Improving access to affordable housing for vulnerable Victorians

Report to Infrastructure Victoria

An assessment of the estimated quantum of need required to be met in order to meet the infrastructure challenge to ‘provide better access to housing for vulnerable Victorians’

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Executive Summary

Disadvantaged and vulnerable households face significant challenges in accessing affordable and appropriate housing. The private market is increasingly unaffordable and the existing supply of affordable housing does not meet demand.

The estimated unmet requirement (unmet affordable housing need) is that between 75,000 and 100,000 vulnerable low income households require better access to affordable housing. ‘Better access’ can be provided through improvements in the quality and suitability of the existing affordable housing supply; provision of housing related advocacy and financial support for households; and supply of new affordable housing supply including crisis accommodation, transitional accommodation, social housing and dedicated affordable private rental housing supply.

This Report provides a preliminary assessment of the estimated unmet demand to be addressed if Victoria is to meet the infrastructure need to ‘provide better access to housing for the most vulnerable Victorians’.

The analysis takes the form of an affordable housing needs assessment, focused on the housing requirements of vulnerable and disadvantaged low income households whose housing needs are not currently or appropriately being met. It aims to identify, analyse and quantify the identified infrastructure need in order to support Infrastructure Victoria to further understand and subsequently assess options and costs to meet this infrastructure challenge. It does not set out a case for affordable housing being considered as an infrastructure need, other than to note that this positioning is supported and backed by growing field of evidence and public recognition of affordable housing as a critical infrastructure to support productivity, international competitiveness and livability outcomes.

OVERVIEW OF THE ANALYSIS AND RECOMMENDATIONS

Defining the need

Further conceptualisation of the identified infrastructure need has been undertaken to support a more comprehensive understanding of what infrastructure challenge is required to be addressed (Part A). As a result the need is further understood to mean:

Table 1: Understanding the infrastructure need

<table>
<thead>
<tr>
<th>Provide better access to housing</th>
<th>Defined as any form of shelter that is secure, affordable and appropriate to a household’s needs;</th>
<th>Targeted to low income households, many of which have further diminished capacity and who require support to reduce their vulnerability and sustain a tenancy, particularly:</th>
</tr>
</thead>
<tbody>
<tr>
<td>To facilitate or directly provide improved opportunities to access appropriate housing;</td>
<td></td>
<td>• People with a disability;</td>
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<td></td>
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<td>• Aboriginal people;</td>
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<td>• People with a mental health issue;</td>
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<tr>
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<td></td>
<td>• Humanitarian / recently arrived refugees</td>
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<td></td>
<td></td>
<td>(Low income is defined as earning less than 80 per cent of gross median household income).</td>
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</tbody>
</table>
Recognising that the type of housing access that is required can vary for different households it is also recommended that “better access” is understood to be provided through:

- improvements in the quality and suitability of existing affordable housing supply;
- provision of advocacy and financial support for households; and
- supply of new affordable housing supply including crisis, transitional, social housing and affordable private rental.

Accessing affordable housing

Existing programs and models that are in place to support access to affordable housing for vulnerable households are set out in Part A. Existing dedicated affordable housing supply in Victoria includes:

- an estimated 4,300 to 12,500 rooming house beds\(^1\) (private and not-for-profit owned and managed);\(^1\)
- 64,811 public housing dwellings and 18,535 community housing dwellings (owned or managed by registered community housing organisations) including over 4,000 crisis accommodation properties either owned or leased by the Director of Housing;\(^2\)
- 5,470 discounted market rental dwellings owned by private investors or community housing organisations and rented to lower income households under the National Rental Affordability Scheme (NRAS) with a further 655 NRAS-approved dwellings under development\(^3\).

Current challenges facing vulnerable Victorian households to access existing affordable housing supply include near full-capacity, tight eligibility criteria and priority waiting list allocation processes. Attachment A highlights that affordable housing supply, most particularly social housing, is highly targeted to very vulnerable and very-low income households and is increasingly difficult to access by many vulnerable households. Public housing is targeted to very-low income households in the greatest need and with special needs.

The assessment of the infrastructure need in relation to how these existing housing assets could be better utilised has identified that the following actions could improve access and outcomes for both existing tenants and provide potential for new households to access supply:

- reallocation and transfer policies to address overcrowding and provide a better match between household size and housing type;
- redevelopment of obsolete stock to new accessible housing that meets the size of households in need of social housing (predominantly single persons); and
- supporting households in public housing paying the equivalent of market rent on a long-term basis to transition into new subsidised private rental accommodation in order to enable new public housing allocations.

It is noted that these actions are not without significant challenges and the opportunity to move vulnerable people from public housing into private rental housing is in practice quite constrained.

In the absence of access to dedicated affordable housing households are dependent on access to the private rental market, particularly requiring housing that is affordable for a low income household to rent. The ability to access this housing depends on the availability of affordably priced dwellings and the capability of a household to secure and maintain a tenancy. Physical, psychological, social and economic barriers facing vulnerable households place them at a significant disadvantage in this market environment. This includes people living with a disability, Aboriginal and Torres Strait Islander people, people escaping domestic violence, young people, especially those exiting State care, and humanitarian arrivals.\(^4\)

Key indicators of need

The evidence set out in Part B highlights a range of economic, demographic, market and affordability indicators impacting on affordable housing supply and demand. It also highlights that the shortage of affordable and available stock is particularly acute for a significant number of low income households with reduced capacity to participate in the market. Of note:

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\(^1\) Total number is unknown as many operators remain unregulated. Source: Council to Homeless Persons.
• over 32,000 households have applied for and are assessed as eligible for public housing in Victoria, with 9,866 on the early housing (priority) wait list (March 2016)²;
• 118,626 households renting in Victoria in receipt of Commonwealth Rent Assistance (CRA) are paying more than 30 per cent of their income on rent, with 38,338 of these households paying more than 50 per cent of income on rent, the majority living in Melbourne (2015)³;
• 63,861 of these 118,626 households in receipt of CRA and assessed to be in housing stress are households considered particularly vulnerable due to youth, age, disability or Aboriginal or Torres Strait Islander heritage⁴;
• 88 per cent of very-low income (quintile 1) households in the private rental market were assessed to be paying over 30 per cent of income on rent in 2011⁷;
• of the supply of private rental dwellings that were assessed as being affordable for a low income household to rent in 2011, a large percentage were occupied by higher income households with an estimated shortage of over 70,000 dwellings that were affordable and available to low income households in the bottom two income quintiles to rent in Melbourne as at 2011⁸.

The analysis highlights that limited dedicated affordable housing supply and mechanisms to support access to this supply are key constraints that limit a vulnerable household’s access to ‘better housing’, compounded by other disadvantage.

**Estimated quantum of requirement to be addressed**

The calculation of an affordable housing requirement is not an exact science.

Based on the evidence set out in Part B an assessment has been made of the estimated unmet need - noting that the majority of households in existing targeted affordable housing (primarily social housing) have their housing need largely met. It is noted however that there is some capacity to improve the quality of the existing affordable housing response particularly to address overcrowding and to create pathways for households with capacity to move from public housing into less resource intensive housing, thereby freeing up public dwellings for a new tenant.

The infrastructure challenge has subsequently broken down into four sub-sets or categories to reflect the range of identified ‘access’ requirements for different households, with the infrastructure need proposed to be understood as a need to provide improved access to:

• those already in dedicated affordable housing who would benefit from improved housing outcomes;
• early intervention supports for households predominantly in the private rental market at risk of homelessness;
• crisis and transitional accommodation (emergency housing responses) for particularly vulnerable groups including the already homeless; and
• new affordable rental housing supply, both social housing and dedicated affordable private rental housing.

Taking into consideration current models of affordable housing, demographic, economic and supply and demand indicators impacting on supply and affordability, an estimated quantum of housing responses required to be addressed for each area of need is proposed, set out in in **Part C** and summarised in Table 2.

### Table 2: Summary of need assessment

<table>
<thead>
<tr>
<th>Response Type of</th>
<th>Key indicators of requirement</th>
<th>Estimated quantum of requirement by</th>
</tr>
</thead>
</table>

² This is likely to be an underrepresentation of the total number of households that are eligible for and in need of public housing as not all households seek to be registered on the waiting list. Source of data: DHHS 2016
<table>
<thead>
<tr>
<th>Response</th>
<th>9,596 (14.9%) public housing dwellings and 1,002 (7.9%) community housing dwellings underutilised; 3,542 (5.7%) overcrowded public housing dwellings; 13% households in public housing paying market rent. 9 Estimated 10,000 dwellings at or nearing obsolescence and 42% (35,862 dwellings) over thirty years old. 10</th>
<th>Estimated 4,000 – 10,000 existing social housing residents require housing that is better matched to current tenant’s household size, significantly reducing overcrowding. Up to 10,000 public housing dwellings require redevelopment to improve standards and appropriateness and maintain base level of public housing. Estimated 2,000 – 6,000 public housing households may have capacity to pay market rent to move into new affordable private rental housing options (subject to further testing availability of long term affordable rental options).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve the quality of existing social housing by: • replacing obsolete stock • addressing overcrowding and improving the matching of household need to housing stock</td>
<td>Social housing supply Affordable private rental assistance and supply</td>
<td></td>
</tr>
<tr>
<td>Increase early intervention supports that reduce a household’s risk of becoming homeless or requiring higher subsidised housing</td>
<td>Financial support Social housing Affordable private rental assistance and supply</td>
<td>In 2014-15 the total number of clients presenting to specialised homelessness agencies was 102,793 clients. 37 per cent of whom were homeless at the point of contact. 48,456 clients had experienced homelessness at some time in 2014-15. 45,719 clients had a need for accommodation at the point of presentation. 14,546 did not have their accommodation need met (31.8 per cent). The Victorian daily average unmet need was estimated at 115 persons. 21 Between one half and one third of all young people exiting state care will experience homelessness in the first two years after leaving care. 22</td>
</tr>
<tr>
<td>Increase affordable housing supply, specifically: • crisis, transitional, short term and specifically targeted supported accommodation for highly vulnerable and homeless or at-risk households. • affordable rental housing supply (public and private) for low income households to access</td>
<td>Crisis accommodation Specialised housing Affordable private rental assistance and supply Social housing supply</td>
<td>In 2014-15 the total number of clients presenting to specialised homelessness agencies was 102,793 clients. 37 per cent of whom were homeless at the point of contact. 45,719 clients had a need for accommodation at the point of presentation. 14,546 did not have their accommodation need met (31.8 per cent). The Victorian daily average unmet need was estimated at 115 persons. 23 247 people counted as sleeping on the street in Melbourne CBD, June 2016. 24 9,866 applicants on the early wait list and 22,416 applicants on general public housing waiting list (March 2016). 25 118,626 of all CRA recipients in private rental in Victoria in 2015 were paying more than 30% on housing and 38,338 paying more than 50% of income on housing; and 63,861 of the 118,626 households in</td>
</tr>
<tr>
<td>housing response (at June 2015)</td>
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</tr>
</tbody>
</table>

Final Report to Infrastructure Victoria – Improving Access to Affordable Housing
receipt of CRA and assessed to be in housing stress (paying over 30 or 50 per cent of income on rent) are considered particularly vulnerable due to youth, age, disability or Aboriginal or Torres Strait Islander heritage.  

87,700 very-low and low income households (quintiles 1 and 2) in receipt of CRA in Victoria in 2011 were assessed to be paying unaffordable rents (over 30 per cent income), including:  
- 51,832 very-low (Q1) income households in Melbourne;  
- 14,237 very-low (Q1) income households in the Rest of State; and  
- 21,633 low (Q2) income households in Victoria.

In summary, the estimated level of need is that between 75,000 and 100,000 vulnerable low income households require better access to affordable housing.

It is important to note this total estimated need is not required to all be delivered as public or community housing. Better access includes:

- improved access to existing affordable housing supply through advocacy and financial support for households to access and remain in the private rental market;  
- redevelopment of existing public housing that is near obsolete to ensure the base level of public housing is maintained; and  
- new supply which includes crisis accommodation, supported accommodation, social housing and dedicated affordable private rental housing supply.

In understanding the assessment it is also important to note:

- the estimated total quantum of need is not determined by an adding up of the key indicators of need as households are likely to be represented in multiple indicators; and  
- not all households in housing stress that are eligible for public housing are on the waiting list. The number of households in receipt of Commonwealth Rent Assistance in housing stress in the private rental market is considered a more robust indicator of need; and  
- the availability of public data particularly on the breakdown of CRA recipients by income quintile and percentage levels of housing stress is limited.

