



Global Research
Turning **Information** Into **Insight**

Draft Affordable Housing Strategy

ANALYSIS OF CONSULTATION – ANONYMISED
VERSION

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Report prepared by Global Research Ltd

For



Contents

Executive summary	3
Background and engagement process	4
Results	4
Introduction	6
Overview	7
Methodology	7
Reporting and results presentation	9
Summary of findings	11
Overveiw	12
Key findings	12
Who respondents were	16
Characteristics of survey and focus group respondents	16
Analysis of Advocacy Area selection responses	21
Level of support for four Draft Strategy Priorities	22
Analysisi of comments	24
Introduction to analysis of survey, focus group and written submission comments	25
Comments on the Draft Strategy's four priorities	26
Priority 1. Advocate for mandatory inclusionary zoning	26
Priority 2. Develop affordable rental housing on City of Melbourne land	36
Priority 3. Strengthen City of Melbourne affordable housing processes	43
Priority 4. Advocate and partner for affordable housing	53
Australian and international housing model comments	61
Overall Draft Strategy and context comments	73
Additional themes	81



Executive summary



Background and engagement process

- The City of Melbourne (CoM) released the Draft Affordable Housing Strategy for public comment between 4 March 2020 and the 3 May 2020. Its aim is to address Melbourne's shortage of affordable housing. The engagement period was extended by four weeks due to the disruption caused by the Covid-19 pandemic.
- The focus of the Draft Strategy is on increasing the supply of affordable rental housing developed and managed by registered community housing organisations. Along with outlining how CoM will focus advocacy efforts, the Strategy identifies four priorities to address the crisis, with ten corresponding actions and two policies.
- Two hundred and eighteen submissions were received: 182 online surveys, via the Participate Melbourne website; 6 responses via a focus group with people who had experienced homelessness; and 30 longer written submissions from a broad range of organisations, sector groups and individuals, including: property sector peak bodies; property developers; and community housing sector organisations.

Results

- Survey and focus groups were asked to what degree they supported the four priorities. The results demonstrated strong support for the Draft Strategy:
 - o 86% supported Priority 1. *Advocate for mandatory inclusionary zoning*
 - o 95% supported Priority 2. *Develop affordable rental housing on CoM land*
 - o 91% supported Priority 3. *Strengthen CoM internal affordable housing processes*
 - o 92% supported Priority 4. *Advocate and partner for affordable housing*
- Survey and focus group respondents were also asked to prioritise 10 advocacy areas, by selecting their top three. These are the three most popular advocacy areas and the proportions in which they were selected (by percentage):
 - o 56% selected *Build more social housing (Victorian Government)*
 - o 45% selected *Change planning mechanisms to increase the supply of affordable housing through private development. E.g. inclusionary zoning. (Victorian Government)*
 - o 37% selected *Make more government land available for affordable housing (Australian Government and Victorian Government)*
- All written comments received in the survey and focus group response, and the 30 longer written submissions were synthesised and analysed to present the opinions held by the community on the Draft Strategy. A considerable number of respondents identified and

discussed the need for this strategy; in particular, the current negative social impacts of an under-supply of affordable housing were raised, as was the fact that these impacts will worsen if action is not taken. The overall sentiment was that the Draft Strategy is a good approach and will result in positive outcomes - namely, the supply of more affordable housing.

- The most common points made on the four priorities were:
 - There was broad support for Priority 1: *Advocate for mandatory inclusionary zoning* as a mechanism to increase the amount of affordable housing by survey and focus group respondents. Written submissions presented arguments both for and against this priority. Support was based on the notion that it is necessary to regulate to ensure a component of affordable housing is provided in all new developments. Opposition, while limited, suggested that this approach would not work and/or would be too much of a burden on the development community.
 - There was broad support for Priority 2: *Develop affordable rental housing on CoM land*, with the main issue being whether developments would be financially viable if land was to be leased while remaining under the ownership of CoM. Several submitters expressed that more than 25% of residential development should be affordable housing.
 - A variety of points were made on Priority 3: *Strengthen CoM internal affordable housing processes*. The most common point was that CoM should explore direct delivery of affordable housing by leveraging the efforts of others, administered through special purpose entities or trusts. There was also support for clarifying affordable housing planning mechanisms, in order to: increase transparency and efficiency with clearly articulated standard practices, resulting in increased delivery of affordable housing.
 - There was a variety of general support for Priority 4: *Advocate and partner for affordable housing*. In particular, the City of Melbourne advocating for increased affordable housing action, including seeking more funding and activity from other tiers of Government, was supported. Partnership approaches were also encouraged.
- In the survey and focus groups, respondents were asked to suggest innovative housing models being developed in Australia and abroad that could be included in the city of Melbourne. The Nightingale Model was the most commonly cited, while cooperative housing, including shared spaces and facilities to increase affordability, were also suggested as an effective approach. Tiny homes were also proposed as a possible solution.



Introduction

Overview

This report presents analysis of all submissions received on the City of Melbourne's Draft Affordable Housing Strategy. The public engagement period ran from 4 March to 3 May 2020 – it was extended by four weeks due to the difficulties caused by Covid-19.

In total, 218 submissions were received: 182 online surveys via Participate Melbourne; 6 responses via a focus group with people who had experienced homelessness; and 30 longer written submissions were provided by organisations, sector groups or individuals.

Note that respondent names have not been included in this anonymised report version.

Methodology

The Participate Melbourne survey contained 11 questions. Respondents were asked to read the Draft Affordable Housing Strategy prior to completing the survey.

Two questions asked for comment on the Draft Strategy:

- We are interested in the range of innovative housing models being developed in Australia and abroad. Do you have any ideas of new models that we could consider for future inclusion in the City of Melbourne?
- Do you have any comments on the Draft Affordable Housing Strategy?

Five questions asked for opinions on particular areas of the strategy:

- We have identified four strategic priorities in the Draft Strategy. To what extent do you support each priority? *(five response options were provided from strongly support to strongly oppose for each of the four priorities)*
 - 1. Advocate for mandatory inclusionary zoning
 - 2. Develop affordable rental housing on City of Melbourne land
 - 3. Strengthen our internal affordable housing processes
 - 4. Advocate and partner for affordable housing
- Which areas of advocacy should we prioritise? *(respondents were asked to select their top 3 priorities from the list of 12 provided- note, there was no option to select fewer than three)*
 - Advocate for mandatory inclusionary zoning
 - Build more social housing (Victorian Government)
 - Change planning mechanisms to increase the supply of affordable housing through private development. E.g. inclusionary zoning. (Victorian Government)
 - Develop a National Housing Strategy (Australian Government)
 - Make more government land available for affordable housing (Australian Government and Victorian Government).
 - Create a Victorian Government dedicated affordable housing agency (Victorian Government)
 - Showcase alternative housing models (government, community, industry).
 - Seek federal funding for projects that support affordable housing (Australian Government)

- Improve pathways out of transitional and social housing (Victorian Government)
- Coordinate a City Deal with a focus on the provision of affordable housing (Australian Government)
- Develop public awareness campaigns about affordable housing (government, community, industry).
- None of these

Four questions were asked about respondents:

- Connection to Melbourne
- Home ownership status
- Gender
- Age

Quantitative analysis

Frequency analysis was conducted on survey responses; these are presented in charts throughout the report, accompanied by short interpretive descriptions. The charts show the percentage of respondents who selected each option.

The demographic data was analysed to identify any differences between respondent cohorts, (such as age, gender, connection to Melbourne and home-ownership status groups), and the usual Melbourne population.

Qualitative analysis

Analysis of the two free-text written responses from the online survey, transcribed comments from focus groups, and all written submissions involved reading every comment and organising (coding) them into relevant themes and topics. To this end, a coding schedule was developed which included definitions of each topic and theme name, and a description of the types of comments included within (to ensure consistency between analysts, and to provide a transparent working process to CoM).

As most survey comments and all written submissions contained multiple points, each separate point on a distinct topic was coded to a separate topic. NVivo qualitative analysis software was used to assist this process.

Analysts read the comments under each theme, topic and sub-topic and created the synthesised summaries presented throughout this report.

Reporting and results presentation

Presentation of written comments

A synthesis of comments is presented in the body of this report.

The number of comments/points made on each topic has been included in the heading to provide a general indication of level of interest and weight of opinion on particular topics. The descriptors below have been consistently applied within the written discussions to indicate the number of points made on particular topics.

Key for comment numbers	
3 comments	A few
4–7 comments	A small number
8–14 comments	Several comments
15–24 comments	A moderate number
25–49 comments	A considerable number
50–74 comments	A substantial number
75–99	A sizeable number
100–149	A large number
150+	A very large number

The use of proportions, such as: *half*, *three-quarters*, or *two-thirds* of a particular section, have also been used when appropriate. It is important to note that these proportions are for the topic being discussed, and do not represent the proportion of respondents who hold a particular viewpoint across all respondents.

Representative quotes from submitters are included to illustrate specific points throughout the report – they are italicised and indented from the margins. Quotes are verbatim; spelling and grammar errors have not been corrected. They present the flavour and depth of opinions on particular topics, in submitters' own words.

Throughout the report those who provided their submission via the Participate Melbourne online survey or a focus group were referred to as *survey respondents*, and those who provided one of the 30 longer written submissions were referred to as *written submitters*.

Report Structure

This report commences with the *Executive summary* which outlines the Draft Strategy, the consultation process around it, and presents a results summary.

Following this, the *Introduction* provides a project overview, methodology (including what questions survey respondents were asked) and a short description of the way in which the report presents the findings.

The *Summary of findings* section presents high-level results from all survey responses and written submissions, both quantitative and qualitative results.

The *Who respondents were* section presents demographic data from survey respondents.

The *Analysis of advocacy areas selection responses* section presents the results of what respondents believed to be the most important three advocacy areas.

This is followed by the *Level of support* identified by respondents for the four Strategy Priority areas as well as comments from respondents on the four priorities.

Next, is the analysis of additional written comments, which have been grouped under three main themes:

- Housing model ideas (named initiatives and countries deemed to be using effective models)
- Overall Strategy and context comments
- Additional themes

Each discussion is generally ordered by the most prevalent topic to least prevalent topic (note that “other” or “general” comments are normally discussed last regardless of number of comments)

A photograph of a multi-story building with a light-colored facade and numerous windows. A satellite dish is mounted on the roof. A blue banner with white text is overlaid on the lower portion of the image.

Summary of findings

Overveiw

Overall, a substantial majority of respondents supported the proposed initiatives contained in the Draft Affordable Housing Strategy, and its underlying intent. Respondents considered the provision of affordable housing a serious economic and social issue, and felt more effective action needs to be taken to address it. When asked directly for their level of support for the four Draft Strategy Priorities, more than 86% of respondents supported each of them.

Some thought CoM should go further with its actions, for example incorporating 25% affordable rental housing in future developments on City of Melbourne land as a minimum rather than a maximum, as is currently stated in the Draft Strategy. Others questioned whether the proposed initiatives would effectively deliver the required number of affordable houses, while a small number of respondents felt that the proposed changes would place too great a burden on private developers.

Key findings

In total, 218 submissions were received: 182 surveys, 6 focus group participants and 30 longer written submissions.

Connections to Melbourne and demographics of survey respondents

Connection to Melbourne

- > A high proportion of survey respondents had a strong connection to the city, as either residents or workers.
 - o More than half of survey respondents (58%) lived in the City of Melbourne or worked there (53%).

Home ownership status

- > The 90% of survey respondents who either rented or owned their home (with or without a mortgage) was split evenly.
 - o Forty-six percent of respondents lived in rental accommodation and 45% owned their own home.
 - o Nine percent of respondents were not in permanent accommodation, or 'preferred not to say'.

Survey respondent demographics

- > Two thirds of respondents were aged under 45 years of age (62%), with the largest proportion of respondents in the 25-34 years age group (30%).
- > There were more female (50%) than male (44%) respondents, with 6% of respondents identifying with the non-binary/gender diverse gender description (3%) or 'preferring not to say' (3%).

Thirty longer written submissions were received

Written submissions came from a spectrum of organisations and individuals

- 10 x Industry groups
- 5 x Government and local government bodies
- 4 x Community housing sector organisations
- 4 x Members of the public
- 3 x Community groups
- 2 x Social advocacy groups
- 2 x Research institutes

Prioritisation of 10 advocacy areas

Respondents were asked to select their top three advocacy areas, from 10 possible options

- > The five most popular advocacy areas were:
 - o 56% selected *Build more social housing (Victorian Government)*
 - o 45% selected *Change planning mechanisms to increase the supply of affordable housing through private development. E.g. inclusionary zoning. (Victorian Government)*
 - o 37% selected *Make more government land available for affordable housing (Australian Government and Victorian Government)*
 - o 36% selected *Develop a National Housing Strategy (Australian Government)*
 - o 32% selected *Create a Victorian Government dedicated affordable housing agency (Victorian Government).*

Support for four strategy priorities

The percentages below are results from the online survey, when respondents were asked to indicate their support or opposition to each of the four strategy priorities. The key points made by engagement participants on each priority in submissions are also presented under each priority.

Priority 1. Advocate for mandatory inclusionary zoning

- > This priority received 86% support, with 68% of respondents expressing strong support and 18% somewhat supportive.
- > In written comments, there was broad support for mandatory inclusionary zoning as a mechanism to increase the amount of affordable housing. Support was particularly strong from survey respondents, while the written submissions presented arguments both for and against Priority 1.
- > Key findings included:
 - Support for mandatory inclusionary zoning was on the basis that:
 - Developers could not be trusted to deliver on voluntary agreements or to prioritise the provision of affordable housing
 - A mandatory proportion of affordable housing in developments would help alleviate the housing crisis
 - Other supporting mechanisms are used in conjunction with inclusionary zoning.

- Criticisms of mandatory inclusionary zoning were on the basis that:
 - It is unlikely to deliver the affordable housing results required by CoM to address the current/predicted need
 - It would place an unfair financial burden on developers
- Several respondents objected to private sector input altogether, expressing strong feelings about the effects of developers on Melbourne's housing market.

Priority 2. Develop affordable rental housing on CoM land

- > This priority received 95% support, with 81% of respondents expressing strong support and 14% somewhat supportive.
- > In written comments, there was broad support for developing affordable rental housing on City of Melbourne land. Support was particularly strong from survey respondents, while the written submissions presented a mix of arguments on this priority.
- > The main issues that submitters had on this topic was whether developments would be financially viable for all parties if land was to be leased to developers but remain owned by CoM. There was concern as to whether developers would be able to provide sufficient affordable rental property on leased land, as well as the maintenance and administrative costs this type of arrangement would place on CoM.
- > Conversely, a small number of respondents felt strongly that CoM should retain ownership of all land in the interest of future security.
- > Several comments were made on the policy to deliver up to 25% of residential development as affordable housing. The most common argument made was that rather than providing an upper limit, the focus should be on providing a higher *minimum* allocation, thus making a stronger commitment.

Priority 3. Strengthen CoM internal affordable housing processes

- > This priority received 91% support, with 77% of respondents expressing strong support and 14% somewhat supportive.
- > A moderate number of submissions identified a need for more housing supply and that the city should reduce restrictions on building heights and prioritise residential accommodation over heritage protection to achieve this.
- > A variety of written submissions identified specific actions CoM could take that they considered would increase housing supply efficiency.
- > Several submissions discussed charges and taxes, with most of these opposed to adding costs to housing delivery.
- > Several respondents suggested that existing buildings could be repurposed to provide affordable housing.

Priority 4. Advocate and partner for affordable housing

- > This priority received 92% support, with 78% of respondents expressing strong support and 14% somewhat supportive.
- > There was a variety of general support for the City of Melbourne as an advocate, and for seeking funding from other tiers of Government.

- > Partnerships were discussed at length, with respondents emphasising the value gained from partnerships, such as investigating innovative models of delivery and pilot projects, as well as gaining knowledge from experts in particular fields.

Proposed Australian and international housing model ideas

Respondents were asked to suggest innovative housing models being developed in Australia and abroad that could be included in the city of Melbourne.

- > The Nightingale Model was the most commonly cited model that could be adapted to provide high quality, sustainable affordable housing within the city of Melbourne.
- > Cooperative housing initiatives were frequently suggested, with shared spaces and facilities to increase affordability. These comments focused on accommodating specific populations such as students and older people. Tiny homes were also raised in this context.
- > A considerable number of other countries were cited as having implemented effective affordable housing strategies; European countries and the United Kingdom were the most frequently discussed.
- > Several populations were identified as being in need of targeted affordable housing strategies: the homeless, older people and key workers received the most comment.

Overall strategy and context comments

- > A considerable number of respondents identified and discussed the need for this strategy, in particular the current negative social impacts of a lack of affordable housing were raised, and the fact that this situation will worsen if action isn't taken.
- > A considerable number of respondents offered general support for the Draft Strategy, with overall sentiment being that the Strategy is a good approach and will result in positive outcomes.
- > A considerable number of statements were made about the need to increase the supply of housing to alleviate affordable housing issues.
- > A moderate number of respondents urged CoM to ensure that sustainability is factored into future actions; respondents cautioned against short-term thinking.
- > Covid-19 was raised both as a factor exacerbating the negative effects of affordable housing shortages and as having the potential to create a new economic climate under which development will be more difficult generally (this was particularly the case in written submissions made close to the deadline for consultation).
- > General opposition, alternative approaches and the need to consider issues from a broad, holistic perspective were opinions all submitted by several submitters.
- > A moderate number of respondents would like to know more about the issues outlined in the Draft Strategy. In some cases, this was to enable them to make a more informed submission, and in other cases they outlined areas where they believed more detail was needed.



Who respondents were

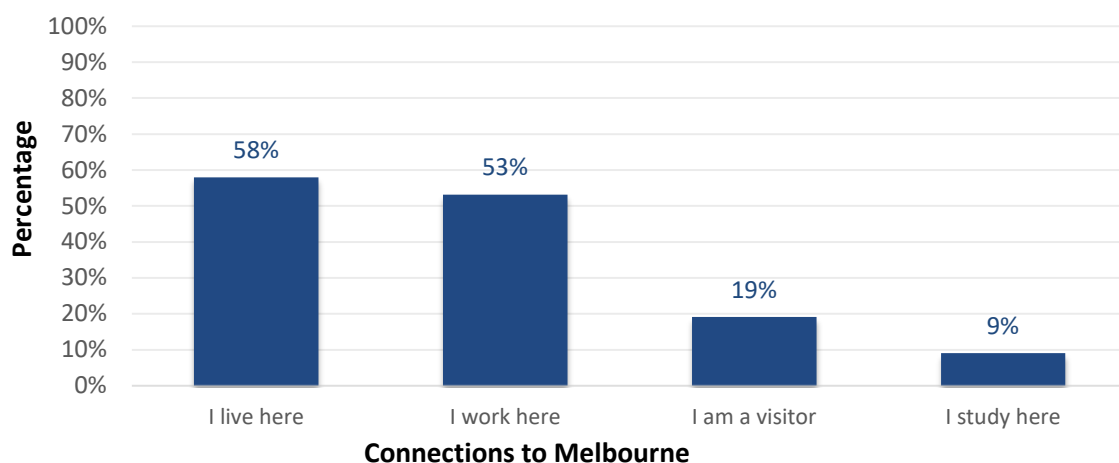
Characteristics of survey and focus group respondents

The characteristics of the 182 survey respondents and 6 focus group participants who provided submissions are presented in this section. Note that these results do not include those who provided written submissions, as they did not provide demographic information with their submissions.

