start with the housing cooperatives. I am interested in – it might be helpful to explain what role you see cooperatives playing in addressing the housing affordability crisis that we are facing at the moment, how your model is I guess different to some of the other things we have heard about. I have been lucky to get to know the Northern Geelong Rental Housing Cooperative and go out and see what they are doing, but I would like to hear from you: what role can they play in the sector?

**Linda SEABORN:** Did you want to speak to that, Richard, or do you want me to?

**Richard THOMAS:** Yes, I will speak to that. So essentially the model itself works by the fact that – well, for example, we have been going for nearly 40 years, and it is a sustainable model. It is a longevity model. So the whole idea is that under our auspices we have housing for life. So you come into the program and you are housed for life at different rental streams and different rental depending on your salary and depending on your circumstances. That is the way that we treat the members of our co-ops. So essentially what it means is that you can enter at a very young age. Some of our co-op founders, essentially, are still part of the program, so they have been there for the full 40 years. And what it enables you to do is to have a reduced, affordable rent through that period of your entire life on the basis that there is a contribution back to the co-op, whether it be maintenance, whether it be as treasurer, whether it be the chair. But you make a contribution back, which enables that rental to be kept low.

It differs from other sectors. And hearing the previous presentations, we obviously like it as a model. It is well supported. We have got over 2000 homes. We have got over 4000 people in that program. And so it enables people to have that security of tenure which a lot of renters do not have. And so if we can increase that – at the moment it is only representative of about 1 per cent. Internationally you are looking at double figures, easily, in places like Sweden, Germany, France, and it is very important that the different models are identified. But like what Linda was saying, it is identifying those models that exist and have existed for some time. So it is not just ‘We’ve done this in the last five years.’ We have been doing this for 40 years, and so essentially it works. We need to grow it, though.

**Sarah MANSFIELD:** And what do you think is preventing it from growing?

**Richard THOMAS:** Obviously we benefit from the subsidies that we receive, but I think we obviously, like everybody, have increased overheads, the expense of development to bring on new stock for new members. And obviously we look as much as we can, and we do receive concessions in the way of land tax and GST. Obviously we are a not-for-profit. So all of that we receive benefits from. But the real growth could come from, say for example, a rates rebate, which is entertained I believe where Linda is from in Tasmania. So they are a little bit more progressive in that regard. And like the previous presentations it is to do with that planning instrument as well. And even with these gentlemen sitting with me today, it is about that planning instrument that allows that growth, that has preferential treatment towards the provision of rental housing. But it is not the short-term rental housing. It is not the private investor rental housing. This is specific rental housing to communities.

**Sarah MANSFIELD:** Great. Thank you. And I might go to YIMBY Melbourne now. I liked your comments about single-member wards, but I will park those and just put out there that 120,000 permits have currently been approved by councils but construction has not started yet. So we know that they are getting through them. We also know that they approve probably over 90 per cent of planning applications. So I guess I am just wondering about your thoughts on the hold-ups being potentially beyond the council level and the planning system.

**Jonathan O’BRIEN:** Sure. So there are two things there. The first is the number of permits that have been approved but not actioned. A large problem within the planning system is how long it takes those permits to get approved. So those permits are submitted at a given time when the economics of a development might make a bit more sense. We have obviously seen huge supply chain problems over the last sort of 24, 36 months, since COVID, that significantly change the economics of being able to develop. When applications are submitted, they are submitted on the proviso of a given economic context. When councils take upwards of a year to accept a development permit, yes, it changes the context in which those developments then exist and actually the feasibility of it. So speeding up council processes is really important. That is number one. Number two is that, yes, councils approve 90 per cent of applications. That drops when you consider multiresidential applications. If you take all applications, yes, it is upwards of 90, but if you are looking at applications for multiresidentials, it

actually drops down to sort of below 80 per cent for some councils. So that is a one in five chance that you are going to get knocked back, which is significant. And there is not good data on how many of those acceptances are accepted with huge changes so it would actually make the project unfeasible. There is not data on that. So that is really key there. The third point on that is that, yes, they are approving at this rate – you know, four out of five – but that is only the applications that are made. The reality is that the current restrictions and the current perception of how permissive a council is going to be, and whether a development is even going to be worth trying to submit – there are a whole bunch of restrictions that are causing a selection bias. We are seeing only the applications that are made, and the applications that are made are the ones that the developers think they can get through, or any housing provider – a community housing provider, a cooperative housing provider – thinks they can get through, and that biases the results there, and it is why we see a supply shortfall even if we do see a high approval rate.