The total estimated quantum of unmet need is primarily drawn from the number range of lower income households in the private rental market across Victoria that are in receipt of CRA and understood to be in housing stress, plus, a minimum need to redevelop and replace up to 10,000 existing nearing obsolete public housing dwellings to maintain existing base rate supply. This provides a range of between 74,000 and 100,000 households for whom ‘better access to housing’ is required. As noted above access could include a supply or a financial response.

Alternative measures of requirement

As a point of comparison alternate measures of estimated the requirement has also been considered:

- if all individuals and households receiving Commonwealth Rent Assistance in the private rental market required better access to housing regardless of housing stress then the level of requirement as at June 2015 was 306,490 households;  
- if all households receiving Commonwealth Rent Assistance that were paying more than 30 per cent of income on housing costs (including recipients of Family Tax Benefit A) required better access to housing then the level of requirement as at June 2015 was 118,6262 households;
• if Victoria was to increase its supply of public housing to be on par with the national average, an additional 43,000+ new public housing dwellings are required.

As many of the CRA households are paying an affordable rent the first point is not considered a strong indicator of need however it highlights the importance of maintaining affordability options in the private rental market. The national average basis is not considered a robust measure of the affordable housing requirement as it is not based on any assessment of need and is therefore provided for comparison purposes only.

**Forecasting demand**

The Report has not undertaken a detailed projection of housing need for the thirty-year infrastructure planning timeframe.

It is noted that if Victoria is to maintain its current proportion of public housing as a percentage of all dwellings (2.6 per cent)\(^3\), based on recent dwelling approval trends from June 2015 to May 2016 (total approvals 65,908 dwellings\(^1\)), 1,779 dwellings would be required to be delivered in 2016-17.

**Report limitations**

This Report has not undertaken a comprehensive affordable housing needs analysis or modeled scenarios over time in any detail. Further work regarding the level of housing need for different household groups is required, particularly to further understand the level of need required to meet crisis and supported housing need and to understand the capacity and limitations in better utilising existing supply through reallocation policies and practice.

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\(^3\) It is not suggested that this is an appropriate level of public housing, rather it provides a baseline percentage that should at minimum be maintained.
Introduction

Infrastructure Victoria is undertaking the development of a thirty year infrastructure strategy for Victoria. The document ‘We Hear You’ sets out the Vision, Guiding Principles, Objectives and Needs that will be the basis of the final Infrastructure Strategy, due to be finalised by the end of 2016. The Strategy Framework specifically identifies a Need to “provide better access to housing for the most vulnerable Victorians” in response to a number of the Objectives (see sidebar).

While there are a number of comprehensive analyses of population trends and economic drivers for Victoria (most recently ‘The Current and Future State of Victoria: A Spatial Perspective, Advice to Infrastructure Victoria’ Report; State of the State Report; and Victoria in Future 2015) and general housing needs assessments undertaken at a metropolitan and local government level (for example, establishing the number of new dwellings required to accommodate population growth), these strategies do not provide a comprehensive Victorian assessment of affordable housing demand and supply gaps.

Infrastructure Victoria subsequently engaged Affordable Development Outcomes to provide an analysis of the scope and quantity of need that is required to be addressed if Victoria is to meet the identified infrastructure challenge to “provide better access to housing for the most vulnerable Victorians”. This Report sets out preliminary advice based on data available as at 31 July 2016.

Report Structure

To understand the scale and cost of meeting the identified infrastructure need, an assessment of current and future requirements and how these are currently being met has been undertaken. This has first involved conceptualisation (or definition) of the terms “most vulnerable” and “access to housing” followed by an analysis of current affordable housing options intended to support these households and the criteria that controls access (Part A).

A range of demographic, economic and market characteristics and indicators have then been analysed. This includes assessing the type of housing outcomes the target households require access to; the capacity of target households to access and afford this housing; the gap between target household’s income capacity and housing costs that have to be met; identification of estimated underlying supply gaps; and consideration of current indicators of housing stress (Part B).

An analysis of the estimated level of need was then undertaken and recommendations on a quantum or range of need that can then be costed are proposed (Part C).

It is important to note that there is no precise science or method in assessing affordable housing need. A range of housing outcomes are required for different vulnerable households across the housing spectrum, the availability of which has flow-on impacts on the overall affordable housing response and cost.
The Report is structured in three parts:

**Part A:**
- Sets out a framework for further conceptualising and understanding the identified need, including an analysis of what does ‘better access to housing’ mean; what is meant by ‘vulnerable households’; and identification of the type of housing responses these households may require.
- Highlights the current affordable housing landscape in Victoria, the quantity and range of current housing responses that are intended to be accessed by vulnerable households, and the criteria controlling access.

**Part B:**
- Sets out a preliminary assessment of affordable housing need in Victoria, drawing together available evidence including:
  a) Key demographic data and information about industry and economic trends as they relate to housing demand and supply;
  b) An analysis of housing supply characteristics, including tenure and residential development activity, market opportunities and affordable housing supply and demand;
  c) An analysis of the income capacity of identified vulnerable household groups to meet housing costs; and
  d) Preliminary analysis of gaps in the housing system in relation to the identified need and household income capacity;
  e) Evidence of the undersupply of housing that is affordable and available to very-low and low income households and indicators of housing stress for these households.

**Part C:**
- Makes recommendations on to the translation of the various indictors into a quantity of requirement, estimated to be required to be met against the identified infrastructure challenge.
PART A

In order to better understand the need it is necessary to clarify what is meant by the identified infrastructure need to “provide better access to housing for the most vulnerable Victorians”.

The range of affordable housing responses currently in operation and the criteria controlling access is also identified, which then enables an assessment of whether improvements to existing supply and access would also help to address the need.

1. Conceptualising the need

The identified infrastructure need to “provide better access to housing for the most vulnerable Victorians” includes a number of terms that require further clarification before a needs assessment can be undertaken. Table 3 provides a breakdown of the terminology.

Table 3: Analysis of infrastructure need

<table>
<thead>
<tr>
<th>Breakdown of the identified Need</th>
<th>Analysis of terminology</th>
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<tbody>
<tr>
<td><strong>Better access</strong></td>
<td>• Assumes that the current means by which vulnerable households access housing is inadequate or inappropriate therefore ‘better’ access is required &lt;br&gt; • ‘Access’ being defined as the means or opportunity to approach or enter a place or to get into or hold of services or a place. &lt;br&gt; • ‘Better access’ being ‘improved access’ compared to what is currently provided or made available. &lt;br&gt; • For this analysis, ‘better access’ is understood in regards to improved opportunities for particular household groups to access (secure or obtain) appropriate housing.</td>
</tr>
<tr>
<td><strong>Housing</strong></td>
<td>• Housing is defined as any structure, building or lodging that provides shelter to people. &lt;br&gt; • There are many forms of housing typologies, models and tenures (i.e. flats, apartments, townhouses, detached housing; crisis, public, community, private or market housing; rental or ownership). &lt;br&gt; • The affordability of housing is critical to a household’s capacity to maintain the shelter outcome. &lt;br&gt; • Fundamentally housing is understood as shelter that is accessible, affordable and appropriate for a household’s needs.</td>
</tr>
<tr>
<td><strong>Most vulnerable Households</strong></td>
<td>• Vulnerability is defined as “the diminished capacity of an individual or group to anticipate, cope with, resist and recover from the impact of a natural or man-made hazard.”&lt;sup&gt;23&lt;/sup&gt; &lt;br&gt; • Vulnerability is most often associated with poverty, “but it can also arise when people are isolated, insecure and defenceless in the face of risk, shock or stress.” (IFRC) &lt;br&gt; • The level of vulnerability can be impacted on or be a result of physical, economic, social or political factors and can vary over time. &lt;br&gt; • Vulnerability can translate to economic, social, psychological or physical disadvantage. &lt;br&gt; • “Most vulnerable” are those with the greatest levels of diminished capacity to sustain a tenancy</td>
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Further analysis of this definition has been undertaken in order to understand:

• What households are commonly identified as ‘most vulnerable’, and what barriers are there on these household’s capacity to access the type of housing they need; and
• What forms of shelter (housing) are currently available to these households to access and, what are the controls or limits on access.

2. Vulnerable households

Reasons for vulnerability

There are many and often complex reasons that can lead to a person having a diminished capacity and requiring support to reduce their level of vulnerability and cope with hazards. A person’s vulnerability may be result of a physical, psychological, social or economic disadvantage. Low income is a common characteristic of people with other limitations on capacity, as well as a specific category of disadvantage.

Limited income capacity (which at the extreme end is poverty) can be conceptualised and understood as a consequence or result of:

1. Individual circumstance or behaviour such as a person’s level of education, employment, health (physical and mental), disability, age or discrimination based on race, disability or sex; or
2. Wider economic factors such as a low-paying and insecure labour market.

The reason and level of complexity of a person’s vulnerability can directly impact on a household’s capacity to access appropriate housing.

The issue of homelessness highlights the range of potential factors that can contribute to a person finding themselves in this position of vulnerability (Table 4).

Table 4: Factors contributing to homelessness (adapted from AIHW25)

<table>
<thead>
<tr>
<th>Structural factors</th>
<th>System failures</th>
<th>Individual circumstances</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Income inequality</td>
<td>• Young people exiting from the care system</td>
<td>• Domestic and family violence</td>
</tr>
<tr>
<td>• Market supply, pricing and distribution</td>
<td>• Discharge system for people exiting prison</td>
<td>• Addictions</td>
</tr>
<tr>
<td>• Casualisation of work force</td>
<td>• Discharge system for people exiting hospital</td>
<td>• Traumatic events</td>
</tr>
<tr>
<td>• Cost of living pressures</td>
<td>• Discharge system for people exiting drug and alcohol treatment</td>
<td>• Mental illness</td>
</tr>
<tr>
<td>• Discrimination</td>
<td></td>
<td>• Physical health and disability</td>
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<tr>
<td>• Poverty</td>
<td></td>
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<tr>
<td>• Lack of superannuation in retirement</td>
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</table>

Reasons for homeless cannot necessarily be easily pinpointed to any one factor, and equally access to housing for these households cannot be addressed in isolation of an understanding of the factors that led to homelessness. It is important to recognise the range of supports that are required to address what is a complex and challenging issue.

It is noted governments undertake a wide range of interventions to reduce the factors contributing to disadvantage and vulnerability particularly in the areas of financial support, education, employment and health. These interventions are critical to improving a person’s capacity and can have positive flow on impacts on their ability to access appropriate housing.

‘Most vulnerable’ household groups

There are a number of population groups that are generally considered to be at the greatest disadvantage, specifically:

• People with a disability;
• Aboriginal people;
• Women experiencing domestic violence;
• People with a mental health issue;
• Young people exiting State care; and
• Humanitarian / recently arrived refugees.

When coupled with reduced income capacity these households are highly vulnerable when it comes to access to housing as their ability to access appropriate market housing is highly constrained. Other households at a disadvantage are those on a low income (defined as households earning less than 80 per cent of median household income or in the bottom forty percent of quintiles). Part B outlines key demographic data on these groups as it relates to access to housing.

A person falling into one of these categories of greatest disadvantage may have multiple needs that make them particularly vulnerable. A person can also fall outside of these groupings but due to their low income are particularly vulnerable to housing stress.

The identified infrastructure need to “support better access to housing for the most vulnerable Victorians” is subsequently more specifically understood as:

Table 5: Understanding the infrastructure need

<table>
<thead>
<tr>
<th>Provide better access</th>
<th>to housing</th>
<th>for the most vulnerable Victorians</th>
</tr>
</thead>
</table>
| To facilitate or directly provide improved opportunities to access appropriate housing; | Defined as any form of shelter that is secure, affordable and appropriate to a household’s needs; | Targeted to low income households, many of which have further diminished capacity and who require support to reduce their vulnerability to sustain a tenancy, particularly:  
  • People with a disability;  
  • Aboriginal people;  
  • Women experiencing domestic violence;  
  • People with a mental health issue;  
  • Young people exiting State care; and  
  • Humanitarian / recently arrived refugees. (Low income being defined as earning less than 80 per cent median household income). |

3. Housing requirements of vulnerable households

All households regardless of economic or social capacity require access to safe, secure, appropriate housing that is affordable and within their means.