Connection to Melbourne of survey respondents

Respondents were asked: *What is your connection to the city of Melbourne?* and were able to select multiple options from this list – *I live here, I work here, I am a visitor, I study here.*

Respondents' connections to Melbourne



- > The most common respondent connection was living in the city of Melbourne, with 58% of respondents selecting, *"I live here"*
- > Slightly fewer than those who lived in Melbourne but again more than half, were respondents who worked in Melbourne, with 53% of respondents selecting, *"I work here"*.
- > A smaller proportion of respondents were visitors to the city of Melbourne, with 19% selecting *"I am a visitor"*.
- > The smallest group of respondents were those who study in Melbourne, with 9% selecting *"I study here"*.
- > When compared with the usual City of Melbourne population¹:
 - o The working population was very similar to the usual Melbourne population.

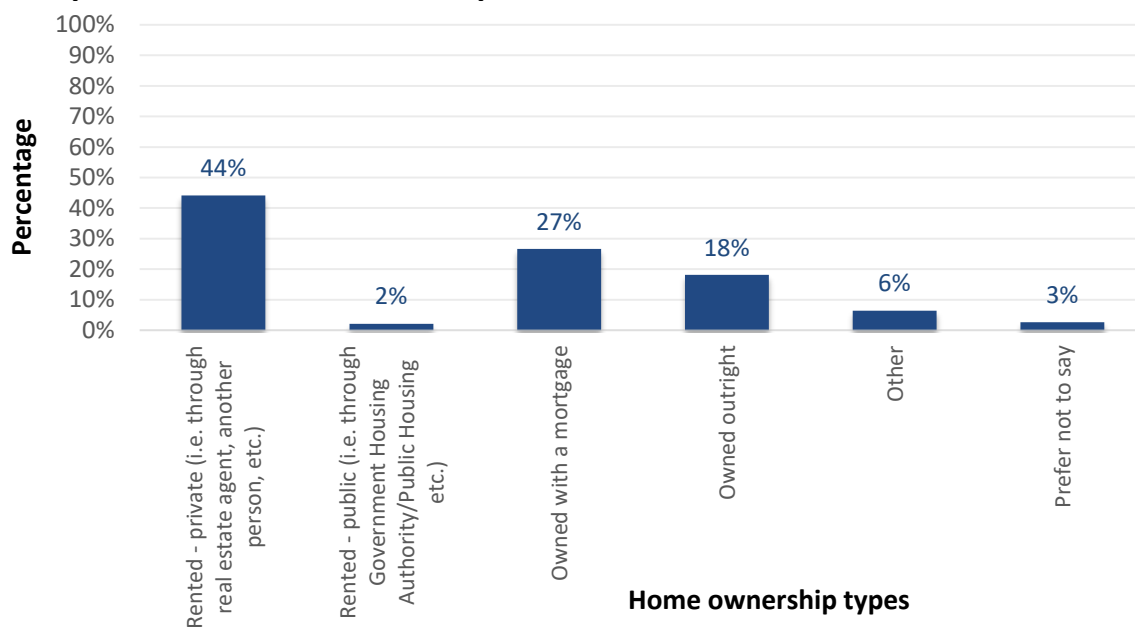
In summary, a high proportion of respondents had a strong connection to the city of Melbourne being either residents or workers, with fewer responses coming for visitors and students.

¹ <https://www.melbourne.vic.gov.au/about-melbourne/research-and-statistics/city-population/pages/residents-profiles.aspx>

Home ownership status of survey respondents

Respondents were asked: *Is your home...?* and were able to select one option from this list – *Owned outright*, *Owned with a mortgage*, *Rented - private (i.e. through real estate agent, another person, etc.)*, *Rented - public (i.e. through Government Housing Authority/Public Housing etc.)*, *Prefer not to say* or *Other* [respondent could write a response]

Respondents' home ownership status



- > Just under half of the survey respondents (46%) lived in rental accommodation, with a high proportion of this group (44%) living in private rentals and 2% in public rentals.
- > Forty-five percent of survey respondents owned their own home (27% with mortgage, and 18% owned outright).
- > Six percent of survey respondents selected *other*. Note that this group did not have a category to select, but were able to describe their housing status after selecting *other*.
 - o A large majority of these respondents were not in permanent accommodation or were homeless. Four respondents stated “homeless” after selecting *other*, with others stating: “I have no secure housing”, “Crisis Accommodation”, “Moonee Valley City Council”, “living with relatives”, “sharing apartment with other people”.
- > When compared with the usual City of Melbourne population²:
 - o There was a twenty percentage point under-representation of those who normally rent their accommodation, which usually comprises 66% of the City of Melbourne population.

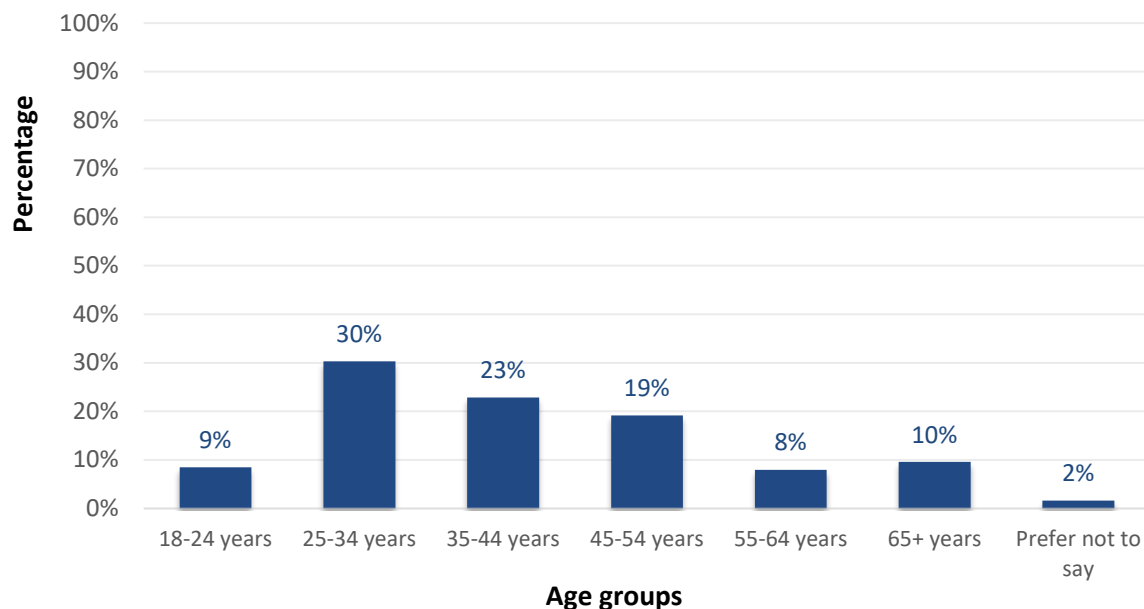
In summary, around 90% of respondents were either in rental accommodation (46%) or owned their home with or without a mortgage (45%). Around 10% of respondents were not in permanent accommodation or preferred not to say.

² <https://www.melbourne.vic.gov.au/about-melbourne/research-and-statistics/city-population/pages/residents-profiles.aspx>

Age of survey respondents

Respondents were asked: *Which age group do you belong to?* and were able to select one option from this list – 18-24 years, 25-34 years, 35-44 years, 45-54 years, 55-64 years, 65+ years or *Prefer not to say*.

Respondents' age groups



- > Thirty-nine percent of respondents were aged under 35 years of age; 42% were aged between 35 and 54 years of age and 20% were aged over 55 years of age.
- > The largest single age group was those aged between 25 and 34 years of age, which made up 30% of respondents.
- > When compared with the usual City of Melbourne population³:
 - o There was an under-representation of those aged under 35 years of age, which usually comprises 52% of the City of Melbourne population
 - o and an over-representation of those aged between 35 and 54 years of age by over 20 percentage points (usually 19% of the population), and those over 55 years of age by five percentage points (usually 15% of the population).

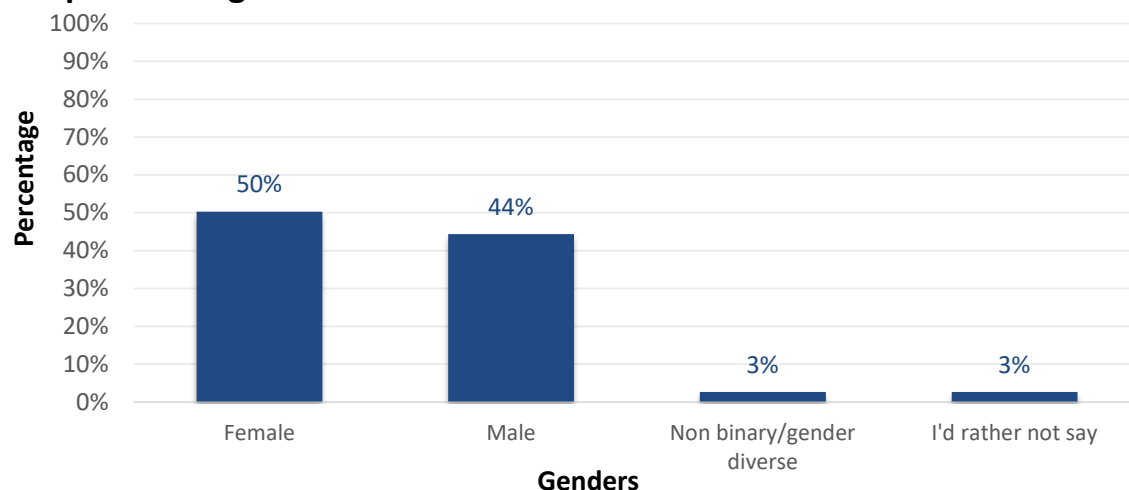
In summary, when compared to the usual City of Melbourne population, there was an over-representation of those aged over 35 years of age and an under-representation of those aged under 35 years of age.

³ <https://www.melbourne.vic.gov.au/about-melbourne/research-and-statistics/city-population/pages/residents-profiles.aspx>

Gender of survey respondents

Respondents were asked: *What is your gender?* and were able to select one option from this list – *Male, Female, Non binary/gender diverse, I'd rather not say, Other*

Respondents' gender



- > There were more female (50%) than male (44%) respondents, with 6% of respondents identifying with the non-binary/gender diverse gender description (3%) or preferring not to say (3%). No one selected 'other'.
- > When compared with the usual City of Melbourne population⁴:
 - o The female population was very similar to the usual Melbourne population
 - o The male population was slightly under-represented by five percentage points.
 - o Non-binary/gender diverse respondents were not included in the City of Melbourne data.

In summary, there was a slight under-representation of males when compared to the usual City of Melbourne population.

⁴ <https://www.melbourne.vic.gov.au/about-melbourne/research-and-statistics/city-population/pages/residents-profiles.aspx>

Analysis of Advocacy Area selection responses

Top three advocacy areas CoM should prioritise

Respondents were asked: *Which areas of advocacy should we prioritise?*

They were able to select up to three advocacy areas from the list of 10 provided:

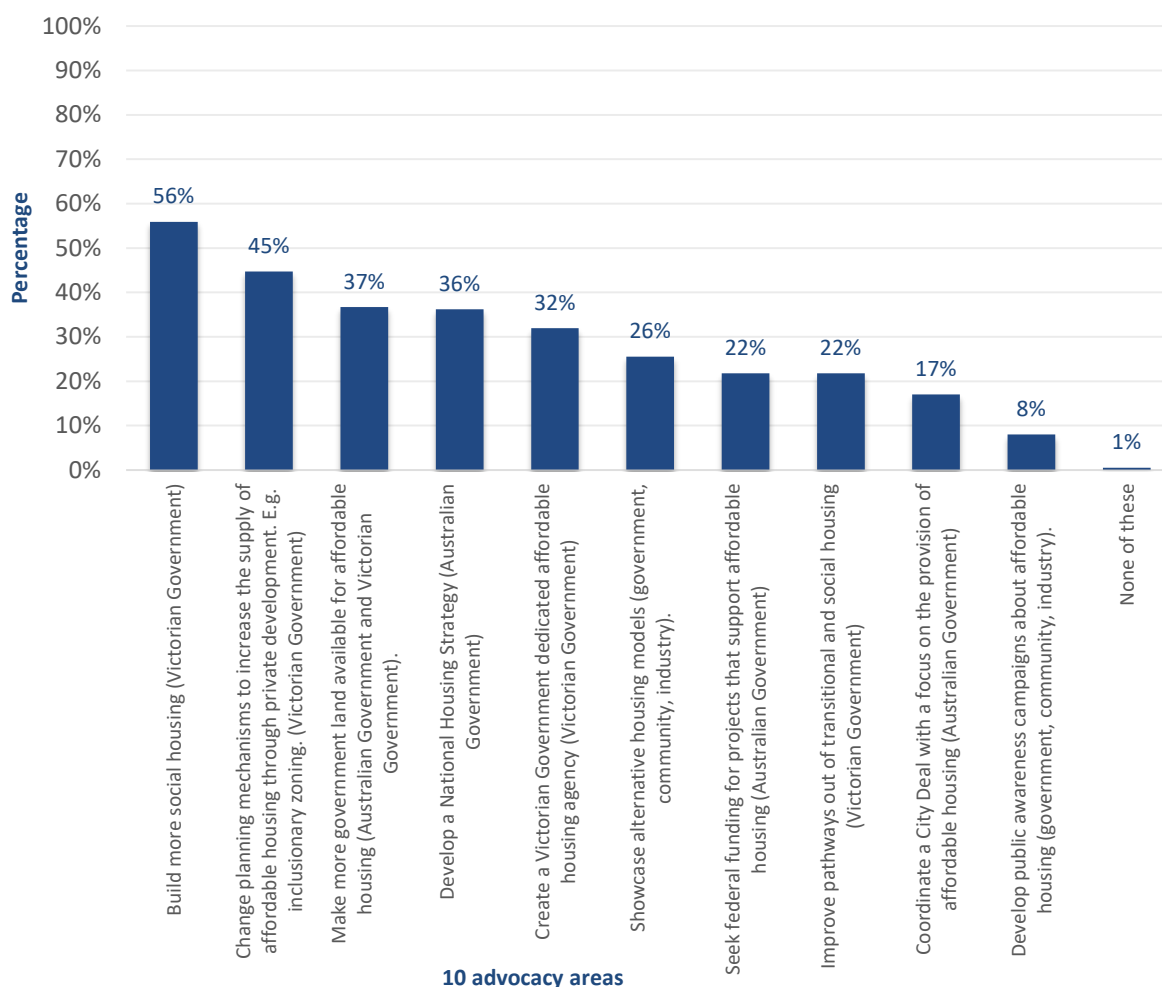
- Build more social housing (Victorian Government)
- Develop a National Housing Strategy (Australian Government)
- Change planning mechanisms to increase the supply of affordable housing through private development. E.g. inclusionary zoning. (Victorian Government)
- Create a Victorian Government dedicated affordable housing agency (Victorian Government)
- Make more government land available for affordable housing (Australian Government and Victorian Government)
- Showcase alternative housing models (government, community, industry)
- Seek federal funding for projects that support affordable housing (Australian Government)
- Improve pathways out of transitional and social housing (Victorian Government)
- Coordinate a City Deal with a focus on the provision of affordable housing (Australian Government)
- Develop public awareness campaigns about affordable housing (government, community, industry).

The ten advocacy areas could be split into two priority groups. While *Build more social housing (Victorian Government)* was clearly the most selected area, four other areas were selected by at least 32% of respondents. The other five areas were selected by 26% of respondents or fewer. This is a summary of the two groups, with the chart below presenting all responses:

- > **Most selected:** *Build more social housing (Victorian Government)* was prioritised most, with over 56% selecting it. The next four priorities were selected by between 45% and 32% of respondents: *Change planning mechanisms to increase the supply of affordable housing through private development. E.g. inclusionary zoning. (Victorian Government)* (45%), *Make more government land available for affordable housing (Australian Government and Victorian Government)* (37%), *Develop a National Housing Strategy (Australian Government)* (36%) and *Create a Victorian Government dedicated affordable housing agency (Victorian Government)* (32%)
- > **Less selected:** Between 26% and 8% of respondents selected the bottom five priorities: *Showcase alternative housing models (government, community, industry)* (26%), *Seek federal funding for projects that support affordable housing (Australian Government)* (22%), *Improve pathways out of transitional and social housing (Victorian Government)* (22%), *Coordinate a City Deal with a focus on the provision of affordable housing (Australian Government)* (17%) and *Develop public awareness campaigns about affordable housing (government, community, industry)* (8%)
- > **One percent** of respondents selected *none of these*.

Level of selection of each advocacy area

Percentage of respondents who selected each advocacy area



Level of support for four Draft Strategy Priorities

Four strategy priorities were presented to survey respondents, who were asked to indicate their level of support or opposition each priority, by selecting one of the following: *Strongly support*, *Somewhat support*, *Indifferent*, *Somewhat oppose* or *Strongly oppose*.

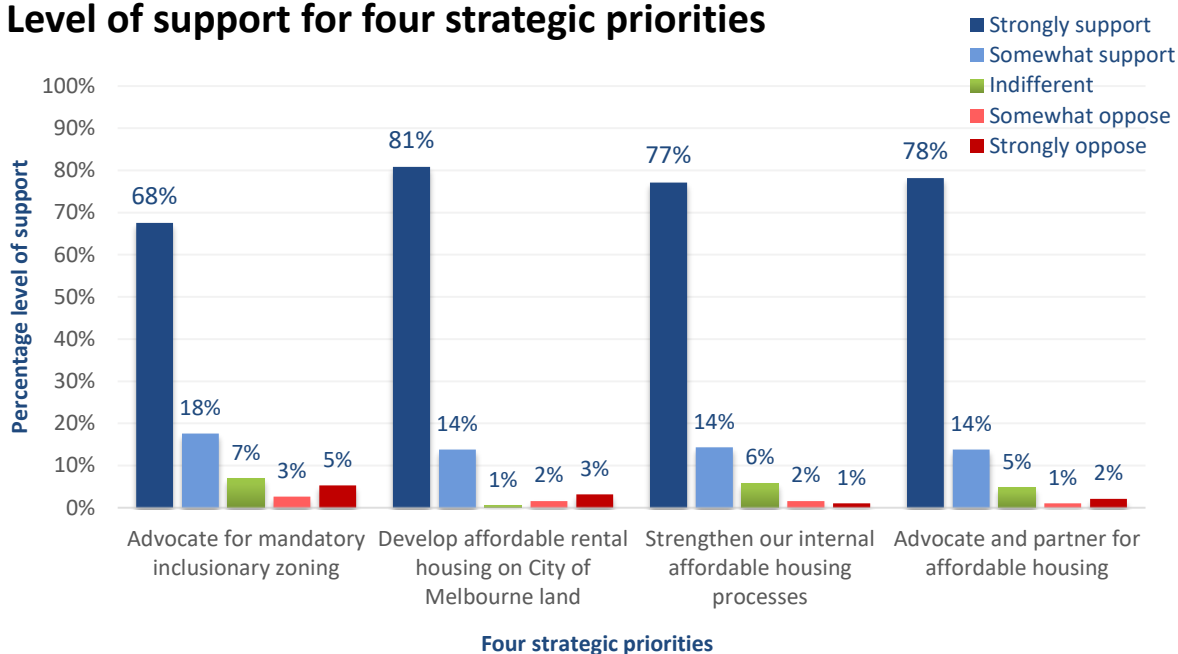
The four strategic priorities were:

- Advocate for mandatory inclusionary zoning
- Develop affordable rental housing on City of Melbourne land
- Strengthen our internal affordable housing processes
- Advocate and partner for affordable housing

Below, the support for the four priorities is presented in the chart and summarised in the discussion that follows it.

