

# **Draft Position Statement on Social and Affordable Housing**

**February 2022**

# Contents

<b>1. Introduction .....</b>	<b>3</b>
<b>2. What is social and affordable housing? .....</b>	<b>4</b>
<b>3. Statement of Intent .....</b>	<b>5</b>
<b>4. Principles .....</b>	<b>5</b>
<b>5. Roles .....</b>	<b>6</b>
<b>6. Pathways .....</b>	<b>7</b>
<b>7. Implementation and Monitoring .....</b>	<b>8</b>
<b>8. Appendices.....</b>	<b>10</b>
8.1. Appendix 1: Context for social and affordable housing in Brimbank.....	10
8.2. Appendix 2: Key definitions .....	13

# 1. Introduction

The *Universal Declaration of Human Rights* recognises housing as part of the right to a standard of living adequate for health and wellbeing.<sup>1</sup> Lack of social and affordable housing can lead to significant health and wellbeing impacts, many of which have been exacerbated by the COVID-19 pandemic. Conversely, increased access can lead to improved employment and education participation, better connections with local social networks, and reduced demand for health and other services.

There is an urgent need for social and affordable housing in Brimbank. Research commissioned by Council estimates a shortfall of more than 4,000 dwellings, with highest need amongst very low income and single adult households.<sup>2</sup> To provide some context, there are around 1,500 households currently living in social housing in Brimbank, making up just 2.4 per cent of total households.<sup>3</sup>

The Federal and State Governments are primarily responsible for providing funding, regulatory and policy direction for social and affordable housing. The Federal Government funds homelessness services, offers low-cost financing for social housing projects, and direct payments to individuals through Commonwealth Rent Assistance.

The Victorian Government oversees the state's public housing system and provides funding to registered housing agencies to manage community housing. It is also responsible for setting land-use planning policy frameworks, including an objective within the *Planning and Environment Act 1987* to 'facilitate the provision of affordable housing'. More information on roles of the Federal and State Governments is provided in Appendix 1.

Over the next three years, the State Government's role will continue to be underpinned by the Big Housing Build program, a \$5.3 billion investment that aims to construct more than 12,000 social and affordable housing dwellings across Victoria. While Brimbank is identified as one of 21 priority local government areas within the program, around one-third of total funding allocated would need to be directed to Brimbank alone to meet current need in the municipality.

To streamline the implementation of the Big Housing Build, the Victorian Government has introduced changes to the Victorian Planning Provisions. These apply to projects funded through the Big Housing Build (Clause 52.20), and for housing by or on behalf of the Director of Housing (Clause 53.20). The Minister for Energy, Environment, and Climate Change is the responsible authority for assessing all proposals under Clause 52.20. The Minister for Energy, Environment, and Climate Change is also the responsible authority for assessing the development of 10 or more dwellings and apartments under

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<sup>1</sup> United Nations General Assembly (1948) *Universal Declaration of Human Rights*, proclaimed 10 December 1948, [www.un.org/en/about-us/universal-declaration-of-human-rights](http://www.un.org/en/about-us/universal-declaration-of-human-rights), accessed November 2021.

<sup>2</sup> Affordable Development Outcomes (2020) *Affordable Housing in the City of Brimbank: Detailed Needs Assessment*, prepared for Brimbank City Council. Please note that this estimate is based on data from the latest available Census of Population and Housing (from 2016) and, in the absence of significant recent supply, remains an accurate estimate of current need in Brimbank.

<sup>3</sup> .id Consulting (n.d.) 'City of Brimbank Community Profile', <https://profile.id.com.au/brimbank>, accessed November 2021

Clause 53.20, with proposals for less than 10 dwellings to be assessed by the local council.

Additionally, some projects are not subject to a planning permit process, and third-party notice and appeal rights do not apply. While there is a requirement for the proponent to undertake consultation with local communities and to engage with Council, timeframes have been relatively short for this to occur through the initial implementation.

The role of local government has traditionally focussed on advocacy and facilitating outcomes as a responsible authority in administering land-use planning controls. More broadly, provision of social and affordable housing is an important element in maintaining socially and economically diverse communities. The COVID-19 pandemic has exacerbated existing inequities in Brimbank, with higher levels of unemployment and reliance on income support, alongside growing incidences of homelessness and housing stress.

