In Response to 'Housing Choice & Affordability' in *Plan Melbourne*

Introduction

Providing equal access to affordable and quality housing for the citizens of Melbourne is a continuing challenge facing planners. Increases in population, changes in the social structure of the city, and land-use management issues all contribute to the overall problem of housing availability and affordability. Plan Melbourne recognises that housing demand can be controlled through guiding supply and determining where housing is delivered (VSG, 2014a, pp. 11) and this report will analyse the proposed strategies that seek to achieve greater housing choice and affordability across the city.

Substantial action is required within Australia's cities to improve housing affordability. It is claimed that the country is experiencing a housing crisis, with housing costs well beyond the affordability benchmark of 30% of household income (Jacobs, 2015). In 2013, Victoria's rate of social housing provision was amongst the lowest in the western world, accumulating to only 3.4% of total housing stock (VCOSS, 2014). Clearly this is a serious planning issue and this report will provide a focus on Plan Melbourne's proposed actions regarding housing provision for low-income earners and the disadvantaged. A critical analysis of the proposed social and affordable housing strategies will be provided, and recommendations will be presented in favour of land-use policies that could help even distribution of housing types for a less segregated society.

1: The Key Challenges Ahead

1.1 Accommodating an Increasing Population

Consistent with the trends of increasing urbanisation in Australia (Mcguirk & Argent, 2011), the population of Melbourne continues to grow faster than any capital city in the country (VSG, 2014a, pp. 61). During the 2013-2014 period, population growth in the Melbourne region saw an influx of over 95,000 new residents, a total increase of 2.2% (Australian Bureau of Statistics, 2015). Plan Melbourne also recognises the demographic changes facing Melbourne's population. Growth in the elderly population, increased foreign immigration, and consideration for both low-income earners and first home owners has created a challenge to provide a range of housing stock that suits the needs of a diverse society.

1.2 Considering Housing Density and Service Provision

Plan Melbourne highlights the need to increase housing density and unlock the potential of existing under-utilised space. The plan predicts that apartments and semi-detached housing stock will double the amount of detached housing by 2051, and would be predominantly located in

"established areas" (VSG, 2014a, pp. 62 - 63). Creating a more 'compact, sustainable' city is identified as a challenge that will improve Melbourne socially, economically, and environmentally.

Responding to this challenge, Plan Melbourne's approach to containing urban sprawl remains unclear. The plan recognises the affordability benefits of outer areas, while also stating the need to provide low-income earners access to inner-suburbs; "outer-urban growth areas provide an important housing choice for first-home buyers, migrants and those on lower incomes, however we need to provide more housing opportunities for these residents in our established metropolitan areas as well" (VSG, 2014a, pp. 61).

1.3 Combating Rising Prices and Diminished Affordability

The Plan states that growth in housing prices has outpaced growth in incomes, and rental and mortgage repayments are similarly unaffordable for many households. Indeed, 'Housing stress' - where households spend more than 30% of income on mortgage or rent - is a problem across Melbourne's suburbs and requires well-planned solutions (Figure 1). It is also noted that only 10% of households were affordable to those reliant upon Centrelink welfare payments during 2013
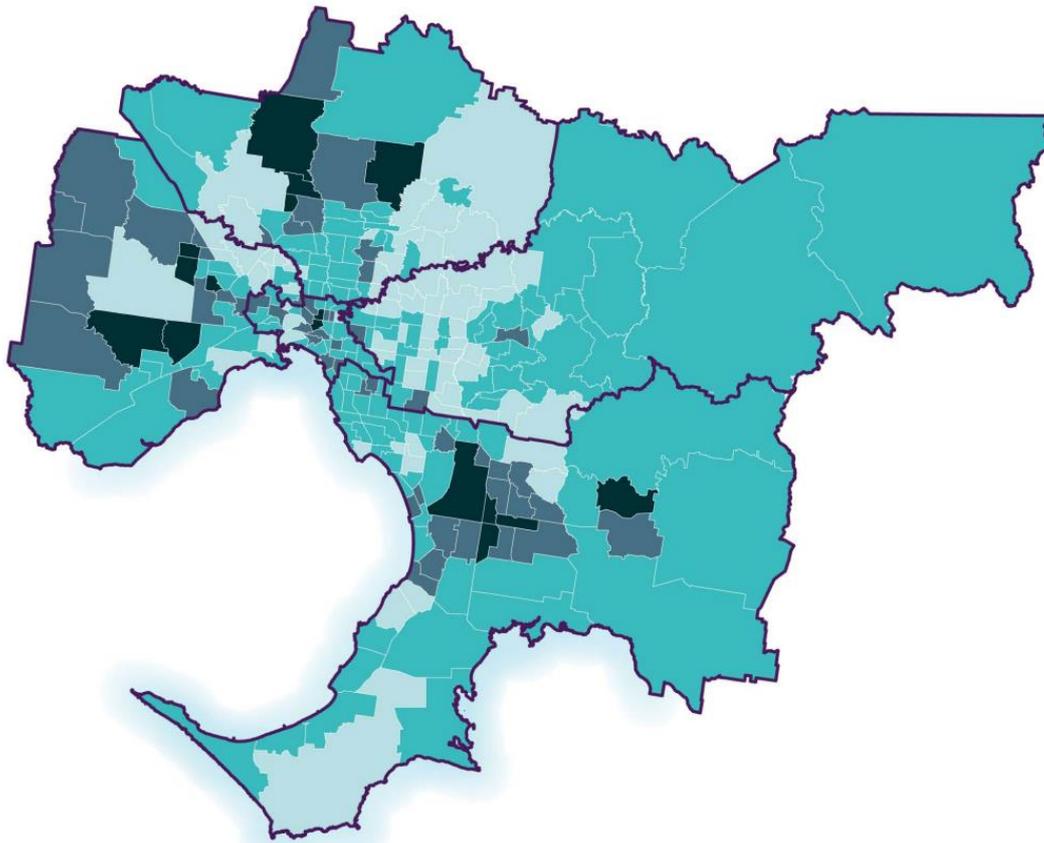