Overall, level of support four strategic priorities

Level of support for four strategic priorities



Overall, there was a high level of support for all four strategic priorities. The level of support ranged from 95% to 86%. Results for the four priorities in order of support (high to low) are presented below:

- > *Priority 2. Develop affordable rental housing on City of Melbourne land* (95%) received the highest level of support, with 81% of respondents strongly supporting this priority and 14% somewhat supporting.
- > *Priority 4. Advocate and partner for affordable housing* (92%) received the second highest level of support, with 78% of respondents strongly supporting this priority and 14% somewhat supporting.
- > *Priority 3. Strengthen our internal affordable housing processes* (91%) received the third highest level of support, with 77% of respondents strongly supporting this priority and 14% somewhat supporting.
- > *Priority 1. Advocate for mandatory inclusionary zoning* (86%) received the lowest level of support when compared to the other three priorities, with 68% of respondents strongly supporting this priority and 18% somewhat supporting.

Note that the results for each of the four priorities are also presented at the start of the individual priority results sections below.



Analysis of comments

Introduction to analysis of survey, focus group and written submission comments

A synthesis and analysis of all the comments received are presented in the discussion below. Survey and focus group respondents were asked to answer the following open-ended questions:

- *Do you have any comments on the draft affordable housing strategy?*
- *We're interested in the range of innovative housing models being developed in Australia and abroad. Do you have any ideas of new models that we could consider for future inclusion in the city of Melbourne?*

The 30 written submissions were read and coded to the same topic framework as the survey submissions.

The analysis section of the report has been divided into four main sections, each focusing on a different element of the discussions raised by respondents and submitters. The sections are set out as follows:

1. **Comments on the Draft Strategy's four priorities**
Here, comments relating to each of the four priorities outlined in the Draft Strategy are discussed.
2. **Australian and international housing model comments**
Comments in this section were predominantly in response to the second survey question (above), and discuss housing models from Australia and around the world.
3. **Overall Draft Strategy and context comments**
The third section contains analysis of comments made on a broad range of Draft Strategy topics, including the context within which the strategy has been prepared.
4. **Additional themes**
The final section includes other additional themes, such as diverse one-off comments and those about the engagement process.

Comments on the Draft Strategy's four priorities

The discussions that follow contain analysis of comments offered in relation to the four Strategy priorities. Each priority discussion begins with a summary of findings and a chart which presents the level of support and opposition received, followed by the opinions expressed on that particular priority.

Priority 1. Advocate for mandatory inclusionary zoning

65 Comments

PROPOSED CoM ACTION

- *Action: 1.1 Advocate to the Victorian Government for State-wide mandatory inclusionary zoning.*

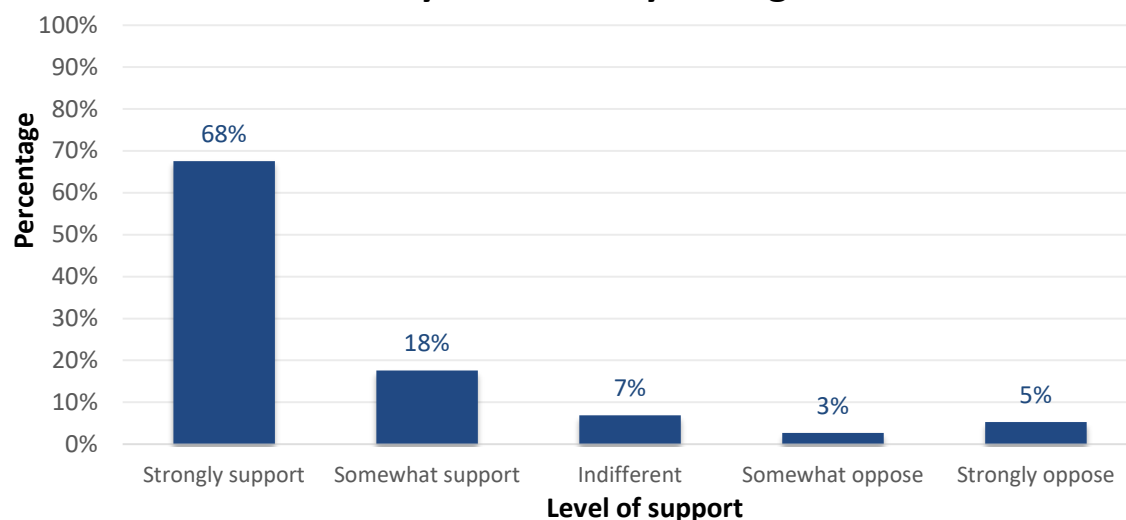
Summary of findings

- 86% of survey respondents supported advocating for mandatory inclusionary zoning
- In written comments, overall there was broad support for mandatory inclusionary zoning as a mechanism to increase the amount of affordable housing. Support was particularly strong from survey respondents, while the written submissions presented arguments both for and against Priority 1.
- Specific findings:
 - Support for mandatory inclusionary zoning was on the basis that:
 - A mandatory proportion of affordable housing in developments would help alleviate the housing crisis
 - Profit driven developers could not be expected or relied upon to deliver on voluntary agreements or to prioritise the provision of affordable housing
 - Other supporting mechanisms, used in conjunction with inclusionary zoning, would improve its efficacy.
 - Criticisms of mandatory inclusionary zoning were on the bases that:
 - It is unlikely to deliver the affordable housing results required by CoM
 - It would place an unfair financial burden on developers
 - Several respondents objected to private sector input altogether, expressing strong feelings about the effects of developers on Melbourne's housing market. Meanwhile, a small number of respondents emphasised that engaging the private sector is necessary.

Survey respondents' level of support

The chart below presents the level of support or opposition for this priority, from the 182 survey respondents and 6 focus group participants.

Advocate for mandatory inclusionary zoning



- > A significant majority of respondents supported Priority 1: 86% of respondents supported the priority- this was comprised of 68% who strongly supported, and 18% who somewhat supported it.
- > Notwithstanding the significant level of support for this priority, it did receive the lowest level of support compared to the other three priorities.
- > Eight percent of respondents opposed this strategic priority and 7% were indifferent.

Synthesis of comments

The discussion that follows presents the comments made on this priority by survey and focus group respondents and those who provided written submissions.

Support for *mandatory inclusionary zoning* (inclusionary zoning) was divided between those who generally supported what was proposed in the Draft Strategy, and those who supported it with suggestions about how it might work better, or whose support was dependent on certain other conditions being met. Around three-quarters generally supported inclusionary zoning, and one quarter did so with caveats/suggestions.

Theme 1: General support mandatory inclusionary zoning 27 comments

The considerable number of comments made in general support for mandatory inclusionary zoning were clear in their advocacy. People expressed their support, stating that inclusionary zoning was necessary, effective, and useful. They used the following words and phrases to show their support for inclusionary zoning: "I'd like to see inclusionary zoning come in"; "All local governments should come together to advocate for this change"; and, "I believe all of the strategies, especially inclusionary, are exciting". One survey respondent stated:

I'd like to see inclusionary zoning come in. Developers have taken so much from our city; it's time they were made to give back. Inclusionary zoning personally wouldn't put me off buying an apartment. I think it would make more diverse, stronger communities.

Another example of general support for inclusionary zoning was:

I strongly support advocacy for mandatory inclusionary zoning. A voluntary approach has been tried, and failed.

Three local government bodies agreed with the approach. One of these organisations made the point that 13 other councils have written to the Minister of Planning to request the introduction of such controls into the planning scheme. Another stated:

Mandatory mechanisms are essential to address the scale of the affordable housing problem and can address the needs of very low and low-income households.

A fourth local government body showed support for CoM's proposal to advocate to the Victorian Government to introduce mandatory inclusionary zoning, noting that the emphasis on the effects this may have on land price is important, but that it could possibly be enacted more quickly.

The emphasis on the land price effect of inclusionary zoning on land pricing is important but the timescales for proposed introduction through the ten-year period may be overly-cautious.

This submission also calls for clarification around costing and whether all residential developments would be required to make contributions. They found the term "minimal cost" (in the context of "inclusionary zoning dwellings to be transferred to a community housing organisation at *minimal cost*") to be contentious, proposing that the word "gifted" should be used instead, as those people most in need were more likely to benefit from this outcome.

Just under half of all comments on this topic emphasised the mandatory component of the proposed zoning changes, stating that this was an integral aspect that should be included. The consensus on this was that voluntary agreements have not been effective in the past to alleviate affordable housing shortages. The following comment reiterates this:

Councils should be allowed to require developers to include a 20% component of affordable units in all suitable housing projects. This requirement should be mandatory, not discretionary.

Support for mandatory inclusionary zoning was most often on the basis that the measures would not likely be implemented if not made mandatory.

Additional, more detailed, discussions contained in written submissions are presented below.

A submission from a research institute provided rationale for their support of inclusionary zoning, backed up by their own research. The submission stated:

...research finds that state planning legislation can enable a response to local market conditions and housing needs through greater use of inclusionary planning levers. Without intervention in the development approval process, the market is unlikely to deliver a product considered affordable to those on low to moderate incomes in high value areas.

Among those respondents who agreed that inclusionary zoning must be a mandatory system rather than voluntary was a member of the public, who made a submission that councils should be able to require developers to include a 20% allocation of affordable units in suitable

housing projects. While this submission commends CoM's goal to "deliver up to 25 per cent of residential development as affordable housing", it also notes that in some areas this is not sufficient.

A few comments noted that support for inclusionary zoning was widespread, and that there would be little resistance if this were to be introduced. One such comment came from a community housing sector organisation who already apply an inclusionary zoning approach to successfully deliver affordable housing in Melbourne. Their submission, co-signed by 417 people, stated:

One of the key tenets of this strategy, Inclusionary Zoning, is of particular importance and relevance to [our organisation]. [Our] projects already include 20% Affordable Housing and we have discovered only support for this initiative.

Similarly, a research institute conducted research in 2019 which suggested widespread support for the introduction of inclusionary zoning within the affordable housing industry. Alongside their support, this submission also notes that while mandatory inclusionary zoning has been shown to be more effective than voluntary systems, these programs can differ hugely based on market conditions and other variable factors from place to place. The submission offers the following advice to CoM:

Inclusionary Zoning Programs that apply a blanket rule across large geographical areas may have the unintended effect of prohibiting development in areas with lower land values. We advocate a broad application of mandatory inclusionary zoning that takes into consideration local-level market conditions.

A member of the public suggested in their submission that, while mandatory inclusionary zoning needs to be implemented by the State Government and it is therefore important for City of Melbourne to advocate for this, there must be more put into it than simply advocating to the State Government. The submitter offered the following plea for City of Melbourne to:

... investigate, plan and implement a strategy where Public and Community housing are a front and centre priority, not just on 'surplus' land but where it is really needed.

Other written submissions that generally supported mandatory inclusionary zoning included those from: two social advocacy groups and two industry groups.

Theme 2: Support for inclusionary zoning, with caveats or suggestions for its implementation 12 comments

Comments from several submitters and survey respondents were in support of inclusionary zoning, with the proviso that certain specifications be attended to, or with suggestions of ways in which it might work better. In most cases the comments were supportive of mandatory inclusionary zoning and its intent; they simply noted complementary mechanisms said to be necessary if the overall goal to increase the availability of affordable housing is to be reached.

Survey respondents commented on the need for cooperation between policy makers and the private sector around inclusionary zoning, shown by the following comments:

Work to mandate affordable housing levies that can be paid by developers to fund affordable housing projects instead of including them in their projects, so that they have a "choice" but it's more economical and faster to develop affordable housing.

and

Even if you can't implement IZ, could you bring in a fund similar to the Open Space levy but for building social housing that developers would have to contribute to?

Common concerns from several submitters were the perceived limitations of the current proposal for mandatory inclusionary zoning, and the idea that in order for it to be effective, it must be accompanied by an adequate incentive scheme in order to make the provision of affordable housing economically viable for all parties.

Another underlying theme was the idea that mandatory inclusionary zoning would bring about positive change, but only if accompanied by other mechanisms, not as a sole solution to the problem of insufficient affordable housing.

Several longer submissions discussed the role of incentives in the provision of affordable housing. These submissions tended to support the overall sentiment proposed in the Draft Strategy regarding mandatory inclusionary zoning, though they suggested that there are limitations to how it could be implemented, and that incentives for developers and landowners would be beneficial to help achieve the desired outcome of increased affordable housing.

A submission from an industry group discussed some potential limitations of the current proposal and their view that state-wide mandatory exclusionary zoning is not the best way forward due to the diversity of local government areas, explaining:

This may be more workable in built-up metropolitan council areas – and the strategy should be changed to reflect that.

Another industry group submission similarly argued that the currently proposed mandatory inclusionary zoning would not be suitable in all areas, and may only be appropriate in limited circumstances, which they have identified as being where it:

- A. occurs on government land; and*
- B. is clearly identified in any master planning or bid document issues by government; and*
- C. is not imposed after a procurement process.*

Instead this submission proposed a different system whereby the private sector is “appropriately and genuinely” incentivised to provide affordable housing. They offered the following reasoning for this solution:

Not only does this represent a fairer outcome for private landowners, it is likely to provide greater amounts of affordable housing stock.

Similarly, an industry group submitted that while they supported elements of the Draft Strategy, they did not want the value of incentives to be overlooked. As an organisation that works with developers to ensure economic viability in supplying affordable housing, they felt that incentives should not be done away with altogether. The submission states:

we note that while incentivised approaches within the Melbourne Planning Scheme have not resulted in an increased provision of Affordable Housing, we do not believe these incentives should be discarded in full before a more thorough economic analysis is undertaken.

Another strong proponent for development incentives was an industry group. They stated that they would support a policy shift to mandatory inclusionary zoning with some important caveats and landowner incentives.

In short, there needs to be greater planning certainty and reduced red tape to encourage the delivery of affordable housing by the private sector.

This submission argued that a key reason that incentives currently offered for voluntary inclusion zoning have not delivered any significant result is not due to a lack of interest from developers, but rather the ambiguity of the current drafting, and the fact that the actual incentives do not offer much to developers. The submission states:

Further, there is no incentive, either from a time or cost perspective, for developers to enter into voluntary agreements, as the current planning ambiguity means that nearly all applications end up in the Victorian Civil and Administrative Tribunal (VCAT). The time, cost and uncertainty of contested VCAT litigation proceedings increases development costs, which in turn makes housing product (both as rental and ownership propositions) less affordable.

The submitter suggests that in order to deliver results, the new proposal should be: clear, written in plain English, and provide more certainty around planning and the precise ‘incentives’ that developers are entitled to, alongside the method of calculating these incentives.

A community group submission made similar points, stressing the importance of considering how mandatory inclusionary zoning policy would impact various areas of the industry, including the private sector who they suggested would likely bear the brunt of the economic burden. This submission also recommended the use of incentive schemes for private developers, stating:

Inclusionary zoning is an important tool for the provision of affordable housing stock, however, should be applied through a model that will continue to ensure the viability and financial sustainability of the development sector. Considerations of a more flexible approach may be needed, including additional policy levers such as rewarding and incentivising developers for including affordable housing in their development projects.

Of the several submissions that noted the limitations of mandatory inclusionary zoning, a few suggested using complementary approaches to supplement inclusionary zoning. One member of the public submitted that a ‘multi-stranded’ approach would be more beneficial in reaching targets for affordable rental housing in the city, stating that in some US cities where only inclusionary zoning was used, the numbers of affordable rental housing were low.

A community housing sector organisation was another submitter that felt that mandatory inclusionary zoning alone was not the sole answer to the lack of affordable housing in Melbourne, stating it would need to be managed in a transparent manner, and in a way that would not impose prohibitive costs on landowners and developers. They stated:

But mandatory inclusionary zoning is not the sole answer. In order for it to be implemented effectively, it needs to be complimented by policies and mechanisms to generate the capital required to bridge the funding gap for affordable housing, such as tax credits, subsidies, grants and cost effective finance.

Despite showing some level of support for mandatory inclusionary zoning, a additional community housing sector organisation noted in their submission that experience shows it is not always

implemented as effectively as initially intended. Much of this comes down to consultation and the way that land transfers are handled, suggests this submission. The submission notes that the community housing sector is often the last stakeholder to be consulted which negatively impacts consideration of the overall suitability of the housing development, and can lead to 'affordable housing' developments that do not appropriately meet the needs of those whom they are supposed to benefit. Therefore, the submitter offered the following caveat to their support of the introduction of mandatory inclusionary zoning:

...stock transfers would need to be delivered at a scale that enables tenancy and asset management practices to be delivered in a planned way, rather than on a reactive, piecemeal basis. It is also essential that section 173 Agreements involving the transfer of new dwellings to a CHP [community housing provider] allow for early and ongoing engagement with the recipient CHP in both the planning and development process.

Within their submission, the group offer some suggestions for additional mechanisms to support an increase to social housing units.

Another community housing sector organisation expressed support for mandatory inclusionary zoning, if used "as part of a broader housing framework and developed with the right policy and financing supports". This submission also made the following call:

[We] strongly advocates that all affordable housing outcomes resulting from affordable housing planning requirements be owned or managed by registered community housing organisations to ensure the benefit is captured in the long-term.

A unique argument made by a research institute discussed the importance of *quality* in affordable housing, stating:

The social and financial value of good design should be acknowledged by City of Melbourne in everything they do and Inclusionary Zoning cannot be seen as a compromise. The affordable housing targets should be developed with quality urban design and architectural foundations. As well as boosting supply, housing targets should be backed by good design standards which improve the quality of our built environment and help alleviate the twin problems of diminished social capital and growing economic inequality. While the financial case for quality will always be difficult to prove beyond doubt, sub-standard housing, which offers little real choice, is a missed opportunity and a false economy.

Theme 3: Oppose private sector input

13 comments

There was disagreement between responses from individuals who completed the survey and those from written submitters (primarily industry group) as to whether or not the onus was on developers or the government to fund affordable housing initiatives. Survey respondents/members of the public agreed fairly consistently that the private sector's imperative for profit would not result in increased good quality affordable housing. Meanwhile, a few submissions (from the development industry) opposed participating in affordable housing production on the basis that it is not their place to do so.

Several respondents who contributed through the Participate Melbourne survey opposed the involvement of private developers *at all* in the delivery of affordable housing. This was called for in the following ways: "prioritise non-commercial developers", and "do not outsource to private industry". When expanded on, comments revealed a degree of mistrust in the

ability of developers to provide affordable housing, and to provide affordable housing of a sufficiently high standard. Comments were at times impassioned, as the following examples show:

Banning private development and nationalising the housing stock would be a great first step. A house is not an investment; making money off of people's basic need to be housed is monstrous.

Do not partner with private business or development. They are destroying our communities.

Strong or stronger regulation was called for by a small number of survey respondents, with the view that this would increase affordability in the housing market. Rent caps, "stricter laws for developers" and intensification of goals to "combat speculative housing" were called for. The following comments summarise the sentiment of this group of comments:

Strong regulation by the City can prevent market forces (speculation, foreign ownership, gentrification) from making rent unaffordable.

Regulations requiring that private developers to contribute to building high quality public and affordable housing could also be introduced.

Several longer submissions discussed their ideas in more detail.

A social advocacy group and a member of the expressed reservations at the private sectors' ability to display goodwill towards affordable housing targets, with the former recommending regulations to ensure the delivery of high-quality developments.

Although an industry group's opposition to mandatory inclusionary zoning was introduced in their written submission as an unfair burden of cost on developers, they went on to add that it is their view that the "primary responsibility for social and affordable housing should rest with the government". Meanwhile, an industry group expressed a related opinion, stating:

The urban development industry is not responsible for funding a crisis that has built over several generations and successive Governments.

