



## 10.0 Affordability

### 10.1 Introduction

Council recognises that access to suitable, secure, and affordable housing is crucial in establishing a diverse community that can actively engage in all aspects of society. Affordable housing is not only essential for individuals and communities but also plays a significant role in bolstering the local economy. It facilitates businesses in attracting and retaining employees while allowing local workers to reside and spend within their communities. Moreover, affordable housing contributes to increased disposable household income, which, in turn, can be directed towards supporting local businesses.

Inadequate affordable housing supply has significant detrimental effects on the community. Unaffordable housing puts immense pressure on individuals, leading to deteriorating health and well-being for households and the community at large. When people are unable to secure or maintain suitable, affordable housing, they may choose, if financially feasible, to relocate to more affordable areas. This results in a fragmented community and undermines the local economy, as families are forced to uproot their children from schools, leave local support networks, and abandon local employment opportunities.

Those without the means to relocate, may resort to temporary and often overcrowded or unsafe living conditions to remain in the area. However, even these suboptimal alternatives are becoming scarce, pushing some individuals to sleep rough in tents, parks, cars, or makeshift shelters. This poses significant health and safety risks for both individuals and the community.

This chapter addresses the magnitude and characteristics of the affordable housing shortage and homelessness issue in Yarra Ranges. It explores the implications for the community and local economy while outlining the interventions and measures the Council can undertake to alleviate the problem.

### 10.2 Housing Affordability vs Affordable Housing

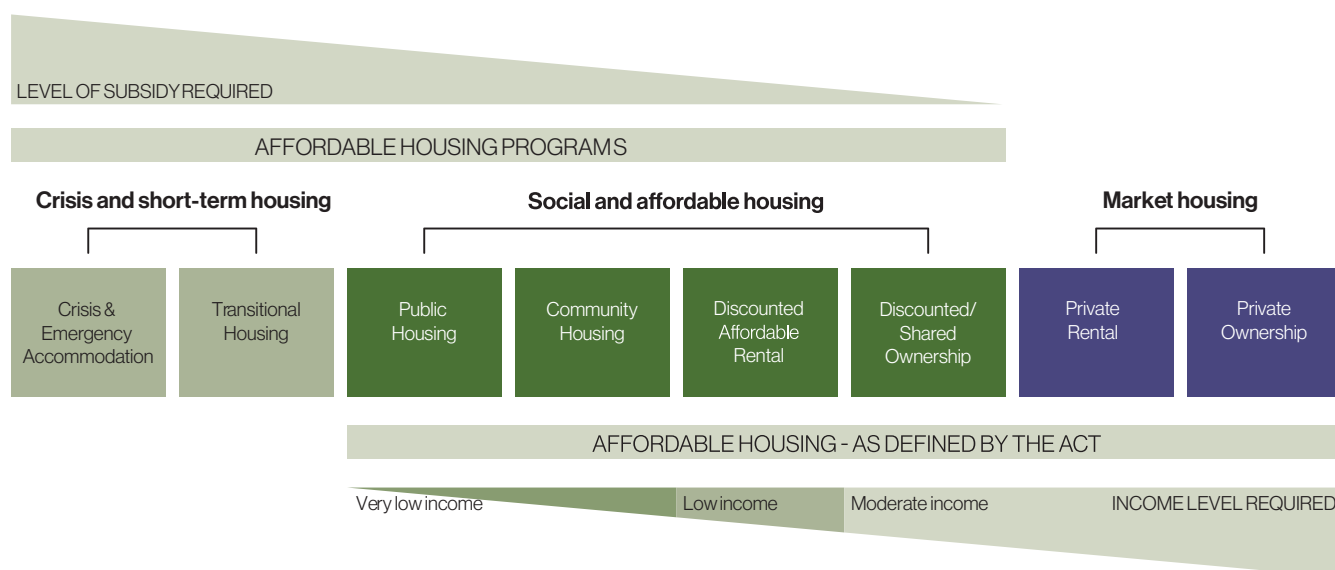
The general measure of housing affordability is the relationship between the cost of housing and household income. Generally, housing is considered affordable when the cost of the housing (rent or mortgage) does not exceed 30% of household income, allowing for sufficient income to cover essential living expenses. Households that surpass this threshold are deemed to be experiencing housing stress.

Housing stress is experienced at varying degrees dependant on household income. For example, a moderate-income household earning \$134,000pa, and spending 35% of their income on rent, will have approximately \$1675 remaining from their gross weekly income. On the other hand, a very low-income household earning \$27,000pa will have only \$337 a week, making the private rental market largely inaccessible for such households.

To address the housing needs of these households, subsidised housing options are necessary, such as social housing (including public and community housing), where rent is typically capped at no more than 30% of household income. Additionally, affordable rental or purchase schemes play a crucial role in supporting these households. This is what the term “social and affordable housing” refers to (see to Figure 47 below).

Affordable housing is defined in the **Planning and Environment Act 1987** (the Act), as housing (including social housing) that is not only affordable for very-low to low- and moderate-income ranges, but also appropriate to their needs in terms of tenure, type, location, integration, and must be allocated according to official estimates of housing need.

Figure 47. The affordable housing spectrum<sup>35</sup>



Source: Adapted from Affordable Development Outcomes (2019)<sup>34(p16)</sup>

## 10.3 Affordability and Availability of Market Housing

The affordability of housing varies across income ranges and household types. The below table outlines the number of properties for sale or rent that were affordable for each income range in the December 2022 quarter, compared to that of pre-covid levels.

Figure 48. Homes affordable by household income<sup>36</sup>

Homes affordable for purchase					Homes affordable for rent			
Household income	DEC 2022 QTR		DEC 2019 QTR		DEC 2022 QTR		DEC 2019 QTR	
	count	% sales	count	% sales	count	% rentals	count	% rentals
Very Low up to \$52,379	3	0%	15	0.6%	32	2.8%	50	3.0%
Low up to \$83,806	33	1%	113	4.6%	644	57.1%	1095	64.9%
Moderate up to \$125,710	379	15%	861	34.7%	1077	95.5%	1643	97.4%

### 10.3.1 Home Ownership

The municipality has a slightly above average level of outright home ownership (35.1%), and a very high level of households with a mortgage (48.2% compared to the Victorian average of 36.1%) primarily concentrated in Belgrave-Selby, Mount Evelyn and the Upper Yarra Valley.

As of the December 2022 quarter, the median home prices in Yarra Ranges were \$803,000 for a house and \$592,585 for a unit<sup>37</sup>. High house prices are strongly concentrated in the Hills (Mount Dandenong, Belgrave Heights, Kalorama, Kallista, Ferny Creek, Sassafras, Chirnside Park and Olinda), while areas in the Hills and the Yarra Valley such as Wesburn and Millgrove, previously considered affordable, have become less affordable due to significant price growth over the past five years.

Between 2017 and 2022, the highest growth in median house prices was observed in Warburton (97%), Millgrove (82.5%), Belgrave Heights (70%), Kalorama (68%), Launching Place (67%), Wesburn (54%), Kallista (52%) and Badger Creek (50.5%)<sup>37</sup>.