Programs such as the Big Housing Build also create opportunities for local government to play a 'facilitator' role by encouraging private developers and registered housing agencies to work together to attract funding and deliver projects. A small number of councils have gone a step further by playing a more active role as a 'partner', wherein direct contributions are made in the form of land or other assets to registered housing agencies who then build and manage social and affordable housing to meet local needs.

It is therefore timely for Council to develop a formal position on social and affordable housing. This Draft Position Statement is informed by local research, stakeholder engagement and an understanding of current funding and policy contexts. It aims to encourage and support increased supply of social and affordable housing in Brimbank.

More specifically, the purpose of this Draft Position Statement is to:

- articulate Council's position on social and affordable housing to Brimbank residents and other key stakeholders
- outline the principles, roles and pathways that guide Council's efforts to encourage and support increased local supply
- lay the foundations to further grow and develop Council's approach to social and affordable housing.

The Draft Position Statement will strengthen and complement Council's existing practice and establish pathways that Council may pursue to address the shortfall in supply. It will also support closer and stronger engagement with Brimbank residents and other key stakeholders such as developers, landowners, registered housing agencies, health and community service providers, and other levels of government.

## 2. What is social and affordable housing?

Affordable housing is a broad term that refers to housing which is affordable for lower income households. It is defined in the *Planning and Environment Act 1987* as 'housing, including social housing, which is appropriate for the housing needs of very low, low and moderate income households'. Income ranges for household groups are published annually by the Victorian Government and form part of the definition under the

legislation.<sup>4</sup> Affordable housing includes various housing types which exist on a continuum, ranging from crisis and short term housing to affordable purchase housing (see Figure 1).

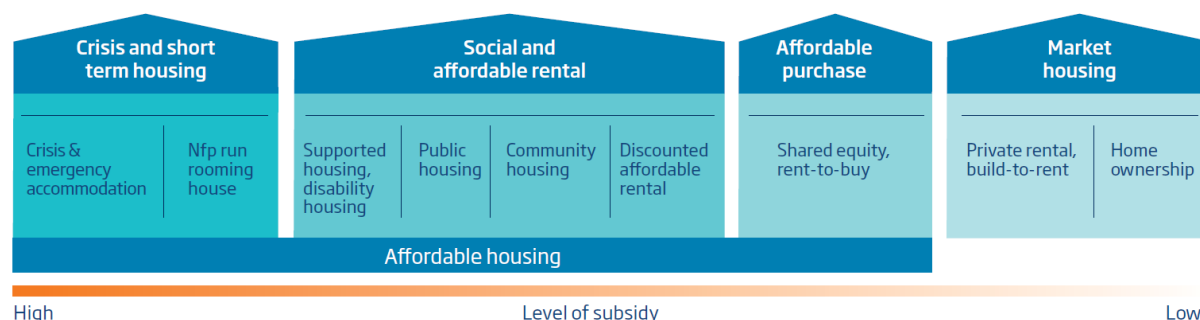


Figure 1: The housing continuum (Source: Affordable Development Outcomes)

Social housing is a component of affordable housing. It includes public housing (owned or managed by the Victorian Government) and community housing (owned or managed by a registered housing agency). Residents of social housing typically pay no more than 30 per cent of their income on housing costs, with funding gaps generally met through government subsidy. However, almost all types of affordable housing require some level of subsidy to ensure their economic viability, and private developers and registered housing agencies may also bear some of these costs.

### 3. Statement of Intent

The following Statement of Intent summarises Council's position on social and affordable housing:

There is an urgent need for social and affordable housing in Brimbank. Housing stress, homelessness and social housing waiting lists have all increased over the past decade, while housing affordability in the private market has declined substantially. These factors have contributed to an estimated shortfall of more than 4,000 social and affordable housing dwellings in the municipality.

Brimbank City Council recognises access to safe, secure and affordable housing as a fundamental human right and key determinant of health and wellbeing. It is the responsibility of all levels of government to uphold this right. Within its jurisdiction, Council will therefore seek to encourage and support increased supply of social and affordable housing to meet the current and future needs of our community.