This view was consistent with other written submissions from the property development sector, some of which simply claimed absolution of responsibility for providing affordable housing, or claimed that responsibility lay with the government.

Theme 4: Oppose mandatory inclusionary zoning, and alternative suggestions

8 Comments

The several comments in opposition to mandatory inclusionary zoning were on the basis that its efficacy is questionable, and that the burden of its cost is unfairly placed on the private sector.

Ditch the mandatory IZ. Does not work for the people who invest their hard earned money into apartments only to find no peace and no safety or security.

and

Inclusionary Zoning sounds good on paper, but in reality it is a flawed policy which will hurt the people it is trying to help

The written submissions that follow expressed general opposition to mandatory inclusionary zoning, and came mainly from bodies involved with property development. These submissions largely opposed mandatory inclusionary zoning due to the financial burden it would likely place on the private sector, with some arguing this cost may put developers off, resulting in a reduction of affordable housing developments being undertaken. An industry group submitted:

[We do] not support the proposals for mandatory inclusionary zoning across Victoria. These requirements have not been explored in terms of the cost to the developer or consumer.

Comments from two industry groups expressed concern that the mandatory inclusionary zoning requirement would put off developers, resulting in reduced supply of affordable housing. One group conveyed concern that the mandatory approach would “not achieve the desired policy outcomes”, and the latter, based on consultation with their “most experienced members”, stated that “the measures proposed by the Draft Strategy will make investment and development in the City of Melbourne unattractive, leading to less housing supply”.

Another industry group suggested an alternative, more balanced approach that they believe has the best chance of delivering affordable housing outcomes at scale without compromising supply or the median house price. The approach comprises:

A low, flat rate, broad-based Affordable Housing Contribution, similar to the Fire Services Levy, transitioned over a period not less than 5 years, to replace all other affordable housing provisions;

Affordable housing delivery targets, supported by an Affordable Housing Delivery Toolkit of funding and incentive measures that can be applied to fund the gap between the cost of delivering and the Affordable Housing Contribution; and

A comprehensive capacity building program targeting all stakeholders – all levels of government, development and community housing industries, financiers, and the community – to create common shared understanding of interests of the various parties, and outline the various ways in which affordable housing outcomes can be delivered to meet the varied needs of very low, low and moderate income households including key workers.

Additionally, another industry group stated:

[We] currently do not support the concept of affordable housing quotas as a way of addressing housing affordability or boosting the supply of affordable housing. [Our] view is that the supply of affordable housing and housing affordability should be addressed by systemic changes and improvements, addressing issues such as taxation, finance, and planning and building requirements.

The group support voluntary systems to “facilitate opportunities for developers and builders to enter into options”; they went on to recommend that these initiatives be developer-led and suggested “tax and levy concessions for developers who voluntarily want to supply affordable housing”.

The following additional submitters included objections or alternatives to mandatory inclusionary zoning: an industry group, a community housing sector organisation, and, a community group.

Theme 5: Support the need for developer input

5 comments

A small number of comments specifically emphasised the need for private sector input in the production of affordable housing. They identified a need for developer input to increase housing affordability, this was largely based on the view that development increases supply.

Comments included that affordable housing relies on “developer input to achieve outcomes”, and that “Private sector involvement is important”.

The following written submissions echoed the comments of survey respondents in more detail, discussing the importance of involving developers.

It was clear to a real estate group that “the private sector – particularly BTR [build to rent] – will be critical to the delivery of the required affordable rental housing in the CoM”, a community housing sector organisation lodged strong support for:

...the City of Melbourne's plan to advocate across all levels of government the private sector and the broader community to improve affordable housing outcomes.

Priority 2. Develop affordable rental housing on City of Melbourne land

49 Comments

PROPOSED CoM ACTIONS

- *2.1 Commit a City of Melbourne owned site to deliver an affordable housing project in the next five years.*
- *2.2 Continue to work with other local Councils to establish opportunities for affordable housing development and consider ways to share resources to enable affordable housing projects.*

Policies:

- *On all future residential development on City of Melbourne owned land, we aim to deliver up to 25 per cent of residential development as affordable housing.*
- *Consideration will be given to accommodating greater than 25 per cent affordable housing in urban renewal areas.*
- *Consideration will be given to delivering affordable housing on commercial developments and community facilities on City of Melbourne land.*

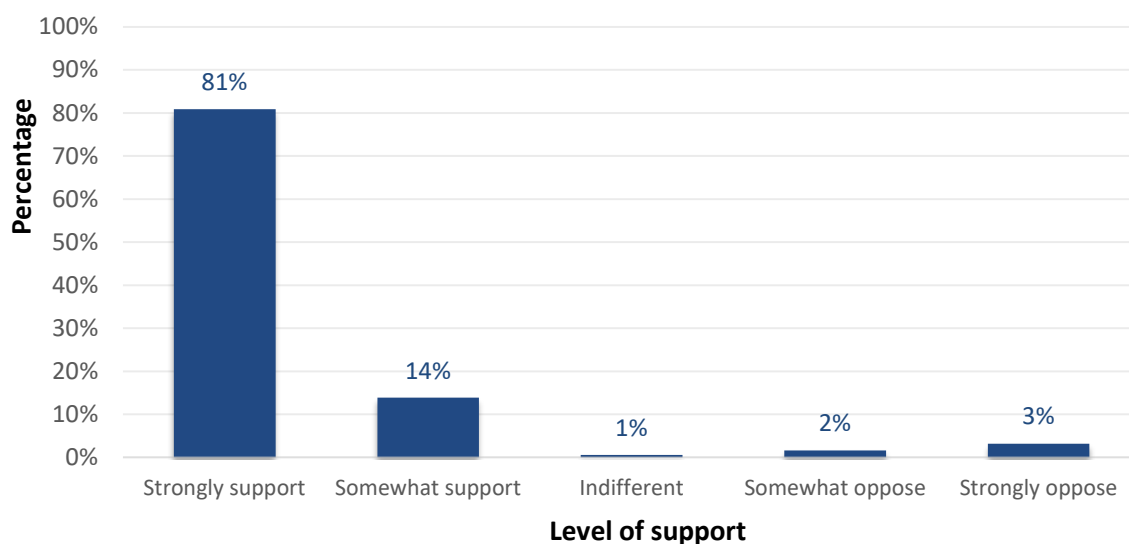
Summary of findings

- 95% of survey respondents supported developing affordable rental housing on City of Melbourne land.
- In written comments, there was overall support for developing affordable housing on City of Melbourne land, though opinions differed on whether this land should remain council-owned, or should be sold to developers.
- Several comments were made on the policy to deliver up to 25% of residential development as affordable housing. The most common argument made was that rather than providing an upper limit, the focus should be on providing a higher *minimum* allocation, and making a stronger commitment to this.
- A small number of respondents stated that CoM does not have enough land or resources under its control to directly provide sufficient affordable housing to satisfy Melbourne's needs. They were supportive of CoM being involved in demonstration projects to reduce private development risks, by testing options and identifying successful approaches that others can replicate.

Survey respondents' level of support

The chart below presents the level of support or opposition for this priority, from the 182 survey respondents and 6 focus group participants.

Develop affordable rental housing on City of Melbourne land



- > A significant majority of respondents were supportive of Priority 2, which received 95% support – 81% of respondents strongly supported, and 14% somewhat supported it.
- > Five percent of respondents opposed this strategic priority and 1% were indifferent.
- > This strategic priority received the highest level of support out of all four priorities.

Synthesis of comments

The discussion that follows presents the comments made on this priority by survey and focus group respondents, and those who provided written submissions.

Theme 1: Use of City of Melbourne land for affordable housing 18 comments

The majority of comments on the use of City of Melbourne land for new affordable housing developments were supportive, although opinions differed on the best and most effective approach to achieve this action.

The overriding issue within respondents' comments was how an ongoing relationship between private developments and the City of Melbourne would be structured to deliver ongoing benefits. A few written submissions discussed the limitations of City of Melbourne retaining ownership of land and leasing it to developers. Of particular concern was the fact that development projects need to be financially viable for developers in order for them to be undertaken.

A small number of short, general survey comments expressed support for the use of City of Melbourne land to provide affordable housing.

The more detailed discussions, contained in written submissions, are presented below.

A few submissions supported using council-owned land for affordable housing developments, while offering additional suggestions as to how this could be carried out effectively.

A member of the public suggested that as well as utilising surplus government and agency land, the city should also consider purchasing additional land or properties to reach affordable housing targets.

A research institute has examined the amount of under-utilised or “lazy-land” that could host affordable housing within the City of Melbourne. This research found that the amount of available land is small, but could still accommodate a ‘significant yield’ of affordable housing. They suggested that the provision of affordable housing on council land should be prioritised over other public services, stating:

The City of Melbourne can achieve the highest and best social use of limited council land by placing affordable housing above other public services.

A local government body noted that City of Melbourne’s goal to develop affordable housing on council-owned land could include a specific focus on providing housing for those who are homeless/sleeping rough, suggesting this could be done:

...via supported housing based on Housing First principles, e.g. using the Common Ground model. This will address the growing level of rough sleeping, evidenced by a 200% increase in the City of Melbourne between 2011 and 2016.

Another few submissions from an industry group, a community group, and a community housing sector organisation offered general support for the use of council land for new affordable housing developments, but had some concerns about the proposal to lease land to developers. One industry group stated:

The concept of leasing government land to help increase supply has merit; however, important consideration needs to be given to lease tenure to ensure viability for other uses (residential, office, retail) and to ensure investment and/or appropriate security is offered to be acceptable to the market.

This sentiment was echoed by a community group who shared their concerns about a lease arrangement, specifically in relation to return on investment for developers, as well as the issue of maintenance:

If the land is leased to developers, then the term of the lease will need to be sufficient to allow developers to obtain finance and achieve a return on investment. If the land and the buildings revert to the City of Melbourne at the end of the lease term, how will the Council deal with a degraded asset with maintenance costs?

A submission from a community housing sector organisation expanded on this further. While they commended the City of Melbourne’s goal to provide 25% of affordable housing on council-owned land, they also suggested that the proposed leasing approach came with limitations. This submission noted:

[Our organisation] suggests that the City of Melbourne look carefully at the pros and cons of using long-term low cost leases of Council land. Although this does retain asset ownership with the City it may limit community housing organisations ability to leverage the asset, either to finance construction on that site or to build additional affordable housing on another site. It also requires ongoing contractual management by Council, which imposes an administrative burden. Concerns about appropriate management of affordable housing are already addressed by the rigorous

regulatory system overseeing the registered community housing sector, and [we] would encourage the City of Melbourne to consider whether the regulatory system can meet its concerns.

An industry group submitted on how CoM could work with other industry members to build and supply affordable housing, stating:

[Our organisation] considers that all governments should proactively identifying land supply for affordable housing by auditing their own surplus land supply and selling it for the purpose of industry delivering the desired quota of affordable housing...

...It is often these joint ventures that are most successful as the developer has entered into the agreement voluntarily as a willing partner.

A government organisation submission offered to support CoM in achieving the outcomes outlined in the Draft Strategy in several ways, including financial backing to assist with infrastructure costs. They stated:

We can structure innovative project financing solutions to deliver replicable Build to Rent accommodation at scale. Through a ground lease arrangement, Council would retain ownership of title but permit development and use of the land over the economic life of the project.

A local government body suggested that City of Melbourne should clarify its intentions to use council-owned sites for affordable housing developments to ensure this is undertaken appropriately, stating:

[Our] officers have found it important to undertake comprehensive assessment and selection processes to identify potential development sites on its land. We encourage CoM to use consistent and rigorous tools to identify land in order to engage early with matters such as alternative proposed uses and community concerns over appropriate use.

An industry group submission commended City of Melbourne for exploring affordable rental property developments on their assets. They noted a large amount of work must still be done to understand the site-specific requirements and how affordable rental housing would work.

A social advocacy group, two local government bodies, a member of the public and, two industry groups all offered outright support for Priority 2.

Theme 2: Revise the 25% target in the Strategy

13 comments

The most commonly made point regarding City of Melbourne's goal to deliver up to 25% of residential development as affordable housing on council-owned land, was that it did not go far enough. In particular, the wording of "we aim to deliver up to 25 per cent of residential development as affordable housing", was described as 'loose', 'weak', 'soft' and 'un-ambitious'. Several survey respondents noted that providing "up to 25%" was meaningless, as it only promised that anywhere between 0% and 25% would be allocated to affordable housing. Respondents generally suggested that they were disappointed in the low commitment made by CoM, illustrated by this comment:

I strongly oppose any language that sets an upper-bound on the provision of affordable housing

Respondents felt the focus should be on providing a higher *minimum* allocation rather than an upper limit, and making a stronger commitment to this goal. A couple of respondents suggested that the goal should be for 100% of residential development being allocated to affordable housing.

Specific comments made by written submitters are presented below.

A community group advised that CoM should “tighten the language and aspiration” of the residential development policy”, suggesting the following revision:

As such, suggest revision to “at least 20 per cent, and up to 25 percent”

A community housing sector organisation and a research institute expressed similar ideas. The community housing sector organisation suggested:

... that there is scope for Council to strengthen the targets set out in the Strategy with more definitive key performance metrics.

The research institute submission stated:

We commend the CoM on aiming for up to 25% of affordable housing on leased government land. We strongly recommend that the CoM aims for at least 25% affordable housing and is ambitious in considering novel and replicable approaches to achieving this goal.

A social advocacy group supported increasing the 25% provision, stating:

the affordable housing project to be developed in the next five years include at least 30% of units developed for the lowest income households

the 25 per cent target for new residential developments on Council land be comprised of 15% for housing for the lowest income households and 10% broader affordable housing.

A member of the public and a community group expressed support for the current commitment to allocate up to 25% affordable housing on City of Melbourne residential development land.

Theme 3: Repurpose or reorient existing affordable housing structures 8 comments

Several survey comments made suggestions to repurpose existing buildings or make use of uninhabited buildings. Most of these comments were general statements that suggested making better use of existing or abandoned buildings. A couple of comments suggested making use of buildings that are only used for half of the day or less, such as office buildings or schools. This was a typical comment:

Turn empty buildings into affordable housing options and crisis accommodation.

Only one written submission, received from an industry group, suggested the use of existing stock. This submission discussed the National Rental Affordability Scheme, which they acknowledged had some flaws in the past, but could be improved. They thought that there was a large supply of rental properties coming into the market from the boom of 2010-2016, and that this stock could be repurposed to contribute to the current affordable housing shortfall.

Theme 4: Support for CoM demonstration projects 5 comments

One survey response stated that council officers are supportive of establishing pilot projects.

Four other written submissions made comments in favour of CoM developing demonstration projects. The overall sentiment in these comments was that CoM does not have enough land or resources under its control to directly provide sufficient affordable housing to

meet Melbourne's needs. City of Melbourne demonstration projects however, are a way to reduce the risk to private developers by testing what will work and what will not. Ideally, this would identify successful approaches that others could replicate.

A research institute argued that CoM does not own enough land to effect the change in affordable housing that is required. Their submission went into significant detail of how CoM could develop a demonstration project which reduces the risks for private developers, through testing a variety of options and finding which approaches are most likely to be successful.

Partnerships with the public sector and community housing organisations, ideally on public sector land (to maximise contributions) will be needed for the private sector to deliver diverse and affordable housing on any significant scale. This is particularly important in high value areas such as inner Melbourne.

[Our organisation]...proposes a pilot project used as a vehicle for governments to provide market leadership and demonstrate the long-term value of innovative infill development. A detailed feasibility study would determine feasible yields, construction types and potential staging strategies while optimising dwelling diversity, tenancy mixes and considering decanting logistics. Detailed estimates of construction and management costs, dwelling sales and rental streams would be required.

An additional research institute agreed that government land is an excellent opportunity to create demonstration projects and urged City of Melbourne to be extremely ambitious in achieving both affordability and sustainability targets. In practical terms, the submission stated:

Land costs represent a substantial proportion of development project costs in the City of Melbourne, based fundamentally on the type and scale of development opportunities which drives high residual land values for the area. Finding ways in which to reduce this upfront substantial expenditure could present a great opportunity to reduce costs, enhance development and increase affordable housing.

One industry group favoured pilot projects over mandatory inclusionary zoning. They stated:

The Inclusionary Housing Pilot that is currently being undertaken is a great opportunity for the state government to learn about the issues and requirements for developments of these types. [Our organisation] has been shortlisted as a bidder for a site in this pilot.

With the Parkville site sitting with the City of Melbourne catchment, it is expected that the council will have an opportunity to be involved in this pilot. It is expected that significant learnings will happen through this pilot process which can be utilised to inform the position of the City of Melbourne regarding future legislative changes to include mandatory zoning requirements.

Housing Choices Australia welcomed the opportunity to share their experience with CoM in scoping the demonstration project proposed in Priority 2.

Theme 5: Caution over privatising public land

4 comments

Two survey comments were made on this topic, both suggesting that public land should remain public. The sentiment within these comments was that the privatisation of public land was 'short-sighted' and would not lead to long-term benefits. The following comment captures this sentiment:

Public land should stay in public hands - we should not be short changing future generations.

In addition to the survey comments discussed above, two written submissions also touched on this theme. One member of the public suggested that the current plan to privatise between 70% and 80% provides a “bad example”. Their submission provided a highly detailed argument supporting this opinion, illustrated below by a couple of key points:

No privatisation of publicly-owned land The practice of selling publicly-owned land for private development is short-sighted and not justifiable: this is a communal resource and should be used for communal purposes, saved for future needs. The Victorian Government, with its Public Housing Renovation Program, based on the privatisation of between 70% and 80% of Public Housing Estates, is providing a bad example.

...treating publicly-owned land as ‘surplus government land’, i.e. land can be sold-off to private development, is not fulfilling objectives established by the Housing Act 1983.

An additional member of the public supported the use of government land for new public housing, with the caveat that this should be ‘real’ public housing, as opposed to “the current Public [Social] Housing Renewal Program, which outsources management to privately-run community housing organisations.” This submission also stated:

The CoM needs to be vigilant, however, in ensuring that ‘vacant land’ is in fact spare. It should not be tempted to sacrifice public parkland or land that could fulfil this vital role.

Theme 6: Other comments

1 comment

A research institute noted in their submission, that while they support CoM's mission to improve Melbourne's affordable housing, they felt that there were groups not being adequately represented in this proposal. In particular, they noted:

While we support CoM's focus on providing housing for the ‘wide spectrum of professionals... that contribute to our local community and economy’ (p6) we also acknowledge that the significant unmet need for social housing means that most social housing is allocated to households with the highest levels of need. This disproportionately includes households currently experiencing or at imminent risk of homelessness; households where there is a member with disability; households where the main tenant is aged under 25 or aged over 75; or Indigenous households (Australian Institute of Health and Welfare, 2019).

The submission noted that households such as those mentioned above often require extra support and have different housing needs that should be taken into consideration.