### 10.3.2 Private Rental

#### Supply

Yarra Ranges has the second lowest number of rental properties in metropolitan Melbourne, with only 14% of occupied private dwellings being rentals, compared to 28.5% across Victoria. During and following the pandemic, Yarra Ranges saw a much lower level of rentals coming on to the market for lease. Quarterly listings of new rentals dropped by 22% between December 2019 and March 2023. This decline was the largest among local government areas in Eastern Metropolitan Melbourne, and the fifth largest across all Greater Melbourne.

While the total stock of rental housing is increasing across Melbourne, the total number of rental dwellings in Yarra Ranges is decreasing (by 4.9% between March 2020 and March 2023). This is measured by the number of active bonds which have been steadily declining since the start of the pandemic – a turnaround from the previous twelve years of steady growth. As this relatively low availability of rental accommodation continues to decline, rental values are increasing, as seen in Figure 49.

#### Costs

Rental costs have increased sharply in Yarra Ranges, with the median weekly rent reaching \$480 per week by December 2022.<sup>38</sup> This marks a 23.1% rise over the past five years, compared to a 12.5% rise across metropolitan Melbourne. The number of recipients of rent assistance in Yarra Ranges rose by 12% between June 2019 and June 2021.

In March 2022, only 3.9% of rental properties in Yarra Ranges were affordable for individuals relying on income support, in contrast to 10.1% across Victoria. Notably, no one-bedroom properties were deemed affordable for these households. Figure 50 shows the percentage of rental stock in December 2022 quarter that would have been affordable for households on very-low to low incomes.

Figure 49. Number of new rentals per quarter and median quarterly rental costs<sup>38</sup>

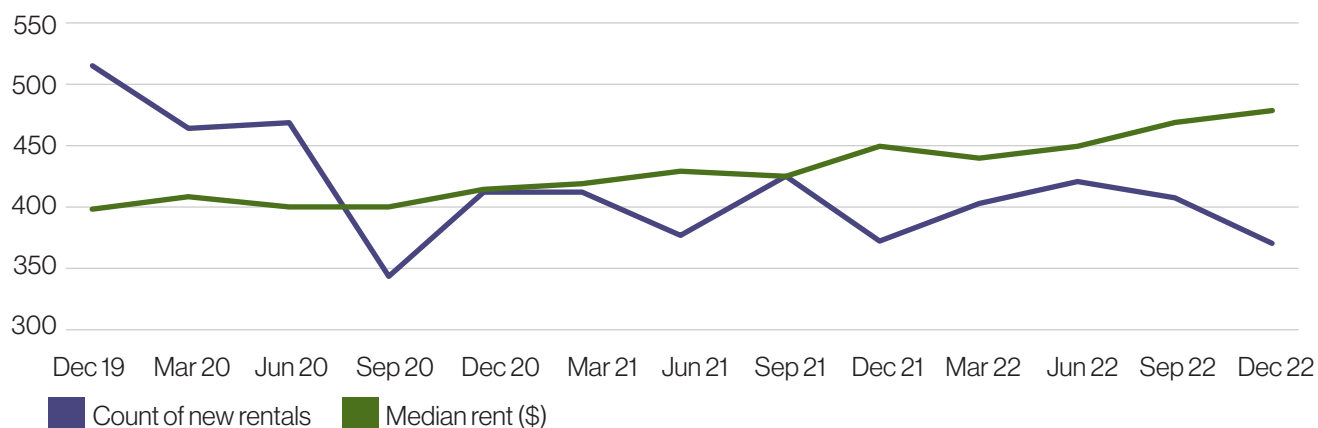
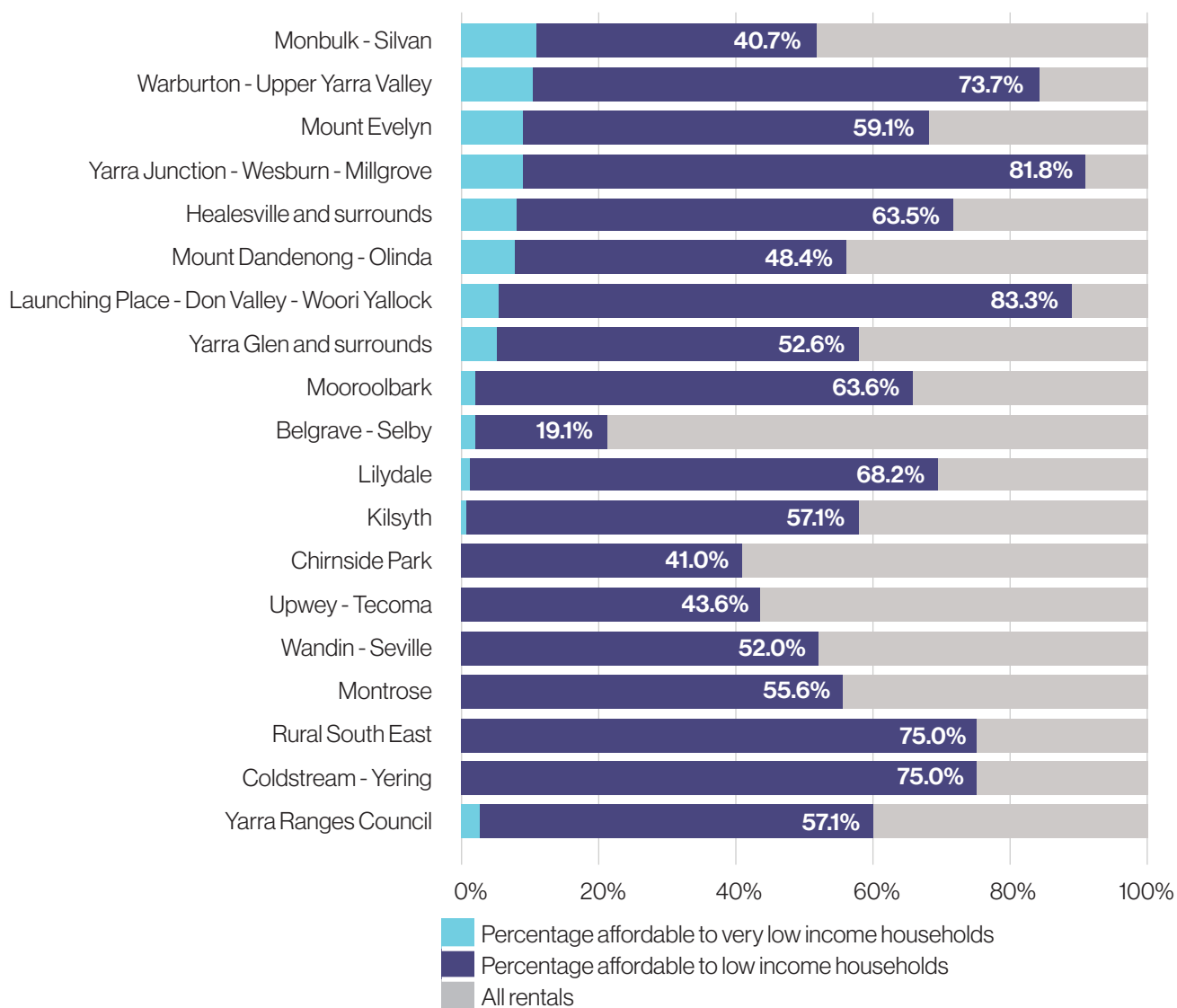


