

## ACKNOWLEDGEMENT OF COUNTRY

The City of Melbourne respectfully acknowledges the Traditional Owners of the land we govern, the Wurundjeri Woi-wurrung and Bunurong Boon Wurrung peoples of the Kulin and pays respect to their Elders past, present and emerging.

We acknowledge and honour the unbroken spiritual, cultural and political connection the Wurundjeri, Bunurong, Dja Dja Wurrung, Taungurung and Wadawurrung peoples of the Kulin have to this unique place for more than 2000 generations.

We are committed to our reconciliation journey, because at its heart, reconciliation is about strengthening relationships between Aboriginal and non-Aboriginal peoples, for the benefit of all Victorians.

Homes Melbourne acknowledges that Aboriginal peoples continue to live in sacred and spiritual relationships with the land.

We also acknowledge the spiritual homelessness of many people experienced through their separation from traditional land, culture, family and kinship groups.

Melbourne is a city with a conscience: we recognise that sovereignty has never been ceded. It always was, and always will be, Aboriginal land.

The term 'Aboriginal' is used to refer to both Aboriginal and Torres Strait Islander peoples. Use of the terms 'Koori', 'Koorie' and 'Indigenous' are retained in the names of programs, initiatives and publication titles, and unless noted otherwise, are inclusive of both Aboriginal and Torres Strait Islander peoples.

# SUBMISSION TO NATIONAL HOUSING AND HOMELESSNESS PLAN

## 1. INTRODUCTION

City of Melbourne welcomes the opportunity to provide feedback on the National Housing and Homelessness Plan Issues Paper (the Issues Paper). We applaud the action taken by the Australian Government on housing, including the announcement of the Housing Australia Future Fund, the National Housing Accord and the preparation of this National Housing and Homelessness Plan (the National Plan). These actions reflect the ambition of the government in addressing housing and homelessness issues and are commendable.

In our city, we are facing a housing and homelessness crisis; a situation mirrored across Australia. Visible homelessness, people sleeping rough on the streets, is just the tip of the iceberg in our homelessness crisis. Many more women, children and families are part of the hidden problem – sleeping in their cars, on other people’s couches and in severely overcrowded or temporary accommodation. We have a shortage of 6000 affordable homes in the City of Melbourne, and 21 per cent of City of Melbourne households are in housing stress (SGS Economics and Planning, 2019).

In response to these housing and homelessness challenges, in 2022 City of Melbourne established Homes Melbourne to increase the supply of safe, secure and affordable housing and strengthen the provision of specialist homelessness services. Although the provision of housing and homelessness services is not a traditional role of local government, we have taken action in response to the growing crisis in our city.

Homes Melbourne recognises that the complexity and extent of the housing and homelessness crisis in our municipality needs a comprehensive, targeted response. The City of Melbourne is a leader in local government responses to homelessness and affordable housing. We challenge ourselves as a city to do better, and we are committed to dedicating resources to drive positive change. Our position and commitment is set out in our Affordable Housing Strategy (adopted in 2020) and our forthcoming Homelessness Strategy 2024-30, and is reflected in our advocacy, our planning scheme and our operational policies.

In one of the largest investments by a Victorian local government we have contributed one of our Council-owned buildings to transitional supported housing through our *Make Room* project, and we are actively working to make more Council land available for social and affordable housing. Appendix A and B detail current Homes Melbourne initiatives.

The housing and homelessness challenges facing Australia are complex, growing, and have been decades in the making. They require a courageous, sophisticated and far-reaching response. There is no single solution and some of the solutions will not be popular. The National Housing and Homelessness Plan is a unique opportunity to address these challenges. We have reviewed the Issues paper and we are concerned that the opportunity for meaningful action will be lost. Our submission outlines what actions are essential for the National Plan to successfully address the housing crisis.

This submission was approved by Council at its Future Melbourne Committee meeting on 24 October 2023.

Given the nature of this submission is a response to the Issues Paper, and early phase in the development of the National Plan, our response provides insights and opportunities for local, state and federal government jurisdictions. In this submission, we use the term “affordable housing” as per the definition in Victorian legislation, which includes social housing.

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## 1.1. General recommendations

Recommendation 1: Establish a vision to end homelessness and provide all Australians with access to housing that meets their needs.

Recommendation 2: Recognise affordable housing, including social housing, as essential infrastructure.

## 1.2. Homelessness and homelessness services

Recommendation 3: Legislate the right to adequate housing to be achieved progressively, in accordance with our obligations under articles 2 and 11 of the International Covenant on Economic, Social and Cultural Rights.

Recommendation 4: Adopt a Housing First approach to ending homelessness.

Recommendation 5: Establish ways for agencies to work together to share information on individuals sleeping rough to support best outcomes (known as a By Name List).

Recommendation 6: Provide long-term funding for services associated with homelessness, including transitional housing, and services that improve coordination between intersecting systems such as housing, health, justice, education and family violence.

Recommendation 7: Establish reforms to the income support system to increase Commonwealth Rent Assistance, income support payments and improve government service coordination.

Recommendation 8: Prioritise the unique service and support needs for groups that are over-represented in the homeless population and/or have unique needs: Aboriginal peoples, people experiencing chronic homelessness and sleeping rough, women and young people (aged 15 to 25).

Recommendation 9: Develop a National Cultural Safety Framework, based on the Victorian Aboriginal Housing and Homelessness Framework, to ensure that homelessness services and housing options respond to cultural needs.

Recommendation 10: Establish a dedicated children and youth homelessness plan. This should be underpinned by the voice of children and young people, with their best interests a primary consideration.

Recommendation 11: Ensure that people on temporary visas are able to access homelessness support services, housing pathways and income support payments.

Recommendation 12: Establish an ongoing mechanism to consult with people with a lived experience of homelessness to ensure the national housing and homelessness plan is working and supported.

## 1.3. Aboriginal Housing

Recommendation 13: Ensure that at least 1 per cent of surplus government land is allocated to Aboriginal Controlled Housing organisations, in line with Victorian Aboriginal Housing and Homelessness Framework.

Recommendation 14: Include a commitment to work directly with and resource Aboriginal controlled housing organisations.

Recommendation 15: Develop a dedicated National Housing and Homelessness Plan for Aboriginal peoples.

## 1.4. Social housing

Recommendation 16: Provide ongoing capital and operational funding for Registered Housing Agencies to develop housing and build capacity.

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Recommendation 17: Provide substantial ongoing investment to build new public housing.

Recommendation 18: Commit to identifying and developing underused Australian Government-owned land that is appropriate for affordable housing.

Recommendation 19: Redevelopment of public housing, including mixed tenure developments, should result in a net increase in public housing units and capacity, and should not be driven solely by financial outcomes. Social impacts must be considered, including the need to minimise disruption to and displacement of residents. Residents must be informed in languages they understand, and afforded active, free and meaningful opportunities to participate in decisions about public housing redevelopment.

Recommendation 20: Explore ways for the Australian Government to directly partner with and fund local government to deliver housing projects.

Recommendation 21: Ensure federal funding requirements do not present a barrier to the use of council-owned land for affordable housing, for example, the misalignment between eligibility criteria under the Housing Australia Future Fund and the maximum lease term of council land under the *Local Government Act 2020 [Vic]*.

## 1.5. Housing costs, home ownership and private rental

Recommendation 22: Review and reform tax and regulatory structures to address housing inequity. The holistic review and reforms should seek to:

- Reduce land and housing speculation and redistribute tax incentives to improve the supply of quality housing for owner-occupiers.
- Increase diversity in the housing market by encouraging a range of public, not-for-profit and other alternative delivery models.
- Consider and evaluate options to encourage institutional investment (e.g. superannuation) in affordable housing.

Recommendation 23: Establish a definition of Build to Rent housing or encourage the establishment of such a definition by state governments to link the land use and this housing delivery model with appropriate public policy and regulation.

Recommendation 24: Address the impact of the Short Term Rental Accommodation sector, including by enabling local governments to introduce regulations that respond to unique STRA operating environments in their local communities.

## 1.6. The importance of planning, zoning and development

Recommendation 25: Require state governments to introduce mandatory inclusionary zoning to facilitate affordable housing contributions from private development.

Recommendation 26: Ensure policy consistency in definitions of social, affordable and key worker housing to ensure outcomes delivered are targeted to those most in need on very low to moderate incomes.

Recommendation 27: Support and encourage fast-track processes for developments that provide more than 25 per cent affordable housing.

Recommendation 28: Ensure local governments remain the primary decision maker in local planning matters. Where the Victorian or Australian Government is decision maker, ensure meaningful input from local

governments and communities, as well as adherence to agreed minimum standards of consultation and transparency in decision-making. This is particularly important where the scale and impact of development is of local and state/national significance.

## 1.7. The impact of climate change

Recommendation 29: Strengthen energy efficiency requirements in the National Construction Code, and establish a target for zero-emissions, climate-adapted new buildings and precincts by 2030, while enabling other levels of government to develop policies and regulations that address this target.

Recommendation 30: Provide increased funding for the retrofit and upgrade of social and affordable housing for heat and health.

Recommendation 31: Fund local infrastructure and nature-based solutions for resilience to extreme weather and community led resilience initiatives with a focus on vulnerable communities including those experiencing homelessness.

## 2. GENERAL COMMENTS IN RESPONSE TO THE ISSUES PAPER

Homes Melbourne welcomes a national approach to housing and homelessness and acknowledges that this has been an advocacy request from the sector for many decades. Housing and homelessness are complex issues and require a coordinated response across all tiers of government, the not-for-profit sector and industry. We make the following general comments in response to the issues paper. A response to each focus area is included in Section 3.

### 2.1. The National Plan should establish a bold and ambitious vision

This Plan is a once-in-a-generation opportunity to influence housing outcomes for Australians. It should establish a clear and ambitious vision, supported by objectives and targets.

Some of these targets and reforms have already been announced, such as the National Housing Accord, the \$10 billion Housing Australia Future Fund, and the reinstatement of the National Housing Supply and Affordability Council. The National Plan should coordinate these measures and articulate how they will achieve the overarching vision.

City of Melbourne is part of the Melbourne Zero Network, an alliance of diverse Melbourne-based businesses, brands, organisations and community groups publicly calling for change to make zero homelessness a reality and taking practical actions to end street homelessness in our city.

One of our objectives in the Council Plan 2021-2025 is to ensure universal access to housing, and the following priority is identified:

*“Fair, appropriate and accessible range of affordable housing for people of all backgrounds is available, with special focus on people experiencing homelessness.”*

A vision to achieve zero homelessness and provide affordable housing for all would align with these priorities.

*Recommendation 1: Establish a vision to end homelessness and provide all Australians with access to housing that meets their needs.*

### 2.2. The National Plan should coordinate efforts of all stakeholders and be integrated with other government policy

Housing and homelessness in Australia are influenced by many stakeholders and a range of policy areas. The National Plan needs to acknowledge this and ensure that the vision for housing in Australia is translated into other relevant policies and that the efforts of stakeholders are coordinated.

The National Plan should establish ways of working together, sharing information, streamlining processes and coordinating interventions across governments and stakeholders. In a 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 and Whitzman, 2020). The National Housing Accord goes some way towards this, however the details of the Accord and how it will function are unclear. As the overarching plan for housing and homelessness in Australia, the National Plan should articulate how the key agencies will work together, including under the Accord.

The current scope of the Issues Paper should be expanded to address other policy areas that influence housing and homelessness. A greater focus on policy areas such as taxation, finance and development is

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required. Multiple policy areas interact with housing and the National Plan should consider and influence these (refer Figure 1 below). Such policies can contribute to achieving the vision of the National Plan.

**Figure 1: policy areas for the National Plan**

Macroeconomic policy	Employment, skills and manufacturing	Welfare and retirement incomes	Immigration and settlement policy
Housing-related taxation		Housing finance	Urban and regional policy
Rental and first home buyer assistance	Residential tenancies law	Planning and development	Climate change policy
Social housing	Residential building quality and accessibility		Disability policy
Homelessness			Indigenous policy

Key: ■ Established core policy areas (NHHA) ■ New core policy areas ■ Policy areas for alignment with housing missions ■ Policy areas for articulation with housing missions

Source: Martin et al 2023

## 2.3. Affordable housing is essential infrastructure

Homes Melbourne supports the growing calls for social and affordable housing to be treated as essential infrastructure. Affordable housing is vital to the functioning of our society and economy and there are significant consequences in failing to provide enough affordable housing.