### 4. Principles

The following principles underpin Council's efforts to encourage and support increased supply of social and affordable housing in Brimbank:

<sup>4</sup> See Governor in Council Order (2021) *Planning and Environment Act 1987, Section 3AB – Specification of Income Ranges for Affordable Housing*, June 2021.

- **Human rights** - 'adequate housing' is recognised in the United Nations' Declaration of Human Rights as part of the right to an adequate standard of living.
- **Equity** - access to safe, secure and affordable housing supports a more equitable community, and helps to protect Brimbank's distinctive social and cultural diversity.
- **Flexibility** - a range of social and affordable housing models are required to meet local need, including market-facing 'affordable by design' housing, developer-subsidised affordable housing, and government-funded social housing.
- **Collaboration** - increasing the supply of social and affordable housing relies on the involvement of many groups and organisations, including government agencies, developers, registered housing agencies, service providers and local communities.

## 5. Roles

As identified earlier, local government can play various roles to encourage and support increased supply of social and affordable housing. Three core roles are identified in this Draft Position Statement: Advocate, Facilitator and Planner (see Figure 2). These reflect Council's current practice and are well-established across the local government sector in Victoria. A focus on these roles enables Council to pursue pathways to support and encourage social and affordable housing that do not require Council to take on a direct contributor role.

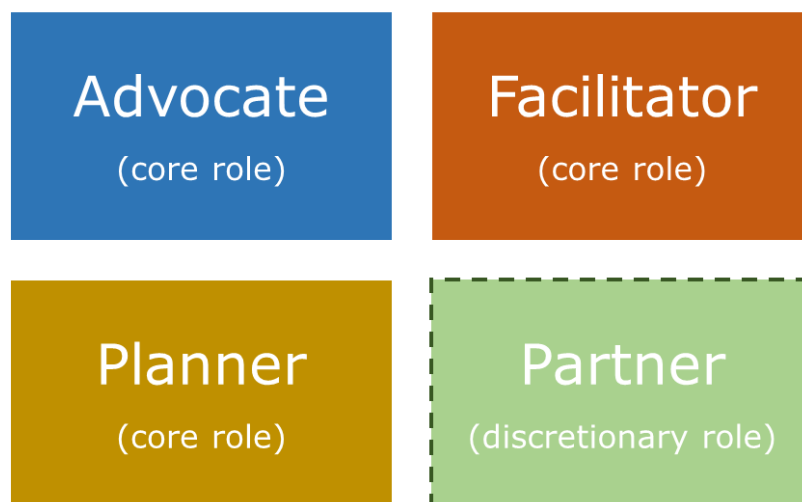


Figure 2: Council's roles in regards to social and affordable housing

If circumstances permit, a discretionary 'partner' role may also be explored, subject to future Council priorities and external funding opportunities. This role requires significantly more investment and typically delivers supply at a lower scale relative to overall need. While the majority of Victorian local governments are not active in this role, a small number of local governments are exploring the use of Council-owned assets and other contributions as a means to address local need.

In line with the broad directions and priorities set out in the 'Together We Are Brimbank' Plan (incorporating the Community Vision 2040, Council Plan 2021-2025 and Municipal Public Health and Wellbeing Plan), Council will focus on the three core roles described below.

### **Advocate (core role)**

Council plays a key role in representing the local community and advocating for its interests. The Federal and State Governments are primarily responsible for setting the funding and policy direction for social and affordable housing. Council's role extends to targeted, strategic and coordinated advocacy which encourages and supports increased local supply, while deterring 'cost shift' or other adverse impacts on local communities.

### **Facilitator (core role)**

Delivering social and affordable housing requires multiple organisations to contribute and share resources. Council can play an important role in building relationships and brokering partnerships between registered housing agencies, developers, government agencies and other key stakeholders. It can also raise community awareness of the role of social and affordable housing in supporting diverse, safe and sustainable communities.

### **Planner (core role)**

Council plans for the efficient, orderly and appropriate use of land in Brimbank, including through planning permit approval processes, planning scheme amendments, and the preparation of strategies, policies and plans. Council also has a key role in seeking to negotiate social and affordable housing contributions through discretionary policy and voluntary agreements, although current Victorian state and local planning mechanisms do not mandate provision.

