

3. Opportunities and Constraints

This Housing Strategy balances the priorities of the community, State and local policy directions while seeking to promote better outcomes for our communities and neighbourhoods in line with research and best practice across the world. This chapter discusses the range of opportunities and constraints we consider in planning for the future of Banyule's housing.

The type, design, and location of housing play pivotal roles in shaping an individual's well-being. Proximity to essential services, green open spaces, and social amenities can enhance the overall quality of life. For example, if someone can easily walk to access daily needs, such as milk, they are more likely to forego a car trip, exercise and interact with other community members in the process. Further, the physical attributes of a dwelling, such as its size, layout, and amenities, directly impact the comfort and functionality of daily life.

Adequate space and proper design can contribute to a sense of security, privacy, and satisfaction, fostering a positive environment for residents. Conversely, cramped or poorly designed spaces may lead to stress, discomfort, and hinder overall well-being. Features like natural light, ventilation, and accessibility also play crucial roles, as they influence mood, sleep quality, and overall physical health.

Well located and designed housing doesn't just help at an individual level. Fit for purpose, well-located, and well-designed housing can profoundly contribute to fostering a sense of community. When housing is designed to meet the needs of its residents and is located in areas with accessible communal spaces, it creates a conducive environment for social interaction and connection. Thoughtful planning, such as the inclusion of shared recreational areas, community centres, and green spaces, encourages residents to engage

with one another, building a sense of belonging. Well-designed housing layouts that facilitate casual encounters and neighbourly interactions can strengthen social ties, leading to a more cohesive and supportive community.

Housing that is fit for purpose and strategically located can attract a diverse group of residents, further enriching the community with a variety of perspectives, skills, and backgrounds. In this way, housing becomes a catalyst for the development of a vibrant and interconnected community. Thoughtful planning, such as the inclusion of shared recreational areas, community centers, green spaces and sustainable transport routes encourage residents to engage with one another.

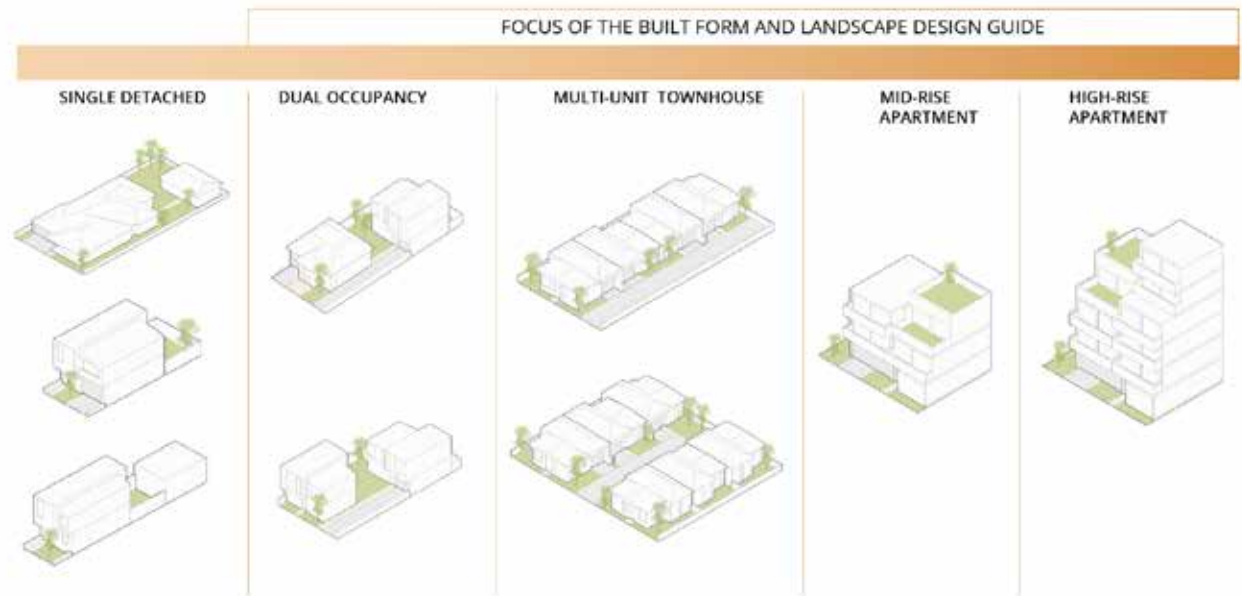
Housing choice

People and households have different housing needs throughout their lives. Life stages, personal income, differences in physical or mental abilities and current commitments/preferences, all impact housing preference. Housing diversity is required to meet the needs of our current and future community. Housing diversity refers to:

- **Housing typology** – Ensuring there are options available in different types of homes including detached dwellings, dual occupancy, multi-unit, townhouse, mid-rise and high-rise apartments.



