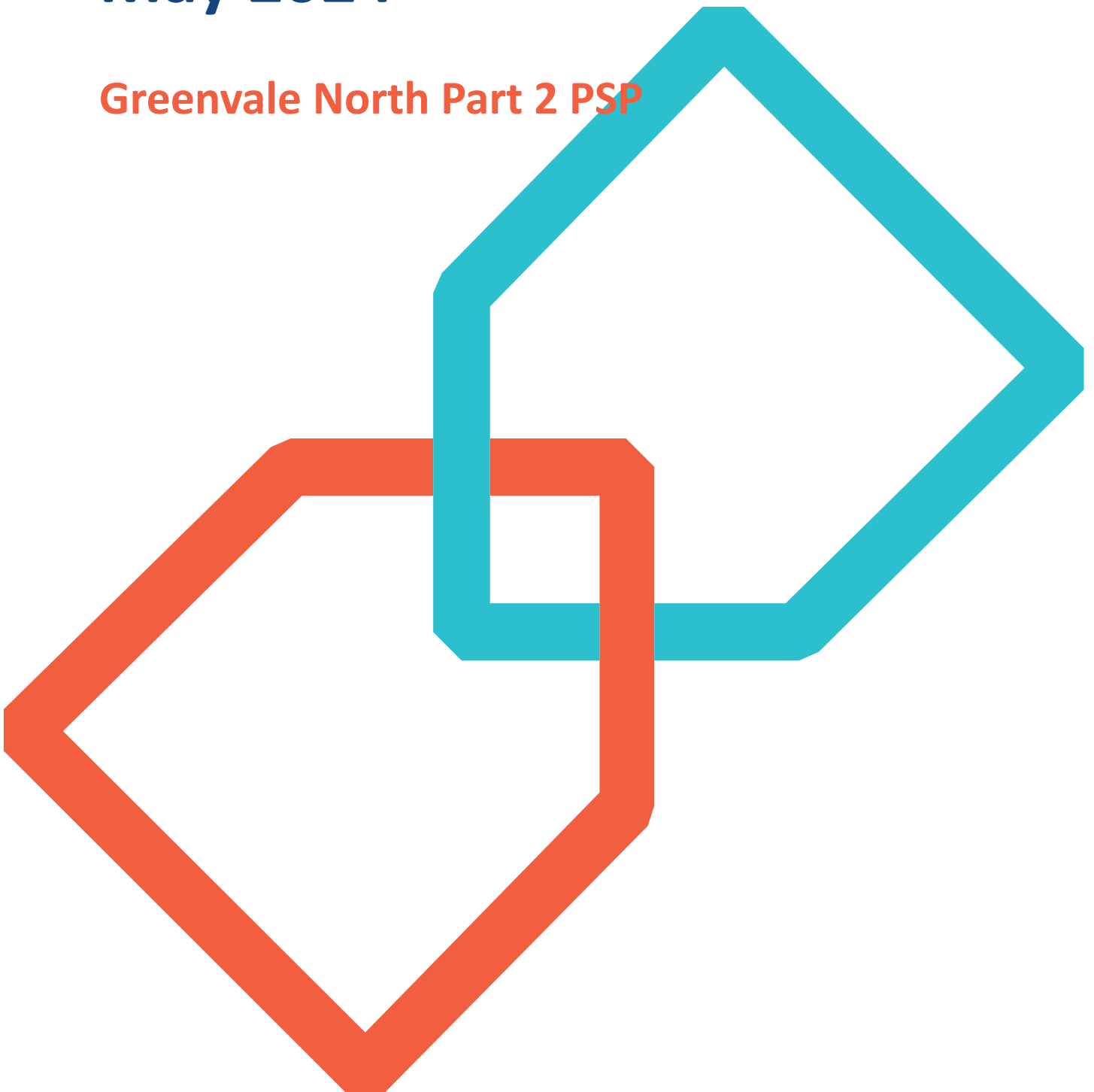


Affordable Housing Report May 2024

Greenvale North Part 2 PSP



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E: Kate@adoutcomes.com.au

W: www.affordabledevelopmentoutcomes.com.au



Purpose

Affordable Development Outcomes was engaged by Satterley Property Group as part of its work to develop a Precinct Structure Planning ('PSP') and associated planning amendment for land located at Greenvale North ('the Site') within Hume City Council ('Council') boundaries.

The purpose of the work is to provide context and background information relating to Affordable Housing to inform the PSP.