### **Partner (discretionary role)**

Subject to future priorities and resources, Council may play a discretionary role through partnerships to deliver social and affordable housing by exploring the use of Council-owned assets or other contributions. This typically takes the form of a below-market lease or sale of a Council-owned asset to a registered housing agency, but a small number of councils have established independent affordable housing entities. This is the most resource intensive role that local government can play and is constrained by Council's financial position and responsibilities, as well as legislative requirements under the *Local Government Act 2020*. Further investigation is required to better understand and determine the extent of Council's future activities within this role.

## **6. Pathways**

Guided by this Draft Position Statement, Council will pursue a range of pathways to encourage and support increased supply of social and affordable housing in Brimbank.

### **Advocate (core role)**

1. Advocate to the Federal and Victorian Governments for increased, ongoing and equitable investment in suitable and well-maintained social and affordable housing, which does not impose additional costs on local government and communities.
2. Advocate to the Victorian Government for the phased introduction of consistent state-wide planning controls for the provision of social and affordable housing to capture and share value created through development.

3. Advocate to the Federal and Victorian Governments for the inclusion of social and affordable housing on suitable government-owned land and within significant government-led infrastructure and urban renewal projects.

**Facilitator (core role)**

4. Engage with registered housing agencies, developers, service providers, government agencies and other key stakeholders to build relationships, broker partnerships, and encourage funding applications that support improved social and affordable housing outcomes in Brimbank.
5. Engage with local communities to raise awareness of social and affordable housing and its capacity to support more diverse, safe and sustainable communities.

**Planner (core role)**

6. Seek to negotiate voluntary social and affordable housing outcomes on appropriate sites when processing planning permits for use and development, and planning scheme amendments for re-zoning and/or development.
7. Incorporate further direction on social and affordable housing into the Brimbank Housing Strategy, including guidance on housing need, policy objectives, potential locations, and any required future planning actions to strengthen social and affordable housing outcomes in the Brimbank Planning Scheme.
8. Further develop and apply proactive and coordinated processes to support Council's assessment of planning permit applications that include a social and/or affordable housing contribution.
9. Enhance skills, knowledge and capability within Council to engage and negotiate with developers, registered housing agencies, residents and other key stakeholders to achieve improved social and affordable housing outcomes.

**Partner (discretionary role)**

10. Monitor opportunities and incentives for Council to use its assets or other contributions to support increased local supply and, where appropriate, undertake further investigation to determine the implications and impacts of Council's participation in social and affordable housing partnership projects.<sup>5</sup>

## 7. Implementation and Monitoring

The Draft Position Statement provides ongoing direction for Council in its efforts to increase supply of social and affordable housing in Brimbank. It complements other Council plans, policies and strategies, including the Home and Housed Strategy and future Brimbank Housing Strategy.

Annual implementation plans will be prepared outlining priority pathways, and will be informed by available resources, current priorities, and any emerging issues or

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<sup>5</sup> Investigation may include (but is not limited to) the suitability of different models (e.g. sale, lease, entity), potential yield over time, cost to Council (including actual and opportunity costs), estimated social return investment, case studies from other Victorian Councils, and assessment of relevant Council assets.



opportunities. Where additional resources are required, these will subject to Council's annual budget processes and/or external funding opportunities.

Progress will be monitored and reported via Council's existing processes, which may include an Annual Report Card, Council Plan Annual Action Plans and/or Council's Annual Report. The Draft Position Statement will be reviewed no later than four years from the date of adoption by Council, or earlier to ensure it takes account of contemporary policy and funding contexts and relevant Council plans, policies and strategies.

## 8. Appendices

### 8.1. Appendix 1: Context for social and affordable housing in Brimbank

#### **Location**

Brimbank is an established middle-ring municipality with an estimated resident population of 208,247 as at June 2020. It is set to grow gradually over the next 20 years, although some neighbourhoods expected to grow more quickly. Brimbank currently has limited housing diversity, with almost two-thirds of dwellings comprising separate houses with three or more bedrooms.