**The CHAIR:** Thank you. Dr Bach.

**Matthew BACH:** Thank you and thank you both for being here with us. To the gentlemen from YIMBY Melbourne, your ears may have been burning a little bit earlier because when we were talking with both Peter Tulip and also the Grattan Institute – I think it was the team from Grattan that referenced the fact that you have just released a new report, *Melbourne's Missing Middle*. Now, given time lines, obviously we have not had a chance to have a look at that, but I would love it if you could please send a copy through to the committee.

**Jonathan O'BRIEN:** Absolutely.

**Matthew BACH:** But then also, in particular, given that the Grattan Institute had referenced your very recent work that I am not entirely across in a very approving way, would you mind just taking a minute to discuss with us your thesis there in your new report?

**Jonathan O'BRIEN:** Sure. So there are a few things. It is a very comprehensive report. Our team put in an enormous amount of effort. We make 13 recommendations to government around improving housing supply and affordability and livability within Melbourne. In *Melbourne's Missing Middle*, the core thesis is around upzoning around our transit corridors, so looking at our tram and train network, that static infrastructure that we have, and going, 'Right, we should probably put more homes around there.' It is easier to run an additional tram every day than it is to sort of build an entirely new road network out to a greenfield area. We can reduce government spending per capita on infrastructure. We can actually make money through windfall gains and taxation there, and we can increase the tax base within the city. It is a revenue-positive proposal that also allows more homes to be built where people want to live and enables a greener city, a city where more people are able to take active transport, to take public transport. It is a proposal that ultimately pushes for better land use within our inner city, up to six storeys around transit.

**Matthew BACH:** All right, thank you very much. Again, if you would not mind sending that through for us to consider a little more, that would be great.

**Jonathan O'BRIEN:** Absolutely.

**Matthew BACH:** I was interested, Jonathan, in something you said. You said a little earlier, 'Use a conservative tool, get a conservative outcome.' And then in your submission you talked about a range of things: changing parking minimums – well, abolishing parking minimums. You referred to other outdated planning requirements. What are some more of these outdated planning requirements that you argue are leading to these conservative outcomes?

**Jonathan O'BRIEN:** For sure. So parking minimums are number one – that is another recommendation that we make within the report. It makes no sense to force people to pay for parking spaces that they do not use. A parking space costs \$50,000 to \$70,000. It adds that much onto an apartment's value. If you want to have a family-sized apartment, three bedrooms or more, most areas in Melbourne will force you to have two parking spaces. That forces families to pay up to \$140,000 in parking for parking that they may not be using or may not want to use. It also induces demand. So it makes people think, 'Oh, well, I might as well have a car,' when they might otherwise be able to make trade-offs. A cheaper apartment, no car – OK, but other transport options. So that is number one there. Other conservative tools that we have are the fact that most councils right now only have 'object' buttons on their websites when it comes to developments, not 'support' buttons. You show up to a council meeting – really, we have been showing up to council meetings all across Melbourne – and the amount

of shock that elected councillors and council officials have when we say, 'No, actually, I am here in this meeting to say something positive' – it is really shocking to them, and it is great that we are able to provide that voice. They are not used to it. They are used to having to field complaints, manage those complaints and not hear the voice of the people who would like to live in a place but cannot because there is no supply, there is nowhere for them to live or because they cannot afford it because of the market rate housing crisis that we are in right now – and general housing crisis, of course, but specifically we are thinking about market rate there, but social housing is of course a huge part of our policy platform as well.