When a household’s capacity is limited access to housing is particularly valued, and conversely, it is often more difficult to obtain. The reason for this difficulty is primarily in relation to the household’s reduced economic capacity to meet market prices. Other disadvantage compounds this challenge.

When analysing a vulnerable household’s access to housing, the critical characteristic and measure of housing accessibility is subsequently the cost. Whilst it is important both entry costs and long term and broader housing affordability costs are considered, the critical housing responses that these households require access to is ‘affordable housing’, defined below.

Definition of affordable housing

Affordable housing is a particular type or category of housing response that is available and appropriately priced for lower income households to access. Critically, affordable housing is a primarily below-market response and is therefore predominantly subsidised housing.

A range of housing models are considered to fall within the umbrella term ‘affordable housing’, with those models in operation in Victoria set out in Table 6 and Diagram 1.
It is noted Infrastructure Victoria has adopted the following definition of affordable housing:

“that which reduces or eliminates housing stress for low income and disadvantaged families and individuals in order to assist them with meeting other essential basic needs on a sustainable basis, whilst balancing the need for housing to be of a minimum appropriate standard and accessible to employment and services.”

This definition reflects that low income households are in particular need of housing that is priced so as to ensure they are not placed in housing stress which can lead or contribute to a range of other disadvantage being experienced. The generally accepted measure of ‘housing stress’ being measured by whether a household’s housing costs exceed 30 per cent of their gross household income.

Table 6: Current affordable housing models in Victoria

<table>
<thead>
<tr>
<th>Current housing options / response</th>
<th>Ownership and management</th>
<th>Key Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early intervention</td>
<td>Government funded support (not necessarily provision of housing). May include provision of financial support for households to remain in private market (owned by private landlord) or to move to more appropriate housing.</td>
<td>• Support for people to remain in existing housing or transfer to new affordable housing (does not directly provide supply). • Housing information and referral; advocacy such as brokerage or negotiation to maintain people in their current housing, start new private tenancies, financial assistance such as private rental support or alternatively access crisis accommodation. • Referral to other support services that in turn assist a person to maintain a tenancy.</td>
</tr>
<tr>
<td>Crisis accommodation</td>
<td>Owned by State Government or Not-for-Profit Housing organisations. State owned housing responses may be managed by State or NFP sector on Government’s behalf.</td>
<td>• Intended as short term, crisis housing response. • May include support for hotel stay, short term stay in a rooming house or other housing option that is not considered appropriate or necessarily affordable in the longer term.</td>
</tr>
<tr>
<td>Transitional housing</td>
<td>State owned housing or head leased private rental properties responses that may be managed by State or NFP sector on Government’s behalf.</td>
<td>• Short-term accommodation with access to support services intended as a stepping stone to more permanent housing. • Intended to be a temporary option with tenants actively working with their support provider to apply for long-term housing.</td>
</tr>
<tr>
<td>Rooming / Boarding house</td>
<td>May be owned by private landlord, State Government or NFP organisation</td>
<td>• Historically singles accommodation where residents rent a room in the house and share common facilities such as kitchens, bathrooms and laundries. New and redeveloped government/NFP run boarding houses increasingly provide self-contained facilities. • Rooming houses do not necessarily provide an affordability outcome if privately owned and managed. • The total number of rooming house residents and dwellings is unknown and standards and affordability are varied.</td>
</tr>
<tr>
<td>Public housing*</td>
<td>State owned housing responses that may be managed by State or NFP sector on Government’s behalf.</td>
<td>• Largest single landlord holding in Victoria with 64,811 dwellings owned by the Director of Housing, the majority under the management of DHHS (2015). 30 • 72.9 per cent located in major cities, 22.1 per cent in inner regional areas and 5 per cent in outer regional. 31 • Properties are rented at no more than 25 per cent of income on rent up to an income limit. • Tight eligibility criteria. Tenure is available ‘for life’.</td>
</tr>
<tr>
<td>Community housing*</td>
<td>Owned and/or managed by not-for-profit registered Housing Associations or Housing Providers</td>
<td>• Not-for-profit housing organisations collectively owns 11,665 dwellings and manage an additional 6,981 dwellings owned by the Director of Housing. 32 • Dwellings are rented to low income households on either an income-based rent (maximum 30 per cent income on rent) or discounted market rent (maximum 74.9 per cent market rent) on a short or long-term basis. • Community housing management also includes crisis accommodation, transitional accommodation and head lease arrangements.</td>
</tr>
</tbody>
</table>
Community housing includes housing owned and/or managed by Aboriginal Housing Victoria specifically for Indigenous Victorians.

Associations and providers are registered under the Housing Act 1983 and leases fall under the Residential Tenancies Act.

Management models and target groups housed can vary by provider.

**Discounted rental**

| Owned and/or managed by not-for-profit sector, private individuals/investors |
| A particular rental model used by the not-for-profit sector for some clients. |
| From 2008 – 2014 the National Rental Affordability Scheme (NRAS) incentivised new (discounted) private rental housing supply on the proviso it was rented at a discount to market rent and rented to low income households for ten years. 5,470 NRAS dwellings are in operation in Victoria as at 31 March 2016 with an additional 655 due for completion by June 2017. |
| Income eligibility is similar to community housing. |
| NRAS properties are managed by community housing organisations or private real estate agents. |

*Public and community housing are collectively referred to as social housing.*
Diagram 1 – Affordable housing spectrum

*Cost to Government refers to capital plus ongoing subsidy costs, which could be State or Commonwealth subsidies.
4. Accessing affordable housing

As section 2 highlights, constraints or limitations on a vulnerable household’s ability to access appropriate and affordable housing can be a result of social, economic, political, physical, or psychological barriers, the common factor being a limited economic capacity to participate in the private market. Access is also limited by:

- supply and turnover rates of affordable housing relative to demand; and
- the eligibility criteria and the prioritisation/targeting of the available supply.

This section focuses on how vulnerable and disadvantaged households can seek to access affordable housing and the limitations on this access. This analysis supports a greater understanding of whether constraints on access could be improved without requiring new supply in line with Infrastructure Victoria’s approach to assessing options to meet the need. It also highlights the potential range of responses that could be supported to meet the infrastructure challenge.

Limitations on access

There are many and often complex limitations that make a person particularly vulnerable and which may compound their access to appropriate housing in addition to general economic constraints. These factors include:

- physical limitations (such as a disability) that limit a household’s choice of appropriate housing options they can physically access;
- psychological limitations such as mental illness or poor social skills or education level that impact on a person’s capacity to navigate the private rental market;
- discrimination due to race, sex, age or disability; and
- poor employment record due to age or family circumstances, potentially compounded by illness or a history of family violence impacting on ability to enter the private rental market.

Limited capability to sustain a tenancy can also contribute to household evictions which in turn results in a poor rental record limiting further market participation.

These factors are compounded by a lack of supply of affordability in relation to demand explored further in Part B.

Eligibility criteria

The limited, and on a per capital basis, decreasing supply of social housing (see Part B) has led to an increasing emphasis placed by successive governments on housing programs that support the most disadvantaged households.

As a result, households must meet strict eligibility criteria and be prioritised above other households who have also been assessed as requiring affordable housing in order to access supply.

The eligibility for different affordable housing models available in Victoria is set out in Attachment A. Of note:

- There are a range of programs and specific affordable housing responses highly vulnerable households are eligible to access;
- Income and asset tests and other tests control who is eligible to access support. These controls limit access to the lowest income groups;
- Access is based on level of need or vulnerability with priority order of allocation to existing assets to the most vulnerable; and
- There are limited specifically targeted affordable private rental products and no dedicated affordable home ownership programs in Victoria.
5. Income support to assist with access to affordable housing

In addition to providing access to the supply of affordable housing, income assistance is provided to support many low income people to access and improve the housing affordability of either private rental or community housing. This includes:

- State Government Residential Tenancy Bond Assistance;
- Australian Government Commonwealth Rent Assistance (CRA); and
- Specifically targeted support such as the Australian Government’s ‘Transition to independent living’ Allowance to help young people who are leaving out-of-home care

CRA is the primary income support mechanism intended to support improved housing affordability for lower-income households in the private housing market. CRA is a non-taxable income support supplement administered by the Commonwealth Government and payable to individuals and families who rent accommodation in the private rental market and community housing. CRA rates are based on a customer’s family situation and the amount of rent they pay.

“To qualify for Rent Assistance, a person or family must qualify for an eligible social security payment, more than the base rate of Family Tax Benefit Part A, or a service pension, and pay or be liable to pay more than a minimum amount of rent, called the rent threshold, for their principal home.”

CRA payments in Victoria average $124 per fortnight per household.

It is important to note that CRA does not guarantee the cost of housing will be affordable and a high percentage of households are still paying over 30 or even 50 per cent of income on rent after receiving CRA.

CRA is also payable to households who receive more than the base rate of Family Tax Benefit A who may not be in the bottom two income quintiles. Of the total 306,490 Victorians receiving CRA in 2015:

- 229,707 were in receipt of an income support or parenting payment and 132,978 of these households were either over 75 years, under 25 years, had a disability or identified as Aboriginal or Torres Strait Islander; and
- 40,817 were in receipt of Family Tax Benefit A only.

Other government assistance that is intended in principle to assist households’ ‘access’ housing include First Home Owner Grants and Stamp Duty discounts. These payments are accessed by households who have the capacity to enter home ownership with no income-eligibility test applied.

As demand side initiatives there are justified concerns as to whether CRA and First Home Owner Grants add to housing affordability pressures through improving some household’s purchasing/renting capacity as opposed to increasing supply.

6. Supporting better access to housing

As per section 1, ‘better access to housing’ is understood to mean to facilitate or directly provide improved opportunities to secure appropriate housing. This can be understood as both improvements of current processes and means by which a household access existing supply, and as improvements in the number of opportunities (supply) that are available to be accessed.

This analysis aligns with Infrastructure Victoria’s framework for assessing options to respond to identified infrastructure needs, where the priority order of response is:

1. Changing behaviour, managing demand
2. Better use of existing assets
3. Expanding assets or building new ones.
Changing behaviour in order to support better access ultimately requires investment in non-housing support for households in order to reduce household’s vulnerability and disadvantage and correspondingly improve their economic capacity. This will have a flow-on impact to demand.

Improved management of demand and better use of existing assets assumes there is capacity within the current system that can be improved.

To assess whether better access to existing supply can be facilitated through changing behaviour or better use of existing assets a number of indicators are considered in relation to existing affordable housing supply, set out in Table 7.

Table 7: Access measures

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupancy rate</td>
<td>The occupancy rate of public housing is 98 per cent and 94 per cent for community housing.</td>
</tr>
<tr>
<td>Turnaround time</td>
<td>Average time taken for vacant public housing stock that is available to rent through normal processes to be occupied was 29.1 days.</td>
</tr>
<tr>
<td>Access to social housing by the most vulnerable / high need groups</td>
<td>97.9 per cent of all households in public housing and 90 per cent in community housing are low income households (bottom 40 per cent income distribution). 79.4 per cent of all new public housing allocations in Victoria were made to households in ‘greatest need’ for the year ending 30 June 2014, 86 per cent of which were made in under three months. In 2013-14, 58.4 per cent of public housing allocations and 49.8 per cent of community housing allocations were to households with ‘special needs’.</td>
</tr>
<tr>
<td>Social housing waiting list</td>
<td>32,282 applicants are on the public housing waiting list, with 9,866 on the early housing wait list (priority housing) as at March 2016. 1,178 of total wait list are in regional cities or outer regional areas. A further 7,587 existing tenants are seeking a transfer.</td>
</tr>
<tr>
<td>Housing accessed following contact with crisis services</td>
<td>45% of people who access Initial Access Planning and transitional housing support transitioned into public housing, 18% moved on to private housing, 10% moved into community housing (movements of the rest were unknown).</td>
</tr>
<tr>
<td>Turnover rate</td>
<td>6 per cent of households exited public housing (2013-14). Allocations were made to 3,989 new households in 2014-15.</td>
</tr>
<tr>
<td>Tenant Satisfaction</td>
<td>75.5 per cent public housing tenants and 76.6 community housing tenants indicated they were satisfied or very satisfied with their housing provision. Over 80 per cent of Victorian public and community housing tenants rated their amenity and location as important and meeting their needs. 63.7 per cent public housing tenants with a disability were satisfied or very satisfied with their housing provision.</td>
</tr>
<tr>
<td>Affordability</td>
<td>87 per cent of public housing tenants are paying below market rents. 13 per cent are paying an equivalent market rent.</td>
</tr>
<tr>
<td>Overcrowding</td>
<td>5.7 per cent of all public housing households are assessed as being overcrowded (2015).</td>
</tr>
</tbody>
</table>

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5 ‘Greatest need’ is defined by government as households that at the time of housing allocation were homeless their life or safety was threatened within existing accommodation; health condition was worsened by existing accommodation; existing accommodation was inappropriate to needs; or housing was a very high rental cost comparative to income (AIHW 2015).