Brimbank has considerable pockets of disadvantage and, at the time of the 2016 Census, was the second most disadvantaged municipality in Greater Melbourne. The COVID-19 pandemic has contributed to higher levels of unemployment and is likely to increase housing stress for many households in the short to medium term. Additionally, many lower income households require (often multiple) vehicles to access day-to-day needs due to a lack of feasible alternative modes of transport, further constraining household finances and their capacity to meet rising housing costs.

At the same time, Brimbank is set to be transformed over the next 20 to 30 years. 'Plan Melbourne 2017-50' identifies Sunshine as a Metropolitan Activity Centre and a National Employment and Innovation Cluster. It has also been designated as a Priority Precinct by the Victorian Government and will be a key node in the Melbourne Airport Rail Link project. This investment will bring increased opportunities for jobs, education, health services, transport connectivity and open space, while also presenting opportunities for social and affordable housing through new residential development.

Brimbank's proximity to Melbourne's Central Business District and relative affordability also make it an attractive development proposition. However, it has relatively few larger development sites which typically provide greater scope for social and affordable housing. It also faces many of the development challenges experienced across other parts of Melbourne, including legacies of industrial development, an under-resourced transport network, and the need for effective protection of the natural environment. Additionally, while some developers are committed to affordable housing, the economic feasibility of the affordable housing component can be tenuous, particularly if considered after land has been acquired or within an uncertain policy or community context.

#### **Policy**

The Federal and State Governments are primarily responsible for providing the funding, regulatory and policy direction for social and affordable housing in Australia (see Table 1). The Federal Government's role includes funding for homelessness services and public housing maintenance and construction, low-cost financing for housing agencies and other levels of government, and direct payments to individuals through Commonwealth Rent Assistance. In 2021-22, the Federal Government allocated \$419 million to Victoria under the National Affordable Housing and Homelessness Agreement, and will spend more than \$5 billion on Commonwealth Rent Assistance nationally.

The Victorian Government's role includes funding and regulation of social housing, including management of approximately 64,000 public housing properties across the

state (around 1,400 in Brimbank). It also oversees Victoria's planning system and the regulation of private building, housing and rental markets, while supporting the implementation of an objective within the *Planning and Environment Act 1987* to 'facilitate the provision of affordable housing'.

FEDERAL GOVERNMENT	VICTORIAN GOVERNMENT	LOCAL GOVERNMENT
<b>Housing demand</b> <ul style="list-style-type: none"> <li>Tax incentives, e.g. negative gearing, capital gains tax reduction</li> <li>Migration policy</li> </ul> <b>Home ownership</b> <ul style="list-style-type: none"> <li>Capital gains tax reduction</li> <li>First home buyer schemes</li> <li>Home value exclusion from Age Pension eligibility</li> </ul> <b>Social housing investment</b> <ul style="list-style-type: none"> <li>National Housing and Homelessness Agreement</li> <li>National Housing Finance and Investment Corporation</li> </ul> <b>Income support</b> <ul style="list-style-type: none"> <li>Commonwealth Rent Assistance</li> </ul> <b>Major infrastructure funding</b> <ul style="list-style-type: none"> <li>City Deals</li> <li>National Housing Infrastructure Facility</li> </ul>	<b>Taxes and duties</b> <ul style="list-style-type: none"> <li>Stamp duty</li> <li>Land tax</li> </ul> <b>Public and community housing</b> <ul style="list-style-type: none"> <li>Funding public and community housing, e.g. Big Housing Build</li> <li>Transfer to community housing organisations</li> </ul> <b>Home ownership</b> <ul style="list-style-type: none"> <li>First Home Owner Grants</li> <li>Stamp duty and other exemptions</li> <li>Other exemptions</li> </ul> <b>Land release</b> <ul style="list-style-type: none"> <li>Release of public non-residential land</li> </ul> <b>Major infrastructure funding</b> <ul style="list-style-type: none"> <li>Transport, health care and education</li> </ul> <b>Planning laws</b> <ul style="list-style-type: none"> <li>Oversight of the Victorian Planning System</li> </ul>	<b>Rates</b> <b>Minor infrastructure</b> <ul style="list-style-type: none"> <li>Roads and minor infrastructure</li> <li>Libraries and community spaces</li> </ul> <b>Planning laws</b> <ul style="list-style-type: none"> <li>Land use zoning</li> <li>Planning permits and restrictions</li> </ul>

Table 1: Government roles and responsibilities in the Australian housing system (Source: adapted from AHURI (2019) *Understanding of the 30:40 indicator of housing affordability stress* cited in City of Melbourne's *Affordable Housing Strategy 2020-2030*).