Figure 50. Percentage of rental stock (Dec 2022 Quarter) affordable for lower income households, by SA2 area<sup>36</sup>



### 10.3.3 Household Stress

In the 2021 census year, of the 7,261 households in private rentals in Yarra Ranges, 2,301 (31.7%) were in rental stress, which is higher than the Greater Melbourne average of 26.8%.<sup>37</sup>

On the other hand, among the 26,974 households with a mortgage in Yarra Ranges, 2,950 (10.9%) were in mortgage stress, which is lower than the Greater Melbourne average of 12.7%.<sup>37</sup>

The table below show the concentration of housing stress across different areas and income groups in 2021. Green indicates less than 25% mortgage or rental stress, yellow represents 26-50% stress, light red indicates 51-75% stress, and dark red represents over 75% mortgage or rental stress. The table demonstrates that renters in every area of the municipality are more likely to experience housing stress than those with a mortgage.

### 10.3.4 Geographical vulnerability

The above figure highlights the areas with the highest instances of rental and mortgage stress, indicating geographic vulnerability. In addition, areas characterized by a significant proportion of low-income households and limited availability of affordable rental properties can contribute to geographical vulnerability to housing stress and homelessness.

Figure 52 outlines the areas where over 20% of the households earn less than \$800 per week, along with the corresponding amount of affordable housing as of the December 2022 quarter:

For these 4752 households on less than \$800 per week, only 6 rentals were affordable. The situation is the same across all areas of the municipality; affordable rental availability is in single digits and the number of households on less than \$800 per week in the hundreds.

Specialist Homelessness Services (SHS) provide support to people who are homeless or at risk of homelessness. Whilst most SHS clients in Yarra Ranges come from the Urban Areas, Upper Yarra Valley has the highest rate of clients (clients per 1,000 residents)<sup>41</sup>. This means that absolute demand is highest in the Urban Area, but relative need is highest in the Upper Yarra Valley. The Valley has the same client rate as the Urban Area; the Hills has a comparatively low rate of clients.

Figure 53. Specialist Homelessness Services Clients by Planning Area: Yarra Ranges 2021/22<sup>41</sup>

Yarra Ranges Planning area	2021-22	
	Client count	Clients per 1,000 residents
Hills	322	8.8
Urban Area	1,244	15.0
Valley	579	15.2
Upper Yarra Valley	8	40.8
<b>Total Yarra Ranges</b>	<b>2,171</b>	<b>13.6</b>

Figure 51. Housing Stress concentration across Yarra Ranges<sup>39</sup>

SA2 Area	Very- Low Income households		Low Income households		Moderate Income households	
	Rent	Mortgage	Rent	Mortgage	Rent	Mortgage
Kilsyth	92%	58%	58%	29%	27%	13%
Mount Dandenong - Olinda	87%	54%	53%	31%	30%	13%
Mooroolbark	89%	53%	51%	29%	24%	11%
Lilydale - Coldstream	77%	58%	56%	25%	29%	11%
Chirnside Park	91%	54%	48%	31%	16%	8%
Belgrave - Selby	72%	48%	61%	24%	35%	7%
Healesville - Yarra Glen	80%	51%	53%	25%	27%	10%
Upwey - Tecoma	78%	55%	61%	25%	18%	8%
Yarra Valley	87%	52%	54%	21%	18%	10%
Monbulk - Silvan	66%	59%	44%	24%	27%	14%
Montrose	88%	25%	43%	23%	33%	6%
Mount Evelyn	63%	55%	45%	28%	19%	7%
Wandin - Seville	63%	39%	48%	24%	15%	12%
Upper Yarra Valley	N/A	NA	N/A	33%	N/A	NA

Figure 52. Areas with a high portion of low-income households<sup>40</sup>

Local area	Planning area	Households in area earning less than \$800pw		Rentals affordable to those on very low incomes*	
		Percentage	Number	Percentage	Number
Warburton - Upper Yarra Valley	Yarra Valley	34%	459	10.50%	2
Yarra Junction - Wesburn - Millgrove	Yarra Valley	28%	572	9.10%	2
Healesville and surrounds	Yarra Valley	25%	997	8.10%	6
Kilsyth	Urban	23%	913	0.80%	1
Lilydale	Urban	21%	1366	1.30%	3
Launching Place - Don Valley - Woori Yallock	Yarra Valley	20%	445	5.60%	1

\*Note: The very low-income bracket includes incomes up to \$1007 per week but is the closest bracket available to measure affordability for incomes less than \$800 per week.

### 10.3.5 Households most vulnerable to housing stress or homelessness

Renters on low incomes, particularly lone persons or single parents face the highest vulnerability in the private market. In 2021, 22.9% of households in Yarra Ranges had incomes below \$800pw. This income group represented the most significant change since 2016, with an increase of 1900 households, indicating that the number of vulnerable households is growing at a faster rate compared to those on higher incomes<sup>40</sup>.

Using the 30% benchmark, the following table illustrates the affordability of the average rental property (with a median of \$480 per week) for different household and income types:

Figure 54. Housing stress across different household types and incomes<sup>40</sup>

Household groups	Very low income	Low income	Moderate income
Couple	Stress	At risk	Affordable
Couple family with children	Stress	Affordable	Affordable
Lone person	Stress	Stress	Stress
One parent family	Stress	Stress	At risk
Group household	Stress	At risk	Affordable

In the 2021-22 year there were 2171 people in Yarra Ranges who sought assistance from Specialist Homelessness Services (SHS) because they were homeless or at risk of homelessness.

Compared to Greater Melbourne, Yarra Ranges SHS clients were **more** likely to be<sup>42</sup>:

- female (63.7% compared to 59.3%)
- children aged 0-14 (29% compared to 20%)
- seeking assistance with interpersonal relationships (53% compared to 35%). Of these, far more were female (38.3% compared to 14.5% males).
- at risk of being homeless (71% compared to 59%). Of these, females were much more likely than males to be at risk of being homeless (48% compared to 23% male).

Compared to Greater Melbourne, Yarra Ranges SHS clients were **less** likely to:

- have a current mental health issue (25% compared to 30%). Of these, females were much more highly represented than males (17.7% compared to 7.5% males).
- have problematic drug/alcohol issues (4.8% compared to 8.2%).
- be living alone (10% compared to 17%). Those that were living alone were slightly more likely to be female, which varies to Greater Melbourne where more were male.
- be homeless (23% compared to 33%).

Women are more highly represented across many of the above indicators, demonstrating that women are a cohort that is more vulnerable to housing stress or homelessness.

Other cohorts that are also vulnerability to housing stress and homelessness are those who are more likely to be on lower incomes (or with limited employment opportunity) such as youth, those with a disability and people (particularly women) over 55.