Priority 3. Strengthen City of Melbourne affordable housing processes

53 Comments

PROPOSED CoM ACTIONS

- *3.1 Develop an Affordable Housing planning policy for inclusion in the Melbourne Planning Scheme. This planning tool should clearly outline when an affordable housing contribution should be made, how the rate of affordable housing should be calculated and what should be included in an affordable housing agreement.*
- *3.2 Establish a special purpose entity to manage affordable housing contributions, with potential to operate across local government boundaries.*
- *3.3 Commit staff and budgetary resourcing to the ongoing delivery of affordable housing outcomes.*
- *3.4 Develop a centralised internal process for recording and assessing affordable housing outcomes.*

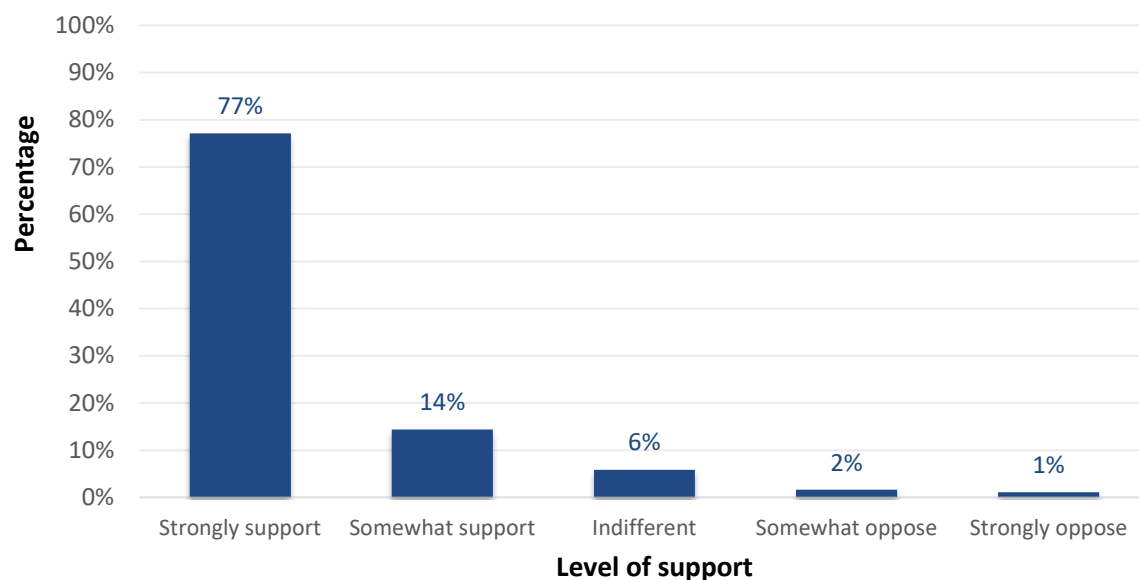
Summary of findings

- 91% of survey respondents supported strengthening City of Melbourne's affordable housing processes.
- Direct actions for CoM to deliver more affordable housing were supported. The most popular approach was for CoM to work with affordable housing providers, via a special purpose entity or trust. Suggestions were also made to leverage the resources of others, and initiatives that potentially span neighbouring jurisdictions were also supported.
- There was support for clarity around affordable housing contributions, with these outcomes sought: increasing transparency by clearly defining CoM's approach; increasing efficiency with a standard set of planning and policy documents; a reduction in 'red tape', again to increase transparency; faster processes which will result in more affordable housing being completed more quickly; fairness as a result of increased clarity and transparency; clear rules, such as when affordable housing contributions should be made.
- A moderate number of submissions identified a need for more housing supply. To achieve this, submissions suggested that the city should reduce restrictions on building heights, prioritise residential accommodation over heritage protection, and allow for more infill 'granny flats'.

Survey respondents' level of support

The chart below presents the level of support or opposition for this priority, from the 182 survey respondents and 6 focus group participants.

Strengthen our internal affordable housing processes



- > A significant majority of respondents were supportive of Priority 3, with 91% of respondents supporting it – 77% strongly supported and 14% somewhat supported it.
- > Three percent of respondents opposed this strategic priority and 6% were indifferent.
- > This strategic priority received the third highest level of support.

Synthesis of comments

The discussion that follows presents the comments made on this priority by survey and focus group respondents and those who provided written submissions.

Theme 1: Trusts or direct affordable housing delivery by CoM, advocated for 14 comments

A few survey respondents stated City of Melbourne should be more directly involved in the provision of affordable housing. They suggested CoM should not rely on the actions of other levels of Government and that a trust should be used to deliver housing directly.

The written submission comments that follow support in different ways direct actions to deliver more affordable housing. The most common approach suggested was to work with affordable housing providers and set up a special purpose entity or trust to manage the initiative. Suggestions were also made to leverage the resources of others, and initiatives that potentially span neighbouring jurisdictions were also supported.

A local government body stated that a special purpose entity (e.g. trust or company) ought to manage contributions, broker agreements with developers, and deliver housing. They stated:

This could include the option to consider establishing a regional Special Purpose Vehicle, which was suggested by the government working group in 2019/20 in comments to the Fishermans

Bend Taskforce on the draft Affordable Housing Guidelines. The benefits of an SPV would include addressing regional needs (including in Fishermans Bend), creating a significant scale of affordable housing, streamlining negotiations with the private sector, leveraging finance to grow additional affordable housing, and an ability to manage cash contributions.

Another local government body stated that a special purpose entity to manage affordable housing contributions is prudent, and stated that they have established a similar approach. They commented:

Adequate provision of staff and resources to ensure effective establishment and efficient operation is a key consideration.

A community housing sector organisation recommended CoM consider solutions that will utilise existing capability within Victoria's community housing sector to leverage existing community knowledge. They suggested:

...establishing a dedicated panel of CHPs [community housing providers] (both generalist and specialist housing) to from which Council could select a partner for each development.

They provided specific detail about members, how it could be run and how options could be assessed. Some internal resourcing would be required to retain strategic oversight of housing contributions and to manage and maintain the panel; however this could be met through existing Council resourcing (i.e. housing policy and programs, procurement). They are aware that CoM may wish to consider alternative legal structures, including Special Purpose Vehicles (SPVs) and would be pleased to work with CoM directly in evaluating the opportunities presented by the establishment of such vehicles.

An additional community housing sector organisation urged CoM to consider the structures, not-for-profit organisations and regulatory systems that are already in place. They believe there is potential for growth in this area and CoM has the opportunity to develop a special relationship with all or some of these entities. This would allow the city to work more closely with groups supporting specific communities. The organisation would welcome the opportunity to work with CoM to design the best model to achieve CoM's goals.

A member of the public advocated for CoM becoming a provider of affordable housing, and stated:

It can become a direct provider of housing and housing services, by leveraging utilisation of council assets and its ability to drive investment on low-cost housing, through the implementation of a Housing Funding Scheme. This initiative could be shared, and its potential leveraged, with other Councils.

A submission from a member of the public expressed the view that current affordable housing policy at a federal and state level is weak, and advocates for greater direct intervention. This comment was made:

... the most effective policy levers are pro-social land policy (involving purposeful land banking and regulatory planning), needs-based direct equity investment (nuanced to match needs, land and construction costs), efficient revolving loans and not-for-profit management (Randolph et al 2018).

An industry group called for more direct government action in order to lead by example, especially in light of more being asked of the development industry. They stated:

Wherever possible, Government should consider using its land assets to directly house and support people. The Victorian Government's Public Housing Renewal Program is a notable and excellent example involving a true partnership between Government and the property sector and [our organisation] encourages and supports these types of initiatives.

A member of the public stated:

The suggestions set out on page 53 should be explored, my preference probably being the setting-up of a housing trust under CoM control.

A social advocacy group submission supported prioritising increasing the supply of affordable rental housing in the city of Melbourne, which can then be developed and managed in partnership with registered community housing organisations. The group added that there should be a focus on vulnerable women and families, and permanent housing which removes the uncertainty associated with renting.

An industry group supported the establishment of a special purpose entity to manage affordable housing contributions and were in favour of it transcending local government borders. However, the group also believe this project best falls within the mandate of the State Government.

An industry group supported Increasing the opportunity for...

...'joint venture' partnerships Local or state government can partner with a willing private developer to build and manage a project where there is a component of affordable housing that must be made available with strict arrangements around the management of homes into the future to avoid profiteering. Industry is the deliverer of product on the ground.

Theme 2: Clarify affordable housing planning mechanisms comments

10

Ten written submitters made relatively detailed comments on ensuring there is clarity in how affordable housing contribution should be made, how the rate of affordable housing should be calculated and what should be included in an affordable housing agreement.

The written submissions focused on different aspects of the policy, occasionally broadly interpreting the Draft Strategy's approach to include planning rules for developments such as height restrictions. There was commonality in the outcomes sought within the submissions, which included: increasing transparency by clearly defining CoM's approach; increasing efficiency with a standard set of planning and policy documents; a reduction in 'red tape', again to increase transparency; faster processes which will result in more affordable housing being completed more quickly; fairness as a result of increased clarity and transparency; and clear rules, such as when affordable housing contributions should be made.

Summaries of the written submitters' comments on this topic are presented below.

An industry group identified the need to increase the efficiency of housing provision and other building activities, specifically urgent planning reform to fast track the approval of affordable and needs-based housing projects.

A community group supported the measures to review and strengthen existing mechanisms, including developing an understanding of appropriate levels of affordable housing developments

and managing contributions to deliver agreed-upon targets and called for greater transparency in this area.

A real estate group stated there must be a standardised set of affordable housing documents, which will streamline the transfer and management of affordable housing assets long-term, following the issuing of a relevant planning permit. The details of this submission are contained in the *specific wording* section in the Appendix. They described the benefits of a clearly articulated approach to be:

...you are providing further certainty to private developers – which will in turn reduce the time it takes to negotiate and document bespoke documents and allow affordable housing product to come to come to market sooner.

They also suggested that there needs to be greater planning certainty and reduced ‘red tape’ to encourage private sector affordable housing delivery.

An industry group submitted that any development bonuses granted to assist with the supply of affordable housing to be nominated by, and agreed to by the developer to allow a product that can be reasonably offered to a target market in a given area. Examples which will ensure a project is financially viable were given.

An additional industry group stated that councils should work to find significant efficiencies in the planning and development approval process, to modernise the planning scheme framework and to build in market-based incentives to provide affordable housing stock. They believe councils could include an affordable housing requirement on their own land and their policy should be consistent with State Government policy to avoid conflicts.

A research institute recommended developing an affordable housing planning policy that clearly outlines provisions, believing that clarity around contributions is extremely important. They also outlined expectations for incentives. This submission stated that:

A key plank in supporting Inclusionary Zoning is ensuring density limits and density bonuses are consistently applied and regulated. Similarly, finding mechanisms to expedite planning approvals in return for affordable housing contributions will be central to affordable housing delivery.

Their submission included a table ranking planning incentives by housing sector.

Other suggestions in this submission included: developing and communicating an enforceable system for ensuring housing contributions are delivered in a timely manner, with strong punishments for under-delivery; developing a centralised internal process for recording and assessing affordable housing outcomes; and creating and implementing a recording and mapping system that operates at the regional scale and encompasses all of Greater Melbourne.

They also made this point, requesting clarity around value capture:

We would like to see a more thorough process for calculating and applying Value Capture to rezonings in the Final Affordable Housing Strategy, based on sound research on ways to avoid higher prices being passed onto home purchasers.

A member of the public suggested City of Melbourne’s planning tool should clearly outline when an affordable housing contribution should be made, how the rate of affordable housing should be calculated and what should be included in an affordable housing agreement.

A community housing sector organisation supported the CoM's endeavour to develop and manage affordable housing contributions. They encourage CoM to consider drawing on the strengths of the existing community housing sector infrastructure and resources, to avoid duplication.

A local government body recognised the importance of an affordable housing local planning policy to guide when a contribution should be made and the rate of affordable housing contributions. They believe that the work they are currently doing could assist CoM with developing their policy. They stated:

The purpose of policy in the scheme is to guide the exercise of discretion in permit decision-making, with the language in a planning permit being a distinct consideration to what may be included in a subsequent s173 (affordable housing contribution) agreement.

The organisation also encouraged CoM to be open to the use of uplift incentives and value capture as tools for councils to facilitate affordable housing delivery.

An industry group submitted their support for strengthening internal affordable housing processes. Prior to developing this policy, they believe that analysis is required to better understand and quantify the effects of affordable housing contributions upon proposed development, to determine the appropriate and equitable rate of these contributions. They recommended:

...that this policy clearly outlines examples of when an affordable housing contribution should be made, how the rate of affordable housing should be calculated and what should be included in an affordable housing agreement.

Theme 3: Suggested planning rule changes to make it easier to develop affordable housing 9 comments

A moderate number of comments contained suggestions for how CoM could directly contribute to increasing affordable housing by altering planning rules.

Around half of these comments were from survey respondents. Comments stated there is a need to increase the supply of affordable housing and to achieve this, it was proposed that the city could take more direct action. It was suggested that CoM should reduce the restrictions on city building heights, and prioritise residential accommodation over heritage protection. A few comments also referred to increasing density by allowing more granny flats to be built. The following comment is indicative of the sentiment expressed:

Reduce or eliminate the many impediments it currently imposes on the supply of new and denser homes, including height controls, heritage controls, third party appeal rights, lengthy planning processes and many more.

The following respondent supported increasing density in some parts of the city:

Facilitating accessory units/granny flats. Planning regulations make it difficult to add 'soft' density to existing housing. Policies encouraging, and supporting such development in the City of Melbourne could be a great way of adding additional dwellings in suburbs not able to accommodate significant change, such as heritage precincts in Carlton and East Melbourne

Other suggestions to increase processing efficiency included standardised or 'customisable permits' such as those used in the U.S., explained in this quote:

Introduce a new small redevelopment housing code. It would protect neighbours, reduce planning uncertainty and improve the quality of new developments. The code would include the things that worry neighbours the most, such as privacy, height and overshadowing. Green spaces should be included in these developments.

Theme 4: Increase taxes to incentivise or fund affordable housing comments

5

A few survey respondents and one written submitter felt that tax revenue was a way to divert more funds to affordable housing provision. While only a small number of comments were made on this topic, the sentiment was that there should be small taxes on businesses to fund affordable housing development.

One survey respondent stated that the best way for government to stimulate investment was through subsidies funded by CoM from a modest increase to business land rates. They supported their argument by stating:

In concept, this links the economic beneficiaries of a more diverse workforce to the cost of accommodating them, rather than viewing housing as purely welfare for the lower income tenants.

Another survey respondent stated that to make houses more affordable...

...we need to dismantle the perverse incentives of negative gearing, CGT discounts on investment homes, and also replace stamp duty with land tax. These 3 policies are going to do 100x more than any other efforts to improve affordability.

Another stated there are many good examples of innovation from abroad, but innovation will only ever get the city so far, it will only ever be at the fringes of housing supply. What is needed for affordable housing is substantial, ongoing funding and favourable tax conditions.

A member of the public submitted that there are a lot of empty residential properties in Melbourne, and proposed CoM increase taxes on empty properties to encourage more availability of residential housing, resulting in lower rents.

Theme 5: Reduced property and developer taxes sought

3 comments

A few comments opposed any increases in property taxes or similar, as they felt that development is already expensive in Melbourne and greater costs will only reduce affordable housing provision by the private sector, rather than increasing it. Below is a summary of each comment:

An industry group stated that property taxes have become unsustainable and listed new taxes and levies that have increased costs over the last five years. They specifically state that:

If the industry is to continue to deliver new housing stock, it cannot tolerate any more taxes at this time or the decline in new housing will lead to a total freeze.

They believe recent regulations have increased costs and that all levels of government should assess the crises facing housing supply, before adding to the upheaval with more taxes and costly initiatives. They also identified a need for CoM to better understand and consider other taxes and reforms being imposed by other government agencies and their impact on the delivery of new housing stock.

Another industry group were of the opinion that tax and levy concessions should be offered to developers willing to agree and provide an affordable housing component to their development.

Relevant tax concessions could be stamp duty or other concessions such as sale price on the land or an exemption from state-based infrastructure contributions and other relevant property taxes.

Meanwhile, an industry group stated that:

Taxes and charges that contribute to the cost of producing housing, either increase the price of the end housing product, or reduce the land price a developer can pay from the original owner.

They disagree with the Draft Strategy in that new taxes or costs will only affect asset owners through offsetting land values, and suggest that high costs may mean residential development is no longer the best use of land, which may result in a reduction in the overall supply of new housing. They believe that high taxes, charges, and delays through the planning and development approval process reduce housing supply by increasing risk, reducing returns, and making certain types of development unfeasible. If costs become too great for private development, they believe that governments need to fund residential housing, which diverts resources from other areas such as health and education.

Theme 6: Specialist staff required

3 comments

Three comments were made about staffing, they are presented below.

A member of the public stated that internal systems will require the employment of more staff.

A social advocacy group noted that their processes are structured within the organisation to include Council staff with expertise in responding to homelessness.

And, an industry group sought clarity about how this would be funded, and assurances that this would not be supported through contribution funding.

Theme 7: Monitoring approach discussed

2 comments

A few comments discussed monitoring to record affordable housing outcomes, they are presented below:

An industry group stated:

[Our organisation] supports the recording and assessment of affordable housing outcomes; however, we believe consistency is vital to ensuring accurate statistics and understanding of need across Victoria. A state-based approach would more likely lead to greater affordable housing supply and prevent an inconsistent approach between councils. It would also better facilitate the delivery of affordable housing to targeted areas

An additional industry group made the following comment in support of monitoring:

Where appropriate this data could be made publicly available, so that to assist other parties, such as other local governments and industry, in demonstrating what approaches have been undertaken and how successful they were. This would provide the City of Melbourne with an opportunity to show leadership within the affordable housing space

And, an industry group made the following suggestion regarding monitoring:

The recording and assessment of affordable housing outcomes be made public and available on the City of Melbourne website.

Theme 8: General support and other comments related to CoM processes 7 comments

A small number of submissions made short statements in support of Priority 3, with a couple of these stating that Priority 3 is necessary, and will be effective.

A local government body and an industry group provided general support for this priority.

An additional industry group had some criticisms of the SGS economic modelling for the Strategy. Overall, they state the SGS model is too simplistic and too much in favour of an inclusionary zoning approach.

They made specific comments relating to the market fundamentals of the property and development industry. In summary: the supply of development sites is not elastic; it is highly constrained; if the retail housing market does not accept higher end prices, supply will stall; development margin does not and cannot get squeezed; most developers are looking at a pipeline of development sites that need replenishment, and this process is highly competitive; the planning scheme and the planning processes itself puts significant risk into projects; the market, in reality, does not support the theory that landowners will simply accept a reduced price for their land; and that a supply of development sites will continue to flow into the pipeline. The requirement to “gift” completed dwellings will significantly impact the viability of most sites and cripple the delivery of new housing supply.

A research institute discussed value capture. They believe it is an important tool to ensure the value of property uplift is shared equitably between landowners and communities, and also stated:

“...would like to see a more thorough process for calculating and applying Value Capture to rezoning’s in the Final Affordable Housing Strategy, based on sound research on ways to avoid higher prices being passed onto home purchasers.”

A local government body discussed the use of both uplift incentives and value capture and encouraged CoM to remain open to the use of both tools to facilitate affordable housing supply.

An industry group submitter similarly stated that they strongly support the plan to strengthen and clarify planning tools and processes. They feel this would greatly assist developers to plan their buildings and understand the requirements and potential benefits of including affordable housing. They made four suggestions:

1. Planning permits for all affordable and social housing projects greater than 5,000m² Gross Floor Area to be processed by the Department of Planning (DELWP), not local councils.
2. Meaningful, clear and consistent incentives for developers to include affordable and social housing properties within new properties across all local government areas.
3. Development of measurable, consistent and objective criteria for assessing how much uplift a community benefit is worth (see appendix for full suggestion).