- **Housing scale** – Housing scale refers to the density of housing. Some housing typologies are by default higher housing scale, such as high-rise apartment buildings. Single detached dwellings on the other hand are low scale housing. Some housing typologies can be designed at different housing scale, for example, a townhouse development at a high scale might be larger or take up more land, while a townhouse development at low scale might have greater setbacks and less dwellings.
- **Housing delivery and tenure** – The Australian housing system is geared towards traditional housing delivery methods of market rental, mortgage, and owned properties. Social housing is also delivered through State Government processes. These are all an important part of diverse delivery and tenure, but alternative methods of tenure and delivery can also include systems such as rent to buy, build to rent and delivery of more affordable housing.
- **Housing layout** – Housing options are fit-for-purpose or adaptable for a wide range of people. A multi-dwelling development should show that there is variety of internal layouts across the development, including variety in the number of bedrooms, inclusion of accessibly designed dwellings available for people of varying abilities, a mix of single and multi-level living, and options for small or larger multi-generational households.



THE 'MISSING MIDDLE'

To date, Banyule has been good at providing separate detached housing, and, since the implementation of the 2009 Housing Strategy, increased its supply of high-rise apartment buildings in Ivanhoe and Heidelberg. There has also been some re-development of properties into townhouses, units, and dual occupancy, however not to the same degree. This has resulted in limited housing choice available in the middle of the density scale.

Limited mid-density housing typology choice affects those households looking to downsize. We have heard through consultation that many of our older residents would like to continue living in their neighbourhoods, but there are not enough suitable homes in the right locations.



INNOVATIVE HOUSING DELIVERY AND TENURE MODELS

'Business as usual' responses to housing growth will be inadequate to achieve the broader housing, social and environmental goals that Banyule is seeking to achieve. With mounting pressures, supporting innovation in housing design will be a key part of successfully addressing these challenges. Innovation will be required to deliver an affordable, diverse housing supply of sustainable, energy efficient homes that appropriately respond to their context.

The existing development models are suitable in a limited variety of contexts and do not address the full range of issues being faced in Banyule. Housing models such as collective and build-to-rent and rent-to-own are increasingly common in Australia providing an alternative to the increasingly difficult pathway to home ownership.

The demand for diverse housing options is also driven by changing demographics and lifestyle preferences. An ageing population, increasing single-person households, and the rise of gig economy workers have adjusted the traditional notions of homeownership and long-term financial commitment it requires. Innovative housing delivery and tenure solutions can cater to these shifting demographics, offering housing arrangements that are more adaptable to individual needs.

Housing typologies such as 1-bedroom houses provide housing options for individuals and couples other than apartments that fit sensitively into suburban contexts. As land values price people out of areas where essential infrastructure such as hospitals are located, key worker and affordable housing plays a key role in ensuring people continue to be able to live close to where they work or study. The Victorian Government's recent initiative to encourage one- or two-bedroom small second homes, commonly known as a granny flat, may help open up this type of housing to the community.

Expanding housing delivery and tenure options is essential for creating a housing market that is not only financially accessible but also responsive to the evolving socio-economic landscape and diverse preferences of today's population. Council can assist innovative housing delivery and tenure options by making sure to be open and ready to consider different kinds of applications, as well as encouraging innovative ideas when there is a residential component to Council's divestment sites tender process (when Council is selling land).

Provision of housing is only one part of the equation. Good design is not an optional extra but an essential part of good housing. Examples of innovative housing models that deliver high quality design and sustainability outcomes while addressing social and housing affordability challenges are seen across Australia.

SOCIAL AND AFFORDABLE HOUSING

Banyule's housing affordability is in decline, leading to housing stress for many. Housing affordability is now a national, state and metropolitan issue as well as an issue for our community.

Banyule is a relatively affluent municipality when compared with Greater Melbourne. The gross median household income in 2021 was \$2,027 per week, 6.6% higher than the Greater Melbourne median of \$1,901 per week. While our incomes have steadily grown over the past two decades, they haven't grown at the same rate as our house prices which, up until recently, grew by an average of 7.4% year-on-year. The widening discrepancy between incomes and housing prices means our 'very low', 'low' and 'medium' income earners are increasingly priced out of home ownership. Rental conditions have also become more challenging.

The ongoing escalation in the cost of housing entails wide ranging social and economic impacts. For our long-standing homeowners, sustained house price growth resulted in major growth in household wealth. Full home ownership is highly prevalent in our community with 39% of detached housing currently owned without a mortgage.

For our home owning households, ongoing price appreciation has resulted in an ongoing increase in housing wealth, which later in life often enables a range of financial benefits and new housing choices including opportunities to downsize, to sell and fund retirement and to sell and pass on wealth to dependents. Ivanhoe Major Activity Centre, for instance, is emerging as a downsizer destination, while there is also evidence of older households migrating to coastal destinations from our city.

