Introduction

The Eastern Affordable Housing Alliance (EAHA) welcomes the opportunity to provide a submission to the Committee of Outer Suburban/Interface Services and Development regarding the inquiry into liveability options in outer suburban Melbourne.

The EAHA is a local government advocacy group with a single focus on affordable housing in the Eastern Metropolitan Region (EMR). Membership consists of:

City of Boroondara
Manningham City Council
Maroondah City Council
City of Monash
Knox City Council
Yarra Ranges Council
City of Whitehorse

This submission outlines the relationship between affordable housing and liveability, with particular attention to issues experienced in the outer suburban
local government area of Yarra Ranges Council. The topics explored in this submission have an association with the following Terms of Reference points:

a. Outline recent state planning policies as they relate to private housing;
b. Examine population growth/trends and impacts;
c. Collate and analyse median house prices in outer suburban areas and measure this against income and cost of living data;
d. Identify the provision of medical/health and support services in outer suburban areas¹.

**Background**

The EMR is home to around one million people, equating to approximately one-fifth of Victoria’s total population. The region hosts a significantly diverse range of socio-economic households, and median house prices within the EMR range from $1,205,000 to $405,000².

As demonstrated in the chart below, it is important to note that an EMR-wide house price is difficult to quantify as a median or average figure due to the significant range of prices that exist across the EMR.

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² REIV:2011
According to the Department of Housing Rental Report, as at December 2010, rental affordability\(^3\) in the EMR was exceptionally low at 4 per cent. At 9 per cent the Yarra Ranges Council was the only Local Government Area in the EMR that was above or equal to the Melbourne Metropolitan average of 8 per cent\(^4\), with Whitehorse and Boroondara recording the lowest rates of 1 per cent each. The Victorian average for affordable lettings last year was 18.9%.

Despite a recent plateau in the Melbourne property market, Melbourne continues to be the second least affordable city, and the EMR continues to hover below the state average in terms of the availability of affordable housing\(^5\).

Housing affordability in the EMR has reached a critical point and the EAHA is strongly advocating for innovative funding, policy and regulatory reforms that will positively impact on the supply of affordable housing and liveability in the EMR and across Melbourne.

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\(^3\) Rental affordability is considered to be rental costs that total no more than 30% of a household’s income


\(^5\) Affordable housing is considered to be no more than 30% of a household’s income
Liveability and Affordable Housing

There is no agreed single definition of liveability, however it is generally considered to be a mix of environment, social and economic characteristics that influence an individual’s wellbeing and their ability to enjoy and participate in life. In the Victorian Governments “A State of Liveability: An Inquiry into Enhancing Victoria’s Liveability” report⁶, liveability is given the following working definition:

“Liveability reflects the wellbeing of a community and comprises the many characteristics that make a location a place where people want to live now and in the future.”

The Department of Infrastructure and Transport's 'Our Cities' discussion paper⁷, released in December of 2010 outlines seven key principles of liveable cities. “Supporting affordable living”, “facilitating the supply of appropriate housing” and “redressing spatially concentrated social disadvantage” represent three of these seven stated principles. The undersupply of appropriately planned affordable housing negatively impacts on liveability in the EMR by creating housing stress⁸. It fuels an already identified housing shortage crisis and discriminates against the growing proportion of the population who require smaller, diverse and/or affordable housing options.

As suggested in the ‘Our Cities’ discussion paper, the supply of affordable housing also needs to be considered in the context of accessible, well integrated and well serviced community hubs that provide access to essential

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⁶ A State of Liveability: An Inquiry into Enhancing Victoria’s Liveability:2009
⁷ Australian Government, Our Cities- building a productive, sustainable, and liveable future: 2010, discussion paper
⁸ Housing stress refers to the financial stress placed on households when the cost of housing is high, relative to income (i.e. above 30% of household income)
services and alternative transport options to optimise household’s liveability experiences.

As key drivers of liveability, Local Government is involved in a range of policies, services and programs that influence key characteristics shaping an individual’s experience of liveability within their community. Local Government’s within the EMR recognise their role in influencing liveability at a local level, and the EAHA is advocating that accessible, diverse and integrated affordable housing options for the community are an element of liveability that requires closer scrutiny.