An industry group discussed the difficulty posed by voluntary agreements, and they posed this solution:

To address this issue, they suggested a working group between industry and local government authorities, to provide an opportunity to collaboratively discuss what the difficulties are in delivering such voluntary agreements and other affordable housing delivery matters. This may

assist in finding better resolutions, which are easier to navigate, for all parties involved. The voluntary options raised and endorsed by HIA within this submission should also be considered to address this issue.

A social advocacy group submitted that:

It is vital that these processes remain connected to the challenges faced by Council in housing people experiencing homelessness in inner Melbourne, and the direct costs and broader impacts of failing to house this group. ...the Affordable Housing planning policy to be developed specifically include the reduction of homelessness as an objective.

Priority 4. Advocate and partner for affordable housing

39 Comments

PROPOSED CoM ACTIONS

- 4.1 Advocate across all levels of government, the private sector and the broader community to improve affordable housing outcomes.
- 4.2 Advocate to the Victorian and Australian Governments for the increased investment and provision of social housing, with an emphasis on public housing.
- 4.3 Partner with the State and Federal Governments to identify surplus land for the delivery of affordable housing in the City of Melbourne. This may include land that is owned by government departments and entities such as Melbourne Water and VicTrack.
- 4.4 Use City of Melbourne events, public forums and media platforms to promote greater awareness and understanding of affordable housing issues and alternative housing models.

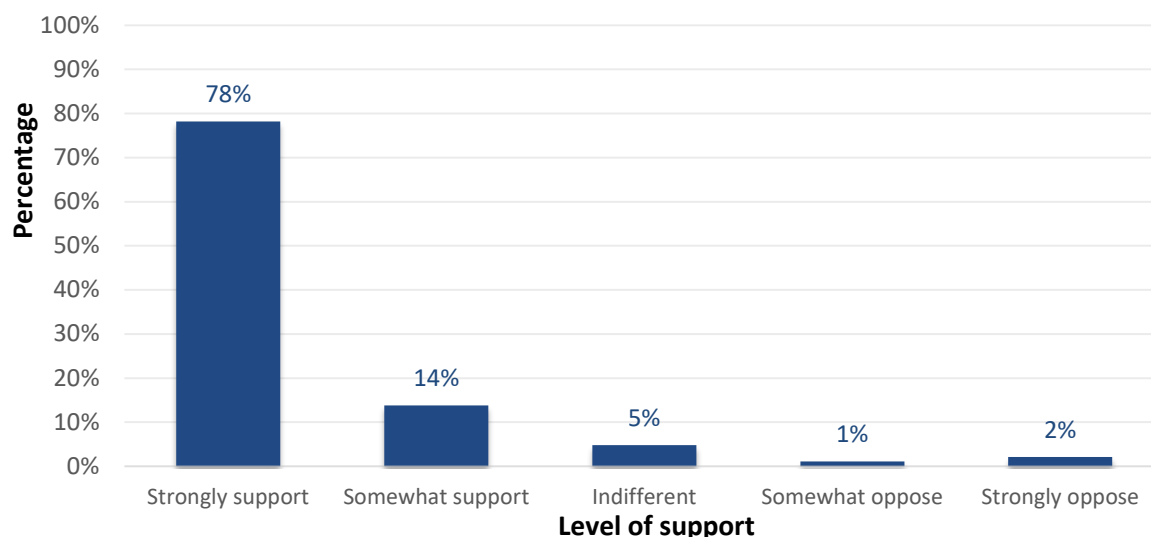
Summary of findings

- 92% of survey respondents supported CoM advocating and partnering for affordable housing.
- There was an overall positive response from both the survey and written submission respondents for City of Melbourne advocating to improve affordable housing provision.
- The most common sentiment in these comments was that CoM cannot significantly effect change alone and must work with other agencies, particularly levels of government that have more resources and greater direct impact.
- There was moderate discussion regarding the value of partnerships, with written submission respondents stating that seeking outside expertise is vital during such a development. Some written submissions offered to partner with CoM directly to provide specialist knowledge, while others stated their appreciation for the inclusive approach and wider consideration of those most vulnerable to the housing affordability crisis in Melbourne.

Survey respondents' level of support

The chart below presents the level of support or opposition for this priority, from the 182 survey respondents and 6 focus group participants.

Advocate and partner for affordable housing



- > A significant majority of respondents supported Priority 4, with 92% of respondents expressing support – 78% strongly supported and 14% somewhat supported it.
- > Three percent of respondents opposed this strategic priority and 5% were indifferent.
- > This strategic priority received the second highest level of support.

Synthesis of comments

The discussion that follows presents the comments made on this priority by survey and focus group respondents and those who provided written submissions.

Theme 1: Advocate to increase the actions of other levels of Government 13 comments

The most common opinion expressed regarding this priority was in support of advocating for other levels of government to increase their activity with regard to affordable housing. While a couple of general comments supporting greater action by other levels of government were made in survey responses, written submitters made a high proportion of these comments.

The consistent argument made in the written submissions summarised below, was that the affordable housing crisis is a significant issue and too large for CoM to solve on its own. In fact, these submitters stated that there are more resources and mechanisms available to other levels of government and a good approach from CoM would be to advocate for others to do more and collaborate in the delivery of these actions where it can.

A member of the public proposed advocating to the Victorian and Australian Governments for increased investment in and provision of social housing, with an emphasis on public housing. This submission suggested partnering with the State and Federal Governments to identify surplus land,

including land owned by government departments and entities such as Melbourne Water and VicTrack.

Comment from a community housing sector organisation were consistent with many others when they enthusiastically identified the need for CoM to advocate for different levels of government to do more and be more coordinated in their approach, stating:

We strongly support the need for advocacy to different levels of government, State and Federal, to ensure the growth of affordable housing. In particular, there is a pressing need for a National Housing and Homelessness Strategy.

An additional community housing sector organisation supported CoM's advocacy to the Federal Government, as summarised in this comment:

[Our organisation] welcomes Council's proposed advocacy efforts and commends Council for its significant work in prioritising the housing crisis in our capital cities and efforts with the Federal Government through its work with the Council of Capital City Lord Mayors network, and other initiatives.

Within their submission, a few further suggestions were provided. Firstly, that City of Melbourne should consider referencing and supporting the National Plan for Affordable Housing. This plan reportedly provides a reliable representation of the housing sector and illustrates some viable solutions to the issue of affordable housing. Specifically, they stated:

The Plan is focused on delivering four key objectives:

- *Increasing Australia's housing supply so that it is commensurate with demand.*
- *Ensuring that housing is affordable for renters and home buyers on low to moderate incomes.*
- *Building a national housing market that is efficient.*
- *A diverse housing profile that suits people's needs, at different stages of life.*

Additionally, these submitters backed CoM in seeking funding and support from the Victorian and Australian Governments to help provide affordable housing, seeing it as a pressing priority.

A research institute submitted that although local government has an important statutory responsibility in relation to the administration of the planning system, many of the key policy levers are controlled by the state government. They provided a number of successful examples of where local, state and federal government, along with private organisations have created successful outcomes using a collaborative approach. They summed up what could be achieved if a more holistic approach was taken, and supported CoM's advocacy for such an approach.

A holistic national housing strategy would to (sic) drive outcomes across the entire housing system, integrating the different financial settings, subsidies/grants, policy levers and programs to address the continuum of housing needs.

A community group welcomed CoM's commitment to advocating and lobbying the Victorian and Australian Governments, and other councils in the Greater Melbourne area. They consider it incumbent on a range of stakeholders to meet the social obligation to provide affordable housing in Melbourne for those who need it, specifically unlocking more land and generally working together to deliver more affordable housing stock.

A community housing sector organisation were supportive of Priority 4 and specifically stated:

A national housing strategy and increase in state and commonwealth funding for affordable housing is critical in ensuring long-term growth in the number of affordable housing units.

A social advocacy group submitted that they have valued CoM's recent advocacy and leadership with other levels of Government, particularly at the Federal Government level. They wish for the continuation of this advocacy, specifically:

Advocacy to other levels of government for more social housing, with an emphasis on public housing, and Identification of surplus government land for the delivery of affordable housing in the City of Melbourne.

An industry group believes the current housing affordability crisis requires a whole-of-government approach underpinned by significant capital investment from the State Government, and predominantly driven by fiscal initiatives. The following comments illustrated the above points:

Affordable housing is social infrastructure that is a broader community issue; the solution to which should not be isolated to the private sector. Significant underinvestment by governments over time cannot be successfully remedied by leveraging the new housing markets in a way which will directly result in further price lift and reduced affordability.

...the Victorian Government to establish a whole-of-government Affordable Housing Strategy rather than seeking to introduce affordable housing requirements at the Council level;

3. Avoiding unworkable and unnecessary duplication at various levels of government and to include the City of Melbourne's approach in the state-government led strategy.

In their submission they outlined what has been achieved in the past and more recently at Commonwealth and State levels, but criticised that there is no clear long-term vision as to the volume of affordable housing government policy seeks to deliver, implying that a linked up vision is necessary for success.

A research institute believes the current housing crisis is due to successive governments' decisions to underfund social and affordable housing at the Federal and State levels. They believe:

Advocacy should focus on a National Housing Strategy supported by large-scale and consistent funding mechanisms to drastically increase the amount of social housing built across Australia.

A local government body believes that local government alone cannot address the scale of the affordable housing problem without supporting programs and direct investment from other levels of government.

An additional local government body believes that CoM's plans are consistent with their own request that the State meaningfully engage with councils in determining and implementing the planning mechanisms for affordable housing.

A third local government body also expressed their support for this priority.

And, lastly, a community group made the point that CoM should learn from other Government agencies, stating:

What would be useful is to understand what has impeded the financial commitment of National and State governments resulting in no increase in public housing this century.

Theme 2: The value and benefits of partnerships

12 comments

The benefits of forming partnerships to aid the Draft Strategy were discussed by a couple of survey respondents. Partnerships between different tiers of government were encouraged, as well as partnerships between CoM and other organisations that could offer expertise to help implement the Draft Strategy.

We agree there is an opportunity to establish formal partnerships to investigate innovate (sic) models of delivery and pilot projects.

The ten written submissions that commented on partnerships were positive in their appraisal of this approach, and discussed it from multiple perspectives.

A number of respondents in their written submission keenly supported the collaborative approach taken by CoM in tackling the affordable housing issue, appreciating the partnerships formed and the City's search for speciality industry input. The underlying message in these comments was that CoM and the community would get to benefit from the skills and resources of others with diverse skill sets and areas of interest, via partnerships.

A member of the public suggested partnering with the State and Federal Governments to identify surplus land, including land owned by government departments and entities such as Melbourne Water and VicTrack for affordable housing.

A social advocacy group stated:

[Our organisation] also appreciates the partnership approach the Council has demonstrated in working with [us] and the broader specialist homelessness sector, in directly responding to the significant challenge of homelessness in inner Melbourne

Two industry groups proposed a specific text change to the Draft Strategy:

Advocate and partner across all levels of government, the private sector, industry bodies and the broader community to improve affordable housing outcomes.

A community group referenced the *Housing Mix Taskforce* and stated that there is no 'silver bullet' to delivering the volume of social housing required, but instead:

There is great opportunity for more collaboration between stakeholders to deliver more affordable housing, and in particular a need for leadership from all levels of government.

An industry group were supportive of a collaborative approach, rather than the mandated approach they currently consider the Draft Strategy to be taking, stating:

Affordable housing requires the cooperation of both government and industry and must remain viable for all parties.

A member of the public detailed how partnerships may include developers, builders, and Community Housing Associations (CHAs). Specifically, they submitted how affordable housing is often managed by CHA's and this should be the case in Melbourne. Additionally, the submitter suggested that the properties may be leased to these organisations, allowing them to make a profit while also ultimately repaying the Council's investment. They concluded CoM ought to maintain ownership of the properties to ensure they are correctly managed and fulfilling the goals intended.

An industry group discussed the benefits of joint ventures, specifically ventures with a social housing authority, private community housing provider, or industry member.

The City of Melbourne should look to pursue partnership opportunities with a willing private developer to build and manage a project where there is a component of affordable housing. Any component of affordable housing must be made available with strict arrangement around the management of homes into the future to avoid profiteering.

An additional industry group stated that the housing affordability crisis requires a whole government approach and significant financial support from the State Government. They also stated that they are ready to partner with some conditions:

The urban development industry is ready, willing and able to deliver affordable housing in partnership, but not at the expense of investment certainty and project feasibility.

A local government body advocated for partnerships with the State, stating:

We also requested that the State meaningfully engage with councils in determining and implementing the planning mechanisms for affordable housing. The City of Melbourne's advocacy on this point, as well as advocacy commitments for improved affordable housing outcomes in general (Actions 4.1 and 4.2), is an important contribution to these efforts.

A submission from a community housing sector organisation suggested that CoM consult specifically with the Aboriginal Housing Victoria:

HCA recommends that Council consult directly with AHV [Aboriginal Housing Victoria] and ensure that the needs of the city's Aboriginal and Torres Strait Islander population are addressed and reflected in the Strategy.

Beyond this, the submitter suggested CoM investigate the successes of the partnership regime in Canada, known as the *National Housing Co-Investment Fund*:

Canada's National Housing Co-Investment Fund, where partnership is a central feature and all investments are maximised through a requirements that all participants (including all tiers of government) contribute to the project in order for it to proceed.

Theme 3: Support for broad CoM Affordable housing advocacy 9 comments

Several respondents broadly discussed advocacy for affordable housing. Survey respondents offered a variety of suggestions for CoM as an advocate, including the following response:

Even though you can't legislate I still think it's bold and great that you will begin advocating for these measures.

There were a moderate number of written submissions that offered detailed discussions of advocacy within the community. These comments suggested that this approach would raise awareness of affordable housing needs and support the activity of those who are taking action.

A member of the public suggested the multiple roles that the city may adopt as an advocate, from a community advocate providing support for aged residents, to facilitating 'deliberative' developments. The submitter also suggested the city exercise a regulatory responsibility by providing rooming and boarding houses and aged care villages.

A submission from a research institute stated that CoM could advocate and support affordable housing development through explicit affordable housing policies, supporting not-for-profit providers seeking early engagement of local communities, and through providing specialist planning advice. They also believe that local government needs to understand the constraints and motivations of developers, and also play an important role in developing a shared local vision. In summary they stated:

Governments can provide stakeholders with the confidence necessary to adopt innovative approaches by providing certainty and strategic direction through long term commitment to policy objectives.

A community group supports the Draft Strategy's commitment to raising public awareness of the issue of affordable housing, through public forums and media platforms. They stated:

There is an opportunity for the Committee and the City of Melbourne to work together to raise such awareness.

A community housing sector organisation supports Priority 4 of the Draft Strategy and looks forward to working with the City of Melbourne and providing more Melburnians with a safe, secure, and affordable home.

A local government body commented that CoM's strategy is aligned with their own, and stated:

[Our organisation] is to "advocate for effective policy and increased investment" across all sectors and we look forward to continuing to work with CoM on the many areas of common purpose.

Theme 4: Critical of City of Melbourne advocating for affordable housing

2 comments

A couple of respondents had criticisms of City of Melbourne's advocacy approach. Below is a summary of these comments.

An industry group submitted that while they are generally supportive of advocacy, they felt that it should not be relied upon so heavily, stating:

We support advocacy for increased government investment and appropriate frameworks to support industry action to deliver affordable housing. However, we are concerned that the model proposed by the City of Melbourne is too heavily reliant on "advocacy" to deliver much of the required stock.

They believe that if the advocacy approach doesn't yield the proposed percentage return of affordable housing, the expectations placed on the private sector will be too great.

An industry group supports a holistic approach to addressing the issue of housing affordability and providing increased levels of affordable housing. They were critical of government regulated costs that add to house prices. They stated:

Most government policies which can influence affordability relate to land supply, taxation and planning. A lack of land supply can lead to higher land costs. Multiple charging of stamp duties on a house and land package as it is built all add cost as do land tax, development contributions and other fees and charges that are built into the cost of a new home.

It is the additional costs associated with these that form an enormous part of the final cost of housing and therefore affect affordability.

Theme 5: Direct partnership offers by submitters

3 comments

A few submitters proposed specific partnership approaches that they seek to be a part of. What each of these submitters proposed is outlined below.

A government organisation suggested a direct partnership where they could generate:

Stakeholder participation, primarily CHPs [community housing providers], sector specialists and state government bodies to deliver project specific outcomes.

As well as:

Allocate resources to work with the City of Melbourne to trial a proof of concept housing delivery model incorporating Council land and NHFIC financing.

An industry group stated they are happy to partner with City of Melbourne for this priority.

A social advocacy group also appreciated CoM's dedication to trying to increase the availability of affordable housing, and placed emphasis on the importance of forming partnerships with groups which seek to supply housing for vulnerable women and children.

We recommend that the City of Melbourne make equitable access for women and children an essential part of this strategy, including partnering with community housing organisations that specialise in accommodating and supporting women and children, including those re-building their lives after family violence.

They expressed their desire for a direct partnership in the following statement:

Significantly, our objectives as a member of the Alliance are consistent with the actions and policies suggested under Priority 4 in the Draft Strategy, namely:

...Partnering with the State and Federal Governments to identify surplus land for the delivery of affordable, supported housing.

They also called for vacant government housing to be made available to women's housing organisations.

Australian and international housing model comments

This section contains analysis of comments received regarding various housing initiatives and models. They were commonly offered in response to the question: *Do you have any ideas of new models that we could consider for future inclusion in the City of Melbourne?* and in written submissions.

Summary of findings

A broad range of suggestions were provided from examples across Australia and the world.

Specific findings:

- The Nightingale model was the most commonly cited model that could be adapted to provide high-quality, sustainable affordable housing in Melbourne.
- Cooperative housing initiatives were frequently suggested, with shared spaces and facilities to increase affordability. Comments about cooperative housing were focused on accommodating particular populations such as students and older people. Tiny homes were suggested as an opportunity in this context also.
- A considerable number of examples from other countries were cited as effective affordable housing strategies; European countries and the United Kingdom were the most frequently discussed.
- Several populations were identified as in need of targeted affordable housing strategies: the homeless, older people, and key workers received the most comment.
- Social housing (also referred to as public, or community housing) was widely supported as an effective means for housing those in need; comments about previous underfunding were paired with those calling for increases in funding.
- Various other community and social aspects were raised, most in relation to the importance of creating affordable housing that promotes community cohesion.

Initiatives to consider

110 Comments

Descriptions of specific initiatives

There were a considerable number of respondents who highlighted specific initiatives as suggestions for CoM to consider as part of the Affordable Housing Strategy. Many of these were briefly described, and each initiative was seldom mentioned by more than one respondent. Comments on each initiative are summarised below. The Nightingale model initiative, which received significantly more comments than other examples is discussed first.

Nightingale

16 Comments

Several survey respondents made comments with reference to the Nightingale model which is mentioned in the Draft Affordable Housing Strategy (page 21) as a popular example of private sector approaches to funding. The Nightingale model has measures in place to ensure affordability, high sustainability requirements, and is socially inclusive.

A small number of these comments simply gave the name of the model as their response. Respondents who discussed the model in greater depth referenced its focus on green spaces, eco-friendliness, improved street design, and community.

It was suggested that aspects of the Nightingale model could be more broadly applied to affordable housing, such as an emphasis on smart spaces, increased community facilities and removal of car parking to reduce costs. One respondent stated the following:

You mention it in the strategy but Nightingale and Assemble models, while not directly delivering affordable housing, would be useful in considering thoughtful, ethical and community-minded development. There is clearly a market for good quality development, and if this can be made affordable then urban consolidation and improved living standards for everyone can be a reality.

In the written submissions, there were a small number of comments about the Nightingale model.

An industry group noted that they had worked on a variety of affordable housing projects and commended the Nightingale Housing model.