## 10.4 Affordability and Availability of Social Housing

Social housing, including public and community housing, is secure, long-term rental housing for eligible people on low incomes. Rent for social housing is capped at 30% of the tenant's income, ensuring affordability for very-low to low income households. Some moderate-income households may also be eligible for social housing. The Housing Act 1983 governs social housing, and applicants are placed on the Victorian Housing Register (VHR) waiting list.

In June 2022 in Yarra Ranges, social housing comprised only 1.2% of the total housing stock, which is below the Victorian average of 3.0%.<sup>43</sup> Currently, there are no available or anticipated vacancies in social housing, as existing tenants have limited options for relocation.

In December 2022, there were 1612 applicants on the VHR who included who expressed a preference for the Yarra Ranges Rural District. Over half of these applicants (894) were classified as Priority<sup>43</sup>; indicating they require support, due to homelessness, escaping or having escaped family violence, having a disability or significant support needs, or having special housing requirements. Singles, single parents, and elderly singles constitute the majority of these applicants, highlighting that households on a single source of income are more likely to require affordable housing programs. This is supported by the statistics presented in the sections above.

Several studies have assessed the gap in social and affordable housing. A study by the University of NSW (UNSW) City Future Research Centre identified an estimated shortfall of 2,500 social housing units in Yarra Ranges, projected to increase to 3,600 by 2041 if no intervention is implemented<sup>44</sup>.

## 10.5 Relationship of Housing Diversity to Housing Affordability

Yarra Ranges experiences significant lack of housing diversity, with separate dwellings accounting for 93.3% of Yarra Ranges occupied private dwellings, as can be seen in Table 2 (Chapter 4).

Between 2016 – 2021, the highest growth in dwelling-type in Yarra Ranges was observed in 3 and 4 bedroom properties. However, during the same period, the highest growth in household-types was in 1-2 person households. This lack of diversity, coupled with an increasing demand for smaller, higher density housing creates competition and increases the cost of the current supply of smaller dwellings. The household types most likely to need these smaller housing options are also those who are identified as the most vulnerable in the private market; Singles and Single Parents.

This critical need for smaller, affordable properties is evident in the data, as 83% of all applicants on the VHR with a preference for the Yarra Ranges Rural District area are waiting for a 1-bedroom (61%) or 2-bedroom (22%) property<sup>44</sup>.

Increasing stock of smaller dwellings will enhance housing diversity and provide more affordable options, particularly if these units are available for rental. Nevertheless, it is important to note that even with increased supply, this housing would still be unaffordable to those on very low- low incomes, highlighting the necessity for access to social and affordable housing.



## 10.6 Relationship of Housing Affordability to Economic Sustainability

Having an adequate supply of affordable housing is vital for attracting and retaining workers for local industries and small businesses, as well as enabling local residents to remain living (and spending) locally.

In 2021, 34.8% of the Yarra Ranges workforce lived outside the municipality. By improving housing affordability and availability within Yarra Ranges, some of these workers may choose to live closer to their workplaces, leading to increased local spending and support for businesses. The remaining 65.2% of workers were local residents who also require access to affordable housing to continue working and contributing to the local economy. If there is a lack of affordable housing, locals and workers may be compelled to move to more affordable areas, which can negatively impact the local economy, especially in areas with limited access to public transportation.

Yarra Ranges is home to major industries such as Construction, Manufacturing, Education and Training, Health Care and Social Assistance, Agriculture, Forestry and Fishing and Retail. Tourism also plays a significant role in contributing to the vibrancy, liveability, and prosperity of the region. Tourism visitation to Yarra Ranges was rising strongly before Covid and in the year ending March 2020 the region had 3.7 million visitors.

Short Term Residential Accommodations (STRAs) like AirBnB, have contributed to a boom in tourism, resulting in increased local spending, particularly in areas like Healesville and Warburton, which can also create employment options. However, STRAs can also bring the potential to compromise the viability of visitor accommodation businesses such as hotels and motels in these areas, due to their comparative lack of regulation and compliance obligations.

Likewise, there are indications that the prevalence of STRAs, particularly in high-tourism areas like Healesville and Warburton where STRAs are abundant, are also having an impact on the supply of affordable rental housing.

Unlike properties leased under residential tenancy regulations, STRAs are not subject to the same stringent compliance measures. They often generate a higher income for property owners, making this a more appealing model to providing long term rentals. While STRAs support tourism, they are reducing the availability of affordable housing for local workers and residents.

The impact of STRA on the housing and economy of is complex and requires further investigation.



## 10.7 Homelessness

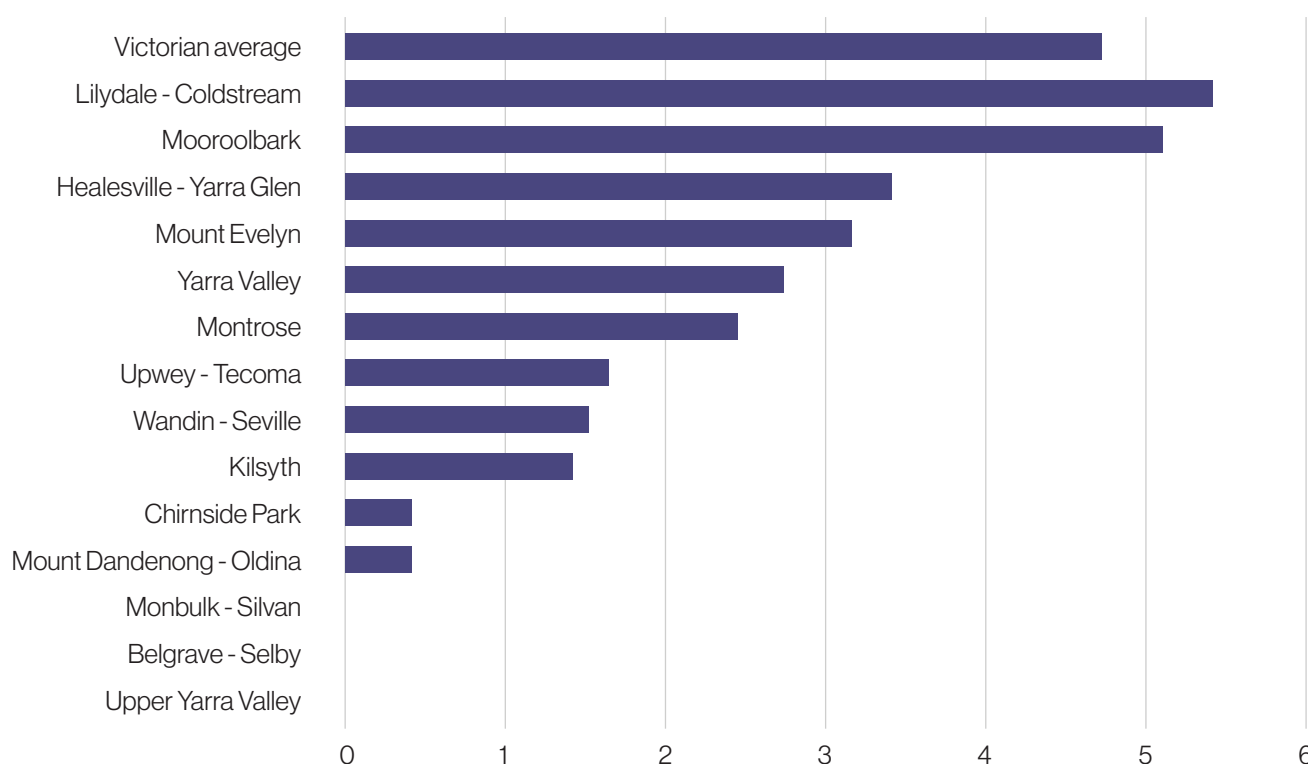
Quantifying the number of people experiencing homelessness is challenging as it often goes under-represented. This is due to the diverse living situations encompassed by the term and in 2021 was further impacted by temporary policies implemented during the COVID-19 pandemic that relocated rough sleepers into accommodations, further impacting the accuracy of representation.