6 ‘Special needs’ includes current housing being insecure, inappropriate or unsafe, or the household is living in housing that does not meet their needs due to serious and chronic mobility and/or health issues (DHHS 2015).
Underutilisation

14.9 per cent of public housing and 7.8 per cent community housing households in public housing are considered to be underutilised (defined as having more bedrooms than that household requires).

Quality

10,000, or 14 per cent of properties nearing obsolescence. 42% of social housing stock is over 30 years old.61

Access to private rental

12,252 Bond Loans issued by DHHS to low income earners for assistance with security deposits required by private landlords when entering private rental accommodation (2014-15).42

While there can always be improvements in the quality of housing and management, the evidence is that the existing assets are being utilised at near capacity and are already highly targeted to vulnerable and disadvantaged households who are largely happy with the housing provided and predominantly housed in an appropriate sized dwelling.

Areas where better use of existing assets could occur to improve household access are noted to be through:

- redevelopment and reallocation of underutilised public housing stock;
- redistribution of stock so that underutilised stock is directed to those households with overcrowding issues;
- support for households paying market rent in public housing to move into the private rental market thereby freeing up the dwelling for a lower income household.

It is noted that these actions are not without significant challenges and the potential to move vulnerable people from public housing in to private rental housing is, in practice, quite constrained.

- reallocation and transfer requires a willingness on the part of the household to move and an availability of quality and appropriate housing in a location the household wishes to live;
- vulnerable and particularly older person households are also less likely to want to move from long-term housing where they have established community connections and a home and may find a transfer process particularly stressful;
- overcrowding assessments is determined by an assessment of dwellings where it is deemed there are additional bedrooms to requirement. In practice these rooms may still be utilised by the household including for visitors or as a storage or work space;
- the figures on households paying market rents are based at a point in time and can include households who have gained temporary or seasonal employment, large households who through the provision of family tax benefits have a higher reportable income and households in dwellings where the market rent is lower than a discounted income-based rent.

Access to existing affordable housing, specifically social housing by new households is severely constrained, as evidenced by the high waiting lists. To improve access requires consideration of building new assets coupled with improved capacity to reduce demand on higher cost social housing or crisis support by facilitating households to access and maintain affordable private rental.

The potential options and quantum of supply that is estimated to be required is considered in Part B and C of this Report.

7. Recent funding initiatives to improve affordable housing supply

In June 2016 the Victorian Government announced a package of ‘Rapid Response’ funding of up to $152 million in response to priority recommendations made by the Royal Commission into Family Violence.43

The proposed “blitz” on housing for people homeless as a result of family violence includes three commitments:

- Accommodation for the homeless: additional access to crisis accommodation to be provided by Community Service Organisations;
• A Rapid Housing Assistance Fund: to deliver 130 new social housing dwellings and support up to 100 head leases or private market dwellings to provide medium-term and long-term housing; and
• Redevelopment of Family Violence Refuges: establishment of six “core and cluster” refuges where families can live separately, with 24 hour on-site support.

75 per cent of intake referrals to this accommodation are expected to be from the priority segments of the new Victorian Housing Register. The balance of referrals are to be women, children and young people escaping family violence and currently in transitional housing, and from housing agencies’ own referrals.

An additional $850,000 was announced on 18 July 2016 to:

• Provide an additional $500,000 to the Housing Establishment Fund to ensure more support to purchase emergency accommodation for people sleeping rough across Victoria during extreme cold weather;
• Invest $282,700 to provide an additional 38 crisis accommodation beds at Bailly House for three months in North Melbourne; and
• Provide the Salvation Army with $70,000 to provide additional case workers to enable them to reach and work with more rough sleepers in the central business district.44

On 6 September 2016 a further package of nearly $130 million towards social housing redevelopment and growth was announced by the State Government to:

• ‘kick-start’ the Flemington public housing estate redevelopment;
• increase the supply of short-term housing for homeless Victorians;
• increase the number of social housing properties on vacant or under-used land currently owned by the Director of Housing; and
• purchase and upgrade the City Gate Apartments (Boarding House) in St Kilda.45
PART B

Identification of a range of indicators concerning demand for access to affordable housing provides an evidence base on which an assessment of the quantum of need can be undertaken. This is supported by a greater understanding of the challenges faced by low income and vulnerable households in accessing appropriate housing and the highlighting of key studies that have identified shortfalls in affordable housing supply to meet demand.

8. Affordable housing needs assessment

This section undertakes a preliminary assessment of affordable housing need in Victoria for those households considered most vulnerable.

Methodology

It is important to note that there is not a single or existing measure of affordable housing need in Victoria, therefore analysis of a range of indicators is required. This section highlights:

- key demographic data and information concerning industry and economic trends as they relate to current and future housing demand and supply;
- housing supply characteristics, including tenure and residential development activity, market opportunities and affordable housing supply and demand;
- an analysis of the income capacity of identified vulnerable household groups to meet housing costs; and
- an analysis on gaps in the housing system in relation to the identified need and household income capacity.

Key trends as they relate to housing affordability and access to housing are highlighted, drawing from key data sets and reports identified below, which then informs a more detailed analysis of housing need and access. The affordability of the private rental market and estimated underlying supply gaps for the lowest income households are identified in section 9. This range of data is important to an analysis of housing need for a number of reasons set out in the National Leading Practice Guide.46

Key references referred to include:

- SGS Economics and Planning ‘Current and Future State of Victoria’48, commissioned by Infrastructure Victoria;
- Metropolitan Planning Authority updated ‘The State of the State’ Report49; and
I. Demographic data, industry and economic trends

Demography

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall population / household trends and forecasts</td>
<td>Victoria, and particularly Melbourne is undergoing significant population growth. The 2014 estimated resident population of Victoria was 5.8 million, forecast to grow to 7.7 million by 2031, and reach 10 million by 2051. The total projected growth in Victoria’s population of 4.5 million over the 40 years to 2051 is more than double the growth from the period 1971 to 2011 (1.9 million).</td>
</tr>
<tr>
<td>Age structure</td>
<td>Growing percentage of older Victorians – by 2051, 2.2 million (of estimated 10 million population) or 22 per cent will be over 65 (14 per cent in 2011).</td>
</tr>
<tr>
<td>Household and family types</td>
<td>Increasing proportions of non-family households, predominantly lone-person (one in five households).</td>
</tr>
<tr>
<td>Average household size</td>
<td>In 2011 the overall average household size was 2.53 persons, estimated to decrease to 2.39 by 2051.</td>
</tr>
</tbody>
</table>

Economic

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income and occupation trends</td>
<td>Median gross household income for Melbourne was $1,861 / Wk. and the Rest of the State - $1,170 / Wk. (September 2015). Mean household income for households (Victoria, 2013-14): ● $1,954 / week all persons ● $427/ week lowest income quintile ● $916/week second lowest income. 23.3 per cent total Victorian households main household income is Government pensions and allowances. Trend growth towards part-time and casual employment.</td>
</tr>
<tr>
<td>Industry structure</td>
<td>The largest industry sector of the Victorian labour force is health care and social assistance, followed by retail then manufacturing.</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>Victoria’s unemployment rate was 5.7 per cent in March 2016, a decrease from 6.7 per cent in March 2015. Unemployment rates have generally increased in the last 10 years. Unemployment is not evenly spread with some areas having much higher than the state average. (MPA 2016, SGS Economics and Planning 2016). Unemployment rates are highest among young people, women, people with a disability and some ethnic minorities.</td>
</tr>
</tbody>
</table>

II. General housing supply trends

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dwelling structure</td>
<td>78.3 per cent separate dwellings; 11.6 per cent semi-detached/row or terrace house/townhouse; 9.9 per cent flat or apartments (Victoria 2013-2014).</td>
</tr>
<tr>
<td>Dwelling tenure</td>
<td>Estimated across Victoria: ● 69.2 per cent purchasers (33.3 per cent without a mortgage) ● 28.2 per cent renters (2.6 per cent in public housing) (Victoria 2014).</td>
</tr>
</tbody>
</table>
Residential building approvals

34,098 new dwellings were approved in the second half of 2015 across Victoria. Comprising 17,904 detached houses (53%), 4,849 semi-detached dwellings (14%) and 11,345 units or apartments (33%). (MPA 2016)

Rapid expansion of apartments being built from 63,000 apartments in 2010 to 112,000 in 2015. Expected that trend will continue increasing with an estimated 15,000 new apartments completed per annum, with projections for Melbourne City to have 160,000 apartments by 2018.64

Land supply

As at July 2015, each of Melbourne’s growth areas (including Mitchell - South) have 25 years or more of total broad hectare residential land supply (with the exception of Casey-Cardinia (22-23 years) and Whittlesea (18-19 years)).

Of this total supply, 197,900 lots, or around 14-15 years supply, are on land that is ‘development ready’ (i.e. either zoned for residential use, or having an approved precinct structure plan).65

III. Affordable housing supply trends

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Data</th>
</tr>
</thead>
</table>
| Early intervention demand and availability of transitional housing         | 3,365 transitional7 and crisis accommodation8 properties (public housing stock owned by the Director of Housing or a community housing provider) and a further 700 properties rented from private landlords and used as transitional housing across Victoria (as at June 2012).

In 2012-13 Transitional Housing Managers across the state had 166,525 contacts with households who were homeless or at risk of homelessness.66 |
| Rooming house beds                                                        | Between 4,397 and 12,568 people were estimated to be residents of rooming houses (2011). Exact figure is unknown as many are understood to also operate illegally.67 |
| Public housing dwellings                                                  | Total 64,811 public housing dwellings (2015 (63,407 general long-term rental; 1,357 moveable units; 407 ‘other’) (2015).68

72.8 per cent public housing located in major cities.69 |
| Community housing dwellings                                               | Total 18,583 managed community housing dwellings (3,962 short term rental; 304 crisis support; 3,658 transitional and head leased properties; 14,621 long term rental) (2015).70

75 per cent community housing is located in major cities.71 |
| Percentage of social housing                                              | Provision of social housing (public and community) as a percentage of all households has decreased from 2.9 per cent in 2006 to 2.6 per cent in 2012-13.72 |
| National Rental Affordability Scheme (NRAS) discounted rental            | Of 37,217 NRAS incentives allocated nationally, 6,128 were allocated for new affordable housing dwellings in Victoria (16% total). As at December 2015, 5,433 of these dwellings had been delivered (of 30,037 nationally). NRAS properties provide a minimum 20 per cent discount to market rent for a ten year period for low income households.73 |
| New public housing supply                                                 | 2014-15; 655 new public housing dwellings acquisitions (including 56 leases) against 166 sales (total additional supply: 489).74 |