Infrastructure Victoria, the infrastructure advisory group to the Victorian Government, identified investment in affordable housing for vulnerable Victorians as one of its top three priorities in Victoria’s 30 Year-Infrastructure Strategy (2016).

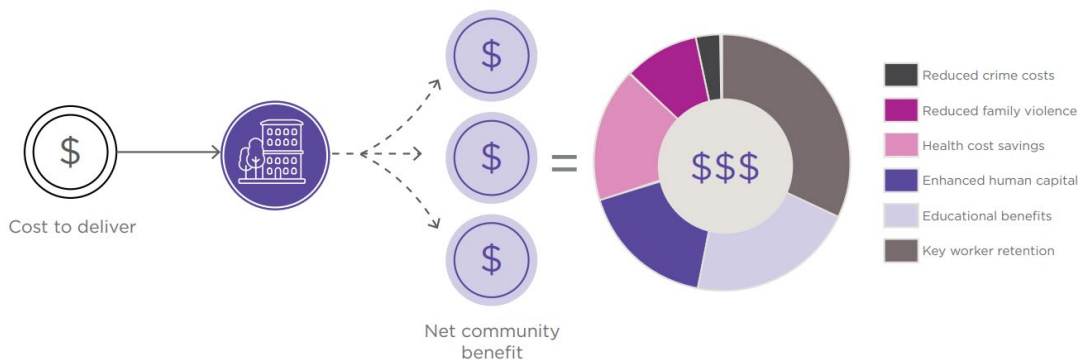
Reframing affordable housing in this way would ensure it is planned for and delivered based on forecast need and over the long term, like other forms of social and economic infrastructure. It should have reliable, ongoing funding that enables delivery. Like schools, health services and transport networks, affordable housing should be delivered in every community, in a way that responds to the needs of that community.

*Recommendation 2: Recognise affordable housing as essential infrastructure.*

## 2.4. Investing in affordable housing returns significant benefits

Research conducted by SGS Economics and Planning for Council in 2019 showed that for every dollar invested in affordable housing, there were \$3 in benefits (refer Figure 2 below).

**Figure 2: Every \$1 spent on affordable housing provides \$3 of community benefit**



Source: SGS Economics and Planning 2019

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Conversely, failing to invest in affordable housing will have significant social and economic impacts. In another report, SGS Economics and Planning (2022) estimates that the cost to government of failing to invest in affordable housing will reach \$25 billion per year by 2051.

The case for investing in affordable housing is compelling, and the Australian Government is best placed to do this, given it collects 81 per cent of tax revenue. This is discussed further in the Social Housing section below (Section 3.3).

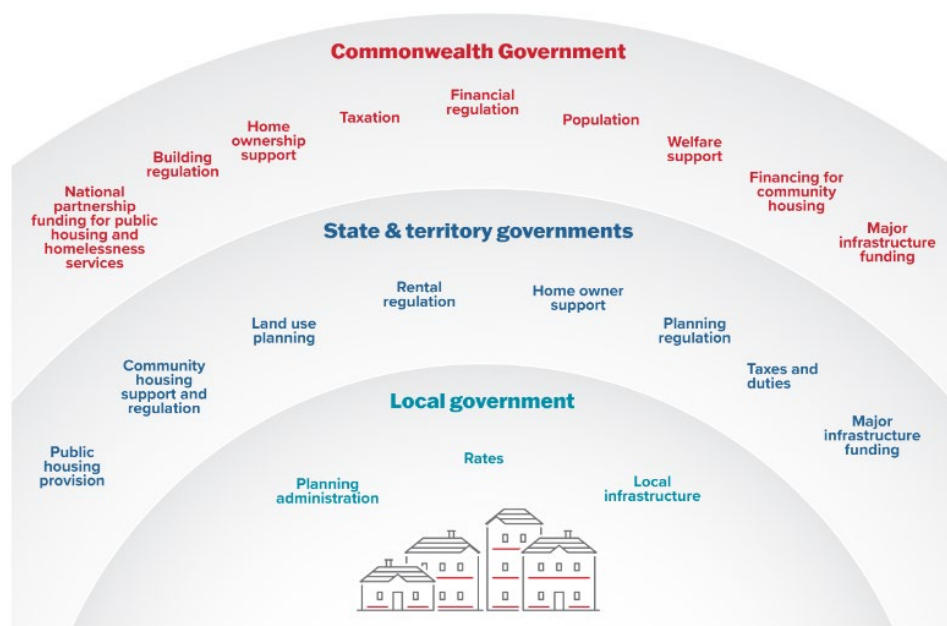
## 2.5. The Australian Government has the greatest influence over housing and homelessness outcomes

The Australian Government has a lead role and a direct influence in addressing housing and homelessness; as a major funder and project partner of state governments and the housing sector; and also as the legislator of many of the tax and market settings that influence housing. The Australian Government also controls the welfare system, which is directly linked to experiences of homelessness.

The roles of the tiers of government are established through the National Housing and Homelessness Agreement (NHHA). The NHHA makes it clear that the Commonwealth and States are responsible for leadership for housing and homelessness policy, and funding and maintaining adequate supply of social housing, and that local government's responsibilities are for building approval processes, local urban planning and development processes, and rates and charges that influence housing affordability.

However, the current NHHA is failing to deliver the housing and homelessness outcomes that are required. More needs to be done. Of all the tiers of government, the Federal level has the greatest number of levers with which to influence housing and homelessness, as shown in Figure 3 below (AHURI, 2023). In addition to controlling these levers, the Australian Government collects 81 per cent of tax revenue in Australia. Its investment and intervention in housing and homelessness should be commensurate with its revenue and utilise all the levers in its control.

**Figure 3: housing and homelessness policy levers of the tiers of government in Australia**



Source: AHURI 2023

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Historically, the federal and state governments have played a much larger role in housing supply, particularly social housing (further discussed in Section 3.3 below), compared with today. The Commonwealth-State Housing Agreement, formed in 1945, saw the construction of 96,000 dwellings over its first 10 years, and accounted for 16 per cent of total dwelling completions between 1945 and 1970. By the mid-1990s, this had reduced to 3 per cent.

The recently announced \$10 billion Housing Australia Future Fund, \$2 billion Housing Accelerator fund and \$1 billion National Housing Infrastructure Facility are significant contributions, but significantly more funding is needed. By way of comparison, Canada's National Housing Plan includes \$82 billion in funding over 10 years (Canada Mortgage and Housing Corporation, 2018).

City of Melbourne welcomes the involvement of the private sector and other stakeholders in the delivery of affordable housing. However, the Australian Government must continue to play a leading role in facilitating housing for those on the lowest incomes. Housing for very low-income earners requires significant subsidy and is unlikely to ever be feasible for the private sector in the absence of government funding. In addition, the greatest demand for affordable housing in the City of Melbourne is from very low-income households. The current market and rent setting models make it unfeasible for the private sector to deliver affordable housing for these people (unless there is government subsidy).

## 2.6. Consistency and definition of key terms are important

The terms 'social housing' and 'affordable housing' are commonly used but their definitions can vary across jurisdictions. In Victoria, the *Planning and Environment Act 1987* defines affordable housing, and the *Housing Act 1983* defines social housing. Both definitions are linked to very low, low and moderate income households.

Another concept that is emerging in public discussion around housing is that of 'key workers' (also known as 'frontline' or 'essential' workers). While frequently used, there is no clear or established definition of the term. City of Melbourne recently adopted a draft definition of 'key worker housing' (refer Appendix B) to address this. It is important for this concept to be linked to income, as some 'key' workers are on high incomes and do not require housing assistance<sup>1</sup>. This definition is being tested with stakeholders in the development and social housing industry and a final definition will be considered by Council in February 2024.

It is important that social housing, affordable housing and key worker housing are defined in order to ensure housing assistance is delivered in a consistent way and targeted to those in need. The National Housing and Homelessness Plan should ensure that these terms are clearly defined, so that housing outcomes are targeted to those on very low to moderate incomes. The Plan should also seek to achieve consistency of definitions across states and in federal, state and local government regulation, to ensure planning regulations and other incentives deliver affordable housing for very low to moderate-income earners.

## 2.7. Increasing housing supply does not guarantee housing affordability or affordable housing

Increasing housing supply is important, but the National Plan must ensure that the supply of targeted, subsidised, affordable housing is increased, in addition to general housing supply.

Public discussions regarding housing affordability frequently refer to restrictions on supply (particularly planning) being a cause, and increasing supply being a solution. The rationale is that if we build more housing, supply will exceed demand, and housing affordability will improve.

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<sup>1</sup> We acknowledge that in some areas, particularly rural and regional areas, there may be insufficient supply of housing for local employees and that targeted housing for these employees may be required, regardless of income.

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Housing policy responses must be much more nuanced than this. The problem is not entirely one of housing supply, but a lack of affordable housing for households on very low to moderate incomes (Van den Nouwelant et al, 2016; Ong et al, 2017) and the increasingly inequitable distribution of housing (Pawson et al, 2020). This is evidenced by the continued increase in need for affordable housing, despite recent construction booms and the dramatic increase in the number of dwellings in Melbourne. The ongoing campaign for trickle-down housing is not delivering homes for very low to moderate income earners.

The argument to increase housing supply alone fails to account for incentives that encourage investment in and financialisation of housing, and the primary motivation of developers to deliver a profit on any given project. Existing incentives have reframed housing as an asset, rather than an essential form of shelter, and housing has become an attractive option for private investors. Rental housing is primarily seen as a wealth-generating tool rather than essential infrastructure. Multiple studies have shown that developers will not build and sell more housing stock if it means reducing sale prices, even where all necessary permissions are in place (refer Section 3.5 below). Doing so would not be in the best interests of these developers or their shareholders.

In this context, increasing the supply of housing alone is not guaranteed to result in improved housing affordability, nor an increase in affordable housing. Government subsidies or uplift mechanisms are essential in delivering affordable housing. The minimum cost of land, construction and demonstrable profit means that appropriate housing for very low to moderate income earners cannot be delivered by the market alone. Resolving the housing crisis requires addressing the shortfall of affordable housing through subsidies, not marginal improvements in housing supply. In short, increasing housing supply is not sufficient – we also need to supply the right type of housing.

## 3. RESPONSE TO ISSUES PAPER FOCUS AREAS

### 3.1. Homelessness and homelessness services

*How can governments and community service providers reduce homelessness and/or support people who may be at risk of becoming homeless in Australia?*

#### 3.1.1. Homelessness in the City of Melbourne

In our city, we are facing a housing and homelessness crisis; a situation mirrored across Australia. Visible homelessness, people sleeping rough on the streets, is just the tip of the iceberg in our homelessness crisis. Many more women, children and families are part of the hidden problem.

Prior to 2021, the homeless population in Melbourne doubled in just five years, up from 926 in the 2011 census. This includes people sleeping rough on the streets, in derelict buildings, cars, 'couch surfing', staying in crisis accommodation or living in boarding or rooming houses. The scale of rough sleeping in our city was steadily increasing and is symptomatic of issues in the broader system. The COVID-19 pandemic disrupted this pattern, but with an end to measures introduced during this time and the continued increase in the cost of housing and cost of living costs, we anticipate homelessness will continue to increase.

Research suggests that people sleeping rough and unable to resolve their homelessness gravitate to central Melbourne over time from suburban and non-metropolitan locations. Data from the City of Melbourne-funded Night Time Safe Space Program supports this research. People attending the program have identified as coming from mostly inner and outer suburbs of Melbourne and also some regional areas.

Victoria has the second-highest number of people experiencing homelessness in Australia, with over 30,605 people, after New South Wales, which has 34,982 (ABS, 2021 census). The statistics show that 25 per cent of Australia's homeless population lives in Victoria. That's one in every four people experiencing homelessness.

In the 2021 Australian Census, a total of 1163 people were recorded as homeless in our municipality. The figure is down from 2016, when the Census recorded 1725 people as experiencing homelessness. On a per capita basis, City of Melbourne has 78 identified homeless persons per 10,000 people. City of Melbourne has the highest number of people sleeping rough in inner Melbourne with 130 people identified in 2021.

The 2021 census was taken during the COVID-19 pandemic, so the decrease in the homeless population does not necessarily indicate an ongoing trend. For example, in 2020, before the pandemic, more than 300 people slept rough in the City of Melbourne every night. During COVID-19, the Victorian Government accommodated people sleeping rough in hotels through the *From Homelessness to Home* (H2H) program, which could account for the decrease on census night. The long term impacts of the H2H program are yet to be measured and understood.