**Matthew BACH:** All right. Thank you very much, that is great. That is all from me, Chair. Thank you.

**The CHAIR:** Michael, do you want to proceed?

**Michael GALEA:** Thank you, Chair. Once again, I find myself having Dr Bach ask my questions.

**Matthew BACH:** We are in sync today.

**Michael GALEA:** We are in sync today. I was going to actually also ask you about the missing middle report that you have both just released. I note that you use the example of a European city, of Paris, in terms of density – the first most dense sector, the 50th to 100th, and how in Melbourne it goes from here to there very quickly, whereas in Paris it is much more steady. Do you think that the general perception amongst Victorians, and probably Australians more generally, is that when they hear 'density', they are picturing the big high-rises north of the CBD, and do you think that inhibits their willingness to accept better density in the suburbs?

**Jonathan O'BRIEN:** Sure. A big part of what we are trying to do with our advocacy is create a positive vision of a denser city. It is why we refer to European cities like Vienna, like Amsterdam, like Berlin, like Paris – it is because these are desirable places that are dense, that have a dense fabric. And you are right – I think people, generally speaking, do not see towers as a good outcome, and I think people, generally speaking, do not see suburban sprawl as a good outcome. But you are right – there are not many examples, or there is not a large swathe of examples in Australia, of this missing middle. But if you go to our high streets, and a lot of our high streets have sort of three storeys – shops underneath, above-shop living. We would like to see that across more of our suburbs so that you just do not come off of the tramway and then immediately go into suburbia, but rather you come off a tramway and, 'Oh, there are cafes third street, fourth street, fifth street.' One of the things we would like to work on is a cafe index – how far do you have to walk to get to a good coffee in Melbourne? Because for a lot of people, it is not walking, it is driving. We see exactly that missing middle is a missing middle in people's perception, and it is a missing middle in terms of home choices. One of the things we would really like to enable through the provision of the missing middle and through the provision of broader density is the ability for cooperatives and whatnot to be able to actually finance and actually get housing diversity. We need more diverse forms of housing. I am sure you guys have a huge number of people who would love to be living in these configurations, but you guys cannot finance it because of all these blockers and because of all these problems. Yes, there are supply chain problems, but we need to talk about, in the room today, the problems we can fix.

**Michael GALEA:** You talk briefly about lot consolidation in the report too. Obviously, it is not ideal to have an extremely ad hoc application of this sort of densification.

**Jonathan O'BRIEN:** Certainly.

**Michael GALEA:** So how would you specifically propose that be addressed and what is the model, I guess, for consolidating lots where there is willingness to do so by the –

**Jonathan O'BRIEN:** Sure. This is something that there really does need to be more research into. And we flagged that in the report, that there does need to be more research. The reality is that a lot of these sort of older European cities – and this was sort of marked by Colleen Peterson of Ratio – have bigger block sizes. So their fabric kind of ends up slightly different. But it also happens all the time here. A developer will come in and they will say to three different home owners, or a strata, 'Hey, let me offer you 130 per cent of your property value. I will buy up all three of your properties, consolidate it and build something here.' One of the things that we think should be pursued by government is the idea that the government might want to come in and have a look at strategic lot consolidation, be it for the provision of more pocket parks; more parks around where development is happening; block-level development, kind of looking at this precinct-level, neighbourhood-

level planning; and delivering outcomes that – yes, you are right, it is an uneven fabric – but actually sort of thinking about, ‘Okay, how do we make a communal backyard for everyone?’ The new Australian backyard should be a communal backyard, not a whole bunch of sort of individualised backyards. I think we need to look at the city as a shared space and the third spaces as desirable places to take your family.

**Michael GALEA:** Thank you.

**The CHAIR:** Thank you. Aiv, thank you.

**Aiv PUGLIELLI:** Thank you. Hi, Aiv here. Thank you for coming in or Zooming in. I might begin with the Business Council of Co-operatives and Mutuals. From the perspective of your submission – and this relates to short stays; I am not sure who to address this to, either Linda or Richard.