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7 Transitional accommodation is supported short-term accommodation that includes access to support services. It is intended as a stepping stone to permanent housing in public, community or the private market (Community Housing Federation of Victoria).
8 Crisis accommodation is defined as accommodation provided on a non-profit basis for a period of less than 14 days (Residential Tenancies Act 1997)
IV. Market indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing supply requirements</td>
<td>An additional 2.1 million dwellings are estimated to be required to house the population by 2051.75</td>
</tr>
<tr>
<td>Rental Bonds</td>
<td>523,611 active bonds held in Victoria as at December 2015, representing an increase of 3.2 per cent on the size of the rental market compared to the same quarter of 2014.76</td>
</tr>
<tr>
<td>Rental trends</td>
<td>The average annual growth in the rental market over the last ten years is 5.8 per cent.77 Annual average population growth rate (as at 2014) of 1.8 per cent.78</td>
</tr>
<tr>
<td>Vacancy Rate</td>
<td>For December 2015, the private rental market trend vacancy rate was 3.3 per cent, compared with 3.0 per cent for September 2015.79</td>
</tr>
<tr>
<td>Turnover Rate</td>
<td>For the December quarter 2015, the quarterly turnover rate for private rental in metropolitan Melbourne was 8.9 per cent (the per cent of all bonds that were refunded in the quarter as a result of a tenancy ending).80</td>
</tr>
<tr>
<td>Homeless</td>
<td>102,793 clients presenting to specialised homelessness agencies (2014-15). 37 per cent of whom were homeless at the point of contact. 48,456 clients had experienced homelessness at some time in 2014-15.</td>
</tr>
<tr>
<td></td>
<td>45,719 clients had a need for accommodation at the point of presentation. 14,546 did not have their accommodation need met (31.8 per cent). The Victorian daily average unmet need was estimated at 115 persons.</td>
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<tr>
<td></td>
<td>Of those accessing homeless support services in Victoria, the need for accommodation was not met for 31 per cent of people; six per cent of all clients had repeat periods of homelessness (2014-15).81</td>
</tr>
<tr>
<td></td>
<td>Estimated DHHS supported 100,000 clients to address and prevent homelessness in 2014-15.82 247 people counted as sleeping on the street in Melbourne CBD, June 2016.83 The rate of homelessness increased from 39 homeless persons per 10,000 in 2001 up to around 43 in 2011.84</td>
</tr>
<tr>
<td>Social housing waiting list</td>
<td>32,282 applicants on public housing waiting list, with 9,866 on early housing wait list (priority housing). A further 7,587 existing tenants are seeking a transfer.85</td>
</tr>
<tr>
<td>Tenure</td>
<td>Estimated 69.2 per cent purchasers (33.3 per cent without a mortgage, (Victoria 2014))86</td>
</tr>
<tr>
<td></td>
<td>Estimated 28.2 per cent renters, 2.6 per cent in public housing.</td>
</tr>
<tr>
<td></td>
<td>“Higher house prices combined with changing social norms have also led to an increase (almost 20 per cent between 1996 and 2011) in the number of households renting”.87</td>
</tr>
</tbody>
</table>
V. Disadvantaged population group characteristics

There are a number of groups in the population who have special needs that must be addressed if they are to be appropriately housed.

<table>
<thead>
<tr>
<th>Vulnerable household group</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Low income rental households</strong></td>
<td>276,500 low income rental households in Victoria (total # households 2,206,000) (2013-14).</td>
</tr>
<tr>
<td><strong>People with a disability</strong></td>
<td>In 2009 it was estimated 18 per cent of Victorian population were people with a disability. Of note:</td>
</tr>
<tr>
<td></td>
<td>• 46.3 per cent of people identifying as Aboriginal have a disability;</td>
</tr>
<tr>
<td></td>
<td>• People from culturally and linguistically diverse backgrounds are slightly more likely to have a disability than other Victorians;</td>
</tr>
<tr>
<td></td>
<td>• Disability population is characterised by lower incomes, employment rates, levels of home ownership, and education;</td>
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<tr>
<td></td>
<td>• People with a disability are disproportionately represented in prison populations;</td>
</tr>
<tr>
<td></td>
<td>• People with a disability are less likely to own their own home.</td>
</tr>
<tr>
<td><strong>Aboriginal</strong></td>
<td>47,333 persons identifying as Aboriginal or Torres Strait Islander living in Victoria (2011); less than 1 per cent total Victorian population.</td>
</tr>
<tr>
<td></td>
<td>54 per cent living in rented dwellings and 40 per cent are living in dwellings that were owned, either with or without a mortgage.</td>
</tr>
<tr>
<td></td>
<td>9.1 per cent of all Aboriginal households are classified as overcrowded, and 6.5 per cent of Aboriginal households in public housing were living in overcrowded conditions (compared to 3.1 per cent of all Victorian households) as at 30 June 2015.</td>
</tr>
<tr>
<td></td>
<td>Across Australia Indigenous women had the greatest number of housing support periods (3.9) for domestic and family violence.</td>
</tr>
<tr>
<td></td>
<td>Aboriginal young people are more likely to experience negative aspects of leaving care, including homelessness.</td>
</tr>
<tr>
<td><strong>Women</strong></td>
<td>The true number of women experiencing domestic violence is unknown. In 2012-13 the number of family incident reports submitted by police rose from 50,382 to 60,829 in 2012/13.</td>
</tr>
<tr>
<td></td>
<td>A lack of prompt access to secure, affordable and appropriate housing has been found to be a key barrier for women and children to re-build their lives and take control over their future.</td>
</tr>
<tr>
<td></td>
<td>Half the women and children presenting at homelessness services in Victoria had been the victim of domestic violence and only 9% of family and domestic violence clients were able to be provided with long term accommodation when first requested.</td>
</tr>
<tr>
<td><strong>Young people exiting State care</strong></td>
<td>Of the approximately 800 young people aged 15-18 years that leave state care each year, an estimated 400 exit into independent living in Victoria. Of these it is estimated that:</td>
</tr>
<tr>
<td></td>
<td>• 96 will have high needs with severe behavioural issues, and the majority (302) will have moderate or minor needs;</td>
</tr>
<tr>
<td></td>
<td>• more than one third of these young people will experience homelessness in the first year after exiting care.</td>
</tr>
<tr>
<td></td>
<td>In 2012-13, 96 young people aged between 15-19 years accessed homelessness services following leaving state care. Of these, 23 were homeless at the time of presenting and a further 73 were recorded as being ‘at risk’ of homelessness.</td>
</tr>
</tbody>
</table>
People with a mental illness

Each year 1.2 million (one in five) Victorians will experience mental illness, and nearly half (45 per cent) will experience mental illness in their lifetime. 3% of the population will experience severe mental illness each year.98

Nationally there is a higher representation of people with mental health problems with weekly household incomes of less than $580 (21.1% of males and 22.1% of females) compared to 8.9% of males and 9.1% of females living in households with a weekly income of more than $1,030.99

Humanitarian / recently arrived refugees

A survey of 434 refugees in 2004-05 found one-third of respondents have been homeless at some stage since their arrival in Australia – primarily due to the temporary and transitory nature of their accommodation.100

Refugee and humanitarian entrants to Australia are provided with social security benefits until employment is secured. Together with a low income, these households face additional barriers to accessing private rental housing including a lack of English language skills, a lack of rental history, unemployment and discrimination. Large refugee families face additional challenges in securing accommodation that is both affordable and appropriately sized.101

Analysis of this data highlights key trends and indicators of the potential scale of the need that is required to be addressed and how this may be further compounded due to economic and demographic change.

In particular it is noted that:

- Victoria has a growing and ageing population with increasingly smaller households which lead to greater pressure for housing, particularly smaller dwellings;
- the current supply of housing is conversely heavily weighted towards detached housing and although in recent years growth in apartment market has been significant this has not occurred in all markets;
- a very small and declining percentage of housing stock is specifically targeted affordable housing.
- waiting lists (demand) for public housing is significant; and
- vulnerable household groups face a range of complex challenges that impact on their access to affordable and appropriate housing.

9. Affordable housing supply in other jurisdictions

Reference to the percent of social housing as a percentage of all housing is often referred to as an indicator of how well Victoria is performing in regards to meeting social housing need. It is recommended caution is applied to using this as an indicator as it does not relate to any measure of demand. Overall national trends of a decrease in social housing comparative to overall housing growth means any national average is also expected to be a highly conservative indicator.

For comparison purposes the percentage of public housing in other jurisdictions is noted in Table 8, including the national average across Australia. Note that these figures do not include community housing.

Table 8: Public housing supply as a proportion of all housing (Australia)102

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Percentage Public Housing (2012-13)</th>
<th>Jurisdiction</th>
<th>Percentage Public Housing 2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>National average</td>
<td>4.5 per cent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Victoria</td>
<td>2.6 per cent</td>
<td>Queensland</td>
<td>3.4 per cent</td>
</tr>
<tr>
<td>New South Wales</td>
<td>3.7 per cent</td>
<td>Northern Territory</td>
<td>6.4 per cent</td>
</tr>
<tr>
<td>South Australia</td>
<td>5.9 per cent</td>
<td>ACT</td>
<td>7.1 per cent</td>
</tr>
<tr>
<td>Western Australia</td>
<td>3.1 per cent</td>
<td>Tasmania</td>
<td>4.1 per cent</td>
</tr>
</tbody>
</table>
It is noted that these averages have been in steady decline in most states, and Victoria’s overall public housing supply has always been relatively low comparatively. In 1994-95 the total percentage of public housing in Victoria was 3.7 cent compared to 5.4 per cent in NSW.

To meet the national average of public housing Victoria would need to increase its supply of public housing by a minimum 43,000 new dwellings.

While not directly comparable due to different classifications and product types, the percentage of households in subsidised rental internationally is noted below (Table 9).

Table 9: Affordable housing supply as a proportion of all housing (Internationally)

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Percentage social / affordable housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>18 per cent (2011).</td>
</tr>
<tr>
<td>Canada</td>
<td>14 per cent of tenant (renting) households lived in subsidised housing (2011).</td>
</tr>
<tr>
<td>New Zealand</td>
<td>4.4 per cent in subsidised rental.</td>
</tr>
<tr>
<td>EU Countries</td>
<td>Median of all EU countries (2011): 5.3 per cent (ranging from 8.7 per cent in Ireland to 0 per cent in Greece and Cyprus).</td>
</tr>
</tbody>
</table>

10. Income capacity of low income households

Analysis of the income capacity of low income households to access housing on the private market provides a further indication of the challenges faced by the target households.

This has entailed:

- identification of income ranges for very-low and low income households using established median income benchmarks;
- establishment of affordable housing cost benchmarks for these household groups;
- identification of median house prices and rentals; and
- preliminary analysis of housing affordability.

Income capacity of low income households

Table 10 sets out indicative maximum income limits for low to moderate income single person households for Melbourne and the Rest of the State extrapolated from the gross median household income for all households, for very-low, low and moderate income households.

The maximum income for a single person in receipt of income support (Aged or Disability Pension) is also highlighted being a household group of particular interest for this Report. By way of comparison, income eligibility for a single person to access public housing is $536 / week ($27,948 p.a.) maximum income. Inclusion of moderate income bands is included in reference to these households being recognised under the nationally agreed definition of affordable housing, as requiring access to affordable housing.
Table 10: Indicative maximum income limits (single person household) by income band (as at September 2015)

<table>
<thead>
<tr>
<th>Target income groups</th>
<th>% of gross median income</th>
<th>Indicative Annual Household Income Range, Single person, Melbourne</th>
<th>Indicative Annual Household Income Range, Single person, Rest of State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income support recipient*</td>
<td>-</td>
<td>&lt; $22,542 p.a.</td>
<td>&lt; $22,542 p.a.</td>
</tr>
<tr>
<td>Very Low</td>
<td>50% median</td>
<td>&lt; $33,878 p.a.</td>
<td>&lt; $21,294 p.a.</td>
</tr>
<tr>
<td>Low</td>
<td>50% - 80% median</td>
<td>$33,879 - $54,205 p.a.</td>
<td>$21,295 - $34,070 p.a.</td>
</tr>
<tr>
<td>Moderate</td>
<td>80% - 120% median</td>
<td>$54,206 - $81,307 p.a.</td>
<td>$34,071 - $51,106 p.a.</td>
</tr>
</tbody>
</table>

11. Availability of affordable private rental housing

I. Affordable rental price points

To assess what these households could then afford if they were to rent on the private rental market a 30 per cent of household income on rent benchmark has been applied, set out in Table 11. The 30 per cent income on housing costs is an established and commonly used affordability benchmark and is particularly relevant when assessing affordability for lower income households. The gross household income allowance should be increased proportionately with each additional adult in the household.

Table 11: Maximum income and affordable rent for single person households, Melbourne and Rest of State, as at September 2015

<table>
<thead>
<tr>
<th>Income band range</th>
<th>Indicative Affordable Rental</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Melbourne</strong></td>
<td></td>
</tr>
<tr>
<td>Income Support Recipient*</td>
<td>$22,542 p.a.</td>
</tr>
<tr>
<td>Very Low income</td>
<td>&lt; $33,878 p.a.</td>
</tr>
<tr>
<td>Low income</td>
<td>$33,879 - $54,205 p.a.</td>
</tr>
<tr>
<td>Moderate income</td>
<td>$54,205 - $81,307 p.a.</td>
</tr>
<tr>
<td><strong>Rest of State</strong></td>
<td></td>
</tr>
<tr>
<td>Very Low income</td>
<td>&lt; $21,294 p.a.</td>
</tr>
<tr>
<td>Low income</td>
<td>$21,295 - $34,070 p.a.</td>
</tr>
<tr>
<td>Moderate income</td>
<td>$34,071 - $51,106 p.a.</td>
</tr>
</tbody>
</table>

II. Accessing private rental

Part A, section 4 and Attachment A set out the way in which households access the private market and the particular constraints on vulnerable households’ capacity to participate in this market.

