



20 October 2017

Housing Policy Unit Manager
Social Policy Division
The Treasury
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Ask for: Kathleen McClusky
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Dear Housing Policy Unit Manager,

Submission to National Housing Finance and Investment Corporation

Thank you for providing Council with the opportunity to provide feedback on the National Housing Finance and Investment Corporation Consultation Paper.

The provision of affordable housing is an issue of increasing concern to Hobsons Bay. As per Council's Affordable Housing Policy Statement 2016, Council is committed to ensuring all households in the municipality are able to live in affordable, secure and appropriate housing that meets their needs, particularly those with low and moderate incomes.

In reviewing the consultation paper, Council is in support of increasing the supply of affordable housing through ~~looking at~~ financial mechanisms and would like to discuss any future opportunities for micro-city deals and implementation of projects via an affordable housing trust.

Please find attached Council's submission.

If you would like to discuss this submission further, please contact Kathleen McClusky, Manager Strategy and Advocacy on 9932 1004 or email kmclusky@hobsonsbay.vic.gov.au.

Yours sincerely,

Chris Eddy
Chief Executive Officer



Submission to the National Housing Finance and Investment Corporation

Housing costs in the middle ring municipalities such as Hobsons Bay have increased significantly over recent times. Given its close proximity to the Melbourne central business district, infrastructure, and open space, the cost of housing in Hobsons Bay has become a barrier to a sizeable proportion of households wanting to rent or buy a home in the municipality.

The Australian Housing and Urban Research Institute (2013) also found that low-income households are most likely to move out of gentrifying areas and these include “both renters and home owners, with unemployed owner-purchasers, low-income private renters with one employed person in the household, retired private renters and unemployed working age private renters being most vulnerable”. This is becoming a broader issue across the western metropolitan region, with a reliance on housing affordability within the rapidly growing urban growth boundary.

The National Housing Infrastructure Facility (NHIF)

Local governments have been identified as the key partner for the NHIF. The consultation paper acknowledges that local governments across Australia have a range of different responsibilities in relation to infrastructure, facilities and programs.

In relation to Hobsons Bay City Council we are not a delivery arm for affordable housing however we work with developers and affordable housing associations to increase affordable housing supply within the municipality. Furthermore, a definition of ‘Affordable Housing’ is not yet provided within the Victorian Planning Provisions therefore Council often finds it challenging working with developers to seek support for the provision of affordable housing given there is no legislative requirement for them to do so. This is something which Council has previously advocated for. Affordable housing reforms have been included in Infrastructure Victoria’s 30 Year Plan as a top recommendation and the Victorian State Government has committed to establishing an implementation mechanism within the Plan Melbourne Implementation Plan, however timeframes for this work are unclear.

In relation to infrastructure that supports affordable housing, given Council does not deliver affordable housing projects, infrastructure that is required based on the development is borne by the developer e.g. footpaths, water, roads, sewage. Local government would then manage some of these assets, if on Council land and within their responsibility, once developed.

While local governments are a key partner in affordable housing projects, within Victoria the lead of these projects would be the Community Housing Providers. Given



this, it is recommended that Community Housing Providers be further highlighted as the key partner for the NHIF as they would be the greater beneficiary from this financing.

Key worker housing

Council acknowledges that key workers are at risk of accessing affordable housing. Council understands this to be defined as those needed to support local businesses or who provide essential services and whose shortage is likely to affect the ability of a region to grow or function efficiently. While emergency services and health workers are key to the region (as indicated in the consultation paper), incomes for these groups may fall outside of the lower 40 per cent of the income distribution scale. Given this, key workers should also include retail, cleaning and hospitality workers who are on the lower 40 per cent of the income distribution scale.

Special Purpose Vehicles (SPVs)

As indicated in the consultation paper, many local governments have established vehicles in order to attract investments for affordable housing projects.

Council is currently exploring the establishment of an Affordable Housing Trust, which would be run by a registered Affordable Housing Association. The role of the trust would be to hold assets (such as land, money, or dwellings from either Council or developers via contributions) and build and manage the affordable housing stock in Hobsons Bay.

Through Council's Affordable Housing Policy Statement there is a requirement for developers building over 20 dwellings to contribute 10 per cent affordable housing. In order to implement this requirement, given the lack of State Government legislation, Council needs a mechanism to be able to hold and manage these assets. The trust will be able to do this on behalf of Council. Furthermore, Council will be able to include assets into the trust for future development and management such as surplus land and air rights above properties such as car parks.

Council would be interested to further understand if and how the SPVs could assist with Council's future Affordable Housing Trust.

NHIF Investment and Value Uplift

Infrastructure investment within an area is likely to increase the values of developments and of those surrounding it. The consultation paper explores if the NHIF should capture that value uplift. Infrastructure Australia's recommendation is that governments should consider value capture opportunities. Given that the NHIF is a financial loan which is to be paid back, other levels of governments, such as local government, should be



entitled to any value capture first in order to support local infrastructure requirements for the current and future community.

Partnerships

In relation to micro-city deals, with rapid population growth and straining infrastructure, affordable housing is a key issue across the western metropolitan region. The western region have a strong partnership and has been advocating for action on affordability for some time. Given this there may be interest in looking at future opportunities to collaborate on a regional scale to support increased housing supply. Council would welcome any further conversations in regards to this.