**Richard THOMAS:** Just address it to both, and we will see who answers.

**Aiv PUGLIELLI:** Okay. It sounds good. We have heard through the process of this inquiry and from many submissions the impact that short stays are having on the community, particularly acutely in regional areas where they are trying to house workers – that lack of housing that is available in an area – and yet you have got a short-stay property that is sitting vacant for a large chunk or most of the year. What changes would you see to tackle that issue and ensure that some of those short stays are coming back onto the rental market in the long term?

**Richard THOMAS:** Linda, do you want to answer that, or do you want me to?

**Linda SEABORN:** I would not mind having a crack at that.

**Richard THOMAS:** Okay.

**Linda SEABORN:** So the short stays – I mean that really comes down to local government regulations. But we do think there does need to be housing for workforces, and again, this is where cooperatives are quite useful. So a lot of regional areas have land, more so than they do in the cities, and there are options to create cooperative housing where the workforce are the co-op members that move in and out of the housing and have that autonomy and say in their housing, which sort of illustrates the range of cooperatives, which relates to what the previous speaker was talking about. Those cities that have the really dense housing have high proportions of cooperatives that the members are part owners in, so when you have the shared, common spaces in the more dense housing – or if you are in a rural area you have shared spaces as well – the cooperative model of ownership creates a mechanism for governance around the shared spaces so that you get better harmony.

When people think about ‘good density’, they think about getting on well with their neighbours. Cooperatives give you a mechanism for doing that. When you are moving to atomised ownership – so a strata title – you do not have the governance mechanisms for governing those shared spaces, and that is where you get people who do not like living together, have no mechanism for problem-solving. So if you want to have density, bringing people together in the urban areas or ways of bringing people together around your workforces in the rural areas, this is where your cooperative model comes in, because it allows you to facilitate groups of people functioning together. As for the short-stay accommodation, we flag that as one of the contributors to the housing shortage, and we probably should back off on short stays until the local workforces and the local residents are all housed.

**Aiv PUGLIELLI:** What regulation would you see in order to ensure that we do back off on short stays?

**Linda SEABORN:** Well, you can – Hobart City Council, where I live, has increased the rates on short-stay accommodation – treat it more like commercial housing.

**Aiv PUGLIELLI:** Okay. Is that position, the Hobart example, one that you would support?

**Linda SEABORN:** While we have a housing crisis, while we have a shortage of housing for residents and workers, yes.

**Aiv PUGLIELLI:** Okay. And in terms of who places that charge, you mentioned the local government example earlier and yet we have a housing statement at the state level that would override those local

government schemes that are independently currently operating in parts of Victoria. Would you see that administered by local government or state government?

**Linda SEABORN:** I think that is really a decision for government. I mean, our position is that the short-stay accommodation is exacerbating the housing crisis at the moment and that it should be discouraged until there is enough housing for everybody.

**Aiv PUGLIELLI:** Okay. Anything to add, Richard?

**Richard THOMAS:** The only thing I would add is that, as Linda has said, particularly in the regional areas we have quite a good level of stock available for future development. We believe there is an impact there from short-stay accommodation, but in terms of our medium- to long-term view, it would be that we would just consolidate the holdings that we have there. The only thing I would mention is that a lot of those local councils, those regional councils, have redundant land, and it is that redundant land that could be utilised to counter that short-stay accommodation. But again, we are in this for the long haul. But as a short-term measure, yes, there could be that prescriptive tax or something like that on the short-stay accommodation.

**Aiv PUGLIELLI:** I am definitely hearing the difference between the short term and the long term but, in the short term, regulation being something that we are speaking about.

**Richard THOMAS:** That is correct.

**Aiv PUGLIELLI:** Thank you. That is my time.

**The CHAIR:** Thank you. Dr Heath.

**Renee HEATH:** Thank you. I have got some questions for both of you. I might start with you guys. Can anybody join a cooperative?