The Report:

- Provides definitional and contextual information in relation to the delivery of Affordable Housing in Victoria;
- Summarises key Affordable Housing demand indicators and the associated priority housing responses recommended to appropriately respond;
- Recommends an Affordable Housing target based on the evidence of need and outlines potential development responses that could be agreed as part of the amendment.

Legislative and Planning Policy Context

The **Planning and Environment Act 1987** ('the Act') establishes an objective of planning to "facilitate the provision of Affordable Housing in Victoria" (Section 4(1)(fa)).

Affordable Housing is defined under the Act as:

'Affordable Housing is housing, including social housing, that is appropriate for the housing needs of any of the following - very low income households; low income households; moderate income households.'

Social Housing is defined by the *Housing Act 1986* as housing that is owned and or operated by a registered housing agency or the State Government.

Affordable Housing household eligibility is made with reference to gazetted income band (Table 1), updated annually by the State Government. A list of "matters that are required to be given regards to" when determining the appropriateness of the intended built form and subsequent housing allocation are gazetted under the Act (Figure 1).

Household type	Very low income	Low income	Moderate income
Single	< \$29,770	\$29,771 - \$47,630	\$47,631 - \$71,450
Couple	< \$44,650	\$44,651 - \$71,450	\$71,451 - \$107,179
Family	< \$62,510	\$62,511 - \$100,030	\$100,031 - \$150,030

Table 1: Affordable Housing Income Ranges, Greater Melbourne, 2023-2024

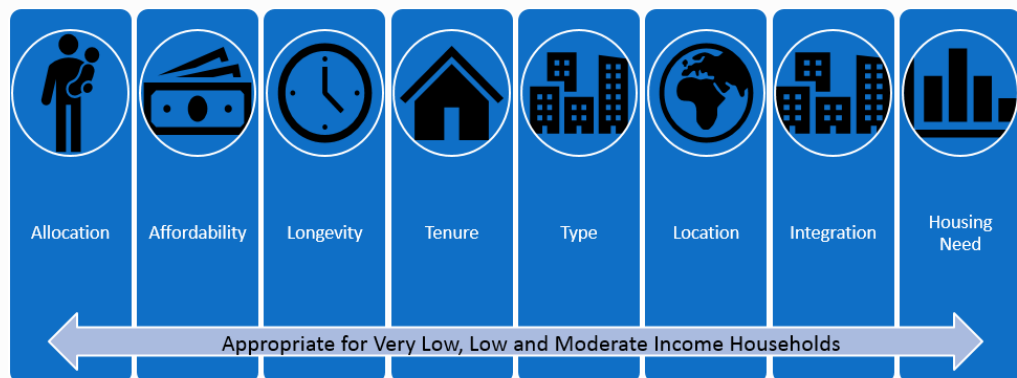


Figure 1: List of matters that are required to be considered to determine 'appropriateness' of a proposed Affordable Housing built form

Social Housing income eligibility is set by the Director of Housing and broadly align to very low, low and moderate incomes under the Act. Social Housing allocation places an emphasis on very low income and households experiencing other disadvantage.

The Victorian **Planning Policy Framework** sets out objectives and strategies that relate to the provision of Affordable Housing, including strategies to:

- *Ensure that an appropriate quantity, quality, and type of housing is provided, including aged care facilities and other housing suitable for older people, supported accommodation for people with disability, rooming houses, student accommodation and social housing; (16.01-1S)*
- *Support opportunities for a range of income groups to choose housing in well-served locations; (16.01-1S)*
- *Improve housing affordability by...encouraging a significant proportion of new development to be affordable for households on very low to moderate incomes. (16.01-2S)*
- *Increase the supply of well-located affordable housing by:*
 - *Facilitating a mix of private, affordable and social housing in suburbs, activity centres and urban renewal precincts.*
 - *Ensuring the redevelopment and renewal of public housing stock better meets community needs.*
 - *Facilitate the delivery of social housing by identifying surplus government land suitable for housing. (16.01-2S)*

A planning authority is required to consider as relevant, *Homes for Victorians - Affordability, Access and Choice* (Victorian Government 2017), which sets out the State Government's objectives for an Affordable Housing system and includes reference to negotiations and opportunities for value sharing in rezonings to support Affordable Housing delivery.

