Housing Targets for Regions: How feasible is this for Melbourne’s South and East?

Professor Carolyn Whitzman, PhD, Fellow, Planning Institute of Australia

Sponsored by City of Monash
The Concept of Targets for Housing

In 2018 there was a shortfall of 145,899 affordable dwellings in Greater Melbourne, mostly to very low-income households (Palm, Raynor, and Whitzman, 2018). To redress that shortfall, there would need to be approximately 15,000 affordable dwellings produced each year over 10 years.

<table>
<thead>
<tr>
<th>Income Band</th>
<th>Rental Households by Income Band</th>
<th>Rentalcs Affordable to Income Band</th>
<th>Preliminary Shortfall</th>
<th>Unavailable Affordable Rentals (Occupied by Wealthier Households)</th>
<th>Shortfall of Affordable and Available Rentals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Low</td>
<td>178,354</td>
<td>78,744</td>
<td>99,610</td>
<td>25,356</td>
<td>124,966</td>
</tr>
<tr>
<td>Low</td>
<td>121,750</td>
<td>170,568</td>
<td>-48,818</td>
<td>69,751</td>
<td>20,933</td>
</tr>
<tr>
<td><strong>Total Shortfall</strong></td>
<td><strong>145,899</strong></td>
<td></td>
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</tbody>
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Figure 3. Affordable Housing Shortfall as of 2018 (Palm, Raynor and Whitzman, 2018:16)

Melbourne’s population increased by 119,400 in the year 2017-18 (ABS, 2019a), and annual population increases have not been less than 100,000 per year for the past five years. With an average household size of 2.7 people, that means over 44,000 dwellings are needed to meet that population increase every year (Figure 3). When rapidly growing affordable housing shortfalls are accounted for, there is the need for 538,000 new dwellings to be produced in Greater Melbourne over the next 10 years, to 2030.

Very low income households - those earning less than 50% of the $1,542 AMI (ABS, 2019b) - constitute almost 25% of total households, and low income households constitute another 19% (id., 2018). That means 44% of lower income households need affordable housing, for a total of 38,300 affordable dwellings per year total shortfall and population growth.

One way of calculating housing need would thus be based on proportion of existing population (under an assumption of intensification, so not greatly expanding the present LGA borders of Greater Melbourne over the next 30 years). In this calculation, the East and South metropolitan regions should collectively be providing almost 20,000 of the 44,000 total new dwellings required each year, 8,800 of which would be affordable to low- and moderate-income households. Its population share of the affordable housing deficit would be approximately 6,400 every year. That would mean annual provision of 26,400 dwellings (20,000 population growth plus 6,400 deficit) a year in the East and South Metropolitan regions, 15,200 of which should be affordable to very low and low-income households.

Another way of deriving housing targets would be based on accessibility of social (schools, childcare providers, health services) and public transport infrastructure. A simple Housing Access Rating Tool or HART has been developed for Greater Melbourne (Transforming Housing, 2018). Maps produced using this tool, which provide details of government-owned vacant or underutilized ‘lazy’ land sites, suggest certain infrastructure-rich areas particularly suitable for
affordable housing development (Palm, Raynor and Whitzman, 2018). In the Southern region, these include Oakleigh South, Dingley Village, Mentone, Mordialloc, Chelsea (Kingston); Springvale, Noble Park, Dandenong Centre (Greater Dandenong); Cranbourne, Hampton Park, Narre Warren (Casey); Carrum Downs and Frankston Centre (Frankston).

Figure 4 South metropolitan region HART scores and government land sites
In the East region, infrastructure and government land-rich sites include Bulleen (Manningham); Box Hill (Whitehorse); Mount Waverley, Clayton (Monash); Wantirna South, Rowville, Ferntree Gully (Knox); Lilydale (Yarra Ranges).

Both the Everybody's Home Alliance (2019) and Infrastructure Victoria (2016) have proposed much more modest targets than the 345,000 affordable and non-profit social dwellings that would be required to fulfil Greater Melbourne’s affordable housing needs over the coming decade. They both have proposed 30,000 affordable non-profit dwellings over ten years – less than a tenth of what is needed - because of concerns about the inadequacy of current state and Commonwealth government mechanisms and non-profit development systems. However, the target of 30,000 is almost three times what the State Government of Victoria has said is possible – 12,000 affordable homes over 10 years. Even that completely inadequate target represents a scaling up of what is presently provided in terms of affordable housing. A target of 30,000 over the years 2020-30 would allow affordable housing systems to begin to scale up and mature, at which point affordable housing targets should be increased.