**Richard THOMAS:** There are qualifications, based mainly on income. But once you have joined and you have made that prequalification at an income state, if that income increases – because you have joined at a lower income basis when you have been accepted into the program – if that changes, you are not then excluded. So what we have are people on low income or no income, but then we have got people also – our former chair, for example, is an architect, so she is earning, you know, a fairly good wage. But that supports and supplements those that do not, from an income generation, a revenue, point of view. So yes, anybody can, but there are certain prequalifications that you have to have before you can join. If I had known about this when I was younger, I would have joined –

**Renee HEATH:** Wow.

**Richard THOMAS:** because it is one of the best kept secrets in Victoria, possibly in Australia, this concept that exists where you get housing for life.

**Renee HEATH:** Why is it one of the best kept secrets? What are the other benefits?

**Richard THOMAS:** Well, the benefits are that essentially you have got security of tenure for your whole life and it is at a reduced rent or an affordable rent. And so what that enables you to do is build the community that Linda has referred to, so you are getting that benefit as well. You are not living necessarily on your own; you might have your own dwelling or home, but you are part of a community. We are actually working at the moment on our new types of communities. So you know, is it an over 55s? Is it LGBTIQI+ communities? Is it youth? Is it the essential key workers that Linda has also referred to? So there are all of these models that can be brought into play in a community co-op housing type arrangement, and that is why it is – I mean, it is the best kept secret, but there is a lot of scope and there should be a lot of appeal. And if this was widely advertised – we already are inundated, as Jonathan has said, but it would go to another level.

**Renee HEATH:** Yes. Wow. You said in your submission, I think, that your goal is to have 10 per cent –

**Richard THOMAS:** Yes.

**Renee HEATH:** of social housing in co-ops. Where do you sit now? What percentage?



**Richard THOMAS:** In the report it sits at 3 per cent, but it is 1 per cent nationally. So we have got a lot of room to go, and as I mentioned from the outset, you have got European countries and Northern Hemisphere countries that are well into the double digits, and it is because that model works. You know, the previous people that were sitting here when you questioned about superannuation – superannuation would actually be key for us, not from self-managed super funds but from the institutional side, which is what the federal government is looking at at the moment, as a supplement. So the superannuation funds cannot get the returns at the moment, because they cannot justify them, but if a supplement – if it comes from HAFF, that is great – was offered, then yes, we could achieve what the European or the Northern Hemisphere models can achieve.

**Renee HEATH:** It is very interesting, isn't it? Sorry about my ignorance, but who owns the homes?

**Richard THOMAS:** So Common Equity Housing Limited is a public company. They own the homes, but it is under a shareholding agreement with the actual members.

**Renee HEATH:** Right.

**Richard THOMAS:** That is the benefit – and that contribution that the members make.

**Renee HEATH:** And you talk about communities sort of coming together. Do you own homes in clusters?

**Richard THOMAS:** Yes.

**Renee HEATH:** Right. That is amazing.

**Richard THOMAS:** I mentioned the new ones that we have, but in the current ones we have there is a Polish community, there is a Tamil community and there are various communities that we have that have come together over many years. These have been together for 30 years, so again they have been able to sustain these communities. But yes, the whole idea is that they are done in clusters. We are only Victoria-based, but when you have got 2100 properties you are certainly going to cluster because it is better to cluster for maintaining those properties.

**Renee HEATH:** Yes. Thank you so much; it is very interesting. For the YIMBYs – not to be confused with nimbys, which we have spoken about before – I have got a question: I am obviously from a regional area, and you were talking about how your model is to build into already built-up areas around trams rather than adding the infrastructure. Do you think that that has got a time frame, where that just will not work anymore?

**Jonathan O'BRIEN:** What do you mean, sorry?

**Renee HEATH:** Like, could you outgrow the current infrastructure?

**Jonathan O'BRIEN:** You would need to make infrastructure improvements as population grows, as we do now. What we know is that it is easier to upgrade and improve on existing infrastructure than it is to build new infrastructure out to new suburbs, because as the urban limit grows, the area that you are servicing actually increases, whereas if you are building up in here, you are only playing within a certain geographical area. Now, that would be the same for a regional town. You can sprawl out and start buying up farmland and turning it into housing, or you can have towns with centres that are a little bit built up – you know, three to six storeys – that provide for new people to come into the town without damaging a lot of the natural environment, which is of course the thing that takes people there or the thing that makes those places special. So I see it as scaling out. I think you need to improve rail structure; you might need to build a new rail line, but that is a lot easier within a smaller area, be it contained to the city, be it contained to a given town, than artificially developing new suburbs and pushing people further and further away from where jobs, communities and schools already are.