Figure 1 - Percentage of households in Housing Stress across Melbourne. Suburbs are represented from darkest to lightest as having more than 25%; 20 to 25%; 15 to 20%; or less than 15% of households experiencing Housing Stress.
Source: Plan Melbourne

(VSG, 2014a).

2: *Plan Melbourne*'s Proposed Solutions and Strategies

2.1 'Directions' towards Social and Affordable housing

Acknowledgment of the requirement for greater provision of social and affordable housing is directly referenced in two of the four 'directions' towards housing choice and affordability:

- *Direction 2.3* - <u>Facilitate the supply of social housing</u>

This 'direction' identifies current examples of social housing provision, with praise given to the success of the large social housing estates located across the city in well-serviced and accessible locations. It is suggested that further concentration of social housing in middle-ring suburbs could influence 'precinct-wide' redevelopment and influence a shift towards higher density private/social residential buildings as well as further urban renewal within the area.

As part of this direction, *Initiative 2.3.1: Facilitate Growth In The Social Housing Sector* suggests that incentive and regulatory planning provisions could be used in residential growth regions as a way to lure private development of dwellings intended for social housing purposes. Reserving portions of land in urban renewal zones for the purpose of social housing development is offered as a possible mechanism for achieving this outcome.

Reference is made to the state government's '*New Directions for Social Housing: A Framework for a Strong and Sustainable Future*' (VSG, 2014b) as a means of building better communities, delivering better opportunities to existing and prospective tenants and to develop better assets (VSG, 2014a, pp. 77). While this report offers action for improvement, one cannot ignore the fact that government spending on social housing has substantially decreased in recent years due to changing state governments (figure 2).

Figure 2 - Victorian government net expenditure on social housing ($million)
Source: Report on Government Services 2015 -Volume G: Housing and Homelessness,Table 17.1, pp. 139

- *Direction 2.4 -* <u>Facilitate the supply of affordable housing</u>

The supply of diverse housing options in suburbs is recognised as fundamental to ensuring housing affordability. It is acknowledged that individual definitions of affordability differ between residents depending upon their income; what may be affordable for some may be unaffordable to others. The introduction of a codified development approval process is offered as a means of ensuring that there is a diverse range of housing stock in 'defined' residential change areas. This codified approval process is said to provide local councils with the authority to ensure that development proponents "achieve a set of premium development standards related to dwelling design, open space and urban design" (VSG, 2014a, pp. 78).

2.2 Critique of current strategies

Direction 2.3 and *2.4* provide broad solutions to the problems of social housing and affordability. Strategies involving development regulations, incentives, and approval processes reflect Plan Melbourne's recognition of the need for a more compact and well-serviced city that can provide residents with the service privileges of urban life. The plan's rationale regarding these goals is promising, although effective change requires ambitious and clear targets. The lack of specific strategy creates uncertainty in the plan, as broad ideas remain somewhat unsubstantiated by means of action.

The proposed 'Residential Growth Zones' also appear to be counterproductive to achieving a more 'compact city' due to the imposition of height restrictions and actions which restrict density in certain areas. These measures that aim to protect the atmosphere and heritage of neighbourhoods, along with *Direction 2.4*'s 'codified' development approval process, may hinder efforts towards the creation of diverse neighbourhoods and give rise to NIMBY attitudes among existing residents.