With the current grossly insufficient provision of affordable housing, a housing rights framework would dictate focusing on the needs of those most marginalised, which in this case are homeless persons. Almost 25,000 Victorians were counted as homeless on census night 2016, the vast majority of whom were in Greater Melbourne (Homelessness Australia, 2019). Rough sleeping is simply the tip of the iceberg. Emergency shelters, staying temporarily with family or friends, or
living in overcrowded, unsafe or grossly inadequate housing in terms of repairs are other ‘options’, as are remaining within violent relationships, and ‘survival sex’, especially for women who fear losing their children if they become homeless. Women facing violence, older single women, indigenous peoples, those with physical and/or mental disabilities, and forced migrants are more vulnerable to homelessness and its associated mortality risks (Status of Women Canada, 2018).

The use of a housing continuum, such as the one used by the City of Vancouver (2017 – see below), is useful in visualising housing targets. The City of Vancouver has 650,000 residents, and is thus more populous than most Greater Melbourne Councils, but smaller than most regions. Its annual growth rate is 0.9% (Statistics Canada, 2019), as compared to Melbourne’s considerably higher growth rate of 2.5% (ABS, 2018). Despite demographic differences and its slightly different categorization of household income categories (extremely low, very low, low, moderate- and higher income households), the overall affordability issues and needs are similar. Vancouver’s housing targets are for 72,000 new dwellings over 10 years, of which:

- 50% will be affordable to households earning less than median income
- 40% will be housing for families, with two or more bedrooms
- 65% will be rental housing
- 12,000 (16.7%) will be non-profit social housing (see below), aimed at lower income households
- 5,200 (7%) will be for extremely low-income households, earning less than 30% AMI, at risk of homelessness
- 11,000 (15%) will be luxury housing for those earning 150% or more AMI
Similar housing targets might be useful as part of Greater Melbourne council housing strategies. Take the example of Monash, with its population of 182,618, or 3.7% of Greater Melbourne’s population, and its relatively good HART scores (in terms of public schools and community and health services, as well as public transport along the Glen Waverley, Pakenham and Cranbourne train lines as well as tram and bus lines). There are potential large-scale redevelopment opportunities (including government land sites) in the Monash University/CSIRO employment area, so targets might be set at 1,500 affordable non-profit dwellings over the next 10 years (5% of a 30,000 Greater Melbourne target), out of a total complement of 21,520 new dwellings (4% of a 538,000 Greater Melbourne total housing target).

These very modest (and frankly, inadequate) affordable housing targets would most fairly and efficiently be met by:

- As a first priority, 300 dwellings with appropriate support services for people who are homeless (Housing First);
- An additional 1,200 non-profit social dwellings, with an emphasis on the needs of very low and low-income people;

This would still leave about 8,000 lower income households, and 3,700 moderate income households, scrambling for affordable rents. In order to maintain some semblance of affordability, total housing targets might include:

- 13,220 purpose-built rental dwellings, with an emphasis on low and moderate-income earners, and in a council such as Monash with a high student population, students in shared accommodation being a priority (see SGS, 2018)
- The remainder (32% or 6,800) ownership housing, with an emphasis on higher density housing such as townhouses and condos, with some inclusionary zoning mechanisms in place to obtain a further 5% of lower income housing (340 lower-income dwellings using that mechanism over 10 years)
- The City of Monash should also prioritise the preservation and maintenance of existing low cost rental housing, with the target of no net loss.

**Proposed monitoring**

It is important that councils provide annual progress reports tracking effectiveness of its housing strategies. An example (City of Vancouver, 2018) from an annual monitoring report is provided below. Important data includes:

- Affordable housing created and lost (figures should include number of bedrooms and be divided by household income, can include conversions and renovations as well as new build)
- Supportive social housing created for very low-income households who are homeless and at risk of homelessness, including women and children survivors of violence, older single women, indigenous households, and people with disability (including mental health)
• Social non-profit rental housing created, affordable to very low, low- and moderate income households
• Purpose-built private rental housing created affordable to low- and moderate income households
• Purpose-built ownership (non-profit, limited equity and private) created or preserved housing affordable to low- and moderate-income households
• Number of households assisted in preventing homelessness through housing help provided directly or indirectly by council staff
• Affordable rental housing lost to very low, low- and moderate-income households, due to conversion, demolition or rent increases
• New rental and ownership housing created that is not affordable to very low, low and moderate-income households
• Progress of various council policies and programs
• New opportunities or challenges
• Any changes suggested by this data, with recommendations to council.

 Ideally, a 10-year housing strategy should be evaluated at the mid-point (after five years); a sample monitoring framework from Vancouver is illustrated below.

**Housing Vancouver Action Plan Update**

![Housing Vancouver Action Plan Update Table]

*Figure 7. Housing Vancouver annual progress report (City of Vancouver, 2018).*
References