**Renee HEATH:** Thank you. That is probably my time, is it? Yes.

**The CHAIR:** Very good timing. Mr McCracken.

**Joe McCracken:** Thank you. I am jealous of Dr Heath, because she stole a lot of my questions – thank you for that.

**Renee HEATH:** There you go. I am glad I went first.

**Joe McCracken:** But my interest is also in the application of these sorts of ideas in regional areas. Some of the regional areas that I represent might only have a population of 10,000 or under. Do you see this sort of idea of densification working in areas that probably are not used to the level of densification that you are talking about?

**Jonathan O'Brien:** I think giving people the option is great. I think ultimately, if a town is seeing population growth, there are sustainable and unsustainable ways to do population growth. We have scarce amounts of arable land; we have scarce amounts of resources. I think encouraging and enabling people to live near each other is a fundamental human good. Now, some people want to live on properties or ranches, you know, privately, but giving people the option to come together and to have these regional centres via some level of density – now, it might not be broad swathes of six-storey, but it might be Future Homes size, three-storey kinds of complexes. I see no issue; I am sure there are some people out in every place who would love to live this way. It is about giving people options.

**Joe McCracken:** Yes, I totally agree with what you are saying. Some of the challenges would be about changing the thinking of some –

**Jonathan O'Brien:** That is the big challenge everywhere.

**Joe McCracken:** local governments, particularly in areas that probably are not used to these sorts of ideas. I guess if you cannot change the thinking, or if it is very difficult to, how would you suggest that it could be changed? Would you change all the height limits and the storey limits in the planning scheme and those sorts of things? Are those some of the changes that you think would help facilitate these sorts of changes outside of metro Melbourne? I will ask that as a first question.

**Jonathan O'Brien:** Yes, I think, absolutely. We would want to see – broadly we call within our missing middle report for the abolition of the neighbourhood residential zone, which is the zone that keeps you to one to two properties per lot, detached houses. We see that as a very viable and good option. We do not think it makes a lot of sense for enormous amounts of land across our state to be locked into that. I think changing, very slightly – in the way that Auckland have, with great success – neighbourhood residential zone up to general residential zone, which is three storeys and multiresidential dwellings, so the kind of place where Future Homes and other sorts of medium-density projects can be built, makes a lot of sense. I think that just enabling it to be an option, as Brendan Coates of Grattan was saying earlier, you then see people begin to make different trade-offs, because they can make those trade-offs because there are more abundant choices.

**Don Holloway:** And this is not about banning single-family homes, it is about just giving people more options, right.

**Joe McCracken:** Just more options.

**Jonathan O'Brien:** Yes, 100 per cent.

**Joe McCracken:** I mean, this is part of my thinking as well: I live in Ballarat, and Ballarat would probably be in some ways quite equivalent to this middle ground that you are talking about in terms of the density of population that currently exists; you could pick up that density and put it into any of the middle suburbs in Melbourne and it would not be too dissimilar. I guess the application for what you are talking about therefore would be equally possible in some of the larger regional centres. Would that be a fair –

**Jonathan O'Brien:** Yes. Look, we are YIMBY Melbourne and we have got our hands full with 31 councils here, but there is no reason – all of the recommendations that we have made in the *Melbourne's Missing Middle* report are fundamentally good ideas. They are ideas that we could transplant to most cities around Australia, and Abundant Housing Network Australia, of which we are a founding member, would seek to transplant a lot of these ideas or very similar ideas around Sydney, Canberra, Brisbane, Perth, Adelaide, Hobart, Ballarat.