As prices have grown, the housing wealth gap between young and older households has widened. Household wealth for households in their 50s is now on average over 230% higher than households in their 30s. Younger adults more frequently live with their parents than a generation ago as affordability seemingly delays the commencement of their housing journey.

While home owning households have generally benefited from price growth, our younger residents and 'very low', 'low' and 'moderate' income households now face very challenging housing market conditions.

Our 'low' and 'very low' income households are generally not able to afford to purchase in the municipality. Households generally need to earn \$166,000 per annum to afford the local median detached house price as at 2022 and \$114,000 per annum to afford the local median unit price as at 2022.

This means that only 'moderate' and 'high income' households are generally able to purchase in Banyule unless households have access to inherited wealth, which is an increasingly important pathway to home ownership. Even for moderate income households, purchasing is challenging. A family on the upper band of 'moderate' incomes at \$132,000 per annum for instance, is technically able to afford a dwelling of approximately \$840,000. This, however, is below the lower quartile median price for separate houses in Banyule which was \$875,000 in 2021.

'Moderate income' households therefore need to choose between available 2- and 3-bedroom units and apartments in Banyule or migrate

to more affordable housing markets such as Whittlesea, where single detached dwellings are more affordable. When this happens, however, we lose young families and young adults and their associated influence and benefits for our community.

Both State and Federal Government are expanding affordable housing funding, while new entities and models of affordable housing delivery are also emerging. We as a community need to be ready to be a part of this, to ensure our low-income households are receiving support. The more prepared we are to interact with this topic, the better outcomes we can get for our municipality.

Given the large portion of the community affected by the housing affordability crisis, we must also take action at a local level. Council's adopted *Interim Social and Affordable Housing Policy (2023)* has been absorbed into this Housing Strategy. Council will continue to advocate for State and Federal reform, such as inclusionary zoning. Inclusionary zoning either mandates or creates incentives, so that a proportion of a residential development includes affordable housing.

There are also mechanisms to explore in the planning scheme to secure additional affordable housing. An industry standard of 10% contribution of social or affordable housing in well located areas where higher scale housing is encouraged. Ways in which the contribution can be best delivered will need to be prepared in collaboration with housing providers. Council will not accept monetary contributions as part of this process.



HOUSING AND FIRST NATIONS PEOPLE

The Wurundjeri Woi-wurrung people are the Traditional Custodians of the lands and waterways in the area now known as Banyule. There is also a large Aboriginal community which comprises of members from nations and clans across Australia. We recognise the composition of Aboriginal communities in Banyule is multifaceted.

Banyule City Council acknowledges that Aboriginal and Torres Strait Islander peoples were the First Peoples of this land and have strived to retain their culture and identity through the period of European settlement for over 200 years. Victorian Aboriginal people face severe housing disadvantage and are 14 times more likely to experience homelessness than non-Aboriginal Victorians.

The Productivity Commission's December 2020 report into *Overcoming Indigenous Disadvantage*, identifies that Aboriginal and Torres Strait Islander People continue to experience complex historical disadvantage. This includes, lower education and training levels, lower incomes, and the compounding disadvantage of dispossession of their land. In 2020 the Federal Government released the *Closing the Gap Report*, in order to call all governments to commit to achieving equality for Aboriginal and Torres Strait Islander people. In 2023, Government released the accompanying, *Closing the Gap Implementation Report*, which committed that by 2031 there would be an increase in the proportion of Aboriginal and Torres Strait Islander peoples living in appropriately sized (not overcrowded) housing from 81 to 88 per cent, and that all Aboriginal

households in or near to a town receive essential services that meet or exceed the same standard as applies generally within the town.

Banyule City Council is committed to reconciliation and working in partnership with local Aboriginal organisations to ensure culturally designed housing is available and appropriately located with access to a range of services for Aboriginal people within the municipality. At the 2021 Census, there were approximately 871 Aboriginal and Torres Strait Islander people living in Banyule or 0.7% of the total population, which is the same portion as Greater Melbourne.

The Victorian Aboriginal Housing and Homelessness Framework notes: 'Aboriginal households are generally more open and often likely to care for elders or be kinship carers and cater for large extended and mobile families. This strength should be acknowledged and supported in considering housing requirements'. Across Victoria, it is expected that the Victorian Aboriginal and Torres Strait Islander population will grow from 57,782 in 2016 to 95,149 in 2036 and will require an additional 5,085 Aboriginal Housing units by 2036.

Affordable housing should be developed in partnership with the Aboriginal community to support the specific cultural and kinship needs of Aboriginal households. Once developed, the housing should be owned and managed by Aboriginal-led community housing organisations.