Certain groups are over-represented in the homeless population, particularly Aboriginal peoples (5 per cent of homeless population compared to 0.5 per cent of total population) and people experiencing chronic homelessness and sleeping rough. Refer Figure 4 below.

**Figure 4: Homeless population in the City of Melbourne**

- 130 people sleeping rough
- 5 per cent were Aboriginal peoples (Aboriginal peoples only comprise 0.5 per cent of our population)
- 15 per cent were young people aged 15 to 25

- 36 per cent of all people experiencing homelessness were women, and 20 per cent of women were young women aged 20 to 24
- 1163 people experiencing homelessness in total

Source: ABS 2021 Census, released March 2023

## City of Melbourne approach to addressing homelessness

Ending homelessness and rough sleeping is a key priority for the City of Melbourne. We lead a multifaceted approach that addresses the complex drivers of homelessness, while providing services and support for people in need. Our long-term goal is that safe and sustainable housing is provided for every person who is experiencing homelessness in Melbourne. Appendix A includes an overview of City of Melbourne's response to homelessness.

We are part of the Melbourne Zero Network – an alliance of diverse Melbourne-based businesses, brands, organisations and community groups publicly calling for change to make zero homelessness a reality and taking practical actions to end street homelessness in our city. Melbourne Zero Network is a coalition of what could seem to be unlikely partners, uniting to advocate for real change to end the stigma around street homelessness and position Melbourne as one of the most liveable cities for everyone.

City of Melbourne supports the Housing First approach which focuses on safe and permanent housing as the first priority for people experiencing homelessness. We are currently partnering with health and homelessness services, the Victorian Government and the corporate and philanthropic sectors to create pathways out of homelessness into secure housing. However, despite all our work over the past ten years, the lack of affordable housing in the city—particularly for those on very low incomes—remains a significant barrier to ensuring our residents have access to long-term, safe and secure housing.

### 3.1.2. A National Housing First approach

A National Housing First approach is essential to addressing and preventing homelessness. Housing First is a strategic response to homelessness that prioritises permanent and stable housing for people experiencing homelessness. It is only once stable housing is secured that other more enduring issues can be appropriately addressed. Providing a variety of housing options is critical to meeting the needs of different cohorts and ensuring they remain in housing long term. The best programs consult with and are informed by experts – people with a lived experience of homelessness.

Once housing is secured, a team of support workers can address complex needs through services like drug and alcohol counselling or mental health treatment. An individual's engagement with these support services is not conditional on them maintaining accommodation. This is different to other models of support that can require people to abstain from alcohol or drugs or comply with mental health programs to qualify for housing.

Housing First began in the United States in the 1990s, and its success has led to it being taken up in the United Kingdom, Spain, Italy, Ireland, France, Belgium, the Netherlands, Canada, and New Zealand. A longitudinal study of 225 people compared the outcomes from using a Housing First program versus using more traditional services. The research found that after two years, 88 per cent of those in the Housing First program retained their housing, compared to 47 per cent in the other programs (AHURI, 2012).

*Recommendation 3: Legislate the right to adequate housing to be achieved progressively, in accordance with our obligations under articles 2 and 11 of the International Covenant on Economic, Social and Cultural Rights.*

*Recommendation 4: Adopt a Housing First approach for people experiencing homelessness.*

### 3.1.3. Lack of supported accommodation options and funding for services

Addressing homelessness is complex and challenging because of compounding social, economic and policy factors. People experiencing homelessness are not a homogenous group. Homelessness can occur at any stage of life and to people from diverse backgrounds. Population growth, rising living costs, increasing rental costs, income support failing to meet the cost of rent and a lack of social and affordable housing are causing housing stress and homelessness.

The welfare system impacts homelessness. When someone is homeless, sleeping rough and just trying to survive each day, it is difficult for them to navigate their way through the complex administrative processes of the housing, welfare and health systems to get help. Many people at risk of homelessness also fall through the gaps in the service system; do not receive the help they need and end up on the streets.

The primary challenges within the homelessness system in Melbourne also include a lack of funding for and effective coordination of support services and a shortage of emergency accommodations and supported housing options. The Victorian Government has implemented various measures to address these challenges, including funding new housing initiatives and support services. However, more needs to be done, at a quicker pace, by all levels of government to create suitable accommodation and support options in our city.

In partnership with the private sector, not-for-profit sector and Victorian Government, the City of Melbourne is delivering its own supported transitional residential accommodation facility, Make Room. This will provide up to 50 studio apartments alongside living areas and wraparound support services for residents, providing transitional accommodation for a significant proportion of Melbourne's current rough sleepers. We would welcome further engagement with the Australian Government regarding new facility, including sharing learnings once it is established and operational in order to replicate the Make Room model in other jurisdictions.

An integrated service system is needed across local, state and federal government departments. The departments of housing, health, human services, education, justice and Centrelink services need to work collaboratively to improve housing outcomes for individuals interacting with various aspects of the system.

Early intervention and access to sustainable housing is also crucially important to prevent exit into homelessness from out of home care and the justice, health and mental health systems.

*Recommendation 5: Establish ways for agencies to work together to share information on individuals sleeping rough to support best outcomes (known as a By Name List).*

*Recommendation 6: Provide long-term funding for services associated with homelessness, including transitional housing, and services that improve coordination between intersecting systems such as housing, health justice, education and family violence.*

### 3.1.4. Increasing income support

Providing people with an adequate basic income is critical to preventing homelessness and sustaining long term housing. Prior to the COVID-19 response, income support payments had not increased in real terms in 25 years. The increased JobSeeker income support payment brought in during the pandemic had a life-changing effect for households who were briefly able to afford housing, food, healthcare and education – the fundamentals needed to thrive, not just survive. Increase introduced in 2023 have been welcomed by the sector; however, with housing costs and the cost of living increasing, income support also needs to increase.

Commonwealth Rent Assistance (CRA) is currently failing to meet actual rental costs. It is linked to Consumer Price Index (CPI) increases twice a year, but this is inadequate as rental prices are increasing faster than CPI (CCCLM, 2020). It is also paid at an even rate across the country, meaning that people living in higher rent

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areas such as the municipality of Melbourne and other capital cities are disadvantaged (Australian Institute of Health and Welfare, 2019).

*Recommendation 7: Establish reforms to the income support system to increase Commonwealth Rent Assistance, income support payments and improve government service coordination.*

### 3.1.5. Prioritising the needs of particular cohorts

There are particular groups that are over-represented in homelessness figures, or who have unique needs that that are not being met through current service provision. These include Aboriginal peoples, people experiencing chronic homelessness or sleeping rough, children and young people, and women. These groups are discussed further below. It's important to note that while we highlight specific cohorts, we are also committed to achieving safe and affordable housing for everyone in our city. We also understand the intersectionality of identity – a person experiencing homelessness may hold the identity of many cohorts.

The National Plan should ensure that support services and housing options respond to the different cultural needs of people who are experiencing homelessness. This is important for Aboriginal peoples and could be extended to any cultural group that may have experienced trauma in built form environments. This could build on the findings of the *Blueprint for an Aboriginal-specific homelessness system* in Victoria developed by Aboriginal Housing Victoria and work done by the City of Melbourne for the Make Room project (refer Appendix A).

*Recommendation 8: Prioritise the unique service and support needs for groups that are over-represented in the homeless populations and/or have unique needs: Aboriginal peoples, people experiencing chronic homelessness and sleeping rough, women and young people (aged 15 to 25).*

*Recommendation 9: Develop a National Cultural Safety Framework, based on the Victorian Aboriginal Housing and Homelessness Framework, to ensure that homelessness services and housing options respond to cultural needs.*

### Aboriginal Peoples

As shown in Figure 4, despite only 0.5 per cent of the City of Melbourne's population identifying as Aboriginal, 5 per cent of people experiencing homelessness and 15 per cent experiencing chronic homelessness are Aboriginal peoples. Aboriginal peoples in Victoria experience contact with homelessness services at 10 times the rate of other Victorians (Australian Institute of Health and Welfare, 2022). Despite Aboriginal peoples representing a high percentage of people experiencing homelessness, there is no Aboriginal-specific access point within Melbourne's CBD or established partnerships with Aboriginal Controlled Community Organisations (ACCOs).

Research to develop a proposed blueprint for an Aboriginal-specific homelessness system reported that Aboriginal peoples often find mainstream services 'cold' and 'scary' and lack culturally safe environments (Aboriginal Housing Victoria, 2022). Cultural safety means creating an environment where Aboriginal peoples feel safe, respected and empowered and can access support services that respect and acknowledge cultural identity, values and beliefs. Culturally safe environments address the systemic barriers and discrimination that Aboriginal peoples face in the homelessness system. This is discussed further in Section 3.2.3 below.

### Chronic homelessness and people sleeping rough

Long term homelessness is defined as experiencing homelessness for more than 12 months. For people who experience homelessness, 70 % of 19-24 year olds, and 85 % of people over the age of 25 experience long term homelessness. People experiencing long-term homelessness have multiple and complex needs and many experience mental health difficulties. There are elevated rates of depression, substance abuse and

severe mental illness (including psychosis and schizophrenia) in this population. The high prevalence of alcohol and drug use among individuals experiencing chronic homelessness is commonly a consequence of homelessness. It's a method often used to cope with the dangers, stress and anxiety they face during homelessness.

For people experiencing long-term homelessness, it is now widely understood that affordable housing alone is unlikely to be an adequate or lasting solution. Many who have been sleeping rough for an extended time have experienced deep trauma and violence, have complex needs and require physical and mental health support. People sleeping rough for an extended time usually require specialist housing and ongoing support. There is a lack of specialist housing with wraparound support services in Melbourne and nationwide. Without investment in tailored housing solutions for the people who have experienced long-term rough sleeping, the number of people ending up back on the streets will continue to rise.

## Children and young people

In Melbourne, young people experience high incidences of homelessness – 15 per cent of people (174 people) who were homeless in our city were aged 15 to 25 (ABS, 2021 Census). Children who experience homelessness are more likely to become homeless when they reach adulthood. There is a strong correlation between homelessness and the following factors:

- childhood poverty,
- family breakdown,
- child protection or out of home care, and
- low levels of education.

Recent research in Victoria found that young out-of-home care clients are a 'distinctly vulnerable group for lifelong homelessness and entrenched rough sleeping' (DHHS, 2017). The research showed that among young people who have spent their lives in care and having never experienced 'home,' even a short period of sleeping rough is likely to develop into long term homelessness.

Given the likely impact of trauma on young people experiencing homelessness, there is a need to address mental health and wellbeing in young people in a way that differs from other cohorts. Because of this, we recommend a dedicated plan for addressing youth homelessness that is underpinned by the voices of children and young people.

*Recommendation 10: Establish a dedicated children and youth homelessness plan. This should be underpinned by the voice of children and young people.*

## Women

Women aged 20 to 24 were the largest female age group experiencing homelessness in Melbourne, with 119 people out of 633, or almost 20 per cent (ABS, 2021 Census). Across our city, 36 per cent of people recorded as homeless in the 2021 Census were women. The number of women with young children who don't have anywhere to live has risen dramatically in the past five years. Family violence is the primary cause of homelessness for women and children in Australia (AHURI, 2022).

Women are less likely than men to sleep rough due to safety concerns, reducing their visibility. Women are also more likely to 'self-manage' their homelessness through strategies such as moving in with a partner, moving between family and friends, and seeking jobs providing housing such as live-in care work, further decreasing their visibility within the homelessness system. Women face systemic economic disadvantages

when compared with men. Inequalities put women at a greater risk of experiencing homelessness or housing stress as they age. Women, on average, earned \$253.70 per week less than men in 2015-2016 (Gender Equity Victoria, 2016).

## **Temporary Visa Holders**

In addition to these priority cohorts, people on temporary visas face significant disadvantage as they are unable to access income support, and may be excluded from accessing support services. This can lead to repeat and chronic homelessness.

*Recommendation 11: Ensure that people on temporary visas are able to access homelessness support services, housing pathways and income support payments.*

### **3.1.6. The voice of those with lived experience is critical**

Consumer participation is a fundamental component of the City of Melbourne's homelessness response, and should also inform the development of the National Housing and Homelessness Plan.