State Government policy supports a planning authority to seek to negotiate and reach agreement with a landowner in relation to an Affordable Housing inclusion. The definition, income ranges and list of matters under the Act (Table 1 and Figure 1) provide a framework for a landowner and authority to determine that a proposed built form will achieve an appropriate Affordable Housing outcome.

The **Hume Planning Scheme**, Municipal Strategic Statement notes:

"Changing demographics and economic factors are generating the need for more diverse forms of housing to ensure that Hume's residents have access to a range of appropriate and affordable housing that meets their housing needs as they change over time, and that they are able to remain and age in their local community."

A lack of smaller dwellings is identified as a key challenge.

Hume Planning Scheme Amendment C263 proposes to implement a municipal wide strategic housing framework into the Hume Planning Scheme by incorporating a Residential Development Framework Plan and objectives of a range of policy documents including the Hume Affordable Housing Policy (2021). Draft clause 16.01-2L proposes strategies to promote development that includes the provision of affordable housing and to facilitate the provision of social housing through the rezoning of land. Draft policy guidance seeks 'at least 10 per cent social housing in the rezoning of land for residential development'. The amendment is subject to public consultation and approval by Council and the Minister for Planning.

Council's Affordable Housing Policy reinforces the voluntary nature of planning contributions and sets out Council's 'site considerations for Affordable Housing' placing a priority on locations that are:

- Within 1.5 km of a train station or 500m to a bus stop;
- Have access to local amenities such as corner store or supermarket within 800m;
- Will result in more than 5 dwellings as a result of planning approval;
- Do not have planning constraints or if there are constraints, these are able to be addressed;
- Not overly constrained for development, with any constraints not adding to significant design or cost impact on development.



Delivering Affordable Housing

The realisation of Affordable Housing that is dedicated to and affordable for target households requires subsidy. The feasibility of delivery can be achieved by combining a range of inputs including low-cost well located land, government subsidy and low cost finance, private sector finance and charitable taxation benefits available to RHA.

There is currently State and Federal Government funding and low cost finance available to RHA, subject to funding approval. The priority of these funds is for well located housing that responds to demand, is owned and or managed by a RHA, targets priority households and represents significant value for government investment.

The delivery of Affordable Housing by a landowner because of a planning agreement could be achieved via provision of land at a discount to a RHA or the sale of completed built form to a RHA or State Government at a discount to market value. Long term leasing of dwellings at a discount, the provision of a monetary contribution or the delivery on another site may also be agreed.

An agreed Affordable Housing contribution can be reflected in the planning controls and is expected to be established in detail in a Section 173 Agreement.

Affordable Housing Demand Assessment

Council's *Affordable Housing Background Paper* (February 2020) provides data relating to the period 2016 – 2019 and is understood to form the basis of Council's policy position. The Paper notes:

- The rate of homelessness in Hume increased by 6.4% between the 2011 and 2016 Census;
- The 2020 estimated demand for Social Housing outstripped the supply by approximately three times;
- Social housing stock proportionally decreased from 4.2% of Hume's rental stock to 2.8% over a 15 year period;
- There was a 60% increase in house prices between 2010 and 2020;
- Approximately 92 rentals in Hume were deemed to be affordable to very low, low and moderate households in June 2019;
- According to Council analysis in June 2019:
 - No very low income household of any types would have found an affordable rental in Hume;
 - No single person households in the low and very low income range would have found an affordable rental in Hume;
 - A low income couple with no dependents would only find one bedroom rentals affordable.
 - Affordable choices were available for low income family households in two and three bedroom houses and flats, but a four bedroom home would have put them in housing stress; and
 - Affordable housing opportunities were available for all moderate-income households.

Council's *Housing Diversity Strategy* provides evidence of the lack of smaller dwellings across the municipality relative to population type and expected demand which has a further impact on affordability, particularly for lower income households.

An updated supply and demand analysis undertaken by Affordable Development Outcomes in early 2023 summarised below highlights that very low and low income households are facing housing stress in Hume, with unmet demand for dedicated Social Housing particularly one and two bedroom dwellings:

Homelessness

- An estimated 1,147 persons were classified as homeless in Hume in 2021, of which 713 were living in severely crowded dwellings, 244 were in supported accommodation and a further 100 in boarding house lodging. An additional 1,522 were considered to be in other forms of marginal housing, predominantly 'other overcrowded dwellings' (Table 3).



