30 April 2015

The Hon Chris Bowen MP
Shadow Treasurer
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600
E: chris.bowen.mp@aph.gov.au

Dear Minister Bowen,

Housing Affordability Discussion Paper Submission

Hobsons Bay City Council welcomes the opportunity to contribute to the conversation on Labor Party’s Discussion Paper on Housing Affordability.

Hobsons Bay is a diverse and unique municipality within Melbourne’s Western Metropolitan Region. As seen by Council’s Affordable Housing Policy Statement 2011 and Council’s Advocacy Strategy 2014-18, housing affordability is a key issue for the residents of Hobsons Bay, with the breadth of the issue continuing to grow, particularly for low income residents. As a result Council’s Affordable Housing Policy Statement focuses on low income households who have very limited financial capacity and choice in the housing market.

The term ‘housing affordability’ is used to describe a broad range of housing circumstances across the income spectrum. While this is important, there needs to be a key focus on the housing needs of low income residents who are particularly vulnerable in the current housing market. The recent lack of affordable and appropriate housing has meant that those on low incomes have, at best, very limited choice. Housing they can afford may be substandard, be of insecure tenure and isolated from services and infrastructure. In some cases, low income residents are at risk of, or are, experiencing homelessness. Furthermore, the issues associated with securing affordable and appropriate housing are compounded by rising utility costs which ideally could be mitigated by incorporating sustainable housing design.

Affordable housing is most commonly provided through social housing, either public or community housing. However, there has been limited expansion of social housing in Hobsons Bay to keep pace with demand and most of the existing housing stock is ageing. Providing affordable rental stock should be a non-negotiable right for those on low and moderate incomes, especially those at increased risk of housing stress such
as older women, sole parents, newly arrived communities, women who have survived family violence and young people.

While the involvement of the community sector is welcomed, commonwealth and state government participation in the social housing sector is still critical, both as a funder and provider. Council is concerned that without government involvement, the community sector will be overburdened trying to maintain and build affordable housing.

Initiatives such as the National Rental Affordability Scheme (NRAS) provided much needed funding to expand the social housing sector but NRAS is only a partial solution given the 10 year sunset clause which allows housing stock to be sold. While NRAS funding has played an important role in providing housing for those on moderate incomes, rents at 20 per cent below market value are still not affordable for those on low incomes.

Other previous Labor government initiatives which Council strongly endorses are the National Affordable Housing Agreement (NAHA) and the National Partnership Agreement on Social Housing. However, both require a sustained financial commitment from both the commonwealth and the states, with regular reviews to ensure inroads are being made into the shortage of affordable housing.

Local governments have minimal legislative ability to increase the supply of affordable housing, and given the lack of affordable housing legislation and tools from the state and Commonwealth Government, the methods that local government can use often do not hold up in Victorian Civil and Tribunal (VCAT) or panel hearings.

The Victorian Government has indicated that it plans to pilot inclusionary zoning on sales of government owned land, requiring a percentage of affordable housing to be delivered. Council is very supportive of this initiative, on the provision that a large proportion of the affordable housing is social housing. Council would also like the scope expanded to apply inclusionary zoning on all larger private developments or alternatively a financial contribution to affordable housing be made by the developer. The Victorian Government has also indicated that they will explore possible regulations in relation to the size and design of apartments to ensure they meet basic requirements for housing.

While inclusionary zoning and size of apartments are good first steps in order to ensure the supply of affordable housing is sustainable and appropriate, this housing stock also needs to be diverse, housing designs need to be adaptable and accessible for all (e.g. include the principles of universal design) as well as inclusive of environmental design principles to reduce ongoing liveability costs. In addition to this housing stock needs to be located in areas that are accessible to shops, public transport, employment, education, health services, and public infrastructure. This is particularly important in the
growth areas where services and infrastructure are unable to keep up with population demands, limiting the services and infrastructure available to support the health and wellbeing of the community.

Council looks forward to the development of Labor's policy on housing affordability and would welcome the opportunity to participate in any further discussions.

Should you wish to discuss this submission further please contact Kathleen McClusky, Manager Strategy and Advocacy on 9932 1004 or email kmcclusky@hibsonsbay.vic.gov.au.

Yours sincerely,

[Signature]
Natalie Walker
Director Strategic Development

cc: Ms Joanne Ryan MP, Federal Member for Lalor
    Mr Tim Watts MP, Federal Member for Gellibrand