In partnership with Council to Homeless Persons' Peer Education and Support Program, we ensure that people with a lived experience of homelessness meaningfully inform the development of policies and initiatives that impact the lives of people without a home.

The City of Melbourne is also establishing a Homelessness Advisory Committee, which will bring together people with broad and diverse knowledge and experience of issues relating to homelessness. It will be an important point of contact between Council and people who have personal and or professional experience and knowledge of homelessness.

*Recommendation 12: Establish an ongoing mechanism to consult with people with a lived experience of homelessness to ensure the national housing and homelessness plan is working and supported.*

### **3.1.7. Increase social housing**

A key response to homelessness is to increase the supply of social housing. As noted above, in the absence of affordable housing options, homelessness responses are ineffective.

As discussed further in Section 3.3 below, a significant increase in the supply of social and affordable housing is required. Substantial, ongoing government funding, at both a state and federal level, is necessary to meet the need for affordable housing, particularly for very low and low income earners, in Australia.

### **3.1.8. Recommendations**

The National Plan should:

- Legislate the right to adequate housing to be achieved progressively, in accordance with our obligations under articles 2 and 11 of the International Covenant on Economic, Social and Cultural Rights.
- Adopt a Housing First approach for people experiencing homelessness.
- Establish ways for agencies to work together to share information on individuals sleeping rough to support best outcomes (known as a By Name List).
- Provide long-term funding for services associated with homelessness, including transitional housing, and services that improve coordination between intersecting systems such as housing, health justice, education and family violence.

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- Establish reforms to the income support system to increase Commonwealth Rent Assistance, income support payments and improve government service coordination.
- Prioritise the unique service and support needs for groups that are over-represented in the homeless population and/or have unique needs: Aboriginal peoples, people experiencing chronic homelessness and sleeping rough, women and young people (aged 15 to 25).
- Establish a dedicated children and youth homelessness plan. This should be underpinned by the voice of children and young people.
- Develop a National Cultural Safety Framework, based on the Victorian Aboriginal Housing and Homelessness Framework, to ensure that homelessness services and housing options respond to cultural needs.
- Ensure that people on temporary visas are able to access homelessness support services, housing pathways and income support payments.
- Establish an ongoing mechanism to consult with people with a lived experience of homelessness to ensure the national housing and homelessness plan is working and supported.

## 3.2. Aboriginal Housing

*How can governments, across all levels, best work with communities to support better housing outcomes for Aboriginal peoples?*

### 3.2.1. Acknowledgement of displacement and strength

The City of Melbourne acknowledges that Aboriginal peoples were the First Nations peoples of this land and have strived to retain their culture and identity through the period of European colonisation for over 200 years.

We also recognise that European colonisation forced the displacement of many Aboriginal peoples from their traditional lands, including those of the Kulin Nation. Despite the destructive impact of European colonisation, Aboriginal culture has endured and is recognised globally as one of the oldest living cultures.

Aboriginal peoples show enormous resilience and generosity of spirit towards other people with whom their land is now shared. However, the echoes of this displacement are still experienced today and Aboriginal peoples disproportionately experience homelessness and housing insecurity in Australia. Aboriginal peoples continue to experience complex historical disadvantage, including; lower education and training levels, lower incomes and the compounding disadvantage of dispossession of their land.

The City of Melbourne's Community Vision states that:

*"Melbourne is an Aboriginal city where we govern with our Traditional Custodians and all have a shared commitment towards treaty, justice and reconciliation with our First Peoples."*

Achieving this vision requires the provision of adequate and affordable housing for Aboriginal peoples in Melbourne.

### 3.2.2. Need for housing for Aboriginal peoples

As a consequence of this ongoing disadvantage and dispossession Aboriginal peoples face severe housing disadvantage. Aboriginal peoples represent 20 per cent of the homeless population in Australia despite only comprising 3.3 per cent of the Australian population. More than 20,000 properties are currently needed across Australia for Aboriginal peoples (Homelessness Australia 2019).

In Victoria, Aboriginal peoples are 14 times more likely to experience homelessness than non-Aboriginal Victorians. More than 4,000 of Victoria's Aboriginal households (1 in 5) have sought social housing.

In Victoria, it is expected that the Aboriginal population will grow from 57,782 in 2016 to 95,149 in 2036 and will require an additional 5,085 Aboriginal Housing units by 2036 (Aboriginal Housing Victoria, 2020).

At the 2021 census, there were 769 Aboriginal people living in the City of Melbourne. This comprises 0.5 per cent of the total population, which is less than the average of Greater Melbourne (0.7 per cent) and Australia (3.3 per cent). Aboriginal peoples make up 5 per cent of the homeless population in Melbourne, a significant over-representation.

In addition to housing stress and homelessness, Aboriginal peoples can experience 'spiritual homelessness', whereby they are separated from family, kinship networks and traditional lands (Tually et al 2022). This can have significant mental health impacts and further exacerbates the impacts of dispossession and disconnection from heritage.

In response to this, City of Melbourne supports a portion of government land being allocated to Aboriginal Housing Organisations, as established in the Victorian Aboriginal Housing and Homelessness Framework. As outlined in the Framework, "as the government allocates surplus land for social housing, a proportion commensurate with Aboriginal population share, i.e 1 per cent, should be allocated to Aboriginal organisations

to construct social housing units. While a target of 1 per cent equivalent to population share, is well below need, it would provide recognition of Aboriginal self-determination and would be a manageable amount given the current capability and capacity of the Aboriginal housing sector.” (Aboriginal Housing Victoria, 2020, page 94)

*Recommendation 13: Ensure that at least 1 per cent of surplus government land is allocated to Aboriginal Housing organisations, in line with Victorian Aboriginal Housing and Homelessness Framework.*

### **3.2.3. A dedicated Housing and Homelessness Plan for Aboriginal peoples**

Affordable housing should be developed in partnership with the Aboriginal community to support the specific cultural and kinship needs of Aboriginal households. In Victoria, there is a dedicated, standalone framework for Aboriginal housing, *Mana na woorn tyeen maar takoort: Every Aboriginal Person has a home*. This framework was developed by and for the Aboriginal community, and is an example of self-determination in action.

The complex and unique housing challenges facing Aboriginal peoples require a targeted and culturally safe response, that is underpinned by self-determination. In addition, Aboriginal housing organisations report that the needs of Aboriginal peoples can be overlooked or sidelined in mainstream strategies.

The Victorian framework provides a blueprint for how this could be achieved. Such a plan could include measures that ensure a percentage of all affordable housing is allocated to Aboriginal peoples, and include Cultural Safety Guidelines to ensure appropriate and relevant housing options and culturally appropriate support services are available to Aboriginal peoples.

*Recommendation 14: Include a commitment to work directly with and resource Aboriginal housing organisations.*

*Recommendation 15: develop a dedicated National Housing and Homelessness Plan for Aboriginal peoples.*

### **3.2.4. Recommendations**

The National Housing and Homelessness Plan should:

- Ensure that at least 1 per cent of surplus government land is allocated to Aboriginal Housing organisations, in line with Victorian Aboriginal Housing and Homelessness Framework.
- Include a commitment to work directly with and resource Aboriginal housing organisations.
- Develop a dedicated National Housing and Homelessness Plan for Aboriginal peoples.

## 3.3. Social housing

*How can all levels of government, along with housing organisations, institutional investors, not-for-profits, and private industry, improve access to social housing, which includes public housing and community housing?*

### 3.3.1. Underinvestment in social housing

Decades of under-investment in social and affordable housing combined with a growing population, rising housing costs, and the COVID-19 pandemic means there are not enough affordable homes. Only 2.5 per cent of dwellings in Victoria are social and affordable housing. This is the lowest proportion of all states and territories.

Prior to the mid-1990s, the Australian Government played a key role in the delivery of social housing, particularly public housing. The Commonwealth-State Housing Agreement, formed in 1945, saw the construction of 96,000 dwellings over its first 10 years, and accounted for 16 per cent of total dwelling completions between 1945 and 1970 (Pawson et al, 2020).

This contribution had fallen to 3 per cent by the mid-1990s. Since this time, housing costs have increased at a significantly greater rate than wages (discussed in Section 3.4 below). This has resulted in demand for social housing increasing at the same time that supply decreased to its lowest levels in 50 years.

Investment in maintaining and upgrading existing social housing has similarly declined in recent decades, with a 2017 Victorian Auditor General's report indicating substantial improvements to asset management approaches were required.

Research commissioned by the City of Melbourne for our [Affordable Housing Strategy](#) found that in 2016 there was a shortfall of 5,500 affordable homes in our municipality. Without intervention, this shortfall of affordable housing is likely to increase to approximately 23,200 households by 2036.

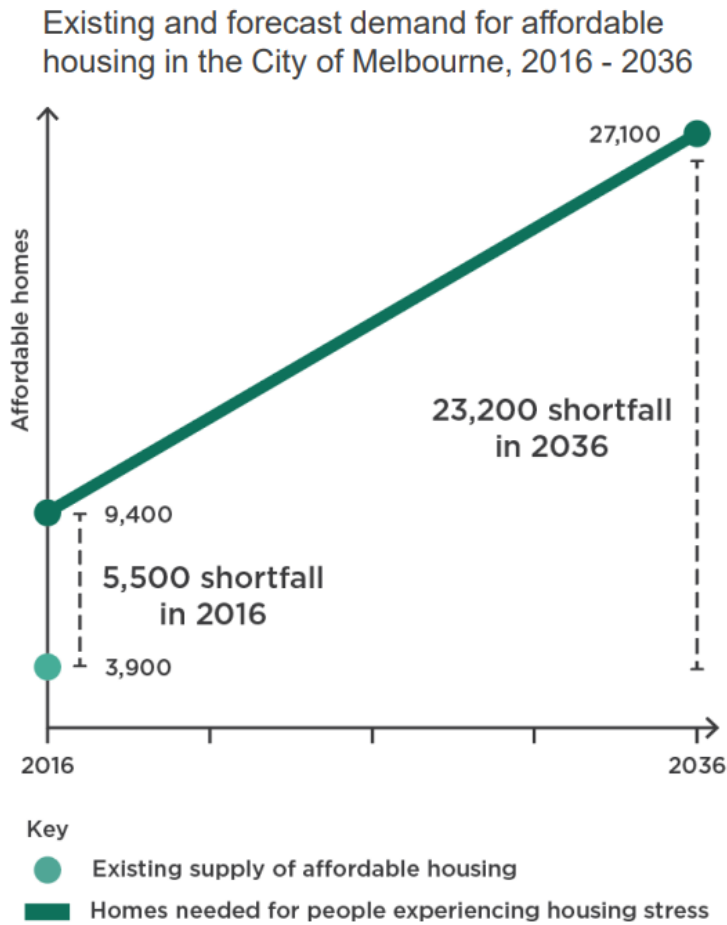
### 3.3.2. Need for social and affordable housing in City of Melbourne

The population of the City of Melbourne is forecast double between 2021 and 2041, reaching 308,000 people. The number of households is expected to increase by 58 per cent to 135,000 over the same period.

There is a severe shortage of affordable housing within the municipality. As shown in Figure 5 below, the gap between demand and supply of affordable housing is significant, and forecast to increase to 23,200 dwellings by 2036.

Despite continued general housing supply, there is growing demand for housing for very low, low and moderate income earners. This is caused by housing and rent prices increasing faster than wages, in combination with lack of government investment in social housing. Therefore, there needs to be a substantial increase in the supply of affordable housing for very low and low income earners, and not only an increase to general housing supply.

**Figure 5: need for affordable housing in City of Melbourne**



Source: SGS Economics and Planning 2019

### 3.3.3. A significant increase to the HAFF and other programs is required

The recently announced Housing Australia Future Fund (HAFF) is welcome and goes some way to meeting the unmet need for social housing. However, the quantum of the HAFF is not sufficient. An estimated 950,000 social housing dwellings (50,000 per year) are needed across Australia (Martin, 2023) by 2041. The HAFF commits to just 30,000 dwellings over five years, and a further 10,000 dwellings are committed under the Accord. This equates to only 8,000 dwellings per year.

The Australian Government has played a much larger role in funding social housing historically, and must do so again in order to meet demand. In addition, the Australian Government collects 81 per cent of total tax revenue in Australia, and therefore has the greatest capacity to fund social housing.

As noted in Section 2.4 above, for every \$1 invested in social housing, there are \$3 in benefits. This is a greater cost-benefit ratio than most infrastructure projects. Conversely, failure to invest has significant costs. This further strengthens the justification for increasing social housing funding at a federal level.