Additionally, the Victorian Government continues to implement the \$5.3 billion Big Housing Build program, which aims to construct more than 12,000 new social and affordable housing dwellings by 2024. However, associated changes to the planning system have reduced Council's decision-making capacity, and proposed rate exemptions for social housing dwellings will further impact Council's revenue base that is constrained by 'rate capping' mechanisms. A Ten-Year Strategy for Social and Affordable Housing is also in development and the much-anticipated recommendations of the Ministerial Advisory Committee on Planning Mechanisms for Affordable Housing will inform future state policy directions to facilitate supply through the planning system. Finally, the Victorian Government's proposed 'windfall gains tax' (which aims to capture some of the value uplift from land re-zonings or planning scheme decisions) may impact the extent to which social and affordable housing is provided within future development.

At the local government level, Council's Home and Housed Housing Strategy recognises the need for improved access to diverse and affordable housing. The Brimbank Social Justice Charter also identifies housing insecurity as a barrier to social justice,

highlighting that people experiencing insecure housing or homelessness are more vulnerable to inequality and discrimination. The 'Together We Are Brimbank' Plan recognises demand for social and affordable housing as a significant issue and, through Council's health and wellbeing priorities, highlights the need to improve access. Finally, the Brimbank Planning Scheme controls land use and development in the municipality, and reflects objectives in the Council Plan and other adopted strategies and policies.

## Need

A diverse range of households in Brimbank need increased access to social and affordable housing. Some households may only need access at a point in time, while others may need it as a longer term arrangement. Demand has increased over the past decade, with reduced housing affordability and longer social housing waiting lists contributing to increased rates of housing stress and homelessness. Figure 2 shows a range of indicators of social and affordable housing demand in Brimbank.

