

## 1.6 DRAFT MONASH AFFORDABLE HOUSING STRATEGY (SMC: File No. F18-103556)

Responsible Director: Peter Panagakos

### **RECOMMENDATION**

*That Council:*

1. *Notes that content and recommendations of the Draft Monash Affordable Housing Strategy- June 2023.*
2. *Releases the Draft Monash Affordable Housing Strategy- June 2023 for community consultation in accordance with the consultation program set out in this Report.*
3. *Notes that a further report will be presented to Council upon the completion of the community consultation reporting on the outcomes of the consultation and to consider any proposed way forward.*

### **INTRODUCTION**

The purpose of this report is to consider the revised Draft Monash Affordable Housing Strategy- June 2023 and to seek endorsement of the revised Draft Strategy for community consultation.

### **BACKGROUND**

In 2019, SGS prepared the draft Monash Affordable Housing Strategy. The Strategy made a clear case for taking action on the reform of policy settings that impact housing affordability, and to increase the provision of affordable housing in the City of Monash. It demonstrated both the need and economic and community benefits of increasing housing affordability and having more affordable housing.

#### *Initial presentation to Council*

At its meeting on 28 April 2020, Council considered the Draft Affordable Housing Strategy and resolved:

*“That Council:*

1. *Notes the content and recommendations of the Draft Monash Affordable Housing Strategy.*
2. *Resolves to send the proposed strategy to relevant industry and public housing association stakeholders seeking their feedback on the proposed strategy and with a view to assisting Council to further evaluate the recommendations contained in the report.”*

Feedback from industry consultation - 2020

An online information and discussion session was held with industry and community-based housing providers on 3 June 2020. Thirteen representatives from both the private and public/community sector attended. SGS provided an overview of the draft strategy and then opened the floor to questions.

There was agreement across the group of the need for action on the provision of affordable housing. The questions from the group related to the value capture and inclusionary zoning strategies and actions, and more specifically, further questions around how these actions would be implemented.

Written submissions were received from the Property Council and the Urban Development Institute of Australia (UDIA). Whilst the Property Council acknowledged the need for affordable housing, they opposed requirements for contributions from private land and inclusionary zoning. The UDIA also recognised the depth of the issue and recommended a state-wide approach that introduced a flat State Government levy, similar to the Fire Services Levy, that would be applied for consistency and ease of application.

**DISCUSSION**What is affordable housing?

The Victorian State Government defines affordable housing as being *“housing that is appropriate to the needs of very low, low, and moderate-income households”*.

This Strategy adopts the industry benchmark of housing costs being below 30 per cent of income as appropriate to the needs of these households.

When households pay above this benchmark, they often need to forego spending on essential items like food, bills and healthcare – at this point they are considered to be in housing stress and in need of affordable housing assistance.

The current income ranges under the Affordable Housing definitions are:

	Very low	Low	Moderate
Single	Up to \$26,680	\$26,681 to \$42,680	\$42,681 to \$64,020
Couple	Up to \$40,010	\$40,011 to \$64,030	\$64,031 to \$96,030
Family	Up to 56,010	\$56,011 to \$89,630	\$89,631 to \$134,450

Social housing is a subset of affordable housing. Homes Victoria defines social housing as *“an umbrella term that includes both public housing and community housing. It generally indicates housing that involves some degree of subsidy.”*

*Public housing is housing owned and managed by Homes Victoria. Community housing is housing owned or managed by community housing providers”.*

*State Government policy changes and impacts from the COVID-19 Pandemic*

The Draft Affordable Housing Strategy was first prepared in 2019. Since that time the COVID-19 pandemic and other financial issues have had far ranging impacts globally, including significant impacts on cost of living, housing affordability and homelessness. As a result of these and other significant issues affecting affordable housing since the Draft was first prepared, the Draft Affordable Housing Strategy has been updated.

*Big Housing Build*

In November 2020, the State Government announced a \$5.3 billion investment into the Big Housing Build, to deliver the largest investment in social and affordable housing in Victoria’s history. Homes Victoria is the State Government agency that was created to deliver the Big Housing Build.