**Joe McCracken:** My thinking around this is also that as urban sprawl continues to sprawl –

**Jonathan O'Brien:** Regrettably, yes.

**Joe McCracken:** Yes, I think it is regrettable, and to manage our population in such a way that it is not just all concentrated in parts of Melbourne and that it can be spread a bit more equally across the larger regional areas like Geelong, Ballarat, Bendigo, Traralgon, Shepparton and the other less large areas near them, I guess this application could also be put into those settings as well without too much difference, really.

**Jonathan O'Brien:** Absolutely. Correct. That is a big part of how we have structured the missing middle report: we have done all of the research; it is 11,000 words, 90-something sources, 13 recommendations. This is a report that can be picked up and put in Ballarat, this is a report where the recommendations can be put in any state in Australia and we will see fundamentally better planning and urban outcomes for all Australians.

**Joe McCracken:** I cannot wait for you to send through the report then. Thank you.

**Renee Heath:** Yes.

**Jonathan O'Brien:** I will send it through.

**The Chair:** Thank you, Mr McCracken. Just a few quick questions before we wrap this up. Quickly, Jonathan and Don, in your submission you mentioned that heritage and neighbourhood character overlays are blunt tools. What do you suggest in relation to this planning tool and how we improve and make it better?

**Jonathan O'Brien:** For sure. So, again, deferring to the missing middle, we made a lot of recommendations around heritage there. Part of the problem with heritage in terms of particularly renters and home affordability – let us pull in renters here – is that heritage preserves bad build quality, it preserves low quality of life for renters. Better Renting – I believe Joel has spoken at this inquiry – in their *Power Struggles: Renting in Winter* report said that 90 per cent of measured Victorian rentals had indoor temperatures below 18 degrees Celsius. That is the World Health Organization's recommended minimum indoor temperature. Ninety per cent of our rental stock is not hitting that. A large number of them are these single-glazed, terrace, heritage-listed homes. We are creating a health crisis for renters via heritage; it is a big problem.

What we would like to see in terms of a heritage reform would be thinking about: what is heritage that has genuine public value and how can we optimise that? How can we take heritage buildings and buildings that are beautiful and that we care about and turn them into places of civic engagement, places where people can come together and places that can be enjoyed? The Kathleen Syme centre, for instance, in Carlton, is a really great example of a community library centre that is an absolutely beautiful old building that would be a tragedy to lose. But the reason it would be such a tragedy to lose is that everyone can use it, everyone can engage with it. A large number of heritage overlays lock up architecture that no-one can see, and we leave it to private landowners to maintain or indeed not maintain these buildings. You know, one of the best ways to get out of a heritage overlay is to neglect a property until it is irredeemable. Equally, we have heritage overlays that are laid down on churches, and then those churches and their congregations can no longer afford the heritage-compliant upkeep. They just want to build a new church. They just want to build a new place where their community can come together. The reality is that heritage has to be reformed to be done on an on-balance basis and on a basis that optimises for public good, not for the whims of heritage consultants who have a financial incentive to heritage-list as many properties as they can because that is how they manufacture clients.

**The Chair:** Thanks, Jonathan. Just another quick question: stamp duty reform you indicated in your submission is an inhibitor. Can you just give us a brief outline of your opinion on stamp duty and whether we should keep it?

**Jonathan O'Brien:** Absolutely. Don will take this one.

**Don Holloway:** We should get rid of stamp duty and replace it with a land-value tax. We talked about that in our submission to another inquiry earlier in the year. In terms of how it is impacting, it is mainly an inhibitor in terms of how it stops people from being able to allocate housing efficiently. Some people have jobs where they have to move frequently, and they just have to pay more tax. Every time they move they have got to pay stamp duty again. If your household composition changes over time and your current housing is no longer suitable for you, then you have to move and you have got to pay this tax again. A broad-based land-value tax would be much more equitable way to get that revenue and get those land rents.

**The CHAIR:** Thank you. Well, I think time has caught up with us. Again, I thank you, panellists, for your generous time coming in today and giving your submissions. I think definitely some of your points will be looked at closely in leading us towards our recommendations. You will receive a copy of the transcript for you to review in about week's time before it is published on the website. We will now take a break for 45 minutes and recommence at 1:15 pm.

**Witnesses withdrew.**