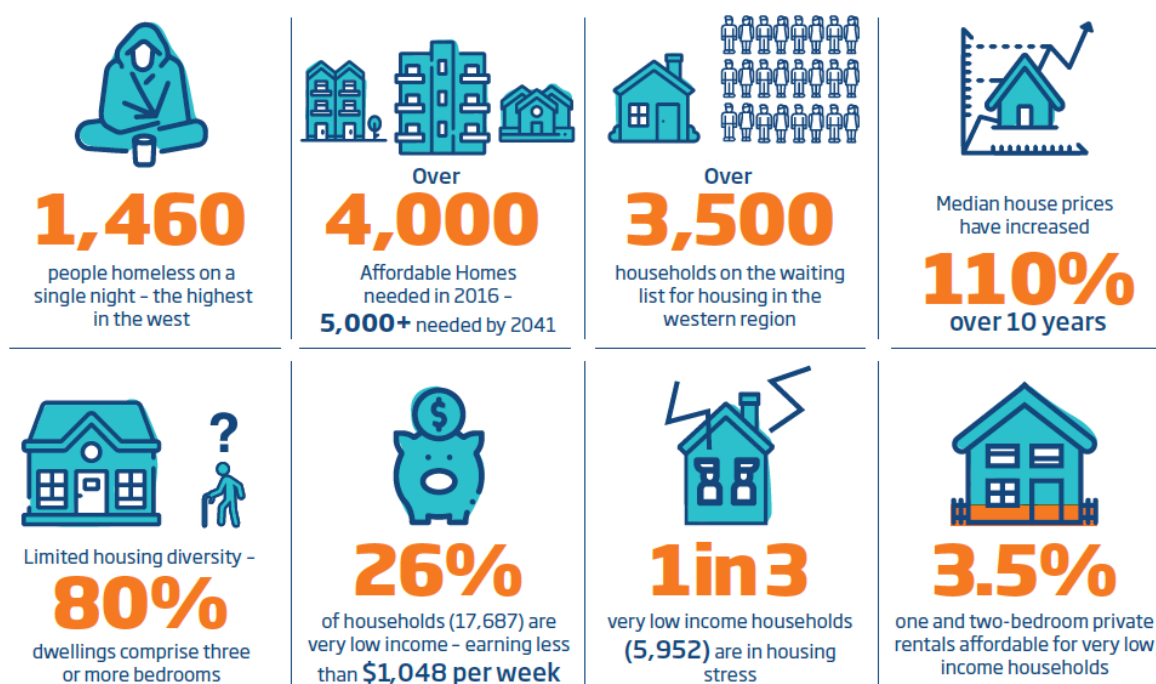


Figure 3: Indicators of affordable housing demand in Brimbank (Source: Affordable Development Outcomes)

Research commissioned by Council in 2020 estimates a current shortfall of more than 4,000 affordable housing dwellings in Brimbank. This shortfall will increase to more than 5,000 by 2041 if no action is taken. To put this into context, it is estimated that almost half of the new dwellings built in the next 20 years would need to be social and affordable housing to meet forecast demand.

There is particular need for affordable rental accommodation within very low income households. Families are the biggest cohort within this group, with 2,478 very low income family households (85 per cent of this group) experiencing rental stress. High levels of rental stress also exist for very low income single adults (882 households, 75 per cent) and couples (404 households, 76 per cent).

While many larger households experience housing stress, limited housing diversity contributes to significant demand within single adult households across all income groups. For example, a total of 1,537 single adult households (64 per cent of this group)

experience rental stress in Brimbank. Research concludes that affordable housing provision should initially prioritise smaller dwellings that are close to public transport and activity centres, with housing primarily allocated to very low and low income households.

## 8.2. Appendix 2: Key definitions

### **Affordable Housing**

Affordable housing is a broad term which refers to housing that is affordable for lower income households. It is defined in the *Planning and Environment Act 1987* as 'housing, including social housing that is appropriate for the housing needs of very low, low and moderate income households'.

### **Homelessness**

There is no single agreed definition of homelessness. The Australian Bureau of Statistics definition states that a person is considered homeless if they do not have suitable accommodation alternatives and their current living arrangement is inadequate; has no, short or non-extendable tenure; or does not allow them to have control of, and access to, space for social relations. A cultural definition of homelessness (developed by academics David MacKenzie and Chris Chamberlain) includes three categories:

- Primary homelessness is experienced by people without conventional accommodation, e.g. sleeping rough or in improvised dwellings
- Secondary homelessness is experienced by people who frequently move from one temporary shelter to another, e.g. emergency accommodation, youth refuges, 'couch surfing'
- Tertiary homelessness is experienced by people staying in accommodation that falls below minimum community standards, e.g. boarding housing and caravan parks.

### **Housing Affordability**

Housing affordability refers to the relationship between expenditure on housing (prices, mortgage payments or rents) and household income. Housing affordability is a particular issue for lower income households who have reduced financial resources available to meet housing costs.

### **Housing Stress**

A lower income household (those in the lowest 40 per cent of incomes) is considered to be in 'housing stress' when it is paying more than 30 per cent of gross household income on rent (the '30/40 rule').

### **Inclusionary Zoning**

The Australian Housing and Urban Research Institute (AHURI) defines inclusionary zoning as 'land use planning intervention by government that either mandates or creates incentives so that a proportion of a residential development includes a number of affordable housing dwellings'. With the Australian context, inclusionary zoning has been implemented (to varying degrees) in South Australia, New South Wales and the Australian Capital Territory.

### **Registered Housing Agency**

A not-for-profit organisation that is a company limited by shares or guarantee, an incorporated association, or a co-operative, registered under the *Housing Act 1983*. Registered housing associations are regulated by the Victorian Housing Registrar, with a purpose to own, manage and/or develop affordable rental housing.

### **Social Housing**

Social housing is made up of two types of housing. Public housing is long-term rental housing that is owned and managed by the Victorian Government for eligible households, including people who are unemployed, on low incomes, live with a disability or mental illness, or who are at risk of homelessness. Community housing is secure, affordable, long-term rental housing that is owned or managed by a registered housing agency, who may specialise in housing for a diverse range of tenants including women and children escaping family violence, people with a disability, or households with lower incomes.

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