---

*2015-2016 payment rate for Disability and Aged Pension, including maximum pension supplement, Clean Energy Supplement payments plus $50/week Commonwealth Rent Assistance.

**It is noted that for existing public and community housing tenures the affordability or rent setting policy is established using either a 25% or 30% income on rent benchmark, or a maximum 75% or market rent (community housing).

***Income limit for Income Support Recipients is the 2015-2016 payment rate for Disability and Aged Pension, including maximum pension supplement and Clean Energy Supplement payments. There is no difference in income support between Melbourne and Rest of State. Affordable rent is calculated as 30% maximum pension plus $50 / week CRA; affordable purchase is 30% maximum pension, no CRA.
III. Affordability of the private rental market

An indication of the affordability of the market for these target households groups can be analysed by considering median rental for the same period (Table 12) as a basis to assess income capacity against.

Table 12: Median rent (based on all new lettings in the December 2015 quarter)

<table>
<thead>
<tr>
<th></th>
<th>1 BR Flat</th>
<th>2 BR Flat</th>
<th>2 BR House</th>
<th>All dwellings*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan Melbourne</td>
<td>$329 / Wk.</td>
<td>$380 / Wk.</td>
<td>$400 / Wk.</td>
<td>$384 / Wk.</td>
</tr>
<tr>
<td>Regional Victoria</td>
<td>$175 / Wk.</td>
<td>$230 / Wk.</td>
<td>$240 / Wk.</td>
<td>$265 / Wk.</td>
</tr>
</tbody>
</table>

*All dwellings include other properties types not listed in table 12.

These figures highlights there is a significant gap between a very-low income single person’s income capacity (what they can afford), and median rental depending on the market and product required by a low income household. Regional Victoria is relatively affordable and across the State median rentals of one or two bedroom units are generally affordable for a moderate income single. In all other instances there is a substantial gap between household income capacity and median prices.

In absence of being able to access public or community housing, the predominant housing option for low income and vulnerable households to access is private rental housing. The affordability of the rental market, the availability of this housing to low income households and the way in which households can access this housing is therefore of particular importance when considering how to support ‘better access’.

The Department of Health and Human Services (DHHS) Rental Report and the SGS Economic and Planning developed Rental Affordability Index provide detailed analysis of the affordability of the private rental market for different household types as summarised below.

DHHS analysis of the affordability of the rental market uses data on new rental lettings and households on statutory incomes to provide an indication of the affordability of private rental housing.

The March 2016 DHHS Rental Report found that the proportion of all new lettings that were affordable to low income households has been in decline. This is particularly the case in metropolitan Melbourne, where affordability has declined from “a high in the September quarter 2005 (30.2% of dwellings) to a low in the March quarter 2011 (7.4%). In the December quarter 2015, 8.5 per cent of dwellings were affordable”.

The Report also highlights the availability of new rental lettings that are affordable varies between different types of households, with:

- 0.3 per cent of one-bedroom dwellings let in the December 2015 quarter affordable to low income singles;
- 2.9 per cent of two-bedroom dwellings were affordable for a single parent with one child on Centrelink income;
- 11.2 per cent of three-bedroom new lettings in the December quarter were affordable for a couple on Newstart with two dependent children; and
- 29.4 per cent of four-bedroom new lettings in the December quarter were affordable for a couple on Newstart with four dependent children.

The SGS Economics and Planning Rental Affordability Index also assessed affordability of all rental stock in Melbourne and Regional Victoria between 2010 and 2014 and in 2016 (Diagram 2) and found:

- a general lack of affordability across metropolitan Melbourne and Regional Victoria;
- rental housing is “critically inaccessible for low income households in both metropolitan Melbourne and Regional Victoria”; and
- rental affordability is very-low for households in the first income quintile (Q1), particularly ‘non-family’ (single person) households;
affordability is strongly related to location with some suburbs extremely unaffordable (See Diagram 2); and
the five most affordable suburbs are located in Melbourne’s outer metropolitan and fringe areas.

Diagram 2 - Rental Affordability Index Map Greater Melbourne

Source: SGS Economics and Planning (2016) Rental Affordability Index, Figure 16, page 30

Commonwealth Rent Assistance

Another measure of affordability of the rental market for low income households is through an analysis of household that receive Commonwealth Rent Assistance (CRA).

In 2015, 306,490 Victorians were in receipt of CRA (13.89 per cent of all households), with a median CRA entitlement of $124.50/fortnight. Of these households:

- 265,673 were in receipt of an income support payment or parenting payment and could reasonably be assumed to be very-low or low income. A further 40,817 households were in receipt of Family Tax Benefit A only (were not an income recipient);
- 39 per cent (118,626 households) of all CRA recipient households in Victoria were paying more than 30 per cent of income on rent; and
- 38,380 of CRA recipient households in Victoria were paying more than 50 per cent of income on rent. 31,966 of these households (15.1% of all recipients) were living in Melbourne. 111

Of the 306,490 Victorian households in receipt of CRA, older person households, younger person households, households identifying as Aboriginal and persons with a disability make up 43 per cent (132,978 households). Of these households 48,856 were paying more than 30 per cent of income on rent and 15,005 paying over 50 per cent. Housing stress is particularly acute for household with a recipient aged 25 years and under (Table 13).
Table 13: Commonwealth Rent Assistance recipients in housing stress by special needs groupings, as at June 2015

<table>
<thead>
<tr>
<th>CRA income unit by payment type</th>
<th>Total # households</th>
<th>Paying over 30% income on rent</th>
<th>Paying over 50% income on rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATSI</td>
<td>5,538</td>
<td>30.30%</td>
<td>8.30%</td>
</tr>
<tr>
<td>Disability Support Pension</td>
<td>64,047</td>
<td>29.20%</td>
<td>5.80%</td>
</tr>
<tr>
<td>Household includes recipient aged 25 and under</td>
<td>38,188</td>
<td>58.20%</td>
<td>24.60%</td>
</tr>
<tr>
<td>Aged 75 and over</td>
<td>25,205</td>
<td>24.80%</td>
<td>5.70%</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>48,856</strong></td>
<td><strong>15,005</strong></td>
<td></td>
</tr>
</tbody>
</table>

With the exception of a small percentage living in community housing, these households are in the private rental market. These figures highlight that an income based approach such as CRA is important but does not guarantee a housing affordability outcome.

Critically CRA does not deliver new supply and therefore households in receipt of CRA compete with other low income and higher income households to access the available and affordable private rental supply. Over time the level of CRA provided has declined relative to rental costs thereby worsening affordability for lower income households. These households are increasingly unable to compete and secure tenancies in well serviced, in-demand locations.

The significant number of households paying over thirty or fifty per cent of income on rent correlates with the findings of the DHHS analysis and the SGS Economics and Planning Rental Affordability Index assessment of private rental market affordability, all of which show a high level of un-affordability for low income and disadvantaged households particularly in metropolitan Melbourne.

IV. Supply of affordable and available housing

The analysis highlights the importance of supply of affordable housing. It is also critical to ensure that any affordable housing supply is made available to lower income households to access. As Part A highlights vulnerable household’s capacity to access private rental housing is limited by reduced income capacity and other disadvantage or limitations compounded by limited supply.

In 2011 the National Supply Council assessed that Australia had an undersupply of housing relative to demand. While they found supply improved between 2001 and 2011 in Victoria and the increase in net supply between 2010 and 2011 in Victoria was greater than the growth in underlying demand, there remained an estimated supply gap.

Specifically the Council estimated that the additional underlying demand and adjusted net supply from July 2010 to June 2011 for Victoria led to an estimated dwelling gap of 10,000 dwellings. This is the “gap” between estimated underlying demand (which is noted to be driven predominantly by demographic factors, including migration) and supply, not market demand (purchaser activity in the market) and supply.113

When analysing the ability for low income and vulnerable households to access appropriate housing it is important to understand whether there is first an adequate supply of private rental dwellings which is affordable to lower income private renters and, secondly, the extent to which affordable supply is available to lower income households or whether it is occupied by those on higher incomes.

Hulse et al (2014) under an Australian Housing and Urban Research (AHURI) research investigation looked at the supply and demand for private rental dwellings affordable to lower income households and changes between 2006 and 2011 summarised below.114
Focussing on very-low income households (lowest quintile or ‘Q1 households’) and low income households (second lowest quintile or ‘Q2 households’) the research found a significant shortage of up to 87,000 affordable and available dwellings across Victoria for Q1 and Q2 households in 2011, as summarised in Table 14. The proportion of these households in the private market that were assessed to be paying more than 30 per cent of income on rent was also found to be very high, particularly in Melbourne.

Table 14: Availability and affordability of housing supply for Q1 and Q2 households, 2011 (adapted from Hulse 2014)

<table>
<thead>
<tr>
<th></th>
<th>Number of households</th>
<th>Potentially affordable dwellings</th>
<th>Shortage/surplus of affordable stock</th>
<th>Shortage of affordable and available stock</th>
<th>Proportion (% households paying unaffordable rents)</th>
<th>Number households paying unaffordable rents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Melbourne</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Q1 households</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Inner</em></td>
<td>17,900</td>
<td>3,600</td>
<td>-14,300</td>
<td>-16,300</td>
<td>91%</td>
<td>2,345</td>
</tr>
<tr>
<td><em>Middle</em></td>
<td>24,500</td>
<td>7,400</td>
<td>-17,100</td>
<td>-21,200</td>
<td>87%</td>
<td>1,416</td>
</tr>
<tr>
<td><em>Outer</em></td>
<td>16,600</td>
<td>4,700</td>
<td>-11,800</td>
<td>-14,300</td>
<td>87%</td>
<td>1,260</td>
</tr>
<tr>
<td><strong>Q2 households</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Inner</em></td>
<td>17,100</td>
<td>36,700</td>
<td>19,700</td>
<td>-8,300</td>
<td>49%</td>
<td>2,345</td>
</tr>
<tr>
<td><em>Middle</em></td>
<td>27,900</td>
<td>72,200</td>
<td>44,300</td>
<td>-8,600</td>
<td>31%</td>
<td>1,416</td>
</tr>
<tr>
<td><em>Outer</em></td>
<td>19,600</td>
<td>55,900</td>
<td>36,300</td>
<td>-4,000</td>
<td>21%</td>
<td>1,260</td>
</tr>
<tr>
<td><strong>Major regional cities (Q1 households)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Geelong</td>
<td>3,500</td>
<td>2,200</td>
<td>-1,300</td>
<td>-2,300</td>
<td>67%</td>
<td>2,345</td>
</tr>
<tr>
<td>Ballarat</td>
<td>2,400</td>
<td>1,800</td>
<td>-1,500</td>
<td>-1,400</td>
<td>59%</td>
<td>1,416</td>
</tr>
<tr>
<td>Bendigo</td>
<td>2,000</td>
<td>1,500</td>
<td>-1,500</td>
<td>-1,200</td>
<td>63%</td>
<td>1,260</td>
</tr>
<tr>
<td><strong>Major regional cities (Q2 households)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Geelong</td>
<td>3,600</td>
<td>10,900</td>
<td>7,300</td>
<td>-400</td>
<td>11%</td>
<td>396</td>
</tr>
<tr>
<td>Ballarat</td>
<td>2,400</td>
<td>7,300</td>
<td>5,000</td>
<td>-100</td>
<td>5%</td>
<td>120</td>
</tr>
<tr>
<td>Bendigo</td>
<td>2,000</td>
<td>6,500</td>
<td>4,500</td>
<td>-100</td>
<td>5%</td>
<td>100</td>
</tr>
<tr>
<td><strong>Rest of State</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Q1</em></td>
<td>19,200</td>
<td>20,600</td>
<td>1300</td>
<td>-9,300</td>
<td>48%</td>
<td>9,216</td>
</tr>
<tr>
<td><em>Q2</em></td>
<td>16,500</td>
<td>53,800</td>
<td>37,400</td>
<td>-900</td>
<td>5%</td>
<td>825</td>
</tr>
<tr>
<td><strong>VICTORIAN TOTAL</strong></td>
<td>173,600</td>
<td></td>
<td></td>
<td>-87,900</td>
<td></td>
<td>877702</td>
</tr>
</tbody>
</table>

*’Rest of State’ refers to all areas outside the state capital city plus areas outside any listed regional centre

Hulse et al’s analysis highlights a particular challenge facing low income households and public policy makers; namely that whilst there is in some markets a reasonable level of supply that is assessed as being affordable for a low income household, the housing is not necessarily accessible as higher income households occupy a percentage of the more affordable housing stock.