- Persons considered in the homeless operational group had increased by 25% from 916 in 2016 to 1,147 in 2021.¹

HOMELESS OPERATIONAL GROUP							OTHER MARGINAL HOUSING		
People living in improvised dwellings, tents, or sleeping out	People in supported accommodation for the homeless	People staying temporarily with other households	People living in boarding houses	People in other temporary lodgings	People living in 'severely' crowded dwellings	All homeless persons	People living in other crowded dwellings	People in other improvised dwellings	People who are marginally housed in caravan parks
20	244	68	100	3	713	1,147	1,455	6	61

Table 2: Homeless Operational Groups and other marginal housing, by place of enumeration, Local Government Area (Hume) 2021

Rental Stress and Rental Affordability

- Median rent in Hume (December 2022 quarter) – based on new bond lodgements were:
 - One bedroom flat: \$275 / week (-5.2% annual change)
 - Two bedroom flat: \$360 / week (+5.9% annual change)
 - Three bedroom house: \$375 / week (+8.7% annual change).²
- Real Estate Institute of Victoria (REIV) data, based on reported agent information, indicated an overall median rent in May 2023 of \$430/week for units and \$500/week for houses.³
- 2021 Census data indicates of 37% of all households renting across Hume were paying more than 30% of their income on rent. In 'Greenvale – Yuroke' statistical area, the percentage was 31%. These estimates do not consider household income and the capacity of higher income households to pay over 30% and not be in financial stress.⁴
- According to the Rental Affordability Index, in Quarter 2, 2022, postcode 3059 (Greenvale) had a Rental Affordability Index score for an 'average Australian rental household' of 120, which is defined as moderately affordable for this household type.⁵
- Rental affordability over time for one, two and three bedroom rental dwellings in Hume for a very low income household (on a statutory income) set out in Table 3 highlight that there is almost no one bedroom affordable dwellings to rent and that this has not changed over time. The number of rentals that are affordable does also not guarantee these dwellings are rented by lower income households.⁶

Period	1 bed		2 bed		3 bed		ALL dwellings	
	#	% affordable	#	% affordable	#	% affordable	#	% affordable
Dec-11	1	7%	14	11%	87	16%	180	20%
Dec-12	0	0%	14	10%	121	20%	236	24%
Dec-13	1	4%	8	5%	96	16%	219	22%
Dec-14	0	0%	8	4%	119	20%	281	25%
Dec-15	3	10%	10	4%	126	19%	272	23%
Dec-16	0	0%	11	6%	89	14%	216	17%

¹ Australian Bureau of Statistics (2022) Estimating homelessness: Census, 2021, Tables 6.1 and 6.2

² Homes Victoria Rental Report, December 2022 quarter

³ Real Estate Institute of Victoria (accessed April 2023)

⁴ HousingID (accessed April 2023)

⁵ SGS Economics and Planning Rental Affordability Index

⁶ Homes Victoria Rental Report, December 2022 quarter



	1 bed		2 bed		3 bed		ALL dwellings	
Dec-17	1	4%	7	3%	49	7%	129	9%
Dec-18	0	0%	3	1%	32	5%	113	9%
Dec-19	1	3%	5	2%	48	6%	179	12%
Dec-20	1	3%	4	2%	66	10%	224	16%
Dec-21	1	4%	6	3%	166	21%	361	23%
Dec-22	0	0%	12	4%	110	20%	277	22%
Average	0.8	3%	8.5	5%	92.4	14%	223.9	18%

Table 3: Rental affordability over time, Hume December 2011 – Dec 2022 quarters

- Figure 2 and Figure 3 further highlight that there were very few one bedroom dwellings available to rent that are affordable for very low income singles in December 2022, with none considered affordable, despite overall increase in housing supply. An average 18.5% of all dwellings were deemed 'affordable' over the 10 year period, with lows in 2018-2019 and a slight increase in 2021.

