

Laying the Foundations

A Submission from the Community Housing Federation of Victoria

Thank you for the opportunity to input into this important exercise in setting the objectives and identifying the needs for Victoria's 30-year infrastructure strategy. Thoughtful long term planning that demonstrates a whole-of-government strategy is rare so we applaud this initiative.

Community Housing Federation of Victoria

The Community Housing Federation of Victoria (CHFV) is the peak body representing not-for-profit community housing organisations in this state. Our role is to advocate on behalf of our members to government and other relevant bodies, as well as providing advice, resources and training to the community housing sector.

Community housing in Victoria is provided by a large and diverse range of not-for-profit organisations. These organisations own and manage over 19,000 tenancies in Victoria across the regulated and independent sectors. The community housing sector is highly regulated by government, with 8 Housing Associations and 33 Housing Providers currently registered under the Housing Act 1983.

Housing Associations have been the State and Federal government's designated vehicles for growth in affordable housing stock under the Nation Building Economic Stimulus Program and the Victorian Social Housing Investment Fund. Many community housing organisations also manage stock owned by the Department of Health and Human Services under lease arrangements.

Across the country, community housing organisations have an increasing role in managing transferred stock from state housing authorities, and part of this is to manage community renewal and eventual large scale redevelopments of run down public housing estates.

Introduction

CHFV supports the development and implementation of a 30-year infrastructure plan for Victoria, however housing infrastructure should feature more prominently.

We would like to see the further development of point 3 *Reduce disadvantage* to include broader action than the one outlined in *draft need B*. Address housing affordability challenges with better social housing.

Whilst it is important to provide good transport for people to access jobs and employment, it is also equally vital to provide affordable housing close to the existing to jobs and employment opportunities.

The AHURI research, *Inquiry into housing policies, labour force participation and economic growth*, explores the links between housing and economic growth (including employment participation, mobility, housing supply and wealth effects).

*The housing market influences Australia's economy in that housing of good physical quality, with tenure conditions that provide stability, is affordable, is close to jobs and is in socially mixed neighbourhoods can accelerate urban productivity growth. Equally a housing system where these characteristics are reduced can act to lessen human and social capital and thereby weaken urban productivity growth.*¹

With over 40 % of low-income renter households experiencing housing stress² and over 34,000 households on the public housing waiting list, there is an urgent need for a plan to provide an increase in social housing, and also *affordable* housing supply.

We believe that affordable housing is critical to Victoria's economic productivity, growth and liveability. The government must take steps to improve social and affordable housing supply. A range of policy mechanisms and financial supports are required to achieve this.

The case for growth and investment in housing infrastructure is clearly set out in *Making Social Housing Work: Better homes for low-income Victorians*³, which recommends a number of strategies including:

- An Affordable Housing Strategy for Victoria;
- A 20 year strategy for growth and redevelopment of social housing; and
- Reduce demand for social housing.

Victoria's infrastructure plan must positively respond to the needs of all Victorians, especially low income people in housing stress.

What is most important to you in planning Victoria's infrastructure for the next 30 years?

The challenge of providing affordable housing in Victoria must be addressed.

CHFV believes that an integrated, whole-of-government affordable housing strategy is essential if this state is going to meet the challenges of supporting all Victorians in housing stress and to ensure our state remains socially inclusive.

As the foundation paper points out, approximately 14% of Victorians had experienced homelessness at some point in their lives. But this issue should not be reduced to only address the provision of options for people who reach crisis point. We strongly agree that a growing social housing system is a must; however, the provision of a greater supply of affordable rental homes for low income and disadvantaged Victorians is also required.

Again the foundation paper points out that in 2011 the proportion of low income households in private rental paying more than 50% of their household income towards their housing costs had reached almost 40%. This number has surely worsened in the intervening 5 years.

¹ <http://www.ahuri.edu.au/policy-issues/urban-productivity-growth>

² **Housing stress** is experienced by lower-income households (households in the bottom 40% of income distribution) who pay more than 30% of their gross income on housing.