*Windfall Gains Tax*

The State Government has developed a windfall gains tax that will come into operation from 1 July 2023. The 50% windfall gains tax will be applied when the rezoning of land increases the land value by more than \$100,000. These funds will be collected by the State Government and included in consolidated revenue.

*Ten Year Social and Affordable Housing Strategy*

The State Government also released a discussion paper to assist in the development of a Ten-Year Social and Affordable Housing Strategy for Victoria. This strategy is still under development and there have been no updates on this project since October 2021.

*Other Councils’ Affordable Housing Strategies*

Since the Draft Monash Affordable Housing Strategy was first developed in 2019, thirteen Councils in metropolitan Melbourne have also developed their own Affordable Housing Strategies or similar.

Since 2019, the following Councils in Melbourne have consulted on or adopted Affordable Housing Strategies (or equivalent):

- Bayside City Council
- Brimbank City Council
- Cardinia City Council
- Casey City Council
- Glen Eira City Council

- Hume City Council
- Kingston City Council
- Knox City Council
- Melbourne City Council
- Merri-bek City Council (formerly Moreland City Council)
- Whitehorse City Council- community consultation of this Affordable Housing Strategy closed in February 2023.
- Wyndham City Council
- Yarra City Council

A number of Councils, following adoption of their Affordable Housing Strategies, have undertaken planning scheme amendments to give greater statutory weight to their strategies and policies.

*City of Yarra – Amendment C269 – Affordable Housing implementation*

In April 2022, Yarra City Council adopted Amendment C269, which relates to the rewrite of their new local planning policies. This Amendment included an objective, strategies and policy guidelines in Clause 16.01-2L relating to affordable housing.

The independent Planning Panel supported Yarra’s proposed changes, including the objective to facilitate the provision of social and affordable housing and the provision of 10% affordable housing for residential development of over 50 dwellings or when land is rezoned to a residential use.

The Panels approved version strengthen the policy guidance to contain the following Policy Guidelines.

*Consider as relevant*

- *Provision of a minimum of 10% affordable housing for a rezoning that would enable residential use.*
- *Provision of a minimum of 10% of affordable housing for a major residential development of 50 or more dwellings, unless affordable housing has been provided as part of an earlier rezoning of the site.*

Amendment C269 is currently under consideration for approval by the Minister for Planning.

*Key Changes in the Draft Monash Affordable Housing Strategy*

The Draft Monash Affordable Housing Strategy has been updated in light of the issues listed earlier in this report and to update technical information and statistical data.

Broadly, the Draft Monash Affordable Housing Strategy has been changed as follows:

- The existing and projected demand for affordable housing in Monash have both been updated.
- The Strategy objectives have been updated and expanded to include supporting increased housing affordability (in addition to increasing the supply of affordable housing).
- The 6 per cent inclusionary zoning requirement for affordable housing for all floorspace has been modified to a 6 per cent inclusionary zoning requirement when planning for activity centres.
- In light of the State government Windfall Gains Tax, strategies and actions that related to value capture for rezoned sites have been deleted. They have been replaced with actions and strategies that require an affordable housing contribution when land is rezoned to facilitate residential development, or in residential developments of 20 or more lots. *(Note: the threshold of 20 lots approximates the 6% threshold for the inclusionary zoning requirement set out above. The threshold of 20 dwellings also provides a more even response to the size and scale of development that occurs across Monash. In practical terms this equates to 1 in 20. It differs from the City of Yarra policy of 50 dwellings as they experience larger residential developments and have a higher affordable housing requirement of 10%.)*
- Introduce a new strategy and associated actions that relate to advocating for a substantial inclusionary zoning requirement for the provision of affordable housing in the precinct planning for the Suburban Rail Loop Station Precincts at a level that reflects the future residential and workforce aspirations and subsequent forecast needs in each precinct.
- Increased emphasis on partnering with external housing and advocacy groups to promote and facilitate affordable housing.
- Increased focus on advocacy. This includes advocating for State and Federal Government investment in affordable housing in Monash, for policy and taxation reforms to increase housing affordability, and for mandatory inclusionary zoning to provide for affordable housing.

The updated Draft Monash Affordable Housing Strategy 2023 is included as **Attachment 1**.