The HAFF and other programs should be ongoing and substantially increased. They should provide funding to Registered Housing Associations for the provision of community housing, and to state governments for the provision of public housing.

*Recommendation 16: Provide ongoing capital and operational funding for Registered Housing Associations to develop housing and build capacity.*

*Recommendation 17: Provide substantial ongoing investment to build new public housing.*

### **3.3.4. Private sector should contribute to social and affordable housing supply**

The private sector plays a critical role in housing supply, and gains substantial benefits from the development of land for housing. Decisions and investments made by governments create financial value (or 'uplift') for landowners and developers, and some of this value should be shared with the broader community in the form of affordable housing contributions.

The positioning of social and affordable housing as essential infrastructure further supports this position. There are existing frameworks and precedents for contributions to other forms of 'essential' infrastructure, including drainage assets, community facilities, open space, and local road networks. Social and affordable housing is essential to communities in the same way that these other forms of infrastructure are.

An attempt by the Victorian Government in 2022 to introduce a levy on development for the purpose of affordable housing was quickly repealed due to backlash from the property sector. The current framework in Victoria requires any affordable housing contribution to be negotiated on a case-by-case basis, and there are significant challenges in securing any contributions in this context (discussed further in Section 3.5.3 below). The recent Victorian Government Housing Statement seeks to encourage the provision of affordable housing in significant developments through access to a fast track decision making process (discussed further in Section 3.5.4 below). This contribution remains voluntary and can be varied by the Minister for Planning.

The National Housing and Homelessness Plan can establish a clear direction for the private sector and its role in social housing supply. It should encourage states and territories to introduce mandatory controls for affordable housing in the planning system, as discussed in Section 3.5.

### **3.3.5. Using government land for social and affordable housing**

There are opportunities to use government-owned land more efficiently and support the delivery of social and affordable housing. Through the National Housing and Homelessness Plan, the Australian Government should undertake a strategic review of its own land and identify and commit land that is appropriate for the development of affordable housing. Other tiers of government should be encouraged to do the same, noting that in Victoria this is occurring at a state and local level already.

Such a proposal has community support in the City of Melbourne. One third of survey respondents selected 'Make more government land available for affordable housing' (Australian Government and Victorian Government land) as their top advocacy item through community engagement on our Affordable Housing Strategy.

It is important that any redevelopment of existing public housing results in a significant increase in stock. Recent programs in Victoria have seen marginal increases, and in some cases, decreases in overall bedroom numbers. These programs saw the privatisation of high-value, well-located public land. The programs displaced residents, and this displacement can significantly impact the mental and physical health of those affected (Kelly and Porter, 2019).

Additionally, at least 1 per cent of total surplus government land allocated for social housing should be allocated to Aboriginal housing organisations (as discussed in Section 3.2.2 above).

*Recommendation 18: Commit to identifying and developing underused Australian Government-owned land that is appropriate for affordable housing.*

*Recommendation 19: Redevelopment of public housing, including mixed tenure developments, should result in a net increase in public housing units and capacity, and should not be driven solely by financial outcomes.*

*Social impacts must be considered, including the need to minimise disruption to and displacement of residents.*

*Recommendation 20: Explore ways for the Australian Government to directly partner with and fund local government to deliver housing projects.*

### **3.3.6. Ensuring consistency and alignment between funding and local requirements**

A specific issue that requires addressing, either through the HAFF, National Plan or the Accord, is the ability for council-owned land to secure federal funding under a leasehold model.

In Victoria, councils are limited by the *Local Government Act* to offering leases of a 50-year maximum term. We have been advised that this lease term does not meet the funding requirements of the HAFF. This may limit the ability of councils to contribute land for social and affordable housing and should be addressed.

It is important that such issues are identified and resolved through the National Plan.

*Recommendation 21: Ensure federal funding requirements do not present a barrier to the use of council-owned land for affordable housing, for example, the misalignment between the new Housing Australia Future Fund requirements and the maximum lease term of council land under the Local Government Act 2020 [Vic].*

### **3.3.7. Recommendations**

The National Housing and Homelessness Plan should:

- Provide ongoing capital and operational funding for Registered Housing Associations to develop housing and build capacity.
- Provide substantial ongoing investment to build new public housing.
- Commit to identifying and developing underused Australian Government-owned land that is appropriate for affordable housing.
- Redevelopment of public housing, including mixed tenure developments, should result in a net increase in public housing units and capacity, and should not be driven solely by financial outcomes. Social impacts must be considered, including the need to minimise disruption to and displacement of residents.
- Explore ways for the Australian Government to directly partner with and fund local government to deliver housing projects.
- Ensure federal funding requirements do not present a barrier to the use of council-owned land for affordable housing, for example, the misalignment between the new Housing Australia Future Fund requirements and the maximum lease term of council land under the Local Government Act 2020 [Vic].

## 3.4. Housing costs, home ownership and private rental

*What should governments, private industries, the not-for-profit and community sectors focus on to help improve access to housing and housing affordability in the private market?*

### 3.4.1. Structural affordability challenges

Over the past three decades, house prices have grown at a much faster rate than household incomes. In the three decades to 2020, house prices across Australia tripled, while wages increased by only 50 per cent (Pawson et al, 2020). This problem is exacerbated in capital cities, particularly Sydney and Melbourne.

The increased cost of home ownership has created a structural affordability issue that is worsening over time, impacts on households across the spectrum and particularly impacts those who are young and/or on low incomes. The increased cost of home ownership has resulted in a steady decrease in rates of home ownership in Australia since 1985 (except for those aged over 65) (Pawson et al, 2020). Households are renting for longer, purchasing homes later in life or not at all, and increasingly relying on family wealth to enter the housing market. This places greater stress on the rental market, and impacts lower-income households most prominently. The *Homes Victoria Rental Report: March Quarter 2023* shows that just 0.7 per cent of new lettings in the City of Melbourne are affordable to households on Centrelink incomes.

The situation in the City of Melbourne as at the 2021 Census is shown in Table 1 below. The rate of home ownership in the City of Melbourne is less than half that of Greater Melbourne and Australia, and the number of households spending more than 30 per cent of their income on housing costs is higher.

**Table 1: City of Melbourne housing tenure breakdown**

	City of Melbourne	Greater Melbourne	Australia
Owned home outright	13.6	29.7	31
Owned home with mortgage	16.4	37.1	35
Rental housing	67.2	30.8	30.6
Rental households spending more than 30 per cent of income on rent	36	30.9	32.2
Households with mortgage spending more than 30 per cent of income on repayments	19.8	16.8	14.5

Source: ABS data 2021

### 3.4.2. Existing government tax incentives are untargeted and inequitable

Existing Australian Government incentives, particularly negative gearing and capital gains tax concessions, largely increase demand for housing, while doing little to increase supply. These incentives also tend to favour established homeowners and investors and treat housing as an investment rather than shelter.

It has been widely reported that the first homeowners grant has increased the cost of housing thus exacerbating the problem it is intending to solve. Other incentives are not targeted to new dwellings and therefore do not contribute to increasing supply.

Estimates of the cost to government of tax concessions to property investors can be difficult to measure, but in 2022-23, it was estimated that negative gearing and capital gains tax concessions cost the Australian

Government \$12.7 billion in foregone revenue. This figure is expected to increase to \$20 billion by 2032. Other analysis shows that 56 per cent of negative gearing benefits flow to the top 10 per cent of income earners. These tax incentives are untargeted, inequitable, and increase house prices.

The National Housing and Homelessness Plan should address this inequity and ensure government concessions are targeted towards very low to moderate income earners. A review of the tax incentives and concessions is required. Such a review should ensure that any concessions are targeted (for example, they help to increase supply by applying only to new dwellings) and equitable (for example, they are directed to those in need of housing assistance).

*Recommendation 22: Review and reform tax and regulatory structures to address housing inequity. The holistic review and reforms should seek to:*

- *Reduce land and housing speculation and redistribute tax incentives to improve the supply of quality housing for owner-occupiers.*
- *Increase diversity in the housing market by encouraging a range of public, not-for-profit and other alternative delivery models.*
- *Consider and evaluate options to encourage institutional investment (e.g. superannuation) in affordable housing.*

### **3.4.3. The need for improved outcomes for renters**

Despite the significant incentives and subsidies flowing to private landlords, the private rental market in Australia is increasingly unaffordable. The City of Melbourne has a large proportion of renters (67 per cent of all households), and it is estimated that 36 per cent of these households are in housing stress. Rents continue to increase at a greater rate than wages. Rents have increased by 15.7% over the last 12 months (DFFH, 2023), while wages have grown by only 3.6% (ABS, 2023).

In Victoria, recent reforms to the Residential Tenancies Act aim to improve standards for renters. These reforms included establishing minimum standards, enabling renters to make modifications to dwellings, and removing no-fault evictions. Consideration should be given to requiring other states to adopt similar legislation to that in Victoria to improve outcomes for renters. However, these reforms do not address the lack of affordability within the private rental market.

### **3.4.4. The emerging build to rent sector requires regulation**

The build to rent (BTR) sector is an emerging typology in Australia. BTR refers to development that is purpose-built for rental accommodation and managed by a professional landlord. Developments are usually high-density and in well-located areas, and often include shared amenities and facilities such as workspaces, gyms, or meeting spaces. Melbourne is the BTR capital of Australia, with 59 per cent of the national pipeline planned for the city (JLL, 2022).

The benefits of BTR include potential for long term leases, higher quality-built form outcomes, consistency in tenancy management, and on-site amenities.

BTR is often promoted as a solution to the rental crisis. In the current policy environment this is unlikely to be the case. BTR developments within the City of Melbourne generally advertise higher rents than the broader market and are advertised as “luxury” housing products. Council has faced significant opposition from landowners to the delivery of affordable housing within BTR, due to the purported challenges in managing different tenure types and the desire for maintenance and management to be under the remit of one organisation.

BTR developments benefit from significant tax incentives at both a state and federal level. In Victoria, the state level incentives are dependent upon providers offering all tenants three-year leases. Subject to appropriate implementation measures, this ensures BTR provides longer-term rental options and could be considered in other states. Consideration could also be given to requiring particular outcomes be delivered in order for projects to receive federal incentives (for example, a portion of affordable housing could be required in order to receive tax concessions).

At a local level in Victoria, BTR developments do not trigger contributions to open space, providing a further, significant concession to landowners. In this instance, demand for open space is increased by new BTR residents, but there is no contribution to Council to improve or upgrade open space infrastructure.

BTR developments benefit from significant concessions but do not generally provide affordable housing outcomes, or make sufficient contributions to open space levies. The regulation of the sector requires review to ensure that these developments are providing community benefit that is commensurate with the incentives and subsidies they are afforded.

Currently, there is no formal definition of build to rent developments in Victorian planning schemes. Unlike regular dwellings, residential hotels or residential villages, this means that the Victorian Government cannot currently make planning policy that directly applies to build-to-rent developments – for example, to prevent their sale and immediate subdivision.

The City of Melbourne proposes a BTR definition be developed to address this. This would allow state and local governments to make policies specific to build-to-rent developments (for example, to require a percentage of affordable housing in certain BTR developments), and would provide greater security of tenure for renters. A definition of BTR has already been introduced in New South Wales. This has allowed the New South Wales Government to apply a range of controls to BTR housing, including to prevent its subdivision for 15 years, and to introduce a state significant development pathway for certain larger BTR projects.

*Recommendation 23: Establish a definition of Build to Rent housing or encourage the establishment of such a definition by State Governments to link the land use and this housing delivery model with appropriate public policy and regulation.*

### **3.4.5. Regulating short stay accommodation**

As acknowledged in the Issues Paper, the increased prevalence of short-term rental accommodation (STRA) has impacted on the availability of long-term rental housing in some areas. This is a significant issue in the City of Melbourne, where an estimated 4,100 dwellings are STRA. These are dwellings that might otherwise be available on the private rental market.