The only appropriate, secure and affordable housing outcomes for very-low to low income single person households is therefore social housing or discounted market rent unless new private rental models are also developed.
PART C

To assess the cost of meeting the infrastructure need a translation of the different indicators set out in Part B to an estimated quantum of required housing need is necessary. This is not an exact science and the options by which the requirement can be met will vary and have different costs and benefits.

Different types of requirement have been assessed against four sub-categories of the identified need and considered as to whether financial or other support to access or meet private housing costs or direct social and/or private rental housing provision are necessary. An estimate of the total number of vulnerable households that require better access to housing is then proposed.

12. Infrastructure requirement assessment (access to housing)

Translation of the range of supply and demand indicators in to a single measure of housing need is challenging and can fail to recognise the different housing types and tenures that may be suitable and required to be accessed by a diversity of households at different stages of a person’s life.

The assessment reflects estimated need as at June 2015. Testing against growth scenarios has not been undertaken and is required if the potential level of need over time if there is no intervention is to be determined.

Methodology

This assessment has undertaken a preliminary affordable housing requirement assessment as a basis for determining the affordable housing requirement in line with international and interstate best practice and the process set out in the Affordable Housing National Leading Practice Guide and Tool Kit\[116\].

The approach taken has been to recognise that different ways to provide ‘better access’ and support vulnerable households to ‘access housing’ are necessary, which then enables a more nuanced assessment of the quantum of requirement that is to be addressed.

An estimate as to the quantum required to respond is subsequently recommended based on four sub-sets or categories to reflect the range of identified ‘access’ requirements for different households, with the need proposed to be understood as a need to provide improved access to:

- those already in dedicated affordable housing who require improved housing outcomes;
- early intervention supports for households predominantly in the private rental market at risk of homelessness;
- crisis and transitional accommodation (emergency housing responses) for particularly vulnerable groups including the already homeless;
- new affordable rental housing supply which could be both social housing and private rental housing.

Taking into consideration current models of affordable housing, demographic, economic and supply and demand indicators impacting on and providing measures of supply and affordability set out in Parts A and B estimated quantum of requirement to be addressed has then been assessed and an estimated quantum of need for each sub-category identified above.
The approach to categorising responses reflects Infrastructure Victoria’s approach to considering options to meet the need, where the priority order of intervention is:

1. Changing behaviour, managing demand;
2. Better use of existing assets; and
3. Expanding assets or building new ones.

This approach recognises that different ways to provide ‘better access’ and support vulnerable households to ‘access housing’ are required and enables a more nuanced cost assessment of different means by which the total need can be addressed.

It is important to note that the total quantum of requirement to be met is not a result of a calculation of all identified levels of requirement, recognising that there is likely to be significant double-up in the data, for example households at risk of homelessness are likely to also be receiving CRA and in housing stress and potentially also on the public housing waiting list.

Table 15 summarises the assessment drawing on sources referenced in the Report.
### Table 15: Identified means and quantum of response required to address the infrastructure need

<table>
<thead>
<tr>
<th>Identified infrastructure Need to:</th>
<th>Type of Response</th>
<th>Targeted affordable housing model</th>
<th>Key indicators of need</th>
<th>Estimated level of need (quantity of response required to address the need) (Victoria, as at 30 June 2015)</th>
</tr>
</thead>
</table>
| 1. Improve the quality of existing social housing by:  
  - replacement of obsolete stock  
  - addressing overcrowding and improve matching of household need to housing stock | Changing behaviour, managing demand; Better use of existing assets | Social housing | 9,596 (14.9%) public housing dwellings & 1,002 (7.9%) community housing dwellings underutilised  
  3,542 (5.7%) public housing dwellings overcrowded | 4,000 – 10,000 existing social housing residents require better matched to current tenant’s household size, significantly reducing overcrowding. |
|                                    | Improving use / stopping decline existing supply | Social housing | Estimated 10,000 dwellings at or nearing obsolescence  
  42% (35,862 dwellings) over thirty years old | Maintain base level of public housing by replacing 10,000 current or near obsolete stock. |
|                                    | Financial support & supply (new supply and new allocations of existing assets) | Private Rental | 13% households in public housing paying market rent | Estimated 2,000 – 6,000 public housing households who have capacity to pay market rent may have capacity to move into other forms of affordable housing to then enable reallocation of stock. |
| 2. Increase early intervention supports that reduce a household’s risk of becoming homeless or requiring higher subsidised housing | Financial support | Private rental support | 102,793 clients presenting to specialised homelessness agencies (2014-15). 37 per cent of whom were homeless at the point of contact.  
  14,546 did not have their accommodation need met (31.8 per cent). The Victorian daily average unmet need was estimated at 115 persons. | Up to 10,000 households requiring a private rental assistance / financial support package to remain in existing private rental or to access an improved housing outcome based on unmet need and accounting for repeat episodes and presentation to services. |
|                                    | Financial support | Private rental | Between one half and one third of all young people exiting state care will experience homelessness in the first two years after leaving care. | Up to 400 young people exiting State care requiring a private rental assistance package. |
| 3. Increase affordable crisis, transitional, short term and specifically targeted supported accommodation for highly vulnerable and homeless or at-risk households. | Expanding assets or building new ones (new supply) | Crisis accommodation  
  Specialised housing  
  Private rental assistance | 102,793 clients presenting to specialised homelessness agencies (2014-15). 37 per cent of whom were homeless at the point of contact.  
  45,719 clients had a need for accommodation at the point of presentation.  
  48,456 clients had experienced homelessness at some time in 2014-15.  
  14,546 did not have their accommodation need met (31.8 per cent). The Victorian daily average unmet need was estimated at 115 persons. | Up to 14,500 households requiring crisis accommodation over a twelve month period whose needs are unable to be met by existing supply. |
| Better use of existing assets; and Expanding assets or building new ones (new supply) | Rooming house | Unknown percentage of estimated 4000 – 12,000 rooming house residents are considered to be living in unsuitable or unsafe accommodation. Of 47,708 people seeking homelessness assistance (2013/14), nearly 1/3 were turned away due to lack of accommodation. | Between 4,000 and 12,000 households in rooming house accommodation who may require access to improved housing or better quality rooming house accommodation. |
| Expanding assets or building new ones (new supply); Financial support | Social housing or specialised accommodation services | Between half and one-third of young people exiting State care per year experience homelessness within two years. | Up to 100 young people exiting State care requiring private rental assistance or social housing response or specialised housing response such as Foyer supported accommodation. |

4. **Increase the affordable rental housing options (public and private) for low income households.**

| Expanding assets or building new ones (new supply); Financial support. | Social housing Private rental housing | 9,866 applicants on the early wait list and 22,416 applicants on general public housing waiting list. 118,626 of all CRA recipients in private rental in Victoria in 2015 were paying more than 30% on housing and 38,338 paying more than 50% of income on housing. 63,861 of the 118,626 households in receipt of CRA and assessed to be in housing stress (paying over 30 or 50 per cent of income on rent) are considered particularly vulnerable due to youth, age, disability or Aboriginal or Torres Strait Islander heritage. 87,700 very-low and low income households (quintiles 1 and 2) in receipt of CRA in Victoria in 2011 were assessed to be paying unaffordable rents (over 30 per cent income), including:  - 51,832 very-low (Q1) income households in Melbourne;  - 14,237 very-low (Q1) income households in the Rest of State; and  - 21,633 low (Q2) income households in Victoria. | Estimated between 60,000 and 90,000 households in the private rental market in Victoria in housing stress require improved affordable rental housing outcomes. |
13. Assessment summary and commentary

On the basis of this analysis, the estimated level of infrastructure need required is assessed as being between 75,000 and 100,000 vulnerable low income households that require better access to affordable housing through:

- improved access to existing affordable housing supply through advocacy and financial support for households to access and remain in the private rental market;
- redevelopment of existing public housing that is near obsolete to ensure the base level of public housing is maintained; and
- new supply which includes crisis accommodation, supported accommodation, social housing and dedicated affordable private rental housing supply.

It is important to note this total estimated need is not proposed or required to be delivered as public or community housing.

The total estimated quantum of unmet need is primarily drawn from the number range of lower income households in the private rental market across Victoria that are in receipt of CRA and understood to be in housing stress, plus a minimum need to redevelop and replace up to 10,000 existing nearing obsolete public housing dwellings to maintain existing base rate supply.

This provides a range of between 75,000 and 100,000 households for whom ‘better access to housing’ is required. As noted above access could include a supply or a financial response although there is a recognised need for an emphasis on long-term supply.

The assessment is based on indicators of housing stress from between 2011 – 2016 and provides an estimate of the response required as at 30 June 2015 being a reflection of the most current and robust data (in particular the Report on Government Services 2016). Testing against population growth scenarios is noted to be required.

In understanding the assessment is important to note:

1. This is an estimate is of unmet affordable housing required to be addressed. It is noted that the majority of households in existing affordable housing have their housing need largely met with some capacity to improve the quality of existing affordable housing for these households particularly to address overcrowding and to create pathways for households with capacity to move from public housing, thereby freeing up the dwelling for a new tenant.

2. The total estimated quantum of unmet housing requirement is primarily drawn from the number of households in receipt of Commonwealth Rent Assistance that are in the private rental market and in housing stress. As the level of housing stress can vary (for example some households may be paying 31 per cent of income on housing), an estimate of the range of required response has been made.

3. There is no single level of housing need being proposed due to the complexity of need and the range of potential means by which “better access” can be supported for different household groups.

4. The estimated total quantum of need is not determined by an adding up of the key indicators of need as households are likely to be represented in multiple indicators of need, e.g. households accessing crisis accommodation may be homeless or in inappropriate rooming house accommodation may also be on the public housing waiting list as well as represented in statistics of households in housing stress after receipt of CRA.

5. A number of households contacting crisis accommodation services are expected to be experiencing significant housing stress and therefore also require a longer term housing response (new social and affordable private rental supply) after initial crisis accommodation is accessed.
6. It is noted that not all households in housing stress that are eligible for public housing are on the waiting list. Households in receipt of Commonwealth Rent Assistance in housing stress in the private rental market is considered a more robust indicator of need than the public housing waiting list which is a self-nominated indicator of need.

7. The total estimated quantum of need is a combination of unmet supply needs plus the estimated minimum number of improved existing public housing responses that are required.

The total quantum required for each approach depends in part on the supply and support and turnover rates in other parts of the system so an increase in the supply of private rental housing is expected to lessen demand for most costly social housing and an increase in social housing options will enable people to move through the crisis system into stable accommodation more quickly. Without responses along the spectrum ‘bottle-necks’ may be created which force people to remain in inappropriate or higher cost housing, or limit the likelihood they will exit into private rental market.

For some categories the recommendation is not specific as to whether the provision of improved access should be by way of new social housing supply. Whilst supply is the preferred option that guarantees long-term capture of subsidy and affordable rental, it is also the most costly. A range of supports are also clearly required to assist people in the private market to remain in this market and not require costly housing intervention.

The response that is therefore required is for a range of new targeted affordable rental housing outcomes which could be a combination of:

- social housing supply;
- support for private rental supply; and
- support packages for households to access private rental housing.

It is important to re-state however that the overarching requirement based on the evidence is for new supply.

Consideration has not been given to the rate at which new supply could realistically be delivered by the market, assuming the required funding was available. Such an analysis would need to consider:

- construction rates and industry capacity to deliver;
- availability of existing affordable housing supply to meet new household needs (turnover rate);
- estimates of the number of new households expected to be in need of improved accessed per annum;
- time required to scale up any initiative; and
- length of time that a response is provided for, and implications if a response ceases after a period of time.