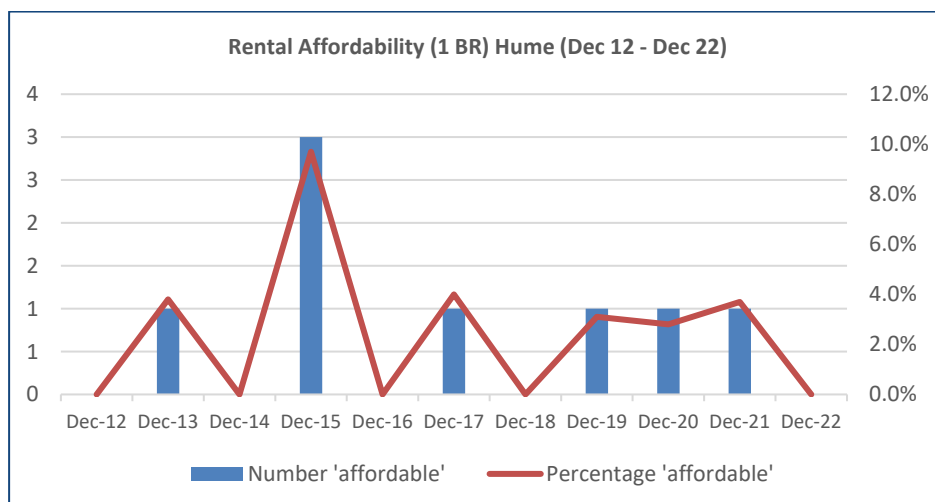


Figure 2: Private rental affordability one bedroom units Dec quarters 2012-2022

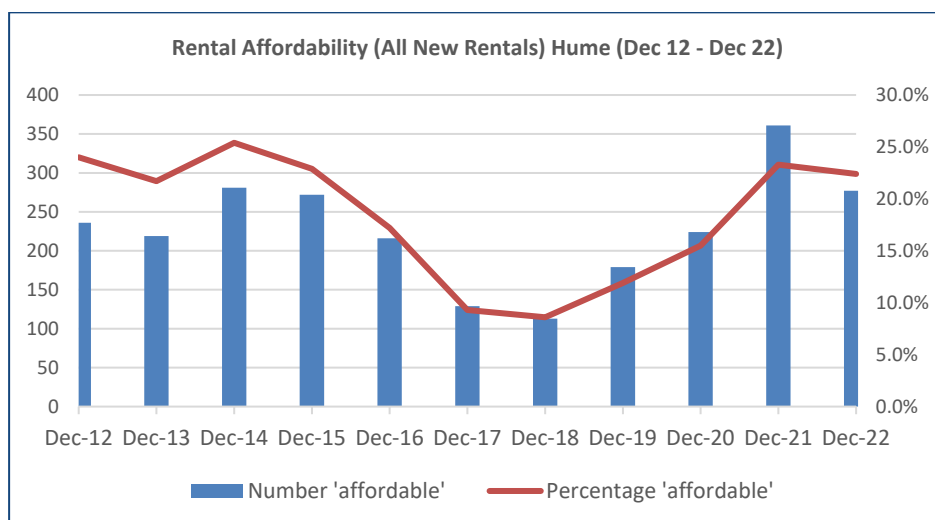


Figure 3: Private rental affordability December quarters 2012-2022



- When assessing other dwelling types for the December 2022 period, only four bedroom dwellings had a reasonable level of affordability for families, with very few two-bedroom units affordable:
 - Four, two-bedroom units were deemed affordable (1.7% of all two-bedroom lettings);
 - 110 three-bedroom homes were affordable (19.9% of all three-bedroom lettings); and
 - 163 or 37.9% of four-bedroom plus homes affordable.⁷
- Affordable Development Outcomes' assessment of affordability of rents for households earning below the P&E Act Affordable Housing income eligibility, summarised in Table 4 indicates:
 - The rental market was generally affordable for Moderate Income households, particularly families,;
 - It becomes increasingly unaffordable as incomes reduce, with no very low income households estimated to be able to afford median rents in Hume in 2022.
 - The affordability gap is most acute for Very Low income singles and couples.

This analysis provides a good indication of the discounts required to make market priced housing affordable and the priority household sizes and subsequently their dwelling requirements.

Household and Dwelling Type	Estimated Market Rent Per Week	Very Low Income				Low Income				Moderate Income			
		Maximum Income Limit	Maximum Affordable Rent	Gap between income and median rent	Gap as % Median Rent	Maximum Income Limit	Maximum Affordable Rent	Gap between income and median rent	Gap as % Median Rent	Maximum Income Limit	Maximum Affordable Rent	Gap between income and median rent	Gap as % Median Rent
Single (1 BR)	\$300	\$26,680	\$154	-\$146	-49%	\$42,680	\$246	-\$54	-18%	\$64,020	\$369	\$69	23%
Couple (1 BR)	\$300	\$40,010	\$231	-\$69	-23%	\$64,030	\$369	\$69	23%	\$96,030	\$554	\$254	18%
Couple (2 BR)	\$375	\$40,010	\$231	-\$144	-38%	\$64,030	\$369	-\$6	-1%	\$96,030	\$554	\$179	48%
Family (3 BR)	\$450	\$56,010	\$323	-\$127	-28%	\$89,630	\$517	\$67	15%	\$134,450	\$776	\$326	72%
AVERAGE:					-35%				5%				40%