The ABS Census measures homelessness by counting individuals living in severely crowded dwellings, temporary lodgings (including couch-surfing), supported accommodation or boarding/rooming houses or sleeping rough. Other forms of marginalised housing, such as crowded dwellings, caravan parks and other improvised dwellings are captured separately, as “other marginal housing” and should also be considered when quantifying ‘Homelessness’.

The combined rate of homelessness and other marginal housing in Yarra Ranges rose by 19% between 2016 and 2021 – a total of 756 people. Homelessness alone rose by 10% in Yarra Ranges, reaching 409 individuals<sup>46</sup>. Notably, while homelessness rates are not increasing at a national level, the situation in Yarra Ranges is comparatively worsening.

Figure 54 below reflects ABS Census data on the rate of homelessness across Yarra Ranges areas. Due to limitations in data, it does not include other marginal housing.

Figure 55. Homelessness rate per 1,000 residents across Yarra Ranges areas<sup>45</sup>



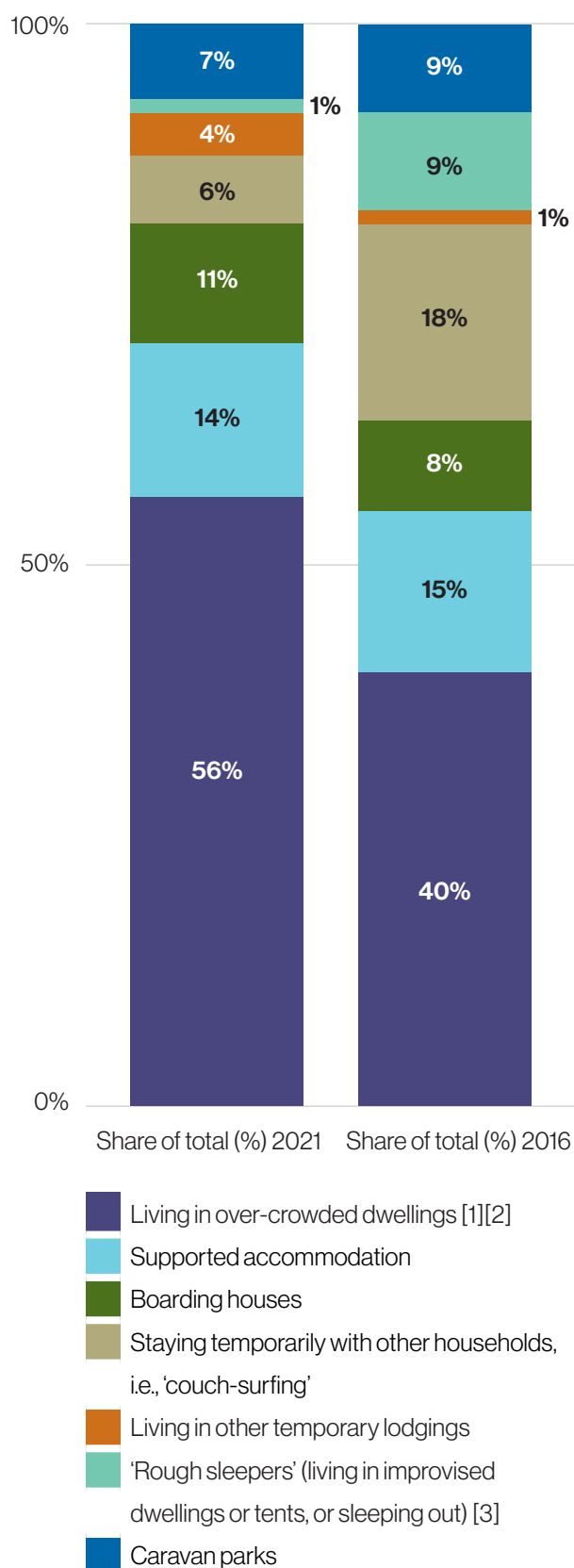
Aside from the Census, homelessness information is also gained from Specialist Homelessness Services (SHS) who provide support to people who are homeless or at risk of homelessness. An outline of those who sought support from these services in 2021/22 is provided in section 10.3.5 above. Although SHS data is quite thorough it is still not a conclusive measure of homelessness as not all people experiencing homelessness approach a service for support, in fact many do not.

## 10.5.2 Forms of Alternate Accommodation

In the absence of suitable, long term, affordable accommodation, people may choose to relocate if they have the means to do so, or they may seek alternative forms of accommodation. These accommodation types are less regulated than private or social housing and less likely to comply with legislation that monitors safety and minimum standards, or with universal design principles for accessibility. The chart below, illustrates the proportions and changes in the use of these forms of accommodation over last five years. A narrative is provided highlighting the shifts and issues with these forms of accommodation.

While Census data provides valuable insights at a specific point in time, it is important to compliment this data with anecdotal knowledge from local agencies to understand the underlying factors behind the shifts observed over the 5-year period, as well as the issues associated with different forms of accommodation.

Figure 56. Homelessness and Marginal Accommodation<sup>45</sup>



### **Sleeping Rough / Cars / Camping**

Over the last 2 years (as policies that housed rough sleepers through covid are coming to an end) there has been an increase in reports of rough sleepers in Yarra Ranges by residents, local homelessness support agencies, and council staff - particularly of those who are sleeping in their car or in tents near local amenities - but this isn't reflected in 2021 data. This poses safety concerns for the rough sleeper and can impact community wellbeing and the amenity of these areas.

### **Caravan Parks**

Caravan Parks were not designed as a crisis accommodation model and their use for this purpose is bought on by the lack of crisis accommodation in the area. Service providers report that over the last five years more caravan parks have transitioned into up-market holiday parks, and some require people to own their own van. Park owners that were previously accommodating, are now less likely to accept clients from homelessness services. In cases where they do, they often charge excessive rates. For instance, one park in Yarra Ranges offered a powered tent site for over \$400 a night. Some caravan parks have residential lots where people pay for a 'permanent' site. However, there have been issues with the permanency and the management of these arrangements, and this is not seen by housing support agencies as a secure housing outcome.