³ <http://www.chfv.org.au/making-social-housing-work/>

As the foundation paper rightly points out, rising rental costs in the private market prevents many existing tenants of social housing from moving into the private rental market even if their circumstances improve, because there is a lack of affordable housing options.

We believe that a strategy aimed at engaging all of the policy levers at the disposal of the Victorian government must be developed, including:

- mechanisms to put existing public and community housing owned assets to their highest and best use;
- expanding the range of housing options, from social rental housing, affordable sub-market housing and subsidised home ownership; and
- making use of the role of the planning system in creating inclusive communities and promoting a range of housing types and options including inclusionary zoning across both government owned and privately owned land.

Housing infrastructure, or a lack thereof, can play a role in either easing or exacerbating disadvantage. However, affordable housing does not feature prominently enough on the current agenda of governments' infrastructure plans.

Infrastructure Victoria's 30 year strategy is an opportunity for the provision of affordable housing to be imbedded in the long term agenda of government.

How could the objectives be improved? Should any objectives be added, removed or combined?

Affordable Housing should be identified as a need of draft objectives 1, 3 and 4.

Affordable housing is the key to addressing most of the objectives of the plan. Quality, well located, affordable, rental homes will be the cornerstone of this state's long term liveability, sustainability and economic vibrancy.

Draft objectives: 1 (Respond to population growth and change); 3 (Reduce disadvantage); and 4 (Enable workforce participation) all have housing implications.

CHFV believes that increasing the supply of low income housing as a response to population growth is not adequately covered in the foundation paper. Also, the issue of locating more affordable housing close to jobs and employment opportunities for low income people should have a higher level of importance in the plan.

Conservative estimates by the state government show that by 2050, Melbourne's population will be 6.4 million people. AHURI has calculated that Victoria currently has an estimated shortage of affordable rental properties of 80,000. The metropolitan planning strategy, Plan Melbourne, estimates that by that same year, at least a further 600,000 new homes will need to be built within established urban areas, with a similar amount of homes in the growth areas. Plan Melbourne identifies that this will require housing supply located near jobs, services and public transport, by unlocking the capacity of urban renewal precincts. There is no plan however to ensure that any proportion of these properties will be available to those on the lowest incomes.

AHURI research on access to the metropolitan jobs shows the need for more affordable housing in inner urban areas for low-income workers. Workers are either forced to live in outer suburban areas (where high transport costs and distances are a significant barrier to accessing the labour market in the central city area) or pay excessive rents in inner urban areas. Of the low-income workers in the

central city area (in low-income households), 64% paid more than 30% of household income in rent, with 38% paying over 50% of income in rent.⁴

Without government intervention, apartment developments in the inner metropolitan areas of Melbourne will not be affordable for low-income workers in jobs such as cleaning or hospitality.

Major cities around the world are recognising that gentrification of inner suburban areas has priced out workers on low incomes and are seeking solutions to maintain the economic viability of their cities. Melbourne must do the same.

How could the infrastructure needs be improved and, in particular, what needs don't appear that you would like to see included?

Reword draft need 3B to read: *Address housing affordability challenges by ensuring the provision of additional supply of social and affordable housing.*

It is unfortunate that the plan does not identify the need for an increase in the supply of social housing, even to just keep up with population growth. As the population of Victoria grows in the next thirty years so too will the demand for Public and Community Housing.

Victoria currently has only 3.4% of its housing supply as social housing, this is compared to 5.2% in NSW and a national average of 4.8%. If Victoria does not continue to add to the supply of social housing, these figures will worsen as the population grows.

There is ample evidence to support an increase in the supply of social housing. CHFV has previously quoted Dr Judith Yates from the University of Sydney who says that Victoria needs a net increase of 2,000 social housing properties per annum to reach and maintain the national average of housing stock being social housing.