Table 4: Rental Affordability assessment (Affordable Development Outcomes analysis, April 2023)

Purchase affordability

- Median house prices across Hume according to Victorian Valuer General data show a considerable increase in median prices over time (Figure 4). Between 2011 and 2021 there was a 44% to 76% increase in value (Table 5).

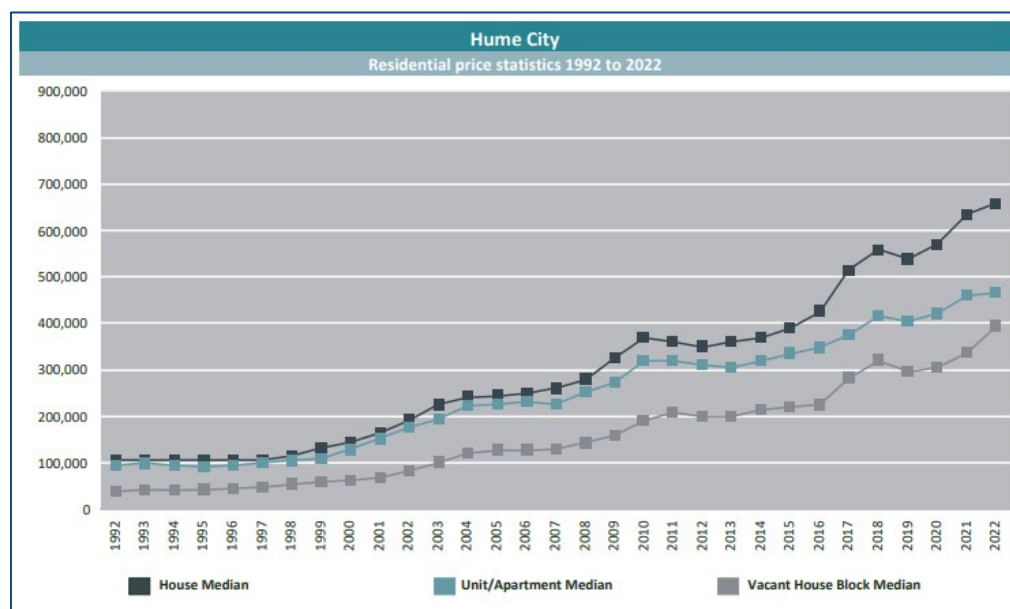


Figure 4: Median land, unit, house values 1992 - 2022⁸

⁷ Homes Victoria Rental Report, December 2022 quarter

⁸ Victorian Valuer General (2022) A Guide to Property Values 2021. Note, 2022 is not full year figures at point of publication.



	2011	2021	Difference	%
Land	\$209,000	\$338,000	\$129,000	62%
Unit	\$320,000	\$460,000	\$140,000	44%
House	\$361,250	\$635,000	\$273,750	76%

Table 5: Median land, unit, house price and difference between 2011 and 2021

Current Affordable Housing Supply

- In 2020-21 the combined Hume-Moreland LGAs had a total of 4,859 Social Housing dwellings, of which 767 or 15% were owned by a community housing agency (Table 6).⁹
- According to Census 2021 data, 1,825 households in Hume lived in Social Housing, representing 2.3% of all households. There is typically a slight undercount due to self-reporting. Whilst there was an estimated increase in the number of households living in Social Housing from 1,725 households in 2016, the overall percentage of households has declined from 2.7% reflecting that delivery of Social Housing has not kept pace with market supply.¹⁰
- 176 new Social Housing dwellings were delivered in Hume Moreland region in 2020-21 (Table 5). 66% of these new acquisitions were leases, with the period of lease unknown. The majority are owned or leased by community housing agencies reflecting the Government's shift from State owned and managed to community housing sector managed.¹¹

Division, local area and managing office	House	Medium density attached	Medium density detached	Low-rise flat	High-rise flat	Movable unit	Multiple unit facility unit	Other	Community owned	Total
Hume Moreland	1,556	1,707	208	311	121	92	66	31	767	4,859

Table 6: Existing Social Housing Stock (2020-21) Hume Moreland broadband area

Division and local area	House	Medium Density Attached	Medium Density Detached	Low-rise flat	High-rise flat	Movable unit	Multiple unit facility unit	Other	Community Owned	Total
Hume Moreland	25	27	22	0	0	0	1	0	101	176

Table 7: New Social Housing supply by dwelling type (2021-22) Hume Moreland broadband area

- State Government 'Rapid Grants Round' funding committed \$11.4 million to support 35 new Social Housing dwellings in Hume to be delivered from 2021.¹² It is unclear if there are other subsequent funding agreements or any public housing redevelopment occurring to further increase supply.