### **Rooming Houses**

Rooming houses (defined as 4 or more unrelated people living in a house, sharing facilities), when properly regulated, can provide a room for those who are unable to secure other housing options. Proprietors of rooming houses are required to register with their local council and comply with legislated minimum standards which include overcrowding, cleanliness, mould, and electricity. Unfortunately, there are many unregistered rooming houses which are unable to be monitored against these regulations. These unregulated rooming houses are often overcrowded, unsafe, and unsanitary. A single room in a rooming house can cost up to \$500 a week and residents may be sharing a toilet and shower with up to ten people. Service providers report that many individuals prefer to sleep rough or in cars rather than subject themselves to the expensive and unsafe environments of unregistered rooming houses. Rooming houses can also impact local amenity and attract petty theft and crime. Council is working in partnership with other agencies to identify potential unregistered rooming houses within the municipality and where possible work towards having these registered.

### **Crisis & Transitional Housing**

Crisis accommodation and transitional housing is used to temporarily house individuals while they await more secure options. However, there is no crisis accommodation in Yarra Ranges, and transitional homes in the municipality are full due to the lack of longer-term affordable rentals for current occupants to move on to. Consequently, services are forced to accommodate clients in hotels for extended periods, placing a strain on emergency funding. One service provider reported that some clients have stayed in hotels for up to 11 months.

### **Couch Surfing/ Staying with Friends or Family**

The number of individuals couch-surfing is likely affected by lockdowns. Maintaining connections to local supports and community is vital, particularly for young people whose need for temporary alternate housing is often due to issues at home. There are no youth refuges closer than Ringwood. Service providers report refuges have stricter admission criteria, leaving overnight stays in the city as the only option for some teenagers. Many teens resort to couch surfing, often going unreported, making them a part of the hidden homeless population. Relying on couch surfing can strain relationships and create a dependency that can be abused by the host.

### **Share-Housing Sites and Short-Term Accommodation**

Due to limited alternatives, short term rentals (STRs) such as AirBnB accommodation options have been used increasingly as a form of emergency accommodation. However, hosts of STRs often only accept clients of homelessness support agencies on a weekly basis, resulting in a transient housing situation. These types of accommodations are not registerable under existing legislative frameworks as they sit outside the legislative definitions (specifically 'prescribed accommodation'). Other share-housing platforms and groups are also growing in popularity, where multiple rooms in a home are rented out to individual people. Both AirBnB and share-housing options are unregulated which can lead the way to overcrowded, and poorly managed, pseudo-rooming house situations that lack security of tenure and can be costly compared to an affordable rental property.

## 10.8 Factors Impacting Housing Affordability

The lack of supply across the housing spectrum, particularly for those on the lowest income ranges, is a significant issue. The factors impacting the supply and affordability of housing, in a context of very low unemployment, are complex and wide-ranging. They include:

### **Interest Rates**

Due to the interest rate rises over the last 12 months, many homeowners are now struggling to cover the mortgage plus the cost of living, placing them into housing stress. Rentals are also now far more expensive to provide and manage and many rental providers are selling off or moving back in. This leads to further loss of rental stock and an associated increase in rent costs due to supply and demand dynamics. Interest rates also cause rental increases, which is likely to become more common over the next 6-12 months as tenancies hit the 12-month period since the last rate rise enabling rental providers to pass on the financial impact of rate rises to tenants. With recent interest rate rises, home purchase affordability for first home buyers is very low, as is borrowing capacity. Only 15.2% (379) of all sales in the twelve months leading up to December 2022 quarter would have been affordable to a first home buyer on a moderate income with a 20% deposit.

### **Taxation**

Changes to taxation frameworks can also impact land-owners affect the costs and supply of rental properties. From 1 January 2024 the new COVID Debt Levy will be applied to all investment land holdings; a \$975 fixed cost for holdings above \$100,000 with an additional 0.1% for holdings above \$300,000<sup>46</sup>. This could push some rental providers already struggling with interest rate increases, to pass costs on to tenants or dispose of their investment property. For developments requiring rezoning, a new windfall gains tax will apply from 1 July 2023 where rezoning results in a taxable value uplift to the land of more than \$100,000. A number of exemptions and exclusions apply but for those developments that are ineligible for an exemption this tax could have a significant impact on the economic feasibility of the project and therefore the potential to include any social or affordable housing. This tax may also disincentivise developers in future to pursue a rezoning of land for housing, thus impacting supply.

### **COVID 19 Pandemic**

During and following the pandemic, Yarra Ranges saw a much lower level of rentals coming on to the market for lease. Quarterly listings of new rentals dropped by 22% between December 2019 and March 2023. This was the largest decline for any local government area in Eastern Metropolitan Melbourne, and the fifth-largest drop across all of Greater Melbourne. The total number of rental dwellings in Yarra Ranges dropped by 4.9% between March 2020 and March 2023, indicating a departure from the previous twelve years of steady growth. Most of the losses occurred during the 2021 calendar year when property prices increased during the pandemic when the sales market was high. This same property boom also impacted the availability of homes for purchase, making it difficult for many households to enter the market due to increased house values. Loss of income during the pandemic may also have increased economic vulnerability, exacerbating housing affordability challenges. Figure 48 shows the impact COVID had on housing affordability.

### **Lack of investment in Social Housing**

Government investment in Social Housing is pivotal to addressing the housing affordability crisis but there has been little investment in social or affordable housing over the last 30 years. The private rental market is unable to meet demand and current stock is priced out of reach for households on very-low to low incomes – these households require social housing and other affordable housing programs. As of June 2022, only 1.2% of the total housing stock in Yarra Ranges was social housing. This is below the Victorian average of 3.0%. Victoria's Big Housing Build program aims to deliver over 12,000 new Social and Affordable Dwellings Victoria-wide over five years, however this is not enough to address the critical deficit. For Yarra Ranges alone there is estimated to be a current shortfall of 2500 dwellings<sup>44</sup>. The Federal government's new Housing Australia Future Fund could provide the means to start bridging this gap, however at the point of publication this is yet to be passed.



### **Planning & Residential Tenancies Legislation**

Current Victorian planning legislation does not adequately provide definitions or guidance to help local government respond to the need for affordable housing; There is a lack of direction from state government around planning in outer urban areas, making it difficult for local government to implement the zoning changes required to increase stock and meet demand. Also, the Planning and Environment Act currently only allows for local government to negotiate voluntary affordable housing contributions for new developments and the definitions provided to guide this process fall short of providing the clarity needed to negotiate these agreements effectively and efficiently. Additionally, alternate housing models that may help to bolster supply such as Secondary dwellings and Tiny Homes are either not supported or not adequately defined in current planning legislation.