**Housing Policies and Affordable Housing**

*Increase Supply*

To ensure that liveability in the EMR is optimised, an agreed minimum supply of social housing should ensure that the most disadvantaged households are able to access affordable housing, and are accordingly free from housing stress.

Recent data from the Tenants Union of Victoria indicates that households across Melbourne’s EMR are experiencing significant housing stress, sometimes paying in excess of 60% of their income on housing⁹. Despite a relatively high median income across the Eastern Region, there is still a significant disparity between the increased cost of housing and the average median income within this Region. In Ringwood, a single person on Austudy would need to allocate over 80% of their income to rental costs for a 1 bedroom flat, and in Balwyn a couple on minimum wage with 2 children would be required to pay over 53% of their wage on rent for a 3 bedroom home.

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⁹ Tenants Union of Victoria:2011
Sitting at the State average of 9 per cent, the Yarra Ranges Council currently offers the highest rate of affordable rental housing in the EMR\textsuperscript{10}. However this figure has dropped from a healthy 51\% recorded in the Yarra Ranges Council back in 2000. Having a higher level of affordable housing than the remaining EMR, the Yarra Ranges Council can appear to be an attractive option for less affluent families and individuals entering the housing market within the region. However, a decision to purchase or rent accommodation in the outer suburbs based solely on housing affordability can be based on a false economy, as individuals become more vulnerable to the burden of transport costs (particularly rising petrol expenses), and other personal costs such as time spent commuting.

The remaining 6 municipalities from the Eastern Region had a combined total of fewer than 3 per cent of affordable housing rental properties, with the Cities of Boroondara & Whitehorse reporting only 1 per cent of rentals as affordable. Currently, the EMR has a waiting list of 4385\textsuperscript{11} for public housing.

The EAHA asks the state government to consider an increased injection of state-administered social housing funds into the EMR, along with a commitment for long-term social housing funds to help meet the increasing demand for social housing in the EMR.

For the first time ever, in December 2010 the median property price in Melbourne surpassed $600,000.00, reaching a record $601,500.00. According to REIV, in December 2009 the median property price for Melbourne was $540,000.00, demonstrating a substantial increase of 11.4\% from December 2009 to December 2010\textsuperscript{12}.

\textsuperscript{10} Department of Housing: 2010
\textsuperscript{11} http://www.housing.vic.gov.au/applying-for-housing/waiting-times
\textsuperscript{12} REIV:2010
In comparison, earnings for a full-time adult male rose by 3.8 percent and 4.8 percent for females\textsuperscript{13}. The HIA Affordability Report (2010)\textsuperscript{14} indicates that based on current median house prices, “the equivalent to 1.9 times the earnings of the average person employed on a full time bases” would be needed to service a loan. Despite a current plateau in prices housing affordability remains at critically low levels, and as of September 2010, housing affordability was 18.3 per cent less than in the September quarter of 2009.

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\textbf{Recommendations} \\
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The Eastern Affordable Housing Alliance recommends that the Victorian Government: \\
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1. Investigate the use of incentives and support the development of protocols and a growth target to increase the supply of affordable housing. \\
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2. Work with local governments to identify surplus or under-utilised government land that is appropriate for the development of social and affordable housing in the eastern metropolitan region. \\
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3. Introduces minimum rental standards to the \textit{Residential Tenancies Act 1997} to provide legislative protections to both public and private rental tenants. \\
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4. Strengthens budget commitments and funding to initiatives such as the National Rental Affordability Scheme and Social Housing Initiative to further boost housing supply and affordability. \\
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\textsuperscript{13} ABS:2011
5. Further strengthens budget commitments and funding to initiatives such as the Commonwealth Rent Assistance to support low income individuals and families to access housing options.

6. Investigates policy options to involve institutional investors into the residential market through access to Federal rental affordability schemes.

Inclusionary Zoning

The only definite mechanism to ensure that future private development contributes to affordable housing is through a process known as inclusionary zoning. Inclusionary zoning is a planning tool stipulating that a certain percentage of new housing developments must be classified as affordable. This would be applicable to any new private development including government land, declared major developments and/or significant re-zonings or changes in use from non-residential to residential.