Estimated Demand

- Victorian Housing Register ('VHR') waiting list data (December 2022) indicates 6,679 households had nominated the 'Broadmeadows District' which includes Hume as one of their preferred housing locations. Of these households:
 - 3,346 required a one-bedroom dwelling (50%);
 - 1,378 required a two-bedroom dwelling (21%);
 - 1,233 required a three-bedroom dwelling (18%); and
 - 722 required a four-bedroom dwelling (11%).¹³

⁹ Department of Families, Fairness and Housing Annual Report: Housing and Homelessness additional service delivery data 2020-21

¹⁰ HousingID (2023) <https://profile.id.com.au/hume/tenure>

¹¹ Department of Families, Fairness and Housing Annual Report: Housing and Homelessness additional service delivery data 2020-21

¹² Homes Victoria <https://www.homes.vic.gov.au/social-housing-growth-fund>

¹³ Victorian Government Victorian Housing Register Wait List Dec 2022



- Analysis by the University of NSW estimated the 2022 unmet Social Housing demand across Hume municipality was for 6,000 homes, representing 7.7% of all households. The majority (78%) of housing stress was estimated to be experienced by households in the lowest income quintile.¹⁴
- VHR data indicates it is single, very low income persons that are in the highest need in the area, typically requiring one-bedroom dwellings due to highly constrained income capacity. There is also demand for other product including four bedroom homes to support larger families.
- New market housing supply is expected, based on trends, to be predominantly three and four bedroom product, with new housing generally attracting a premium price. This is also dependent on the location and size of the home, quality and overall rental demand.

Summary and Potential Response

Council's Affordable Housing needs assessment paper provides an indication of Affordable Housing need but does not estimate a supply gap percentage.

Analysis by Affordable Development Outcomes confirms there is need for an increase in Affordable Housing, particularly housing that is rented to very low and low income households. This housing could be owned and managed by a Registered Housing Agency ('community housing') or owned and managed by the State Government ('public housing'). Current Government investment is prioritised to housing that is owned and/or managed by a registered housing agency.

The University of NSW estimate 7.7% of all households in Hume are considered to require a dedicated Affordable Housing response in 2021. As the university estimate is based on lower income household demand and noting the analysis of rental affordability by Affordable Development Outcomes indicates moderate income households are not experiencing rental stress, it is reasonable that this demand is ideally responded to by a Social Housing response where dwellings are owned and managed by the State and/or a RHA and available for an extended period.

Whilst no single site will meet overall demand, a **7.7% Affordable Housing target** for the Site is considered an appropriate response in term of responding to estimated demand. This figure also reflects that the scale of development is relatively low compared to other greenfield rezonings and is expected to be delivered over a short period of time post amendment approval.

In line with the Act and State Government policy guidance, the facilitation of Affordable Housing is an objective of planning and may be realised as a result of an agreement between a responsible authority and landowner.

It is expected that achievement of an Affordable Housing target would be realised through a combination of inputs including from the landowner, the Federal and/or State Government and a Registered Housing Agency securing financing and securing charitable concessions.

The predominant housing typology that is required to appropriately respond to Affordable Housing demand is one and two bedroom dwellings. Some three bedroom dwellings are expected to also be required given the large number of families in the area.

As there is high priority placed on Affordable Housing for older people and people with a disability it is expected a reasonable percentage of demand should be responded to by housing in well located areas where the need for a car is reduced. This aligns to Council guidelines which place a priority on Affordable Housing being well located.

This does not preclude the need or opportunity for Affordable Housing to also be delivered in greenfield locations, but ideally this is smaller lot housing and where possible, medium density catering for singles and couples.

¹⁴ UNSW (2023) City Futures Research Centre *Social and affordable housing: needs, costs and subsidy gaps by region*