While additional social housing addresses disadvantage it also has the advantages that it addresses a supply shortfall the market can never meet and by providing more housing it provides more employment. Moreover by providing lower cost housing in areas that the market cannot provide it addresses issues of labour market barriers and workforce productivity created by polarised housing market.

Whilst there is a clear argument and need to increase the supply of social housing, the provision of affordable housing is also of vital importance to cities where there is the potential for a disconnect between the location of work for employees of essential public services and where it is affordable for them to live.

Key worker is a term used for workers in essential public services and other low-paid workers such as cleaners and hospitality workers who often work unsociable hours while keeping the city going.⁵

Most social housing is now restricted to high needs or special needs clients. Ideally these clients require strong links to rehabilitation or specialist support programs administered by government departments or funded agencies. As such, government emphasises welfare provision, and the social objective of housing the neediest people.

⁴ Presentation by Professor Bill Randolph to AHURI event, Sydney: Housing the secret to urban productivity growth on 12 March 2015 (at http://www.ahuri.edu.au/event/event_20150312)

⁵ National Shelter www.shelter.org.au

There is an ever increasing concentration of disadvantage in public housing, and key workers are simply unable to access this form of housing.

Community housing has the potential to accommodate the needs of some key workers through quality long term housing by creating mixed communities in co-located developments. There are working examples of multi-unit developments that have been delivered by community housing organisations (see attached) that provide a mix of private, key worker and social housing units, making the model sustainable and integrated.

Addressing the lack of supply of affordable housing for key workers and therefore alleviating housing stress requires a collaborative approach between the government and the community housing sector. The establishment of more key worker housing will also require government assistance in the form of planning concessions, provision of suitable land, and access to low cost finance.

Can you think of any examples to illustrate your points?

Housing Choices Australia - *The Mariner Docklands*

This major social housing apartment complex in the Docklands precinct is indistinguishable from neighbouring properties. The 8-story building comprises of 85 units. 28 units have been sold on the private market to help fund the project, the balance of the apartments are used for the purposes of affordable rental housing. This includes 7 apartments that are fully disability accessible with customised bathrooms and kitchens.

The project cost was \$38.9 million and was completed in July 2011. This project shows that the community housing sector is able to provide specifically located key worker housing in the areas that are not especially accessible to people on low incomes who work in the area.

Port Phillip Housing Association - *Ashwood Chadstone*

This \$140 million development in Melbourne's eastern suburbs includes 282 dwellings provides a mix of those of social housing and those available for private sale. Eight apartments are accessible for people with disabilities, with another one allocated for disability support workers as a central 24-hour support hub. This site is within 500 metres of the Holmesglen Railway station and shops and there are two neighbourhood houses within one kilometre.

The original Public Housing estate was grossly underutilised. The estate included 12 apartments in concrete walk-ups, and 24 concrete construction townhouses. It was determined that these had reached the end of their useable life. These have now been replaced by 210 social housing and 72 privately sold units.

Common Equity Housing Limited - *Gipps Street Abbotsford*

The development provides 59 units; 25 of which have been retained by CEHL for co-operative housing and 34 purchased by private buyers.

The social/private composition of the development has encouraged community integration and enabled CEHL to deliver the affordable housing units on a cash neutral basis (i.e net profits from the sale of the private units have been channelled into CEHL's capital exposure on the project).

Community integration has been further bolstered through the purchase of 6 apartments by disability housing providers; the Transport Accident Commission (TAC) and Summer Foundation. These units provide an appropriate housing option for disabled persons while at the same time integrating seamlessly into an otherwise conventional apartment complex.

While private ownership has underpinned the financial viability of the project, the overall delivery has been a resounding success and establishes a clear model for providing social housing in mixed tenure developments into the future.

In recognition of the strong design and client outcomes achieved, the project was named winner "Best Affordable Development 2013" by the Urban Development Institute of Australia (UDIA).