Compulsory inclusionary zoning is currently not possible in the Victorian planning system, and the Eastern Affordable Housing Alliance is calling for the introduction of this tool into the state planning system.

At the moment Victorian Councils are forced to rely on individual negotiation and the occasional good will of developers to make provisions for affordable housing options in new developments. It is imperative for the future liveability of communities in Victoria that local government is supported by state legislation that facilitates appropriate...

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15 Inclusionary zoning refers to a planning system that requires an agreed ratio of affordable housing within housing developments
zoning within new developments. Recent examples where inclusionary zoning has been successfully introduced (South Australia, New South Wales, the United Kingdom and some states in America) demonstrate that developers appreciate the certainty of knowing what to provide, and can factor this into development costs upfront.

Local Government has had only moderate success in negotiating an affordable housing contribution from developers. For example, Knox City Council has recently negotiated 3 per cent social housing provision as part of the Mirvac (former Austral Bricks) site redevelopment, however has been unsuccessful in negotiations with other recent developers.

**Recommendations**

The Eastern Affordable Housing Alliance recommends that the Victorian Government:

1. Introduce planning mechanisms to enable mandatory minimum requirements in the provision of affordable housing. Policy proposals include a 5 per cent target for affordable rental housing within the private sector.

2. Introduce the legislative amendments required to enable local government to enforce affordable housing inclusionary zoning as a condition of approval for major residential developments. Policy proposals include a 5 per cent target for social housing.

3. Amend the objective of the *Planning and Environmental Act 1987* to include the provision of an adequate supply of affordable housing.
Housing diversity and accessibility for enhanced liveability

It is essential that affordable housing policies are developed to be responsive to the diverse needs of the community. Victoria is currently experiencing a trend towards housing developments that are dominated by large 4 bedroom homes, with the average size of a new home in Melbourne now reaching 227.6 m², an increase in size of 40.3 per cent since 1985. Yet evidence suggests that demographic trends such as the ageing population and single parent households are increasing the demand for smaller and more affordable homes, with accessibility also a key factor. As new housing developments continue to saturate the market with large 4 bedroom homes, supply of smaller, diverse dwellings is diminishing.

In addition to simply increasing supply of affordable housing, the issues of increased housing diversity and adaptability of housing require significant consideration. Key elements of liveability such as accessibility, transport and access to other services (i.e. health services, supermarkets, libraries etc.) are essential constituents to facilitate well connected households that actively participate in community life. The EAHA is advocating for the introduction of planning tools and mechanisms to increase the supply and diversity of dwelling types to better reflect household needs and changing demographics.

Local government is committed to providing equitable and accessible neighbourhoods to encourage and enhance the participation of individuals living with a disability. People living with disabilities are often disadvantaged economically, socially & physically. Improved access to appropriate housing and key community services including health services (particularly bulk-billing services) social activities and alternative transport options are crucial to assist communities to be inclusive of a diverse range of individuals and households.

\[16\] ABS:2003
Smaller houses and smaller blocks, such as dual occupancies, villa units, townhouses and apartments, can contribute to affordable housing and provide viable housing options for people with disabilities and the ageing population. State Government and Council planning policies encourage these types of housing in locations close to infrastructure and services, where there is an opportunity to also reduce transport costs.

**Recommendations**

The Eastern Affordable Housing Alliance recommends that the Victorian Government:

1. Develops relevant programs to provide financial incentives for encouraging housing diversity.

2. Investigates planning tools and other mechanisms to promote and provide for increased housing diversity and housing adaptability.

3. Explores policies to improve property market acceptance of a wider range of housing types which are able to adapt to changing household needs.