2.3 The influence of Government

For realistic improvements to occur in social and affordable housing supply, serious changes in welfare policy are needed. Unfortunately, constant restructuring of state powers "militates against the stability needed to support the steady long-term implementation of detailed plans" (Gleeson *et al,* 2012, pp. 122). Lack of a committed approach to social housing has seen the sector decline, even after the Labor Government's implementation of the Social Housing Initiative component of a Nation Building Economic Stimulus Plan in 2009 lead to a National increase in the provision of social housing and affordable housing stock (Yates, 2013). Decreasing support for social housing threatens to undermine these recent gains.

Housing within Australia is governed by the private market, with the rental sector accounting for 31% of all households - of which only 4% was rented from state housing authorities during the 2013-2014 period (ABS, 2015b). Plan Melbourne further embraces private sector involvement in social housing supply that conforms with the neoliberal tradition which has dominated Australian housing since the 1980s (Jacobs, 2015). Jacobs (2015) provides a stern critique of neoliberal governance in Australia and recognises that pro-market policies and a diminished welfare system has favoured private investors which only exacerbates affordability issues.

3: Recommendations - Inclusionary Zoning and Social Mix Policy

In order to ensure residents of all backgrounds have equal access to services, the following policy recommendations provide a range of ideas for creating more socially inclusive neighbourhood models. Many of *Plan Melbourne*'s strategies and challenges towards facilitating social and affordable housing are relevant to these proposed policies that offer somewhat radical ideas for achieving more egalitarian housing/zoning systems.

3.1 Inclusionary Zoning

The dynamic of demographics in suburbs needs to grow in proportion to Melbourne's rising population. Inclusionary Zoning policies could be utilised under the authority of local governments, in order to require developers and property owners to set aside social-housing dwellings in existing and new apartment stock. These policies have been used in the past, particularly in the USA, as a means for local governments to meet their responsibility for affordable housing provision while fostering neighbourhood integration (Kontokosta, 2015). Ideally, suburbs would become less homogenised and more socially inclusive as mixed income groups of diverse social/cultural backgrounds would be given access to areas that are traditionally the domain of wealthy residents.

It's important to recognise that local sentiment against such policies may affect the siting and dispersal of affordable dwellings (Kontokosta, 2015) and efforts towards educating existing residents about the importance of mixed-income communities would be required. Also, Kontokosta (2015) has found that inclusionary zoning policies are potentially counter-productive when implemented without consideration for the institutional framework of the suburb or city. Thus, effective dispersion of mandatory affordable housing could be further enforced by city-wide zoning laws and covenants that require suburbs to designate a certain percentage of residential zones to be reserved for social and affordable housing.

The Community Housing Federation of Victoria (CHFV, 2013) also suggests that Inclusionary Zoning policy should be included in Plan Melbourne's approach towards greater housing choice and affordability. Additionally, 'density bonuses' are recommended as a means of incentivising developers to build higher-density housing with significant allocation to social/affordable housing.

3.2 Swedish Social Mix policy

Similar to the idea of inclusionary zoning, is the Swedish 'social mix policy'. This policy is intended to create cities "without residential segregation, but with social integration and equalised living conditions" (Bergsten & Holmqvist, 2013, pp 292). An assumed 'chain-relationship' informs this

policy that an effective mixture of housing type or 'tenure mix' will bring about a mixed population (i.e. socio-economically and demographically), which in turn will generate a sustainable neighbourhood environment (figure 3) (Bergsten & Holmqvist, 2013).

What differentiates the Swedish approach from similar US and other European modes of social mix plans is that it attempts to create mixed dispersal across the entire city, rather than individual neighbourhoods. Instead of focusing on revitalisation of specific disadvantaged areas that often leads to displacement and gentrification effects, social mix policy seeks to 'open up' areas of both concentrated low-income households at the same time as concentrated high-income households. The policy therefore increases accessibility to a wider range of housing stock across the city rather than contained in pockets of affordability.

Policy Means:	Policy Outcome:	Policy Goal:
Tenure-mix/ Mixed housing types (inc. Owner-occupied, rental, or co-operative/social)	Mixed population and less segregation	Sustainable neighbourhood and positive neighbourhood effects

Figure 3. Assumed 'chain-relationship' of social mix policy

Conclusion

This report has provided a focus upon *Plan Melbourne's* consideration of social and affordable housing. As part of that evaluation, the report critiqued issues of longevity and conviction in the plan's strategies for improving the current system, and recommendations were proposed regarding the adoption of residential land use policies that could lead to less segmentation and social exclusion in the housing market.

Plan Melbourne clearly identifies the challenges ahead for the city in terms of accommodating increasing populations and the need for high density and well-serviced suburbs. The current Government is well placed to improve on the current plan and provide an ambitious long-term plan that Melbourne's affordable housing so desperately needs.

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