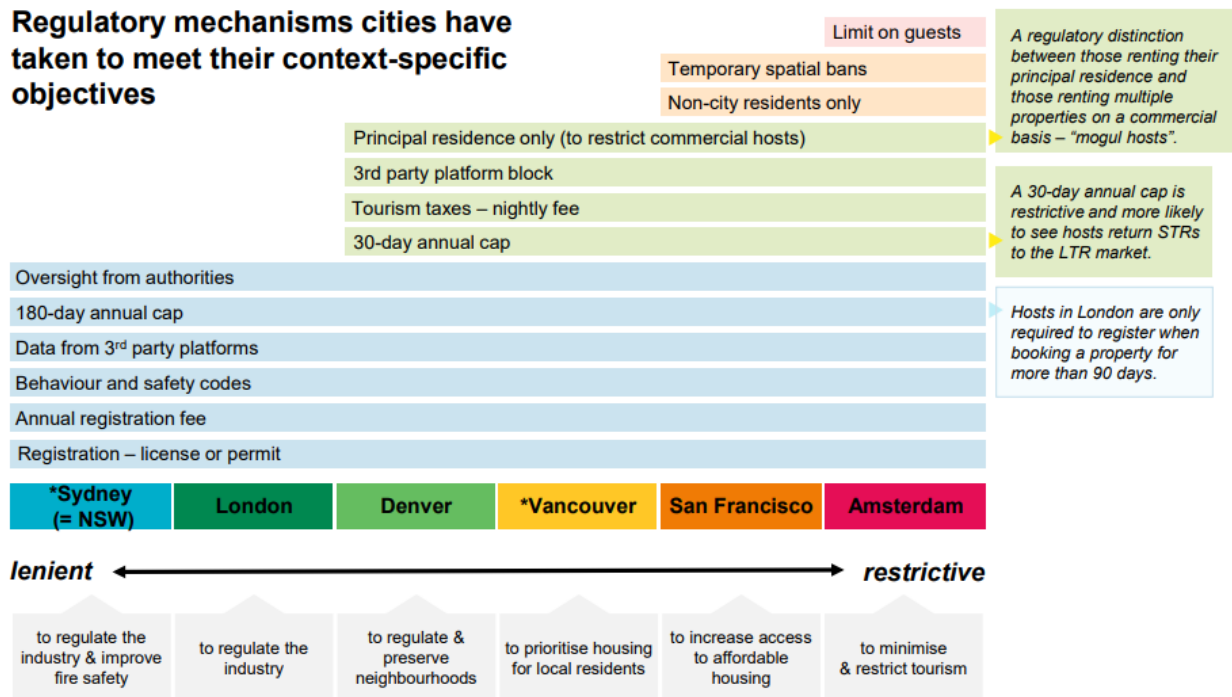
To address this, Council recently established a policy position and work to track and regulate the STRA industry. Council is seeking to introduce a local law that would introduce a registration fee and place a 180 day-per-year cap on properties. Data will be collected to test the policy aspiration.

STRA has emerged rapidly and is aided by technology platforms. The objectives of regulating STR include protection of rental housing, prevention of commercial STRs, address nuisance and ensure safety, and to regulate and monitor the industry.

The approach taken by City of Melbourne is lenient when considered in a global context. Figure 6 below shows the various approaches taken by governments around the world in response to this issue (further information available [here](#)) Singapore has introduced a total ban on STRA.

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Figure 6: spectrum of STRA intervention in different countries



Source: City of Melbourne, 2023

The Victorian Government has recently introduced a 7.5 per cent levy on STRA through its recent Housing Statement. While this will raise much-needed funds for Homes Victoria, it does not restrict the days per year that a property can be rented for. This means that such properties could be less likely to be added to the long term rental market.

The impact of STRA varies around Australia, which means local governments need to be empowered to impose regulations that respond to local issues and needs. In some areas, STRA does not exist at a scale that is problematic, while in others STRA may provide tourism benefits that outweigh housing impacts. Conversely, in the City of Melbourne (and other locations), STRA exists in significant numbers and has impacts on access to long-term rental housing as well as neighbourhood amenity. In our municipality, 88 per cent of STRA properties are one and two bedroom dwellings that could contribute to supply of private housing, either for rent or purchase. Central city, inner-urban and rural jurisdictions require different regulatory models and policy levers to shift short-term rental accommodation into long-term homes.

This means that, while State and Federal Government can play a role in regulating the STRA industry, it is particularly essential that local governments are supported to play a role in the regulation of STRAs in their municipalities.

*Recommendation 24: Address the impact of the Short Term Rental Accommodation (STRA) sector, including by enabling local governments to introduce regulations that respond to unique STRA operating environments in their local communities. .*

## 3.4.6. Recommendations

The National Housing and Homelessness Plan should:

- Review and reform of tax and regulatory structures to address housing inequity. The holistic review and reforms should seek to:
  - Reduce land and housing speculation and redistribute tax incentives to improve the supply of quality housing for owner-occupiers.
  - Increase diversity in the housing market by encouraging a range of public, not-for-profit and other alternative delivery models.
  - Consider and evaluate options to encourage institutional investment (e.g. superannuation) in affordable housing.
- Establish a definition of Build to Rent housing or encourage the establishment of such a definition by State Governments to link the land use and this housing delivery model with appropriate public policy and regulation.
- Address the impact of the Short Term Rental Accommodation (STRA) sector, including by enabling local governments to introduce regulations that respond to unique STRA operating environments in their local communities.

## 3.5. The importance of planning, zoning and development

*How could governments work better with industry, community services and other organisations to improve housing outcomes for all Australians?*

### 3.5.1. The contested role of land use planning

Planning seeks to ensure that land use and built form outcomes deliver a net community benefit. It provides guidance to landowners and communities as to what is an appropriate outcome in a particular location. Done well, planning creates transparency in decision-making and enables community participation in land use and development, and plays an important role in public education. It balances competing objectives for the use of land, for example between heritage preservation and urban intensification.

In addition to balancing competing objectives, planning balances the competing interests of stakeholders, including developers, statutory authorities, neighbouring property owners and the broader community. Different stakeholders are affected by planning decisions differently, and as such their views of the planning system can be opposed to one another (Pawson et al, 2020). The same planning decision may be viewed as overly lenient by some (by allowing too much development) and overly restrictive by others (by unduly restricting development). Developers may seek certainty from the planning system at certain points, and flexibility at others.

It follows that public discussions on land use planning reflect this contention. Land use planning has received significant attention in housing supply discussions, being frequently criticised as adding unnecessary time delays, costs and requirements upon development. In such discussions, a solution to the housing crisis is to “reduce red tape”<sup>2</sup> and speed up approval processes for new dwellings. It is asserted this would increase supply and reduce housing costs. Such criticisms and assertions need to be assessed against the evidence and data available.

While planning plays an important role in facilitating housing supply, alone it is neither the cause of nor solution to the housing crisis. Newly built homes (those impacted by the current planning system) account for around 2 per cent of homes entering the Australian housing market in any given year (Pawson et al, 2020). Even if new supply were to double, it is unlikely that the cost of housing in the broader market would decrease. A 2005 estimate of the UK housing market indicated that if supply doubled, the *increase* to house prices over the long term would be 1.1 per cent, rather than 2.7 per cent (Pawson et al, 2020).

In developing the National Housing and Homelessness Plan, the Australian Government should acknowledge and account for the vested stakeholder interests and ensure any recommendations in relation to the planning system are balanced, evidence based and focus on increasing the supply of social and affordable housing.

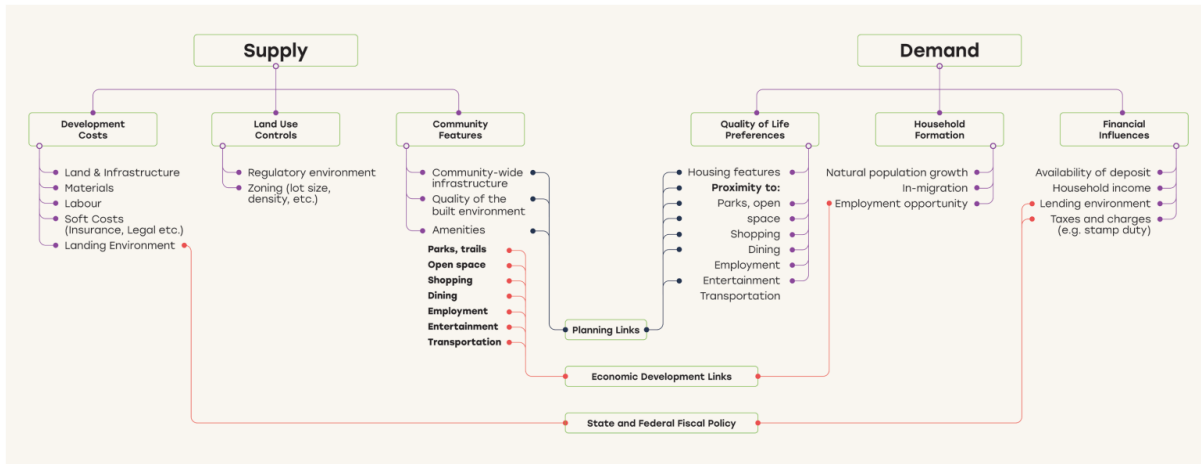
### 3.5.2. Market conditions drive housing supply

Planning permission does not equate to dwelling supply, as other factors must also support the delivery of development at a particular point in time, most notably, market conditions. The supply of housing is influenced by many factors, including market conditions, supply chains, construction costs, labour supply, levies and charges, and financial settings (refer Figure 7 below). The Issues Paper focuses on planning, zoning, and development, while failing to adequately acknowledge these broader influences and the primary motivation of developers to deliver a profit on any given project.

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<sup>2</sup> Noting that the Victorian Government established the “Red Tape Unit” and appointed a “Red Tape Commissioner” in 2019.

**Figure 7: factors influencing housing supply and demand**



Source: SGS Economics and Planning 2023

In order for new dwelling supply to increase overall market affordability, developers would need to voluntarily increase supply to the extent that the value of their product is reduced. Given developers carry significant risk and are usually required to demonstrate a profit margin of 15-20 per cent to secure finance, any decision to actively reduce the value of their product could increase project risk and decrease profit margins. Some developers are publicly listed companies and therefore seek to ensure returns to shareholders are protected and maximised.

New dwellings will be brought to market by a developer when it is profitable for them to do so. A study of master planned communities in 2022 demonstrated that developers supplied an average of 3.4 per cent of approved dwellings each year, and after 9.5 years held 76 per cent of their land bank vacant. One developer reported to investors that they were able to sell more dwellings but were unwilling to do so at a reduced price, instead waiting for market conditions to improve (Fitzgerald, 2022).

In the City of Melbourne, there are an estimated 20,000 dwellings with planning approval that have not been constructed. This is almost half of the dwellings required to accommodate the City’s population growth to 2041. The Municipal Association of Victoria (MAV) has reported that across Victoria, there are 120,000 approved dwellings that have not been constructed.

The assertion that making planning permit processes quicker or easier will improve housing affordability does not have a strong evidence base.

### 3.5.3. Challenges in securing affordable housing through the planning system

The planning system has a role in facilitating the supply of social and affordable housing and can be used to require contributions from developers to such housing. This is frequently referred to as “inclusionary zoning” and exists in many jurisdictions.

In Victoria, facilitating the supply of affordable housing was made an objective of planning in 2018. This was part of a suite of changes designed to encourage voluntary contributions to affordable housing from private developers. Despite these, the planning system has failed to secure significant contributions to affordable housing, and the voluntary framework receives criticism from councils and developers alike.

In a recent example from the City of Whittlesea, Council advocated for inclusion of an affordable housing target within the Precinct Structure Plan (PSP) for Shenstone Park. This was not supported by the independent panel, and instead a guideline to encourage the provision of affordable housing was included.

