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HOUSING AFFORDABILITY

7.1 HOUSING AFFORDABILITY CHALLENGE

7.1.1 KEY CHALLENGES FOR THE NEXT 20 YEARS

- ➔ How to meet an increasing demand for more affordable housing across the municipality.
- ➔ Ensuring student housing is consistent with the location and design requirements of Council Policy.

Housing is a fundamental human right and one of the universal determinants of health and wellbeing. The availability of secure, well located affordable housing provides pathways to employment and education, supports choices, builds strong, connected, diverse and sustainable communities and provides opportunities to participate in community life.

The *Whitehorse Affordability Housing Policy 2010* states that Council is committed to increasing the supply of affordable housing in the municipality. Council will deliver on this commitment as follows:

- Council will support affordable housing in land use planning;
- Council will regulate rooming houses;
- Council will form, facilitate and support partnerships to deliver affordable housing; and
- Council will advocate for affordable and social housing.

Most of the structure plans prepared by the City of Whitehorse identify affordable housing as an objective however the affordable housing principles and policies within these are generally not defined in terms of number, specific location, localised need, design and incentives for developers.

7.1.2 THE NEED FOR AFFORDABLE HOUSING

The desire to access appropriate, well located and affordable housing is universal.

Need for affordable housing can be a broad topic. Home buyers can suffer mortgage stress at times of high interest rates or a contracting economy. Rising house prices exclude first home buyers from the market, or force them to buy in areas distant from work, friends, transport and family. Renters in the private market may face unaffordable rents in areas of high housing demand, with similar impacts. Existing home owners have difficulty transitioning through the housing market in line with their changing housing needs. Individuals and households with special needs face their own particular affordability challenges.

A commonly accepted definition of affordable housing is:

Housing that leaves sufficient family household income to meet other household needs. This has become understood to mean housing that costs no more than

30% of a family's gross income in rent or 35% in mortgage repayments. This is especially the case for those in the lowest 40% of Australians ranked by income.

7.1.3 TYPES OF AFFORDABLE HOUSING

In considering the challenge of affordable housing, Councils really need to consider action in every significant sector, while having regard to the opportunities and constraints that exist. With homes for purchase, for example, mechanisms are needed to encourage developers to include affordable housing in larger developments. However the ability to require this would need State government support and intervention – a quest that has so far been unsuccessful. Effective resolution of affordability of houses to buy is an issue tied up with numerous policies of all three levels of government, including Commonwealth taxation policy. Similar comments apply to the private rental market.

Aside from the mainstream private market in housing, there are numerous potential providers, including:

- Public housing
- Community housing
- Housing associations & trusts

Sometimes these types of housing are collectively referred to as Social Housing, referring to not-for-profit housing owned and managed for the primary purpose of meeting social objectives such as affordable rents, responsible management, and security of tenure and good location in relation to employment services.

In Victoria, the Commonwealth and State Governments jointly fund public rental housing through the Department of Human Services (Office of Housing). Eligibility is determined by assets and income, special need and residency and citizenship criteria. Generally rents are capped at between 25-30% of income.

Community housing is an alternative to public housing and private rental and operates as a not-for-profit housing system. Combined rents of occupants are used to cover running costs over the long term. There is only a small supply of community housing in Victoria.

Registered housing associations sometimes operate through partnerships with the private sector.

7.1.4 HOUSING STRESS

Housing stress is an interconnected set of environmental, social and economic issues which have the potential to affect the mental and physical health and wellbeing of residents by reducing a household's capacity to afford healthy food, access health and social services and participate in community life.

There is a growing body of work being led by the Australian Housing and Urban Research Institute (AHURI) that builds on the widely used 30 per cent benchmark

method to measure and understand affordability which determines a household's level of housing stress.

The 'residual income method'¹ calculates how much is left over for housing rents or mortgage *after* relevant expenditure items for different household types have been deducted. If there is insufficient income left for rents and mortgages a household has an affordability problem. This 'residential income method' better reflects housing expenditure patterns as it indicates that a higher level of housing stress.