### **MONASH AFFORDABLE HOUSING STRATEGY STRATEGIES & ACTIONS**

The objective of the Draft Affordable Housing Strategy is to:

*Identify a clear and practical set of strategies and actions for Monash City Council to support increased housing affordability and supply of affordable housing, within its remit as a local government authority.*

The following table shows the draft strategies and actions:

STRATEGIES	ACTIONS
REGULATION	
1. Continue to support housing diversity and choice via Council's existing planning policies.	1.1 Review and update the Monash Housing Strategy 2014.  1.2 Investigate mechanisms for the provision of affordable housing in planning for Activity Centres.
2. Establish strong policy statements about the need for affordable housing in Monash.	2.1 Seek a planning scheme amendment to include a strong statement of support for affordable housing contributions in Monash.  2.2 Include a strong policy statement for the provision of a 6 per cent affordable housing contribution in major redevelopment or through rezoning proposals.
3. Require an affordable housing contribution when land is being rezoned to facilitate residential development, or in residential developments of 20 or more dwellings.	3.1 Develop a policy to implementing an affordable housing contribution through rezoning processes.  3.2 Develop Council's policy and approach to negotiating an affordable housing contribution in residential development applications proposing 20 or more dwellings.
4. Consider the application of an inclusionary zoning requirement for affordable housing when planning for activity centres.	4.1 Develop Council's policy and approach to inclusionary zoning requirements for affordable housing when planning for activity centres.  4.2 Subject to Action 4.1, seek a 6 per cent affordable housing contribution for land in a commercial zone or land that will be rezoned to a more intense residential zone following planning for activity centres.

5. Advocate for an inclusionary zoning requirement for affordable housing in the precinct planning for the Suburban Rail Loop Station Precincts.	5.1 Advocate for the provision of substantial amounts of affordable housing in the Suburban Rail Loop Station Precincts at a level that reflects the future residential and workforce aspirations and subsequent forecast needs in the precincts.
6. Establish processes to support the negotiation and delivery of affordable housing contributions.	6.1 Investigate the development and community housing industry's preferred delivery methods for affordable housing.
PARTNERSHIP	
7. Engage with and educate the community on social and affordable housing as essential local infrastructure.	<p>7.1 Develop an approach to educating the community on the need and benefits of social and affordable housing.</p> <p>7.2 Work with external housing and advocacy groups to promote and facilitate affordable housing provision and awareness.</p> <p>7.3 Promote the activities of external agencies active in addressing affordable housing such as Homes for Homes and Housing All Australians.</p>
8. Adopt a relationship building, information sharing and brokerage role between the development and affordable housing sectors.	8.1 Publish information on the affordable housing sector for developers and provide a single point of contact at Council for enquiries
INVESTMENT	
9. Consider opportunities for affordable housing on appropriate Council-owned land and Council development.	<p>9.1 Investigate opportunities in Council development and on Council owned land for affordable housing provision.</p> <p>9.2 Develop and test a process for developing appropriate Council owned sites for affordable housing outcomes.</p>
ADVOCACY	
10. Advocate for State and Federal Government investment in affordable housing in Monash.	<p>10.1 Seek to attract investments from the State Government via the Big Housing Build</p> <p>10.2 Advocate to the State Government for any State Government funds levied by the Windfall Gains Tax to be directed into affordable Housing Provision in Monash</p>

	10.3 Advocate for the inclusion of a substantial amount affordable housing in the precinct planning for the Suburban Rail Loop Station Precincts
11. Advocate independently and through the Eastern Affordable Housing Alliance (EAHA) for mandatory inclusionary zoning and direct government investment and subsidies in affordable housing.	<p>11.1 Independently and through the Eastern Affordable Housing Alliance (EAHA) further develop policy positions and advocate collectively for:</p> <ul style="list-style-type: none"> <li>• policy and taxation reforms to increase housing affordability,</li> <li>• policy and taxation reforms to encourage investment in affordable housing provision, particularly from large institutional investors such as superannuation funds,</li> <li>• mandatory affordable housing inclusionary zoning,</li> <li>• rezoning value capture to be directed into the provision of affordable housing,</li> <li>• funds levied through the Windfall Gains Tax when land is rezoned to be directed into the provision of affordable housing.</li> </ul>

### ***POLICY IMPLICATIONS***

The development of the Draft Monash Affordable Housing Strategy is consistent with a range of strategic policy directions of Monash City Council and the State Government, including:

- The Planning & Environment Act, 1987
- Plan Melbourne;
- Homes for Victorians;
- The Monash Council Plan 2021-2025;
- Gender Equality Act 2020;
- The Regional Local Government and Homelessness and Social Housing Charter 2020; and
- The Monash Social Housing Framework 2020-2025.