A member of the public submitted that the Nightingale model had achieved modern designs for affordable buying in a number of housing projects, and stated that the model could be easily adapted to develop affordable rental housing.

The Nightingale model's mission to provide housing that is environmentally sustainable, financially affordable, and socially inclusive was highlighted by a community housing sector organisation's submission, which included the following point:

The partnership between [our organisation] and Nightingale is significant because it is the first time that a Nightingale development has included an affordable housing component, with the potential to create an innovative, exemplar housing model. These development projects have a clear alignment with [our] mission, as they strive to deliver: • a development model delivering capped investor profit margins; • significant environmentally sustainable design; • low running costs for tenants; and • a community atmosphere promoting high levels of social and economic inclusion.

German Baugruppen Model

5 Comments

A small number of survey respondents highlighted the specific initiative of the co-operative German housing model, *Baugruppen*. A few of these comments simply mentioned the model as a suggestion to look at.

There were a couple of comments that gave more detailed responses, one stating that the model has a flexible building design which allows for temporary shelter for refugees, or shared accommodation for visiting families which reduces the costs of having extra bedrooms that are not always needed. Another respondent stated that CoM should collaborate with housing co-ops to initiate projects and ensure affordable housing inclusion.

Housing First

3 Comments

One survey respondent discussed the Housing First model, which stated that more than a home is necessary for success, and that aid in transitioning from homelessness to a home is a key aspect.

Two further written submissions were made regarding this model.

A member of the public stated that the approach should be adopted based on resulting improvements, and pointed to the success of the method in Canada and Finland.

An additional member of the public discussed the Housing First model, commenting that it was encouraging to see City of Melbourne referring to the model in the Homelessness Strategy, however expressed concern that a wider approach than Housing First alone was needed, including sufficient support services. The approach should be viewed as a way of thinking and acting differently to break the cycle of homelessness, but should not be viewed as a single programmatic response.

Assemble Model

3 Comments

A few survey respondents mentioned the Assemble model, which is mentioned in the Affordable Housing Strategy (page 21) and offers long-term leasing of apartments with an opportunity to purchase at the end of the lease. A couple of the survey respondents simply stated, "Assemble model".

One survey respondent suggested that Nightingale and Assemble models should be distinguished with the following comment:

Your strategy mentions both Nightingale and Assemble. As far as I can tell, Assemble is not attempting to address affordability at all, but Nightingale is. Assemble is just a developer trying to tap into the market of people who haven't learned financial literacy. Nightingale seems legit.

Other Specific Initiatives

6 Comments

A small number of other specific initiatives were mentioned by survey respondents, though most of these discussions lacked detail. These were all mentioned by only one person, and included the following:

The Barnett model: the survey respondent who mentioned this model questioned why the City of Melbourne is not helping to scale this model. The respondent stated the Barnett model can provide ongoing development of affordable home ownership, and funds to develop accommodation for those experiencing homelessness.

Community Land Trust model: such as subsidy retention land management.

Kids Undercover: it was suggested that this already existing program should be expanded even to very small lots available in the city of Melbourne.

Permanent Rental Affordability Development Solution (PRADS) model: developed by Housing All Australians was mentioned by a survey respondent.

Brisbane Housing Company: was flagged by one survey respondent as an "ok model".

An industry group raised the *National Rental Affordability Scheme (NRAS)* and suggested a program similar to the NRAS could be used to meet the current affordable housing shortfall. The submission included the following:

NRAS had it flaws, partly due to the fragmented allocation and management by private investors, but successful versions operate in the USA and elsewhere. If funding was directed to Housing Associations who could take head leases over stock which best meets their requirements, then there is the ability to increase the stock of affordable housing immediately rather than waiting for new stock to be constructed over prolonged timeframes.

Cooperative housing

18 comments

A moderate number of survey respondents made comments about cooperative housing, a small number of which were general suggestions of cooperative housing such as “cooperatives.”

There were five survey respondents who suggested cooperative housing models that contain shared facilities such as washing areas, gardens, courtyards, and other useful spaces. The following comment was one of these:

Cooperative and communal options for renting and buying - more shared facilities for resource and cost efficiency.

A few survey respondents mentioned shared equity models, stating that a shared ownership scheme where the Government owns a share and the homeowner owns the other share. A couple of comments were made that co-housing can mean a higher quality development is built, with cheaper rent.

Cooperative housing was suggested by a few survey respondents to decrease isolation; for friends to co-own together; and for there to be an equity exchange for mutual value. These included the following comment:

Cohabitation could be a good way to get vulnerable and lonely people healthier and happier. It would also reduce the environmental impacts and save all parties money!

Student Housing Co-operatives were suggested by a few survey respondents, with one comment stating that students of low socio-economic status face financial barriers to accessing tertiary education, particularly housing. Stucco Sydney and Canberra Student Housing Co-op were listed as examples of this. Intergenerational co-operative housing models such as *student as carer* systems were also suggested.

Tiny or small housing

13 Comments

Several survey respondents raised the idea of tiny or small housing. Five comments here specifically suggested introducing container houses. A few comments suggested that tiny houses could be a solution for the homeless and low-income people living in the city.

Tiny homes for homeless and low income. Not just a good idea for holidays. Look to cities like Chicago who have built hamlets for the homeless

Tiny home communities, micro apartments, granny flats and self-contained dwellings were all mentioned by survey respondents.

One respondent indicated that there are many single people who wish to live in the city and that constructing small and affordable studio style apartments may remove the current cost barriers of living in the city.

Build to Rent or mortgage schemes

9 comments

Build to Rent (BTR) models were mentioned by a few survey respondents, although these responses lacked further details. One survey respondent noted a zero-carbon BTR initiative named *Passive Place*.

Reverse mortgages for the aged population was suggested by a survey respondent.

There were three further written submissions regarding BTR the model, all in favour of the model's implementation in Melbourne.

An industry group argued that BTR will be integral to delivering the required affordable housing stock. They suggest looking to the UK as an example for BTR, due to affordability changes in the UK housing market. To ensure the affordability of BTR assets in the UK, there has been guidance to local authorities to assess BTR as a separate planning use class. The suggestion is that the facility needs to be 100% rented, and some needs to be affordable. Longer tenancies and covenants to ensure the units remain as rentals for a specified period can be required through a section 173 agreement, as a condition of any BTR permit issued by CoM. An industry group stated:

The UK Government has also applied certain targets on local authorities and social landlords for housing and these targets include facilities for the renting population. A similar approach could be taken by the Federal Government for BTR projects in Australia. A uniform national approach could assist the various State and Territory governments (including local governments) in achieving affordability targets – particularly if these projects are given planning priority across all of the States and Territories.

An industry group also highlighted the BTR approach that is common in the UK to supply affordable housing in the “medium term”. They stated the distinct advantage of BTR being not requiring presales in order to start construction, and noted “BTR has been a countercyclical driver of housing in many countries.” They stated:

Given the downturn we are now in, the Strategy must directly address the opportunity for BTR and consider the incentives that would allow BTR to flourish with a high proportion of affordable housing in the rental mix.

A community housing sector organisation suggested a funding mechanism where the Government subsidises housing for low income earners, by financing part of the mortgage in order to increase the supply of affordable housing.

An industry group described their shared equity approach. They outlined an example of a purchaser only paying cost price to initially purchase a home and later paying 33% of the proceeds of the sale back to the Barnett Foundation when the house is sold. This enables purchasers to get into the

housing market and have the benefits of a new home, while only paying two-thirds of the market value of the property upfront.

Places with models to consider

37 Comments

A considerable number of survey respondents and written submitters highlighted specific places as examples of successful affordable housing models, or specific ideas in a place that City of Melbourne could look to. There is some overlap in the comments with the specific *Initiatives to consider* sections above, when respondents and submitters discussed an initiative in a particular a place.

European Countries

8 Comments

A small number of survey respondents made comments with reference to European countries as successful examples of affordable housing schemes, specifically Finland, Austria, Denmark, and Germany. The following comment is an example of these:

Look to cities like Vienna for inspiration. Affordable rent, rent caps, social housing, stricter laws for developers. They manage to supply a huge amount of social housing without creating ghettos. Social housing needs good amenities and transport to succeed also so don't overlook those

A member of the public made a written submission highlighting the success of the Austrian Social Housing sector supplying between 14,000 and 16,000 dwellings per year since the Global Financial Crisis. This equates to around 30% of all new housing constructed across the country.

United Kingdom

6 Comments

A small number of survey respondents and written submitters pointed to the UK as an example of successful affordable housing models. These comments stated: that the UK had a range of models; that there is an affordable home ownership scheme in London; and that 19% of national housing completions in 2017 were social housing or not-for-profit.

A member of the public submitted that London added targets for 50% of new housing to be affordable, of which 70% should be social housing and 30% “intermediary”.

An industry group highlighted the UK Build to Rent schemes which have been discussed above.

United States of America

6 Comments

A small number of survey respondents and written submitters made comments mentioning places in the USA. One respondent suggested the Permit Ready ADU Program, as implemented in Encinitas, California, provides property owners with customised, permit ready accessory units. This was thought to expedite the bureaucratic processes associated with development.

A member of the public and a research institute submitted that San Francisco is an example of why it is important to be pro-active in providing significant affordable housing, and that the cost of inaction is too great [we believe these are references to high levels of homelessness].

Canada

5 Comments

A small number of survey respondents and written submissions suggested Canada as a place to look to for Affordable Housing Strategy inspiration. These comments mentioned the “Options for Homes”

model and said Canada has been running a similar successful model for 25 years; allowing more infill development like Vancouver has done with laneway houses; and the city of Burnaby in Canada having a rental-only zone.

A community housing sector organisation submitted that CoM should consider the success of Canada's National Housing Co-Investment Fund.

A research institute submitted the following:

In our study of four major cities – Melbourne, Vancouver, Toronto and Portland – researchers from the University of Melbourne found that vertical governance that aligned funding and priorities across levels of government was one of the most important aspects of delivering affordable housing (Raynor & Whitzman, 2020). The creation and release of a National Housing Strategy in Canada has been a game-changing event for affordable housing and we call for a similar outcome in Australia.

Australia

3 Comments

A small number of survey respondents and written submissions highlighted other specific places in Australia as examples. Respondents suggested looking at City of Yarra Ranges' negotiations for utilising church owned land.

An industry group cited a local government body's system: City of Canning's planning points system for affordable housing where net community benefit is incentivised; Cardinia incentivised development; and Hepburn Shire Council subdivision within a non-apartment building context to transfer lots to a Registered Housing Agency.

Asia

3 Comments

A few survey respondents noted Singapore and Asia more generally as having successful housing models, the following comment being an example:

Singapore has great strategy and demonstrates what can be done well with public housing

Other

6 Comments

A small number of survey respondents suggested other specific initiatives or places as an example for City of Melbourne. Using shipping containers as buildings, as was done in Christchurch, New Zealand, was noted by two respondents. Using uninhabited spaces and buildings already in existence as is done in the Netherlands was suggested by one respondent.

One respondent suggested using formulas to determine rental densities that are based on the incomes of those working in the area, so that housing can match the percentages in the area. The respondent noted this would bring all types of people together.

A few suggestions were made that mentioned specific places that have been discussed in other sections, including: Chicago, where tiny homes have been used; Marundaka, Northcote Rental Housing Co-op; and Student housing cooperatives as in Sydney and Canberra.

Strategy should target specific populations

73 comments

A substantial number of comments from survey respondents and written submitters advocated for particular sectors of the community, when considering the provision of affordable housing.

The homeless

34 comments

A considerable number of comments addressed Melbourne's homeless population. The consensus amongst comments was that this population, as one of the most vulnerable, requires support. While comments in several cases warned of the dire consequences facing this population if affordable housing solutions are not found, and several others noted homeless tangentially (such as noting various housing initiatives which could help the homeless), most raised the homeless population as one which the Draft Strategy must address.

Comments such as the following were typical:

It is vitally important that we stop homelessness. Public housing is needed.

Key concern should be advocating for social housing for people experiencing or at risk of homelessness.

One detailed comment from a survey respondent follows:

I am also very concerned that a nation and city as wealthy as ours has homeless people ... We should not tolerate this. There should be the ability to offer these people a place to shelter safely and to offer food, and resources should also be devoted to employing people who can, on a daily basis, help homeless people find the resources they need. It will be a cost to society, but the cost of leaving people without support is far greater.

Written submissions contained similar sentiment, mainly citing the severity of the issue of homelessness.

A member of the public referred to the homelessness emergency, stating it needed to be resolved.

A community housing sector organisation applauded the Lord Mayor's efforts to highlight the plight of the homeless, and were of the opinion that an increase in social and affordable housing will contribute to the pathway out of homelessness.

An additional community housing sector organisation discussed homelessness both broadly and in a post-Covid-19 context. On the latter point they reiterate that:

It is inconceivable that the arrangements implemented to house people experiencing homelessness in private hotels and other accommodation will see these people returned to homelessness when the Coronavirus pandemic is resolved. An early and immediate priority must be the establishment of temporary and cost-effective transitional accommodation in the form of either: a) buildings to be quickly retrofitted as suitable accommodation, and/or; b) the construction of modular units located temporarily (a six to 12-month period) on public land.

A research institute stated the Draft Strategy could be more closely linked with CoM's initiatives to address the growing problem of homelessness within the municipality. They provided research to

support their claim that the risk of becoming and remaining homeless is tied to the condition of local housing and labour markets.

A community group noted “overwhelming disappointment” at:

the lack of attention given to the needs of homeless folk in the City of Melbourne and indeed the matter of social housing. We all can acknowledge that social housing comes under the broad canvas of affordable housing but the relevance applied to it in the strategy is very limited.

A social advocacy group focussed their submission around homeless persons. They advocated for increased attention in the Draft Strategy to homeless persons and wanted to see more targeted solutions for this population.

Remaining written submissions referenced homelessness either in passing, or in the context that the affordable housing situation affects this group: two members of the public, a community group, a community housing sector organisation, a social advocacy group, an industry group, a research institute, and a local government body.

Older people

12 comments

Several comments addressed the needs of older people in the provision of affordable housing.

These comments were consistent in their appeal that older people’s needs be considered, and that this vulnerable group ought not to be neglected. Frequently, this demographic was cited simply as a group in need of support.

A few comments suggested needs-based assessments to fast-track elderly into affordable housing. The following comment describes the groups one respondent believes require affordable housing the most:

Those in precarious economic situations that leave them vulnerable to homelessness such as renters, older single women, and people in casual or unstable employment etc need more support. Addressing affordable housing has never been more important.

A member of the public noted the injustice in the “much longer waiting times for VHR [Victorian Housing Register] offers to senior-aged applicants for public/community housing than those offers which come directly from CHA providers”.

A research institute discussed housing delivered through inclusionary zoning in the context of its ability to provide for vulnerable groups:

Housing delivered through inclusionary zoning should not only house ‘socially acceptable’ nurses and child care workers while excluding other vulnerable members of society and should remain aware of Community Housing Provider’s requirements to continue serving high-needs households.

Two industry groups, a member of the public, and a social advocacy group each noted the needs of this group in submissions.

Working people/ key workers

12 comments

Several comments identified the needs of city employees or key workers in their responses or submissions. The sentiment was consistent within these comments, that is, that key workers ought to be able to afford to live in the city that they serve. In a small number of comments, key workers

were defined; definitions included: nurses, teachers, cleaners, CoM employees, firefighters, garbage workers, hospitality industry professionals, paramedics, police, transport workers, retail workers, and social workers. One survey respondent noted a desire for:

Opportunities for CoM employees [to] have access to affordable housing whether to rent or buy. Working with the community to make the city such a great place to live it can be somewhat frustrating that, even earning a good wage as a full time permanent employee, I couldn't even dream about owning or living in or near the CBD.

In addition, this group included those who “work in the city”. Those on a moderate income were deemed to have the right to live in the city where they work.

Other groups

15 comments

A few comments were received about each of the following groups identified as needing targeted attention in the Draft Strategy so that they can access affordable housing: Aboriginal and Torres Strait Island peoples; women and families; lower income earners generally; and young people and/or students.

A social advocacy group submitted supporting evidence towards the need for affordable housing for women (and dependents) to avoid the risk of violence in the home. They stated:

Over 90% of first requests by clients experiencing domestic and family violence to Specialist Homelessness Services for long-term accommodation were unable to be met (AIHW, 2016).

Social housing

24 Comments

The terms ‘social housing’ and ‘public housing’ were in many cases used interchangeably by survey respondents, and are largely understood by respondents and submitters to be the provision of housing for the lowest income brackets within society, and/or those with complex needs.

There was broad support for social/public housing as part of the solution to the housing crisis. The majority of comments discussed under this heading advocated for increased provision of social housing. One survey respondent used the phrase “defend and extend public housing”, which was part of an extended comment in support of this as a mechanism to address housing shortages. The following comments are indicative of the support for this form of housing:

Not enough attention given to social housing and in particular meeting the needs of the homeless

Adding a social housing component to these projects such as requiring the collaboration with a housing coop or the state/council to be one of the partners to ensure affordable housing inclusion.

A research institute noted the uneven national distribution of social housing, and that Victoria has the lowest proportion of any State or Territory. They urge that “various ways that investment in affordable housing might be increased” be explored, and cited research outlining the economic and social benefits of diversity and inclusivity.

A member of the public’s written submission noted the role of insufficient social housing in exacerbating the homelessness situation. He, along with, the submission of a community housing sector organisation pointed to the Victorian Housing Register waiting list as evidence of the extent of the problem. The member of the public noted:

The numbers of public and community housing dwellings in Victoria should be increased from 2.7 percent of total housing to a minimum of 6.3 percent of total housing. That is, more than a double increase in current public/community housing stocks is required to meet needs. This is a conservative estimate.

A community group believes the Draft Strategy could:

...be materially enhanced by more explicit recognition of the role of social housing and the attendant supporting mechanisms, to meet the immediate needs of the homeless in or community.

A social advocacy group commended CoM and the focus on creating affordable rental housing and noted that “within the spectrum on affordable housing, only social housing options are affordable to people on the lowest incomes”. They also stated:

There is a risk that a broad strategy across all affordable housing options, will result in the creation of housing that is predominantly at the more expensive end of the affordable housing spectrum.

This group would therefore like to see more emphasis on social housing to enable the greatest benefit to community per development.

A member of the public discussed what they described as a “badly handled” Abbotsford Street housing estate renewal in North Melbourne; her submission endorsed CoM’s intent to directly provide social housing.

Community and social aspects

18 Comments

A moderate number of comments in survey responses and in written submissions addressed community cohesion, diversity, and inclusiveness topics. Although this was frequently in the context of social housing, in some cases the comments simply pointed to the significance of the concept of communities when considering affordable housing strategies. The following comments exemplifies this:

Barrie Barton, Right Angle Studio (Australia) seems to understand the importance of creativity and inclusion vs high density housing design and procurement. It is not just about making affordable houses available to low income communities, but about integrating the community to the rest of people and vice versa.

Respondents talked about bringing communities together through affordable housing solutions, exploring mechanisms by which this can occur, and, in some cases, they warned of the consequences of leaving this aspect unaddressed. The following comment sums up the sentiment well, while acknowledging the complexity of the situation:

I have no easy fix for this, but I believe smaller social housing developments in central locations are better than shovelling large numbers of disadvantaged, impoverished people in far off suburbs and regions where the disaffection and disadvantage and the rage and lack of hope that comes with it can fester into criminal activity and anti social behaviour.