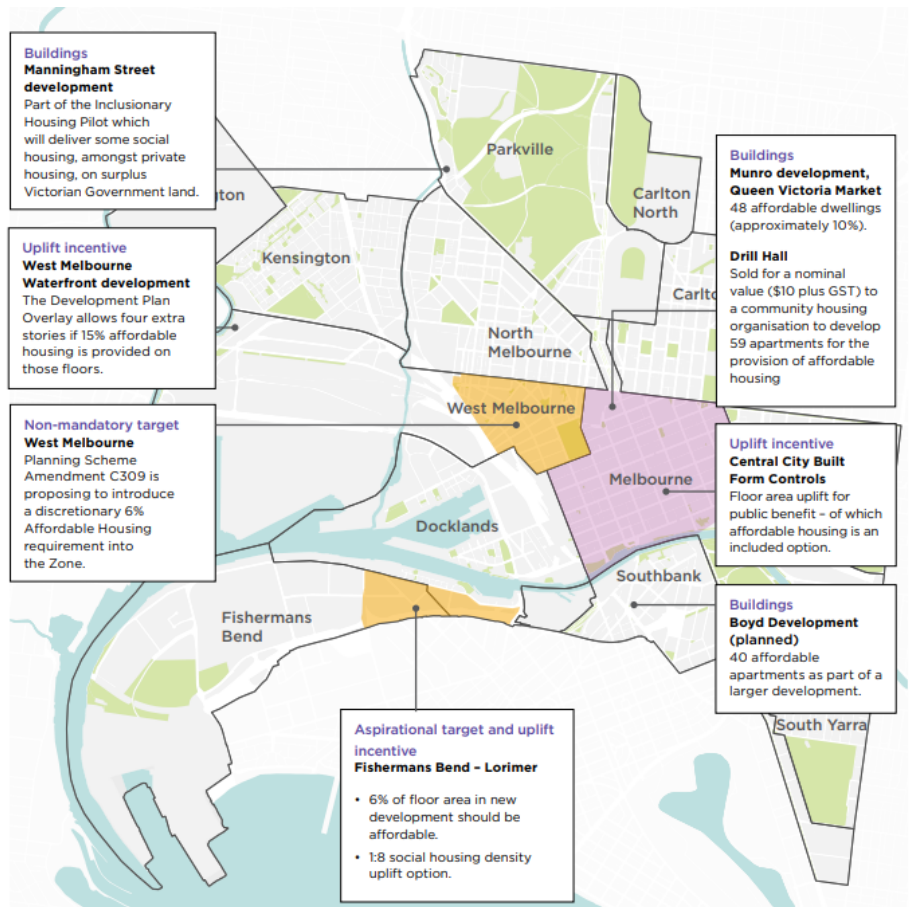
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This lacked detail and Whittlesea City Council raised that there could be challenges in implementation. At planning permit stage, Whittlesea City Council included a 10 per cent affordable housing requirement, which the developer originally agreed to but then walked away from. The developer appealed the decision at VCAT, where it was struck out. The VCAT decision (960 Blueways Development Pty Ltd v Whittlesea CC [2023] VCAT 179) indicated that the lack of an objective/requirement in the PSP undermined the policy support for an affordable housing requirement. In this example, at both stages of the planning process (strategic and statutory), Whittlesea City Council's attempts to have a clear affordable housing outcome were not supported.

Even where there is agreement between developers and councils (or another responsible authority), there is reluctance from the Victorian Government to impose requirements in the planning scheme. This results in a lack of clarity around the contribution, and confusion for all parties in implementation. Council understands that developers seek certainty in requirements as early as possible, and the ambiguity surrounding voluntary contributions causes unnecessary complexity.

The City of Melbourne has had some success in introducing incentives and objectives for affordable housing in the planning scheme, as shown in Figure 8 below. These controls are not mandatory and generally provide incentives in exchange for affordable housing provision. Council has seen mixed success in the uptake of these controls by developers. In general, Council's experience is that where there is greater certainty in the planning controls, better outcomes are delivered. A mandatory tool, such as inclusionary zoning, would resolve these inconsistent outcomes.

**Figure 8: affordable housing controls in the City of Melbourne**



Source: City of Melbourne, 2020

In the planning controls for the Arden urban renewal area, Council sought the introduction of mandatory controls for affordable housing. The advisory committee appointed to review the proposed controls supported this measure, subject to establishing the legal power to do so under relevant legislation. Mandatory controls were not supported by the Minister for Planning and an 'aspirational' target was included. This was an opportunity to secure a significant contribution to affordable housing that was not implemented by the Victorian Government.

In another example, the Victorian Government has sought to trial inclusionary zoning through a program called the "Inclusionary Housing Pilot". The pilot identified six government owned sites for release to the private sector, on the condition that 100 affordable homes being delivered across the sites. Despite the objective of the pilot being to test an inclusionary approach, as far as Council is aware, the planning controls for the sites do not require the provision of affordable housing. No information has been provided regarding the quantum of affordable housing being delivered on each site, or how the findings of the pilot could be applied more broadly. In addition, the planning process commenced in 2017, with construction due to commence in 2018. The sites are still not developed.

In summary, the efforts of councils to secure affordable housing through the planning system are stymied by the voluntary framework and lack of support from the Victorian Government.

Effective use of the planning system for affordable housing delivery also requires consistent definitions of key terms. The term "affordable housing" has many different interpretations, and meanings vary across jurisdictions. In Victoria, affordable housing and social housing are defined under legislation. There are emerging typologies and concepts (such as BTR and Key Worker Housing) that are not defined within the planning system, which makes their implementation challenging. Providing consistency of key terms would enable more effective implementation and also ensure that housing outcomes are targeted based on household incomes.

*Recommendation 25: Require State Governments to introduce mandatory inclusionary zoning to facilitate affordable housing contributions from private development.*

*Recommendation 26: Ensure policy consistency in definitions of social, affordable and key worker housing in planning schemes to ensure outcomes delivered are targeted to those most in need on very low to moderate incomes.*

### **3.5.4. Areas for improvement**

Building on the above, areas for improvement in the planning system include mandatory inclusionary zoning, fast-tracking affordable housing without compromising design outcomes and proper process, and timely consideration of planning scheme amendments by the Victorian Government. These are discussed below.

The current voluntary framework for affordable housing contributions is not delivering the housing required. The City of Melbourne's position is that Mandatory Inclusionary Zoning should be introduced. Our suggested approach is as follows:

- A minimum percentage of affordable housing should be introduced across all of Victoria, with consideration given to mandate higher percentages for urban renewal areas.
- Phased introduction to allow the property market to adjust and incrementally increase over time.
- Applied to multiple land use types including residential, commercial and some industrial land. Percentages may vary based on land use, reflecting the notion that affordable housing is essential infrastructure and therefore all land uses should contribute to its provision.

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- Calculated as an equivalent percentage of net developable floor area.
- Transferred at minimal cost to a registered housing organisation.
- For dwellings to be designed to be indistinguishable from market housing.

In relation to fast-tracking affordable housing proposals, we note the Victorian Government's recent Housing Statement introduces significant reforms, including 'fast track' processes for applications that deliver 10 per cent affordable housing and are of \$50 million or greater in value. While Council welcomes efforts to improve housing affordability, the broad removal of councils and communities from planning decision making threatens the integrity of the planning system and could result in worse outcomes.

The new particular provision introduced to all planning schemes by the Victorian Government on 20 September 2023, "significant residential development with affordable housing", makes the Victorian Planning Minister the decision-maker over planning applications and also makes otherwise mandatory built form requirements discretionary. Controls like this, that are applied across a metropolitan area, disproportionately capture a large proportion of planning applications in the central compared to other inner-urban suburbs, due to the higher cost and significantly greater scale of building in the central city.

These controls may have the effect of removing the limit on the potential yield of the site, which could have implications for the price of land. These implications, and the extent to which they may overshadow any benefit generated through the 10 per cent affordable homes requirement, are unknown, given the State made the changes without publishing adequate strategic justification or economic modelling to support those changes. As such, the effect of the new particular provision on housing affordability and land price should be measured and analysed, in order that government, industry and the public may be confident that the provisions are fulfilling their objective.

The new particular provision also transfers decision-making authority from a (usually) public forum (the Council chamber) to a private forum (the Minister's office). The experience of the City of Melbourne is that the quality of planning applications, and the public benefits associated with those applications, tend to be substantially higher when the application is subjected to a public process with the prospect of scrutiny by the media. It is entirely possible for 'fast-track planning pathways' to be created without losing public scrutiny over the making of the decision and the benefits that come from that public scrutiny, but the "significant residential development with affordable housing" falls short of that standard.

Local government is the closest tier of government to the community and has the greatest capacity to consider local planning applications and ensure community expectations, aspirations and values are incorporated into how the built environment is shaped. Local governments are also best equipped to generate community trust and understanding of the objectives of federal and state housing strategies as they apply to local communities. As such, the City of Melbourne believes that local governments are best equipped to assess and determine planning permit applications. As noted above, the Victorian Government is increasingly intervening in local planning matters. This intervention must not be done at the expense of local government input, community input and transparent decision-making. Local governments must retain a formal role in decision-making in these circumstances.

The City of Melbourne also acknowledges, based on our experience as a capital city council, the unique context, economic importance and significant development opportunities in the central city and other hyper-dense locations. Developments in these locations can be of a scale and impact that is of state and/or national importance, while also significantly impacting local neighbourhoods. Given this importance and impact, it is critical that local governments be involved in significant planning decisions.

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The City of Melbourne supports fast tracking permit applications for developments that provide at least 25 per cent affordable housing, subject to minimum standards of transparency and accountability over the making of those decisions, and stands ready and able to process such applications swiftly and efficiently.

Improvements to the planning system need to consider both the local and state government level. The City of Melbourne, and other councils, experiences significant delays in the approval of planning scheme amendments (requests to amend existing planning controls) by the Minister for Planning. One proposal, the planning scheme amendment that implements the Macaulay Structure Plan, has been sitting with the Minister for over 12 months. The changes proposed under this planning scheme amendment would unlock significant capacity for new housing and, if supported, increase affordable housing supply.

*Recommendation 27: Support and encourage fast-track processes for developments that provide more than 25 per cent affordable housing.*

*Recommendation 28: Ensure local governments remain the primary decision maker in local planning matters. Where the Victorian or Australian Government is decision maker, ensure meaningful input from local governments and communities, as well as adherence to agreed minimum standards of consultation and transparency in decision-making. This is particularly important where the scale and impact of development is of local and state/national significance.*

## **3.5.5. Recommendations**

The National Housing and Homelessness Plan should:

- Require State Governments to introduce mandatory inclusionary zoning to facilitate affordable housing contributions from private development.
- Support and encourage fast-track processes for developments that provide more than 25 per cent affordable housing.
- Ensure local governments remain the primary decision maker in local planning matters. Where the Victorian or Australian Government is decision maker, ensure meaningful input from local governments and communities, as well as adherence to minimum agreed standards of consultation and transparency in decision-making. This is particularly important where the scale and impact of development is of local and state/national significance.
- Ensure policy consistency in definitions of social, affordable and key worker housing in planning schemes to ensure outcomes delivered are targeted to those most in need on very low to moderate incomes.

## 3.6. The impact of climate change

*How can governments and the private and community sectors, help to improve sustainable housing and better prepare housing for the effects of climate change?*

### 3.6.1. Climate and biodiversity emergency

City of Melbourne declared a climate and biodiversity emergency in 2019. In doing so, we joined around 1400 jurisdictions across 27 countries – a local and international movement recognising that climate change poses serious risks to the people of Melbourne and Australia. The emergency acknowledges that temperature rise above 1.5°C will lead to major and irreversible damage to ecosystems. Up to one million species face extinction.

From the banks of the Yarra to the trees that line our streets and world-famous parks, Melbourne's unique environment and coveted liveability are at risk from the effects of the climate change. In fact, we know climate change is [already impacting Melbourne](#) in many ways.

We know that immediate action to reduce emissions and adapt to the impacts is needed now if Melbourne is to remain a liveable city for future generations to visit, work and live in.

Council is taking bold action in response to the climate and biodiversity emergency. We are reducing emissions in our own operations through our [Emissions Reduction Plan](#) and more broadly through our [Climate Change Mitigation Strategy to 2050](#). We have undertaken research and implemented actions to better understand and prepare for local impacts of climate change, as outlined in our [Climate Change Adaptation Strategy](#).

### 3.6.2. Improving the sustainability of new housing stock

As acknowledged in the Issues Paper, the primary mechanism for controlling construction standards is the National Construction Code (NCC). Changes to energy efficiency requirements in the NCC introduced in 2022 are welcome but do not go far enough, particularly for apartments. CSIRO has shown that most Victorian apartments are already meeting the 7 star NatHERS requirement, while around 30 per cent are rated 7.5 stars.

The NCC should require a minimum 7.5 star rating and test the viability of 8 stars to provide better performing buildings, that are more comfortable, lower cost operationally, that can become zero net energy and are future proofed for changes in climate.