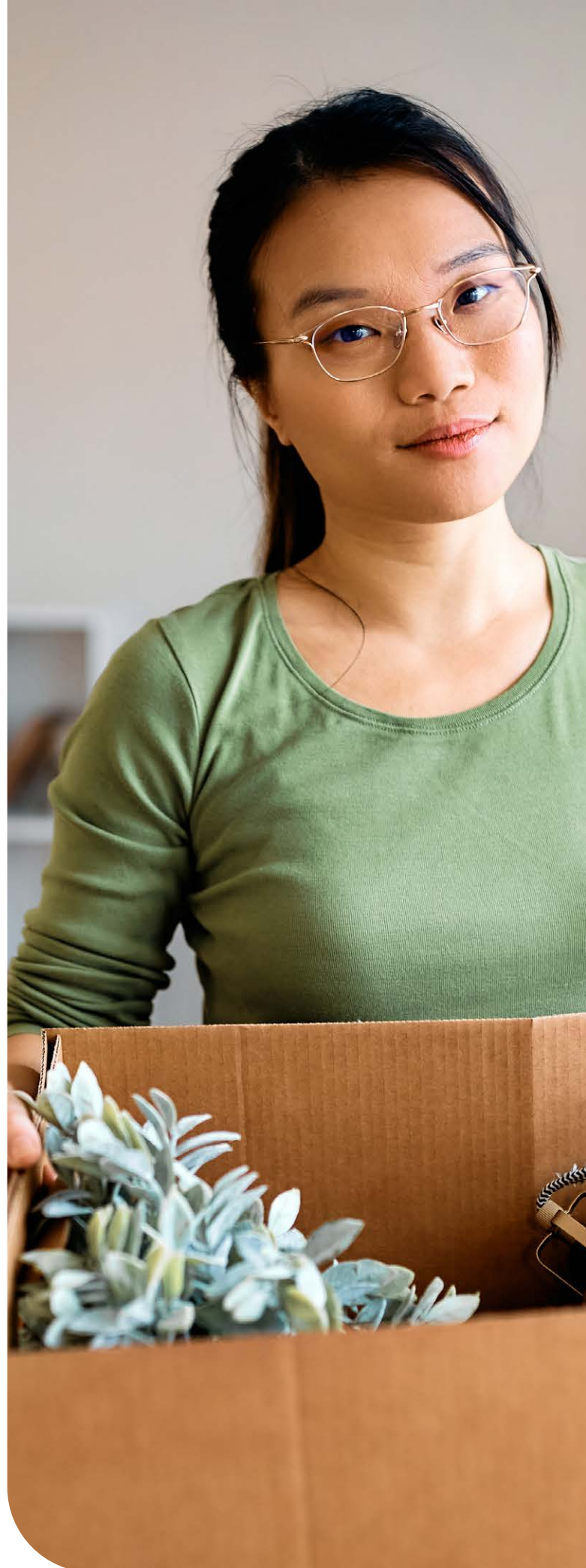
The Residential Tenancies Regulations 2021 introduced new requirements for safety checks and rental minimum standards that cover a wide range of items that must be monitored bi-annually. Upgrades required under these regulations can be costly, particularly to older homes. This can deter potential rental providers from renting out their property and can result in existing rental providers taking current rentals off the market.

### **Short Term Rentals (STR)**

See 10.6 Relationship of Housing Affordability to Economic Sustainability

### **Rising Living Costs & societal factors**

Escalating living expenses, alongside stagnant wage growth, have a direct impact on individuals' ability to meet their rent or mortgage obligations. Furthermore, various additional risk factors exacerbate the challenges, including mental health issues, persistent and complex physical health conditions (including long COVID), caregiving responsibilities for family members who are ill or have a disability, children struggling with school attendance, and the consequences of family violence. These factors contribute to increased costs of living, hinder income stability, impede workforce participation, and elevate the risk of housing instability.



## 10.9 Councils Role in improving Housing Affordability

While the responsibility for planning and providing social housing lies with the State Government, local government plays a crucial role in improving housing affordability, which is outlined below:

<p>Developing effective policies and advocating for commitments that increase Social &amp; Affordable Housing</p>	<p><b>Strategy and Advocacy</b></p> <p>Council is legislated through the <b>Local Government Act 2020</b> to achieve the best outcomes for its community and future generations and making policy decisions based on current and future impacts. Council has a critical role in assessing local housing needs, quantifying demand, and establishing targets, and developing long term plans to improve social and affordable housing in Yarra Ranges, not only through the development of the Housing Strategy, but also other relevant strategies like the Health and Wellbeing, Economic Development and Social Policy. Council also has a strong advocacy role, directly and through its membership of regional networks to seek to influence State Government initiatives and improve planning controls that enable the delivery of more affordable housing and to regulate proper use of existing housing. Council is also best placed to raise community awareness of the need for social and affordable housing.</p>
<p>Utilising and improving planning frameworks to improve social and affordable housing outcomes</p>	<p><b>Planning</b></p> <p>The provisions of the Yarra Ranges Planning Scheme, including changes proposed in this Housing Strategy, have the capacity to influence housing supply, affordability, and diversity. It can encourage well located and energy-efficient housing, reducing reliance on private transport and utility expenses. Additionally, it is an objective of the <b>Planning and Environment Act 1987</b> that Council, as the responsible authority, facilitate the provision of affordable housing through the planning approval process by negotiating voluntary affordable housing contributions with landowners and developers. Council also have the capacity to offer planning incentives to developers in exchange for the provision of affordable housing.</p>
<p>Proactively seeking internal &amp; external opportunities to increase the supply of social and affordable housing</p>	<p><b>Assets and Opportunities</b></p> <p>Council has a role in monitoring the various funding opportunities and policy changes that may create opportunity for local social and affordable housing projects, as well as building relationships with the community housing and development sector to map out opportunities for projects within Yarra Ranges. This also includes mapping out council land and assets that may be suitable for social and affordable housing.</p>
<p>Supporting and enhancing local service responses to homelessness.</p>	<p><b>Service Enhancement</b></p> <p>Through the provision of grants, information and networking, council support the work of local service providers who respond to people who are homeless or at risk or homelessness. The work of these agencies can mitigate the impacts of housing stress and homelessness and thus reduce risk of homelessness by providing material and financial aid and other supportive services like meals and food. These agencies also help individuals with emergency housing where possible, and to apply for social housing.</p>