7.1.5 PROVISION OF AFFORDABLE HOUSING

The provision of affordable housing is a complex issue. Federal, State and local governments can each play a variety of roles in the delivery of affordable housing. However, it is recognised that the State has the largest role particularly in the provision of social housing. Registered housing associations (RHAs) are currently the recognised growth vehicle for affordable housing in Victoria and have their own criteria for households they serve.

For the purposes and scope of this housing strategy Council's direct intervention either through the direct purchase of stock (as is undertaken by a limited number of other Councils) or through the provision of land in partnership with other levels of government or Housing Associations is currently not an option. This is due in part to financial constraints. There is also a mismatch between the maximum lease arrangements for Council land under the Local Government Act (50 years) and the requirement of funding bodies and the viability of Housing Associations for a minimum of 99 year leases. This undermines Council's stewardship where virtually any Council title provided for affordable housing needs to be offered in perpetuity with no commensurate guarantee of affordable housing.

This Housing Strategy recognises that there is a difference between the provision of affordable rental housing and affordable homeownership, each requiring specific policy responses that take account of these distinctions. Notwithstanding, there is currently a trend towards a market based rent model for the delivery of affordable housing; this has largely been driven by the federal government's National Affordable Housing Agreement.

There is currently a range of policy and funding opportunities available to increase the supply of social and affordable housing in the City. It is acknowledged that these initiatives are likely to change over the life of this Housing Strategy. Key current and recent initiatives include:

- National Affordable Housing Agreement and National Partnerships
- National Rental Affordability Scheme
- Housing Affordability Fund
- The Australian Government's White Paper on Homelessness
- Investments into Registered Affordable Housing Associations

¹ *Residual Incomes in Australia: Analysis and Implications*, AHURI 2010

- Local Action on Affordable Housing – Victorian Office of Housing (DHS)
- Victorian Integrated Housing Strategy

Council should continue to actively identify affordable housing need and communicate and coordinate responses from other organisations which deliver affordable housing, such as registered housing associations, developers and investors. Council should also continue to liaise with relevant State government departments. The redevelopment of substantial change areas and opportunity sites, in particular, provides a key opportunity to address the supply and distribution of social housing in the municipality.

7.1.6 SOCIAL HOUSING

Federal and State government play a key role in the provision and maintenance of social housing, including public housing. The Department of Human Services (Office of Housing) administers Victoria’s housing policy and manages the provision of social housing assistance to low income or special needs groups. Whitehorse City Council contributes to social housing through its facilitation, planning and regulatory capacities.

7.2 OBJECTIVES & ACTIONS

The City of Whitehorse has limited capacity to influence the general affordability of housing throughout the municipality. Notwithstanding, this Strategy has the potential to facilitate change in the development, composition and location of housing. Council, through its role as Planner and Regulator, has the ability to influence the type, location and amenity of future housing – all of which can influence housing affordability.

This Strategy aims to facilitate sufficient housing development over the next 20 years to meet projected demand. Dwelling price growth in the City has been relatively strong – if sufficient housing is not provided within the City in the short to medium term, there is the risk that prices will increase strongly and subsequently that housing costs (both purchase and rental) could become increasingly unaffordable for local residents.

The Strategy sets the following objectives for addressing housing affordability within the municipality:

- Increase the supply and distribution of affordable housing in the City of Whitehorse
- Reduce housing stress in the City of Whitehorse

AFFORDABILITY OBJECTIVE 1 -

Increase the supply and distribution of affordable housing in the City of Whitehorse.

To achieve this objective Council will advocate for the increased supply of affordable housing, and maintain relationships with housing providers and the Office of Housing. It is also important to recognise and assist with established groups such as the Eastern Affordable Housing Alliance, amongst others.