New state and local planning provisions are also necessary to ensure that new developments are designed with sustainability in mind. The City of Melbourne has recently exhibited Planning Scheme Amendment C376 - Sustainable Building Design, which proposes changes to the planning rules to ensure future development achieves best practice in Environmentally Sustainable Design including increased energy efficiency and greening of buildings. The Amendment proposes performance standards for energy, waste, water, transport, urban heat and urban ecology. Introducing these new regulations at the planning stage will ensure all new buildings in Melbourne are designed from the get-go to meet, and exceed NCC requirements, and avoid costly non-compliances at the building stage. To this end, the City of Melbourne would welcome Federal Government support for municipalities to exceed NCC requirements where it is practical and desirable to innovate ahead of the national standards. Our nation's state capitals are the perfect places to do so.

*Recommendation 29: strengthen energy efficiency requirements in the NCC, and establish a target for zero-emissions, climate-adapted new buildings and precincts by 2030, while enabling other levels of government to develop policies and regulations that address this target.*

### 3.6.3. Improving the sustainability of existing housing stock

Council welcomes the announcement of the Household Energy Upgrades Fund, and the \$300 million allocated to social housing. While significant, more investment is required to retrofit existing dwellings, particularly for low to moderate income households. Extreme weather events, particularly heat waves, can have significant health impacts on households.

Low income households are particularly susceptible to the impacts of extreme weather events, and may face limitations on being able to heat and cool their homes. Much of the public housing stock around the country is ageing, poorly maintained and does not meet contemporary energy efficiency standards. The Victorian Government requires funding to retrofit the social housing stock in our municipality to upgrade insulation, glazing and facades. While a commitment has been made to roll out air-conditioning to at risk housing, the costs of running air-conditioning in poorly functioning buildings is likely to be a barrier to those who cannot afford the running costs. International examples of retrofits of social housing towers should be used to guide best practice, such in [Bordeaux](#).

Tax concessions, disclosure regulation and incentives could be considered to encourage homeowners, particularly investors, to retrofit existing dwellings. Such measures are particularly important given the increasing prominence of rental households, the restrictions on renters making modifications to dwellings, and the separation of incentives between landlords and renters (i.e. the landlord has control of the dwelling but the renter incurs the energy costs).

The City of Melbourne has recently endorsed a [Retrofit Melbourne Plan](#), which outlines a series of initiatives to encourage the retrofit of central city commercial buildings for sustainability and energy-efficiency. Such a program could be adapted to residential buildings.

*Recommendation 30: provide consistent long-term increased funding to retrofit and upgrade social and affordable housing stock.*

### 3.6.4. Resilience in extreme weather

Homeless populations, particularly those that are rough sleeping, are particularly vulnerable to extreme weather events. City of Melbourne provides tailored support and respite options for people experiencing primary homelessness during extreme weather.

The National Housing and Homelessness Plan should acknowledge and address the relationship between homelessness and susceptibility to heat vulnerability, and the importance of resilient cities. Such an approach influences policy and programs beyond the housing and homelessness sector.

*Recommendation 31: fund local infrastructure and nature-based solutions required for resilience to extreme weather and community led resilience initiatives with a focus on vulnerable communities including those experiencing homelessness.*

### 3.6.5. Recommendations

The National Housing and Homelessness Plan should:

- Strengthen energy efficiency requirements in the National Construction Code, and establish a target for zero-emissions, climate-adapted new buildings and precincts by 2030, while enabling other levels of government to develop policies and regulations that address this target.
- Provide increased funding for the retrofit and upgrade of social and affordable housing for heat and health.

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- Fund local infrastructure and nature-based solutions required for resilience to extreme weather and community led resilience initiatives with a focus on vulnerable communities including those experiencing homelessness.

## APPENDIX A – CITY OF MELBOURNE RESPONSE TO HOMELESSNESS

The City of Melbourne has invested in a range of initiatives to support individuals experiencing homelessness in our city and to resource pathways out of homelessness.

### **Advocacy**

#### **Homelessness Advisory Committee**

City of Melbourne's Homelessness Advisory Committee brings together people with broad and diverse knowledge and experience of issues relating to homelessness. It provides an essential point of contact between the Council and people with personal and professional experience and knowledge of homelessness.

#### **Council of Capital City Lord Mayors**

Homes Melbourne chairs the National Housing and Homelessness Working Group for the Council of Capital City Lord Mayors. This group leads the development of the housing and homelessness action plan and advocacy agenda and provides expert advice to capital city CEOs and Lord Mayors.

### **Research and engagement**

Homes Melbourne leads an international network of cities committed to sharing knowledge and approaches to addressing homelessness and undertakes research projects on emerging issues and trends in the city.

### **Outreach**

#### **Operation Protocol**

Operation Protocol is a partnership outreach program between City of Melbourne, Victoria Police and the Salvation Army. It aims to balance supporting people experiencing homelessness while maintaining safety and amenity in the city.

#### **Park rangers**

As well as keeping parks and public spaces clean and maintained, the park rangers have adopted a welfare role, referring people sleeping rough to outreach and homelessness services.

#### **Daily Support Team**

The daily support team works with people sleeping rough through referrals to services providing coordinated housing and health intervention. We are the first council in Victoria to have an in-house assertive outreach team.

### **Support and partnerships**

#### **Melbourne Service Coordination Project**

The Melbourne Service Coordination Project, in partnership with Homes Victoria, brings together 17 agencies working with people sleeping rough in the CBD. The project provides a platform that helps achieve four outcomes to reduce homelessness: coordinated service delivery, information sharing, housing outcomes and systems-level advocacy. It provides a tailored response for people experiencing homelessness.

#### **By Name List**

City of Melbourne and Launch Housing lead the By Name List, which gathers data about homelessness in the municipality. The By Name List is the most accurate, complete and timely list possible of all individuals experiencing rough sleeping in the City of Melbourne. It is an efficient method for monitoring outcomes for people experiencing rough sleeping homelessness. The support services involved in the Service Coordination Project add consenting people to the By Name List and link people to support and provide pathways out of homelessness.

#### **Library Social Worker**

In an Australian-first, our dedicated Library Social Worker supports people experiencing homelessness and other complex needs in the municipality. Working across the six City of Melbourne libraries, the Library Social Worker helps library staff understand and respond to homelessness and work with people with multiple and complex needs.

## **The Helping Out Guide**

We publish and distribute the annual Helping Out guide, which provides a comprehensive list of free and low-cost services from organisations in the central city and surrounding suburbs.

## **Homelessness Support Hubs**

This pilot examines homelessness support hub sites for people to access essential support services, including food, showers, lockers, information, housing and homelessness advice, and improved access to specialist homelessness services within the CBD.

## **Support for grassroots organisations**

Many informal, grassroots organisations operating in Melbourne provide mobile support services to people sleeping rough or experiencing homelessness and poverty, including meals, clothing, bedding, shower and laundry facilities. We provide these groups with training and resources to provide the best outcomes for the people they support.

## **Community grants**

We provide annual and two-year grants to fund community connection, social inclusion, access and participation for residents.

## **Extreme weather planning**

Our program provides tailored support and respite options to people experiencing primary homelessness during extreme weather.

## **Funding**

We contract the following organisations to prevent homelessness:

- The Salvation Army Melbourne Project 614 supplies meals, clothing, and counselling to support people at risk of homelessness.
- Melbourne City Mission's Frontyard Youth Services provides emergency accommodation, case management and support for young people experiencing homelessness.
- Cohealth Central City Community Health is a service for people experiencing homelessness. It provides dietitian services, drug and alcohol counselling, allied health, and mental health services. It is a unique service and one of the only community health services dedicated to helping people experiencing homelessness.
- Justice Connect's Women's Homelessness Prevention Project keeps women and children safely housed through integrated legal and social work assistance. It is the only service of its type in Victoria and successfully prevents and reduces housing insecurity.

## **Housing**

### **Make Room**

Make Room is a unique partnership between City of Melbourne, the Victorian Government, housing providers, and corporate and philanthropic organisations. We are converting a Council-owned building at 602 Little Bourke Street – valued at \$12 million – into specialist supported accommodation for people experiencing homelessness and sleeping rough. Unison Housing, a registered community housing provider, is refurbishing the property, including up to 50 studio apartments, living areas, wraparound support, and a social enterprise. Residents will stay for up to 12 months or until they are connected with long-term housing.

### **Ending homelessness targets**

Our Council Plan 2021–25 commits City of Melbourne to reduce economic and social inequality by ensuring universal access to housing, core services and information. It includes the following homelessness targets:

- The number of people sleeping rough who have not been offered accommodation. Target: zero.
- The number of people supported through a range of accommodation, including long-term supportive housing and affordable housing. Target: 500 (by 2025).

## **Training and inclusion**

### **Connect Respect training**

This free online training program supports businesses to build their understanding and support their response to homelessness in the city. We developed Connect Respect with the Council to Homeless Persons and local

businesses to address business concerns about the impact of rough sleeping on their operations and the safety of staff and customers.

### **Voice of people with lived experience**

Consumer participation is a fundamental component of our homelessness response. In partnership with Council to Homeless Persons' Peer Education and Support Program, we ensure that people with a lived experience of homelessness meaningfully inform the development of policies and initiatives that impact the lives of people without a home.

### **Cultural safety guidelines**

We are developing cultural safety guidelines to inform housing projects. They will support our housing projects to be culturally safe places, with strategic design considerations underpinned by Aboriginal perspectives and the opportunity to celebrate culture and acknowledge the country we are building on.

## APPENDIX B – CITY OF MELBOURNE AFFORDABLE HOUSING INITIATIVES

### City of Melbourne initiatives

#### Affordable Housing Strategy 2020-2030

The strategy has five priorities with a set of corresponding actions focusing on what the City of Melbourne can do to address the affordable housing crisis. These priorities are to:

- Deliver more affordable rental housing on City of Melbourne-owned land
- Advocate for increased investment and systemic change for better housing outcomes
- Facilitate more affordable rental housing through the planning system
- Partner with governments, industry, peak bodies and the community to increase affordable rental housing
- Respond to the COVID-19 crisis with affordable rental housing

#### Elizabeth Street Common Ground

Over the last decade the City of Melbourne has worked with organisations such as Launch Housing to establish [Elizabeth Street Common Ground](#). Common Ground provides permanent, affordable, high-quality housing to 65 people with complex needs who have been chronically homeless, many for more than 10 years. An additional 66 apartments exist for low income workers and students.

#### Drill Hall

In 2001 we transferred our ownership of the Drill Hall building in Victoria Street, Melbourne, to Housing Choices Australia. This allowed 59 housing units to be built for low-income, vulnerable and marginalised people. The City of Melbourne supports the [Housing First](#) approach. We know that getting people into permanent housing with accompanying support services is the best way to reduce homelessness.

#### Munro Development

The Munro development is expected to deliver an estimated \$70 million public benefit to the growing city north precinct, in one of Australia's most sustainable mixed use developments.

In December 2021, the Munro development waved hello to residents from near and far, filling spots in 48 affordable apartments that are owned and operated by Housing Choices Australia. An additional six apartments were also handed over to the Transport Accident Commission for clients with special needs.

#### Boyd Development

In 2019, we transferred ownership of our land at 132 Kavenagh Street, Southbank to PDG to deliver a mixed use development on the site. It will deliver 40 affordable homes in addition to 1000

square metres of community facilities, retail and private dwellings. The site was the former location of the J H Boyd Girls School and was purchased by the City of Melbourne in 2007.

## **Queen Victoria Market Southern Site**

City of Melbourne has partnered with Lendlease to develop the Southern Precinct. This is the final component in the Queen Victoria Market Precinct Renewal program and part of the formal agreement with the Victorian Government to support the renewal of the market precinct.

Subject to heritage and planning approvals, Gurrova Place will deliver three new buildings along Franklin Street.

The buildings will include build-to-rent apartments and 15 per cent affordable housing, student accommodation, a landmark office space and world-class retail – all connected to the market through the restored Franklin Street stores and Market Square.

## **Exploring the use of Council land at 44-60 Curzon Street, North Melbourne**

Council have identified the open air car park at 44-60 Curzon Street in North Melbourne as a potential site for an affordable housing project. Community engagement on the proposal was undertaken in mid-2022, and site investigations are currently underway.

## **Key Worker Housing Definition**

In 2023, City of Melbourne approved a draft definition of key worker housing, in response to the policy gap surrounding this concept. It will be used inform voluntary negotiations with developers and advocacy to Victorian and Australian Government. The definition is currently being tested with key stakeholders.

The draft definition is:

*“Affordable rental housing that is appropriate for people who work within the City of Melbourne, who require a physical presence to perform their work, and whose household earns very low, low or moderate incomes. The housing must be allocated and monitored by a Registered Housing Agency.”*

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