Figure 57. Council's progress on Social and Affordable Housing

	Strategy & Advocacy	Planning Controls	Assets & Opportunities	Service Enhancement
Council's Role	Developing effective policies and advocating for commitments that increase Social & Affordable Housing	Utilising and improving planning frameworks to improve social and affordable housing outcomes	Proactively seeking internal and external opportunities to increase the supply of social and affordable housing	Supporting and enhancing local service responses to homelessness.
Existing Work	<p>Endorsed Guiding Principles Housing and Homelessness to prevent homelessness and increase access to affordable housing.</p> <p>Submission to Parliamentary Inquiry into the rental and housing affordability crisis.</p> <p>Advocated through the Municipal Association of Victoria for a register of short-term residential accommodation.</p> <p>Advocated to Homes Victoria for social housing in the Kinley Development.</p> <p>Member of Eastern Affordable Housing Alliance and Charter Group, raising awareness and lobbying for regional planning and housing policy reform.</p> <p>Procured new data tool Housing Monitor (.id consulting) to help quantify and understand housing need.</p> <p>Internal audit of council policies in regard to Social and Affordable Housing.</p>	<p>Housing Strategy Review underway to guide local planning reforms.</p> <p>Negotiations progressing with Kinley development for the inclusion of social and affordable housing under currently planning controls.</p> <p>Advocating to state government for mandatory inclusions of affordable housing in new developments.</p> <p>Draft Affordable Housing Negotiation Framework</p> <p>Staff capacity building on negotiating and securing agreements for social and affordable housing.</p>	<p>Internal Social and Affordable Housing working group convened to coordinate work related to social and affordable housing projects, clarify council role, and explore actions.</p> <p>Commenced exercise to identify appropriate, surplus council land.</p> <p>Building networks and capacity through the Inter-council Affordable Housing Forum</p> <p>Established relationships with housing agencies and Homes Victoria to gain better understating of sector, opportunities, and challenges.</p>	<p>Update of Yarra Ranges Homelessness Protocol to guide staff in responding to homelessness. Held workshop with Anchor and Community Safety Staff.</p> <p>Support Yarra Ranges Housing Action Group (YRHAG) to advocate for increase social housing and raise awareness of homelessness.</p> <p>Supported Homelessness Week Campaigns.</p> <p>Support Emergency Relief Network (YRERN) of crisis relief agencies.</p> <p>Financial support via grants to community agencies working towards alleviating housing stress and reducing homelessness.</p> <p>Since 2018 we have provided over \$1.2m in grants to housing and homelessness support agencies and community groups and committed a further \$780k so far.</p> <p>Providing accessible information on housing options and homelessness support for the community.</p>

## 10.10 Social and Affordable Housing Actions

This Chapter has shown that issues of rental availability, homelessness, and the quantum of social housing (among others) in Yarra Ranges are acute and becoming more severe over time. In order for Council to effectively address these issues, a range of actions are needed to:

- establish a resolved position on social and affordable housing, regarding how much is needed, the type, the location, and how this will be targeted to vulnerable groups.
- identify advocacy actions to State and Federal Government for issues that are beyond Council's direct control
- identify ways Council can engage with the development sector effectively to encourage a proportion of social and affordable housing within new developments in well located areas
- examine Council and other government-owned land with potential for re-use as social and affordable housing

While Council is dependent on other levels of government, and on the appetite of Registered Housing Agencies to invest in Yarra Ranges, an essential first step is for Council to communicate its position clearly and transparently to all stakeholders.

The list of actions below sets a detailed framework for Council over the next 15 years, which identifies required further work, advocacy, and a range of strategies targeting key issues.

### 10.11 Actions

1. Develop and endorse a Social and Affordable Housing Policy that articulates Council's position on social and affordable housing and outlines the principles, roles and pathways that will encourage and support increased local supply.
2. Contribute to regional working groups and alliances advocating for policy reform for social and affordable housing.
3. Develop a report on housing affordability and homelessness in Yarra Ranges that communicates to a wide range of stakeholders the homelessness and housing issues faced by the community and quantifies the social and affordable housing needed to meet current and future demand.
4. Develop an advocacy paper seeking:
  - Amendments to the Planning and Environment Act 1987 to facilitate the provision of affordable housing more effectively, including the provision of 'inclusionary zoning'.
  - The identification of existing state assets in Yarra Ranges that could be redeveloped for social and affordable housing.
  - A state-wide register for the regulation of Short-Term Residential Accommodation.
  - An increase to Commonwealth Rental Assistance (CRA)
  - A Commitment to meet Yarra Ranges target of social housing properties as defined in the new Yarra Ranges Social and Affordable Housing Policy.
  - Legislative changes that would improve the safety and affordability of rooming houses.
  - State mechanisms to dis-incentivise vacant properties such as further taxation.
5. Develop an advocacy plan to support and coordinate engagement with key stakeholders including government departments and agencies, elected representatives and strategic advocacy alliances.
6. Develop an issues paper on:
  - The demand for seasonal workers including geographical areas and industries that are particularly vulnerable to worker shortages.
  - The impact of Short-term Rental Accommodation on affordable rentals and local economy.

- 7.** Develop a reporting framework and report on agreed indicators quarterly and annually, monitoring social and affordable housing demand and supply, including rates of empty or underutilized property, over the next 20 years.
- 8.** Develop and adopt a Social Affordable Housing Negotiation Framework and evaluation program to guide Affordable Housing Negotiations with developers and landowners, which includes incentives, particularly for sites within Activity Centres.
- 9.** Develop an Investment Attraction Strategy and Asset Management Strategy to publicly identify potential sites for social and affordable housing outcomes, including land suitable for rezoning, and existing property that might be suitable for renewal or redevelopment. Monitor the number of rooming houses and any enforcement incidents in the municipality and explore regulatory changes that would enhance the safety and affordability of this housing option.
- 10.** Monitor the number of rooming houses and any enforcement incidents in the municipality and explore regulatory changes that would enhance the safety and affordability of this housing option.
- 11.** Explore potential for joint planning scheme amendments with other councils to address regional supply of social and affordable housing
- 12.** Include local policy and provisions into the Yarra Ranges Planning Scheme that support the development of social and affordable housing
- 13.** As a general principle where practical, retain land suitable for housing within residential zones to enable opportunities for provision of housing, and to ensure that land is not lost to other land uses, subject to a detailed assessment being undertaken in each case
- 14.** Commission feasibility studies on the development of sites appropriate for social and affordable housing.
- 15.** Explore the use of a Yarra Ranges Housing Trust as a vehicle to increase supply and secure contributions towards social and affordable housing.
- 16.** Explore partnerships with registered housing providers, or one preferred registered housing provider, to work collaboratively to bring more social and affordable housing into Yarra Ranges.
- 17.** Support private landowners and developers to explore innovative solutions such as co-purchasing and shared equity arrangements for the redevelopment of vacant land or unutilised buildings.
- 18.** Implement a training and induction program for the Homelessness Protocol. Develop an internal working group to oversee and monitor the Homelessness Protocol, supporting an ongoing coordinated approach to responding to homelessness.
- 19.** Support local housing support and homelessness agencies via provision of grants and information to support their advocacy.
- 20.** Implement a social change campaign to Improve perceptions of social housing via provision of information and case studies to help raise awareness.
- 21.** Support prevention initiatives that reduce the risk of homelessness and housing affordability stress through capacity building projects such as household budgeting, retirement planning, and relationship support including family violence.

## 10.11 A Planned and Coordinated Approach

The intended progression of steps towards implementing social and affordable housing actions is shown in Figure 58. This is intended to progress concurrently with the work Council is now doing shown in Figure 57, in order to address this complex issue expeditiously. Integral to success is the prioritisation of the following action:

**Action:** Develop and Endorse of a Social and Affordable Housing Policy that articulates Council's position on social and affordable housing and outlines the principles, roles and pathways that will encourage and support increased local supply.

This Action is critical to reach a resolved Council position on key issues that can be used for advocacy, provide confidence for potential investors, and provide the certainty needed to attract investment from providers of social and affordable housing.

Figure 58. Yarra Ranges Social and Affordable Housing Strategic Process