Council has limited resources for providing affordable housing directly. Therefore additional partners and funds will be necessary to meet the future need for affordable housing. Affordable housing can be delivered through a range of funding and management mechanisms, including State government, local government, not-for-profit organisations, and by private developers. Ongoing liaison with the Office of Housing, housing associations and local welfare organisations is encouraged in order to share knowledge, promote advocacy and identify opportunities for joint projects.

The Housing Framework Plan (*Figure 4*) identifies opportunities for the significant development and redevelopment of housing stock in substantial change areas, activity centre residential areas and at key opportunity sites. Housing growth in these locations provides potential for the provision of affordable housing, either through negotiation with developers, including Places Victoria, or advocacy with State government and housing providers.

Providing clear direction to the development industry and investors regarding areas identified for substantial, incremental and limited change can influence general housing affordability. This will provide greater certainty for investment, reduce the time and cost of the planning and appeal process, and allow housing to be delivered to the market in a more cost effective and streamlined fashion. This will ultimately encourage further investment in the City, ensuring that supply meets demand, thus reducing price and rent pressures.

RECOMMENDED ACTIONS:

- Investigate stronger, effective statutory mechanisms to encourage more affordable housing provision, including reviewing the success of processes implemented by other local governments.
- Continue to identify opportunities for affordable housing in designated structure plans including specific location, localised need and design, and incentives for developers, including:
 - Identify specific housing needs and suitable locations for sub-categories of affordable housing such as student accommodation, key worker housing, aged care facilities, etc.;
 - Identify suitable land/airspace for affordable housing, including Council land, State Government land and major development sites;
 - Identify specific locations where developer concessions could be provided where affordable housing is included as part of the development (e.g. in locations adjacent to employment or transport).
 - Encourage a mix of low cost rental accommodation (through registered housing associations) as well as areas of greater diversity/density.
 - Liaise with State Government, Places Victoria, Metropolitan Planning Authority, housing associations/ providers and other relevant parties to highlight substantial change housing areas and Structure Plan opportunity sites as appropriate locations for future affordable housing projects.
- Advocate to the State government to provide local government more control over local planning to encourage more affordable housing provision.
- Advocate to the Office of Housing for the continued renewal of public housing in the municipality, including strategies to reduce concentration except where support services are easily accessible, and incorporate public housing in other areas, particularly near activity centres.
- Meet with the community housing sector on an as needs basis and provide information regarding updated housing data and research, and seek their feedback. This information should feed into a regular review of the effectiveness of the housing policy, and the affordable housing policy.
- Continue to implement the coordinated approach to Council's regulation of rooming houses between the Environmental Health and Planning and Building Departments and extend this approach to other specialised housing types where required.

- Advocate to the State government for consistent regulations for the assessment of rooming houses, requiring all statutory and safety assessments to be assessed through the Building Regulations as opposed to the Department of Justice.
- Provide adequate resources to monitor and engage with rooming house owners and managers of other specialised housing types to ensure stock is registered, well maintained and complies with regulations.

AFFORDABILITY OBJECTIVE 2 -

Reduce housing stress in the City of Whitehorse.

Housing stress is an interconnected set of environmental, social and economic issues that have the potential to affect the mental and physical health and wellbeing of residents by reducing a household's capacity to afford nutritious food, access health and social services and participate in community life.

There is potential for Council to mitigate instances of housing stress through encouraging diverse, affordable and well located housing stock, advocating for improved public transport to provide better access for the whole community, improving access to community infrastructure and supporting access to healthy and affordable food and supplies.

Council can also monitor housing expenditure patterns to track housing stress throughout the City.

RECOMMENDED ACTIONS:

- Monitor and evaluate the use and effectiveness of the Housing Affordability Policy, particularly in inclusion of affordable housing in new developments.
- Monitor housing stress, for example through community surveys. Surveys could include identifying access, adequacy and transport to employment, service costs. Review Council's role in this area as appropriate.
- Collate and analyse ABS and specialist housing data every 5 years to monitor the supply of specialist accommodation and changing trends.
- Initiate a Council Food Security program, including examining the extension of community gardens, including associated training and assistance.
- Continue to advocate for improved public transport across the City.