4. Facilitates the provision of a range of housing types to meet the growing needs of families and communities

**Transport**

On the day of the 2006 Census, 5.2 per cent of residents in Yarra Ranges City reported that their workplace was within the City of Melbourne, and a total of 53.4 per cent travel outside of their municipality to work. In 2006, of those travelling to work in Yarra Ranges Council, 72 per cent travel by private vehicle or motorbike, which is 3 per cent above the state average of 67 per
The need for households in outer suburbs to rely heavily on private vehicles for transport can also impact on neighbouring suburbs through increased greenhouse gas emissions and traffic congestion. In Melbourne it is estimated that the total cost to society of road congestion is around 22 per cent, and around 7 per cent for accidents, whilst the forecast congestion cost for 2015 has been estimated at around $8 billion.

The decision to purchase or rent accommodation in the outer suburbs founded solely on housing costs can represent a false economy, as individuals become more vulnerable to the burden of transport costs (particularly rising petrol expenses), and personal cost such as time spent commuting. In addition to this, households in Yarra Ranges Council are often forced to travel long distances to access basic infrastructure and services such as health & community services, including primary and allied health providers. This can also have a flow on effect by impacting on the resources of neighbouring Local Government Area’s that have a significant proportion of their services and transport provisions being accessed by residents living in outer suburban Melbourne.

For commuters living in the outer suburbs, rising fuel costs and commuting times are compounded by the distances that are driven. Car ownership in the outer east is the highest in Melbourne, resulting in increased costs such as maintenance and petrol, including a personal cost in driving time, inactivity and higher stress levels. There is evidence that more socially and economically vulnerable communities located in the outer suburbs experience increased levels of stress when petrol prices increase, putting pressure on an already stretched household budget.

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17 Yarra Ranges Council Profile ID: 2006  
18 Commissioner for Environmental Sustainability:2007  
19 Increasing Car Ownership, DPCD:2004  
20 Commissioner for Environmental Sustainability:2007
Each of the seven municipalities within the EMR rated above the Melbourne average for car ownership per household. The significantly higher dependency on cars in the outer suburbs is reflective of transport and infrastructure planning that has in the past favoured the car as a preferred means of transport\textsuperscript{21}.

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\textbf{Recommendations}

The Eastern Affordable Housing Alliance recommends that the Victorian Government:

1. Ensures that all new affordable and social housing properties in the eastern metropolitan region are located close to public transport, services and employment opportunities.

2. Develop policies for greater integration of social housing into established neighbourhoods to be more conducive to community participation and engagement.

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\textbf{Raising Awareness around Affordable Housing}

There are many misconceptions around the concept of social housing. As an example, recent public housing developments in Maroondah City Council and Knox City Council were cause for considerable anxiety amongst local community members, particularly given the stigma attached to past public housing developments. As a result, there have been significant resources allocated at a local level to reassure the community and address their concerns around social housing. This is an ongoing issue that requires a coordinated and multi-faceted education campaign from the State Government.

\textsuperscript{21} Commissioner for Environmental Sustainability:2007

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Successful social housing models are now emerging across Melbourne, yet there is still very little knowledge of these successes throughout the community and within other sectors that may also work with vulnerable households. It is imperative to the future success of these developments that the community understands and supports the concept of social housing, and that unsubstantiated fears and/or misconceptions are alleviated.

**Recommendations:**

1. State government lead an education campaign to inform the community about social housing and the benefits to the local community, including steps to mitigate the fear and anxiety felt by local communities.

**Conclusion**

The EMR has reached a critically low level of housing affordability.

The adequate provision of appropriately diverse and well planned affordable housing has been identified as a key element of liveability. By the end of 2010 just 3.75 per cent of all rental accommodation in Melbourne’s EMR was affordable. The Alliance recognises that local communities are in a housing affordability crisis that is impacting on liveability in the EMR. Changes in population trends and household structures are increasing the demand for diverse housing options to suit these evolving households.

In light of this crisis, the EAHA is strongly advocating to enhance liveability in the EMR by facilitating an increased supply of accessible affordable housing.
options through innovative policy and planning reforms at a Local, State and Federal Government level.

Immediate action is required to address the current serious shortfall of affordable housing options, along with long-term strategies to assist Governments in maintaining ongoing adequate levels of affordable housing that will more effectively cater for the significant need within the EMR and across Melbourne, ultimately enhancing the liveability of our communities.

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Chair, Eastern Affordable Housing Alliance