Another survey respondent credited mandatory inclusionary zoning with having the effect of making “more diverse, stronger communities”, while another raised the idea of permanence and security of residence being a precursor to community cohesiveness:

Creating community is partly about rental security and permanence. The more secure the tenant feels the more likely they will be to put down roots and contribute to their own living conditions and that of the neighbourhood... Affordable housing should not limit itself to being simply cheap cost it must, as you have identified, be measured against its broader value to our society.

Comments on this topic were relatively consistent across survey and written submissions. Many written submissions included discussion of community. This included:

An industry group reinforced the Strategy's dictum that strength is in diversity, and that affordable housing is vital for this. And, a community group, who recommended strengthening the references to human rights in the Draft Strategy.

An additional industry group noted that social inclusion and community wellbeing is dependent on affordable housing sites having access to public transport routes, as well as to open space.

Rent controls, house price controls

8 comments

Seven survey comments were made on the subject of rent controls. These comments were varied and offered several suggestions on how the rental market could be managed differently. Some of these comments were more general in nature, calling for things such as more tenure security for tenants, and rent regulation for everyone.

Other comments offered more specific suggestions, including: fixed rent-price ranges for certain house types (e.g. 2/3 bedroom) which stay the same irrespective of the suburb; incentives to help people offer their private rentals at a lower rate; and developing some kind of 'good-tenant' database to make it easier for those from lower income households to get accepted when competing for properties in the private market. One idea was:

Flexible rent with variable rates depending on income (ability to change rent if there is a return to workforce part/full time or engage in education without suffering financially or becoming ineligible for the property.

Additionally, one written submission discussed rent controls.

A member of the public suggested that the rental price of affordable rental dwellings should be no more than 30% of the tenant's income plus Commonwealth Rent Assistance.

Overall Draft Strategy and context comments

This section contains analysis of comments made on a broad range of Draft Strategy topics, and the contextual issues related to the preparation and implementation of the Strategy.

Summary of findings

- > A considerable number of respondents identified and discussed the need for this strategy, in particular, the current negative social impacts of a lack of affordable housing were raised, as well as the fact that this situation will worsen with inaction.
- > A considerable number of respondents offered general support for the Draft Strategy, with overall sentiment being that the Strategy is a good approach and will result in positive outcomes.
- > A considerable number of statements were made about the need to increase the supply of affordable housing to alleviate housing issues.
- > A moderate number of respondents urged CoM to ensure that sustainability is factored in; respondents cautioned against short-term thinking.
- > Covid-19 was raised both as a factor exacerbating the negative effects of affordable housing shortages and as having the potential to create a new economic climate under which development will be generally more difficult (this was particularly the case in written submissions made close to the deadline for consultation).
- > General opposition and alternative approaches were suggested by several submitters.

Need for affordable housing

34 Comments

A considerable number of respondents stated that there is a need for more affordable housing, or that this is an important action for CoM to take.

Just over half of the comments were relatively short statements made by survey respondents. In these comments, affordable housing was deemed 'urgent', 'necessary' and 'important'. In the few comments where this need was explained, respondents raised the importance of affordable housing on the following bases: a moral obligation to ensure people are housed; the negative perceptions that homelessness can give visitors to the city; and the negative social outcomes that a lack of affordable housing contributes to. Survey response comments included:

It is vitally important that we stop homelessness. Public housing is needed.

This requires a massive commitment across the range of government actors - kudos to CoM for engaging in this

Several written submissions described reasons for the need for affordable housing. A number of points were consistently made in these submissions, including that the current affordable housing crisis will continue to worsen without prompt intervention. Some extrapolated to the negative

outcomes that occur from being unable to secure safe, affordable housing, such as family violence towards women and children.

The division of cities into central areas where those who can afford quality housing live, and outer-areas where those who cannot afford quality housing live, was identified as another consequence of a lack of affordable housing. It was stated that this can lead to job vacancies in the city not being filled, due to the travel demands placed on workers living long distances from work locations.

The Covid-19 crisis was identified as shining a spotlight on the current lack of affordable housing; a phenomenon predicted to worsen as a result of increased unemployment due to the pandemic. Note there is a full section covering the impacts of Covid-19 near the end of this report.

General strategy support

34 Comments

A considerable number of comments supported the Draft Strategy. Two-thirds of these comments were made via the online survey. In most cases, they praised the Draft Strategy and its initiatives in general terms. Overall, respondents commended the intent and the expected results of the Draft Strategy. The following comments are indicative of these respondents' comments:

Good luck, look forward to seeing it enacted.

I am pleased the City of Melbourne is developing a plan to reduce this problem.

Several written submissions contained similar general support for the Draft Strategy. Submitters commended, supported and congratulated CoM for taking this initiative. The general sentiment in these submissions was that the Draft Strategy is a good approach to take and the submitters wished CoM success with this initiative. This was one of the comments from a community group:

[Our organisation] welcomes this strategy. The document demonstrates the City's commitment to ensuring housing for a diversity of residents, particularly those on very-low, low and medium incomes. [Our organisation] commends this demonstration of inclusion and supports this approach as it is the right thing to do.

Written submissions from the following groups also expressed support for the Draft Strategy in general or overall terms (this was usually in an introductory section of their submission): Industry groups, community housing sector organisations, members of the public, and, three local government bodies.

Need to increase supply

26 Comments

Several respondents reviewed the need for City of Melbourne to increase its provision of affordable housing. A few respondents simply stated that the core issue is that more houses need to be built, while other comments included suggestions such as utilising unoccupied or dilapidated lots that could be developed into residential areas.

Using vacant and abandoned buildings to create housing supply.

The other comments in this section, while all in some way referring to the need to increase affordable housing supply, varied greatly in their respective recommendations. A couple of respondents suggested more high-rise housing blocks should be built to utilise space, and that height restrictions should be altered accordingly. Three comments directly referred City of

Melbourne's duty to supply more affordable housing, and discussed the administrative systems in some way. An example of such a comment can be seen below:

There is only one model that works: build more homes. Do not pass the buck: the CoM has this power. It can reduce or eliminate the many impediments it currently imposes on the supply of new and denser homes, including height controls, heritage controls, third party appeal rights, lengthy planning processes and many more. Don't look to the Victorian or Federal government: do your bit first!

Written submissions further discussed increasing the supply of affordable housing within the city.

An industry group suggested an incentive-based approach to increase the supply of affordable housing, which included:

Relief from design standards - particularly size of apartments and shared communal areas.

Incentive payments or tax concessions for developers that include higher numbers of affordable housing dwellings.

Higher density/ density bonus schemes.

While a member of the public agreed that the best way to combat the homelessness crisis and provide affordable housing is to increase the supply of well-maintained public housing, they added the proviso that tenants should not be required to pay more than 25% of their income, nor be evicted in times of hardship.

An industry group stated their "overarching position in relation to government policy is that all policy should support the supply of new housing and therefore assist to improve housing affordability."

An additional industry body attributed the current inadequate supply of affordable housing to the "lack of priority given by successive state Governments to investing in social and affordable housing." The organisation acknowledged how councils at the centre of the issue are tasked with finding solutions to compensate for this inadequacy.

A local government body recognised the failure of the market with regard to the shortage in "affordable, well-located and healthy private rental housing for people across the moderate to very low income quintiles."

An industry group relayed their own research regarding the supply of affordable housing:

According to [our organisation] and experience, there is major decline in housing supply in the City of Melbourne which is gathering pace resulting in the underbuilding of homes for at least 5 years. Developers cannot source land, pay new taxes and supply new apartments at prices that customers are willing or able to pay - effectively leading to a stand-off which has persisted now for several years and is becoming more acute.

Sustainability

16 comments

Several respondents made comments regarding sustainability and affordable housing.

One respondent suggested a zero-carbon housing model to be led by the social enterprise *Passive Place*. This organisation reportedly has social goals of accessibility and housing security, but also

sustainability. Another respondent suggested incentivising young engineers and entrepreneurs to develop 'green technology' for housing.

Cohabitation was further suggested to reduce environmental impacts, as was a sustainable building code, which it was argued, should become the standard for development to future-proof the city and assist low-income earners to live with limited energy expenses.

Multiple respondents were concerned with the long-term sustainability of the plans, as illustrated by the following comment:

It's more important to create a sustainable system than fixing the issues.

This comment was similar to others, in which respondents noted that a long-term vision is needed to ensure viability. One suggestion was to 'empower' prospective tenants by matching them with homes they can feasibly maintain and pay for. Another respondent stated that the project must be sustainable beyond 2030.

Because it cost more to take care of a homeless person than find a house, the project must be sustainable beyond 2030. A sustainable strategy for the population increase on a 100-year scale based on today's prediction.

It was also suggested that residents in affordable housing should assist tackling recycling and waste management issues in the city exchange. Additionally, a small number of written submissions provided the following suggestions:

One industry group encouraged an 'incentive-based development' that strives to exceed current standards of sustainability, while maximising community benefits and providing superior urban design quality.

A member of the public demonstrated concern over the deteriorating environment and the urgent need for there to be deeper consideration of energy consumption within all organisations. The affordable housing development was implied to be no exception, with the suggestion that there should be pressure to minimise the development's carbon footprint while aiding the homelessness crisis.

An additional member of the public directed attention to the reality that environmentally sensitive public buildings can be achieved within financial boundaries, if creatively assessed.

An industry group detailed how sustainable developments have transitioned from being an *aim* to a *necessity*, and how there must be a critical appreciation for the longevity of the development and equal weight given to affordability and durability.

A research institute's submission emphasised the idea of 'Good Design', suggesting how thoughtful building design can offer numerous financial efficiencies and unleash key social benefits if conducted correctly, utilising research assessments. Weight was given to the argument that there should be strict quality control from the initial planning stages to implementation, suggesting that there may be a loss in environmental and visual quality if not.

Lastly, a local government body submission aimed to persuade City of Melbourne to investigate what effect declaring a 'Climate Emergency' would have on housing development, suggesting that there is

an opportunity to minimise the effects of climate change. The following connection between the environment and those that require affordable housing was also made:

The people who need affordable housing are also likely to be more vulnerable to the health and economic impacts of climate change and, again, this offers opportunities to deliver better homes than the market typically delivers and affordable living through access to cheaper renewable energy.

Covid-19 impacts

15 Comments

A moderate number of respondents mentioned the 2020 Covid-19 pandemic in their survey responses or written submissions.

Covid-19 highlights urgent affordable housing need

7 comments

A small number of comments discussed how the Covid-19 pandemic has highlighted many of the socio-economic inequities emerging within Melbourne, and how close many people are to being unable to afford housing. With increased job losses and financial hardship due to the pandemic predicted, more people are set to need access to affordable housing in the immediate future. Below are a couple of the comments that illustrate this sentiment:

The current COVID 19 pandemic is making glaringly obvious the holes in our social safety net.

Many in our communities were struggling to make ends meet before the current global pandemic and this is now looking likely to increase. This crisis is also bringing to light the importance of everyone having a safe place to live, not only from a human rights perspective, but also public health. Now more than ever we need to put affordable housing on the agenda and start achieving outcomes.

Calls for changes to the Strategy in light of Covid-19

6 comments

A small number of comments suggested changes needed to be made to the current Draft Strategy in light of the Covid-19 pandemic and the economic impact it has/will have on the city and the development sector.

An industry group expressed concern about the viability of this project as it was conceived in a pre-Covid-19 environment. This submission suggested that the current proposal fails to consider the financial and economic implications of 'a Covid-19 economy', including increased demand for affordable housing due to job losses, reduced Gross State Production (GSP) and a fall in property prices. The submission stated:

additional taxes in the form of mandatory inclusionary zoning will place new developments at significant risk. Without these new developments, far fewer affordable dwellings will be built, completely counter to the City of Melbourne's policy intent.

They also noted that the *Building Victoria's Recovery Taskforce* has announced it will be exploring affordable housing requirements for Victoria, and developing strategies to address projected need at state-level.

The submitter agreed that the need for stable and secure housing is important, and felt that it would be inappropriate to continue with the proposed Draft Strategy under the current

circumstance, given that it is underpinned by analysis conducted before the Covid-19 pandemic surfaced.

An industry group submitted that the impacts on the property industry will be widely felt, and that the industry should therefore be better supported going forward. An extract from the submission read:

In a market where viability of development is impacted by government and banking regulation, together with the broader economic cycle that Melbourne will experience in the post Covid-19 environment, it is not equitable that the burden to fund community infrastructure is met by the property industry, private landowners and new homebuyers.

A community group similarly discussed that while demand for affordable housing may increase in the wake of Covid-19, the financial viability of many development projects will also be impacted, and should therefore be considered before implementing changes.

This group also argued that further analysis is now required for a post-Covid-19 environment. In particular, this submission noted that the pandemic would mean that the provision of affordable housing will simultaneously become a more challenging issue, and also more vital. Their suggestion follows:

It is therefore important to ensure that a range of policy levers are applied, like build-to-rent and value capture, as well as incentives such as tax and planning reforms, so that a range of sectors, and government, will together contribute to the solution.

Another industry group argued that the current Covid-19 crisis needs to be resolved before further policy changes are introduced. This submission suggests that CoM should delay spending money on policy changes such as this one until at least mid-2021, to ensure that funds are being directed to helping the city and its people through the Covid-19 crisis.

A local government body noted that with the widespread and immediate impact of Covid-19, they had shifted from a long-term strategy to an action plan to serve those immediately affected. They encouraged CoM to take a similar approach; to review its current positioning and instead focus more on short-to-medium term goals rather than long-term ones, in order to ensure that its response to the Covid-19 pandemic is adequate.

An additional local government body stated that the Strategy will be more important because of the impact of the pandemic on housing costs, and it provides an opportunity to advocate for systemic reform to address the housing crisis that will inevitably be made worse.

One further written submission, from a member of the public, discussed some of the positive changes to have come out of the Covid-19 pandemic that showed a shift in how people were thinking and living. These included increased community spirit, cooperation, and innovation, reduced fossil-fuel consumption, and an improvement in the physical environment. This submitter suggested that coming out of this pandemic, there should be a shift in thinking:

In a spirit of cooperation engendered by the coronavirus crisis, developers should be prepared to reap less profit than in the past and concede that attractive buildings and streetscapes, sound environmental credentials and residents' access to sunlight and parks are more important than excessive profits to private companies.

Covid-19 placing extra pressure on housing organisations comments

2

A community housing sector organisation explained the Covid-19 pandemic has placed extra pressure on homelessness agencies and other organisations which offer support to Melbourne's most vulnerable people. Similarly, a social advocacy group noted increased demand for alternative accommodation for women and children escaping family violence during the Covid-19 pandemic.

General strategy opposition

8 Comments

The small number of respondents who generally opposed the Draft Strategy did so on a number of grounds, other than topics already discussed in the body of this report. The Draft Strategy was thought to be unnecessary by a couple of respondents, these submitters stated that:

I don't think this is an issue.

I don't think it is something that the City of Melbourne needs to address; it should be at the state and federal level. I think there are higher priorities that the city of Melbourne should focus on.

Other respondents opposed the idea of the Draft Strategy resulting in increased population density in the inner city, claiming that this will lead to increased crime (particularly if housing developments include a component of social housing), and that dense living does not promote wellbeing.

There were two written submissions that raised similar general concerns.

An industry group submitted the following conclusion:

In isolation, the Strategy will fail to deliver the required levels of affordable rental housing for Melbourne's future needs.

An additional industry group addressed the opinion that there may be adverse implications of introducing the Strategy, including increasing waitlists for housing.

It is [our] belief that there will be unintended and negative consequences to the broader housing market and the goal of reducing waiting lists for affordable housing may have the opposite effect because new housing becomes scarcer, more expensive and rents increase.

Lastly, the group identified the troubles Victoria is currently facing:

Victoria is now in the midst of a health and economic crisis that will take several years to stabilise and possibly a decade to fully recover. New housing supply must play a key role in this recovery so the health of the industry should be nurtured, not further injured as we move forward.

Minimise or restrict city growth

5 Comments

A small number of respondents detailed issues of the city's population in relation to the Strategy. Population growth was thought to be a factor contributing to lack of available housing by a few respondents. Three respondents suggested reducing demand for housing by limiting immigration (see quote below), while one simply stated that "the major driver of rising rents is population growth". This was one comment:

Think of Australian residents first for priority access to housing before refugees

There was one written submission which discussed population.

A member of the public urged that particular attention be paid to immigration data detailing the high number of immigrants moving to the city, and how there is a discourse between the population size and the amount of available housing. They concluded this point by stating the following:

To improve social inclusiveness, it is, therefore, necessary for governments at all levels to take substantial action to address this market failure.

Additional themes

Summary of findings

A number of diverse additional themes were present in the survey and written responses.

- > A moderate number of respondents stated they would like to know more about the issues outlined in the Draft Strategy. In some cases, this was to enable them to make a more informed submission, and in others, they outlined areas where they believed more detail was needed.
- > Several respondents highlighted that consideration of broad economic, social, or political issues is needed when addressing the issue of affordable housing.
- > A small number of respondents had specific comments about the consultation process.
- > Population growth and/or immigration was raised in a small number of comments as having an impact on affordable housing, some of these made recommendations to restrict Melbourne's growth.

Diverse topics

21 Comments

A moderate number of broad comments were made. Over half of these comments were simple statements offered in response to the survey question asking for any other comments, stating they had nothing to add.

Below are comments respondents had on a variety of topics:

Possibility of having housing for people living far away relocated temporarily to the Cbd to see what it's like to live in the city even if short term only.

Having your own bathroom.

Don't exclude people. Respond to demographics and make housing that is appropriate for those that want to live in the municipality. E.g. right amount of bedrooms and in the right locations.

No curfews, first in best dressed for vacancies.

Need to know more

15 Comments

Several submitters requested more information before being able to comment, and some stated they had not read the information supplied. The following is an example comment:

There is a lot to digest. Looking forward to attending the information sessions.

Broader issue concerns

10 Comments

Several respondents highlighted broad contextual factors in their comments about affordable housing. Although many of these responses were distinctive in the topic they identified, they contained a common plea for strategists to consider how broad economic, social, or political issues impact on the issue of affordable housing.

The most commonly cited issue was the economy; a few respondents called for consideration of the ways in which the current economic model drives housing to be unaffordable. Examples included the short-term rental market (such as Airbnb) which encourages apartments to be let for increased profit to non-residents; and, tax and investment regulations, which were said to drive the issue. One comment approached this generally:

There needs to be more consideration to how to operate this with the current economic model.

One respondent stated that the Draft Strategy approaches the issue from the wrong angle, claiming that unequal distribution of resources is the main factor driving the inability to access housing. They summed up by stating:

The solutions are therefore in redistributive policy (e.g. welfare), not housing policy (e.g. planning).

Another respondent stated that nothing will be solved until we “get money out of politics”.

There was one written submission that disclosed broader issue concerns.

An industry group voiced concern over the Draft Strategy's apparent lack of appreciation for the current state of the property market, the effect new taxes have had, and the broader housing context. The group also felt there was a failure to consider other alternatives.

It does not address other important avenues to deliver affordable housing from existing housing stock or BTR.

About the engagement process

6 comment

Comments about the engagement process referred both to the survey, and to the original document to which they were responding. One respondent stated that they had an issue completing one of the questions. Another felt that the survey was superficial and did not accurately represent the document presented.

A community housing sector organisation stated that while they were pleased to provide feedback at this stage of the drafting, they were not consulted prior to the publication of the Draft Strategy, noting that this was contrary to a statement in the Draft Strategy which suggested that CoM had “spoken to senior representatives from the development industry, finance and investment sector, peak bodies, the community housing sector, as well as state and federal government”.

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Global Research
Turning **Information** Into **Insight**