**Alternative ways to measure need**

While not considered a robust measure of need, by way of comparison if Victoria was to increase its supply of public housing to be on par with the national average, an additional 43,000 + dwellings are estimated to have been required in 2011.¹²

Alternate and more robust potential measures of need for comparison include:

- If all individuals and households receiving Commonwealth Rent Assistance in the private rental market required better access to housing regardless of housing stress then the level of requirement as at June 2015 was 306,490 households. However as many of these households are paying an affordable rent this is not considered a strong indicator of need rather it highlights the importance of maintaining affordability options in the private rental market;

¹² Based on total dwellings as at 2011 of 2,277,999 and national average of 4.5 per cent public housing.
• If all households receiving Commonwealth Rent Assistance that were paying more than 30 per cent of income on housing costs (including recipients of Family Tax Benefit A) all required better access to housing then the level of requirement as at June 2015 was 118,626 households; or

• If Victoria was to increase its supply of public housing to be on par with the national average, an additional 43,000+ new public housing dwellings are required (note that this is provided for comparison purposes only).

As not all households in the private rental market require better access a range of 75,000 to 100,000 households requiring better access is considered a realistic estimate of affordable housing need.

14. Forecasting demand

The Report has not undertaken a detailed projection of housing need for the thirty-year infrastructure planning timeframe.

If Victoria is to maintain its current proportion of public housing as a percentage of all dwellings (2.6 per cent), based on recent dwelling approval trends from June 2015 to May 2016 (total approvals 65,908 dwellings117), 1,779 dwellings were required to be delivered in 2015-16. This would not have addressed underlying need.

It is noted that between June 2014 and 2015 there were 274 new public housing additions with a further 61 stock conversion additions, however as a result of sales, demolitions and loss through conversion there was an overall decline in public housing dwellings (it is noted demolitions could ultimately result in stock increases as a result of redevelopment over time). The total social housing dwellings for the period increased by 187 dwellings primarily as a result of increase in community housing.118

15. Anticipated benefits of meeting need

The expected outcome of meeting the different sub-categories of estimated level of need by this recommended approach is expected to include:

• Improved utilisation of existing public and community housing resources through supporting underutilised stock to being reallocated to address overcrowding;
• Improvement in existing public and community housing standards and a base level of social housing is maintained through addressing critical maintenance and replacing or redeveloping stock that is obsolete;
• Support for households within the social housing system that have capacity to exit to transition in to private rental housing are supported to do so. Access for new households is supported;
• Households accessing crisis services that have the capacity to safely remain in existing private rental housing are assisted to do so;
• Highly vulnerable households requiring crisis support can access required support, including appropriate and secure crisis accommodation, longer term affordable housing or support to access or remain in the private rental market;
• Increase in the supply of appropriate and quality rooming house accommodation to meet the needs of some very-low income households requiring short term accommodation;
• Increase in the supply of specific supported accommodation options for vulnerable groups (e.g. youth, disabled, aboriginal) is increased;
• Increased support to low income households to access existing private rental housing;
• Young people exiting State care are supported to meet private rental housing costs and sustain tenancies;
• Increased supply of social housing that can be accessed by high priority need households; and
• Increased supply of social housing and affordable private rental housing that is made available to low income households.

16. Assessing the cost of meeting the need

Although the initial capital costs of delivering new supply can be easily calculated for different markets, the way this cost is funded and financed will vary. The costs of providing different housing options will also depend on the type of housing outcome and the income that can be generated from the asset, or the gap between market prices and income capacity that is required to be met.

This Report does not assess the cost of meeting the infrastructure need however the following points are made to support an assessment of meeting the proposed quantum of need.

The cost of meeting affordable housing access requirements is dependent on complex range of factors including:

• market where the dwellings are required and type of housing structure to be built;
• affordable housing model to be delivered;
• who the housing will be targeted to, managed by and the rent setting criteria that will be applied (income stream);
• availability and conditions of any subsidy;
• cost and availability of finance.

The cost of delivering different property types in metropolitan Melbourne vary. Median house and unit prices set out in Table 9 provide an indication of market values for all property types (new and existing) sold during a 12 month period and the cost if new properties were to be purchased on the market. It should be noted that market value is different to cost.

It is important to understand the capacity and limitations of the not-for-profit housing sector in any analysis that anticipates part of the costs will be met by this sector. Housing associations are understood to have the capacity to comfortably contribute between 5 – 15 per cent and potentially up to 20 per cent of dwelling cost subject to the income profile of the household to be housed. This contribution would comprise of debt and GST benefits. Community housing organisations currently have to meet recurrent costs from rent. In the case of very-low income households, housing associations are unable to carry any debt and 100 per cent of capital funds must be met.

In general the cost to government for different housing types is understood to be:

• cost of delivering crisis accommodation; 100 per cent subsidy plus recurrent subsidy;
• public housing; 100 per cent capital subsidy plus recurrent management subsidy;
• community housing; between 80 – 100 per cent capital subsidy;
• affordable private rental; varies depending on whether subsidy is supporting new supply or is an income-support package.
Attachment A - Accessing affordable housing – housing options and eligibility criteria

Emergency / crisis accommodation, homelessness support

In Victoria the ‘Opening Doors’ system aims to deliver an integrated and coordinated response for people seeking homeless service support through the creation of a limited number of access points via DHHS regional offices, transitional housing managers and some specialist services.

If someone is homeless or at risk of becoming homeless and needs help to find housing or support they are directed to one of these entry points. Initial Assessment and Planning (IAP) workers assess a person’s housing and support needs and then seek to provide access or support to access an appropriate housing response. Housing Establishment Fund (HEF) money is available which may be used to pay for emergency accommodation and sometimes rent in arrears or advance.  

A range of specialised homeless support services may be provided (for examples see http://www.homeground.org.au/what-we-do/individual-services/ and the Council to Homeless Persons Pre-Budget Submission 2015/16- January 2015, page 6).

An important aspect of this work is early prevention to stop people becoming homeless, which can include support for households to negotiate with private landlords or agents, bond assistance or rent assistance to remain in the home or move into new private rental housing. Where a household is already homeless support is provided to assist households to access crisis accommodation, which can include motel rooms, rooming house accommodation or transitional housing, or move into private rental head leased by the Government or housing provider until longer term affordable housing options (primarily social housing) becomes available.

It is important to note that the housing that these households may access at the point of crisis is not always considered appropriate to their needs and may not be affordable. This is particularly the case with private unregulated rooming or boarding houses. The intention that these response are short term is also not necessarily the case in practice due to a limited supply of social housing or private long-term rental housing for people to transition in to.

Public housing

To be eligible to access public housing a person must first meet the General Housing eligibility criteria primarily relating to citizenship, age, non-ownership of real estate and proof or independent income. Specific income and asset tests must also be met. Income eligibility limits are $536 / week for a single person household (as at March 2016) with additional income allowed for each adult and child. Households that receive access to public housing pay no more than 25 per cent of total household income on rent. Once a household has accessed this form of housing they are able to stay in the housing ‘for life’ subject to paying rent (based on income capacity) and meeting tenancy conditions.

Once a household is accepted on to the public housing waiting list new or transfer allocations are then allocated based on ‘greatest need’, defined as households that at the time of housing allocation were subject to one or more of the following circumstances:

- Homelessness
- Life or safety was threatened within existing accommodation
- Health condition was worsened by existing accommodation
- Existing accommodation was inappropriate to their needs
- Very high rental costs.

Households that are defined as in greatest need often also have what are considered special needs, which can include:
• current housing is insecure, inappropriate or unsafe;
• the household is living in housing which does not meet their needs due to serious and chronic mobility and/or health problems.

The priority order that applicants for public housing are assessed against and made an offer of housing are set out in Table 4. In some instances the assessment only applies to existing residents seeking a transfer, in other cases to new applicants only.

**Table 4- Public Housing Order of Allocation**

<table>
<thead>
<tr>
<th>Category</th>
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<tbody>
<tr>
<td>Police Witness Protection Program</td>
</tr>
<tr>
<td>Victorian Emergency Management Procedures</td>
</tr>
<tr>
<td>Corrections Locational Transfers</td>
</tr>
<tr>
<td>Redevelopment Transfers</td>
</tr>
<tr>
<td>Homeless with support</td>
</tr>
<tr>
<td>Employment Transfers</td>
</tr>
<tr>
<td>Temporary Absence</td>
</tr>
<tr>
<td>Supported Housing</td>
</tr>
<tr>
<td>Special Housing Needs</td>
</tr>
<tr>
<td>Property Management Transfers</td>
</tr>
<tr>
<td>Home Ownership Loan Scheme Conversion to Rental Housing</td>
</tr>
<tr>
<td>Wait-turn</td>
</tr>
</tbody>
</table>

While many households are considered eligible to access public housing the availability and targeting of this resource means that in practice access is tightly controlled. Demand and access is highlighted in Part B.

**Community housing**

Access community housing is also limited due to constrained supply, although there is a slightly wider income eligibility band range ($948 / week for a single person household) in part due to the capacity for households to access Commonwealth Rent Assistance (CRA), and some specialised forms of housing targeting particular disadvantaged groups that can result in a greater degree of flexibility in targeting compared to public housing.

To access community housing a household needs to directly contact a registered housing association or provider and meet eligibility criteria. They may also be registered on the public housing waiting list with up to 50 per cent of community housing tenants coming from the public housing waiting list. A single common housing register is currently under development to simplify access procedures and reduce duplication.

As with public housing access depends on supply, both new and as a result of turnover.

**Specialised affordable housing**

A range of specialised affordable housing options are also in place for particular groups to access, including:

• Aboriginal Housing – affordable housing specifically for low income Aboriginal and Torres Strait Islander Victorians.
• Foyer housing – specialised accommodation for young people aged 16-24 years old who want to study but can’t live at home.
• Supported Disability Accommodation- specialised accommodation for people with a disability that can include group homes and community residential units for people with a disability. Shared Supported Accommodation is targeted to people who require rostered support and have a disability with the highest support needs.
Private rental market

To access the private rental market households require economic capacity to meet market rents, generally coupled with a positive employment and renting record, evidence of income, and the social skills and ability to navigate the market and rental process and maintain a tenancy.

Vulnerable households face significant disadvantage in the private rental market, particularly people of Aboriginal heritage, people with a disability or mental health illness, the unemployed, and young people.

It is noted that while some households elect to pay a higher rent in order to live in a particular area, lower income households are unable to make this choice and have to make considerable other sacrifices to afford market rents or are ‘electing’ to live considerable distances from employment and services due to the availability of cheaper housing. The costs both economically and socially should be considered when assessing the affordability of these decisions.

Low income households that are in receipt of Commonwealth income support are eligible to receive Commonwealth Rent Assistance (CRA) to assist them in meeting private market housing cost or bond assistance from the State Government.

As part of its emergency housing response Government also leases a small number of private dwellings which are then rented at a discount to market rent to households in need.

Between 2008 and 2014 the National Rental Affordability Scheme (NRAS) incentivised the provision of new rental supply that was made available to lower income households to rent at a minimum 20 per cent discount to rent. To access NRAS properties a household may either apply directly to a community housing owner or manager, or apply through standard real estate channels depending on the ownership and management arrangements. Income eligibility must be confirmed annually, leases are on a 12 month basis and market rents (and subsequently the discount) are adjusted annually. NRAS incentives stop after 10 years at which point the dwellings may be sold, revert to market priced housing or be retained as affordable housing by the community housing sector.

Some not-for-profit housing organisations are also implementing innovative new models to support low income households access private rental housing or to use the profits generated from managing market rental housing to deliver affordable housing elsewhere (for example see Women’s Property Real Estate and HomeGround Real Estate Affordable Housing Initiative).

Affordable home purchase

There are no specific affordable home ownership programs in Victoria, although some very small scale initiatives are being developed that may support improved affordable purchasing options. Other jurisdictions such as Western Australia and South Australia are noted to provide shared-equity and other home ownership products for eligible low to moderate income households to access.

Affordability of home ownership in Victoria is subsequently dependent on market supply, a household’s income capacity relative to the cost of housing, and the cost and availability of finance, all of which can vary over time and across markets. Access to home ownership by vulnerable, low income households is generally considered to be out of reach, although for some groups such as people with a disability, additional financial support through the National Disability Insurance Scheme (NDIS) for housing outcomes and different models of housing such as group homes may result in affordable purchase outcomes for some households.

For the purposes of this Report home ownership has not been considered a housing responses vulnerable households are likely to be realistically supported to have ‘better access’ to, however it should not be dismissed as an option and if the definition of affordable housing is expanded, could be a suitable options for some households on a moderate income still defined as vulnerable to be supported to access.
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Council to Homeless Persons Pre-Budget Submission 2015/16- January 2015, page. 6 - 