***Future policy implications.***

As a strategic document the Affordable Housing Strategy sets out a range of policy development that is required to give effect to objectives of the Strategy. This policy development will occur should the Strategy be adopted.

**CONSULTATION**

Subject to Council endorsement, community consultation on the draft strategy will be undertaken over 5 weeks and include:

- Direct notification to key stakeholders, including community housing providers, developers and consultants, industry stakeholders and EAHA Councils;
- Information on Council's website and the Shape Monash website;
- An article in the Monash Bulletin; and
- Consultation with Council's advisory committees including the Gender Equity Advisory Committee, Disability Advisory Committee, LGBTIQ+ Advisory Committee, Positive Ageing Reference Group and Multicultural Advisory Committee.

**SOCIAL IMPLICATIONS**

The Draft Monash Affordable Housing Strategy recognises that there is a strong case to increase the supply of affordable housing in Monash. The benefits will not only go to the people who live in the housing, but also has social benefits for the wider community.

Research into the impacts of increased social and affordable housing supply identifies the following key social benefits:

- Reduced disadvantage through lower rates of housing stress and reduced risk of homelessness.
- Improved diversity by creating the opportunity for people with any income level to live and work in the community.
- Enabling residents to stay in their local area through different life stages and maintain strong social and community networks.

The implementation of the Draft Monash Affordable Housing Strategy will increase the supply of affordable housing in Monash, which will have many social benefits including those detailed above.

***GENDER EQUITY ASSESSMENT***

A Gender Impact Assessment is required for the Draft Monash Affordable Housing Strategy. The Gender Impact Assessment has commenced. The Draft Monash Affordable Housing Strategy recognises that 1 in 8 households do not have affordable housing (that is households in the lowest 3 quintiles who spend more than 30 per cent of their income on housing).

The Monash Affordable Housing recognises that access to affordable housing is a gendered issue. This is demonstrated by 18 per cent of one- parent families in Monash not having access to affordable housing. In Australia, research has shown that almost 80% of single parent households are headed by a female.

The strategies and actions in the Draft Monash Affordable Housing Strategy are targeted to both increase the amount of affordable housing and, in the longer term, reduce demand for affordable housing through actions that work to increase housing affordability.

Whilst the Draft Monash Affordable Housing Strategy specifies strategies and actions that will increase the supply of affordable housing, this additional affordable housing will be managed by Homes Victoria or a community housing provider. Many community housing providers target specific at-risk groups, including women, people with a disability or families escaping family violence.

The proposed consultation will include a survey that asks demographic questions, including gender, age cohort and suburb. The consultation will also involve engaging with the Gender Equity Advisory Committee, Disability Advisory Committee, LGBTIQA+ Advisory Committee, Positive Ageing Reference Group and Multicultural Advisory Committee. The feedback provided will assist in the finalisation of the Draft Monash Affordable Housing Strategy.

***FINANCIAL IMPLICATIONS***

The development of the Affordable Housing Strategy was funded in the 2018/2019 Council Budget. Costs associated with community consultation are provided for in the annual budget.

***CONCLUSION***

The number of households experiencing housing stress, particularly those with low and very low household incomes has increased and it is predicted that it will continue to do so.

The number of households in Monash who need affordable housing increased slightly between 2016 and 2021- from 11.8% to 12.3%. The 2021 figures are likely to under-represent the worsening of the problem, as these figures were obtained during the COVID-19 pandemic when there was a temporary increase to the JobSeeker payment and prior to the current rental crisis.

There are significant negative social and economic consequences of the lack of affordable housing.

The input of the community and housing industry, through the consultation process, will provide valuable insight into refining and completing this strategy. The consultation will also assist in highlighting potential implementation and policy options for the Strategy.

The results of the community consultation will be reported to a future meeting of Council for consideration as part of the next steps in considering the Strategy.