



**SUBMISSION – on behalf of the Housing Advisory
Committee of Moreland City Council**

**NATIONAL HOUSING FINANCE & INVESTMENT
CORPORATION CONSULTATION PAPER**

October 2017

1. Background

- 1.1. The Housing Advisory Committee of Moreland City Council welcomes the opportunity to provide a submission in response to the National Housing Finance & Investment Corporation Consultation Paper. This brief submission follows up on officer contributions to consultation roundtables in Canberra and Melbourne in July and October this year.
- 1.2. The Moreland Housing Advisory Committee is the principal consultative body advising Council about its housing agenda. Its membership includes two councillors, key council officers and, currently, five citizen members with a range of backgrounds including community housing, architecture and development. At its meeting on 5 October 2017 the Committee supported a proposal for officers to prepare a submission based on current Council policy.
- 1.3. This submission focusses on the proposed National Housing Infrastructure Facility as it is most clearly relevant to existing policy and strategic planning of the municipality. The intention of the Commonwealth to provide targeted support to the creation of more affordable housing is welcomed.

2. City of Moreland

- 2.1. Moreland is an inner north Melbourne municipality with a population of 172,000 due to rise to over 200,000 by 2026. The proportion of fully-owned homes declined from 45% to 28% from 2001 to 2016 and the proportion of renters is has grown from 28% to 36%, with a strong trend towards long term or lifetime private rental tenure. More than half of residents who are private renters report being in moderate to heavy housing stress (financial vulnerability). In the south of the municipality, suburbs like Brunswick and Coburg are becoming home to many high-income professionals, attracted by the proximity to the CBD, good public transport links and a rich cultural environment. The other side of the resultant vibrancy in the housing, particularly apartment, market is a lack of affordable and secure housing options for those earning below-average incomes. This means that lower-income people cannot afford to rent or buy in most instances, and those displaced from their rental properties cannot remain in their neighbourhoods. In 2004 more than a quarter of rental properties in Moreland were affordable to a family on Centrelink benefits. This figure the figure is now under 2%. One in ten renters have reported periods of being unable to afford to buy food the previous year.
- 2.2. There are about 2300 public housing dwellings in Moreland with a significant proportion of this stock in poor condition and at locations with poor accessibility to public transport and community facilities. In addition, Moreland has a relatively low level of community housing provision. Council has been directly involved in a number of affordable and/or social housing projects since 2000. These developments have relied on the provision of Council owned land to enable social housing providers to provide equity to secure a mix of Government, philanthropic and private sector funding.

- 2.3. Moreland is undergoing a period of rapid change. This is fuelled by a baby boom and a growing number of people choosing to make Moreland their home. This growth places pressure on our existing infrastructure – including public amenities, community facilities, parking, open spaces, public transport and roads and changes the nature of our neighbourhoods. The Council Plan 2017-21 is committed to enhancing liveability, affordability and sustainability by guiding growth, and excellence in urban design and development.
- 2.4. Moreland Council is committed to exploring ways to increase the provision of social and affordable housing options in the municipality. The Moreland Affordable Housing Strategy 2014-18 (MAHS)¹, supported by specific provisions in the Moreland Planning Scheme, aims to maximise the supply of affordable housing the municipality.
- 2.5. In adopting the MAHS, Council identified increasing the supply of housing on Council-owned land as a priority. The MAHS proposes, as a key action, the development of a 'Moreland Land Trust'. A land trust is an independent legal entity whose purpose, though not exclusively, is to hold ground leases and to direct development of housing assets on such leases and provide long term asset and program management. This is described in more detail below.

3. Responses to proposed National Housing Infrastructure Facility

- 3.1. As an established municipality like Moreland, developments are primarily infill and the developers / subdividers are responsible for the provision of all infrastructure (ie. roads, drains, water supply, sewer, electricity) in new subdivisions.
- 3.2. It is not a lack of infrastructure that is holding up the supply of new housing (affordable or otherwise), rather it's the availability of land. Any scheme that can assist in unlocking land could be beneficial. However, just bringing forward new development does not in itself provide more affordable dwellings. The NHIF should look to maximise the community benefit of its grants, loans and investments by aligning to strategies (state and local) that include specific affordable housing outcomes.
- 3.3. Council welcomes the consideration in the paper of mechanisms to support the provision of affordable housing through a 'special purpose vehicle' (SPV). Moreland Council is currently establishing an arms-length entity, known colloquially as a "Land Trust"- Moreland Affordable Housing Ltd (MAHL). The establishment of this new entity is intended to achieve genuine and sustainable benefits for the community, while effectively managing risk and uncertainty. Council believes that the creation of a charitable specific purpose entity to foster affordable housing will provide advantages in terms of financing options and governance over the option of Council being involved directly in partnerships with social housing providers as it has in the past.

¹ Moreland Affordable Housing Strategy <http://www.moreland.vic.gov.au/community-care/advocacy-services/housing-and-employment/affordable-housing/>

- 3.4. The MAHL model involves the transfer of Council land (including air rights) or grant of a long leasehold interest to an independent charitable trustee. MAHL can hold land in perpetuity for the provision of affordable housing. Its projects can also have objectives for the provision of other community benefits such as small enterprise spaces, kindergartens and other community infrastructure.
- 3.5. The MAHL model is flexible and adaptive such that it could involve the transfer and use of State or Commonwealth land and private land.
- 3.6. An increase in the provision of affordable housing, particularly social housing for those on lower incomes, will provide local employment both during construction and in the provision of support services once the homes are tenanted. Recent Australian research has shown that social housing provides a significant multiple of positive community impact for each dollar invested.
- 3.7. As more land is transitioned from industrial/commercial to mixed use, the process and associated cost of remediation of contaminated land is a major issue for Moreland. The additional costs to a project for remediation can result in delays in development. The NHIF could provide funding via Council to remediate sites, in exchange for a binding agreement on the title for the provision of affordable housing.
- 3.8. Council has significant land holdings used as car parks and has been exploring the potential for developments on air space above these sites. However, the construction costs to continue public parking provision underneath housing developments can be high. The NHIF could provide support to such projects and tip the balance in favour of viability.

For further information on this submission:

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